

## Fiscal Health Risk Analysis

July 23, 2024



## Green Point Elementary School District

Michael H. Fine  
Chief Executive Officer

July 23, 2024

Teresa Mondragon, Superintendent  
Green Point Elementary School District  
180 Valkensar Lane  
Blue Lake, CA 95525

Dear Superintendent Mondragon:

In May 2024, the Green Point Elementary 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:

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 fiscal health risk analysis is required by California's 2018-19 Budget Act because the district self-certified its 2023-24 first and second interim reports as negative, and the county office concurred with these certifications.

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

FCMAT appreciates the opportunity to serve the Green Point Elementary 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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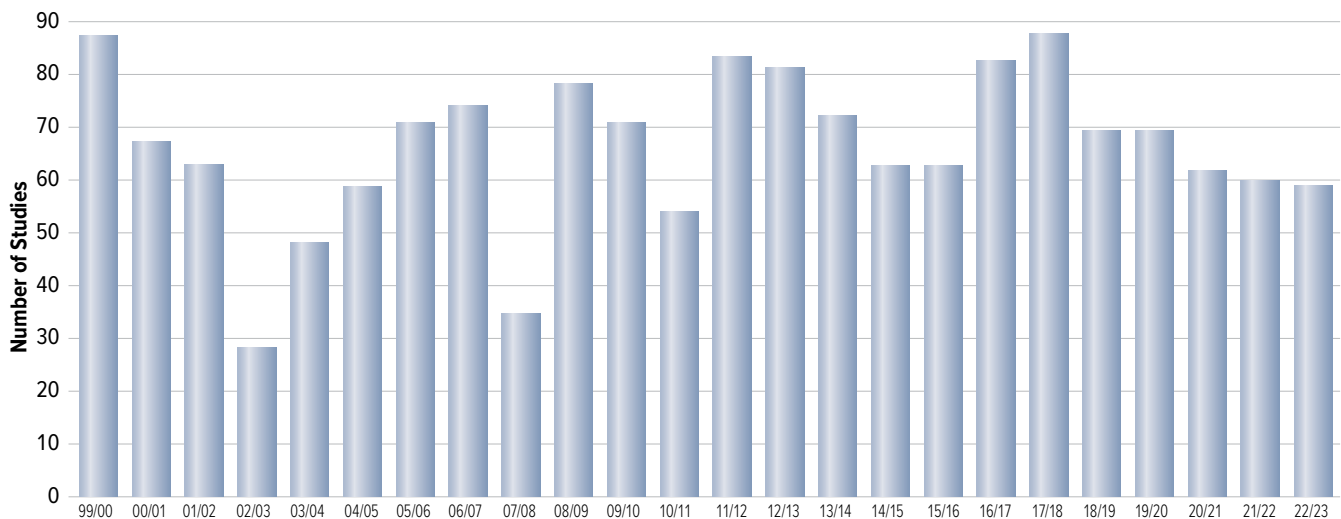
# About FCMAT

FCMAT’s primary mission is to assist California’s local TK-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT’s fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

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

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

**Studies by Fiscal Year**



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of TK-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website ([www.ed-data.org](http://www.ed-data.org)) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1991 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS’ mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT’s services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

# Introduction

## Background

Historically, FCMAT has not engaged directly with school districts showing distress until it has been invited to do so by the district or the county superintendent. The state's 2018-19 Budget Act provides for FCMAT to offer more proactive and preventive services to fiscally distressed school districts by automatically engaging with a district under the following conditions:

- Disapproved budget
- Negative interim report certification
- Three consecutive qualified interim report certifications
- Downgrade of an interim certification by the county superintendent
- Lack of going concern designation

Under these conditions, FCMAT will perform a fiscal health risk analysis to determine the level of risk for insolvency. FCMAT has updated its Fiscal Health Risk Analysis (FHRA) tool that weights each question based on high, moderate and low risk. The analysis will not be performed more than once in a 12-month period per district, and the engagement will be coordinated with the county superintendent and build on their oversight process and activities already in place per Assembly Bill (AB) 1200. There is no cost to the county superintendent or to the district for the analysis.

This fiscal health risk analysis is being conducted because the district had the following condition, under which an analysis is required by the 2018-19 State Budget Act.

- Negative interim report certification

Located in northern California, the Green Point Elementary School District is situated in the Redwood Valley between Willow Creek and Blue Lake in Humboldt County. It is a single school district with a three-member governing board serving six students in kindergarten through eighth grade. According to [Ed-Data](#), student enrollment has dramatically decreased from its high of 19 students in 2018-19. The district's unduplicated pupil percentage, which includes students identified as English learners, foster youth, or are eligible for free or reduced-price meals, is 71.43%

The district's 2021-22 and 2022-23 unaudited actuals reports show no deficit spending in the unrestricted general fund. The 2023-24 second interim report projects deficit spending of \$48,821 in the budget year, \$12,790 in 2024-25 and \$187,961 in 2025-26 and projects that the district will not meet its \$80,000 minimum reserve requirement in the two subsequent fiscal years.

Because of its small size, for a number of years the district has contracted directly with the Northern Humboldt Union High School District for financial services. Green Point provides information directly to the high school district, which then enters all the data into the Escape financial system. This system is used for budget development, required financial reporting, payroll processing, accounts receivable, accounts payable, and purchases. The Humboldt County Office of Education assists the district by preparing its standardized account code system (SACS) financial reports and cash flow for each reporting period based on information extracted from the Escape financial system. Additionally, although the district maintains its own attendance records, the county office certifies the California Longitudinal Pupil Achievement Data System (CALPADS) data for each required reporting period.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk for insolvency. The 2023-24 second interim report was used as the financial reporting period for FCMAT's analysis.

## Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Green Point Elementary School District in May 2024, and a study team met virtually with the district, the county office, and the high school district on June 5, 6, and 10, 2024 to conduct interviews, collect data and review documents. Following fieldwork, the FCMAT study team continued to receive, review and analyze documents. This report is the result of 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, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

## **Study Team**

The team was composed of the following members:

Shayleen Harte	Jennifer Noga
FCMAT Deputy Executive Officer	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



FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

Dates of fieldwork: June 5, 6, and 10, 2024

District: Green Point Elementary School District

## Summary

The 2021-22 and 2022-23 county office oversight letters did not make any recommendations, request that the district make any technical corrections, or signal that the district was showing signs of fiscal distress. That changed in 2023-24 with the county office response to the budget adoption that was submitted for review. In that letter, the county office highlights the dramatic decline in enrollment from 12 students projected in the district's budget adoption to only six students enrolled the first week of school. This letter indicates that the district may be in jeopardy of lapsation due to the low student enrollment. Education Code (EC) 35780 requires that a district have an average daily attendance of no less than six pupils in kindergarten and grades one to eight in order not to lapse. The county office also warns that the district is in jeopardy of losing its Necessary Small School (NSS) funding. This funding requires the district to have as many as five pupils residing in the district who would be required to travel more than 10 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school (EC 42283). Of the six students enrolled for the 2023-24 school year, only three reside in the district, which according to EC 42283, means that the district would lose its NSS funding and would lapse at the conclusion of the school year per EC 35780. The district requested and was granted a one-year deferral of lapsation by the Humboldt County Board of Education as provided for in EC 35780.

Because the district was no longer eligible for NSS funding, it reverted to a per-average-daily-attendance (ADA) funding model. The district self-certified its 2023-24 first and second interim reports as negative, and the county office concurred with these certifications. A negative certification indicates, based on the projections outlined in both reports, that the district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year. In its first interim oversight letter, the county office identified concerns related to enrollment and ADA, deficit spending, multiyear projections, reserve levels and cash, and required the district to:

- Prepare and approve a Fiscal Recovery Plan identifying the district's plan to increase and maintain enrollment for submittal to the Humboldt County Office of Education (HCOE) no later than February 29, 2024.
- Freeze all unrestricted general fund discretionary expenditures unless operationally necessary – as determined by the district's Superintendent.
- Implement a hiring freeze on all positions that do not provide direct and essential services to students.
- Notify HCOE prior to presenting proposals to bargaining units for negotiation, and update us after each negotiating session with employee groups.
- Encumber all contracts and other obligations, to prepare appropriate cash flow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.
- Continue to closely monitor future enrollment trends, and inform HCOE of budget adjustments should enrollment trends fluctuate.
- Be subject to the stay and rescind authority of the appointed Fiscal Advisor.
- Provide full and timely cooperation with HCOE staff and the appointed Fiscal Advisor.

The county superintendent took action to assign the county office's assistant superintendent of business services as the fiscal advisor with stay and rescind authority to advise the district on its financial condition. In its second interim oversight letter, the county office reiterated concerns about enrollment and ADA, deficit spending, multiyear projections, reserve levels and cash. The county office encouraged the district to continue its outreach efforts identify possible students residing within its boundaries. With the loss of the NSS funding, and without increasing enrollment of in-district students, the letter indicates that the district should be prepared to lapse at the end of the 2024-25 school year.

The fiscal health risk analysis shows the district is at high risk of insolvency and identifies fiscal weaknesses and areas of concern that contribute to the district's fiscal distress. Of significant concern is the constant turnover and inconsistency

of the district superintendent position. One or more individuals have held this position in each of the last few years, with the current superintendent holding the position since July 1, 2023. In such a small district, there is insufficient transfer of knowledge from one individual to the next in this leadership position, which makes it difficult to succeed.

The district’s significant risk factors include, but are not limited to, budget monitoring; inadequate cash and cash management; deficit spending; declining enrollment and attendance; and erosion of the unrestricted fund balance and inadequate reserves.

The loss of the NSS funding immediately increased the district’s risk of becoming insolvent, and FCMAT agrees with the county office determination that unless the district can attract enough students to reinstate this funding, there is no choice but to lapse at the end of the 2024-25 school year.

## District Fiscal Solvency Risk Level: High

### About the Analysis

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

The FHRA includes 20 sections, each of which contains specific questions. Each section and specific question is included based on FCMAT’s work since the inception of AB 1200; they are the common indicators of risk or potential insolvency for districts that have neared insolvency and needed assistance from outside agencies. Each section of this analysis is critical, and lack of attention to these critical areas will eventually lead to a district’s failure. The analysis focuses on essential functions and processes to determine the level of risk at the time of assessment.

The greater the number of “no” answers to the questions in the analysis, the greater the potential risk of insolvency or fiscal issues for the district. Not all sections in the analysis and not all questions within each section carry equal weight; some areas carry higher risk and thus count more heavily in calculating a district’s fiscal stability. To help the district, narratives are included for responses that are marked as a “no” so the district can better understand the reason for the response and actions that may be needed to obtain a “yes” answer.

Identifying issues early is the key to maintaining fiscal health. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

### Areas of High Risk

The sections on this page and the next duplicate certain questions and answers given in the Fiscal Health Risk Analysis Questions later in this document and identify conditions that create significant risk of fiscal insolvency. The existence of an identified budget or fiscal status or a material weakness indicated by a “no” answer to any of these items supersedes all other scoring and will elevate the district’s overall risk level.

### Budget and Fiscal Status

<b>Is district currently <i>without</i> the following?:</b>	<b>Yes</b>	<b>No</b>
<b>Disapproved budget</b> . . . . .	✓	<input type="checkbox"/>
<b>Negative interim report certification</b> . . . . .	<input type="checkbox"/>	✓
<b>Three consecutive qualified interim report certifications.</b> . . . . .	✓	<input type="checkbox"/>
<b>Downgrade of an interim certification by the county superintendent</b> . . . . .	✓	<input type="checkbox"/>
<b>“Lack of going concern” designation.</b> . . . . .	✓	<input type="checkbox"/>

## Material Weakness Questions

	Yes	No	N/A
2.5 Has the district’s budget been approved unconditionally by its county office of education in the current and two prior fiscal years? . . . . .	<input checked="" type="checkbox"/>	<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 Education Code Section 42142?. . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years? . . . . .	<input type="checkbox"/>	<input checked="" 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 checked="" 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 address its cash flow needs for the current and subsequent year? . . . . .	<input type="checkbox"/>	<input checked="" 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 Education Code Section 47604.32? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6.4 Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?. . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
10.6 Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.2 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12.1 Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2 Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12.3 If the district is not able to maintain the minimum reserve for economic uncertainty, does the district’s multiyear financial projection include a board-approved plan to restore the reserve? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19.1 Does the district account for all positions and costs? . . . . .	<input checked="" type="checkbox"/>	<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 error and are provided for information only.

1.	Annual Independent Audit Report	0.1%
2.	Budget Development and Adoption	1.8%
3.	Budget Monitoring and Updates	2.9%
4.	Cash Management	7.4%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	2.9%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.5%
9.	Employee Benefits	0.6%
10.	Enrollment and Attendance	2.9%
11.	Facilities	0.2%
12.	Fund Balance and Reserve for Economic Uncertainty	2.9%
13.	General Fund - Current Year	2.2%
14.	Information Systems and Data Management	0.0%
15.	Internal Controls and Fraud Prevention	1.4%
16.	Leadership and Stability	2.7%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	0.0%
20.	Special Education	1.1%
<b>Score</b>		<b>34.6%</b>

# Fiscal Health Risk Analysis Questions

## Budget and Fiscal Status

Is the district currently <i>without</i> 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"/>

## 1. Annual Independent Audit Report

	Yes	No	N/A
1.1 Has the district corrected the most recent and prior two years’ audit findings without 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? (Extensions of the timeline granted by the State Controller’s Office should be explained.) . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

According to EC 41020(h)(1), local educational agencies (LEAs) are required to file their audit report for the previous fiscal year with the county superintendent of schools by December 15. Additionally, by January 31 of the following year, the governing body of each LEA must conduct a public review of the annual audit. This includes addressing any audit exceptions, recommendations or findings from the auditor’s management letter, and outlining plans to resolve any identified issues. The review must be scheduled as a specific agenda item for a public meeting.

The district’s 2022-23 audit report was dated January 29, 2024, and was presented at the February 8, 2024 board meeting. The State Controller’s Office granted the county office’s December 13, 2023 request to extend the filing deadline from December 15, 2023 to February 29, 2024.

The district’s 2021-22 audit report was dated March 9, 2023, and was presented at the April 6, 2023 board meeting. As outlined in the audit report, the district requested and obtained approval from the county office for an extension to March 15, 2023. The extension was necessary due to the County of Humboldt’s inability to provide the district with reconciled cash balances in the county treasury prior to the December 15, 2022 deadline.

The district’s 2020-21 audit was also delayed until January 2022 but was considered on time due to the state’s extension of the deadline for all districts during the pandemic. Although the audit was completed within the allowable extended timeline, the board did not review it until the March 10, 2022 meeting, which was past the extended February 28, 2022 deadline. Additionally, despite the board meeting minutes showing that the board discussed an audit correction plan, there is no agenda item indicating that the audit was formally presented to the board.

- 1.3 Were the district's most recent and prior two audit reports free of findings of material weaknesses? . . . . . ✓
- 1.4 Has the district corrected all reported audit findings from the most recent and prior two audits? . . . . . ✓

## 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 office of education instructions, and have been clearly articulated? . . . . .  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p style="margin-left: 40px;">FCMAT's review of the district's board agendas and adopted budget board materials found that the district includes some but not all of the key assumptions used to build the budget and multiyear projections, including factors such as enrollment, fund balance, and deficit spending.</p>                                    |                                     |                                     |                          |
| 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 review of prior year estimated actuals by major object code and removal of one-time revenues and expenses? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.3 Does the district use position control data for budget development? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.4 Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.5 Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 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 checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.7 Does the district budget and expend restricted funds before unrestricted funds? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.8 Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 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 one prior fiscal year? . . . . . | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.9 Has the district refrained from including carryover funds in its adopted budget? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.10 Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| 2.11 Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted general fund? . . . . .   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p style="margin-left: 40px;">The district lacks a documented policy or procedure for evaluating the proposed acceptance and potential multiyear impact of grants and other types of restricted funds.</p>  |                                     |                                     |                          |

**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/departments responsible for completing them?** . . . . .

The district lacks a detailed budget calendar that outlines tasks, deadlines and the staff member or department (including the county office or high school district) responsible for completing each task. The high school district sends a memo to the district superintendent each financial reporting period that outlines various details and information needed to update the district’s budget information.

### **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 type="checkbox"/>	<input type="checkbox"/>
<b>3.2 Are budget revisions posted in the financial system at each interim report, at a minimum?</b> . . . . .	✓	<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 report, at a minimum?</b> . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

The district’s financial reports for 2023-24 and the prior two years do not include sufficient assumptions regarding factors that affect enrollment, attendance, fund balance and multiyear projections. Interviews indicated that the high school district provides a summary outlining the differences between each financial report. However, interviews also indicated this information is not consistently provided and shared with the board.

Additionally, FCMAT reviewed the 2023-24 first and second interim reports and 2022-23 second interim report and found that the board-approved operating budget (column B) matched the projected totals (column D) rather than the last board-approved budget. Therefore, the standardized account code structure (SACS) forms show no differences (column E) for the budget revisions associated with the reporting periods. This makes it difficult for the board to understand what has changed since the last approved financial report.

**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 Education Code Section 42142?** . . . . .

**3.5 Do the district’s responses fully explain the variances identified in the criteria and standards?** ✓

**3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?** . . . . .

The county office’s oversight letters for the 2023-24 first and second interim reports show that the county agrees with the negative certification for both periods. The first interim letter, dated January 5, 2024, directed the district to prepare and approve a Fiscal Recovery Plan identifying the district’s plan to increase and maintain enrollment for submission to the county office no later than February 29, 2024. No evidence of the plan was provided to FCMAT.

- 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?** . . . . .

Interviews indicated that the district does not use purchase orders within the financial system due to the small number of purchases made. However, the county office’s review of the district’s 2023-24 second interim report showed a few accounts that had been overspent.
- 3.8 Does the district encumber and adjust encumbrances for salaries and benefits?** . . . . .
- 3.9 Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close?** . . . . .
- 3.10 For the most recent and two prior fiscal years, have the interim reports and the 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 |
|--|-----|----|-----|
| <p><b>4.1 Are accounts held by the county treasurer reconciled with the district’s and county office of education’s reports monthly?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The county office is responsible for reconciling the accounts held by the county treasurer. Interviews with the county office staff indicated that the county treasurer is closing accounts quarterly and is usually a couple of months behind. However, this is progress from what the county office and school district have experienced in the past. At the time of FCMAT’s fieldwork, the district’s accounts held by the county treasurer had only been reconciled through the second quarter, and the third quarter was waiting for the treasurer to finalize interest amounts. The county office requires its districts to close their transactions monthly within the Escape financial system.</p> |     |    |     |
| <p><b>4.2 Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>Interviews indicated that the district superintendent reviews the bank statement when received to identify any false charges. However, no documentation was provided to show that the bank account is reconciled monthly.</p>   |     |    |     |
| <p><b>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?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The county office helps the district by preparing its SACS financial report and cash flow for each reporting period, using the information from the Escape financial system. The cash flow projection is updated at each mandatory reporting period and includes only the current fiscal year; therefore, cash flow needs are unknown in subsequent years.</p>   |     |    |     |
| <p><b>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 address its cash flow needs for the current and subsequent year?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>Because the district does not complete a cash flow projection for the subsequent fiscal year, it cannot determine if it has sufficient cash to support its projected obligations and, if needed, develop a reasonable plan to address its cash flow needs.</p>  |     |    |     |

- 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? . . . . .   ✓
- 4.6 If interfund borrowing is occurring, does the district comply with Education Code Section 42603?. . . . .   ✓
- 4.7 If the district is managing cash in any fund(s) through external borrowing, does the district’s cash flow projection include repayment based on the terms of the loan agreement? . . .   ✓

## 5. Charter Schools

- |   | Yes                      | No                       | N/A |
|---|--------------------------|--------------------------|-----|
| 5.1 Does the district have a board policy 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 Education Code Section 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"/> | ✓   |

## 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.2 Has the district settled with all its bargaining units for the current year?. . . . . ✓  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |
| 6.4 Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement? . . . . . | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |
| 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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)? . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |
| 6.7 Did the district comply with public disclosure requirements under Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142? . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |
| 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval? . . . . .   | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |
| 6.9 Is the governing board’s action consistent with the superintendent’s and CBO’s certification? <input type="checkbox"/>   | <input type="checkbox"/>            | <input type="checkbox"/> | ✓                        |

## 7. Contributions and Transfers

	Yes	No	N/A
<b>7.1 Does the district have a board-approved plan to eliminate, reduce or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The district's 2023-24 second interim report shows projected contributions/transfers of \$40,693 from the unrestricted general fund to restricted programs. There is no board-approved plan to eliminate, reduce or control these contributions/transfers.			
<b>7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?</b> . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>7.3 If any contributions/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?</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 8. Deficit Spending (Unrestricted General Fund)

	Yes	No	N/A
<b>8.1 Is the district avoiding deficit spending in the current fiscal year?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The 2023-24 second interim report projected deficit spending of \$48,821 in the budget year.			
<b>8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The 2023-24 second interim report projected deficit spending of \$12,790 in 2024-25 and \$187,961 in 2025-26.			
<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"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interviews indicated that the district lacks a board-approved plan to reduce or eliminate deficit spending.			
<b>8.4 Has the district decreased deficit spending over the past two fiscal years?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
According to the unaudited actuals reports, the district did not deficit spend in 2021-22 and 2022-23.			

## 9. Employee Benefits

	Yes	No	N/A
<b>9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?</b> . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 9.2 Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments (legal, contractual or locally defined such as pay-as-you-go premiums, trust agreement obligations, or a board adopted commitment) no greater than 2% of the district’s unrestricted general fund revenues? . . .   ✓
- 9.3 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances? . . . . .   ✓
- 9.4 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? . . . . .  ✓   
 The district has not conducted a benefits eligibility review within the last five years.
- 9.5 Does the district track, reconcile and report employees’ compensated leave balances? . . ✓

## 10. Enrollment and Attendance

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 10.1 Has the district’s enrollment been increasing or remained stable for the current and two prior years? . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| According to <a href="https://EdData.org">EdData.org</a> , the district has been experiencing a steady decline in enrollment since 2018-19 when it had 19 students. However, enrollment remained stable from 2020-21 to 2021-22 with 10 students and had a slight increase to 14 students in 2022-23. Despite the district’s 2023-24 adopted budget projecting an enrollment of 12 students, only six were enrolled as of census day (the first Wednesday in October). |                          |                          |                          |
| 10.2 Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)? . . . . .  | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district did not provide evidence to show that it monitors and analyzes enrollment and ADA at least monthly.   |                          |                          |                          |
| 10.3 Does the district track historical enrollment and ADA data to establish future trends? . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? . . . . .  | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district did not provide evidence to show that staff reconciles attendance data monthly.   |                          |                          |                          |
| 10.5 Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years? . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.6 Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.7 Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines? . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.8 Has the district planned for enrollment losses to charter schools? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| 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? . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |

**10.10** Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement? . . . . .

**11. Facilities**

	Yes	No	N/A
<b>11.1</b> If the district participates in the state’s School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11.2</b> Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11.3</b> Does the district properly track and account for facility-related projects? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.4</b> Does the district use its facilities fully in accordance with the Office of Public School Construction’s loading standards? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The district does not use its facilities fully in accordance with the Office of Public School Construction loading standards. The district is a single school site with a reported facility capacity of 50 students, and its 2023-24 enrollment count is six students, or 12% of its capacity.</p>			
<b>11.5</b> Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.6</b> Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?. . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11.8</b> Does the district have a long-range facilities master plan that reflects its current and projected facility needs? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The district lacks a long-range facilities master plan.</p>			

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

	Yes	No	N/A
<b>12.1</b> Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards? . . . . .	<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 uncertainty in the two subsequent years? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>The 2023-24 second interim report projects the district will be unable to maintain the minimum reserve of \$80,000 for the two subsequent years. Form 01CSI from the SACS financial report shows that the district will not meet this standard in 2024-25 or 2025-26, with reserve amounts of \$56,910 and -\$128,032, respectively.</p>			
<b>12.3</b> If the district is not able to maintain the minimum reserve for economic uncertainty, does the district’s multiyear financial projection include a board-approved plan to restore the reserve? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>Interviews indicated that the district lacks a board-approved plan to restore the reserve.</p>			

**12.4 Is the district’s projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?** . . . . .

The 2023-24 second interim report projected an unrestricted ending fund balance of \$15,209 in 2023-24, \$2,419 in 2024-25, and -\$185,542 in 2025-26.

**12.5 If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level?** . . . .

## 13. General Fund – Current Year

	Yes	No	N/A
<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"/>			
The district is using one-time revenues, such as the Expanded Learning Opportunities Program and California Community Schools Partnership Program, to pay for portions of staff salaries.			
<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 statewide average for the current year?</b> . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
<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 the statewide average for the two prior years?</b> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
<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 two prior years, is the district addressing the complaint(s)?</b> . . . . . <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>			
<b>13.5 Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?</b> . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>			
The district has used restricted funds to pay for portions of staff salaries that it cannot afford and fully fund once the restricted dollars are no longer available. See 13.1 above for more information.			
<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"/>			
<b>13.7 Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?</b> . . . . . <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>			
The district does not charge the maximum allowable indirect costs rates for each restricted resource.			

## 14. Information Systems and Data Management

	Yes	No	N/A
<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"/>			
<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"/>			
<b>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?</b> . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			
<b>14.4 Is the district using the same financial system as its county office of education?</b> . . . . . <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>			

- 14.5 If the district is using a separate financial system from its county office of education, is there an automated interface that allows data to be sent and received by both the district and county financial systems? . . . . .   ✓
- 14.6 If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance? . . . . .   ✓

## 15. Internal Controls and Fraud Prevention

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . . | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:  |                          |                          |                          |
| • Accounts payable (AP) . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| • Accounts receivable (AR) . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| • Purchasing and contracts. . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| • Payroll . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| • Human resources (i.e., duties relative to position control and payroll processes). . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.5 Does the district review and work to clear prior year accruals throughout the year? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.7 Does the district have processes and procedures to discourage and detect fraud? . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district did not provide supporting documents, such as board policies or administrative regulations, that outline a process 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? . . . . .  | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| Interviews indicated the district does not have a process for collecting reports of possible fraud and for following up on such reports.   |                          |                          |                          |
| 15.9 Does the district have an internal audit process? . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district does not 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 with the district as chief business official for more than two years? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16.2 Does the district have a superintendent who has been with the district as superintendent for more than two years? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The superintendent has been in her position since July 1, 2023.			
16.3 Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16.4 Is training on financial management and budget provided to site and department administrators who are responsible for budget management? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.5 Does the governing board adopt and revise policies and administrative regulations annually? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
No evidence was provided to show that the district has a process for reviewing and revising board policies and administrative regulations annually.			
16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The district does not update its board policies or administrative regulations often, nor does it have a process or procedure for communicating any changes to staff.			
16.7 Do all board members attend training on the budget and governance at least every two years? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Interviews indicated that board members have not attended training on the budget and governance at least every two years.			
16.8 Is the superintendent’s evaluation performed according to the terms of the contract? . . . . .	<input checked="" type="checkbox"/>	<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 checked="" type="checkbox"/>	<input type="checkbox"/>
The district does not provide assumptions for either the budget or multiyear financial projections prepared for each financial reporting period. Additionally, the district’s multiyear projections format does not include sections to account for step and column, cost-of-living, and other adjustments for the certificated and classified salaries. This format makes it difficult to determine which adjustments are made from one fiscal year to the next. In addition, the condensed format used does not divide the components of ending fund balance, which makes it difficult to identify the differences between the ending fund balance and the amounts designated for economic reserves.			
17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.3 Does the district use its most current multiyear projection in making financial decisions? . . . . .	<input checked="" type="checkbox"/>	<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? . . . . .   ✓

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

- |   | Yes                      | No                       | N/A |
|---|--------------------------|--------------------------|-----|
| 18.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others) stable, predictable, and other than unrestricted general fund? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | ✓   |
| 18.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | ✓   |
| 18.3 If the district is self-insured, has the district completed an actuarial valuation as required and have a plan to pay for any unfunded liabilities? . . . . .  | <input type="checkbox"/> | <input type="checkbox"/> | ✓   |
| 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? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | ✓   |

## 19. Position Control

- |   | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 19.1 Does the district account for all positions and costs? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment?. . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods? . . . . .                     | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? . . . . .                                 | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted? . . . . .                                     | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 19.6 Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |

## 20. Special Education

- |   | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 20.1 Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards? . . . . .   | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| 20.2 Does the district access available funding sources for costs related to special education (e.g., 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)?** . . . . .

According to its 2022-23 unaudited actuals report, the district did not charge indirect costs to special education. The district should charge allowable indirect costs to correctly account for all costs related to special education.

**20.5 Is the district’s contribution rate to special education at or below the statewide average contribution rate?** . . . . .

According to the 2022-23 unaudited actuals report form SEMA, the district’s contribution rate to special education was 78.4% in 2022-23. The statewide average contribution rate for the same year was 56.5% (according to School Services of California, Inc.).

**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?** . . . . .

According to data from CDE’s DataQuest, the district’s 2023-24 identification rate was 16.7%, which was lower than the countywide average of 17.6% and higher than the 13.7% statewide average for the same period.

**20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?** . . . . .

**Risk Score, 20 numbered sections only: 34.6%**

**Key to Risk Score from 20 numbered sections only:**

- High Risk: 40% or more
- Moderate Risk: 25-39.9%
- Low Risk: 24.9% and lower

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

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

# Appendix

## A: Study Agreement

# Appendix A – 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 Green Point Elementary School District, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

### 1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client’s fiscal health because the Client self-certified their 2023-2024 second interim financial report as negative in accordance with EC 42130 and 42131.

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

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

### 2. SCOPE OF THE WORK

#### A. Scope and Objectives of the Study

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

#### B. Services and Products to be Provided

##### 1. Orientation Meeting

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

##### 2. Fieldwork

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

3. Exit Meeting

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

4. Exit Letter

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

5. Draft Report

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

6. Final Report

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

7. Board Presentation

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

**3. PROJECT PERSONNEL**

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

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

**4. PROJECT COSTS**

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

## **5. RESPONSIBILITIES OF THE CLIENT**

- A. Return current organizational chart(s) that show the Client’s management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team’s use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT’s online SharePoint repository per FCMAT’s instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team’s initial and supplementary document request list(s) by the date requested.

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

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

- E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.
- F. Facilitate access to requested board members, officers and staff for interviews.
- G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report’s data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.
- I. Return the requested evaluation survey to FCMAT as described below.

## **6. PROJECT SCHEDULE**

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

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

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

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

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

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

## **7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

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

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

## **8. INDEPENDENT CONTRACTOR**

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

## **9. RECORDS**

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

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

## **10. CONTACT WITH PUPILS**

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

## **11. INSURANCE**

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

## **12. HOLD HARMLESS**

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

## **13. PUBLIC SAFETY CONSIDERATIONS**

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

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

## **14. FORCE MAJEURE**

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

## **15. EVALUATION**

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

**16. CLIENT CONTACT PERSON**

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

Name: Teresa Mondragon

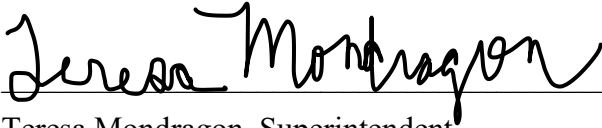
Telephone: (707) 668-5921

Email: [admin@greenpointsd.org](mailto:admin@greenpointsd.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:



Teresa Mondragon, Superintendent  
Green Point Elementary School District

Date

For FCMAT:

**Michael H. Fine** Digitally signed by Michael H. Fine  
Date: 2024.05.14 11:16:42 -07'00'

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

Date