

# FCMAT

FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

## Fiscal Health Risk Analysis

July 16, 2025



## Hacienda La Puente Unified School District

Michael H. Fine  
Chief Executive Officer

July 16, 2025

Manoj Roychowdhury, Assistant Superintendent, Business Services  
Hacienda La Puente Unified School District  
15959 E. Gale Ave.  
City of Industry, CA 91745

Dear Assistant Superintendent Roychowdhury:

In May 2025, the Hacienda La Puente Unified 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.
2. The Team will present the final report to the district's governing board at a public meeting following the completion of the review.

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

FCMAT appreciates the opportunity to assist the Hacienda La Puente Unified 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 Hacienda La Puente Unified School District serves approximately 15,480 students from transitional kindergarten through grade 12 ([DataQuest](#)). Located in the San Gabriel Valley in southeastern Los Angeles County, the district encompasses the cities of Industry and La Puente, as well as the unincorporated communities of Hacienda Heights and Valinda.

According to the district's [website](#), it operates 14 elementary schools, five middle schools, three K-8 schools, four comprehensive high schools, one continuation high school, and one alternative high school offering independent study and/or virtual instruction.

The district has experienced more than a decade of declining enrollment. In 2023-24, the district closed four schools and reconfigured seven others in response to these ongoing trends.

Governance is provided by a five-member board of education. The district is projecting deficit spending in the current year and in the two subsequent years, with an available reserve of approximately 3%.

To assess the district's financial stability, the Fiscal Crisis and Management Assistance Team (FCMAT) conducted a Fiscal Health Risk Analysis, using financial data from the second interim report as the basis for its review.

## Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Hacienda La Puente Unified School District on May 15, 2025, and a study team visited the district on June 3-5, 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:

Robbie Montalbano, CFE  
FCMAT Chief Analyst

Debbie Riedmiller, CFE  
FCMAT Chief Analyst

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 3-5, 2025

School District: Hacienda La Puente Unified School District

## Summary

The Hacienda La Puente Unified School District has experienced declining enrollment for more than a decade. In response to this trend, in 2023-24, the district closed four schools and reconfigured seven others.

Despite these measures, the district is still projecting to deficit spend in 2024-25, 2025-26 and 2026-27. On March 13, 2025, the board reduced one classified management position and seven certificated management positions. In a letter dated April 21, 2025, the Los Angeles County Office of Education expressed concerns about the district's rapidly declining ending fund balance and the \$4.7 million in unallocated expenditure reductions planned for 2026-27. The county office also required the district to submit a fiscal stabilization plan by July 1, 2025, stating:

The District is projecting an operating deficit in the Unrestricted General Fund from a beginning balance of \$75.36 million in 2024-25 to an ending balance of \$10.26 million in 2026-27, a decline of approximately \$65.09 million, or 86.39 percent over three years.

We are concerned about the projected trend of deficit spending and its impact on the District's ability to maintain minimum required REU in future years. Therefore, we recommend the District monitor the causes for deficit spending in order to keep it manageable and to minimize further erosion of the fund balance.

The District's financial projections include a 2026-27 unallocated expenditure reduction of \$4.7 million, enabling the District to meet the required 3.0 percent reserve in that year. Since the 2024-25 Second Interim does not provide any specifics on how the 2026-27 expenditure reduction will be accomplished, we require the District to submit a Board-approved Fiscal Stabilization Plan (FSP) describing the planned expenditure reduction actions and associated cost savings, with the 2025-26 Adopted Budget submission, due to our office by July 1, 2025. The feasibility and reasonableness of the FSP will be an important factor in our office's assessment of the District's 2025-26 Adopted Budget.

While the district's overall score is within the moderate range of risk, several deficiencies in internal controls, position control and deficit spending elevate its risk level to High.

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

## Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.0%
2.	Budget Development and Adoption	4.0%
3.	Budget Monitoring and Updates	2.0%
4.	Cash Management	0.0%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	3.0%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	0.6%
10.	Enrollment and Attendance	3.2%
11.	Facilities	0.3%
12.	Fund Balance and Reserve for Economic Uncertainty	1.0%
13.	General Fund - Current Year	2.4%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	4.0%
16.	Leadership and Stability	1.4%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	1.6%
19.	Position Control	4.0%
20.	Special Education	1.7%
<b>Score</b>		<b>36.9%</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"/>
<p>The district's <u>2023-24 audit report</u> included a finding that weekly attendance registers are not prepared, reviewed, and signed by teachers in a timely manner. This was a repeat finding from the prior year. In interviews, district staff reported that beginning in December 2024, teachers were verifying attendance electronically in the student information system (SIS). The district received approval of the forms and procedures for electronic signatures in the SIS from the California Department of Education (CDE) in May 2025.</p>			

## 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"/>
<p>The district's budget and interim presentations identify some of the major assumptions used in developing the budget and multiyear projections (MYPs), such as average daily attendance (ADA), the cost-of-living adjustment (COLA), the Local Control Funding Formula (LCFF) grade span rates, and the California State Teachers' Retirement System (STRS) and California Public Employees' Retirement System (PERS) rates. However, they do not include the consumer price index (CPI) rate, Lottery and Mandate Block Grant rates per ADA, interest rates, or certificated and classified step-and-column percentages.</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 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"/>
<p>The district does not use an integrated position control system to track positions and costs to use for budgeting. However, in interviews, district staff indicated that salary and benefit costs for permanent employees are maintained on a spreadsheet, which is used for budgeting.</p>			
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?** . . . . . ✓
- 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)?** . . ✓
- 2.7 **Does the district budget and expend restricted funds before unrestricted funds?** . . . . .  ✓ 

In interviews, district staff described a process for budgeting restricted funds and encouraging sites and departments to fully spend restricted allocations by the end of the fiscal year. However, the district’s unaudited actuals reports for the past three years show the restricted ending fund balance increasing each year, and district staff reported that some restricted funds have had to be returned because they were not fully spent by the expenditure deadline.
- 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?** . . . . . ✓
- 2.9 **Has the district refrained from including carryover funds in its adopted budget?**. . . . .  ✓ 

Interviews with district staff indicated that the district has a purchasing cutoff in March each year, helping to estimate carryover balances with some level of accuracy. Conservative carryover estimates are included in the adopted budget, and site and department budget managers are cautioned that the amounts are not final until the books are closed.
- 2.10 **Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?.** . . . . .  ✓ 

Upon reviewing the financial report provided by the district, FCMAT found negative expense budgets in several certificated and classified salary objects, employee benefit objects, and materials and supplies objects.
- 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?.** . . . . . ✓
- 2.12 **Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members and departments responsible for completing them?** . . . . .  ✓ 

The district provided calendar pages with various budget development milestones, but it does not use a detailed budget calendar that includes all major budget development tasks, responsible staff and departments, and due dates.

### 3. Budget Monitoring and Updates

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 3.1 <b>Are actual revenues and expenses consistent with the most current budget?.</b> . . . . . ✓                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 <b>Are budget revisions posted in the financial system at each interim reporting period, at a minimum?</b> . . . . . ✓ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 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?** . . . . .  ✓

The interim report presentations did not include all major assumptions used or provide a discussion or explanation of changes in revenue or expenditures since the last reporting period. Including this information would help board members, staff, and the public better understand these changes.
- 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?** . . . . . ✓
- 3.5 Do the district’s responses fully explain the variances identified in the SACS Criteria and Standards Review form?** . . . . . ✓
- 3.6 Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?** . . . . . ✓
- 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?** . . . . . ✓
- 3.8 Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?**. . . . .  ✓

The district does not encumber funds for salaries and benefits.
- 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                      |
|---|--------------------------|--------------------------|--------------------------|
| <b>4.1 Are accounts held by the county treasurer reconciled with the district’s and county office of education’s (COE) reports monthly?</b> . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>4.2 Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?</b> . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <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 type="checkbox"/> |
| <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 meet its cash flow needs for the current and subsequent year?</b> . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| <b>4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?</b> . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>4.6 If the district uses interfund borrowing, is it complying with EC 42603?</b> . . . . .   | <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? . . . . .   ✓

## 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? . . . . . | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |

The district does not include all portions of agreements in its disclosure documents. For example, the health and welfare increases for the certificated bargaining unit in 2023-24 were not included. In addition, the agreement with the Service Employees International Union (SEIU) dated December 2, 2022 did not include a complete, signed public disclosure document.

- 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)? . . . . .  ✓

The district did not include the cost of step-and-column increases in its budget documentation or its public disclosures of collective bargaining agreements. Settlements for the current and prior two fiscal years are shown in Table 1 below.

**Table 1. Funded COLA and Salary Settlements by Bargaining Unit, 2022-23 — 2024-25**

	2022-23	2023-24	2024-25
Funded COLA	6.56%	8.22%	1.07%
HLPTA	4.15%	8.00%	0.00%
CSEA	4.00%	8.00%	0.00%
SEIU	4.00%	8.00%	0.00%

Source: Adapted from interviews with staff, district board minutes, collective bargaining agreements and disclosures of collective bargaining agreements.

Notes: Acronyms

HLPTA - Hacienda La Puente Teachers Association.

CSEA - California School Employees Association.

SEIU - Service Employees International Union.

**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?** . . . . .

Government Code 3547.5 states, in part:

- a) Before a public school employer enters into a written agreement with an exclusive representative covering matters within the scope of representation, the major provisions of the agreement, including, but not limited to, the costs that would be incurred by the public school employer under the agreement for the current and subsequent fiscal years, shall be disclosed at a public meeting of the public school employer in a format established for this purpose by the Superintendent of Public Instruction.
- b) The superintendent of the school district and chief business official shall certify in writing that the costs incurred by the school district under the agreement can be met by the district during the term of the agreement. This certification shall be prepared in a format similar to that of the reports required pursuant to Sections 42130 and 42131 of the Education Code and shall itemize any budget revision necessary to meet the costs of the agreement in each year of its term. ...

As noted in item 6.3, the district entered into an agreement with SEIU and did not disclose the costs that would be incurred under the agreement at a public meeting.

**6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?** . . . . .

6.9 Is the governing board’s action consistent with the superintendent’s and CBO’s certification? . . . . . ✓

## 7. Contributions and Transfers

Yes No N/A

7.1 Does the district have an active, board-approved plan to eliminate, reduce or control any contributions/transfers from its unrestricted general fund to other restricted programs and funds? . . . . .  ✓

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

7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance? . . . . .   ✓

7.3 If any contributions or transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels? . . . . . ✓

## 8. Deficit Spending (Unrestricted General Fund)

Yes No N/A

8.1 Is the district avoiding deficit spending in the current fiscal year? . . . . .  ✓   
 The district’s 2024-25 second interim report projects unrestricted general fund deficit spending of \$27.8 million for the current fiscal year.

8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? . . . . .  ✓   
 The district’s 2024-25 second interim report projects unrestricted general fund deficit spending of \$15.9 million in 2025-26 and \$21.3 million in 2026-27.

8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency? . . . . .  ✓   
 The district does not have a board-approved plan to reduce and/or eliminate deficit spending to ensure fiscal solvency. However, on March 13, 2025 the board approved resolutions to eliminate 7.0 full-time equivalent (FTE) certificated management positions and 1.0 FTE classified management position for the 2025-26 fiscal year to reduce deficit spending.

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? . . . . .  ✓   
 The district’s 2022-23 unaudited actuals report showed a surplus of \$12.4 million and its 2023-24 unaudited actuals report showed a surplus of \$12.9 million. The 2024-25 second interim report projects deficit spending of \$27.8 million.

## 9. Employee Benefits

	Yes	No	N/A
9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
9.4 Does the district track, reconcile and report employees' compensated leave balances? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

The district does not follow its collective bargaining agreement to limit accrued vacation balances. The collective bargaining agreement with CSEA states:

14.2.3 By the end of each fiscal year, employees shall not have an earned vacation balance that exceeds more than can be earned in a fiscal year unless the employee has the written approval of the superintendent or his designee. A vacation plan will be submitted by the employee at the time of approval, with the goal of reducing the days down to an amount not to exceed that which an employee earns annually.

And, as noted in part in the district's 2023-24 independent audit report:

... A significant number of classified employees, both CSEA members and non-members, are carrying accrued vacation balances significantly in excess of 24 days. The liability for those accrued vacation balances continues to grow each year as each employee's hourly rate of pay is increased for step-and-column changes, as well as negotiated salary increases. At June 30, 2024, the liability for those accrued vacation balances exceeds \$4.2 million. Recommendation: To prevent the liability from continuing to grow to excessive amounts, the District should investigate either requiring employees to take more vacation, paying off some of the excessive balances, or enforcing the cap limitation so that once employees reach the accrued vacation cap, they may not accrue additional vacation.

# 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?** . . . . .

The district’s enrollment has been declining for more than a decade. Table 2 below shows this trend since 2019-20:

**Table 2. District Enrollment, 2019-20 Through 2024-25**

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Enrollment	17,826	17,329	16,559	16,206	15,767	15,480
% Change	-	-2.79%	-4.44%	-2.13%	-2.71%	-1.82%

Sources: Adapted from EdData and DataQuest.

- 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)?** . . . . .

Interviews with district staff indicated that while sites routinely monitor their enrollment monthly, no coordinated monitoring or analysis is performed at the district level.

- 10.3 Does the district track historical enrollment and ADA data to project future trends?** . . .

- 10.4 Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?** . . . . .

- 10.5 Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?** . . . . .

- 10.6 Has the district planned for enrollment losses to any charter schools?** . . . . .

- 10.7 Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?** . . . . .

Interviews with district staff indicated that not all sites review, sign and return review sheets for the Fall 1 submission to CALPADS. Having site staff review data prior to submission reduces the chance for errors in the data. Errors in CALPADS data can cause a loss in funding.

- 10.8 Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?** . . . . .

**10.9 Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?** . . . .

Administrative Regulation 5117, adopted May 25, 2006 and last reviewed February 10, 2011, states, in part, that the superintendent or designee may approve an interdistrict attendance permit for a student for any of the following reasons:

1. To allow a high school senior to attend the same school he/she attended as a junior, even if his/her family moved out of the district during the junior year.
2. When there is valid interest in a particular educational program not offered in the district of residence.
3. Verified parent employment by the district requested.
4. To provide a change in school environment for reasons of personal and social adjustment. This may require certification of a physician, psychologist or other appropriate school personnel.

No additional reasons or latitude are outlined in this administrative regulation.

The district approves interdistrict attendance for the following reasons not outlined above:

- Childcare.
- Sibling.
- Transportation.
- Safety.

The governing board has broad latitude to determine the criteria for granting interdistrict attendance permits. Board Policy 5117 delegates the authority and administration of interdistrict attendance permits to the superintendent or designee, stating in part:

... The Superintendent or designee shall develop terms and conditions for granting, denying and/or revocation of interdistrict permits and ensure that interdistrict permits specify the terms and conditions agreed to by both districts for the granting, denial, or revocation of the permit as well as the standards for reapplication. ...

Administrative regulations should be updated to reflect board policy and district practices.

**10. Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?** . . . . .

## **11. Facilities**

	Yes	No	N/A
<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 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 type="checkbox"/>	<input type="checkbox"/>
<b>11.3 Does the district properly track and account for facility-related projects?</b> . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

**11.4 Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction’s loading standards?** . . . . .  ✓

The district did not provide enough data for FCMAT to determine whether it uses its facilities fully (districtwide) in accordance with the Office of Public School Construction’s loading standards.

**11.5 Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?** . . . . . ✓

**11.6 Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?** . . . . . ✓

**11.7 If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens’ bond oversight committee?** . . . . .  ✓

Measure BB, a Proposition 39 bond, was passed in 2016. When a bond measure is approved, the school district’s board must “establish and appoint members to an independent citizens’ oversight committee” as required by Education Code (EC) 15278(a). The composition of the committee is outlined in EC 15282, which states, in part:

- (a) The citizens’ oversight committee shall consist of at least seven members who shall serve for a minimum term of two years without compensation and for no more than three consecutive terms ... The citizens’ oversight committee shall be comprised, as follows:
  - (1) One member shall be active in a business organization representing the business community located within the school district or community college district.
  - (2) One member shall be active in a senior citizens’ organization.
  - (3) One member shall be active in a bona fide taxpayers’ organization.
  - (4) For a school district, one member shall be the parent or guardian of a child enrolled in the school district.
  - (5) For a school district, one member shall be both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. ...
- (b) An employee or official of the school district or community college district shall not be appointed to the citizens’ oversight committee. A vendor, contractor, or consultant of the school district or community college district shall not be appointed to the citizens’ oversight committee. ...

The latest citizens’ bond oversight agenda for April 2, 2025 shows four vacancies on the oversight committee: an individual from a taxpayers’ organization, an individual from a business organization located within the district, an individual active in a senior citizens’ organization, and a parent of a child enrolled who is also active in a parent-teacher organization.

Additionally, EC 15280 states, in part:

- (b) All citizens’ oversight committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board of the district. The citizens’ oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. ...

The district’s website includes annual reports only through 2021-22, and the district did not provide any more recent reports.

- 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’s most current board-approved long range facilities master plan was completed in 2016.

## 12. Fund Balance and Reserve for Economic Uncertainties

- |   | Yes                                 | No                                  | N/A                                 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>12.1 Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the State Standards and Criteria for Fiscal Solvency?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?</b> . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>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?</b> . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>12.4 Is the district’s projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions?</b> . . . . .  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <p>The district’s unrestricted general fund ending balance is projected to decline from \$75.4 million at the beginning of 2024-25 to \$47.5 million by the end of that year, then decrease further to \$31.6 million by the end of 2025-26, and to \$10.3 million by the end of 2026-27. Additionally, the district’s 2024-25 second interim report includes an unsubstantiated expenditure reduction of \$4.7 million in 2026-27.</p> |                                     |                                     |                                     |
| <b>12.5 If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level to cover these costs?</b> . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

## 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 checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <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>According to the district’s 2024-25 second interim report, 90.5% of its unrestricted general fund budget is allocated to salaries and benefits, exceeding the 2023-24 statewide average of 85.95%.</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>According to the district’s 2024-25 second interim report, salaries and benefits accounted for 89.4% of the unrestricted general fund budget in 2022-23, 90.3% in 2023-24, and is 90.5% in 2024-25.</p> |                                     |                                     |                          |

- 13.4** If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)? . . . . .   ✓
- 13.5** For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds? . . . . . ✓
- 13.6** Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time? . . . . .  ✓
- In interviews, district staff described a process for budgeting restricted funds and encouraging sites and departments to fully spend restricted allocations by the end of the fiscal year. However, the district’s unaudited actuals reports over the past three years show the restricted ending fund balance increasing each year, and district staff reported that some restricted funds have had to be returned because they were not fully spent by the expenditure deadline.
- 13.7** Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds? . . . . .  ✓
- According to the district’s 2024-25 second interim report indirect cost rate worksheet (SACS form ICR), the district does not charge the maximum allowable indirect cost rate for each restricted resource and other fund. Some restricted resources are not charged at all, while others are either undercharged or overcharged.
- 13.8** Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close? . . . . . ✓

## 14. Information Systems and Data Management

- |   | Yes                                 | No                                  | N/A                                 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>14.1</b> Does the district use an integrated financial and human resources system? . . . . .   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| The district’s financial and human resources systems are not integrated. The district transitioned from the PeopleSoft financial system to the Business Enhancement System Transformation (BEST) financial system, hosted by the Los Angeles County Office of Education, but has not yet transitioned to BEST’s human resources system. |                                     |                                     |                                     |
| <b>14.2</b> Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>14.3</b> 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? . . .   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>14.4</b> Is the district using the same financial system as its COE? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <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? . . . . .   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <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? . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

# 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"/>
Interviews with staff indicated that access and authorization controls are reviewed and updated upon employment actions; however, the district lacks a process to review all access and authorization controls annually.			
<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"/>
Interviews with staff indicated that once checks are generated for vendor payment, they are returned to the individual who created them for verification and distribution. Because the district has several accounting technicians, a different technician should verify check numbers and amounts and handle payment distribution.			
• <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"/>
Interviews with staff indicated that once checks are generated for employee payment, they are returned to the individual who created them for verification and distribution. Because the district has several payroll technicians, a different technician should verify check numbers and amounts and handle payment distribution.			
• <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"/>
<b>15.7 Does the district have processes and procedures to discourage and detect fraud?</b> . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Interviews with staff indicated that the district lacks processes and procedures to discourage and detect fraud.			
<b>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?</b> . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Interviews with staff indicated that the district lacks a process for collecting reports of possible fraud and for following up on such reports.			

- 15.9 Does the district have an internal audit process?** . . . . .
- Interviews with staff indicated that the district lacks an internal audit process.

## 16. Leadership and Stability

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| <b>16.1 Does the district have a chief business official who has been in this position with the district for more than two years?</b> . . . . .                  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>16.2 Does the district have a superintendent who has been in this position with the district for more than two years?</b> . . . . .                           | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>16.3 Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?</b> . . . . .                             | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>16.4 Is training on financial management and budget provided to school and department administrators who are responsible for budget management?</b> . . . . . | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>16.5 Does the governing board adopt and revise policies and administrative regulations annually?</b> . . . . .  | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?</b> . . . . .                    | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| Interviews with staff indicated that newly adopted or revised policies and administrative regulations are not widely communicated to all staff.                  |                          |                          |                          |
| <b>16.7 Do all board members attend training on the budget and governance at least every two years?</b> . . . . .  | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| Based on district records and interviews, board members do not attend training on budget or governance at least every two years.                                 |                          |                          |                          |
| <b>16.8 Is the superintendent’s evaluation performed according to the terms of the contract?</b> . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| While regularly noted on board meeting agendas, the superintendent’s evaluation has not been performed according to the terms of his contract.                   |                          |                          |                          |
| <b>16.9 Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?</b> . . . . .               | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |

## 17. Multiyear Projections

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| <b>17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?</b> . . . . .  | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district’s budget and interim presentations identify some of the major assumptions used in developing the budget and MYPs, such as ADA, COLA, LCFF grade span rates, STRS and PERS rates, but they do not include CPI, Lottery and Mandate Block Grant rates per ADA, interest rates, or certificated and classified step-and-column percentages. The interim reports did not provide a discussion or explanation of changes in revenue and/or expenditures between reporting periods. Including this information would help board members, staff, and the public better understand these changes. |                          |                          |                          |
| <b>17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?</b> . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |

**17.3 Does the district use its most current multiyear projection when making financial decisions?** . . . . .

**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?** . . . . .

The district’s 2024-25 second interim report shows reductions to certificated and classified salary on lines B1d and B2d in 2025-26 and 2026-27, as well as a \$4.7 million reduction to total expenditures on line B10 in 2026-27. However, the narrative document does not include a detailed breakdown of these adjustments, and the district did not provide such a list to FCMAT.

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

**Yes No N/A**

**18.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others) stable, predictable, and other than the unrestricted general fund?** . . . . .

The district issued certificates of participation to improve its infrastructure and entered into a lease-purchase agreement for capital improvements. While debt payments are made from the debt service fund, the district transfers money from the unrestricted general fund to the debt service fund to cover these payments.

**18.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?** . . . . .

**18.3 If the district is self-insured, has it completed an actuarial valuation as required and does it have a plan to pay for any unfunded liabilities?** . . . . .

**18.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district’s unrestricted general fund revenues?** . . . . .

In 2024-25, the annual debt service payment on non-voter-approved debt is \$8.6 million. By comparison, 2% of the district’s unrestricted general fund revenues for that year totals \$4.6 million.

## **19. Position Control**

**Yes No N/A**

**19.1 Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?** . . . . .

District staff reported in interviews that salary and benefit costs are tracked on a spreadsheet for budgeting purposes, but only for permanent employees.

**19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment?** . . .

**19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?** . . . . .

The district does not reconcile budget, payroll and position control.

- 19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? . . . . . ✓
- 19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted? . . . . .  ✓   
 According to staff, the governing board does not authorize new positions and extra assignments before positions are posted.
- 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? . . . . .  ✓   
 Interviews with staff indicated that discussions between staff responsible for the district’s human resources, payroll and budget functions are only held on an as-needed basis.

## 20. Special Education

- |   | Yes                      | No                       | N/A                      |
|---|--------------------------|--------------------------|--------------------------|
| 20.1 For special education classrooms and support services, does the district use staffing ratios that align with statutory requirements and industry standards, and are students’ support needs also considered? If so, are those needs documented and evaluated at each budget cycle? . . . . . | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |
| The district has staffing ratios that align with statutory requirements and industry standards. However, based on documentation submitted by the district, several instructional settings exceed these ratios.  |                          |                          |                          |
| 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"/> |
| Staff indicated that requests for Special Education Extraordinary Cost Pool (ECP) for Nonpublic School/Licensed Children's Institutions have not been submitted for reimbursement.  |                          |                          |                          |
| 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"/> |
| The district does not charge indirect costs to all its special education resources.   |                          |                          |                          |
| 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"/> |
| The district does not complete the maintenance of effort form at interim reporting periods and thus does not monitor or analyze it at interim reporting periods.  |                          |                          |                          |

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

**36.9%**

**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



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM  
STUDY AGREEMENT  
FOR MANAGEMENT ASSISTANCE**

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 Hacienda La Puente Unified 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). The Client has requested that the FCMAT assign professionals to study specific aspects of the Client's operations. 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**

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.
2. The Team will present the final report to the district's governing board at a public meeting following the completion of the review.

**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 10 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 are optional and are made at the request of the Client. If a board presentation is requested, it will be noted in the scope and objectives of the study or can be added as a change in scope at a later date.
8. **Follow-Up Review**

If requested by the Client within six to 12 months after completion of the study, FCMAT, at no additional cost, will assess the Client's progress in implementing the recommendations included in the report. This follow-up support is primarily a document review-based study. Progress in implementing the recommendations will be documented to the Client in a FCMAT management letter. FCMAT will work with the Client on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after the date of the final report.

### **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**

The cost for studies requested pursuant to EC 42127.8(d)(1) and 84041 shall be as follows:

- A. \$1,200 per day for each FCMAT staff member while on site conducting fieldwork. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed. On-site is defined as either 1) physically at the Client's office or school site(s), or 2) in a scheduled virtual meeting with the Client's personnel, representatives or others associated with the scope of work pursuant to Section 13 below.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the study will be added to all costs billed.
- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report or presentation to the Client's board, whichever is later (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

**Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be \$23,000.**

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

#### 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. 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 the Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client’s initial request for services.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the	Draft Agreements are valid for 30 business days.

ACTION	TIMELINE
name and email of the of person who will be responsible for collecting and uploading documents requested by FCMAT.	
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 10 business days of the Client’s receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 10 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 eight weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 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.

Prior to completion of fieldwork and upon written notice to FCMAT, the Client may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to completion of fieldwork, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

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.

## **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: Manoj Roychowdhury, Associate Superintendent Business Services

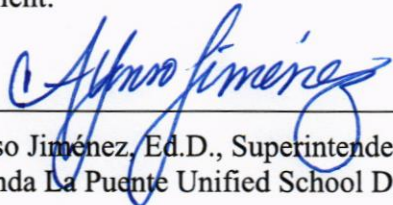
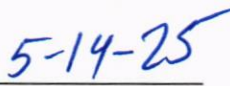

Telephone: (626) 833-3820

Email: [mroychowdhury@hlpusd.org](mailto:mroychowdhury@hlpusd.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:

   
\_\_\_\_\_  
Alfonso Jiménez, Ed.D., Superintendent  Date  
Hacienda La Puente Unified School District

For FCMAT:

**Michael H. Fine**  Digitally signed by Michael H. Fine  
Date: 2025.05.15 21:11:23 -07'00'

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