FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Health Risk Analysis

May 16, 2025

Dunsmuir Elementary School District

Michael H. Fine
Chief Executive Officer

May 16, 2025

Mandy Leahy, Superintendent
Dunsmuir Elementary School District
4760 Siskiyou Ave.
Dunsmuir, CA 96025

Dear Superintendent Leahy:

In March 2025, the Dunsmuir Elementary School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis (FHRA) and identify the Client's specific risk rating for fiscal insolvency.

This report contains the Fiscal Health Risk Analysis report with the study team's findings and recommendations.

FCMAT appreciates the opportunity to assist the Dunsmuir Elementary School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine
Chief Executive Officer

Michael H. Fine • Chief Executive Officer
1300 17th Street – City Centre, Bakersfield, CA 93301-4533 • Tel. 661-636-4611 • Fax 661-636-4647
www.fcmat.org

Contents

About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county superintendent of schools, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policymakers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, LCFF calculators, past reports, an online help desk, and many other resources are available for download or use at no charge on FCMAT's website.

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42127.8, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42127.8 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county superintendent to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

The Dunsmuir Elementary School District, located in Siskiyou County, educates 65 students from transitional kindergarten through grade eight at one school site, supporting the city of Dunsmuir's population of 1,707. The district is governed by a three-member board of trustees, with one seat vacant at the time of this report.

In 2023-24, the most recent year for which data is available, 86.8% of district students were socioeconomically disadvantaged, 1.3% were English learners, and the unduplicated pupil count — which includes students who are English learners, foster youth, and those eligible for free or reduced-price meals — was 86.8%.

In December 2024, the board approved a negative certification for the 2024-25 first interim financial report in accordance with Education Code (EC) 42131, indicating the district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year. The 2024-25 unrestricted general fund expenditure budget including transfers out of $1,698,631, is projected to have a fund balance of -$371,636 in 2025-26 due to declining enrollment and current staffing levels. The Siskiyou County Superintendent of Schools has assigned a fiscal advisor to help the district develop and monitor a fiscal stabilization plan.

FCMAT automatically engaged with the district as a result of the negative certification in accordance with the 2018-19 State Budget Act.

To assess the district's risk of insolvency, FCMAT conducted a Fiscal Health Risk Analysis (FHRA) using financial data from the 2024-25 first interim report as the basis for its analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Dunsmuir Elementary School District on March 19, 2025, and a study team visited the district on March 25, 2025, to conduct interviews, collect data and review documents. After the fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's findings and conclusions from those activities.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

Study Team

The team was composed of the following members:

Jennifer Nerat, CFE
Intervention Specialist

Shayleen Harte
Deputy Executive Officer II

Leonel Martínez
FCMAT Technical Writer

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the analysis.

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Date of fieldwork: March 25, 2025

School District: Dunsmuir Elementary School District

Summary

In March 2025, FCMAT conducted a Fiscal Health Risk Analysis (FHRA) for the Dunsmuir Elementary School District, with the results indicating a high risk of fiscal insolvency and noting the following areas of concern: declining enrollment, ongoing deficit spending, erosion of the unrestricted general fund balance resulting in inadequate reserves, leadership and stability, and internal controls.

The district's 2022-23 and 2023-24 independent financial audit reports have not been completed and presented to the board within the statutory timelines provided for in EC 41020. The delay in the audits creates uncertainty for the district's 2024-25 beginning and ending fund balances. Depending on whether findings are determined, especially as related to the district's previous audit finding on the unduplicated pupil count, there could be a material negative impact on the district's current budget.

Student enrollment has decreased by 33% since 2022-23 from 93 students in 2022-23 to 62 students at the time of FCMAT's fieldwork. Declining enrollment has a proportional relationship with Average Daily Attendance (ADA) and results in a significant loss of revenue. Despite the decreasing enrollment and ADA trend, the district has used increasing ADA and ADA estimates in its 2024-25 first interim financial report, resulting in overstated projected revenues in the current and subsequent fiscal years. Processes can be implemented to help reduce the number of interdistrict student transfers out of the district; however, the district does not have a board policy limiting outgoing interdistrict transfers. Related to enrollment, position control best practices dictate that staffing levels should correspond and be adjusted according to the decrease in students. However, the district does not have collectively bargained or other adopted staffing ratios in place to inform reasonable staffing levels corresponding to enrollment, which has contributed to the district's inaction in making the necessary staffing reductions in a timely manner.

The 2024-25 first interim report projected unrestricted general fund deficit spending and transfers out of $222,687 in 2024-25, $576,688 in 2025-26 and $658,722 in 2026-27, eroding the unrestricted general fund balance to -$1.03 million in 2026-27. Corresponding unrestricted general fund reserve percentages are projected to fall from 6.5% in 2024-25, to -16.5% in 2025-26, and -44.4% in 2026-27. Structural deficits compound year over year if action is not taken to address them. To meet the minimum 5% reserve requirement and remain fiscally solvent, the district must immediately develop and implement expenditure reductions as outlined in a fiscal stabilization plan. The governing board has a fiduciary responsibility to protect the district's financial health; this means ensuring the district maintains a balanced budget, including adequate reserves. Board members should receive governance and budget training to support the performance of their fiduciary duties at least annually. In addition, district administration must have the knowledge and understanding of critical financial practices and conditions to support fiscal solvency and inform the board. FCMAT was not provided with evidence indicating that the board and district administration have participated in regular training relating to governance and budget. The district's superintendent has been in that role since July 2023, and the business manager/CBO position was vacant at the time of FCMAT's fieldwork, with a retiree temporarily filling the position. Turnover in either or both of these roles can create instability and uncertainty in fiscal operations.

Segregation of duties is essential to deter opportunities for fraud and can be challenging for districts with few staff. While FCMAT is not indicating that fraud is occurring in the district, weaknesses in internal controls were observed. For accounts payable, the same employee is responsible for entering and approving invoices in the financial system and periodically receives the commercial warrants issued by the county office. Additionally, checks drawn from the district's bank accounts outside of the county treasury require only one authorized signature, and the same employee may write and sign checks, which is a serious weakness in the district's internal control system. For accounts receivable, the same employee is responsible for both deposits and bank reconciliations, which is another serious weakness in the district's internal control system.

More information on the district's other risks of insolvency can be found in the various sections of the report.

Subsequent Event

On March 18, 2025, the board approved a negative certification for the second interim financial report consistent with its certification of the 2024-25 first interim financial report. Updated district projections show that it has ongoing deficit spending, resulting in a negative unrestricted ending fund balance of -$246,394 in the 2025-26 fiscal year despite the inclusion of expenditure reductions that are planned to be implemented in 2025-26, including a decrease in staffing levels from 20.1 full-time equivalents (FTE) to 10.5 FTE. Enrollment is projected to further decrease from first interim projections of 67 students in 2025-26 and 72 students in 2026-27, to 61 and 58 students respectively.

FCMAT's analysis for this FHRA determined that the district's score from the 20 numbered sections is 47.7%.

District Fiscal Solvency Risk Level: High

About the Analysis

The Fiscal Crisis and Management Assistance Team (FCMAT) developed the Fiscal Health Risk Analysis (FHRA) to help evaluate a school district's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA consists of 20 sections, each including specific questions related to essential functions and processes. These sections and questions are based on FCMAT's extensive work since the inception of Assembly Bill 1200 in 1991 and represent common indicators of fiscal risk or potential insolvency observed in school districts that have neared insolvency and required external assistance. Each analysis section affects fiscal stability, and neglecting any of these areas will ultimately lead to the district's fiscal failure. The analysis aims to determine the district's level of risk at the time of evaluation.

A higher number of "No" responses in the analysis indicates an increased risk of insolvency or other fiscal issues for the district. Not all sections or questions carry equal weight; some areas pose a higher risk and thus have a greater impact on the district's fiscal stability. To help the district, narratives are provided for each "No" response, explaining the reasoning behind the response and outlining the actions needed to achieve a "Yes" in the future.

Identifying issues early is the key to maintaining fiscal health. Diligent planning allows school districts to better understand their financial objectives and implement strategies that sustain fiscal efficiency and long-term solvency. School districts should consider completing the FHRA annually to assess their fiscal health and track their progress.

Areas of High Risk

The following sections on this page and the next two pages repeat certain questions and answers found in the "Fiscal Health Risk Analysis Questions" section later in this report. These sections identify conditions that create a significant risk of fiscal insolvency. A "No" response to any of these questions will supersede all other scoring and elevate the district's overall risk level.

Budget and Fiscal Status: Is district currently *without* the following?

	Yes	No
Disapproved budget	✓	☐
Negative interim report certification	☐	✓
Three consecutive qualified interim report certifications	✓	☐
Downgrade of an interim certification by the county superintendent	✓	☐
"Lack of going concern" designation	✓	☐

Material Weakness Questions

		Yes	No	N/A
2.5	**Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?**	✓	☐	☐

3.4	**Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?**	✓	☐	☐
3.6	**Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?**	☐	☐	✓
4.3	**Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?**	☐	✓	☐
4.4	**If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?**	☐	☐	✓
5.2	**Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?**	☐	☐	✓
5.3	**Are all charters authorized by the district going concerns and not in fiscal distress?**	☐	☐	✓
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?**	☐	✓	☐
6.4	**Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?**	☐	✓	☐
7.2	**If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?**	✓	☐	☐
8.3	**If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?**	☐	✓	☐
10.5	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?**	☐	✓	☐
11.2	**Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?**	☐	✓	☐
12.1	**Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the State Standards and Criteria for Fiscal Solvency?**	✓	☐	☐
12.2	**Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?.**	☐	✓	☐
12.3	**If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve?**	☐	✓	☐
19.1	**Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?**	✓	☐	☐

Score Breakdown by Section

Because the score is not calculated by category, category values provided are subject to minor rounding and are provided for information only.

1.	Annual Independent Audit Report	0.6%
2.	Budget Development and Adoption	4.0%
3.	Budget Monitoring and Updates	2.0%
4.	Cash Management	2.0%
5.	Charter Schools	0.2%
6.	Collective Bargaining Agreements	3.0%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	1.2%
10.	Enrollment and Attendance	4.8%
11.	Facilities	0.4%
12.	Fund Balance and Reserve for Economic Uncertainty	3.0%
13.	General Fund - Current Year	3.4%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	4.2%
16.	Leadership and Stability	4.8%
17.	Multiyear Projections	3.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	4.0%
20.	Special Education	1.4%
Score		**47.7%**

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

		Yes	No	N/A
1.1	**Has the district recorded findings from the most recent and prior two years' audits without negatively affecting its fiscal health?**	☐	✓	☐

At the time of FCMAT's fieldwork, the district's 2022-23 and 2023-24 annual independent audit reports had not been completed, so the fiscal effect on the district is unknown. Consequently, only the district's most recent audit for the 2021-22 fiscal year was provided and reviewed by FCMAT.

Finding 2022-001 showed that the district's unaudited cash in county treasury was overstated by $46,098 because the district did not record the unrealized loss of 4.23% for the fair market value at year-end closing. This had a material effect on the district's ending cash balance.

Additionally, the 2021-22 audit report states that in the previous year's audit, the district had Finding 2021-006, where the district claimed six pupils that were not income eligible for free or reduced-price meals under the National School Lunch Program. The audit states that all six have a financial impact.

		Yes	No	N/A
1.2	**Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline per Education Code (EC) 41020?**	☐	✓	☐

At the time of fieldwork, the district's 2022-23 and 2023-24 annual independent audit reports had not been completed within the statutory timeline outlined in EC 41020. The district has a responsibility to ensure a timely audit. County staff reported that the county superintendent has granted extensions for both audits, although the district did not provide any documentation of these extensions.

According to the State Controller's Office, Division of Audits, the district is delinquent on the October 15, 2024 extended due date for submission of the 2022-23 audit. The State Controller's Office, Division of Audits also shows that the district has an audit extension to June 30, 2025, for the 2023-24 audit.

		Yes	No	N/A
1.3	**Were the district's most recent and prior two audit reports free of findings of material weakness?**	☐	✓	☐

The district did not provide the 2019-20 or 2020-21 audit reports, so it is unknown if they include findings of material weakness.

The 2021-22 audit report contains one finding of material weakness in internal control over financial reporting.

		Yes	No	N/A
1.4	**Has the district corrected all audit findings from the most recent and prior two audits?**	☐	✓	☐

The 2021-22 audit report contains two repeat findings. Documents were not provided that show a review and resolution of audit findings, nor has a subsequent audit report been completed to confirm correction of previous findings.

2. Budget Development and Adoption

		Yes	No	N/A
2.1	**Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated?**	☐	✓	☐

The district's use of a 0% COLA assumption for the 2025-26 and 2026-27 fiscal years is not reasonable or in line with industry guidance. Enrollment has decreased from 93 students in 2022-23 to 65 students in 2024-25; however, the district has projected its enrollment to increase in 2025-26 and 2026-27 by seven students despite the historical trend.

		Yes	No	N/A
2.2	**Does the district use a budget development method other than a prior-year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses?**	✓	☐	☐
2.3	**Does the district use position control data for budget development?**	✓	☐	☐
2.4	**Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly?**	☐	✓	☐

The district is using a P-2 ADA-to-enrollment ratio of 97.09 in its 2024-25 first interim report even though its historical average P-2-to-enrollment ratio from the most recent fiscal year was 80.26%. Using a higher ADA-to-enrollment ratio than is reasonable may result in overstated projected LCFF revenue.

		Yes	No	N/A
2.5	**Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?**	✓	☐	☐
2.6	**Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)?**	☐	✓	☐

The district's budget is primarily developed by the superintendent and the business manager in conjunction with the county superintendent of schools fiscal staff who provide budget support services to the district.

		Yes	No	N/A
2.7	**Does the district budget and expend restricted funds before unrestricted funds?**	☐	✓	☐

The district does not consistently expend restricted funds before unrestricted funds. Both the 2022-23 and 2023-24 unaudited actuals showed a remaining balance in special education program funds (i.e., AB 602 funds available for any special education expenditures), even though the district also contributed unrestricted general funds to support the program.

Overall, the district's unrestricted general fund balance decreased from $952,593 in 2022-23 to $427,738 in 2023-24. At 2024-25 first interim, the projected unrestricted ending fund balance decreased even further to $205,051. However, the restricted fund balance increased from $459,564 in 2022-23 to $623,249 in 2023-24, and at 2024-25 first interim, the restricted ending fund balance was projected to further increase to $965,403.

		Yes	No	N/A
2.8	**Have the district's Local Control and Accountability Plan (LCAP) and budget been adopted within the statutory timelines established by EC 42103 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and prior fiscal year?**	✓	☐	☐

		Yes	No	N/A
2.9	**Has the district refrained from including carryover funds in its adopted budget?**	✓	☐	☐
2.10	**Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?**	✓	☐	☐
2.11	**Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund?**	☐	✓	☐

In interviews, staff reported that the district does not have an established procedure for staff to evaluate whether to accept grant funding.

		Yes	No	N/A
2.12	**Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members and departments responsible for completing them?**	☐	✓	☐

The district does not have a detailed budget calendar to effectively organize and guide its budget development process. Rather, the district communicates with the county office fiscal support staff about budget development coordination as needed via email.

3. Budget Monitoring and Updates

		Yes	No	N/A
3.1	**Are actual revenues and expenses consistent with the most current budget?**	☐	✓	☐

FCMAT compared the district's 2024-25 adopted budget with the 2024-25 first interim financial report projected year totals and identified numerous accounts where projected totals differ from the adopted budget by more than 5%. Table 1 shows these accounts and variances.

Table 1. Comparison of 2024-25 Adopted Budget and First Interim Projected Year Totals

Unrestricted General Fund	2024-25 Adopted Budget	Projected Year Totals	Variance	% Change
LCFF Sources	$1,472,521	$1,169,414	-$303,107	20.6%
Other State Revenue	$18,263	$15,586	-$2,677	14.7%
Employee Benefits	$285,378	$270,960	-$14,418	5.1%
Services and Other Operating	$524,444	$573,465	$49,021	9.3%
Transfers Out	$80,899	$62,745	-$18,154	22.4%
Contributions	$97,285	$45,830	-$51,455	52.9%

Sources: District's 2024-25 first interim report and 2024-25 adopted budget.

		Yes	No	N/A
3.2	**Are budget revisions posted in the financial system at each interim reporting period, at a minimum?**	✓	☐	☐
3.3	**Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim reporting period, at a minimum?**	✓	☐	☐

		Yes	No	N/A
3.4	**Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?**	✓	☐	☐
3.5	**Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form?**	✓	☐	☐
3.6	**Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?**	☐	☐	✓
3.7	**Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?**	☐	✓	☐

Staff indicated in interviews that this is not consistently enforced.

		Yes	No	N/A
3.8	**Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?.**	✓	☐	☐
3.9	**For the most recent and two prior fiscal years, have the district's interim financial reports and unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?**	✓	☐	☐

4. Cash Management

		Yes	No	N/A
4.1	**Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly?**	✓	☐	☐
4.2	**Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?**	✓	☐	☐
4.3	**Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?**	☐	✓	☐

The district prepares and updates its cash flow projection as part of the financial statement process, but the projection is only for the current fiscal year.

		Yes	No	N/A
4.4	**If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?**	☐	☐	✓
4.5	**Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?.**	☐	✓	☐

The district received a rehabilitation apportionment of $3,346,895 for emergency HVAC replacement and repairs from the State School Facility Program. Interviews with staff indicated that the funding has been exhausted, and the unrestricted general fund will need to pay the remaining outstanding invoices. The district was in negotiations with the contractor about the outstanding invoices at the time of FCMAT interviews, so the amount is yet to be determined.

		Yes	No	N/A
4.6	**If the district uses interfund borrowing, is it complying with EC 42603?**	✓	☐	☐

		Yes	No	N/A
4.7	**If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?**	☐	☐	✓

5. Charter Schools

		Yes	No	N/A
5.1	**Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight?**	☐	✓	☐

The district did not provide any board policy, MOU, or other written document(s) regarding charter oversight. Even though the district has not authorized any charters, a best practice is to have policies or procedures in place to address a petition that is submitted to the district.

		Yes	No	N/A
5.2	**Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?**	☐	☐	✓
5.3	**Are all charters authorized by the district going concerns and not in fiscal distress?**	☐	☐	✓
5.4	**Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools?**	☐	☐	✓
5.5	**Does the district monitor charter school audits for timeliness, completeness, and exceptions?**	☐	☐	✓

6. Collective Bargaining Agreements

		Yes	No	N/A
6.1	**Has the district settled with all its bargaining units for the past two fiscal years?**	✓	☐	☐
6.2	**Has the district settled with all its bargaining units for the current year?**	✓	☐	☐
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?**	☐	✓	☐

The county office provided disclosure documents for 2022-23, 2023-24 and 2024-25 for both classified and certificated employee agreements. The district's disclosure documents have rows and columns to show items such as the cost of 1% raise, the negotiated percentage change, the cost of the salary agreement, etc. for the settlement year and the two subsequent years. No detailed information was included in the 2022-23 public disclosure form except for the row labeled other cost impact and total cost, which were the same amount. For all years reviewed, the row that shows the total cost of the tentative agreement did not include step-and-column increases in that total cost or an analysis of the impact on its budget or multiyear projections.

		Yes	No	N/A
6.4	**Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?**	☐	✓	☐

The publicly disclosed tentative settlement documents for salary and benefit negotiations, mentioned in 6.3 above, lack information about identifying ongoing revenue sources or expenditure reductions to support the agreements in the current or subsequent years.

		Yes	No	N/A
6.5	**In the current and prior two fiscal years, has the total cost of the district's bargaining agreement settlements, including step-and-column increases, been at or under the funded cost-of-living adjustment (COLA)?**	☐	✓	☐

As mentioned in 6.3 above, the 2022-23 public disclosures did not have any detail, and all years do not include step-and-column increases, so FCMAT could not determine if the total cost of the district's bargaining agreement settlements was at or under the funded COLA. However, the 2024-25 agreements for both classified and certificated were for an ongoing salary increase of 2%, which is above the 1.07% COLA for that same year.

		Yes	No	N/A
6.6	**If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?**	☐	☐	✓
6.7	**Did the district comply with public disclosure requirements under Government Codes 3540.2 and 3547.5, and EC 42142?**	✓	☐	☐
6.8	**Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?**	✓	☐	☐
6.9	**Is the governing board's action consistent with the superintendent's and CBO's certification?**	✓	☐	☐

7. Contributions and Transfers

		Yes	No	N/A
7.1	**Does the district have an active, board-approved plan to eliminate, reduce or control any contributions/transfers from its unrestricted general fund to other restricted programs and funds?**	☐	✓	☐

The district lacks an active, board-approved plan to eliminate, reduce or control contributions from its unrestricted general fund to restricted programs and funds.

Table 2. Contributions to Restricted Programs 2024-25 – 2026-27

Projected Contributions to Restricted Programs	2024-25	2025-26	2026-27
Title I, Part A	$7,183	$13,426	$15,089
Title II, Part A	$6,194	$0	$0
Title IV, Student Support	$4,998	$0	$0
Universal Pre-Kinder Planning and Implementation Grant	$0	$23,931	$25,435
Other Restricted Local	$0	$29,284	$29,894
Total	$18,375	$66,641	$70,418

Source: District-provided documents

Table 3. Transfers from Unrestricted General Fund to Other Funds

Projected Transfers to Other Funds	2024-25	2025-26	2026-27
To Cafeteria Fund (13)	$80,899	$50,306	$50,306
To Child Development Fund (12)	$12,439	$12,439	$12,437
Total	$93,338	$62,745	$62,743

Source: District-provided documents

		Yes	No	N/A
7.2	**If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?**	✓	☐	☐
7.3	**If any contributions or transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?**	✓	☐	☐

8. Deficit Spending (Unrestricted General Fund)

		Yes	No	N/A
8.1	**Is the district avoiding deficit spending in the current fiscal year?**	☐	✓	☐

Based on the district's 2024-25 first interim financial report, the district is projecting to deficit spend $222,687 in the current fiscal year.

		Yes	No	N/A
8.2	**Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?**	☐	✓	☐

Based on the district's 2024-25 first interim financial report, the district is projecting to deficit spend $576,688 in 2025-26 and $658,722 in 2026-27.

		Yes	No	N/A
8.3	**If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?**	☐	✓	☐

The district does not have a board-approved plan to reduce and/or eliminate deficit spending to ensure fiscal solvency.

		Yes	No	N/A
8.4	**Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports?**	☐	✓	☐

According to the district's 2022-23 unaudited actuals report, the district was not deficit spending in the unrestricted general fund; however, the 2023-24 unaudited actuals report showed that deficit spending of $308,325 occurred thereby increasing deficit spending in the unrestricted general fund.

9. Employee Benefits

		Yes	No	N/A
9.1	**Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)?**	☐	☐	✓
9.2	**Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district's unrestricted general fund revenues?**	☐	☐	✓
9.3	**Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?**	☐	✓	☐

Interviews indicated that the district only verifies eligibility for benefits upon hiring a new employee and has not conducted a determination of eligibility for benefits for all active and retired employees and dependents within the last five years.

		Yes	No	N/A
9.4	**Does the district track, reconcile and report employees' compensated leave balances?**	☐	✓	☐

Interviews indicated that the district tracks and reconciles compensated leave balances; however, they are not reported within the financial system or to employees. Employees must ask the district for access to their leave balances.

		Yes	No	N/A
9.5	**Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?**	☐	☐	✓

10. Enrollment and Attendance

		Yes	No	N/A
10.1	**Has the district's enrollment been increasing or remained stable for the current and two prior years?**	☐	✓	☐

According to DataQuest, the district's enrollment decreased from 93 students in 2022-23 to 76 students, or 18.3%, in 2023-24 (the most recent year for which state-certified data is available). At the time of FCMAT's fieldwork, the district reported 62 students were enrolled. This is a decrease of 33% since 2022-23.

		Yes	No	N/A
10.2	**Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?**	✓	☐	☐

		Yes	No	N/A
10.3	**Does the district track historical enrollment and ADA data to project future trends?**	☐	✓	☐

The district's 2024-25 first interim financial report includes a trend of ADA since 2018-19. The trend shows a decline in ADA between 2021-2024; however, the district used increasing ADA and ADA estimates in its 2024-25 first interim financial report.

		Yes	No	N/A
10.4	**Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?**	☐	✓	☐

The district does not have written processes/procedures related to daily enrollment and attendance. Interviews indicated that teachers and the superintendent are not affirming any reconciliation of monthly enrollment and attendance at the school/district level.

		Yes	No	N/A
10.5	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?**	☐	✓	☐

Interviews indicated that the district uses a simple age-through method for enrollment projections; however, the enrollment projections are not realistic based on historical data as evidenced in 10.3 above.

		Yes	No	N/A
10.6	**Has the district planned for enrollment losses to any charter schools?**	☐	☐	✓
10.7	**Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?**	☐	✓	☐

The district's staff member responsible for certifying CALPADS works closely with the county office to verify information, but other district staff who are knowledgeable of the information are not verifying and correcting the information before the report is submitted.

		Yes	No	N/A
10.8	**Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?**	✓	☐	☐
10.9	**Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?**	☐	✓	☐

The district did not provide board policy related to interdistrict transfers. Interviews indicated that the district does not limit outgoing transfers.

		Yes	No	N/A
10.10	**Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?**	✓	☐	☐

11. Facilities

		Yes	No	N/A
11.1	**If the district participates in the state's School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account?**	☐	☐	✓

		Yes	No	N/A
11.2	**Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?**	☐	✓	☐

As noted in 4.5, the district was in negotiations with the contractor regarding the outstanding capital facilities project invoices at the time of FCMAT interviews. Resources in other funds have been exhausted, and the unrestricted general fund must cover the invoices; however, this fund does not have adequate resources to do so.

		Yes	No	N/A
11.3	**Does the district properly track and account for facility-related projects?**	✓	☐	☐
11.4	**Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction's loading standards?**	☐	✓	☐

FCMAT could not determine whether the district is fully using its facilities per the Office of Public School Construction's loading standards because the district did not provide data pertaining to capacity and classroom usage.

		Yes	No	N/A
11.5	**Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?**	✓	☐	☐
11.6	**Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?**	✓	☐	☐
11.7	**If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?**	☐	☐	✓
11.8	**Does the district have a board-approved long-range facilities master plan completed within the last five years that reflects its current and projected facility needs?**	☐	✓	☐

The district lacks a long-range facilities master plan.

12. Fund Balance and Reserve for Economic Uncertainties

		Yes	No	N/A
12.1	**Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the State Standards and Criteria for Fiscal Solvency?**	✓	☐	☐
12.2	**Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?**	☐	✓	☐

The district's 2024-25 first interim financial report projects that it will be unable to meet the minimum reserve for economic uncertainties in 2025-26 and 2026-27.

		Yes	No	N/A
12.3	**If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve?**	☐	✓	☐

The district does not have a board-approved plan to restore the reserve.

		Yes	No	N/A
12.4	**Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions?**	☐	✓	☐

The district projects a negative unrestricted ending fund balance in the two subsequent fiscal years; $371,636.31 in 2025-26 and $1,030,358.78 in 2026-27 according to the 2024-25 first interim financial report.

		Yes	No	N/A
12.5	**If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level to cover these costs?**	☐	☐	✓

13. General Fund – Current Year

		Yes	No	N/A
13.1	**Does the district ensure that one-time revenues do not pay for ongoing expenditures?**	☐	✓	☐

The district is using one-time funding from the Arts, Music and Instructional Materials Discretionary Block Grant and the Learning Recovery Emergency Block Grant for ongoing staff salaries in the 2024-25 fiscal year.

		Yes	No	N/A
13.2	**Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the prior year statewide average?**	✓	☐	☐
13.3	**Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below that of the prior two years?**	☐	✓	☐

As of the 2024-25 first interim report in Section 5 of School District Criteria and Standards Review, the district's unrestricted salaries and benefits were 59.6% of unrestricted expenditures. In 2022-23 and 2023-24, unrestricted salaries and benefits were 61.0% and 52.8% respectively.

		Yes	No	N/A
13.4	**If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)?**	☐	☐	✓
13.5	**For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds?**	☐	✓	☐

The district does not have a board-approved plan to pay for the ongoing positions supported by one-time funding referenced in 13.1 with unrestricted funds nor does the unrestricted general fund have the available funding to do so.

		Yes	No	N/A
13.6	**Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?**	☐	✓	☐

The district did not expend or encumber available Expanded Learning Opportunities Program funding allocated in 2022-23; as a result, $48,825 must be returned to the state.

		Yes	No	N/A
13.7	**Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?**	☐	✓	☐

The district does not charge indirect costs to restricted resources and other funds.

		Yes	No	N/A
13.8	**Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?**	✓	☐	☐

14. Information Systems and Data Management

		Yes	No	N/A
14.1	**Does the district use an integrated financial and human resources system?**	✓	☐	☐

		Yes	No	N/A
14.2	**Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions?**	✓	☐	☐
14.3	**Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP?**	☐	✓	☐

The district's last completed audit for 2021-22 contained a finding related to overreporting students who are eligible for free or reduced-price meals. Because the district does not have the independent audits completed for 2022-23 or 2023-24, FCMAT cannot verify if this has been corrected. Interviews with staff indicated that misidentification of eligible students may still be occurring.

		Yes	No	N/A
14.4	**Is the district using the same financial system as its COE?**	✓	☐	☐
14.5	**If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems?**	☐	☐	✓
14.6	**If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance?**	☐	☐	✓

15. Internal Controls and Fraud Prevention

		Yes	No	N/A
15.1	**Does the district have controls that limit access to its financial system and include multiple levels of authorization?**	☐	✓	☐

The district's authorization process is paper-based and has only set up one level of authorization in its financial system. As a result, an employee can enter and approve their own transactions in the financial system.

		Yes	No	N/A
15.2	**Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually?**	✓	☐	☐
15.3	**Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:**			
	• **Accounts payable (AP).**	☐	✓	☐

Interviews indicated the same employee is responsible for entering and approving invoices in the financial system and periodically also receives the commercial warrants issued by the county office. Additionally, checks drawn from the district's bank accounts outside of the county treasury require only one authorized signature, and the same employee may write and sign checks, which is a serious weakness in the district's internal control system.

		Yes	No	N/A
	• **Accounts receivable (AR).**	☐	✓	☐

Interviews indicated that the same employee is responsible for both deposits and bank reconciliations, which is a serious weakness in the district's internal control system.

		Yes	No	N/A
	• **Purchasing and contracts.**	☐	✓	☐

Interviews indicated that purchase orders are routinely created and approved after a purchase has already been made, which circumvents the purchasing process.

		Yes	No	N/A
	• **Payroll..**	✓	☐	☐
	• **Human resources (i.e., duties related to position control and payroll processes).**	✓	☐	☐
15.4	**Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?.**	✓	☐	☐
15.5	**Does the district review and work to clear prior year accruals throughout the year?.**	✓	☐	☐
15.6	**Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?**	✓	☐	☐
15.7	**Does the district have processes and procedures to discourage and detect fraud?**	☐	✓	☐
	Interviews indicated that staff were unaware of any process or procedure to discourage and detect fraud.			
15.8	**Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?**	☐	✓	☐
	The district lacks a process for collecting reports of possible fraud and for following up on such reports.			
15.9	**Does the district have an internal audit process?**	☐	✓	☐
	The district lacks an internal audit process.			

16. Leadership and Stability

		Yes	No	N/A
16.1	**Does the district have a chief business official who has been in this position with the district for more than two years?.**	☐	✓	☐
	At the time of FCMAT's fieldwork, the district's business manager position was vacant, and a retiree who formerly held the position was temporarily helping the district. The district contracts with the county office to provide direct services for budget, accounts payable, accounts receivable and payroll.			
16.2	**Does the district have a superintendent who has been in this position with the district for more than two years?**	☐	✓	☐
	The current superintendent began work on July 1, 2023.			
16.3	**Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?**	☐	☐	✓
16.4	**Is training on financial management and budget provided to school and department administrators who are responsible for budget management?**	☐	✓	☐
	Interviews indicated that the superintendent has not had training on financial management and budget.			
16.5	**Does the governing board adopt and revise policies and administrative regulations annually?.**	☐	✓	☐
	The district did not provide evidence that it regularly updates board policies and administrative regulations. Interviews indicated that the district has not updated any board policies or administrative regulations this school year.			

		Yes	No	N/A
16.6	**Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?**	☐	✓	☐

The district did not provide evidence that it communicates board policy and administrative regulation updates to staff.

		Yes	No	N/A
16.7	**Do all board members attend training on the budget and governance at least every two years?**	☐	✓	☐

Interviews indicated that board members have not attended training on the budget and governance in the last two years.

		Yes	No	N/A
16.8	**Is the superintendent's evaluation performed according to the terms of the contract?**	✓	☐	☐
16.9	**Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?**	✓	☐	☐

17. Multiyear Projections

		Yes	No	N/A
17.1	**Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?**	☐	✓	☐

The district's multiyear projections assume a 0% COLA in the 2025-26 and 2026-27 fiscal years. This contrasts with industry projections as of the first interim report of a 2.93% COLA in 2025-26 and a 3.08% COLA in 2026-27.

		Yes	No	N/A
17.2	**To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?**	☐	✓	☐

The district is using a projected COLA of 0% for both the 2025-26 and 2026-27 fiscal years, which is lower than the industry-recommended COLA percentages for these years. The district's LCFF calculation results in lower projected LCFF revenue than may be realized.

		Yes	No	N/A
17.3	**Does the district use its most current multiyear projection when making financial decisions?**	☐	✓	☐

The district's multiyear financial projection (MYFP) is prepared for inclusion in financial reports requiring board approval and in compliance with statutory requirements. Staff interviews indicated it is not regularly updated or used when making financial decisions.

		Yes	No	N/A
17.4	**If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?**	☐	☐	✓

18. Non-Voter-Approved Debt and Risk Management

		Yes	No	N/A
18.1	**Are the sources of repayment for non-voter-approved debt {such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others} stable, predictable, and other than the unrestricted general fund?**	☐	☐	✓

		Yes	No	N/A
18.2	**If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?**	☐	☐	✓
18.3	**If the district is self-insured, has it completed an actuarial valuation as required and does it have a plan to pay for any unfunded liabilities?**	☐	☐	✓
18.4	**If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues?**	☐	☐	✓

19. Position Control

		Yes	No	N/A
19.1	**Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?**	✓	☐	☐
19.2	**Does the district analyze and adjust staffing based on staffing ratios and enrollment?**	☐	✓	☐
	FCMAT was not provided with evidence of any tools the district uses to analyze and adjust staffing based on ratios and enrollment.			
19.3	**Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?**	✓	☐	☐
19.4	**Does the district identify a budget source for each new position before the position is authorized by the governing board?**	☐	✓	☐
	Although the district verifies a budget source for new positions, the new positions are not taken to the board for authorization before individuals are hired.			
19.5	**Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?**	☐	✓	☐
	Interviews with staff indicate new positions and extra assignments are discussed with the board in advance of posting, but the board ultimately ratifies the positions after they have been filled.			
19.6	**Do managers and staff responsible for the district's human resources, payroll and budget functions meet at least monthly to discuss issues and improve processes?**	☐	✓	☐
	The county office provides support for budget functions. The district and county meet for budget development at each reporting period.			

20. Special Education

		Yes	No	N/A
20.1	**For special education classrooms and support services, does the district use staffing ratios that align with statutory requirements and industry standards, and are students' support needs also considered? If so, are those needs documented and evaluated at each budget cycle?**	✓	☐	☐
20.2	**Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?**	✓	☐	☐

20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	☐	✓	☐
District staff indicated that the district uses the individualized education program process to identify and meet student needs; however, no documents were provided to support the district's use of appropriate tools when adding services such as a 1-on-1 aide or transportation as a related service.			
20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?	☐	✓	☐
The district is accounting for all costs appropriately, except for indirect costs, which are not being charged to the state and federal resource codes used for special education (i.e., Resource Codes 3310, 3386, 6500 and 6547).			
20.5 Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?.	☐	✓	☐
District staff is not monitoring contributions from the unrestricted general fund to the special education program.			
20.6 Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates?	✓	☐	☐
20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?	☐	✓	☐
The district does not complete the maintenance of effort form at interim reporting periods and thus does not monitor or analyze it at interim reporting periods.			

Risk Score, 20 numbered sections only:	**47.7%**

Key to Risk Score from 20 numbered sections only:

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

District Fiscal Solvency Risk Level, all FHRA factors:	**High**

(The existence of any condition from the "Budget and Fiscal Status" section, and/or a material weakness, will supersede the score above because it elevates the district's risk level.)

Appendix

A: Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
FOR TRIGGERED FISCAL HEALTH RISK ANALYSIS

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Dunsmuir Elementary School District, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the Client self-certified its 2024-2025 first interim financial report as negative in accordance with EC 42130 and 42131.

FCMAT will assign professionals to conduct the study. The professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

FCMAT will notify the Client's county superintendent of schools of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis (FHRA) and identify the Client's specific risk rating for fiscal insolvency.

B. Services and Products to be Provided

1. Orientation Meeting
   The Team will conduct an orientation session at the Client's location to brief the Client's management and supervisory personnel on the Team's procedures and the purpose and schedule of the study. This orientation meeting is normally held at the beginning of fieldwork for the study.

2. Fieldwork
   The Team will conduct fieldwork at the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

3. Exit Meeting
   The Team will hold an exit meeting at the conclusion of the fieldwork to inform the

Client of the status of the study. The exit meeting will include a review of the scope of work; outstanding items, including documents, data and interviews not yet received or held; and the estimated timeline for a draft report. The meeting will not memorialize details regarding findings because the Team's conclusions may change after a complete analysis is finished. Exceptions to this will be findings of immediate health and safety concerns for students or staff, and other time-sensitive items that include the potential for risk or exposure to loss.

4. Exit Letter
   Approximately five business days after the exit meeting, the Team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.

5. Draft Report
   An electronic copy of a preliminary draft report will be delivered to the Client's point of contact identified below for review and comment.

6. Final Report
   An electronic copy of the final report will be delivered to the Client's point of contact and to the Client's county superintendent of schools following completion of the study. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Board Presentation
   Presentations to the Client's board will be made depending on the Client's risk rating. If the risk rating is low, the board presentation is optional and will be considered at the request of the Client. If the risk rating is moderate or high, the Team will make a board presentation at the Client's first regularly scheduled board meeting following the issuance of the final report. If the Team is unable to present at the first regularly scheduled board meeting following the issuance of the final report, the Team will make a board presentation at a regularly scheduled board meeting that is mutually agreeable to the Parties.

3. PROJECT PERSONNEL

The personnel assigned to the study will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. PROJECT COSTS

Pursuant to the state budget act, costs for the study will be covered by a specific state appropriation for this purpose. FCMAT will not charge the Client for any costs.

5. RESPONSIBILITIES OF THE CLIENT

A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.

B. Provide private office or conference room space for the Team's use during fieldwork.

C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.

D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client will upload all requested documents and data.

E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.

F. Facilitate access to requested board members, officers and staff for interviews.

G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.

H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report's data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.

I. Return the requested evaluation survey to FCMAT as described below.

6. PROJECT SCHEDULE

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. This goal is especially important given that the Client has experienced an event described under Basis of Agreement that may indicate fiscal distress. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

ACTION	TIMELINE
FCMAT provides Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client's triggered event.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the name and email of the of person who will be responsible for collecting and uploading documents requested by FCMAT.	Draft Agreements are valid for 30 business days.
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client's return of the signed Agreement.
Client uploads initial requested documents and data to FCMAT's online SharePoint repository.	Within five business days of the Client's receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within five business days of FCMAT's receipt of requested documents and data.
Orientation meeting	First day of fieldwork
Exit meeting	Last day of fieldwork
Follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Client uploads supplemental documents and data to FCMAT's online SharePoint repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client.	To be determined, usually, within four weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within five business days of FCMAT providing a draft report to the Client.

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the study schedule and work progress. FCMAT may modify the usual timelines as needed.

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client and any other related parties from which, in the Team's judgment, it must obtain information. Once the Team has completed its fieldwork, it will proceed to prepare a report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a final report once fieldwork has been completed.

FCMAT may terminate this Agreement at any time if the Client fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT. If FCMAT terminates the Agreement, FCMAT will issue a management letter in lieu of the final report explaining the reasons why FCMAT terminated the Agreement and reporting on any FHRA elements for which data was collected and a conclusion could be reached.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Client in any manner without prior express written authorization from an officer of the Client.

9. RECORDS

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the FCMAT website. Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

10. CONTACT WITH PUPILS

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client shall take appropriate steps to comply with EC 45125.1.

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than $1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

FCMAT shall hold the Client, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this Agreement. Conversely, the Client shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of the Client's board, officers, agents and employees undertaken under this Agreement.

13. PUBLIC SAFETY CONSIDERATIONS

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.

B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).

C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

14. FORCE MAJEURE

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

15. EVALUATION

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the study.

Name: Mandy Leahy, Superintendent/Principal

Telephone: (530) 235-4828

Email: mleahy@dunsmuir.k12.ca.us

17. SIGNATURES

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

For Client:

Mandy Leahy 2/20/2025

Mandy Leahy, Superintendent — Date
Dunsmuir Elementary School District

For FCMAT:

Michael H. Fine
Digitally signed by Michael H. Fine
Date: 2025.03.19 11:25:00 -07'00'

Michael H. Fine, — Date
Chief Executive Officer
Fiscal Crisis and Management Assistance Team