



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

February 3, 2025



Hayward Unified School District

Michael H. Fine
Chief Executive Officer

February 7, 2025

Jason Reimann, Ed.D., Superintendent
Hayward Unified School District
24411 Amador Street
Hayward, CA 94544

Dear Superintendent Reimann:

In December 2024, the Hayward Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis (FHRA) and identify the client'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 2024-25 first interim report as negative.

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

FCMAT appreciates the opportunity to assist the Hayward 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 Hayward Unified School District serves students in grades TK-12 and is located in the city of Hayward in Alameda County. As the third largest school district in Alameda County, Hayward Unified serves the residents of Hayward and parts of nearby communities such as Fairview, Cherryland, and Ashland at 19 elementary schools, five middle schools, three comprehensive high schools, one alternative high school, one adult education center, a preschool, and four charter schools. The district is governed by a five-member board of trustees. According to EdData, for the 2023-24 school year, the district's TK-12 enrollment was 17,631 students (excluding charter schools). As of the 2023-24 second principal apportionment (the most recent data available), 75.8% of the district's students were identified as English learners, and/or foster youth, and/or were eligible for free or reduced-price meals.

The district's 2024-25 First Interim Financial Report indicates that it will not meet the 3% required minimum reserve in the current and two subsequent years, with an estimated ending fund balance of only \$660,631 in its unrestricted general fund. Furthermore, the district projects a negative cash balance of approximately \$26 million as of June 30, 2025. Thus, the district has self-certified its 2024-25 first interim report as negative, which means it may be unable to meet its financial obligations for the remainder of the current school year and the subsequent school year.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk of insolvency, using the financial data from the 2024-25 first interim reporting period as the basis for the analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Hayward Unified School District on December 11, 2024, and a study team visited the district on January 7 to 9, 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:

Roslynne Manansala-Smith, CFE
FCMAT Intervention Specialist

Erin Lillibridge, CFE
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

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

*Those members of this study team who are otherwise employed by a local educational agency (LEA) were not representing their respective employers but were working solely as independent contractors for FCMAT.

Fiscal Health Risk Analysis

For TK-12 School Districts

Date(s) of fieldwork: January 7-9, 2025

School District: Hayward Unified School District

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Summary

Over the past two years, the financial issues faced by Hayward Unified School District have been exacerbated by declining enrollment, the expiration of significant one-time dollars, the negotiated settlements with its collective bargaining groups for 2022-23 and 2023-24, and transitions in several key business leadership positions such as assistant superintendent of business services (the chief business official or CBO), payroll supervisor, and director of business services.

- At the time of fieldwork, both the CBO and payroll supervisor were in their roles for less than eight months, and the director position was vacant. One individual was CBO for six years, from 2018 to 2024, and that position was most recently vacant from April to June 2024. The current CBO started in July 2024.
- Two individuals have occupied the payroll supervisor position within the last two years, with a few consultants to help fill in the vacancy gaps.
- In addition, the director of business services position continues to be vacant, having been filled by one individual for less than a year and a few consultants who helped fill in the gaps. The accounting manager has performed many of the director's duties.

This type of instability in these positions can lead to numerous risks to the budget and to fiscal insolvency.

Hayward Unified School District has a history of declining enrollment. From the 2018-19 school year to 2024-25, the district's enrollment has declined by approximately 2,500 students. This leads to lower revenue from sources such as the Local Control Funding Formula (LCFF) that are based on enrollment and attendance. In addition, revenues fall more quickly than expenditures, and long-term budget reductions are necessary to keep the district from deficit spending. From 2018-19 to 2020-21, the district began to address these budget shortfalls with fiscal stabilization plans that included \$7.8 million in reductions for 2018-19 and \$10 million in reductions for 2020-21. In November 2021, the board approved two school closures effective for 2022-23. It is crucial for districts to adjust staffing and other expenditures in a timely manner to ensure fiscal solvency.

In 2020-21, local educational agencies received an historic amount of one-time state and federal funding to help mitigate the impacts of the COVID-19 pandemic. These funds expired at the end of September 2024 and were used at the district to support staffing, professional development, and other supplies and service costs. Like many other districts throughout the state, the district used this significant infusion of one-time funding to delay the need to adjust staffing and other expenditures to align with the loss of students and funding.

In May 2024, the district finally settled with its collective bargaining groups for the 2022-23 and 2023-24 school years, resulting in a 2% ongoing salary increase effective July 1, 2022, and an additional 8.5% ongoing salary increase effective July 2023. In addition, the district's annual contribution to health-care coverage for certain unit members increased by \$1,500 for 2022-23 and by \$2,500 starting in 2023-24. While the district analyzed the agreements' fiscal impacts prior to finalizing the settlement, the district's Public Disclosure of Collective Bargaining Agreements brought to the May 2024 board meeting acknowl-

edged that part of this settlement would be funded by unspecified budget reductions of approximately \$12.5 million for 2025-26. Furthermore, the Alameda County Superintendent of Schools response letter to the district's public disclosure noted that the ongoing fiscal impact is approximately \$63 million, which is a cumulative cost over three years.

The settlement occurred just after the CBO left the district and while consultants were helping to fill the gap of the vacant position. The 2024-25 adopted budget was submitted in June 2024 and was conditionally approved by the county superintendent. This conditional approval meant that the district must take further actions to formally obtain approval of the 2024-25 budget from the county superintendent. The major concerns that led to the conditional approval that the county superintendent included in the September 13, 2024 adopted budget review letter were:

- The significant budget reductions or solutions that the district needs to make to meet the required minimum reserves for 2025-26 and 2026-27.
- Less cash reserves than projected in June 2024 to meet payroll obligations.
- The structural deficit that was exacerbated by staffing increases during the pandemic despite the decreases in enrollment.

The actions that the district needed to take were:

- To provide the county superintendent with a target amount for budget reductions or solutions for 2025-26 to cover the existing shortfall by September 30.
- To approve a board resolution that outlines the timeline and the district's plan to implement budget-balancing solutions for 2025-26 by October 8.

FCMAT's review of the district's 2023-24 estimated actuals noted that the general fund unrestricted balance was projected to end with a surplus of about \$7.9 million in June. After closing the books, the district's unrestricted general fund balance decreased by \$4.7 million, leaving it with a balance of \$3.2 million. With the district's monthly average cost of payroll being well over \$25 million, this \$3.2 million would not cover one month of payroll. In addition, the district's contribution from unrestricted general fund to restricted programs increased by approximately \$8 million from June to September. Further, from 2019-20 to 2022-23, the district's average contribution was approximately \$40 million. In 2023-24 the total contribution was \$59.6 million, which reflected a \$19.6 million increase in contributions over the prior year. This contribution mainly supports required programs such as special education and routine restricted maintenance. With a new CBO transitioning in July, the district is still working to fully understand how contributions increased by about 50% in 2023-24.

The district completed the county superintendent's required actions by adopting board Resolution 2425-12, Board Commitment to Fiscal Solvency Through Expenditure Reductions or Other Budget Solutions at the September 25 board meeting. By September 2024, the district's shortfall had grown to approximately \$31 million due to the lower beginning balance for 2024-25 and additional costs for program needs and increased staffing for elementary and middle schools with enrollment increases.

By the 2024-25 first interim financial report in December, the district was still in the process of creating a detailed list of its budget reductions. The first interim report includes the actual ending balance from 2023-24 as its beginning balance, accounts for the costs of the 2022-23 and 2023-24 settlements, and projects a negative cash balance of approximately \$26 million by the end of the fiscal year. The district self-certified as negative. A negative certification means that the district may not meet its financial obligations in the current school year or subsequent school year.

In addition, the district projects it will not meet the minimum required reserve for the current year and subsequent years. Specifically, the first interim multiyear financial projection (MYFP) showed an ending unrestricted general fund balance of approximately \$661,000 in 2024-25, which decreased to a negative \$39.1 million in 2025-26 and a negative \$77.9 million in 2026-27. To meet the district's minimum 3% reserve requirement, the district has identified the need for ongoing expenditure reductions totaling between \$50 million and \$55 million.

FCMAT also identified concerns in the following areas: position control, internal controls, and budget monitoring (particularly in the special education program).

The responsibility for correcting the district's fiscal direction lies with the district's board and administrators. The governing board is ultimately responsible for the district's fiscal solvency. District administrators have been working with their governing board, staff, bargaining groups, parents, students and educational partners to create a detailed fiscal solvency plan to address these budget reductions to bring to the governing board in February 2025. The district administrators have the responsibility of presenting sound financial information based on current and accurate data so the board can make informed decisions. The failure of the district to implement budget reductions may result in fiscal insolvency and the loss of local control.

FCMAT conducted this FHRA based on the district's negative certification at the 2024-25 first interim reporting period. Since the district has conditions noted in the Budget and Fiscal Status or Material Weakness sections below, the risk level is elevated to high risk of insolvency. The district's Fiscal Health Risk Analysis score of 50.1% supports this high risk level.

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

Score Breakdown by Section

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

| | | |
|--------------|---|--------------|
| 1. | Annual Independent Audit Report | 0.2% |
| 2. | Budget Development and Adoption | 3.4% |
| 3. | Budget Monitoring and Updates | 2.0% |
| 4. | Cash Management | 2.6% |
| 5. | Charter Schools | 0.4% |
| 6. | Collective Bargaining Agreements | 2.2% |
| 7. | Contributions and Transfers | 1.0% |
| 8. | Deficit Spending (Unrestricted General Fund) | 3.6% |
| 9. | Employee Benefits | 1.6% |
| 10. | Enrollment and Attendance | 4.7% |
| 11. | Facilities | 0.2% |
| 12. | Fund Balance and Reserve for Economic Uncertainty | 5.0% |
| 13. | General Fund - Current Year | 3.8% |
| 14. | Information Systems and Data Management | 0.0% |
| 15. | Internal Controls and Fraud Prevention | 6.0% |
| 16. | Leadership and Stability | 4.2% |
| 17. | Multiyear Projections | 0.0% |
| 18. | Non-Voter-Approved Debt and Risk Management | 2.2% |
| 19. | Position Control | 5.0% |
| 20. | Special Education | 2.0% |
| Score | | 50.1% |

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"/> |
| On December 11, 2024 the district submitted to the Alameda County Superintendent of Schools an extension request of the December 15 deadline to submit its 2023-24 Annual Audit, per EC 41020, by February 15, 2025. The district cited the reason for the extension request as delays caused by its continued turnover in staffing. The district received approval for the extension from the State Controller's Office on December 18. | | | |
| 1.3 Were the district's most recent and prior two audit reports free of findings of material weakness? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.4 Has the district corrected all audit findings from the most recent and prior two audits? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

2. Budget Development and Adoption

| | Yes | No | N/A |
|--|--------------------------|--------------------------|--------------------------|
| 2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.2 Does the district use a budget development method other than a prior year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.3 Does the district use position control data for budget development? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| As discussed in more detail in Section 19 below, the district's position control system lacks proper controls to ensure that position data used in budget development is complete and accurate. | | | |
| 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 15 by the county superintendent of schools in the current and two prior fiscal years? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| The county superintendent conditionally approved the 2024-25 budget, because it did not provide adequate assurance that the district would meet its current and future obligations. Specifically, the county superintendent noted the following concerns: | | | |
| <ul style="list-style-type: none"> • Significant expenditure reductions or alternative solutions necessary to meet required reserve levels for 2025-26 and 2026-27. • Less cash reserves than projected in June 2024 to meet payroll obligations. • Increased staffing costs, some supported by one-time funds, with decreased student enrollment, indicating an ongoing structural budget deficit. | | | |

- 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)?** . . . ☐ ☒ ☐
- Interviews with interested parties indicated that input in the district's budget development process has been inconsistent or lacking, because the district does not maintain an organized or formal process for development. Further, recent vacancies in key leadership positions, including the assistant superintendent and director positions in business services, forced the district to rely on consultants to prepare the 2024-25 adopted budget.
- 2.7 Does the district budget and expend restricted funds before unrestricted funds?** ☒ ☐ ☐
- 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?** ☒ ☐ ☐
- 2.10 Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?** ☒ ☐ ☐
- 2.11 Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund?** ☐ ☒ ☐
- The district does not have a documented procedure for evaluating the proposed acceptance of new grants and other restricted funds to determine any 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 does not use a budget calendar to organize and direct its budget development, including statutory due dates, major development tasks and deadlines, and staff members and departments responsible for completion.

3. Budget Monitoring and Updates

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 3.1 Are actual revenues and expenses consistent with the most current budget? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| When reviewing the district's 2024-25 first interim SACS Form 01 by major object code, the actual revenues and expenses appear to be consistent with the current budget. However, a review of the district's financial system report sorted by fund and resource found that actuals exceeded the most current budget in some restricted salary object codes. | | | |
| 3.2 Are budget revisions posted in the financial system at each interim reporting period, at a minimum? | <input checked="" 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? | <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 EC 42142? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- | | | | | |
|-----|--|--------------------------|--------------------------|--------------------------|
| 3.5 | Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.6 | Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.7 | Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.8 | Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| | Based on documentation provided by the district, it appears that substitutes and overtime pay are not included in position control, and as a result, may not be encumbered. In addition, staff interviews indicate that the district is not consistent in adjusting encumbrances as needed due to gaps in communication between school sites, programs, human resources, and the business departments. | | | |
| 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

4. Cash Management

- | | Yes | No | N/A | |
|-----|---|--------------------------|--------------------------|--------------------------|
| 4.1 | Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 | Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.3 | Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| | The district provided a two year general fund cash flow forecast with its 2024-25 first interim report. Prior to this, the district only provided a current year cash flow forecast for the 2024-25 adopted budget and all the budget reporting periods for 2023-24 (adopted budget, first and second interims). | | | |
| 4.4 | If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| | The district is working on its fiscal solvency plan for the February 12, 2025, board meeting. Per staff interviews, the district is exploring cash borrowing options such as issuing a Tax Revenue Anticipation Note and temporarily borrowing from other funds. | | | |
| 4.5 | Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.6 | If the district uses interfund borrowing, is it complying with EC 42603? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| | The district received a repeat finding in its 2020-21 annual audit for not repaying the general fund in a timely manner from the adult education and child development funds. Per EC 42603, interfund borrowings shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. | | | |

- 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 checked="" type="checkbox"/> | <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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district did not provide sufficient evidence showing fulfillment of its oversight responsibilities in accordance with EC 47604.32, particularly related to monitoring the fiscal condition of its authorized charter schools. | | | |
| 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The 2023-24 unaudited actuals report for one of its charter schools showed a negative ending fund balance of \$49,634, indicating fiscal distress and risk for potential insolvency. | | | |
| 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 checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.5 Does the district monitor charter school audits for timeliness, completeness, and exceptions? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district does not monitor charter school audits for timeliness, completeness, and exceptions. It could not provide the most recent audit reports (current and two prior years) for all but one of its charter schools. Specifically, the district provided the audit reports for the following years: | | | |
| <ul style="list-style-type: none"> • Hayward Twin Oaks Montessori School - 2021-22 (dated 12/15/22). • Impact Academy of Arts & Technology - 2021-22 (dated 02/07/23). • Knowledge Enlightens You Academy - 2023-24 (dated 11/06/24), 2022-23 (dated 11/22/23), 2021-22 (dated 12/12/22). • Leadership Public Schools - Hayward - none provided. | | | |

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 type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| In August 2024, the district and its certificated bargaining unit presented the board with "sunshine" proposals to open and negotiate agreement articles relating to compensation and one additional article if agreed to by both parties. While the | | | |

classified bargaining units are settled, the agreements include compensation parity provisions ensuring that any salary schedule adjustments are not less than any other employee groups.

- 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?** ☐ ☒ ☐
- According to the district's May 2024 disclosure documents, the most recent settlement, which increased salary schedules and employee benefits, was funded with one-time revenue sources, fund balance, and additional unspecified expenditure reductions totaling \$12.5 million in 2025-26.
- 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 has not settled the total cost of bargaining for the current year; however, for the 2023-24 fiscal year, the negotiated salary schedule increase of 8.5% for all bargaining units was higher than the funded COLA (8.22%). In addition, for 2023-24, the district added a \$1,500 health and welfare contribution or \$900 cash in lieu payment for certain unit members (i.e., those working at least 0.5 FTE); for 2024-25, these amounts increased to \$2,500 and \$1,350 respectively.
- 6.6 If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?** ☐ ☐ ☒
- 6.7 Did the district comply with public disclosure requirements under Government Codes 3540.2 and 3547.5, and EC 42142?** ☒ ☐ ☐
- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?** ☒ ☐ ☐
- 6.9 Is the governing board's action consistent with the superintendent's and CBO's certification?** ☒ ☐ ☐

7. Contributions and Transfers

- | | Yes | No | N/A |
|---|--------------------------|-------------------------------------|-------------------------------------|
| 7.1 Does the district have an active, board-approved plan to eliminate, reduce or control any contributions/transfers from its unrestricted general fund to other restricted programs and funds? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district does not have an active, board-approved plan. | | | |
| 7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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

8. Deficit Spending (Unrestricted General Fund)

- | | Yes | No | N/A |
|---|--------------------------|-------------------------------------|--------------------------|
| 8.1 Is the district avoiding deficit spending in the current fiscal year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district's 2024-25 first interim report includes \$189.3 million in revenues and contributions and \$211.8 million in expenditures. The district's estimated spending deficit in the unrestricted general fund is \$22.5 million. | | | |
| 8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district's MYFP continues to project deficit spending of \$39.8 million in 2025-26 and \$38.9 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Since the district received conditional approval of their 2024-25 adopted budget, it has identified the targeted amount for budget cuts or alternate solutions for the current year and two subsequent fiscal years. While the district passed the resolution 2425-12 Board Commitment to Fiscal Solvency Through Expenditure Reductions or Other Budget Solutions at the September 28, 2024, board meeting, it has not yet approved and implemented any fiscal solvency plan to reduce and/or eliminate deficit spending. The board resolution included a commitment that the board would act by March 15, 2025 to ensure the minimum reserve for economic uncertainty is met in the current year and subsequent years. Further, staff interviews and the narrative for the 2024-25 first interim report indicated the district plans to bring its fiscal solvency plan to the February board meeting. | | | |
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district's unaudited actuals report indicates that at the close of 2021-22, the district did not deficit spend. In 2022-23, the district did deficit spend by \$3,574,128 and in 2023-24, the district closed with a surplus of \$3,169,161. While the district decreased its deficit spending in 2023-24, it did not in 2022-23. | | | |

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 checked="" type="checkbox"/> | <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?** ☐ ☒ ☐

The district's total of annual service payments, according to its GASB Statement No. 75, Supplemental Schedules dated April 30, 2024, totaled \$5,899,303, which is 2.28% of the district's unrestricted general fund revenues. Staff interviews confirmed that the district does not have a plan approved by the governing board to reduce the OPEB liability.

- 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?** ☒ ☐ ☐

- 9.4 Does the district track, reconcile and report employees' compensated leave balances?** . . . ☒ ☐ ☐

- 9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?** ☐ ☒ ☐

While the district has language in certain classified collective bargaining agreements, no evidence was provided that these policies are followed.

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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| According to DataQuest, the district's enrollment declined an average of 1.9% annually since 2014-15, for a total decline of 16.0% from 20,996 in 2014-15 to 17,631 in 2023-24. | | | |
| 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)? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| While the district tracks enrollment and ADA monthly by school site, no one is analyzing the data through P-2 to adjust the district's revenue projections as needed. | | | |
| 10.3 Does the district track historical enrollment and ADA data to project future trends? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.4 Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district's 2021-22 and 2022-23 audit reports (as noted previously, the 2023-24 audit report is not yet complete) indicated that certain school sites were not following the district's attendance reporting procedures. No one is reconciling enrollment and attendance monthly at the district level. | | | |
| 10.5 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| While the district tracks historical enrollment and ADA data, its projections and assumptions are not developed using the historical data or industry-standard methods (e.g., cohort survival method). | | | |
| 10.6 Has the district planned for enrollment losses to any charter schools? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district does not consider charter school enrollment losses when developing its enrollment projections. | | | |

| | | | | |
|-------|---|---|--------------------------|--------------------------|
| 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.8 | Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines? | ✓ | <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 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

11. Facilities

| | | Yes | No | N/A |
|------|--|--------------------------|--------------------------|--------------------------|
| 11.1 | If the district participates in the state's School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.2 | Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.3 | Does the district properly track and account for facility-related projects? | ✓ | <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? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| | As a result of declining enrollment, the district underutilizes its facilities. In November 2021, the board approved two school closures effective for 2022-23 (specifically, Bowman Elementary and Strobbridge Elementary). While the district's proposed operational sustainability strategic plan (board resolution 2122-28) at that time also considered additional site closures for the 2023-24 and 2024-25 school years, the district did not move forward with those closures. | | | |
| 11.5 | Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.6 | Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.7 | If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

12. Fund Balance and Reserve for Economic Uncertainties

| | Yes | No | N/A |
|--|--------------------------|-------------------------------------|--------------------------|
| 12.1 Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the <u>State Standards and Criteria for Fiscal Solvency</u>? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| To meet the district's required minimum reserve for economic uncertainty for 2024-25, the district must maintain a balance of approximately \$12.2 million or 3% of total expenditures and other financing uses. As of the district's 2024-25 first interim report, the district's unrestricted ending fund balance was only \$660,631, which is insufficient. | | | |
| 12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district must have a total reserve for economic uncertainty of approximately \$12.3 million for 2025-26 and \$12.1 million for 2026-27 to meet the 3% minimum reserve. The unrestricted ending fund balance is estimated to be a negative \$39.1 million for 2025-26 and a negative \$77.9 million for 2026-27. | | | |
| 12.3 If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| At the time of fieldwork, the district had not adopted a detailed list of expenditure reductions to restore the reserve. As stated earlier, the district is working to bring a fiscal solvency plan to the board in February and take action by March 15. | | | |
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Based on the district's 2024-25 first interim report, its unrestricted general fund balance is projected to decrease by approximately \$39 million in 2025-26 and an additional \$39 million in 2026-27. | | | |
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district's general fund balances do not include sufficient funds to cover these costs. | | | |

13. General Fund – Current Year

| | Yes | No | N/A |
|--|--------------------------|-------------------------------------|--------------------------|
| 13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures? . . . | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The 2024-25 first interim report indicated that the district pays ongoing expenses (e.g., salaries and benefits) with one-time restricted funds (e.g., Educator Effectiveness Block Grant; Arts, Music, and Instructional Discretionary Block Grant, Learning Recovery Emergency Block Grant). | | | |

- 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?** ☐ ☒ ☐
- The percentage of the unrestricted general fund allocated to salaries and benefits for the 2024-25 first interim report was 91.6%, which exceeds the statewide average of 86.0% as of 2022-23 (the latest data available).
- 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?** ☐ ☒ ☐
- The 2022-23 and 2023-24 unaudited actuals reports showed 90.8% and 91.5%, respectively, of the unrestricted general fund was allocated to salaries and benefits, which exceeded the 2022-23 statewide average of 86.0%.
- 13.4 If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)?** ☐ ☐ ☒
- 13.5 For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds?** ☐ ☒ ☐
- The 2024-25 first interim report indicated the district supports positions with one-time restricted program funds totaling approximately \$18.0 million. The district's multiyear financial projection further showed that these costs cannot be supported by the unrestricted general fund in 2025-26 without significant expenditure reductions to eliminate projected deficit spending. The district has yet to develop a plan to fund or eliminate these costs when the funding sources expire (i.e., by the end of the 2024-25 fiscal year).
- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?** ☒ ☐ ☐
- 13.7 Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?** ☐ ☒ ☐
- The 2022-23 and 2023-24 unaudited actuals reports show that while the district does charge the maximum allowable indirect cost rate for most restricted programs, it does not charge indirect costs to its special education program. Additionally, in 2022-23 the district did not apply the maximum allowable indirect cost rate to the adult education program in its fund 11.
- 13.8 Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?** ☐ ☒ ☐
- The district does not reconcile all balance sheet accounts in the general ledger at each interim reporting period and at year-end close.

14. Information Systems and Data Management

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

- | | | | | |
|------|---|--------------------------|--------------------------|--------------------------|
| 14.4 | Is the district using the same financial system as its COE? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.5 | If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems? | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |
| 14.6 | If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance? | <input type="checkbox"/> | <input type="checkbox"/> | ✓ |

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"/> |
| Access and authorization controls for the district's financial system are not reviewed and updated on a scheduled basis or at least annually. | | | |
| 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?: | | | |
| • Accounts payable (AP). | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| • Accounts receivable (AR).. . . . | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| One staff member generates invoices, receives payments, and prepares and records deposits. To provide for segregation of duties, the individual responsible for generating invoices should not have access to payments received for those invoices. Although the district has procedures to ensure cash counts are performed and confirmed by two people, some school sites may not consistently follow those procedures. | | | |
| • Purchasing and contracts. | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| • Payroll.. . . . | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| In recent years, the district has experienced significant employee turnover and position vacancies in its payroll department, including the positions of payroll supervisor and director II, business support services. Many manual entries are also involved in processing the district's payroll transactions (e.g., the district still uses paper timecards to record employee work hours). Consequently, staff indicated in interviews that ongoing and regular errors occur in employee pay, including one material overpayment in 2023-24 relating to a retroactive compensation increase. | | | |
| • Human resources (i.e., duties related to position control and payroll processes). | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| Staff indicated in interviews that the district does not have adequate supervision over position control and that some new positions are added before board approval. HR and payroll staff do not meet regularly to monitor and coordinate personnel actions (e.g., assignment changes, employee leaves) to ensure that employee pay is accurate and timely. | | | |

- 15.4 Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?** ☒ ☐ ☐
- 15.5 Does the district review and work to clear prior year accruals throughout the year?** . . . ☐ ☒ ☐
 An Account Summary by Object-Balance Report dated December 16, 2024 from the district's financial system indicates that certain accrual accounts (e.g., accounts receivable for state lottery programs) were not cleared for the 2024-25 first interim report.
- 15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?** ☒ ☐ ☐
- 15.7 Does the district have processes and procedures to discourage and detect fraud?** ☐ ☒ ☐
 Although required by Board Policy 3400-Management of District Assets/Accounts, the district lacks sufficient internal controls to discourage and detect fraud, including a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.
- 15.8 Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?** ☐ ☒ ☐
 The district lacks a process for collecting and following up on reports of possible fraud. District staff also indicated in interviews that the district lacks procedures to report fraud.
- 15.9 Does the district have an internal audit process?** ☐ ☒ ☐
 The district has no internal audit process.

16. Leadership and Stability

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 16.1 Does the district have a chief business official who has been in this position with the district for more than two years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The current assistant superintendent of business services started in July 2024. | | | |
| 16.2 Does the district have a superintendent who has been in this position with the district for more than two years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The current superintendent has been at Hayward since July 2023. | | | |
| 16.3 Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.4 Is training on financial management and budget provided to school and department administrators who are responsible for budget management? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Per several staff interviews, the business department offers annual and optional training on business processes and procedures. The training is more focused on business operations, not on budget management. | | | |
| Several staff indicated that the business department will provide training on financial management and budget as requested. | | | |

- 16.5 Does the governing board adopt and revise policies and administrative regulations annually?** ☐ ☒ ☐
- Per staff interviews, the last time the district made major revisions to board policies and administrative regulations was in 2013. Since the new superintendent came to Hayward, the superintendent's office has made these updates a priority and is working to get on a more consistent schedule to ensure these are updated annually.
- 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?** ☐ ☒ ☐
- Staff interviews indicated that newly adopted or revised policies and administrative regulations are not consistently communicated to the staff.
- 16.7 Do all board members attend 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?** . . . ☒ ☐ ☐
- 16.9 Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?** ☐ ☒ ☐
- Due to staffing shortages and turnover in the business department, the district has had to rely on consultants. Most recently, a consultant completed the 2024-25 adopted budget while the assistant superintendent of business services position was vacant from April 2024 to July 2024. The department also brought in a vendor to assist with the retroactive payment due to the 2022-23 and 2023-24 settlement in the spring of 2024.

17. Multiyear Projections

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

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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

The district issued its 2022 COPs as a bridge financing to state facilities reimbursements and a new series of general obligation bonds authorized by the voters in March 2024. Until these funds are received and the COPs paid off, the district is using developer fees as the primary repayment source for its COPs (2021 and 2022) and certain financed equipment purchases. As of the 2024-25 first interim report, the district projects to deplete its developer fees fund balance by June 30, 2025. Without this source or an alternative plan, the unrestricted general fund would be the primary source of repayment.

- 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?** ☐ ☒ ☐

In September 2024, Fitch downgraded the district's issuer default rating from A+ to A, due to the implementation of its new public finance local government rating criteria, which reflects the district's lack of independent revenue raising capability (i.e., typical of all California school districts) and midrange cost controls (i.e., the district plans to maintain available balances between 5% and 10% of spending).

- 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?** ☐ ☒ ☐

As of the 2024-25 first interim report, the district's total annual debt service payment (i.e., principal and interest) for non-voter-approved debt (i.e., COPs and financed equipment purchases) in 2024-25 is equal to 2.1% of its projected unrestricted general fund revenues.

19. Position Control

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 19.1 Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| While staff interviews indicated that the district does account for all positions and costs in position control, based on documentation provided by the district, it appears that substitutes and overtime pay are not included in position control. | | | |
| 19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . . | <input checked="" type="checkbox"/> | <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 financial reporting periods? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Staff interviews indicate that each department, human resources and business, may regularly review its portion of position control, but there is no consistent and collaborative process in which budget, payroll and position control is reconciled regularly. | | | |
| 19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?** ☐ ☒ ☐

The district's practice is to bring any newly created positions that have a new job description or classification to the governing board for approval prior to posting. When the district is adding additional FTE to an existing position, these additions are approved at the cabinet level.

- 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?** ☐ ☒ ☐

Staff interviews indicate that human resources and payroll frequently hold impromptu meetings; however, there is no evidence confirming that these meetings occur monthly. Additionally, these impromptu meetings do not involve staff responsible for budget functions and primarily focus on resolving immediate payroll concerns or inquiries.

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?** ☐ ☒ ☐

The team used the [FCMAT Special Education Efficiency Tool](#) to determine if the district's staffing ratios align with statutory requirements and industry standards. The special education staffing ratios that are included in the district's Hayward Education Association collective bargaining agreement did align with statutory requirements, but not all industry standard ratios. The district did not align in the following classes/ areas: high school moderate/severe special day class (SDC), psychologist, and occupational therapist.

The district maintains a staffing spreadsheet by special education teacher that tracks each class size and caseload size to ensure they align with district ratios included in the collective bargaining agreement. Staff interviews indicated that communication with the business department historically has not been consistent throughout the year and no evidence was provided that these needs were evaluated at each budget cycle.

- 20.2 Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?** ☒ ☐ ☐

- 20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?** ☐ ☒ ☐

The documentation that the district provided as its tools to help make informed decisions about whether to add services seemed to provide more procedural information after services are already added. Only a few sections of the handbook provided some questions to consider before a decision is made. In addition, the transportation guide provided appears to be for teachers to complete for students either already receiving or being recommended to receive home-to-school transportation services.

- 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)?** ☐ ☒ ☐

Interviews indicated that the special education budget historically did not reflect all costs throughout the year. Due to staffing shortages in the business department and inconsistent communication between the special education program, human resources, and the business department, the special education budget was often posted after the expenditure occurred or toward the end of the school year.

- 20.5 Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?** ☐ ☒ ☐

As stated above, updates to the special education budget were often delayed, preventing the district from effectively monitoring ongoing program costs. Notably, the district's contribution increased by 50% in 2023-24, and the reasons for this increase are still being investigated.

- 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?** ☐ ☒ ☐

FCMAT calculated the district's 2023-24 rate of identification of students to be 13.36%, which is lower than the statewide average rate of 13.70%, but higher than the countywide average rate of 12.52%.

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

Risk Score, 20 numbered sections only:

50.1%

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

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 Hayward 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) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the Client self-certified their 2024-2025 first interim financial report as negative in accordance with EC 42130 and 42131.

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

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

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

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

B. Services and Products to be Provided

1. Orientation Meeting

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

2. Fieldwork

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

3. Exit Meeting

The Team will hold an exit meeting at the conclusion of the fieldwork to inform the

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

4. Exit Letter

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

5. Draft Report

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

6. Final Report

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

7. Board Presentation

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

3. PROJECT PERSONNEL

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

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

4. PROJECT COSTS

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

5. RESPONSIBILITIES OF THE CLIENT

A. Return current organizational chart(s) that show the Client's management and staffing

structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.

- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

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

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

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

6. PROJECT SCHEDULE

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

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

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

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

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing

capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

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

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

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than

\$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

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

13. PUBLIC SAFETY CONSIDERATIONS

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

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

14. FORCE MAJEURE

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

15. EVALUATION

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

16. CLIENT CONTACT PERSON

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

Name: Amy Nichols, Assistant Superintendent of Business Services

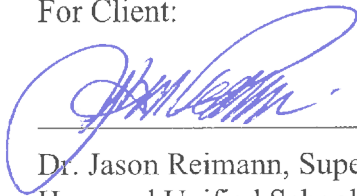
Telephone: (510) 784-2600

Email: anichols@husd.k12.ca.us

17. SIGNATURES

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

For Client:



Dr. Jason Reimann, Superintendent
Hayward Unified School District

12/11/24

Date

For FCMAT:

Michael H. Fine

Digitally signed by Michael H. Fine
Date: 2024.12.12 14:35:03 -08'00'

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

Date