

## Fiscal Health Risk Analysis

April 29, 2025



## East Side Union High School District

Michael H. Fine  
Chief Executive Officer

April 29, 2025

Glenn Vander Zee, Superintendent  
East Side Union High School District  
830 North Capitol Ave.  
San Jose, CA 95133

Dear Superintendent Vander Zee:

In March 2025, the East Side Union High School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT 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 and identify the district's specific risk rating for fiscal insolvency.

This report contains the fiscal health risk analysis report with the study team's findings.

FCMAT appreciates the opportunity to assist the East Side Union High School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Michael H. Fine  
Chief Executive Officer

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# 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, policy-makers, 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 East Side Union High School District is the second largest school district in Santa Clara County. Governed by a five-member board, it serves nearly 20,000 students in grades 9-12 across 11 traditional high schools, one alternative high school, and four continuation high schools, all located in San Jose. The district serves several neighborhoods, including East San Jose, North San Jose, Alum Rock, South San Jose, and Evergreen.

In addition to its high school programs, the district operates an adult education program and authorized nine independent charter schools, which collectively serve approximately 3,200 students in grades TK-12. As of the 2024-25 first principal apportionment (the most recent data available), 60.2% of the district's students are identified as English learners, foster youth, and/or eligible for free or reduced price meals.

As of the 2024-25 first interim report, the district had certified three consecutive interim financial reports as "qualified," indicating that, based on current projections, it may not be able to meet its financial obligations for the current or two subsequent fiscal years. The district projected unrestricted deficit spending of approximately \$26.4 million in 2024-25 and \$23.8 million in 2025-26 and 2026-27 and has estimated to end the 2026-27 fiscal year with a reserve of approximately 0.2%.

Due to these qualified certifications, the county superintendent assigned a fiscal expert to assist the district in addressing deficit spending and developing a detailed budget stabilization plan.

To assess the district's risk of insolvency, FCMAT conducted a Fiscal Health Risk Analysis (FHRA). The analysis focused primarily on data from the 2024-25 first interim report, and where applicable, considered financial trends and findings from the three prior fiscal years (i.e., 2021-22, 2022-23, and 2023-24).

## Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the East Side Union High School District on March 11, 2025, and a study team visited the district on March 25-27, 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:

Erin Lillibridge, CFE  
FCMAT Intervention Specialist

Jeffrey B. Potter, CFE  
FCMAT Intervention Specialist

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

Dates of fieldwork: March 25-27, 2025

School District: East Side Union High School District



FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

## Summary

The governing board holds a fiduciary responsibility to safeguard the district's financial health, which includes ensuring a balanced budget and maintaining adequate reserves. The district's administration is responsible for upholding the integrity of the district's systems, protecting its assets, and providing accurate and reliable information to support the board's decision making to ensure the district's long-term fiscal solvency.

The district processes and signs its own warrants and maintains an independent financial system, separate from the Santa Clara County Office of Education. After reviewing the district's adopted budgets, interim financial reports, and audit reports for the current and prior three fiscal years and after discussions with district staff, FCMAT identified several risks to the district's financial health. These risks include declining enrollment, projected deficit spending, reduced reserve levels, and the use of one-time and/or restricted funds. Additionally, the district has relied on one-time revenues to pay for ongoing expenses, including salaries and benefits, without a board-approved plan to address those costs once the temporary funding ends.

The district has experienced a continued decline in enrollment. From the 2017-18 school year to 2024-25, enrollment decreased by approximately 3,300 students, or 16.7%. The district's 2024-25 first interim report projected current year deficit spending of \$26.4 million in the unrestricted general fund. According to the board's resolution #2024/25-12, which confirms the district's commitment to fiscal solvency, \$10 million in expenditure reductions will be needed in 2025-26 and another \$23 million in 2026-27 to maintain the state-mandated 3% reserve for economic uncertainty. Although this resolution also included a fiscal solvency plan to achieve these reductions, as of the 2024-25 first interim report's certification, the board had not implemented the proposed savings strategies. Without ongoing budget adjustments, continued deficit spending is projected to deplete the district's unrestricted general fund balance by 2026-27.

In 2020-21, local educational agencies received a historic amount of one-time state and federal funding to mitigate the impacts of the COVID-19 pandemic. These funds expired on September 30, 2024, and the district used them to support staffing, professional development, and other operational needs. Like many districts across the state, the district used this temporary funding, in part, to delay necessary adjustments to staffing and operational expenditures in response to declining enrollment and reduced revenue.

FCMAT's analysis resulted in a score of 21.3% across the 20 numbered sections, indicating a low fiscal health risk. However, because FCMAT identified risk factors related to material weakness questions and given that this review was initiated following three consecutive qualified interim report certifications, the district's overall risk level was elevated from low to high. FCMAT had previously conducted an FHRA for the district in June 2020. A comparison between the results of that analysis and the current review can be found in Appendix A.

## Subsequent Event Material Information

In February 2025, the district's board approved reductions to various certificated and classified positions, effective July 1, 2025. The multiyear financial projection included in the 2024-25 second interim report indicated that, with these staffing adjustments and reductions to certain contracted services, the district will be able to meet its financial obligations and reserve requirements for the current year and the following

two fiscal years. Based on this outlook, the board approved a positive certification for the 2024-25 second interim report. However, the district still projects deficit spending in its unrestricted general fund and expects that additional expenditure reductions will be necessary in 2026-27.

**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 . . . . .	✓	<input type="checkbox"/>
Negative interim report certification . . . . .	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications. . . . .	<input type="checkbox"/>	✓
Downgrade of an interim certification by the county superintendent . . . . .	✓	<input type="checkbox"/>
“Lack of going concern” designation. . . . .	✓	<input type="checkbox"/>

### Material Weakness Questions

	Yes	No	N/A
2.5 Has the district’s budget been approved unconditionally by September 15 <sup>th</sup> by the county superintendent of schools in the current and two prior fiscal years . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
5.2	Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
5.3	Are all charters authorized by the district going concerns and not in fiscal distress? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
10.5	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.2	Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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 <u>State Standards and Criteria for Fiscal Solvency</u> ? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
12.2	Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
19.1	Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

## 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	0.0%
2.	Budget Development and Adoption	2.2%
3.	Budget Monitoring and Updates	1.0%
4.	Cash Management	0.0%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	1.0%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.0%
9.	Employee Benefits	0.6%
10.	Enrollment and Attendance	1.0%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	3.0%
13.	General Fund - Current Year	3.6%
14.	Information Systems and Data Management	2.8%
15.	Internal Controls and Fraud Prevention	0.0%
16.	Leadership and Stability	1.0%
17.	Multiyear Projections	0.0%
18.	Non-Voter-Approved Debt and Risk Management	1.0%
19.	Position Control	0.0%
20.	Special Education	0.0%
<b>Score</b>		<b>21.3%</b>

# 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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Were the district's most recent and prior two audit reports free of findings of material weakness? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Has the district corrected all audit findings from the most recent and prior two audits? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

## 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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.3 Does the district use position control data for budget development? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.4 Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

Due to the significant reductions needed to balance the budget in the two subsequent fiscal years, the county superintendent approved the district's 2024-25 budget with conditions. The district had to update its budget by October 8, 2024, to reflect changes such as fund balance adjustments from the 2023-24 year-end close, staffing levels, planned expenditures, projected average daily attendance (ADA), and the board-approved fiscal stabilization plan. According to the county superintendent's letter, the district's projected deficit spending was preventing it from meeting the minimum reserve level in 2025-26 and from fulfilling its financial obligations in 2026-27.

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)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.7 Does the district budget and expend restricted funds before unrestricted funds? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

- 2.9 Has the district refrained from including carryover funds in its adopted budget?** . . . . .
- The district reports it does not typically budget carryover funds, but the 2024-25 adopted budget included them for the Title I program. Staff indicated in interviews that these funds support summer school costs. Specifically, the Title I revenue budget for 2024-25 totaled \$4.410 million, compared to the district's 2023-24 allocation of \$3.551 million. The district's preliminary 2024-25 Title I allocation, as posted by the CDE in March 2025, is \$3.630 million.
- 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?** . . . . .
- The district lacks a documented procedure for assessing the potential multiyear impact of new grants and restricted funds on its unrestricted general fund.
- 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?** . . . . .

### 3. Budget Monitoring and Updates

- |   | Yes                                 | No                                  | N/A                      |
|---|-------------------------------------|-------------------------------------|--------------------------|
| <b>3.1 Are actual revenues and expenses consistent with the most current budget?</b> . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>3.2 Are budget revisions posted in the financial system at each interim reporting period, at a minimum?</b> . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>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?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>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?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>3.5 Do the district's responses fully explain the variances identified in the <u>SACS Criteria and Standards Review form</u>?</b> . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>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?</b> . . . . .  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>Following a review of the district's 2024-25 first interim report, the county superintendent identified a structural deficit of approximately \$26.4 million. That determination came after a projected shortfall of \$32.2 million in the unrestricted general fund was identified during the county superintendent's review of the district's 2024-25 adopted budget. While the district has approved a fiscal stabilization plan, the plan must be fully implemented to resolve the ongoing budget deficit.</p> |                                     |                                     |                          |
| <b>3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>3.8 Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?</b> . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |

- 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? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.6 If the district uses interfund borrowing, is it complying with EC 42603? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| 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? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |

## 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? . . . . .   | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.2 Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32? . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . . | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.5 Does the district monitor charter school audits for timeliness, completeness, and exceptions? . . . . .   | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |

## 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? . . . . . | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.2 Has the district settled with all its bargaining units for the current year? . . . . .          | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |

- 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? . . . . . ✓
- 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)? . . . . .  ✓   

In June 2024, the district reached a settlement with the East Side Teachers Association that included an ongoing 2.25% increase to the certificated salary schedule, along with a one-time payment of 1.25% for the 2024-25 fiscal year. The same compensation terms were also provided to the district's other bargaining units under a "me too" clause. In comparison, the 2024-25 statutory COLA included in the state budget act was 1.07%.
- 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? . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district lacks a formal plan to control special education expenditures. The district's projected unrestricted general fund contribution to special education increased from \$64.2 million in the 2024-25 adopted budget to \$66.4 million in the 2024-25 first interim report. This contribution represents 28.8% of the district's projected unrestricted revenue for 2024-25. |                          |                          |                          |
| 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? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |

## 8. Deficit Spending (Unrestricted General Fund)

	Yes	No	N/A
<p><b>8.1 Is the district avoiding deficit spending in the current fiscal year?</b> . . . . . <input type="checkbox"/></p> <p>The 2024-25 first interim report projected an unrestricted general fund deficit of approximately \$26.4 million for the current fiscal year.</p>	✓		<input type="checkbox"/>
<p><b>8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?</b> . . . . . <input type="checkbox"/></p> <p>The 2024-25 first interim multiyear financial projection indicated the district will continue deficit spending at approximately \$23.8 million per year over the next two fiscal years.</p>	✓		<input type="checkbox"/>
<p><b>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?</b> . . . . . <input type="checkbox"/></p> <p>As of the 2024-25 first interim report, the district had identified potential expenditure savings of \$10 million for 2025-26 and \$23 million for 2026-27 in its fiscal stabilization plan. However, while the board approved a resolution committing to fiscal solvency, it had not yet fully implemented the proposed savings strategies.</p>	✓		<input type="checkbox"/>
<p><b>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?</b> . . . . . <input checked="" type="checkbox"/></p>	✓		<input type="checkbox"/>

## 9. Employee Benefits

	Yes	No	N/A
<p><b>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)?</b> . . . . . <input checked="" type="checkbox"/></p>	✓		<input type="checkbox"/>
<p><b>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?</b> . . . . . <input checked="" type="checkbox"/></p>	✓		<input type="checkbox"/>
<p><b>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?</b> . . . . . <input type="checkbox"/></p> <p>Interviews indicated that the last benefits verification and eligibility review was conducted in 2019, approximately six years ago. The district acknowledged that it is considering an updated review.</p>	✓		<input type="checkbox"/>
<p><b>9.4 Does the district track, reconcile and report employees' compensated leave balances?</b> . . . <input checked="" type="checkbox"/></p>	✓		<input type="checkbox"/>
<p><b>9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?</b> . . . . . <input checked="" type="checkbox"/></p>	✓		<input type="checkbox"/>

# 10. Enrollment and Attendance

	Yes	No	N/A
<b>10.1 Has the district’s enrollment been increasing or remained stable for the current and two prior years?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The district’s enrollment has declined by an average of 2.2% per year since 2017-18, for a total decline of 16.7% from 23,336 in 2017-18 to 20,001 in 2024-25.			
<b>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)?</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10.3 Does the district track historical enrollment and ADA data to project future trends?</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10.4 Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10.5 Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10.6 Has the district planned for enrollment losses to any charter schools? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>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? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>10.8 Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>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? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>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? . . . . .</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# 11. Facilities

	Yes	No	N/A
<b>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? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.2 Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.3 Does the district properly track and account for facility-related projects? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.4 Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction’s loading standards? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.5 Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.6 Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues? . . . . .</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**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 completed its most recent long-range facilities master plan in spring of 2017. Interviews indicated that the district recognizes the need for an updated plan to reflect its current and projected facility needs.

## 12. Fund Balance and Reserve for Economic Uncertainties

	Yes	No	N/A
<b>12.1</b> 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 <u>State Standards and Criteria for Fiscal Solvency</u> ? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>12.2</b> Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The 2024-25 first interim multiyear financial projection indicated the district will not meet the minimum reserve for economic uncertainties in 2026-27, projecting a reserve of \$834,328, or 0.2% — far below the required 3%.

<b>12.3</b> 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? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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As of the 2024-25 first interim report, the district identified potential expenditure savings of \$10 million for 2025-26 and \$23 million for 2026-27 in its fiscal stabilization plan to restore reserves and meet the 3% minimum requirement in 2026-27. However, while the board passed a resolution committing to fiscal solvency, it had not yet fully implemented the proposed savings strategies.

<b>12.4</b> Is the district’s projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Without additional revenue or spending cuts, the 2024-25 first interim report projected the district's unrestricted general fund balance will decline from \$48.8 million in 2024-25 to \$1.1 million in 2026-27.

<b>12.5</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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# 13. General Fund – Current Year

	Yes	No	N/A
<p><b>13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The district's current year budget shows it uses one-time restricted funds (e.g., Arts, Music, and Instructional Discretionary Block Grant, A-G Access/Success and Learning Loss Mitigation Grants, Learning Recovery Emergency Block Grant) to cover ongoing expenses like salaries and benefits.</p>			
<p><b>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?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The percentage of the unrestricted general fund allocated to salaries and benefits for the 2024-25 first interim report was 88.5%, which exceeds the statewide average of 86.0% as of 2022-23 (the latest data available).</p>			
<p><b>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?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The 2022-23 and 2023-24 unaudited actuals reports showed the percentage of the unrestricted general fund allocated to salaries and benefits was 87.4% and 87.7% respectively, which exceeded the 2022-23 statewide average of 86.0%.</p>			
<p><b>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)?</b> . . . . . <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/></p>			
<p><b>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?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The 2024-25 first interim report showed the district is using one-time funds and reserves for ongoing expenses (e.g., salaries and benefits). The multiyear financial projection indicated these costs will be unsustainable without spending cuts to eliminate deficit spending. As of the first interim report, the district had no board-approved plan to address these costs after funding expires in 2024-25.</p>			
<p><b>13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>			
<p><b>13.7 Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>			
<p><b>13.8 Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>			

# 14. Information Systems and Data Management

	Yes	No	N/A
<p><b>14.1 Does the district use an integrated financial and human resources system?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>			
<p><b>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?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p>			

- 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 2022-23 audit found the district had misidentified free or reduced-price eligibility for certain students and lacked adequate quality controls for reviewing student meal applications. To improve the accuracy of its unduplicated pupil count, the district implemented new technology in 2024-25 to collect income eligibility data, increasing the unduplicated pupil percentage from 50.9% in 2023-24 to a projected 60.1% in 2024-25.
- 14.4 Is the district using the same financial system as its COE?** . . . . .
- This district and its COE use different financial systems; the district operates on MUNIS, while the COE uses QSS/OASIS.
- 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?** . . . . .
- The COE has reported that an interface exists for transmitting certain revenue postings from the COE to the district, but it does not facilitate a complete exchange between 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?** . . . . .
- The district has not provided the COE with direct access to its financial system, limiting the COE's ability to provide oversight, review and assistance.

## 15. Internal Controls and Fraud Prevention

- |  | Yes | No                       | N/A                      |
|--|-----|--------------------------|--------------------------|
| <b>15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization?</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>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?</b> . . . . . | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:</b>   |     |                          |                          |
| • <b>Accounts payable (AP).</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| • <b>Accounts receivable (AR).</b> . . . . .   | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| • <b>Purchasing and contracts.</b> . . . . .   | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| • <b>Payroll.</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| • <b>Human resources (i.e., duties related to position control and payroll processes).</b> . . . . .   | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>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?</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>15.5 Does the district review and work to clear prior year accruals throughout the year?</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?</b> . . . . .  | ✓   | <input type="checkbox"/> | <input type="checkbox"/> |

- 15.7 Does the district have processes and procedures 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? . . . . ✓
- 15.9 Does the district have 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? . . . . <input type="checkbox"/> |                          | ✓  | <input type="checkbox"/> |
| The district’s CBO has held the position since July 2024.   |                          |    |                          |
| 16.2 Does the district have a superintendent who has been in this position with the district for more than two years? . . . . ✓                                 | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.3 Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet? . . . . ✓                                   | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.4 Is training on financial management and budget provided to school and department administrators who are responsible for budget management? . . . . ✓       | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.5 Does the governing board adopt and revise policies and administrative regulations annually? . . . . ✓  | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff? . . . . ✓                          | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.7 Do all board members attend training on the budget and governance at least every two years? . . . . ✓  | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.8 Is the superintendent’s evaluation performed according to the terms of the contract? . . . ✓   | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 16.9 Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities? . . . . ✓                     | <input type="checkbox"/> |    | <input type="checkbox"/> |

## 17. Multiyear Projections

- |  | Yes                      | No | N/A                      |
|--|--------------------------|----|--------------------------|
| 17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards? . . . . ✓   | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations? . . . . ✓  | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 17.3 Does the district use its most current multiyear projection when making financial decisions? . . . . ✓  | <input type="checkbox"/> |    | <input type="checkbox"/> |
| 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? . . . . ✓ | <input type="checkbox"/> |    | <input type="checkbox"/> |

## 18. Non-Voter-Approved Debt and Risk Management

	Yes	No	N/A
<b>18.1</b> 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? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The district has issued OPEB revenue bonds, payable from the unrestricted general fund, to cover retiree health-care and retirement benefits, with a \$2,464,244 payment due in 2024-25. In 2023-24, the district established a Supplemental Employee Retirement Plan (SERP) for eligible employees retiring on July 1, 2024. Under the SERP’s terms, the district will contribute \$1,530,863 annually from the unrestricted general fund for five years to fund the plan.			
<b>18.2</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>18.3</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>18.4</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 19. Position Control

	Yes	No	N/A
<b>19.1</b> Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19.2</b> Does the district analyze and adjust staffing based on staffing ratios and enrollment?. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19.3</b> Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19.4</b> Does the district identify a budget source for each new position before the position is authorized by the governing board?. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19.5</b> Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>19.6</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 20. Special Education

	Yes	No	N/A
<b>20.1</b> 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? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
20.5	Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?. . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
20.7	Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

**Risk Score, 20 numbered sections only: 21.3%**

**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.)

# Appendices

**Appendix A — Comparison of 2020 and 2025 FHRA Results**

**Appendix B — Study Agreement**

## Appendix A – Comparison of 2020 and 2025 FHRA Results

Appendix A presents a comparative analysis of the 2020 and 2025 Fiscal Health Risk Analysis (FHRA) results to identify changes in the district’s fiscal health indicators. This comparison highlights shifts in responses, focusing on areas of improvement and emerging risks.

Items present in the 2020 FHRA but absent from the 2025 FHRA are excluded from this analysis. Differences in question wording or numbering may exist in the remaining questions compared. For scoring purposes, “N/A” is treated as “Yes.” Additionally, shading is used to indicate changes in the district’s “No” responses between the two assessment years, providing a clear visual reference for areas of fiscal concern or progress.

This appendix serves as a valuable tool for evaluating the district’s financial management practices and identifying key areas that require continued oversight and improvement.

1.	Annual Independent Audit Report	2020	2025
1.1	Has the district recorded findings from the most recent and prior two years’ audits without negatively affecting its fiscal health?	Yes	Yes
1.2	Has the audit report for the most recent fiscal year been completed and presented to the governing board within the statutory timeline per Education Code (EC) 41020?	Yes	Yes
1.3	Were the district's most recent and prior two audit reports free of findings of material weakness?	Yes	Yes
1.4	Has the district corrected all audit findings from the most recent and prior two audits?	Yes	Yes

### 1. Annual Independent Audit Report

Answer	2020	2025	Change in Number of “No” Responses
Yes	4	4	
No	0	0	No Change
N/A	0	0	

2.	Budget Development and Adoption	2020	2025
2.1	Does the district develop and use written budget assumptions and multi-year projections that are reasonable, are aligned with the county superintendent of schools’ instructions, and have been clearly articulated?	Yes	Yes
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?	Yes	Yes
2.3	Does the district use position control data for budget development?	Yes	Yes
2.4	Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly?	Yes	Yes

<b>2. Budget Development and Adoption</b>		<b>2020</b>	<b>2025</b>
<b>2.5</b>	<b>Has the district’s budget been approved unconditionally by September 15th by the county superintendent of schools in the current and prior two fiscal years?</b>	<b>Yes</b>	<b>No</b>
<b>2.6</b>	<b>Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)?</b>	<b>Yes</b>	<b>Yes</b>
<b>2.7</b>	<b>Does the district budget and expend restricted funds before unrestricted funds?</b>	<b>Yes</b>	<b>Yes</b>
<b>2.8</b>	<b>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?</b>	<b>Yes</b>	<b>Yes</b>
<b>2.9</b>	<b>Has the district refrained from including carryover funds in its adopted budget?</b>	<b>No</b>	<b>No</b>
<b>2.10</b>	<b>Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?</b>	<b>No</b>	<b>Yes</b>
<b>2.11</b>	<b>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?</b>	<b>No</b>	<b>No</b>
<b>2.12</b>	<b>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?</b>	<b>Yes</b>	<b>Yes</b>

**2. Budget Development and Adoption**

<b>Answer</b>	<b>2020</b>	<b>2025</b>	<b>Change in Number of “No” Responses</b>
Yes	9	9	
No	3	3	No Change
N/A	0	0	

<b>3. Budget Monitoring and Updates</b>		<b>2020</b>	<b>2025</b>
<b>3.1</b>	<b>Are actual revenues and expenses consistent with the most current budget?</b>	<b>Yes</b>	<b>Yes</b>
<b>3.2</b>	<b>Are budget revisions posted in the financial system at each interim reporting period, at a minimum?</b>	<b>Yes</b>	<b>Yes</b>
<b>3.3</b>	<b>Are clearly written and articulated budget assumptions that support budget revisions communicated to the governing board at each interim reporting period, at a minimum?</b>	<b>Yes</b>	<b>Yes</b>

<b>3.</b>	<b>Budget Monitoring and Updates</b>	<b>2020</b>	<b>2025</b>
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?	Yes	Yes
3.5	Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form?	Yes	Yes
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 prior two fiscal years?	No	No
3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?	Yes	Yes
3.8	Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?	Yes	Yes
3.9	For the most recent and prior two 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?	Yes	Yes

**3. Budget Monitoring and Updates**

Answer	2020	2025	Change in Number of "No" Responses
Yes	8	8	
No	1	1	No Change
N/A	0	0	

<b>4.</b>	<b>Cash Management</b>	<b>2020</b>	<b>2025</b>
4.1	Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly?	Yes	Yes
4.2	Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?	Yes	Yes
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?	No	Yes
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?	N/A	N/A
4.5	Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?	No	Yes
4.6	If the district uses interfund borrowing, is it complying with EC 42603?	No	N/A

4.	Cash Management	2020	2025
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?	N/A	N/A

**4. Cash Management**

Answer	2020	2025	Change in Number of "No" Responses
Yes	2	4	
No	3	0	Decreased by 3
N/A	2	3	

5.	Charter Schools	2020	2025
5.1	Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight?	Yes	Yes
5.2	Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?	Yes	Yes
5.3	Are all charters authorized by the district going concerns and not in fiscal distress?	Yes	Yes
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?	Yes	Yes
5.5	Does the district monitor charter school audits for timeliness, completeness, and exceptions?*	N/A	Yes

\*Item 5.5 was not included in the 2020 FHRA.

**5. Charter Schools**

Answer	2020	2025	Change in Number of "No" Responses
Yes	4	5	
No	0	0	No Change
N/A	1	0	

6.	Collective Bargaining Agreements	2020	2025
6.1	Has the district settled with all its bargaining units for the past two fiscal years?	Yes	Yes
6.2	Has the district settled with all its bargaining units for the current year?	Yes	Yes
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?	Yes	Yes

<b>6. Collective Bargaining Agreements</b>		<b>2020</b>	<b>2025</b>
<b>6.4</b>	<b>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?</b>	Yes	Yes
<b>6.5</b>	<b>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)?</b>	No	No
<b>6.6</b>	<b>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)?</b>	N/A	N/A
<b>6.7</b>	<b>Did the district comply with public disclosure requirements under Government Code 3540.2 and 3547.5, and EC 42142?</b>	Yes	Yes
<b>6.8</b>	<b>Did the superintendent and chief business official (CBO) certify the public disclosure of collective bargaining agreement before board approval?</b>	Yes	Yes
<b>6.9</b>	<b>Is the governing board's action consistent with the superintendent's and CBO's certification?</b>	Yes	Yes

**6. Collective Bargaining Agreements**

<b>Answer</b>	<b>2020</b>	<b>2025</b>	<b>Change in Number of "No" Responses</b>
Yes	7	7	
No	1	1	No Change
N/A	1	1	

<b>7. Contributions and Transfers</b>		<b>2020</b>	<b>2025</b>
<b>7.1</b>	<b>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?</b>	No	No
<b>7.2</b>	<b>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?</b>	Yes	Yes
<b>7.3</b>	<b>If any contributions or transfers were required for restricted programs and/or other funds in either of the prior two fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?</b>	No	Yes

**7. Contributions and Transfers**

<b>Answer</b>	<b>2020</b>	<b>2025</b>	<b>Change in Number of "No" Responses</b>
Yes	1	2	
No	2	1	Decreased by 1
N/A	0	0	

<b>8. Deficit Spending (Unrestricted General Fund)</b>		<b>2020</b>	<b>2025</b>
<b>8.1</b>	Is the district avoiding deficit spending in the current fiscal year?	No	No
<b>8.2</b>	Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?	No	No
<b>8.3</b>	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?	No	No
<b>8.4</b>	Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports?	No	Yes

**8. Deficit Spending (Unrestricted General Fund)**

Answer	2020	2025	Change in Number of “No” Responses
Yes	0	1	
No	4	3	Decreased by 1
N/A	0	0	

<b>9. Employee Benefits</b>		<b>2020</b>	<b>2025</b>
<b>9.1</b>	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)?	Yes	Yes
<b>9.2</b>	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?	Yes	Yes
<b>9.3</b>	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?	Yes	No
<b>9.4</b>	Does the district track, reconcile and report employees’ compensated leave balances?	Yes	Yes
<b>9.5</b>	Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?	No	Yes

**9. Employee Benefits**

Answer	2020	2025	Change in Number of “No” Responses
Yes	4	4	
No	1	1	No Change
N/A	0	0	

10.	Enrollment and Attendance	2020	2025
10.1	Has the district’s enrollment been increasing or remained stable for the current and prior two years?	No	No
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)?	No	Yes
10.3	Does the district track historical enrollment and ADA data to project future trends?	Yes	Yes
10.4	Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?	Yes	Yes
10.5	Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?	Yes	Yes
10.6	Has the district planned for enrollment losses to any charter schools?	Yes	Yes
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?	No	Yes
10.8	Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?	Yes	Yes
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?	No	Yes
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?	N/A	N/A

**10. Enrollment and Attendance**

**Answer 2020 2025 Change in Number of “No” Responses**

Yes	5	8	
No	4	1	Decreased by 3
N/A	1	1	

11.	Facilities	2020	2025
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	Yes
11.2	Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?	Yes	Yes
11.3	Does the district properly track and account for facility-related projects?	Yes	Yes
11.4	Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction’s loading standards?	No	Yes

<b>11. Facilities</b>		<b>2020</b>	<b>2025</b>
<b>11.5</b>	Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?	Yes	Yes
<b>11.6</b>	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	Yes	Yes
<b>11.7</b>	If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?	Yes	Yes
<b>11.8</b>	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?	Yes	No

**11. Facilities**

Answer	2020	2025	Change in Number of "No" Responses
Yes	7	7	
No	1	1	No Change
N/A	0	0	

<b>12. Fund Balance and Reserve for Economic Uncertainties</b>		<b>2020</b>	<b>2025</b>
<b>12.1</b>	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?	Yes	Yes
<b>12.2</b>	Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?	No	No
<b>12.3</b>	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?	No	No
<b>12.4</b>	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions?	No	No
<b>12.5</b>	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?	N/A	Yes

**12. Fund Balance and Reserve for Economic Uncertainties**

Answer	2020	2025	Change in Number of "No" Responses
Yes	1	2	
No	3	3	No Change
N/A	1	0	

<b>13. General Fund – Current Year</b>		<b>2020</b>	<b>2025</b>
13.1	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	No	No
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?	No	No
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?	No	No
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)?	N/A	N/A
13.5	For positions supported with one-time or restricted dollars, 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?	No	No
13.6	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	No	Yes
13.7	Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?	Yes	Yes
13.8	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year-end close?*	Yes	Yes

\*Item 13.8 in the 2025 FHRA was previously numbered as Item 3.9 in the 2020 FHRA.

**13. General Fund - Current Year**

Answer	2020	2025	Change in Number of “No” Responses
Yes	2	3	
No	5	4	Decreased by 1
N/A	1	1	

<b>14. Information Systems and Data Management</b>		<b>2020</b>	<b>2025</b>
14.1	Does the district use an integrated financial and human resources system?	Yes	Yes
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?	Yes	Yes
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?	Yes	No
14.4	Is the district using the same financial system as its COE?	No	No

<b>14. Information Systems and Data Management</b>		<b>2020</b>	<b>2025</b>
<b>14.5</b>	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?	N/A	No
<b>14.6</b>	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?	No	No

**14. Information Systems and Data Management**

**Answer 2020 2025 Change in Number of "No" Responses**

Yes	3	2	
No	2	4	Increased by 2
N/A	1	0	

<b>15. Internal Controls and Fraud Prevention</b>		<b>2020</b>	<b>2025</b>
<b>15.1</b>	Does the district have controls that limit access to its financial system and include multiple levels of authorization?	Yes	Yes
<b>15.2</b>	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?	No	Yes
<b>15.3</b>	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:		
	• Accounts payable (AP).	Yes	Yes
	• Accounts receivable (AR).	Yes	Yes
	• Purchasing and contracts.	Yes	Yes
	• Payroll.	Yes	Yes
	• Human resources (i.e., duties related to position control and payroll processes).	Yes	Yes
<b>15.4</b>	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?	Yes	Yes
<b>15.5</b>	Does the district review and work to clear prior year accruals throughout the year?	Yes	Yes
<b>15.6</b>	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?	Yes	Yes
<b>15.7</b>	Does the district have processes and procedures to discourage and detect fraud?	Yes	Yes
<b>15.8</b>	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?	Yes	Yes

15.	Internal Controls and Fraud Prevention	2020	2025
15.9	Does the district have an internal audit process?	Yes	Yes

**15. Internal Controls and Fraud Prevention**

Answer	2020	2025	Change in Number of “No” Responses
Yes	12	13	
No	1	0	Decreased by 1
N/A	0	0	

**Note:** Item 15.3 includes subitems so the total number of possible “Yes,” “No” or “N/A” responses is greater than the number of section items.

16.	Leadership and Stability	2020	2025
16.1	Does the district have a CBO who has been in this position with the district for more than two years?	No	No
16.2	Does the district have a superintendent who has been in this position with the district for more than two years?	Yes	Yes
16.3	Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?	Yes	Yes
16.4	Is training on financial management and budget provided to school and department administrators who are responsible for budget management?	No	Yes
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	Yes	Yes
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?	Yes	Yes
16.7	Do all board members attend training on the budget and governance at least every two years?	Yes	Yes
16.8	Is the superintendent’s evaluation performed according to the terms of the contract?	Yes	Yes
16.9	Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?*	N/A	Yes

\*Item 16.9 was not included in the 2020 FHRA.

**16. Leadership and Stability**

Answer	2020	2025	Change in Number of “No” Responses
Yes	6	8	
No	2	1	Decreased by 1
N/A	1	0	

<b>17. Multiyear Projections</b>		<b>2020</b>	<b>2025</b>
17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	Yes	Yes
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?	Yes	Yes
17.3	Does the district use its most current multiyear projection when making financial decisions?	No	Yes
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?	N/A	Yes

**17. Multiyear Projections**

Answer	2020	2025	Change in Number of “No” Responses
Yes	2	4	
No	1	0	Decreased by 1
N/A	1	0	

<b>18. Non-Voter-Approved Debt and Risk Management</b>		<b>2020</b>	<b>2025</b>
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?	No	No
18.2	If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and prior two fiscal years?	No	Yes
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?	Yes	Yes
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?	Yes	Yes

**18. Non-Voter-Approved Debt and Risk Management**

Answer	2020	2025	Change in Number of “No” Responses
Yes	2	3	
No	2	1	Decreased by 1
N/A	0	0	

<b>19. Position Control</b>		<b>2020</b>	<b>2025</b>
19.1	Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?	Yes	Yes
19.2	Does the district analyze and adjust staffing based on staffing ratios and enrollment?	No	Yes
19.3	Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?	Yes	Yes
19.4	Does the district identify a budget source for each new position before the position is authorized by the governing board?	No	Yes
19.5	Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	No	Yes
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?	No	Yes

**19. Position Control**

Answer	2020	2025	Change in Number of “No” Responses
Yes	2	6	
No	4	0	Decreased by 4
N/A	0	0	

<b>20. Special Education</b>		<b>2020</b>	<b>2025</b>
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?	Yes	Yes
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)?	N/A	Yes
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)?	Yes	Yes
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)?	Yes	Yes
20.5	Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?*	N/A	Yes
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?	Yes	Yes

<b>20. Special Education</b>		<b>2020</b>	<b>2025</b>
<b>20.7</b>	<b>Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?</b>	<b>Yes</b>	<b>Yes</b>

\*Item 20.5 was not included in the 2020 FHRA.

**20. Special Education**

<b>Answer</b>	<b>2020</b>	<b>2025</b>	<b>Change in Number of "No" Responses</b>
Yes	5	7	
No	0	0	No Change
N/A	2	0	

## Appendix B – Study Agreement



### 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 East Side Union High 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 the state budget act provisions, FCMAT will study the Client’s fiscal health because the Client's 2024-25 first interim financial report, certified under EC 42130 and 42131, marks its third consecutive qualified certification.

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:

<b>ACTION</b>	<b>TIMELINE</b>
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: Glenn Vander Zee, Superintendent

Telephone: (408) 347-5010

Email: [vanderzeeg@esuhsd.org](mailto:vanderzeeg@esuhsd.org)

**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:

 3/7/2025  
Glenn Vander Zee, Superintendent Date  
East Side Union High School District

For FCMAT:

**Michael H. Fine** Digitally signed by Michael H. Fine  
Date: 2025.03.11 08:57:43 -07'00'

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