FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Review

December 8, 2025

Livermore Valley Joint Unified School District

Michael H. Fine
Chief Executive Officer

FCMAT

December 8, 2025

Torie Gibson, Superintendent
Livermore Valley Joint Unified School District
685 East Jack London Blvd.
Livermore, CA 94551

Dear Superintendent Gibson:

In September 2025, the Livermore Valley Joint Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's 2025-26 adopted general fund budget and multiyear financial projections. The agreement stated that FCMAT would perform the following:

1. Review the district's 2025-26 adopted general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years, including a cash flow analysis for the same period. The MYFP will be a snapshot in time of the district's financial status.

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

This report contains the study team's findings and recommendations.

FCMAT appreciates the opportunity to serve the Livermore Valley Joint 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, policymakers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

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

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

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

History

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

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

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

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

Introduction

Background

Located in the Alameda County, the Livermore Valley Joint Unified School District has a five-member governing board and serves students in grades TK through 12 at nine elementary schools, two TK-8 schools, three middle schools, two high schools, one continuation school and one alternative education school. The district also operates an adult education program, participates in the Tri-Valley Regional Occupation Program, and partners with the Community Association for Preschool Education Inc for preschool services.

According to data from the CDE, the district's student enrollment has fluctuated slightly over the past five years, dropping from 13,305 to 12,968 in 2024-25, with minor year-to-year changes. As of the 2024-25 second principal apportionment certification (the latest data available), 23.9% of the district's students were identified as English learners, foster youth, and/or eligible for free or reduced-price meals.[1]

The district's 2025-26 adopted budget projected unrestricted deficit spending of $2,903,530 in 2025-26 and $159,173 in 2026-27. To meet the required 3% reserve for economic uncertainties in the two subsequent years, the district included a $600,000 line-item budget reduction in 2026-27 (line B10 on SACS Form MYP).

After a two-year labor settlement for 2022-23 and 2023-24[2] and a salary schedule restructure as well as a one-time settlement for 2024-25, the district has not reached a settlement with all its bargaining groups for 2025-26. Historically, the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits has been above prior year statewide averages.

Table 1. Historical Data and District 2025-26 Adopted Budget Comparison of Percentage of Statewide and District General Fund Unrestricted Expenditure Budget Allocated to Salaries and Benefits

Description	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget
Statewide Average	86.62%	85.97%	85.95%	n/a	n/a
District Percentage	90.89%	90.40%	98.56%	94.42%	92.26%

Sources: Adapted from EdData, District's 2024-25 unaudited actuals report, and District's 2025-26 adopted budget report.
Notes: Statewide average data not available for 2024-25 through 2025-26.

Study and Report Guidelines

In September 2025, the Livermore Valley Joint Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's 2025-26 adopted general fund budget and to prepare an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years, including a cash flow analysis for the same period. The MYFP is a snapshot in time of the district's financial status.

FCMAT visited the district on October 1-3, 2025, to conduct interviews with district and school staff, collect data and review documents. Following fieldwork, FCMAT continued to review and analyze documents. This report is the result of those activities.

1 Students are counted only once even if they are in more than one of these categories.

2 Two-year settlement for all bargaining groups totaling 13% increase, 7% effective 7/1/2022 and 6% effective 3/1/2023.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The study team was composed of the following members:

Roslynne Manansala-Smith
FCMAT Intervention Specialist

Andrea Ward
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

Each team member reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

In recent years, the Livermore Valley Joint Unified School District has experienced many changes in its leadership team, with four of the assistant superintendents serving in their role for a year or less. The district also faces uncertain federal funding, low cost-of-living adjustments amid rising expenses, the expiration of restricted one-time COVID-19 funds and other grants, and unsettled labor agreements for 2025-26.

FCMAT's primary objective in this study was to review the district's 2025-26 adopted general fund budget and develop an independent MYFP and cash flow analysis. The team reviewed numerous documents and financial reports, including the district's 2023-24 annual independent audit, unaudited actuals reports, enrollment and attendance data and other historical financial information relevant to the study. FCMAT developed its MYFP based on the district's 2025-26 adopted budget report, along with information from the district's financial system and staff.

Financial projections are based on certain assumptions and criteria, including enrollment and average daily attendance (ADA) trends, cost-of-living adjustments, economic conditions, and revenue and expenditure estimates. Therefore, any changes in these underlying assumptions will alter the results of the projection.

The district's 2025-26 adopted budget and MYFP were based on the 2025-26 governor's budget proposal, governor's May revise, and other assumptions available at the time of preparation. Due to the time that elapsed between the district's 2025-26 adopted budget report and FCMAT's review and preparation of an equivalent MYFP, FCMAT had access to more current information than used in the assumptions used by the district. Specifically, FCMAT's MYFP was based on the enacted 2025-26 state budget, as well as updated information on economic factors, enrollment and ADA.

The district's 2025-26 adopted budget and MYFP show that it will meet the state's minimum reserve requirement despite $2.904 million in deficit spending in the unrestricted general fund. A one-time $600,000 budget reduction in 2026-27 lowers the unrestricted deficit spending to $159,173 and keeps the district in compliance with reserve requirements. The district planned to reconvene its Budget Advisory Committees in the fall of 2025 to identify reductions to ensure the district meets its minimum reserve requirements in the two subsequent years. Interviews indicate the district started these committee meetings in August 2025.

FCMAT projects a slightly lower unrestricted general fund deficit of $2.850 million in 2025-26, with continued deficit spending of $2.154 million in 2026-27 and $1.704 million in 2027-28. This structural deficit reduces the district's projected ending unrestricted fund balance to $6,147,392 in 2027-28, which means the district will be unable to meet minimum reserves in 2027-28. FCMAT's MYFP projects a shortfall of about $447,000, suggesting the district may need comparable budget adjustments to meet the 2027-28 reserve requirement.

Table 2. FCMAT Multiyear Financial Projection Summary, Unrestricted General Fund, 2025-26 — 2027-28

Description	Adjusted Base Year 2025-26	Projected 2026-27	Projected 2027-28
Total, Revenues & Other Financing Sources	$120,831,827	$124,534,890	$128,276,906
Total, Expenditures & Other Financing Uses	123,681,967	126,689,088	129,981,317
Net Increase (Decrease) in Fund Balance	(2,850,140)	(2,154,198)	(1,704,411)
Beginning Fund Balance, July 1	12,856,142	10,006,001	7,851,803
Ending Fund Balance, June 30	10,006,001	7,851,803	6,147,392

Description	Adjusted Base Year 2025-26	Projected 2026-27	Projected 2027-28
Components of Ending Fund Balance			
Nonspendable	150,000	150,000	150,000
Reserve for Economic Uncertainties	6,406,085	6,332,607	6,444,243
Unassigned/Unappropriated	3,449,916	1,369,196	(446,850)

Source: FCMAT's MYFP.
Note: Rounding used in calculations.

The unassigned/unappropriated fund balance of negative $446,850 in 2027-28 shown in Table 2 is the estimated amount by which the district must reduce expenditures or increase revenues to meet the minimum reserve for economic uncertainties as required by Assembly Bill 1200. An LEA that consistently spends more than it receives depletes its cash resources. To eliminate deficit spending and depleting its cash resources, the district should develop a detailed fiscal solvency plan that includes timelines for completion. Cash insolvency has severe consequences, including county and state intervention and a loss of local governance and control.

Findings and Recommendations

Multiyear Financial Projection

This section examines the Fiscal Crisis and Management Assistance Team's (FCMAT's) multiyear financial projection (MYFP) for the district, including the methods and assumptions used in its development. It also presents findings related to the district's 2025-26 adopted budget and MYFP, along with recommendations to guide the district in preparing future budgets and projections.

Assembly Bill (AB) 1200 and AB 2756 require multiyear financial projections (MYFPs) as part of the budget adoption and interim reporting process. AB 2756, signed into law in June 2004, made substantive changes to the financial accountability and oversight process for monitoring the fiscal health of school districts and county offices of education. This included granting greater authority and responsibility for the superintendent of public instruction (SPI) and county superintendents of schools to intervene during fiscal crises and request assistance from the Fiscal Crisis and Management Assistance Team (FCMAT).

At any time during the fiscal year, if a school district cannot meet its financial obligations for the current or two subsequent fiscal years, or if it receives a qualified or negative interim report certification, the county superintendent must notify the district's governing board and the SPI. The county office must adhere to Education Code (EC) 42127.6 when helping a school district in fiscal distress. EC 42127.6 allows for the development of "a multiyear financial recovery plan that will enable the school district to meet its future obligations." The MYFP is the primary tool used to develop this plan and restore the school district's required reserve for economic uncertainties.

Multiyear financial projections provide school districts and their governing boards with a fiscal planning framework to guide budget decisions and strategically allocate current and future resources in alignment with district goals, programs, and Local Control and Accountability Plans (LCAPs). MYFPs are required by both AB 1200 (Chapter 1213, Statutes of 1991) and AB 2756 as part of the budget adoption and interim reporting processes. Maintaining fiscal solvency while maximizing services to students with available resources is a continuing challenge for governing boards, which have a fiduciary responsibility to ensure the fiscal solvency of their respective school districts.

Prudent financial planning is critical for all local educational agencies (LEAs), regardless of their size or structure. Each school district has unique financial risk factors, including reserve levels, enrollment trends, employee compensation, revenue volatility, and other local conditions. Recognizing financial trends is critical for maintaining fiscal health. Monitoring and analyzing year-over-year trends in key budget areas allows school districts to identify financial risks early and take action to mitigate their effects. The primary goal of an MYFP is to support the development and maintenance of a balanced budget that ensures the district's fiscal solvency and prevents the loss of local governance.

Multiyear financial projections forecast the future fiscal impact of current decisions. However, all financial forecasts have inherent limitations because they rely on economic assumptions and key factors such as enrollment trends, cost-of-living adjustments (COLAs), estimates of one-time and ongoing costs, and shifting economic conditions at the federal, state and local levels. As a result, projections should be viewed as point-in-time trends based on recent assumptions rather than precise predictions of future amounts.

To remain effective, MYFPs should be updated regularly — at each financial reporting period, whenever economic forecasts change, and before making any significant budget decisions, such as salary adjustments or major financial commitments. Ongoing budget monitoring is important, particularly in times of fiscal uncertainty, when projections may be less reliable due to frequent changes in projected federal and state revenues.

California LEAs use various methods and tools to prepare MYFPs. Significant investments in one-time and ongoing restricted programs over the past five years make the development of MYFPs by resource essential to ensure projections accurately account for both one-time and restricted funds available for expenditure over multiple years. Developing MYFPs by resource also helps school districts prioritize spending restricted funds before using unrestricted funds, plan effectively plan for the best use of funds and accurately project general fund balances into subsequent years.

Tracking can be accomplished using FCMAT's Projection-Pro multiyear and cash flow projection software, a web-based forecasting tool that is available for free to all school districts, charter schools, and county offices.

Adjustment Analysis

To develop the MYFP for the district, FCMAT reviewed the district's revenue and spending trends for 2022-23 through 2024-25 to understand its financial history. The 2025-26 adopted budget report served as the basis for determining the projections for the base year and the two subsequent fiscal years, and applied industry-standard criteria from the Department of Finance (DOF), the California Department of Education (CDE) and the School Services of California Inc. (SSC).

The first step in FCMAT's MYFP development process was to establish the base year revenues and expenditures. For this analysis, the base year is the 2025-26 fiscal year. Accurately estimating the base revenue and expenditure amounts is crucial because they are the foundation for subsequent years' financial projections. Without accurate base figures, the projections for the following years may be flawed or unreliable.

Table 3 compares the district's 2025-26 adopted budget report with FCMAT's analysis. Due to the timing of the district's completion of its adopted budget report, the 2024-25 estimated actuals report was used to determine the beginning fund balance, nonspendable amounts, and restricted fund balances for 2025-26. In contrast, FCMAT used the district's 2024-25 unaudited actuals, finalized in September 2025, to determine these amounts. As a result, the district's 2025-26 general fund beginning balance was $11.53 million higher than its estimate.

Differences in projected revenues and expenditures are explained in the "Multiyear Financial Projection Assumptions" section of this report.

Table 3. Multiyear Financial Projection Comparison Summary, Combined General Fund, 2025-26

Description	Object Code	District 2025-26 Budget	Adjustment to Base Year	FCMAT 2025-26 Budget
A. Revenues & Other Financing Sources				
LCFF Sources	8010-8099	$153,992,011	($124,280)	$153,867,731
Federal Revenue	8100-8299	11,931,401	1,334,458	13,265,859
Other State Revenues	8300-8599	22,521,212	4,414,756	26,935,968
Other Local Revenues	8600-8799	18,195,872	3,773,657	21,969,529
Other Financing Sources - Transfers In	8900-8929	11,012	0	11,012
Total, Revenue & Other Financing Sources		206,651,508	9,398,592	216,050,100
B. Expenditures & Other Financing Uses				
Certificated Salaries	1000-1999	91,128,088	(240,775)	90,887,313
Classified Salaries	2000-2999	35,701,335	1,167,391	36,868,726
Employee Benefits	3000-3999	53,422,440	(101,095)	53,321,345
Books and Supplies	4000-4999	8,354,924	(1,062,955)	7,291,969
Services and Other Operating Expenditures	5000-5999	22,538,391	496,107	23,034,498
Capital Outlay	6000-6999	121,046	208,466	329,512
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	2,056,591	0	2,056,591
Other Outgo - Transfers of Indirect Costs	7300-7399	(214,228)	(89,561)	(303,789)
Other Financing Uses - Transfers Out	7600-7629	50,000	0	50,000
Total, Expenditures & Other Financing Uses		213,158,587	377,578	213,536,165
C. Net Increase (Decrease) in Fund Balance		(6,507,079)	9,021,013	2,513,934
D. Fund Balance				

Description	Object Code	District 2025-26 Budget	Adjustment to Base Year	FCMAT 2025-26 Budget
Beginning Fund Balance, July 1		14,879,367	11,534,742	26,414,109
Ending Fund Balance, June 30		8,372,288	20,555,755	28,928,043
Components of Ending Fund Balance				
Nonspendable	9710-9719	150,000	0	150,000
Restricted	9740	1,809,934	17,112,108	18,922,042
Committed				
Stabilization Arrangements	9750	0	0	0
Other Commitments	9760	0	0	0
Assigned	9780	0	0	0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	6,394,758	11,327	6,406,085
Unassigned/Unappropriated	9790	17,596	3,432,320	3,449,916
Total Available Reserves - by Amount		6,412,354	3,443,647	9,856,001
Total Available Reserves - by Percent		3.01%	1.61%	4.62%

Sources: District's 2025-26 adopted budget report and FCMAT's MYFP.

Notes: Rounding used in calculations and FCMAT's 2025-26 Budget includes the updated beginning balance from the district's 2024-25 unaudited actuals report.

Enrollment, Unduplicated Pupils, and Average Daily Attendance

Enrollment and average daily attendance (ADA) projections are essential elements of any MYFP because student enrollment and ADA by grade level are core components of the Local Control Funding Formula (LCFF), the primary revenue source for school districts. Accurate enrollment projections are crucial for identifying changes that may significantly impact an LEA's estimated revenue and expenditures in the current and subsequent fiscal years of an MYFP. Failure to identify significant ADA changes and to plan for necessary staffing adjustments in a timely manner can severely affect a school district's financial position.

Enrollment and ADA projections should be prepared frequently and with sufficient detail to monitor and project class sizes for subsequent years. Timely preparation of projections enables school districts to respond appropriately to enrollment declines or increases, allowing them to adjust staffing and expenditure budgets accordingly. These projections are also essential for determining instructional priorities, staffing ratios, grade level configurations, and/or potential boundary changes.

Enrollment and ADA projections have inherent limitations because they are based on assumptions rather than exact calculations. Enrollment is influenced by various factors, such as the unpredictable timing of housing developments, unforeseen events affecting enrollment (e.g., the COVID-19 pandemic), shifts in local and regional demographics and birth rates, and fluctuating local, state, and national economic conditions. Other variables include historical ratios of enrollment progression between grade levels, changes in educational programs, and incoming and outgoing interdistrict transfers. Therefore, enrollment and ADA projections should be viewed as reasonable forecasts or trends rather than predictions of exact numbers.

To develop its MYFP, FCMAT reviewed the district's enrollment, unduplicated pupil count[3] (UPC), and ADA trends from 2020-21 through 2027-28. The team then used Projection-Pro to prepare enrollment, UPC and ADA projections for the base year and the two subsequent years. These projections were used to calculate LCFF and other federal and state revenue estimates.

Enrollment

Since 2020-21, the district's enrollment declined at an overall rate of 2.533%. However, during this time the district also experienced relatively stable enrollment during the most recent three years, with actual change of less than +/-1% each year.

In the adopted budget, the district used the three-year weighted average cohort survival method to project grades TK-12 student enrollment of 13,126 in 2025-26, a 0.9% year-over-year decline in 2026-27, and stable ADA in 2027-28.

LEAs commonly use the cohort survival method to project enrollment, which is also the model used by FCMAT's Projection-Pro software. This method groups students by grade level upon entry and tracks them through each year they remain in school to evaluate the longitudinal relationship of the number of students advancing from one grade to the next. By doing so, the cohort survival method more closely accounts for student retention and new and departing students by grade.

3 Students unduplicated pupil count refers to the number of students identified as English learners, foster youth, and/or eligible for free or reduced-price meals. Each student is only counted once even if they fall into more than one of these categories. This count is exclusively for calculating supplemental and concentration grant funding under the Local Control Funding Formula. (EC 2574[b][2] and 42238.02[b][1]).

Cohort survival rates are calculated from historical enrollment data certified on the Fall 1 census day for the California Longitudinal Pupil Achievement Data System (CALPADS), which is always the first Wednesday in October. This data is used to determine the percentage increase or decrease in enrollment between any two grades. For example, if 100 students were certified as enrolled in ninth grade in 2022-23 and that number increased to 104 in 10th grade in 2023-24, the cohort survival rate would be 104%, or a ratio of 1.04. These ratios are calculated between each pair of grades over several years. Such ratios are key factors that contribute to the reliability of the projections and depend on the validity of the initial data. Each ratio collectively encompasses the variables that could account for an increase or decrease in the size of a grade cohort as it progresses over time.

The district's 2025-26 enrollment projection was based on early registration counts, as of March 17, and a three-year weighted cohort survival factor. Within the early registration counts was a transitional kindergarten (TK) count of 735. Had the TK enrollment materialized, it would have been a significant increase compared to the prior year's enrollment of 476.

The base year projection, 2025-26, is the final year of TK implementation. For the 2025-26 school year, all children who have their fourth birthday by September 1 of the school year may register to be enrolled in TK. In direct comparison, the fourth birthday eligibility date for 2024-25 was June 2. In addition, children are not required to attend TK; however, school districts are required to provide TK within the district to age-eligible children per EC 48000(c)(1). The birthday eligibility date has shifted every year since the program's inception in 2012-13.

Per local processes, new students are assigned to their home school at the start of elementary, middle school and high school. In cases where space is unavailable at the home school, the district will assign the student to another school. The district offers intra-district transfers between schools via a formal transfer process, pending space availability at the desired school. Some schools have waitlists. Once approved, students may remain at the chosen school without needing to reapply each year, unless they wish to transfer again.

Historically, TK placement was not a home school assignment and did not give priority for kindergarten placement. For full implementation in 2025-26, the district changed practice and began using TK placement in determining the home elementary school assignment. Students were enrolled in their home school and then submitted an intra-district request, per the standard process. The district believes the inflated TK registration counts may be related to the community's intra-district culture. Parents registered their children for TK as it presented an additional opportunity to request an intra-district transfer to their desired school. Then when the district was unable to grant all intra-district requests for TK, parents opted their children out.

TK enrollment has been difficult to project across the state for many school districts due to the implementation schedule and opt-in structure. With final implementation in 2025-26, eligibility will be stabilized. However, local projections may continue to be complicated due to the opt-in option in combination with the intra-district culture. The district may wish to revise its projection processes to account for this local behavior. For example, developing historical counts of students with withdrawn TK registration and applying that information to historical registration counts to develop a ratio can create a useful metric that can be applied to early registration counts to develop a more reasonable projection with earlier registration data.

FCMAT's 2025-26 enrollment projection of 13,004 is based on early census data from late September, as provided by the district. This information was unavailable at the time adopted budget was developed by the district. FCMAT concurred with the projection methodology, applying the three-year weighted cohort survival method in FCMAT's Projection-Pro tool, and estimating TK and kindergarten will remain stable at full implementation. FCMAT's projection contained no local adjustments to the results of the standard methodology because none was provided by the district. Common information sources used to modify the results of standard methodologies and customize a projection for local use include: local birth rates, residential development and changes to local industry.

The anomalies of 2020-21 and 2021-22 caused by the COVID-19 pandemic made using a five-year cohort survival method unreliable. To account for these irregularities, FCMAT used a three-year historical average to project enrollment. Summary results of FCMAT's enrollment projection can be found in Table 4.

Table 4. Historical Data and FCMAT Projections of Enrollment by Grade Span, 2020-21 — 2027-28

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28
Grade TK only	*170*	*189*	*266*	*458*	*476*	*694*	*694*	*694*
Grade span TK-3	4,046	3,905	3,961	4,032	4,049	4,164	4,091	4,103
Grade Span 4-6	2,848	2,850	2,821	2,885	2,858	2,846	2,803	2,709
Grade Span 7-8	2,012	1,923	1,881	1,887	1,909	1,897	1,918	1,920
Grade Span 9-12	4,399	4,328	4,293	4,246	4,152	4,097	4,055	4,091
Total Enrollment	13,305	13,006	12,956	13,050	12,968	13,004	12,867	12,823
Enrollment Increase (Decrease)	--	(299)	(50)	94	(82)	36	(137)	(44)
Percent Change		-2.25%	-0.38%	0.73%	-0.63%	0.28%	-1.05%	-0.34%

Source: Adapted from DataQuest, District's 2025-26 adopted budget report and FCMAT's MYFP.

The 2024-25 financial audit was in process at the time of fieldwork, and any pending findings related to enrollment counts were unavailable. FCMAT's projection does not include any adjustments that may result from the audit.

A comparison of district and FCMAT results can be found on Table 8, Comparison of District and FCMAT Student Data Projections, 2025-26 – 2027-28, in the Local Control Funding Formula section.

Unduplicated Pupil Percentage

The district's unduplicated pupil percentage (UPP) is used to determine a portion of its LCFF funding, specifically for supplemental and concentration grants. The UPP is the percentage of students identified as English learners, foster youth, or eligible for free or reduced-price meals. Each student is counted only once, even if they meet more than one of these criteria. The UPP for LCFF funding is calculated annually using a three-year rolling average of unduplicated students to total enrollment. The three-year rolling average creates stability within the calculation, and it is common not to see significant change year-to-year. Historically, the district's UPP was stable, averaging 28.40% between 2022-23 and 2024-25.

It is common for districts to use a weighted average of historical identification counts, known as the unduplicated pupil count (UPC), as the basis of the UPP projection. In 2024-25, the district modified its data collection process of students eligible for free or reduced-price meals to minimize false positive identifications. Consequently, the 2024-25 identification count decreased. The district used the new rate generated by the lower count to project the UPP in subsequent years. The three-year rolling average will gradually implement the full impact of the change over a three-year period, with the full impact of the new 23.90% identification rate first projected in 2026-27.

Under these circumstances, FCMAT concurs with the use of the new single-year historical rate to project future identification counts until additional history collected under the new process is available. The single-year assumption was applied in the Projection-Pro software to create FCMAT's UPC projection. And the UPC value was entered into FCMAT's LCFF Calculator to generate the UPP projection.

The negative variance between the district's and FCMAT's UPC projections is due to the use of updated enrollment estimates unavailable to the district at budget adoption, as discussed in the Enrollment section. There is no variance between the district's and FCMAT's UPP projection.

Summary results of FCMAT's UPC and UPP can be found in Table 5.

Table 5. Historical Data and FCMAT Projections of Unduplicated Pupil Count (UPC) and Unduplicated Pupil Percentage (UPP), 2020-21 — 2027-28

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28
Enrollment	13,305	13,006	12,956	13,050	12,968	13,004	12,867	12,823
Ratio	26.54%	25.03%	33.61%	27.04%	23.90%	23.90%	23.90%	23.90%
UPC	3,531	3,255	4,354	3,529	3,099	3,108	3,075	3,064
UPP	--*	--*	28.39%	28.59%	28.21%	24.97%	23.90%	23.90%

Sources: DataQuest, Principal Apportionment Exhibits and FCMAT's MYFP.

*Note: The FCMAT MYFP projection did not include the 2020-21 or 2021-22 UPP rates.

The 2024-25 financial audit was in process at the time of fieldwork, and any pending findings related to UPP were unavailable. FCMAT's projection does not include any adjustments that may result from the audit.

A comparison of district and FCMAT results can be found on Table 8, Comparison of District and FCMAT Student Data Projections, 2025-26 – 2027-28, in the Local Control Funding Formula section.

Average Daily Attendance

Average daily attendance (ADA) is the calculated relationship between the number of student attendance days in a school year divided by the total number of instructional days. School district LCFF apportionments can be based on the greater of the current, prior or the average of the three most recent prior years' second reporting period (P-2) ADA. P-2 ADA is calculated using student attendance from the first day of school through the last school calendar month ending on or before April 15.

One method to project ADA is to use the relationship between enrollment and P-2 ADA. Similar to the methodology introduced in the Unduplicated Pupil Percentage section, the weighted average ratio of historical years is calculated and then applied to projected enrollment.

During the COVID-19 pandemic, the state made several temporary changes to how ADA was reported and funded. For the 2019-20 school year, the second and annual attendance reporting periods were adjusted to include full school months from July 1, 2019, through the last month ending on or before February 29, 2020, inclusive. For 2020-21 funding purposes, the state allowed LEAs to use 2019-20 ADA as a proxy for 2020-21 ADA. These temporary changes created an issue with using 2020-21 as a historical reference year to determine the ratio.

The district experienced decreased attendance rates for enrolled pupils following the COVID-19 pandemic. In 2019-20, the TK-12 ratio of enrollment to ADA for the district was 96.1603%. Post-pandemic, the ratio has been as low as 93.8919% in 2022-23 and slowly grown to 94.3834% in 2024-25. While 94.3834% represents the ratio for all grades, ratios can be monitored separately by grade span. For example, the lowest ratio in 2024-25 was 93.0829% in grades 9-12, and the highest ratio was 95.2635% in grades 4-6.

At adopted budget, the district's ADA projection applied the prior year districtwide ratio of 94.3% to all grade spans in 2025-26, and a slight increase to 94.4% in 2026-27 and 2027-28. This rate matches the district's most recent historical fiscal year, 2024-25. While it is common to apply a weighted average of multiple historical years, the district's recent history demonstrates an upward trend post-pandemic. Applying a multiyear weighted average would result in an overly conservative projection rate.

FCMAT concurs with the use of the single historical year's ratio. The negative variance between the district's and FCMAT's ADA projections is due to the use of updated enrollment estimates unavailable to the district at budget adoption, as discussed in the Enrollment section, and the application of individual grade span ratios with no projected rate growth.

Summary results of FCMAT's ADA by grade span can be found in Table 6.

Table 6. Historical Data and FCMAT Projections of ADA, 2020-21 — 2027-28

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28
Grade TK (only)								
Enrollment	170	189	266	458	476	694	694	694
Ratio	--	--	86.48%	86.76%	93.16%	93.16%	93.16%	93.16%
ADA	--	--	230.04	397.36	443.45	646.54	646.54	646.54
Grades TK-3								
Enrollment	4,046	3,905	3,961	4,032	4,049	4,164	4,091	4,103
Ratio	101.33%	95.12%	93.18%	94.06%	94.85%	94.85%	94.85%	94.85%
ADA	4,099.79	3,714.54	3,690.86	3,792.41	3,840.39	3,949.47	3,880.23	3,891.61
Grades 4-6								
Enrollment	2,848	2,850	2,821	2,885	2,858	2,846	2,803	2,709
Ratio	99.73%	96.61%	94.61%	95.60%	95.26%	95.26%	95.26%	95.26%
ADA	2,840.17	2,753.31	2,669.03	2,758.04	2,722.63	2,711.20	2,670.24	2,580.69
Grades 7-8								
Enrollment	2,012	1,923	1,881	1,887	1,909	1,897	1,918	1,920
Ratio	102.48%	96.44%	93.82%	95.03%	94.91%	94.91%	94.91%	94.91%
ADA	2,061.83	1,854.58	1,764.74	1,793.16	1,811.82	1,800.43	1,820.36	1,822.26
Grades 9-12								
Enrollment	4,399	4,328	4,293	4,246	4,152	4,097	4,055	4,091
Ratio	95.32%	96.85%	94.11%	92.36%	93.08%	93.08%	93.08%	93.08%
ADA	4,193.33	4,191.63	4,040.01	3,921.72	3,864.80	3,813.61	3,774.51	3,808.02
Grades TK-12								
Enrollment	13,305	13,006	12,956	13,050	12,968	13,004	12,867	12,823
Ratio	99.17%	96.22%	93.89%	93.99%	94.38%	94.39%	94.39%	94.38%
ADA	13,195.12	12,514.06	12,164.64	12,265.33	12,239.64	12,274.71	12,145.34	12,102.58
ADA Increase (Decrease)	--	(681.06)	(349.42)	100.69	(25.69)	35.07	(129.37)	(42.76)
Percent Change		-5.16%	-2.79%	0.83%	-0.21%	0.29%	-1.05%	-0.35%

Sources: DataQuest, Principal Apportionment Exhibits and FCMAT's MYFP.

The 2024-25 financial audit was in process at the time of fieldwork, and any pending findings related to ADA were unavailable. FCMAT's projection does not include any adjustments that may result from the audit.

A comparison of district and FCMAT results can be found on Table 8, Comparison of District and FCMAT Student Data Projections, 2025-26 – 2027-28, in the Local Control Funding Formula section.

Recommendations

The district should:

1. Collect local population data and modify enrollment standard methodology results to create more accurate enrollment projections.

2. Collect data on TK registration versus enrollment trends, then update the TK enrollment projection process to produce a more reasonably accurate projection.

3. Project ADA with individual grade span ratios rather than a single districtwide ratio.

Multiyear Financial Projection Assumptions

FCMAT's MYFP used the district's 2025-26 adopted budget as the baseline for its projections and included the impact of the state's 2025-26 enacted budget. The study team reviewed district records, interviewed district staff, and examined various financial documents to gather the necessary information for the MYFP. Assumptions were based on conservative economic factors and estimates, described by major revenue and expenditures categories in line with the object code structure.

In developing its MYFP, FCMAT used Projection-Pro to update each separate funding resource for the base year and subsequent fiscal years. The key planning factors and budget assumptions used in FCMAT's MYFP were based on the latest information available at the time the projection was completed, as shown in Table 7 below, and further described in the following paragraphs. The assumptions were based on information and figures from the district and various statewide sources such as the DOF, CDE, SSC, and other commonly used resources. These figures are fluid and subject to change.

The district's 2025-26 adopted budget and MYFP incorporated some of the same projection factors used by FCMAT. However, FCMAT also used updated California Consumer Price Index (CPI) figures based on more recent economic data. The best practice is to update budgets and MYFPs often, at least at each financial reporting period, using the most recent assumptions to produce the most accurate projections.

Table 7. FCMAT MYFP Budget Assumptions, 2025-26 — 2027-28

Description	2025-26	2026-27	2027-28
Statutory COLA (DOF)	2.30%	3.02%	3.42%
LCFF COLA	2.30%	3.02%	3.42%
State Categorical COLA	2.30%	3.02%	3.42%
Federal COLA	0.00%	0.00%	0.00%
California CPI	3.09%	2.82%	2.72%
California Lottery, Unrestricted per ADA	$190	$190	$190
California Lottery, Restricted per ADA (Proposition 20)	$82	$82	$82
Mandate Block Grant, District (TK-8), per ADA	$39.09	$40.27	$41.65
Mandate Block Grant, District (9-12), per ADA	$76.48	$78.79	$81.48
Interest Rate Trend for 10-Year Treasuries	4.50%	4.36%	4.40%
CalSTRS Employer Rate	19.10%	19.10%	19.10%
CalPERS Employer Rate	26.81%	26.90%	27.80%
Certificated Staff Step & Column	1.50%	1.50%	1.50%
Classified Staff Step	2.00%	2.00%	2.00%
Health & Welfare Percent Change	0.00%	0.00%	0.00%
State Unemployment Insurance Rate	0.05%	0.05%	0.05%
Workers' Compensation Insurance Rate	1.90%	1.90%	1.90%
District Indirect Cost Rate	4.24%	3.73%	3.73%

Sources: FCMAT, DOF, CDE, SSC and district-provided data.

Revenues

Projected revenue was based on validated funding from the CDE, School Services of California (SSC) Dartboard, grant letters, historical receipts and analysis of district estimates for any sources that could not be independently verified. Adjustments were made for any one-time or carryover funds from previous years, including as contained in the unaudited actuals report approved by the governing board on September 9, 2025.

Adjustments made to the 2025-26 base year budget net $9,398,592, or 4.55% of the revenue budget. Of this total amount, unrestricted revenues were increased by $822,300, and restricted revenues were increased by $8,576,291, or 0.52% and 18.22% of the respective budgets..

Local Control Funding Formula Sources

The LCFF is the primary funding source for school districts. The LCFF provides the following:

- A base grant per ADA that varies by grade level.
- A grade span adjustment of 10.4% of the TK-3 base grant and 2.6% of the 9-12 base grant.
- A TK add-on rate per current year ADA.
- A supplemental grant that provides an additional 20% of the base grant, multiplied by the school district's UPP.
- A concentration grant that provides an additional 65% of the base grant, multiplied by the school district's UPP exceeding 55% of total enrollment. (The district does not receive concentration funding because its UPP is below 55%).

Base grant, grade span adjustment and TK add-on funding are cumulatively apportioned based on the ADA of specific grades. For example, one TK ADA would yield base grant funding at the TK-3 rate, grade span adjustment funding at the TK-3 rate, and TK add-on funding. Whereas one 4th grade ADA would yield only base grant funding at the 4-6 rate.

In FCMAT's 2025-26 ADA projection, the enrollment update accounts for a related net loss of 115.05 TK-12 ADA compared to the district's original adopted budget estimate. The different methodology, using a single ratio across TK-12 ADA or separate grade span ratios, accounts for a minor net increase of 11.94 TK-12 ADA.

Table 8 provides a summary comparison of district and FCMAT LCFF enrollment, UPP and ADA student projections. As discussed in the Enrollment and Average Daily Attendance sections, the major difference is the availability of updated enrollment information, which impacts both enrollment and average daily attendance projections.

Table 8. Comparison of District and FCMAT Student Data Projections, 2025-26 – 2027-28

	2025-26 District	2025-26 FCMAT	2026-27 District	2026-27 FCMAT	2027-28 District	2027-28 FCMAT
Enrollment	13,145	13,004	13,026	12,867	13,014	12,823
Difference Over (Under)		(141)		(159)		(191)
Percent Difference		-1.07%		-1.22%		-1.47%
UPP (three-year average %)	23.90%	23.90%	23.90%	23.90%	23.90%	23.90%
Difference Over (Under)		0.00%		0.00%		0.00%

	2025-26 District	2025-26 FCMAT	2026-27 District	2026-27 FCMAT	2027-28 District	2027-28 FCMAT
Percent Difference		0.00%		0.00%		0.00%
ADA	12,395.72	12,274.71	12,296.50	12,145.34	12,285.18	12,102.58
Difference Over (Under)		(121.01)		(151.16)		(182.60)
Percent Difference		-0.98%		-1.23%		-1.49%

Sources: District's LCFF Calculator for 2025-26 adopted budget and FCMAT's MYFP.

Table 9 contains a summary comparison of major LCFF assumptions between the district and FCMAT's projections. In addition to the availability of updated enrollment information, the state 2025-26 budget included an increase to the TK add-on funding rate to support reducing the student-to-adult ratio to 10-to-1. The net LCFF funding adjustment for each projected year is less than +/-.20%.

Table 9. FCMAT and District LCFF Calculator Projections, 2025-26 — 2027-28

	2025-26 District	2025-26 FCMAT	2026-27 District	2026-27 FCMAT	2027-28 District	2027-28 FCMAT
LCFF COLA	2.30%	2.30%	3.02%	3.02%	3.42%	3.42%
Funded ADA	12,395.72	12,274.71	12,395.71	12,274.71	12,308.47	12,219.90
LCFF ADA Funding Method	Current Year	Current Year	Prior Year	Prior Year	3-Prior Year Average	3-Prior Year Average
Transitional Kindergarten Add-on Rate per ADA	$3,148	$5,545	$3,243	$5,712	$3,354	$5,907
Transitional Kindergarten ADA	692.37	646.54	692.37	646.54	692.37	646.54
Total LCFF Entitlement	$152,870,510	$152,746,230	$157,156,336	$157,025,281	$161,386,652	$161,682,986
Funding Difference Over (Under)		($124,280)		($131,055)		$296,334
Percent Change		-0.08%		-0.08%		0.18%

Sources: District's LCFF Calculator and FCMAT LCFF Calculator.

Recommendations

None

Federal Revenue

FCMAT reviewed, verified, and adjusted federal funding amounts for the base year 2025-26 where possible and appropriate. New information from 2025-26 award and allocation notifications and 2024-25 unaudited actuals were incorporated. The best practice is to regularly update the district's revenue estimates as entitlement allocations and grant amounts are finalized, ensuring that budgeted revenues align with the most recent funding allocation schedules. Carryover or unearned revenues from prior years should not be included in the current year budget until the prior year unaudited actuals are completed and should be eliminated from the subsequent years of the MYFP. Including estimates of carryover or unearned revenues before those amounts are known may result in overbudgeting and overspending. The district's practice is in alignment with the best practice and indicated carryover and unearned revenues would be updated at first interim.

Aside from the multiyear Magnet Schools Assistance Program, these adjustments resulted in only slight variances compared to the district's projections. Overall, FCMAT increased 2025-26 federal revenues by a total of $1,334,458, as described below.

- Applied $203,969 total of carryover to Title I Part A, Title IV Part A and Title III English Learner Student Program.
- Reduced Title I Part A, Strengthening Career and Technical Education for the 21st Century, Title II Part A, Title IV Part A, Title III Immigrant Student Program and Title III English Learner Student Program by a total of $123,617 due to CDE's most recent allocation notifications.
- Increased federal special education program funds by $98,307 to reflect the most recent Tri-Valley Special Education Local Plan Area (SELPA) revenue allocation.
- Increased Indian Education Formula Grant by $1,401 for 2025-26 revenue per the grant award notification.
- Increased School-Based Mental Health Services Grant Program by a combined $21,153 for prior carryover and 2025-26 revenue per the grant award notification.
- Increased Magnet Schools Assistance Program by $1,133,245 for prior carryover and 2025-26 revenue per the grant award notification.

In April 2025, the U.S. Department of Education notified the district that it was canceling the five-year School-Based Mental Health Services Grant Program funding as of December 31, 2025. The district filed an appeal, which was subsequently denied. The district indicated there is a pending court case that may alter the outcome. The district has not developed a plan to alternatively fund the program should the grant be canceled, nor has it taken action to discontinue the services. For purposes of the multiyear projection, FCMAT assumed the funding to continue as provided on the grant award notification and services as ongoing. Should funding be canceled, the district will need to develop an alternative funding plan or modify services. Estimated funding loss for the program is between $3 million and $4 million total through December 31, 2027.

Shortly prior to fieldwork, the U.S. Department of Education requested the district to make additional assertions as a condition to continue receiving its federal magnet school grant after September 30, 2026. As of fieldwork, the district had not yet determined its action, and response to the request was pending. The five-year grant was originally awarded through September 30, 2027. For purposes of the multiyear projection, FCMAT assumed the funding to continue as provided on the grant award notification and services as ongoing through the same period. Estimated funding loss for the program is between $566,419 and $6 million total through September 30, 2027. The large variance is due to the availability of prior carryover throughout the grant award period. Should funding be canceled, the district will need to develop an alternative funding plan or modify services.

Adding carryover revenue to a new year's budget is a major step in updating the budget at first interim. The district's accounting records did not fully identify all types of carryover, requiring FCMAT to reconcile multiple years of historical data to identify the true carryover update for revenues. This is especially important for federal revenues, which often have fiscal years that do not align to the state and local fiscal year ending June 30. During the unaudited actuals preparation, modifying the resource reconciliation process to more accurately identify prior year carryover revenue from current year revenue would allow the district to clearly identify the three types of carryover revenues (i.e. unearned revenues, accounts receivables, and revenues yet to be earned and received) in preparation for the first interim update.

Recommendations

The district should:

1. Develop alternative funding sources or service modification plans should funding be discontinued for federal mental health and magnet grants.
2. Modify the revenue reconciliation unaudited actuals process to more accurately identify prior year and current year revenue and more clearly calculate unearned revenues, accounts receivables, and revenues yet to be earned and received.

Other State Revenue

FCMAT confirmed other state revenue amounts for 2025-26 using available schedules from the CDE, grant award letters and results of the 2024-25 unaudited actuals, resulting in a net increase of $4,414,756 in state revenues, as described below:

- New revenues of $4,023,086 are due to three new programs, announced after the adopted budget period: Student Support and Professional Development Discretionary Block Grant (SSPDDBG), Literacy Screenings, and the Restorative Practice Grant Program.
- Revised revenues of $697,968 for updated award letters.
- Revised carryover revenues of $348,379 per 2024-25 unaudited actuals.
- Reduced calculated revenue estimates of net $654,677 based on updated assumptions for Home-to-School Transportation, unrestricted and instructional materials lottery programs, assessment apportionments and the Expanded Learning Opportunities Program (ELOP).

Home-to-School Transportation estimates for 2025-26 were increased by $120,051 based on the district's ability to be reimbursed 60% of prior year expenditures. Subsequent year expenditures were increased by the consumer price index (CPI) and the revenue was adjusted accordingly. The district's MYP projected 2025-26 revenue consistent with the 2024-25 revenue estimate, calculated an update to the 2026-27 revenue estimate, and held 2027-28 revenue consistent with 2026-27.

In the advanced apportionment certification letter, dated July 18, 2025, the CDE estimated that the state's ELOP budget allocation for was insufficient to meet the minimum Rate 2 target of $1,575. Administration has indicated plans to stabilize Rate 2; however, additional information is not available. FCMAT estimates are based on the funded Rate 2 value of $1,280.21. Should sufficient budget be allocated, FCMAT's estimates an additional $545,480 in 2025-26 ELOP revenue, assuming all other factors remain constant.

For subsequent year projections, one-time revenues and carryover funds were removed in the following programs: SSPDDBG, Literacy Screenings, Restorative Practice Grant Program, Learning Recovery Emergency Block Grant (LREBG), Early Education: Universal Prekindergarten Planning and Implementation Grant (UPK), Golden State Pathways Program and Strong Workforce. Other prior year adjustments were reversed from the Unrestricted and Restricted Lottery Programs. LREBG has been treated as a one-time revenue source in FCMAT's projection because funding is not guaranteed although there is intent language to restore additional funding in 2026-27 and 2027-28.

For all other subsequent year state revenues, FCMAT carried forward 2025-26 revenues and adjusted for COLA, enrollment, and ADA projections as appropriate.

Recommendations

The district should:

1. Ensure other state revenue projections are developed based on the district's enrollment, ADA or expenditure projections as appropriate.

Other Local Revenue

The district receives local revenues from a variety of sources, including grants, parcel taxes, redevelopment funds, leases and rentals, interest earnings, donations, SELPA pass-through payments, and other miscellaneous sources. FCMAT reviewed the district's budgeted amounts for reasonableness by comparing them to grant award notifications, actual revenue received to date, or, if information otherwise was unavailable, actual revenues from prior years. Based on this analysis, FCMAT increased other local revenue by a net $3,773,657, as detailed below.

- ELOP tuition, yearbook, Medi-Cal billing, and student activity fundraising accounts were increased by $2,738,869 in 2025-26 per actual receipts. $1,850,960 is due to Medi-Cal billing receipts in 2025-26, a reimbursement program with inconsistently distributed revenues. Student activity fundraising accounts were increased by $746,336 in alignment with actual 2025-26 receipts.
- Other miscellaneous unrestricted revenues were increased by $200,000 based on 2024-25 revenues and actual 2025-26 receipts. Examples include but are not limited to Costco rebate, toner recycling program, lost book fees, and stale dated warrants.
- Parcel tax estimates were updated by $67,482 per Francisco and Associate estimates dated September 18, 2025.
- Redevelopment funds not subject to LCFF deduction was increased by $30,950 based on 2024-25 receipts.
- Increased special education program funds by $14,684 to reflect the most recent Tri-Valley SELPA revenue allocation.
- Sale of equipment and supplies were updated by $8,600 per actual 2025-26 receipts.
- Associated student body (ASB) pass-through revenues were increased by $7,487 per actual 2025-26 receipts.
- Local grants were adjusted by a net $4,866 per local agreements, including Student Behavioral Health Incentive Program (SBHIP) and Housing and Homelessness Incentive Program (HHIP).

Most recurring revenues are treated as ongoing for subsequent year projections, like interest earnings; parcel taxes; community redevelopment funds; SELPA pass-through revenues; and leases and rentals. Interest earnings are adjusted according to changes in the interest rate for 10-year treasuries. SELPA pass-through revenues are adjusted with the state COLA in subsequent years. Medi-Cal Billing estimates were reduced to align with annual historical receipts based on the prior years. One-time local grants (i.e., SBHIP, HHIP, Project Build, Wellness Coach Employee Supplemental Grant, Mental Health Student Services Act) were adjusted per local agreement documentation.

Other revenues that are nonrecurring, like donations, are reduced or eliminated in subsequent years. Although these revenues create a noticeable variance between adopted budget and unaudited actuals in historical years, the best practice is to conservatively project revenues without an ongoing commitment as they are received. The district's adopted budget multiyear projection follows this practice. FCMAT's multiyear projection materially follows this practice with the exception of budgeting $40,000 in minimum yearbook revenues based on historical receipts.

The district tracks other state, federal and local grants using different coding conventions in its general ledger. Federal grants are identified by resource code, while local and state grants are tracked by cost centers with a shared resource code. This practice makes the process of reviewing and updating grant budgets inconsistent, which may lead to an inaccurate budget. Local revenues contain numerous local grants. Consolidating the practice of recording grant activity to locally defined resources will make the budgeting process more efficient and protect more strongly against potential errors.

Recommendation

The district should:

1. Track grants consistently using a locally defined resource code.

Expenditures

FCMAT reviewed the district's 2025-26 adopted general fund expenditures budget for reasonableness comparing the base year projections to the prior two years' actual expenditures, grant agreements, and expenditure and encumbrance activity through September 2025.[4] In general, FCMAT's MYFP assumes that the ongoing costs expensed or transferred in the district's 2024-25 unaudited actuals report will continue unless adjusted as noted below.

When appropriate, the most current CPI inflation factor should be applied to both unrestricted and restricted expenditures (books and supplies and services and other operating expense categories) by funding resource. The district's 2025-26 adopted MYFP applied the state's May Revision CPI inflation factors of 3.42% for 2025-26, 2.82% for 2026-27 and 2.77% for 2027-28 to the following unrestricted operating expenses: insurance, utilities, telephone and cell phones. While these were the most recent CPI factors at the time, the district did not apply CPI to all other budgets for books and supplies and services and other operating expense categories in year two and year three.

FCMAT's MYFP applied the most current CPI inflation factors from the enacted state budget (2.82% for 2026-27 and 2.72% for 2027-28) to all unrestricted general fund expenditures except salaries and benefits.

In year two (2026-27) of the district's adopted MYFP, the district included a one-time budget reduction of $600,0000 on line B10 (other adjustments) to meet the state minimum reserve requirements for the second and third year. Line B10 on the CDE's SACS Form MYP is used to account for any additional adjustments that are not yet classified under the other major object code categories. The district started to meet with its Budget Advisory Committees in August 2025 to ensure that the district meets its minimum reserve requirements in the two subsequent years.

As stated earlier in the Multiyear Financial Projection section, it is best practice to prepare MYFP's by revenue source at the resource code level. It did not appear that the district's MYFP was developed by resource code level. FCMAT prepared its MYFP by revenue source at the resource code level using its Projection-Pro software.

4 The CSAM defines an encumbrance as "a commitment in the form of a purchase order or offer to buy goods or services." The encumbrance account in a general ledger tracks open purchase orders to prevent overspending of a budget account.

Salaries

The district uses the Escape financial system, hosted by the Alameda County Office of Education, for position control and to maintain salary and benefit data for regular permanent positions and to budget nonregular pay (e.g., overtime, substitutes, extra duty). The district uses Escape to integrate position control data with budget and payroll.

For budget monitoring, the best practice is to reconcile position control with budget and payroll at least at each fiscal reporting period (e.g., first interim, second interim, and estimated actuals). Interviews suggest the reconciliation process has not been consistent for data maintained between the Human Resources and Business Services departments. This process helps ensure that salary and benefit encumbrances and budgets are accurate. Staff suggested that the district is working to strengthen its position control, payroll and budget monitoring processes.

FCMAT used various documents to evaluate the reasonableness of the district's budgeted 2025-26 salary and benefit information. The district provided position control and budget reports from Escape that matched the adopted budget. In addition, FCMAT obtained monthly lists of personnel recommendations — which include information on employee new hires, temporary new hires, voluntary/involuntary transfer, reassignments, promotions, and leaves — from the district's board meeting documentation. In addition to these documents, FCMAT relied on payroll and encumbrance activity recorded in Escape through September 2025 and 2023-24 and 2024-25 historical data to review and reconcile the salaries and benefits for the base year, 2025-26.

FCMAT transferred ongoing salaries and benefits – totaling about $1.1 million in 2026-27 and $1.03 million in 2027-28 - from expired restricted programs to the unrestricted general fund. Using one-time resources to pay for ongoing costs, like personnel costs, can mask a structural deficit and erode a school district's general fund balance. If a school district plans to temporarily use one-time revenues for ongoing expenses, it should develop a board-approved plan to fund these costs when the funding source expires or eliminate the costs altogether.

In 2024-25, the district and the Livermore Education Association agreed to a one-time $700 health and welfare payment, restructured the salary schedule, then removed column A, shifting affected staff to column B. Also in 2024-25, the district settled with its classified bargaining units, Classified Schools Employee Association (CSEA) and Service Employees International Union (SEIU) for a 0.51% one-time off-schedule payment effective July 1, 2024. In addition, the board approved an additional step on the classified salary schedules and the reclassification of two positions, library media specialist and executive assistant to the principal.

Due to the timing of the agreements, the classified settlements were not included in the district's 2025-26 adopted budget. The CSEA 0.51% one-time off-schedule payment was expensed in 2024-25. The disclosure of collective bargaining agreement documents for these settlements indicate that the salary increases will increase deficit spending and that they will be paid for with reserves, which is a one-time source of funds. As previously discussed, paying for ongoing costs with one-time sources of funds should be avoided and will result in an erosion of unrestricted ending fund balances. FCMAT adjusted the district's 2025-26 budget to include the costs of the remaining settlements as noted below.

The district board approved a two-year settlement totaling about 13% for all bargaining groups and staff for 2022-23 and 2023-24, plus salary schedule restructures and one-time payments for 2024-25 and 2025-26. The district has not settled with all its bargaining groups for 2025-26; the Livermore Education Association and SEIU remain unsettled for 2025-26. No adjustments have been included in FCMAT's MYFP to account for related future settlements.

As negotiations for 2025-26 continue, it is important to quantify the effects of "me too" clauses in the agreements of other bargaining groups. For example, if one bargaining group negotiates a better pay increase or benefit than other bargaining group, projections must carefully consider the language in each agreement to determine the impact of applying the increase or benefit to the other groups without separate negotiations. The "me too" clauses are designed to keep compensation fair across groups, but they can increase costs quickly when one agreement triggers changes in others.

Certificated Salaries

FCMAT decreased the total certificated salaries for 2025-26 by a net amount of $240,775. This adjustment included an increase of $146,199 in the restricted general fund budget and a decrease of $386,974 in the unrestricted general fund budget.

The changes reflect new hires, retirements, resignations, payroll activity and projected encumbrance balances through September 2025, and the reallocation of salaries from restricted funding sources in other budget categories such as transfers of direct costs.

FCMAT transferred ongoing certificated salaries to the unrestricted general fund from the following grant resources that were expiring below.

- Total of $855,313 in teacher, pupil support, supervisor and administrative, and other certificated salaries from the following resources in 2026-27: UPK, Educator Effectiveness, A-G Access and Learning Loss Mitigation grants, and Wellness Coach Employee Supplemental grant.
- Total of $750,606 in teacher, pupil support, supervisor and administrative salaries from the following grants in 2027-28: School Based Mental Health Services, Dual Enrollment, and Project Build.

In the base year and two subsequent years, FCMAT shifted a combined $2.1 million from the transfer of direct costs budget category (object 5710) to teacher salaries in Lottery and Education Protection Account (EPA) funding. Previously, the district used object 5710 to record estimated employee compensation costs before reallocating them to salary and benefit accounts in Lottery and EPA at year end. The best practice is to budget for known compensation costs directly in salary and benefit accounts to accurately reflect true expenses.

The team increased certificated salaries by 1.5% in the subsequent years of the projection, based on the certificated employee step-and-column data provided by the district. This adjustment is consistent with the district's adopted budget estimate of 1.5% used for certificated staff, management, and supervisor salaries.

Classified Salaries

FCMAT increased the total classified salaries for 2025-26 by a net amount of $1,167,391. This adjustment included an increase of $1,233,686 in the unrestricted general fund budget and a decrease of $66,295 in the restricted general fund budget.

The major changes reflect settlement costs from negotiations, new hires, promotions, retirements, resignations, actual and encumbrance balances through September 2025.

FCMAT included $903,020 in estimated unrestricted general fund salary costs for the payment of the classified settlements with CSEA and SEIU as discussed above. In addition, salaries for instructional aides, including TK aides, were increased by approximately $501,000 and offset by decreases of approximately $170,821 in classified support, clerical and other salaries.

FCMAT increased classified salaries by 2% in the subsequent years of the projection, based on the team's analysis of classified employee step data provided by the district. This adjustment is slightly lower that the district's 2025-26 adopted budget report estimate of 2.25%.

Employee Benefits

FCMAT reduced the total employee benefits expenditures for 2025-26 by a net amount of $101,095. This adjustment included an increase of $171,419 in the unrestricted general fund budget and a decrease of $272,514 in the restricted general fund budget.

FCMAT calculated statutory benefits in proportion to the adjusted salaries budgeted for each fiscal year.

FCMAT also adjusted health-and-welfare benefits costs, decreasing them by a net total of $492,152 in 2025-26, based on actuals and encumbrances through September 2025. This adjustment included a decrease of $192,311 in the unrestricted general fund budget and a decrease of $299,841 in the restricted general fund budget. Classified retiree health-and-welfare benefits decreased by a net total of $336 in 2025-26, also based on actuals and encumbrances through September 2025.

While FCMAT did not review the district's most recent other postemployment benefits (OPEB) actuarial valuation measured as of June 30, 2024, the district appeared to have included incremental cost changes in its MYFP. The district's 2023-24 annual audit provided the district's total OPEB liability from its actuarial valuation as of June 30, 2023. The Governmental Accounting Standards Board (GASB) Statement 75 requires school districts to update their actuarial reports for OPEB every two years. Because the district funds its OPEB liability using the pay-as-you-go method, an updated OPEB actuarial report is essential for determining the incremental cost changes to include in its MYFP.

Books and Supplies

FCMAT adjusted the 2025-26 total books and supplies expenditures for 2025-26, resulting in a net decrease of $1,062,955. This adjustment included a decrease of $41,915 in the unrestricted general fund budget and a decrease of $1,021,040 in the restricted general fund budget due to various budget adjustments in all programs.

The major changes reflect decreases in the unrestricted general fund and the district's Magnet Schools Assistance Program, offset by increases to Universal Prekindergarten, Strong Workforce program, and Kitchen Infrastructure and Training fund programs. FCMAT assumed the district would spend the one-time funds from the latter three grant programs by their June 30, 2026 deadline.

While the district removed one-time expenditures from its general fund books and supplies budgets, it did not apply the May Revision CPI inflation factors in the subsequent years.

In its MYFP, FCMAT also adjusted the subsequent years to remove any one-time expenditures (ELOP, Lottery, Universal Prekindergarten Planning & Implementation, Educator Effectiveness, Strong Workforce Program, Magnet Schools Assistance Program, Dual Enrollment Opportunities, and Other Restricted Local) and applied the CPI inflation factors from the enacted budget to all remaining books and supplies expenditures.

Additionally, FCMAT reduced expenditures for books and supplies for the following restricted programs whenever the expenditure budget exceeded projected revenue: Title I, Title IV, Perkins, and Strong Workforce Program.

Services and Other Operating Expenditures

FCMAT adjusted the 2025-26 total services and other operating expenditures by a net increase of $496,107. The team increased the unrestricted general fund budget by $342,288 and increased the restricted general fund budget by $153,819.

The primary reasons for these adjustments are as follows. Expenditures were:

- Reallocated from the services and other operating expenditures to salary and benefits for programs such as Lottery, EPA, Title II, and A-G grants.
- Increased in programs such as special education, Title I, Title IV, Lottery, Arts and Music in Schools (Prop 28), and Child Nutrition (Training and Infrastructure).
- Increased for grants that expire as of June 30, 2026 that include UPK, Educator Effectiveness, Strong Workforce, A-G Access and Learning Loss Mitigation, and Wellness Coach Employee Support.

Similar to books and supplies, the district's 2025-26 adopted MYFP applied the May revision CPI inflation factors after adjusting for one-time activity to its unrestricted general fund services and other operating expenditures budgets for 2026-27 and 2027-28, respectively.

In the subsequent years of its MYFP, FCMAT made the following adjustments:

- Removed one-time expenditures (ELOP, Title I, Title III -Immigrant Student and English Learner Student Programs, UPK, Educator Effectiveness, Strong Workforce, Mental Health-Related Services, A-G, Dual Enrollment, Magnet Schools Assistance Program, and other Local Revenues).
- Transferred ongoing expenses from expired restricted programs (Mental Health, UPK, Dual Enrollment, A-G, Wellness Coach Employee Supplemental, and Project-Build) to the unrestricted general fund.
- Applied the most recent enacted budget CPI inflation factors (2.82% for 2026-27 and 2.72% for 2027-28) to all remaining services and other operating expenditures in the projection, with the exception of insurance costs.
- FCMAT increased insurance costs by 10% in each projected year to align with increases to the required contribution for self-insurance for property and liability program and to account for estimated additional premiums for pending AB 218 liabilities.[5]

Capital Outlay

FCMAT increased the total capital outlay expenditures for 2025-26 by $208,466, with $44,718 added to the unrestricted general fund budget and $163,748 added to the restricted general fund budget.[6]

The adjustments to the 2025-26 general fund budget include:

5 Effective January 1, 2020, AB 218 expanded the definition of childhood sexual abuse and extended the statute of limitations for victims to file lawsuits against their abusers. This legislation has exposed LEAs to claims for sexual assault dating back decades and created significant cost pressures for defending against these claims.

6 Capital outlay expenditures include land, land improvements, buildings, and equipment exceeding a cost threshold established by the LEA (typically $5,000).

- Increasing budget for capital outlay for the Kitchen Infrastructure and Training Grant to purchase districtwide freezer and refrigerator replacements.
- Increasing budget for the unrestricted general fund based on actuals and encumbrances through September 2025.

FCMAT carried the base year capital outlay expenditure budgets into the subsequent fiscal years, except for the balance of Kitchen Infrastructure and Training Funds of $163,748, which is estimated to be fully spent in 2025-26.

Other Outgo/Indirect Costs

All programs incur general management costs, commonly referred to as indirect costs. These costs typically include activities such as accounting, budgeting, payroll, personnel services, purchasing and central data processing. An indirect cost rate allows LEAs to efficiently and uniformly recover some general management costs from restricted programs.

The CDE establishes the maximum indirect cost rates that school districts can charge to each program. A school district may charge up to its approved indirect cost rate, unless a specific authority, such as legislation, sets a lower limit. Charging each program the maximum allowable indirect cost rate promotes equity across the district, ensures general management costs are adequately supported, and establishes the true costs of each program.

The 2024-25 unaudited actuals report indicates that the district charged indirect costs to most programs; however, the district did not charge indirect costs to special education programs, California Partnership Academies-Green Technology, Career Technical Education Incentive Grant, Strong Workforce Program, Arts and Music in Schools (Prop 28), Dual Enrollment Opportunities, and A-G Learning Loss Mitigation Grant.

In 2025-26, FCMAT increased other outgo expenditures for indirect cost transfers by $2,207,617 in the restricted general fund. This adjustment resulted in a corresponding expenditure offset in the unrestricted general fund primarily from increased indirect cost charges to special education programs and the Routine Restricted Maintenance Account (RRMA). FCMAT applied the maximum allowable indirect cost rate for each restricted program in the base year and subsequent years to ensure accurate program cost accounting. Indirect costs were based on the CDE approved 4.24% rate for the district in 2025-26, 3.73% rate in 2026-27 and 2027-28 from the district's preliminary proposed indirect cost rate in its 2024-25 Unaudited Actuals SACS Form ICR.

FCMAT increased other outgo expenditures (excluding indirect cost transfers) by $63,904 in the restricted general fund for 2026-27 and $130,363 for 2027-28 to reflect the required 4% increase of transfers to the Tri-Valley Regional Occupational Program compared to the district's 2025-26 adopted budget. The base year expenditure budget includes transfers out for the retiree trust of $459,000 which were carried forward into the two subsequent years.

FCMAT carried forward the base year transfers of interfund indirect costs into the unrestricted general fund from the Adult Education Fund (Fund 11), Child Development (Fund 12), and Cafeteria Special Revenue Fund (Fund 13). The team used the CDE-approved rate for the adult education, child development and child nutrition programs, which is the district rate of 4.24% for 2025-26. For 2026-27 and 2027-28, FCMAT applied the estimated district indirect cost rate of 3.73%.

Recommendations

The district should:

1. Prepare general fund MYFPs by revenue source at the resource code level; consider using FCMAT's Projection-Pro software.
2. Ensure that position control to budget and payroll is reconciled regularly, at least at each financial reporting period.
3. Avoid using lump sum adjustments (e.g., line B10) in the MYFP.
4. Budget known compensation costs directly in salary and benefit accounts in all resources rather than using object 5710.
5. Cease using one-time funds for ongoing costs or ensure it has a board-approved plan to fund such ongoing costs or eliminate them when one-time funds are no longer available.
6. Ensure that the current OPEB actuarial report is prepared every two years and presented to the board.
7. Charge indirect costs to each restricted program and special revenue fund at the full allowable rate, even if this results in a contribution from the unrestricted general fund.

Other Financing Sources/Uses

Interfund - Transfers In

The district's adopted budget includes a transfer of $10,112 from the Cafeteria (Fund 13) and $900 from the Capital Facilities (Fund 25) fund into the general fund for 2025-26 and two subsequent years to cover the estimated costs of insurance premiums (retiree trust) and student trip insurance. FCMAT assumed this same transfer in the base year and carried forward this transfer amount into 2026-27 and 2027-28.

Interfund - Transfers Out

The district's adopted budget includes a $50,000 transfer from the unrestricted general fund to the Self-Insurance (Fund 67) in 2025-26, 2026-27, and 2027-28. FCMAT included this same transfer in the revised base year and carried forward this transfer amount into the two subsequent years.

Contributions

Restricted programs should be self-supporting, with exceptions for the routine restricted maintenance account (RRMA), special education, and other programs that the school district chooses to support with unrestricted general funds. When revenues in restricted programs do not fully cover program expenditures, the shortfall must be offset by a contribution from the unrestricted general fund to balance the budget.

Because the district participates in the state's facilities funding program, it is required to contribute unrestricted general funds to the RRMA. The minimum required contribution is 3% of the district's total general fund expenditures and other financing uses for each fiscal year, excluding certain restricted programs. The district's 2025-26 report projected a contribution of $6.127 million to the RRMA. FCMAT adjusted this contribution to $6.140 million to align with its adjusted projected expenditures for 2025-26. FCMAT's MYFP projects this contribution is adjusted to $6.120 million in 2026-27 and $6.498 million in 2027-28.

The district's 2025-26 adopted budget report projected a contribution of $30.981 million to special education programs in the base year. FCMAT increased this contribution to $32.617 million to align with its adjusted projected expenditures for 2025-26. The MYFP projects this contribution is adjusted to $32.880 million in 2026-27 and $33.607 million in 2027-28.

Other adjustments to the district's contributions included in the 2025-26 adopted budget include an addition of $33,604 for Title II and IV programs and $20,805 for the district's California Partnership Academies: Green Technology Partnership Academies program.

When restricted program expenditures exceed projected revenues, FCMAT reduces nonsalary accounts-such as books, supplies, and services-to stay within revenue estimates. If shortfalls remain, the unrestricted general fund covers the difference. Rising costs may require further reductions in 2026-27 and 2027-28, and all programs needing contributions should be reviewed for self-sufficiency. Table 10 details unrestricted general fund contributions in FCMAT's multiyear financial projection.

Table 10. FCMAT MYFP General Fund Contributions Summary, 2025-26 — 2027-28

	Resource Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
Unrestricted	0000	($39,569,121)	($40,250,519)	($41,230,172)
Total Unrestricted		(39,569,121)	(40,250,519)	(41,230,172)
ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	3010	0	60,307	70,970
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	3310	886,433	745,779	940,880
Special Ed: IDEA Preschool Grants, Part B, Sec 619	3315	194,079	196,541	200,900
Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	3327	29,389	31,029	33,610
Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	3345	34	0	0
ESSA: Title II, Part A, Supporting Effective Instruction	4035	16,665	20,199	24,761
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grants	4127	16,939	24,632	25,678
ESSA: Title III, English Learner Student Program	4203	0	17,208	20,344
Indian Education	4510	0	815	3,350
After School Education and Safety (ASES)	6010	0	0	8,413
California Partnership Academies: Green Technology Partnership Academies	6386	20,850	22,167	23,999
Career Technical Education Incentive Grant Program	6387	747,468	868,646	935,106
Special Education	6500	31,006,585	31,430,481	31,955,919
Mental Health-Related Services	6546	18,759	0	0

	Resource Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
Special Education Early Intervention Preschool Grant	6547	481,655	475,962	475,982
Agricultural Career Technical Education Incentive	7010	10,650	11,236	11,817
Restricted Maintenance Account	8150	6,139,615	6,120,005	6,498,444
Project Build - One-Time (1455)	9015	0	225,512	0
Total Restricted		39,569,121	40,250,519	41,230,172

Source: FCMAT's MYFP.

Recommendation

The district should:

1. Use the MYFP, that is developed by resource level or in Projection-Pro, to identify programs by resource level that may require contributions from the unrestricted general fund in subsequent years, adjust the MYFP to account for those contributions, and act as necessary to ensure restricted programs are self-sustaining.

Multiyear Financial Projection Analysis

The primary purpose of an MYFP is to evaluate a school district's long-term financial stability. When developing an MYFP, a school district uses current budget assumptions to project revenues and expenditures over several years to determine whether it can maintain a balanced budget and meet the state-required minimum reserve for economic uncertainties for the base year and the two subsequent fiscal years. Key indicators of risk or potential insolvency include continued deficit spending and inadequate fund balance and reserves for economic uncertainties within the unrestricted general fund.

FCMAT conducted an analysis of the district's unrestricted, restricted, and combined general fund resources, along with expenditure categories by resource for 2025-26 and the two subsequent fiscal years. This section summarizes FCMAT's findings and recommendations.

Unrestricted General Fund

Unrestricted dollars may be used for any educational purpose, providing school districts with the flexibility to support operations and priorities. FCMAT analyzed the district's unrestricted general fund sources and expenditure categories by resource for 2025-26 and two subsequent fiscal years.

The unrestricted general fund summary in Table 11 indicates that, based on current assumptions, the district is projected to end 2025-26 with a $2.850 million deficit, meaning the district is spending more money than it receives in revenue for 2025-26. The district is projected to continue its deficit spending of $2.154 million in 2026-27 and $1.704 million in 2027-28.

Without revenue increases and/or expenditure reductions, the district will not meet the 3% minimum reserve requirement for economic uncertainties in the third subsequent year. Based on current assumptions, the district is projected to be approximately $446,850 short of meeting its required minimum reserve requirement for economic uncertainty in 2027-28.

A continued projected structural deficit in the unrestricted general fund threatens the district's long-term fiscal health. Ongoing deficit spending depletes reserves, limits financial flexibility, and increases the risk of insolvency if corrective actions are not taken promptly.

Table 11 summarizes FCMAT's analysis of the district's unrestricted general fund resources for 2025-26 and the two subsequent fiscal years.

Table 11. FCMAT Unrestricted General Fund Summary, 2025-26 — 2027-28

Description	Object Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
A. Revenues & Other Financing Sources				
LCFF Sources	8010-8099	$152,746,230	$157,025,281	$161,682,986
Federal Revenue	8100-8299	0	0	0
Other State Revenues	8300-8599	4,465,569	4,610,800	4,658,973
Other Local Revenues	8600-8799	3,178,136	3,138,316	3,154,107
Other Financing Sources - Transfers In	8900-8929	11,012	11,012	11,012
Contributions	8980-8999	(39,569,121)	(40,250,519)	(41,230,172)
Total, Revenue & Other Financing Sources		120,831,827	124,534,890	128,276,906
B. Expenditures & Other Financing Uses				

Description	Object Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
Certificated Salaries	1000-1999	66,602,741	68,457,095	70,234,558
Classified Salaries	2000-2999	19,982,820	20,007,170	20,407,314
Employee Benefits	3000-3999	29,351,217	29,710,812	30,523,461
Books and Supplies	4000-4999	1,539,628	1,583,046	1,626,104
Services and Other Operating Expenditures	5000-5999	8,891,159	9,320,886	9,603,391
Capital Outlay	6000-6999	44,718	44,718	44,718
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	459,000	459,000	459,000
Other Outgo - Transfers of Indirect Costs	7300-7399	(3,239,316)	(2,943,639)	(2,967,229)
Other Financing Uses - Transfers Out	7600-7629	50,000	50,000	50,000
Total, Expenditures & Other Financing Uses		123,681,967	126,689,088	129,981,317
C. Net Increase (Decrease) in Fund Balance		(2,850,140)	(2,154,198)	(1,704,411)
D. Fund Balance				
Beginning Fund Balance, July 1	9791	12,856,142	10,006,001	7,851,803
Audit Adjustments	9793	0	0	0
Adjusted Beginning Balance		12,856,142	10,006,001	7,851,803
Ending Fund Balance, June 30		10,006,001	7,851,803	6,147,392
Components of Ending Fund Balance				
Nonspendable	9710-9719	150,000	150,000	150,000
Restricted	9740	0	0	0
Committed				
Stabilization Arrangements	9750	0	0	0
Other Commitments	9760	0	0	0
Assigned	9780	0	0	0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	6,406,085	6,332,607	6,444,243
Unassigned/Unappropriated	9790	3,449,916	1,369,196	(446,850)

Source: FCMAT's MYFP.

Note: Minor discrepancies in reported figures are the result of rounding applied during calculations.

Restricted General Fund

Categorical programs and grant funds are restricted for specific activities. FCMAT analyzed all general fund restricted sources and expenditure categories by resource for 2025-26 and two subsequent fiscal years. The restricted general fund summary shown in Table 12 below indicates that, based on current assumptions, the district will end the 2025-26 fiscal year with a restricted balance of $18.922 million, which includes funding for the restricted programs identified in the table. The MYFP projects that the restricted general fund balance will further decline to $16.976 million in 2026-27 and $14.551 million in 2027-28.

The district has several grant funds that are expiring within the next two years. FCMAT did not eliminate expenditures on expiring resources unless documents or interviews confirmed that they were one-time expenditures. FCMAT reallocated the salary and benefit costs to the unrestricted general fund for the following grants expiring within the next two years:

- UPK (RS 6053) – reallocated $91,325 in salaries, $122,774 total with benefits in 2026-27. Grant expires June 30, 2026.
- Educator Effectiveness (RS 6266) – reallocated $621,072 in salaries, $789,601 total with benefits in 2026-27. Grant expires June 30, 2026.
- A-G Access and Learning Loss Mitigation (RS 7412 & 7413) – reallocated $127,700 in salaries, $162,780 total with benefits in 2026-27. Grant expires June 30, 2026.
- Dual Enrollment (RS 7339) – reallocated $30,958 in salaries, $45,332 total with benefits in 2027-28. Grant expires June 30, 2027.
- School-Based Mental Health Services (RS 5810, local cost center 1430) – reallocated $562,975 in salaries, $754,134 total with benefits in 2027-28. Grant set to expire December 31, 2027. FCMAT reallocated 50% of the salary and benefits costs to unrestricted general fund.
- Wellness Coach and Project Build grants (RS 9010, local cost centers 1439 & 1455) – reallocated $62,578 in salaries, $86,674 total with benefits in 2026-27 for the Wellness Coach grant set to expire June 30, 2026. Reallocated $156,673 in salaries, $233,562 total with benefits in 2027-28 for the Project Build grant set to expire June 30, 2028.

In addition to reallocating salary and benefit costs for these resources, FCMAT reduced nonsalary expenses based on interviews and documentation provided by the district for the several grants, which include the following:

- ELOP (RS 2600) – reduced $100,000 in books and supplies and $100,000 in services and other operating costs in 2026-27 for one-time expenditures spent in 2025-26.
- Magnet Schools Assistance Grant (RS 5810, local cost center 1465 - reduced $1.34 million in books and supplies and $650,000 in services and other operating costs in 2026-27. Reduced an additional $44,391 in books and supplies and $33,064 in services and other operating costs in 2027-28.
- UPK (RS 6053) - reduced $50,000 in books and supplies and $54,294 in services and other operating costs in 2026-27.
- Educator Effectiveness (RS 6266) - reduced $16,500 in books and supplies and $552,624 in services and other operating costs in 2026-27.
- Lottery (RS 6300) – reduced $1 million in books and supplies for 2026-27.
- Child Nutrition Food Service Training Funds and Kitchen Infrastructure and Training Funds (RS 7029 & 7032) – reduced $52,338 in books and supplies and $72,742 in services and other operating costs in 2027-28.
- Strong Workforce Program (RS 6388) - reduced $5,000 in books and supplies and $22,462 in services and other operating costs in 2026-27.
- Dual Enrollment (RS 7339) – reduced $16,000 in services and other operating costs in 2026-27.
- A-G Access (RS 7412) – reduced $36,241 in other operating costs in 2026-27.

- HHIP and Mental Health Student Services Act (RS 9010, CC 1436 & 1437) – reduced $32,000 in books and supplies and $90,000 in services and other operating costs in 2026-27.

Table 12 summarizes FCMAT's analysis of the district's restricted general fund resources for 2025-26 and the two subsequent fiscal years.

Table 12. FCMAT Restricted General Fund Summary, 2025-26 — 2027-28

Description	Object Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
A. Revenues & Other Financing Sources				
LCFF Sources	8010-8099	$1,121,501	$1,121,501	$1,121,501
Federal Revenue	8100-8299	13,265,859	7,299,647	6,051,939
Other State Revenues	8300-8599	22,470,399	17,242,532	17,171,198
Other Local Revenues	8600-8799	18,791,393	16,537,709	16,827,467
Other Financing Sources - Transfers In	8900-8929	0	0	0
Contributions	8980-8999	39,569,121	40,250,519	41,230,172
Total, Revenue & Other Financing Sources		95,218,273	82,451,909	82,402,277
B. Expenditures & Other Financing Uses				
Certificated Salaries	1000-1999	24,284,572	23,774,468	23,380,479
Classified Salaries	2000-2999	16,885,906	17,115,231	17,450,400
Employee Benefits	3000-3999	23,970,128	23,922,046	23,991,277
Books and Supplies	4000-4999	5,752,341	2,572,459	2,646,101
Services and Other Operating Expenditures	5000-5999	14,143,339	12,591,227	12,845,201
Capital Outlay	6000-6999	284,794	121,046	121,919
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	1,597,591	1,661,495	1,727,954
Other Outgo - Transfers of Indirect Costs	7300-7399	2,935,527	2,639,850	2,663,440
Other Financing Uses - Transfers Out	7600-7629	0	0	0
Total, Expenditures & Other Financing Uses		89,854,198	84,397,822	84,826,772
C. Net Increase (Decrease) in Fund Balance		5,364,075	(1,945,913)	(2,424,495)
D. Fund Balance				
Beginning Fund Balance, July 1	9791	13,557,967	18,922,042	16,976,129
Audit Adjustments	9793	0	0	0
Adjusted Beginning Balance		13,557,967	18,922,042	16,976,129
Ending Fund Balance, June 30		18,922,042	16,976,129	14,551,634
Components of Ending Fund Balance				
Nonspendable	9710-9719	0	0	0
Restricted	9740	18,922,042	16,976,129	14,551,634
Expanded Learning Opportunities Program		1,564,244	902,598	50,690
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611		98,307	0	0
Indian Education		249	0	0
Magnet Schools Assistance Grant (CC 1465)		2,763,445	1,678,511	0

Description	Object Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
Mental Health (CC 1430)		21,153	456	0
Student Support and Professional Development Discretionary Block Grant (SSPDBG)		3,832,003	3,832,003	3,832,003
Lottery - Instructional Materials		319,278	638,558	934,566
Golden State Pathways Program		1,302,469	657,909	0
Mental Health-Related Services		0	72,868	165,481
Arts and Music in Schools (AMS)-Funding Guarantee and Accountability Act (Prop 28)		234,162	207,108	151,429
Child Nutrition: Food Service Staff Training Funds		4,242	0	0
Dual Enrollment Opportunities		81,785	0	0
Classified School Employee Summer Assistance Program		0	227	227
Learning Recovery Emergency Block Grant		363,773	363,773	363,773
Other Restricted State		229,534	211,192	192,575
Ongoing & Major Maintenance Account (RRMA)		230,267	12,265	12,265
Other Restricted Local		7,877,130	8,398,660	8,848,625
Committed				
Stabilization Arrangements	9750	0	0	0
Other Commitments	9760	0	0	0
Assigned	9780	0	0	0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	0	0	0
Unassigned/Unappropriated	9790	0	0	0

Source: FCMAT's MYFP.

Note: Minor discrepancies in reported figures are the result of rounding applied during calculations.

The district needs to review and plan to spend the following grants by their required deadlines:

- Student Support and Professional Development Discretionary Block Grant – spend by June 30, 2029.
- Arts and Music in Schools (AMS)-Funding Guarantee and Accountability Act (Prop 28) – spend within three years.
- Learning Recovery Block Grant – Allocation was revised, spend by June 30, 2028.

Combined General Fund

Table 13 summarizes FCMAT's analysis of the district's combined general fund resources for 2025-26 and the two subsequent fiscal years.

Table 13. FCMAT Combined General Fund Summary, 2025-26 — 2027-28

Description	Object Code	Adjusted Base Year 2025-26	Projection 2026-27	Projection 2027-28
A. Revenues & Other Financing Sources				
LCFF Sources	8010-8099	$153,867,731	$158,146,782	$162,804,487
Federal Revenue	8100-8299	13,265,859	7,299,647	6,051,939
Other State Revenues	8300-8599	26,935,968	21,853,333	21,830,171
Other Local Revenues	8600-8799	21,969,529	19,676,025	19,981,574
Other Financing Sources - Transfers In	8900-8929	11,012	11,012	11,012
Contributions	8980-8999	0	0	0
Total, Revenue & Other Financing Sources		216,050,100	206,986,799	210,679,183
B. Expenditures & Other Financing Uses				
Certificated Salaries	1000-1999	90,887,313	92,231,563	93,615,037
Classified Salaries	2000-2999	36,868,726	37,122,401	37,857,714
Employee Benefits	3000-3999	53,321,345	53,632,858	54,514,739
Books and Supplies	4000-4999	7,291,969	4,155,505	4,272,205
Services and Other Operating Expenditures	5000-5999	23,034,498	21,912,114	22,448,592
Capital Outlay	6000-6999	329,512	165,764	166,637
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	2,056,591	2,120,495	2,186,954
Other Outgo - Transfers of Indirect Costs	7300-7399	(303,789)	(303,789)	(303,789)
Other Financing Uses - Transfers Out	7600-7629	50,000	50,000	50,000
Total, Expenditures & Other Financing Uses		213,536,165	211,086,910	214,808,089
C. Net Increase (Decrease) in Fund Balance		2,513,934	(4,100,111)	(4,128,905)
D. Fund Balance				
Beginning Fund Balance, July 1	9791	26,414,109	28,928,043	24,827,932
Audit Adjustments	9793	0	0	0
Adjusted Beginning Balance		26,414,109	28,928,043	24,827,932
Ending Fund Balance, June 30		28,928,043	24,827,932	20,699,026
Components of Ending Fund Balance				
Nonspendable	9710-9719	150,000	150,000	150,000
Restricted	9740	18,922,042	16,976,129	14,551,634
Committed				
Stabilization Arrangements	9750	0	0	0
Other Commitments	9760	0	0	0
Assigned	9780	0	0	0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	6,406,085	6,332,607	6,444,243
Unassigned/Unappropriated	9790	3,449,916	1,369,196	(446,850)

Source: FCMAT's MYFP.

Reserves and Unrestricted General Fund Balance

A school district's fund balance serves as a key indicator of its fiscal stability and capacity to meet its financial obligations. Maintaining an adequate fund balance is essential for sustaining operations, addressing unexpected expenditures, and ensuring compliance with financial reporting. School districts may adopt policies to maintain reserves above the minimum reserve requirement for economic uncertainties (EC 42127). Interviews indicate that the district has not implemented any policy.

Since the district does not have a fund balance policy that requires it maintains a higher reserve above the state required minimum reserve for economic uncertainty, FCMAT categorized the minimum 3% reserve in its MYFP. Remaining components of ending fund balance were included in the unassigned/unappropriated category.

The uncertainty of federal revenues, expiration of one-time funding, unsettled negotiations with some bargaining groups for 2025-26, projected deficit spending, and increasing contributions from the unrestricted general fund to special education underscores the need for a policy to maintain reserves higher than the state's minimum requirement. Table 14 shows SSC's data on the statewide average unrestricted general fund ending balance, for unified school districts over the past three years (expressed as a percentage of total general fund expenditures, transfers, and other uses). The district's unrestricted general fund balance was significantly lower than the statewide average in 2020-21, 2021-22, and 2022-23.

Table 14. District and Statewide Average Reserve Levels, 2021-22 — 2023-24

Unrestricted Ending General Fund Balance	2021-22	2022-23	2023-24
Livermore Valley Joint Unified School District	4.01%	3.07%	7.36%
Statewide Average for Unified School Districts	22.19%	23.74%	24.36%
Difference from Statewide Average	-18.18%	-20.67%	-17.00%

Sources: SSC and District's 2021-22, 2022-23, and 2023-24 unaudited actuals reports, SACS Form 01.

Note: The figures include the unrestricted general fund ending balance are expressed as a percentage of total general fund expenditures, transfers and other uses.

FCMAT's MYFP projected the district to deficit spend in its unrestricted general fund in all three years. The district's structural deficit of $2.850 million in 2025-26, $2.154 million in 2026-27, and $1.704 million in 2027-28 needs to be addressed immediately because it will further reduce the unrestricted fund balance. By 2027-28, the district is no longer able to meet its required 3% minimum reserve for economic uncertainties and is estimated to have a $446,850 shortfall. These conditions could be exacerbated by any unanticipated revenue losses or unplanned expenditures. The district needs to identify additional revenues or reductions to expenditures to balance the budget to stay fiscally solvent.

Recommendations

The district should:

1. Develop a complete and detailed fiscal recovery plan, including a timeline to eliminate the structural deficit in the unrestricted general fund and restore reserves.
2. Establish a board-approved policy to formalize and maintain reserves above the minimum requirement for economic uncertainties and adopt a GASB 54 resolution to ensure their proper classification.

Other Funds and Recommendations

FCMAT reviewed all the district's other funds to identify and assess any potential fiscal impact on the unrestricted general fund. Significant observations are discussed below.

Student Activity Special Revenue Fund (Fund 08)

School districts use Fund 08 to account for associated student body (ASB) activities that do not meet the fiduciary activity criteria pursuant to GASB Statement 84 and are therefore classified as governmental activities.

The district's revised 2025-26 beginning balance from unaudited actuals is $677,341 in Fund 08. Based on the past two years of budget reports, the district does not present an ASB budget to its board during the year, instead recognizing actual activity at the end of the school year.

ASB funds should generally be spent in the same year they are received so contributing students benefit and funds support current student activities as intended. According to FCMAT's Associated Student Body Manual, ASB funds, "should be carried over only when there is a definite plan and purpose" for their use in the following year.

Adult Education Fund (Fund 11)

School districts use Fund 11 to account for federal, state, and local revenue for adult education programs. Livermore's adult education program offers English classes, Adult High School Diploma, GED Preparation Classes, and career development classes for learners 18 years old and over.

Since 2022-23, the district has had a deficit in Fund 11, ranging from $83,212 to $210,090. The district's 2025-26 adopted projects a $37,250 deficit and projects a $28,406 transfer of indirect costs to the district's unrestricted general fund. To prevent ongoing deficits that could impact the unrestricted general fund, the district should closely monitor this fund.

Child Development Fund (Fund 12)

Fund 12 tracks federal, state and local revenue and expenses for child development programs, including preschool and child nutrition programs. Revenue sources typically include apportionments, parent fees, food service sales, and interest earnings.

Per the district's 2025-26 adopted budget narrative report to the board, the district is a contractor with CDE for a California State Preschool Program and subcontracts with the Community Association for Preschool Education Inc. (CAPE) to administer the preschool programs at multiple sites. All revenue received is allocated to CAPE (object 7299) except for a small amount for indirect cost transfers to the unrestricted general fund (object 7350).

Unaudited actuals show no deficit spending in 2023-24 and 2024-25, and none is projected for 2025-26. The district applied a prior-year indirect cost rate of 4.94% in its 2025-26 adopted budget for Fund 12. FCMAT adjusted the indirect cost rate to the approved 2025-26 rate of 4.24%, reducing the transfer from $95,822 to $82,244. FCMAT adjusted this amount in the indirect cost budget in the unrestricted general fund (object 7350).

Cafeteria Special Revenue Fund (Fund 13)

School districts use Fund 13 to account for their food service programs. They may charge Fund 13 the lesser of their respective CDE-approved indirect cost rate (ICR) or the statewide average indirect cost rate for that year.

The unaudited actuals reports from 2022-23 to 2024-25 show that the district did not fully charge indirect costs to Fund 13. The district has only charged $90,000 in each of those years-using ICRs ranging from 2.15% to 2.69%) and only projected $90,000 (1.99% ICR) for 2025-26. FCMAT's 2025-26 MYFP has adjusted the indirect cost rate to the approved rate of 4.24%, increasing the projected transfer from $90,000 to $191,570. As previously discussed, FCMAT's MYFP also included indirect cost transfers from Fund 13 in all projection years.

Since 2022-23, the district has maintained a surplus in Fund 13. In 2023-24, the district transferred the Child Nutrition Kitchen Infrastructure and Training Grant from Fund 13 to the general fund for more spending flexibility. The district's adopted budget projects a deficit of ($784,313), lowering the ending fund balance to $2.615 million. According to interviews, the district's Fund 13 balance is still under the allowable balance[7] for the program, per federal regulation 7 CFR 210.14.

Foundation Special Revenue Fund (Fund 19)

This fund tracks gifts or bequests made under EC 41031 when a formal trust agreement exists with the donor. Both principal and earnings can be used to support the district's programs. Gifts without a trust agreement should be recorded in the general fund. Money in Fund 19 must be spent only for the specific purpose of the gift or bequest, as required by EC 41032.

The district uses Fund 19 to report the activity of scholarship funds held by the district. The district's 2025-26 budget reflect a $190,402 beginning balance and a projected ending balance of $181,952.

Building Fund (Fund 21)

School districts use Fund 21 for proceeds from the sale of facilities bonds, which must be used for voter-approved purposes. The district passed a $245 million general obligation bond, Measure J, in 2016. The proceeds from this bond is tracked in Fund 21.

At the time of FCMAT's review, documents and interviews with district staff indicated that the district building fund had sufficient resources to complete projects in progress. The district estimated a 2025-26 beginning balance of $7.270 million, but after closing the books, the actual balance was $16.185 million. The district's 2025-26 adopted budget included remaining costs for the Marilyn STEAM Academy project and HVAC and roof repairs/replacements.

Capital Facilities Fund (Fund 25)

School districts use Fund 25 to account for fees collected from development projects under EC 17620-17626 and GC 65995 and the following sections. These fees, along with interest earnings, are restricted for facility development and other expenditures specified in agreements with developers.

7 The CDE limits net cash resources in the cafeteria fund to no more than three months' average expenditures for the school food service program, as required by federal regulation 7 CFR 210.14). District with balances above this threshold must submit a plan to reduce the excess, such as improving meal quality or purchasing equipment.

In 2024-25, the district's unaudited actuals showed a surplus with an ending balance of $3.669 million. The district's 2025-26 adopted budget projects a deficit of $2.825 million, leaving an estimated ending balance of $844,533. Continued deficit spending in this fund could eventually affect the unrestricted general fund, so the district should monitor expenditures and align them with available revenue.

School Facilities Fund (Fund 35)

School districts use Fund 35 to manage state apportionments for new school construction, modernization projects, and facility hardship grants under the Leroy F. Greene School Facilities Act of 1998. According to its 2025-26 adopted budget, the district estimates spending $3.401 million for projects related to safety, security and access control, technology, east science room, and the Marylin STEAM Academy school site. With the $20.033 million beginning balance from the 2024-25 unaudited actuals, this leaves an estimated $16.632 million ending fund balance for 2025-26.

Special Building Fund (Fund 40)

School districts use Fund 40 to accumulate general fund money for capital outlay purposes, as authorized by EC 42840. This fund may also account for revenue sources not restricted to other capital project funds, such as proceeds from the sale or lease-with-option-to-purchase of real property, rental income, and leases approved by the school district's governing board. Revenue sources include federal, state and local funding, interest earnings, and other authorized interfund transfers.

Expenditures from Fund 40 are restricted to capital outlay purposes, including property maintenance, renovations, and school improvements, typically classified under 6000 object codes. Salaries for employees directly involved in Fund 40 projects may also be capitalized as part of the project costs.

The district's 2025-26 adopted budget estimated total expenses of $982,362, mostly for the repayment of the district's Engie loan. After the 2024-25 unaudited actuals was completed, the estimated ending fund balance is estimated at about $10.007 million.

Self-Insurance Fund (Fund 67)

Self-insurance funds are used to separate moneys set aside for self-insurance from other district funds. Districts may establish separate funds for each type of self-insurance activities such as workers' compensation, health and welfare, and deductible property loss (EC 17566).

Principal revenues in this fund come from interest, district premiums/contributions, interagency revenues, and other local sources. Expenses include insurance claims, administrative costs, deductibles, excess coverage and related costs. Amounts contributed to Fund 67 are legally restricted for insurance purposes under EC 17566 and GC 53205.

The district records its property and liability insurance activity in Fund 67. This includes annual premiums, student field trip insurance, the cost of claims management, and applicable deductibles for claims. Annually the district transfers funds to cover the cost of student trip insurance and premiums.

According to unaudited actual reports, the district transferred $195,885 in 2023-24 and $125,000 in 2024-25. The district's 2025-26 adopted budget estimates $1.369 million in expenses and a $50,000 transfer from the general fund to cover the cost of claims.

Recommendation

The district should:

1. Ensure that the financial impact of all other funds on the unrestricted general fund for the current and two subsequent years is fully accounted for in all MYFPs.

Cash Flow Analysis

The purpose of performing a cash flow projection is to identify whether a district has a temporary cash flow shortage to develop local solutions or identify if there are unresolvable cash flow shortages. Insolvency occurs when a school district has exhausted both its cash and borrowing capacity and can no longer meet its financial obligations, primarily employee payroll.

FCMAT used the Projection-Pro cash flow projection component to develop its projection. Projection-Pro incorporates the best practice of linking the cash flow to the multiyear projection to ensure all activities are included. It also projects using differing levels of detail. For example, the best practice is to project revenues at the resource-object level because the source of the revenue generally determines cash inflows. In contrast, best practice projects expenditures at the major object category because the district processes and payment schedule determine cash outflows. The tool also allows customization for special schedules that do not align with the account code structure. For example, the state's on-behalf pension expenses are not identifiable by its own resource-object combination and could negatively affect cash flow projections if an appropriate schedule is not applied.

FCMAT's cash flow projection is based on the best practices as described above, including FCMAT's updated multiyear projection, to develop a reasonable cash flow and identify any temporary cash flow issues. Actual cash flow details have been incorporated through October 2025.

FCMAT concurs with the district's statement that it will experience temporary cash flow issues in its general fund. From FCMAT's analysis, the need to temporarily borrow will occur in November 2025 and be resolved in December 2025, after local property taxes are received. FCMAT estimates the borrowing need to be between $2 million to $3 million dollars. No other borrowing need is identified for the 2025-26 fiscal year. Subsequent years follow a similar need pattern and may require the district to identify borrowing options.

In its adopted budget narrative, the district identified two possible options to resolve the temporary cash flow issue: borrow from other district funds or borrow from the county treasurer. On June 17, 2025, the board passed resolution 077-24/25 to authorize temporary interfund borrowing and 078-24/25 to authorize temporary borrowing from Alameda County Treasury in 2025-26. Per the study agreement, FCMAT did not perform an in-depth analysis on the district's other funds. However, based on the 2024-25 unaudited actuals, the district has sufficient cash in the Special Reserve Fund for Capital Outlay Projects to temporarily lend cash to the general fund.

Recommendations

None

Appendix

A: Study Agreement

Appendix A – Study Agreement

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
FOR MANAGEMENT ASSISTANCE

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

1. **BASIS OF AGREEMENT**

   FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d). The Client has requested that the FCMAT assign professionals to study specific aspects of the Client's operations. The professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

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

2. **SCOPE OF THE WORK**

   A. Scope and Objectives of the Study

      1. Review the district's 2025-26 adopted general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years, including a cash flow analysis for the same period. The MYFP will be a snapshot in time of the district's financial status.

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

   B. Services and Products to be Provided

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

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

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

4. Exit Letter
   Approximately 10 business days after the exit meeting, the Team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.

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

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

7. Board Presentation
   Presentations to the Client's board are optional and are made at the request of the Client. If a board presentation is requested, it will be noted in the scope and objectives of the study or can be added as a change in scope at a later date.

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

3. <u>PROJECT PERSONNEL</u>

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

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

4. PROJECT COSTS

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

A. $1,200 per day for each FCMAT staff member while on site conducting fieldwork. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed. On-site is defined as either 1) physically at the Client's office or school site(s), or 2) in a scheduled virtual meeting with the Client's personnel, representatives or others associated with the scope of work pursuant to Section 13 below.

B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.

C. The applicable indirect rate at the time work is performed on the study will be added to all costs billed.

D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report or presentation to the Client's board, whichever is later (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be $22,000.

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

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

5. RESPONSIBILITIES OF THE CLIENT

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

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

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

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

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

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

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

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

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

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

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

6. PROJECT SCHEDULE

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

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

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

ACTION	TIMELINE
name and email of the of person who will be responsible for collecting and uploading documents requested by FCMAT.	
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client's return of the signed Agreement.
Client uploads initial requested documents and data to FCMAT's online SharePoint repository.	Within 10 business days of the Client's receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 10 business days of FCMAT's receipt of requested documents and data.
Orientation meeting	First day of fieldwork.
Exit meeting	Last day of fieldwork.
Follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Client uploads supplemental documents and data to FCMAT's online SharePoint repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client.	To be determined, usually, within eight weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 business days of FCMAT providing a draft report to the Client.

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

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

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

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

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

FCMAT may terminate this Agreement at any time if the Client fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT.

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

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

12. **HOLD HARMLESS**

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

13. **PUBLIC SAFETY CONSIDERATIONS**

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

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

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

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

14. **FORCE MAJEURE**

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

15. **EVALUATION**

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

16. **CLIENT CONTACT PERSON**

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

Name: Torie Gibson, Superintendent of Schools

Telephone: (925) 606-3280

Email: tgibson@lvjusd.org

17. SIGNATURES

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

For Client:

8/29/25

Torie Gibson, Superintendent of Schools
Livermore Valley Joint Unified School District

Date

For FCMAT:

Michael H. Fine

Digitally signed by Michael H. Fine
Date: 2025.09.02 09:18:08 -07'00'

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

Date