



CSIS California School Information Services

Mission Valley ROP

Management Review

January 18, 2019
(Revised)

Michael H. Fine
Chief Executive Officer





January 18, 2019

Thomas Hanson, Superintendent
Mission Valley Regional Occupational Program
5019 Stevenson Blvd.
Fremont, CA 94538

Dear Superintendent Hanson,

In May 2018, the Mission Valley Regional Occupational Program Joint Powers Authority (Mission Valley ROP) and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance. Specifically the study agreement stated that FCMAT would perform the following:

1. Review the JPA's 2018-19 adopted general fund budget and use it as a baseline to develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the JPA's financial status. The MYFP will be a snapshot in time of the JPA's current financial status.
2. Review operation processes and procedures for the Business Services Department in the following areas and make recommendations for improved efficiency, if any:
 - Budget development
 - Budget monitoring

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the Mission Valley ROP, and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine
Chief Executive Officer

FCMAT

Michael H. Fine, Chief Executive Officer

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About FCMAT

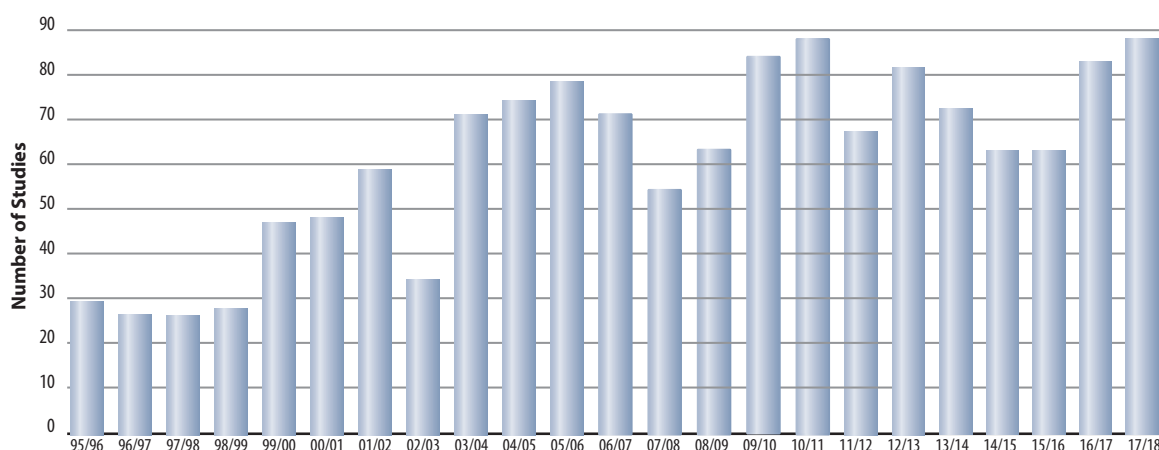
FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related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

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

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

FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its state-wide data management work. AB 1115 in 1999 codified CSIS' mission.

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

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

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

Since 1992, FCMAT has been engaged to perform more than 1,000 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

Located in Alameda County, the Mission Valley Regional Occupation Program Joint Powers Authority (JPA) was formed through a joint powers agreement among three school districts: Fremont, New Haven and Newark Unified. The JPA has a three-member governing council that includes one representative appointed by each participating district from its own governing board. Each district also has an appointed alternate to serve on the council. The JPA is a separate public agency that provides career technical education (CTE) services to high school students in its member districts and a fee-based adult program.

The JPA was formed in 1989, and has operated under the terms of the JPA agreement for nearly 30 years. While a designated funding stream no longer exists for regional occupation programs (ROPs), each district contributes funds based on the 2012-13 static award established with the transition to the Local Control Funding Formula. The JPA has reported increasing reserve balances indicating that the financial position of the JPA is strong; however, this is primarily due to a memorandum of understanding (MOU) that assigns the receipt of funding from the Career Technical Education Incentive Grant (CTEIG) program to the JPA.

The JPA maintains operational staff led by a superintendent with two cabinet-level positions: a director of business services/chief business official (CBO) and a director of educational services. Member districts all report confidence and satisfaction with the delivery of instruction provided by the JPA. However, over the last several years, questions have been raised regarding the accuracy of the JPA's accounting and reporting practices.

In May 2018 the JPA engaged with FCMAT to evaluate the JPA's 2018-19 adopted budget, MYFP and underlying assumptions. Additionally, FCMAT was requested to evaluate the JPA's budget development and monitoring practices and determine if greater efficiencies may be identified.

Study and Report Guidelines

FCMAT conducted fieldwork at the JPA's office on July 30-August 2, 2018 and performed additional off-site work during the weeks that followed. The team reviewed numerous documents and financial reports, including the JPA's annual independent audits, certified state financial reports, documentation supporting estimates and calculations, and other historical financial information pertinent to the study. FCMAT's analysis of the JPA's 2018-19 adopted budget and MYFP was based on the verification of this information. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Budget Development
- Financial Accounting and Reporting
- Multiyear Projections
- Financial Management and Oversight
- Program Monitoring and Compliance

- Evolution of ROP Funding
- Appendices

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:

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FCMAT Intervention Specialist
Bakersfield, CA

Colleen Patterson, CMA, MBA
FCMAT Consultant
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Laura Haywood
FCMAT Technical Writer
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Each team member reviewed the draft report to confirm accuracy and achieve consensus on the final recommendations.

Executive Summary

FCMAT's main objective in this study was to evaluate the operational processes and procedures followed by the Business Services Department for budget development and monitoring and to review and validate the JPA's 2018-19 adopted general fund budget and accompanying multiyear financial projection (MYFP).

To initiate fiscal analysis, FCMAT requested financial reports and other documentation supporting the underlying assumptions as adopted by the governing council. FCMAT experienced a lack of cooperation by the JPA's now former director of business (CBO). Inquiries and follow-up regarding documentation initially provided were met with unsatisfactory responses and were often completely ignored. During interviews, the CBO could not address many questions relative to the budget and MYFP. In most cases, adequate documentation supporting the JPA's budget and MYFP assumptions was not, or could not be, provided by the CBO.

Initial review of the JPA's 2018-19 adopted budget and accompanying MYFP identified a number of factors indicating a potential lack of accuracy. Inquiries with the CBO seeking clarification and/or explanation went unanswered or were addressed with inaccurate explanation or irrelevant documentation. Ultimately most documentation was obtained outside of the CBO's cooperation and included the assistance of the fiscal staff of the JPA, Fremont USD business staff and council documents accessible via the JPA's website.

The JPA has established policies and procedures for budging and financial management, although the application of each is partially lacking. While educational leaders and program staff follow a detailed process for developing site/program budgets, FCMAT questions whether that information makes its way into the proposed budget prior to adoption. During interviews with the CBO, FCMAT learned that budget development is primarily facilitated by rolling over the current year's budget into a budget model and making small adjustments, none of which could be supported by any documentation. FCMAT found documentary support of budget assumptions to be inadequate.

The JPA's financial transactions are processed and financial data is stored using the financial system of the Fremont Unified School District. Changes in financial systems in the 2015-16 fiscal year posed additional challenges in accessing and analyzing data to evaluate historical trends. FCMAT found that the CBO and other JPA staff do not possess the experience or access privileges necessary to generate reports and financial data from financial systems.

The JPA has only a few sources of revenue. One primary source comes from contributions from member districts and has been flat funded based on the 2012-13 funding for regional occupational programs (ROPs) in place at the onset of the transition to the Local Control Funding Formula. The second primary funding source comes from the California Technical Education Incentive Grant (CTEIG), and the funding term ends June 30, 2019. These two funding sources present significant and unique financial conditions for the JPA because the funding from CTEIG is not ongoing and there is no guarantee that the JPA will receive any new funding under a new structure. The contributions received from member districts have been flat funded since inception of the JPA agreement, which expires June 30, 2019. Because this funding is not adjusted, the JPA receives no additional funding to offset increasing costs associated with inflation, salary and benefit commitments such as step advancement and STRS and PERS employer contribution increases.

The most important tool used to evaluate the financial position of any LEA is an MYFP. In evaluating fiscal position, attention is focused on the LEA's ability to meet ongoing expenditures with ongoing revenue sources. A spending deficit occurs when projected expenditures exceed revenue. Fiscal solvency is evaluated based on the LEA's ability to meet its reserve requirement in each fiscal year and demonstrate a positive unappropriated fund balance.

Like most LEAs, ongoing revenue sources of the JPA are primarily directed to salary and benefit costs. FCMAT learned that the CBO does not maintain or use any form of salary and benefit tracking and projection tools, commonly referred to as position control. No confirmation of projected step and column costs is calculated; rather, a simple percentage is applied to each subsequent year of the projection. FCMAT's assessment of the MYFP indicates that salary and benefit cost projections were understated by approximately \$450,000 in the 2018-19 adopted budget. This shortfall increases by approximately \$100,000 in each subsequent year of the MYFP.

FCMAT noted numerous and significant flaws in the financial information presented in the JPA's 2018-19 adopted budget and accompanying MYFP, the details of which are extensive and include flawed revenue and expense projections, inaccurate accounting and reporting practices and inaccurate and incomplete presentation of financial information. The details of all deficiencies noted by FCMAT are discussed in the pages that follow.

Findings and Recommendations

Budget Development

Regional occupational program (ROP) joint powers agencies (JPAs) adopt their annual budgets within the statutory timelines established by California Education Code Sections 41023 and 42127, which require that on or before July 1, the governing board hold a public hearing on the budget to be adopted for the subsequent fiscal year. No later than five days after that adoption, or by July 1, whichever occurs first, the governing board must file that budget with the county superintendent of schools. The budget is also to be provided to the JPA's participating school districts on forms prescribed by the state superintendent of public instruction.

The budget should reflect the ROP's goals and objectives. Local educational agency (LEA) budgets and multiyear financial projections (MYFPs) are not static; the revenues, expenses and estimated ending balances change because amounts budgeted are based in part on estimates that must be updated as actual amounts become known. Budgets and MYFPs provide the JPA administration, governing council and member districts with a fiscal planning framework that enables them to make informed financial decisions that support goals and strategies of the JPA and manage current and/or future budget challenges.

A structured methodical approach to budget development is best practice and industry standard. Budget development is a detailed process that begins as early as November or December of the preceding year. During budget development, class offerings are evaluated, student enrollment and staffing needs are estimated, personnel salaries and benefits are updated and revenues are estimated. The LEA prioritizes its goals and ensures that expenditure projections are directed toward fulfilling those goals. Generally LEAs develop and follow an annual calendar that identifies the processes and timelines for each phase of budget development and financial reporting and establishes deadlines for accountability.

Policies and Procedures

Board policies set forth the standards that the JPA's administrators are to adhere to as they develop the budget and can reduce the tendency to introduce short-term emotion into decisions that have long-term consequences. The governing council has adopted a joint powers agreement, board policies and a memorandum of understanding that together identify a shared vision of the overarching values and goals that underpin budget development. Making tough budget decisions that prioritize educational programs and strategies is not possible without the identification of specific educational goals that support the vocational needs of students and communities. These are the broader ideas about what budget parity ought to look like, and the guiding principles are more accessible to elected officials and the public than specific budget procedures, which are more technical and detailed.

The JPA's Administrative Regulations Preamble, adopted November 6, 1990, indicates that the budgeting and reporting objectives are to:

1. "Encourage advanced planning through the best possible budget procedures.
2. "Review and utilize all practical revenue sources available to the ROC/P.

3. “Review proposed expenditure of funds so as to extract the greatest educational return and to provide for the management of all ROC/P funds in a manner which will effectively serve the public.
4. “Expect efficient accounting and reporting procedures which are consistent with the obligation of any public agency and to provide the public with an accounting of the expenditure of their funds.
5. “Maintain the highest level of unit expenditures needed to provide the best educational program within the resources available to the ROC/P.”

Board Policy 3100 regarding the ROP budget states, “The budget shall be the financial expression of the educational goals of the ROC/P; it shall be considered as a controlled spending plan for the prescribed fiscal year.” Accuracy in budgeting and reporting is essential in accomplishing this goal. FCMAT findings indicate that this critical component is deficient, the details of which are described in the pages ahead.

Board Policy 3100 instructs the ROP that the “budget shall be made up annually from the best estimates that can be made from the individual program and administrative levels with appropriate consolidation of the estimates to the superintendent and his administrative staff.” In support of the declared objectives, Board Policy 3122 states, “The Budget shall be prepared by:

- determining the needs of the educational program and supporting service in accordance with Council Policy,
- ascertaining the costs of the educational programs and supporting services,
- determining the financial resources available, and
- presenting a balanced budget.”

Budget Development Processes

Interviews indicate, and documentation reviewed demonstrated, that the JPA has established and follows a program-driven approach to developing program budgets. However, the results of this process cannot be tracked directly back to the budget model. While interviews confirm that a general schedule of tasks has been established, the CBO does not follow a detailed budget development calendar including timeline, and many of the initial steps from the council-adopted plan are omitted.

The CBO described a budget process that begins with a rollover of the prior year’s budget by program and instructor. The cluster leaders are asked to meet with the CBO to review the prior year budget and identify any changes or needs for the new year.

While many budget processes are typically incremental, where last year’s spending becomes the basis for the next year’s budget with incremental changes made around the margin, this is not best practice and lends itself to weakened budgeting practices. Historical patterns of spending may no longer be affordable, or relevant, given changing needs of the community and students. While the budget development process should include a review of historical spending patterns, sound fiscal management requires a thoughtful evaluation of all proposed expenditures.

Site and Department Budgets

In February, a letter is sent out to all teachers outlining the budget process and timeline. While teachers are provided with a copy of their current year budget, the letter reviewed by FCMAT requested that teachers prepare their budgets using a “zero-based” approach and “start from the ground up.” Teachers are advised to meet with their cluster groups to plan their budgets. Teachers submit the budget requests to the cluster leader by an established deadline.

Cluster leaders then meet with coordinators to review and evaluate budget requests prepared by teachers; requests are generally evaluated against content presented by industry leaders and discussions that take place during advisory meetings. Coordinators then meet with the director of educational services, who submits final recommendations to the CBO. The CBO and director of educational services determine the program’s needs, although the actual amount of funding available is not discussed. Final allocations are determined by the CBO. The recommendation for the program budget is then presented to cabinet.

Interviews indicate that while the extensive budget development process for sites/programs described above takes place, its implementation lacks collaboration between the educational and business divisions. Furthermore, it was reported during interviews that expenditure requests frequently meet resistance even after funds are allocated in the budget.

While generally priority is given to providing a budget allocation based on the percentage of total income provided by each individual member district, recent large allocations of funding from the Career Technical Education Incentive Grant (CTEIG) have allowed leniency in that criteria. The CTEIG guidelines require investments in programs that can be sustained for three years after the conclusion of the expenditure of the funds, and must be considered as the expenditure priorities are discussed.

The director of educational services works with individual school sites in the fall to evaluate the needs of each program. He meets with principals of member school districts to ascertain if the JPA is able to make significant changes to its educational strategy and resource allocation patterns within a single year, or if a multiyear commitment may be needed. Individual programs are reviewed to determine viability based on student choices and industry advice. Although interviews indicated that multiyear program decisions regarding program expansion or compression were made during these discussions, no evidence of a multiyear approach was evident in the budget calendar, planning documents, or the adopted budget itself, including staffing changes or large startup expenses. No additional discretionary funding was allocated to the educational services division for unforeseen needs or program opportunities. Any requests beyond the adopted budget were referred to the CBO, who made the decisions at her discretion.

Interviews indicate that the director of educational services does not receive financial reports throughout the year to monitor actual expenditures against budgets. The only financial information provided is that shared with the governing council during open session.

Historical Analysis

FCMAT interviewed JPA, member district and county office staff, examined a variety of financial documents and conducted an extensive review of the JPA’s historical financial activity to evaluate the estimates and assumptions used to develop the 2018-19 adopted budget. To assess the reasonableness of the MYFP, comparisons were made against historical trends, documented commitments and industry standard variables.

FCMAT requested all financial reports submitted to the state during the period under review; however, many of them were not provided. The team resolved this matter by obtaining most from the council documents posted to the JPA's website. FCMAT also requested the detail general ledger exports from the JPA's financial system, which presented a bit of a challenge because the JPA used two different financial systems during the period under review and JPA staff were unfamiliar with how to access information from either system.

In the 2016-17 fiscal year, the JPA (and its supporting districts) transitioned from Quintessential School Systems (QSS) to the Escape financial software to account for its financial activity. JPA staff possessed little technical ability to access financial data and reports; the Fremont USD provided FCMAT with most of the JPA's financial information from both QSS and Escape. The lack of system experience and/or access limits the business office in evaluating current and historical financial information in a timely manner. All business office staff should have access to and be trained on how to extract financial information from Escape based on their roles and responsibilities. Access should also be available to department heads and administrators responsible for managing and monitoring budgets. While permissions to access, create and modify data may vary based on the role of each user, staff should receive sufficient cross training.

FCMAT reviewed historical financial records and documentation supporting funding sources and significant expenditures for all resources in the JPA's budget individually. Because LEAs receive revenue from multiple sources each to be directed to expenditures for particular programs or purposes, it is essential to evaluate the budgets and multiyear projections separately to ensure the program resources are sufficient to cover the ongoing costs of operating the program.

FCMAT analyzed the detailed general ledger data provided by the Fremont USD and compared it to the financial reports submitted by the JPA to the governing council and the Alameda County Office of Education (Alameda COE). In every fiscal year reviewed, 2015-16 through 2018-19 adopted budget, FCMAT found inconsistencies and discrepancies between the council approved financial reports, transactions recorded in the general ledger and audited financial statements, including the following:

- Inappropriate revenue recognition accounting practices.
- Inaccuracies in beginning balances including:
 - Exclusion of audit restatements.
 - Inclusion of restatements in beginning balances included in 2018-19 adopted budget, not supported by 2016-17 audit.
- Discrepancies in budget amounts approved in the 2018-19 adopted budget and the budget recorded in the Escape financial system.
- General ledger entries moving amounts charged to expenditure budgets in the unrestricted resource to the restricted resource 6387 (CTEIG) program; amounts transferred exceeded actual expenditures, creating a negative balance in the unrestricted accounts.
- Incomplete SACS supplemental reports including criteria and standards.
- Missing pages from SACS reports presented to the council including technical review checks that ensure accounting is complete and accurate; in some cases reports appeared to be altered.

Appropriate revenue and expenditure recognition is essential to projecting an accurate ending fund balance. FCMAT found that the CBO had a clear lack of understanding relative to revenue recognition.

Revenue Budgets and Projections

For each major revenue source, projected revenue should be supported with a grant award letter, California Department of Education (CDE) apportionment allocation notification, contract, memorandum of understanding (MOU) or other agreement, or other documented calculations that support the applied methodology. While funding sources for the JPA are few, the CBO had difficulty providing FCMAT with any documentation supporting funding estimates included in the JPA's budget.

Funding for the JPA comes primarily from two sources: member district contributions and the CTEIG. Each member district makes an annual contribution to the JPA based on a three-year MOU established in 2015-16. The MOU institutes the contribution for each member district at the ROP funding levels established with the implementation of the Local Control Funding Formula. No language exists to provide for increases to this revenue based on standard cost of living adjustments, so the JPA receives flat funding from member districts.

The second largest source of funding received by the JPA comes from the CTEIG program. This program was established as a state education, economic and workforce development initiative to provide pupils in kindergarten through grade 12 with the knowledge and skills necessary to transition to employment and post-secondary education. The purpose of the program is to encourage the development of new CTE programs and enhance and maintain current CTE programs. As an applicant for the CTEIG grant the ROP formed a consortium and completed an MOU with member districts to establish the partnership. The MOU states that each of the participating districts will participate in developing necessary plans, allocations and reporting. The MOU prescribes that as the fiscal agent, it is incumbent on the ROP to properly follow CTEIG expenditure guidelines, matching requirements and reporting.

Since the 2015-16 school year the ROP has been the recipient of the CTEIG grant. The amounts awarded are as follows:

2015-16	2016-17	2017-18	Total
\$4,248,866.00	\$3,063,729.00	\$1,857,337.00	\$9,169,932.00

CTEIG is a grant-funded program where revenue is recognized when all applicable eligibility requirements have been met and the resources are available. Procedure 510, Recognition of Common Revenue Sources, provides detailed guidance for the proper accounting and revenue recognition for categorical funds subject to unearned revenue. Procedure 510 states the following:

“LEAs commonly receive restricted grant awards that are ‘reimbursement type’ or ‘expenditure driven.’ These awards may be mandated by the government or may have been accepted voluntarily by the LEA. The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.”

Further confirmation using the CDE's SACS Query confirms that the CTEIG program is one that requires the deferral of any unearned grant funds received in a given year.

In all three years under review, FCMAT found inaccurate recognition of revenue and an inappropriate reporting of fund balance, including the following:

- In 2015-16 the JPA recognized revenue in excess of grant funds earned by recording an accounts receivable for 50% of the 2015-16 initial grant award; the unearned balance was accounted for as ending fund balance.
- In 2016-17 the JPA recognized revenue in excess of grant funds earned by failing to defer amounts received but not earned for the 2015-16 and 2016-17 grant terms amounting to \$865,543.60 and \$3,470,123.20 respectively.

These errors in revenue recognition caused the JPA to overstate revenue and ending fund balances in the 2015-16 and 2016-17 unaudited actuals and in the 2017-18 estimated actuals included in the 2018-19 adopted budget. FCMAT also found that while the error in revenue recognition and reporting was identified and adjusted in the 2015-16 audit, the JPA did not make the adjustment to ensure that the 2016-17 beginning balances were properly stated. The 2016-17 audit failed to identify and correct the improper revenue recognition matter even though the practice remained unchanged, causing further confusion.

Expenditure Budgets and Projections

The greatest expenditure of an educational program is salaries and benefits. It is essential to carefully control and routinely monitor expenditures in this classification. Position control is used to manage the costs of salaries and benefits and is an essential tool used in budget development, monitoring and control. When duties are delegated appropriately, an effective position control system provides appropriate internal controls over salary and benefit expenditures.

To ensure the greatest control, duties relative to establishing and seeking governing council authorization of positions, hiring and placement of personnel, and payment of salaries and benefits should all be segregated. Generally, a human resources position establishes and maintains the data relative to each council authorized position; the business office then uses this data as the foundation for budget development. This same information should be used as the foundation for processing payroll. Each component should be reconciled to the other throughout the year to ensure they are all in alignment with one another. For example, a position control report of all council authorized positions should be reconciled against the salary and benefit estimates incorporated into the budget to ensure that the cost of all positions is included in the budget. Throughout the year, the actual costs of salaries and benefits should be monitored against the budget to ensure that actual employee payments are in line with the budget and council-authorized positions in total and by account distribution. This control activity is intended to ensure that no employee has been hired to a position that has not been authorized by the governing council.

The Escape financial software used by the JPA offers an integrated position control module. The Fremont USD uses the system to facilitate the management of council authorized positions and assignments and payroll processing; however, the CBO does not use the integrated system data to project salary and benefit costs in the budget and/or MYFP. During interviews the CBO admitted to simply rolling prior year budgets into the budget projection for the new year and shared that she revises the amounts as the new year progresses. The CBO reported that in the MYFP she simply increases the out-year projections by a flat percentage. Interviews indicate that at some point in time the business office used a position control Excel spreadsheet, but it became obsolete in the 2016-17 school year and was never replaced.

FCMAT obtained exports of position control and payroll data from JPA business office staff and utilized it to verify the amounts included in the 2018-19 adopted budget and to project the costs of step and column in the two subsequent fiscal years. All 2018-19 position assignments were traced back to the JPA's council-approved salary schedules, and statutory benefit amounts were estimated based on actual rates applied to payroll. All projected increases to employer share of STRS and PERS were properly applied to out-year projections. Once fully verified, FCMAT analyzed this data by resource and adjusted the projected budget where appropriate. FCMAT's assessment found salaries and benefits projected in the 2018-19 adopted budget to be understated by approximately \$453,000. This understatement is estimated to increase to \$558,000 and \$687,000 in the subsequent two fiscal years.

Using the integrated position control system would help to streamline the budget development process, and create greater efficiencies and accuracy for developing salary and benefit projections used to develop the budget and MYFPs.

FCMAT reviewed all other expenditure budgets in the 2018-19 adopted budget against historical spending and found the budgeted amounts to be consistent with historical spending patterns. While the budgets are comparable to historical spending in 2015-16 and 2016-17, an increase in spending for supplies and services is noted in the 2017-18 unaudited actuals of approximately \$274,000. It is possible that this increased spending level is associated with ongoing commitments of the JPA; if so, the projected budget for 2018-19 should be adjusted accordingly. FCMAT did adjust expenditures for capital outlay by \$1,406,523.32 to account for the remaining unspent balance of CTEIG funding not included in the budget.

Conclusion

FCMAT's overall review of the JPA's 2018-19 adopted budget found it to be consistent with observations and concerns expressed during interviews. While the CBO provided FCMAT with a large binder of site/program budgets that were completed following the established process, little description was provided regarding the strategies applied to develop the operational budget and no supporting documentation was provided for these estimates and assumptions. A lack of appropriate practices to account for and project grant funding has distorted the JPA's budget picture. The lack of a fully established position control system to track and project salary and benefit costs contributes to a significant deficiency in budgeted expenditures in the 2018-19 adopted budget.

Interviews with staff indicate that in prior years the JPA had an established budget committee consisting of administrators, cluster leaders and classified staff. This committee reviewed the budget on a detailed object code level and provided collaborative input to form the basis for a consolidated budget. This budgeting process considered the utilization of all available funds to achieve the greatest impact on students and program. Interviews with staff indicate that this budget committee has not been active since approximately May 2015, about one month after the CBO was first employed.

Recommendations

The JPA should:

1. Adopt and follow a detailed budget development calendar that considers program revenue and needs that extend beyond a single fiscal year.

2. Ensure a collaborative budget development process is adhered to that considers both short- and long-term goals of the educational program.
3. Consider permitting the expenditure of department and program budgets for approved allowable expenditures unless there is a subsequent fiscal change requiring reduction or a freeze in spending.
4. Consider allocating an amount of discretionary funds in the budget to the director of educational services to support cluster leaders and programs for unforeseen program needs and opportunities.
5. Routinely review department and program budgets. Provide department and program managers access to the financial system so they can review budgeted expenditures against actual expenditures reports monthly. If access is not feasible, have the business office provide these reports monthly. Have the business office review department budgets with managers at least quarterly.
6. Consult those responsible for department and program budgets prior to modifications and/or budget transfers. While transfers between expenditure object codes will likely be necessary, establish a process that ensures collaboration.
7. Consider posting all council-adopted financial reports to the JPA website under the business services link for greater accessibility and transparency.
8. Ensure business staff have adequate access to and are properly trained to navigate the financial system used by the JPA.
9. Ensure that all financial information presented to the governing council for approval accurately reflects the information presented in the state SACS financial reports and is consistent between reports, including the MYFP.
10. Ensure that all audit adjustments or restatements are immediately made in the JPA's financial system so that balances are updated timely. If adjustments are material, prepare updated financial presentations for the governing council to communicate the change in financial position at the next scheduled council meeting.
11. Disclose all year-end transfers that occurred during closing in the year-end transfer reports presented to the governing council. Reclassify only the allowable amounts associated with actual expenditures, and clearly describe each original transaction being reclassified and the reason behind reclassification in each transfer.
12. Ensure that all state financial reporting supplemental forms are complete and detailed descriptions and/or explanations are provided where required.
13. Ensure that all required forms are provided to the governing council without alteration.

14. Ensure that the employee in the CBO position has sufficient knowledge and understanding of the concepts applied to governmental and nonprofit accounting and the California School Accounting Manual (CSAM).
15. Ensure that all revenue and expenditure budgets are supported by reliable documentation and estimate calculations.
16. Closely monitor all revenue sources against expenditures; especially where revenue is flat funded, one-time or short term.
17. Ensure that all revenues and expenditures are properly classified and accounted for in accordance with guidance provided in the CSAM.
18. Consider fully implementing the use of the position control module integrated with the Escape financial system and integrating the data into budget development and monitoring.
19. Use the data from the Escape position control to determine the annual cost of step advancements and develop a more realistic rate across total salaries and benefits by classification in the MYFP.
20. Verify the cost of all salaries and benefits against the 2018-19 adopted budget and update budgets to reflect actual salary commitments, including stipends, subs and wages for estimated extra duties and hours beyond the base contract.
21. Consider reinstating the budget committee to support a more collaborative and transparent budget development process.

Financial Accounting and Reporting

Reliable reports of expenditures and qualifying uses of restricted funds, partnered with a collaborative and transparent budgeting process, are essential to effective financial management. BP 3420 adopted by the council states, “Proposed expenditures shall be budgeted under, and expenditures shall be charged against, those categories which most accurately describe the purposes for which such monies are to be or have been spent.”

Transparency and accuracy are critical to the fiscal management of the ROP. While LEAs generally do their best to ensure expenditures are made to the appropriate accounts when they are initiated, it is not unusual to need to reclassify some expenditures at year-end closing, usually to make minor adjustments due to excess allocations of expenditures or to balance out a categorical program. Interviews indicated and FCMAT confirmed that during the 2015-16 fiscal year expenditures were transferred into the CTEIG resource. However, a review of the minutes for the September 15, 2016 council meeting indicates discrepancies in understanding the actual accounting activities of the business office by declaring that there were “no 2015-16 Year-End Transfers to report.”

The isolation of revenue and expenditures by funding source is essential to ongoing financial management. Analyzing and presenting the funding sources and ongoing operational costs separately from grant and restricted program funding is essential to assessing ongoing fiscal solvency. While all revenue and expenditures are isolated in this manner in the Escape financial system, the JPA does not import its financial activity into the state financial software in a manner that segregates the financial information for unrestricted and restricted resources. This is likely because the JPA’s financial information resides in a fund maintained in the Fremont USD financial system. It is not recognized as a general fund when uploaded into the SACS accounting software. As a result, the presentation of financial information to the governing council is consolidated and does not permit the reader to easily distinguish ongoing revenue and expenditure sources from those that are restricted for a particular purpose and, like the CTEIG program, limited term in nature.

While the underlying data reported in the SACS software is isolated in the JPA’s accounting records and could be used to construct a more useful presentation of financial information, FCMAT did not find that the CBO prepared and/or presented any financial analysis by resource to demonstrate that each program has sufficient funds to support ongoing expenditures in the current and subsequent two fiscal years. The absence of this type of detailed analysis obscures potential shortfalls in the out years, distorts the presentation of the JPA’s base program and masks the advance warning typically provided in an MYFP.

FCMAT analyzed the JPA’s budget by importing its certified financial data from its 2018-19 adopted budget into Budget Explorer, a budgeting software developed by FCMAT. This allowed for the isolation of revenue and expenditures by resource and consideration of the ongoing effects of financial commitments. Once reasonable assumptions were added to the projection and necessary adjustments were made to revenue and expenditure data the projection confirmed that the JPA has a structural deficit that increases in each year of the projection as presented, which is discussed in greater detail in the multiyear financial projection section of this report.

Currently there is no easy way to modify the financial system export to facilitate this segregation in the SACS software. However, by importing the same data file into FCMAT’s Budget Explorer software this information was easily isolated by resource. This tool also provides for greater accuracy in preparing an MYFP than the tool offered in the SACS software. There is no cost to access Budget Explorer, and it may provide a viable option for the JPA to isolate and present financial information to the governing council.

Fund Balance

Fund balance is divided into five classifications: non-spendable, restricted, committed, assigned, and unassigned. The separation of fund balance into these components is important to the JPA because it provides information on the funds available to cover unanticipated or future expenditures. It is not uncommon for a program, or a JPA, to spend less than its entire allocation and have funds remaining at fiscal year end that will be spent in subsequent years.

Board Policy 3105 should define what happens to those specific funds; however, the policy is vague and provides the authority to assign balances to the director of business services (CBO). Currently, with the exception of large projects, unused balances are rescinded at the end of each fiscal year and are reallocated for other purposes in the subsequent year's budget. This practice encourages a "use it or lose it" mentality among budget managers. The policy provides for a carryover from one year to the next, if approved by the CBO and the governing council. FCMAT did not identify any carryover funds appropriated in the years under review (other than capital projects), and no discussion of carryover, as an option, was discussed in interviews.

Carryover continues funding authority for a limited additional time period on a case by-case basis. This allows the administration to authorize the carryover of funding to a subsequent year where a clear rationale or justification exists, or to rescind spending authority when the funds could be better used elsewhere. It is also advisable to develop policies for joint decision making between the JPA central office and program managers to identify constructive, mutually beneficial uses of unspent funds.

While a fund balance policy was established with BP 3105, the application of the policy is problematic and outdated. The policy states, "Fund Balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the ROP, in accordance with policies established by the Governing Board." A critical component to implementation is accuracy and consistency in the reporting of fund balance information, which FCMAT found to be severely lacking.

For example:

1. The 2016-17 adopted budget, June 15, 2016 and those prior, indicated a 3% reserve for economic uncertainty. However, the 2016-17 second interim report indicated that the ROP adopted a 5% reserve. FCMAT was unable to find any documentation in council-approved meeting minutes supporting this change.
2. The SACS pages listing the "Components of the Ending Fund Balance" are generated several times each year. Based on Alameda COE review letters and SACS data files reviewed by the team, FCMAT found council-approved reports that did not match the data in the SACS export file submitted to the Alameda COE. The only complete set of SACS exhibits presented in governing board materials were the 2016-17 second interim report presented March 16, 2017 and the 2018-19 proposed budget presented on June 21, 2018. While the board reports contained all of the SACS documents, neither of these reports matched the SACS general fund expenditures by object reporting of ending fund balance allocations, or the council narrative report.

3. State Lottery funding to the JPA discontinued prior to the 2015-16 school year. In the 2014-15 SACS software, Fund Balances/Reserves listed \$224,287 for “Lottery Unrestricted-Carryover” and \$232,496.14 for “Lottery Prop 20” (restricted) carryover. The 2015-16 unaudited actuals presented to the council September 15, 2016 listed “Lottery Income” of \$1,500,000, and “Lottery Restricted” of \$750,000, in addition to Lottery Instructional Materials (restricted) in the restricted balance of \$234,890.62. The balances of \$2 million in unrestricted lottery and \$2,394.48 in restricted lottery were not possible as there was no additional lottery income.
4. In the MYFP submitted with the 2018-19 budget, adopted June 21, 2018, a \$7.8 million negative restricted ending balance was recorded for both 2019-20 and 2020-21. During interviews with FCMAT the CBO could not identify a reason for the entry. Nor could she explain how the JPA could use the \$200,000 reserve for “Prop 1D Contingencies.”

The board policy allows the CBO to recommend reserves, and the governing council to approve them. This is an impossible task if balances are not accurate or the original source(s) and/or potential use(s) of the reserve balances are unknown. Even the best MYFP cannot forecast available reserves without proper accounting of available funds.

FCMAT found the financial information included in the 2018-19 adopted budget governing council presentation to be cumbersome in format and lacking in financial data useful in communicating the JPA’s financial position. Furthermore, several inconsistencies were noted between the budget and MYFP. During interviews, FCMAT found that the CBO was unable to address questions regarding discrepancies and unusual trends presented in the budget and MYFP.

Recommendations

The JPA should:

1. Ensure that year-end closing entries are presented to the governing council for review and approval.
2. Isolate presentations and present unrestricted and restricted financial information independent from the consolidated financial report for greater transparency. Accomplish this by developing simple presentation tables in narrative reports that accompany the SACS financial reports.
3. Re-evaluate the practice of systematically eliminating unspent budget allocations for department and programs; institute routine budget monitoring practices throughout the year to monitor spending and assess the reasons behind delays or absence of spending.
4. Review board policy and update outdated language. Ensure implementation of existing policies that encourage a more strategic use of underutilized funds.
5. Ensure that designations of fund balance included in budget and interim reporting accurately reflect the resources and intended purpose of the remaining funds.

6. Ensure the final reports prepared for governing council approval are those that match the official SACS export provided to the Alameda COE.
7. Develop council reports that use a uniform reporting model with useful financial information that includes comparisons of budget-to-actual data and historical revenue and expense trends that can be analyzed over multiple years.
8. Ensure that financial information presented to the council is consistent, accurate, complete and easily explainable by the CBO.

Multiyear Projections

The multiyear financial projection component of each LEA's general fund budget is required by Assembly Bill (AB) 1200 and AB 2756. The primary purpose of an MYFP is to project the LEA's budget over several fiscal years using current budget assumptions to determine if the LEA is able to achieve and sustain a balanced budget and maintain the state-prescribed reserve for economic uncertainties.

The primary objective of developing MYFPs is to provide a fiscal planning framework that enables the governing council and JPA administration to make budget decisions that strategically address current and future challenges. Fiscal solvency is dependent on ongoing revenue sources sufficient to cover ongoing expenditure commitments. MYFPs are designed to verify the sufficiency of those resources. It is essential for the potential long-term effect of any new or proposed expenditure commitment to be evaluated against the JPA's current financial position based on existing commitments to ensure that a structural deficit – where projected expenditures exceed revenue in the current and two subsequent two fiscal years – is not created.

MYFPs can serve as the basis for more informed decisions and provide the ability to forecast the fiscal effects of potential new financial commitments before a decision is made. Projections should be routinely updated, at least at each interim financial reporting period and when considering any significant new one-time or ongoing expenditure commitment, such as salary and/or benefit increases. In developing an MYFP, attention is focused on the ability to meet the required reserve for economic uncertainty and achieve a positive unappropriated fund balance.

MYFPs are required by AB 1200 and AB 2756 and are part of the budget adoption and interim reporting processes. When prepared with great detail and care based on the most current information known and industry standard factors, the MYFP is an effective tool in evaluating the JPA's fiscal position and the ongoing financial effect of decisions made by the governing council. MYFPs commonly contain complex calculations and detailed assumptions to ensure the greatest accuracy. No mandated tool exists for developing MYFPs, so LEAs often develop their own financial projection tools, most commonly in Excel, that range in complexity and completeness. Once prepared, LEAs simply enter the results in the form included in the state's SACS software. The JPA MYFP was prepared solely using the form included in SACS. This form is not sufficiently sophisticated to prepare an accurate MYFP without substantial external calculations and assumptions.

MYFPs should be viewed as a trend based on certain criteria and assumptions rather than a prediction of exact numbers. Any forecast of financial data has inherent limitations because calculations are based on certain assumptions and criteria, including enrollment trends, cost-of-living increases, forecasts of costs for utilities, fuel and other consumables, and local, state and national economic conditions.

FCMAT reviewed revenue and expenditure trends during recent historical years along with contractual commitments for both revenue and expenditures, and used industry-standard variables to evaluate the JPA's 2018-19 adopted budget and two subsequent fiscal years presented in the MYFP. The JPA faces its own specific set of financial risk factors because it does not receive funding in the same manner as an LEA. However, the impact on expenditures does have common elements including changes in enrollment trends, employee compensation, and a degree of revenue volatility. Therefore, it is essential for the JPA to continue to plan accordingly to remain fiscally solvent while meeting ongoing academic and program objectives.

In such an uncertain environment, the JPA should perform the following:

1. Maintain adequate reserves to allow for unanticipated circumstances.
2. Maintain fiscal flexibility by limiting commitments to future increased expenditures based on projections of future revenue growth, and/or establish contingencies that allow expenditure plans to be changed as needed.

The MYFP accompanying the 2018-19 adopted budget does not accurately represent the JPA's financial position on an ongoing basis.

Revenue reported in the base year of the projection did not tie to that reported in the budget; other state revenue was \$57,337 less than reported in the budget. Revenue for the CTEIG program was not properly accounted for, further distorting the financial picture in both the budget year and the subsequent two years of the MYFP.

Salary and benefit projections included in the adopted budget were significantly understated, thus contributing to an increasing deficit in each year of the projection that is not recognized.

The beginning fund balance does not tie to the adopted budget and was overstated by \$4,335,847.07, the amount correcting the inappropriate accounting for the CTEIG program in the JPA's 2015-16 audit. The compounding effect of each misstatement and adjustment has a considerable effect in each year of an MYFP that significantly hinders the governing council's ability to make informed financial decisions. A comparison of FCMAT's adjusted projection as compared to the one presented to the governing council with its 2018-19 adopted budget is presented on the next page.

	FCMIAT MYFP			ROP 2018-19 Adopted MYFP			Increase / (Decrease)		
	Object Code	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21	Base Year 2018 - 19	Year 1 2019 - 20
Revenues									
LCFF/State Aid	8010 - 8099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenues	8100 - 8299	-	-	-	-	-	-	-	-
Other State Revenues	8300 - 8599	3,352,141.32	4,256.66	4,370.31	1,804,150.00	300,000.00	300,000.00	1,547,991.32	(295,743.34)
Other Local Revenues	8600 - 8799	6,921,317.00	6,924,717.00	6,928,336.00	6,921,317.00	6,675,467.00	6,675,467.00	-	249,250.00
Revenues		\$10,273,458.32	\$ 6,928,973.66	\$ 6,932,706.31	\$ 8,725,467.00	\$ 6,975,467.00	\$ 6,975,467.00	\$ 1,547,991.32	\$ (46,493.34)
Expenditures									
Certificated Salaries	1000 - 1999	\$ 3,560,155.79	\$ 3,612,844.90	\$ 3,674,984.45	\$ 3,368,845.00	\$ 3,436,221.00	\$ 3,504,945.00	\$ 191,310.79	\$ 176,623.90
Classified Salaries	2000 - 2999	1,182,215.57	1,222,410.91	1,252,971.18	1,114,914.00	1,137,212.00	1,159,956.00	67,301.57	85,198.91
Employee Benefits	3000 - 3999	1,164,885.27	1,286,130.65	1,378,039.80	970,492.00	989,902.00	954,067.00	194,393.27	296,228.65
Books and Supplies	4000 - 4999	1,154,843.00	1,193,645.73	1,232,200.49	1,154,843.00	375,000.00	375,000.00	-	818,645.73
Services and Other Operating	5000 - 5999	1,716,798.00	1,774,482.42	1,831,798.18	1,716,798.00	1,605,254.00	1,605,254.00	-	169,228.42
Capital Outlay	6000 - 6900	1,640,137.32	25,000.00	25,000.00	233,614.00	100,000.00	100,000.00	1,406,523.32	(75,000.00)
Other Outgo	7000 - 7299	-	-	-	-	-	-	-	-
Direct Support/Indirect Cost	7300 - 7399	-	-	-	-	-	-	-	-
Debt Service	7400 - 7499	-	-	-	-	-	-	-	-
Expenditures		\$10,419,034.95	\$ 9,114,514.61	\$ 9,394,994.10	\$ 8,559,506.00	\$ 7,643,589.00	\$ 7,699,222.00	\$ 1,859,528.95	\$ 1,470,925.61
Excess (Deficiency) of Revenues		\$ (145,576.63)	\$ (2,185,540.95)	\$ (2,462,287.79)	\$ 165,961.00	\$ (668,122.00)	\$ (723,755.00)	\$ (311,537.63)	\$ (1,517,418.95)
Over Expenditures									
Other Financing Sources/Uses									
Interfund Transfers In	8900 - 8929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Transfers Out	7600 - 7629	-	-	-	-	-	-	-	-
All Other Financing Sources	8930 - 8979	-	-	-	-	-	-	-	-
All Other Financing Uses	7630 - 7699	-	-	-	-	-	-	-	-
Contributions	8980 - 8999	-	-	-	-	-	-	-	-
Other Financing Sources/Uses									
Net Increase (Decrease) in Fund Balance		(\$145,576.63)	(\$2,185,540.95)	(\$2,462,287.79)	\$165,961.00	(\$668,122.00)	(\$723,755.00)	\$ (311,537.63)	\$ (1,517,418.95)
Fund Balance									
Beginning Fund Balance	9791	\$10,156,005.54	\$8,813,948.39	\$6,628,407.44	\$14,491,852.61	\$14,657,813.61	\$13,989,691.61	\$4,335,847.07	(\$5,843,865.22)
Audit Adjustments	9793	-	-	-	-	-	-	-	-
Other Restatements	9795	(1,196,480.52)	-	-	-	-	-	(1,196,480.52)	-
Adjusted Beginning Fund Balance	9797	\$ 8,959,525.02	\$ 8,813,948.39	\$ 6,628,407.44	\$14,491,852.61	\$14,657,813.61	\$13,989,691.61	\$ (5,843,865.22)	\$ (7,049,746.54)
Ending Fund Balance	9799	\$ 8,813,948.39	\$ 6,628,407.44	\$ 4,166,119.65	\$14,657,813.61	\$13,989,691.61	\$13,265,936.61	\$ (6,155,402.85)	\$ (8,567,165.49)

Adjustment Notes:

1. Beginning balance is inclusive of \$4,335,666.80 reported as ending fund balance in resource 6387 for 2016-17, which should have been deferred until earned.
2. Out year salary and statutory benefits are based on actual salary schedule placement and staffing analysis.
3. Benefits based on actual rates applied proportionally to salaries. Health and OPEB not adjusted.
4. Adjustments made to account for the appropriate CTEIG award balance. Final year, revenue increased to account for remaining award, expenditures increased in budget year in object 6XXX and removed from out years; all other expenditure remain unadjusted, assuming absorbed elsewhere.
5. Revenue for member district contributions solely based on MOU and exclude all other local revenue. FCMAT projection includes estimates based on historical actuals.
6. No additional reductions in expenditures in object codes series 4XXX-5XXX in out years of the projection; CPI added to remaining balance in each subsequent year.

As discussed earlier in the report, the financial information of the JPA is presented in a consolidated format. This does not provide sufficient detail for the reader to identify and evaluate potential concerns such as deficit spending.

When the expenditures of an LEA's budget are greater than the revenue it receives in a fiscal year, deficit spending occurs. When this happens year over year and cannot be traced to one-time expenditures, it is known as a structural or operating deficit. Left unresolved, the structural deficit will deplete the LEA's reserves and result in a negative fund balance. In a worst-case scenario, the LEA will run out of cash and become fiscally insolvent.

The table below disaggregates the net result of revenue over expenditures by unrestricted and restricted resources of the JPA's MYFP as modified by FCMAT. A full presentation of FCMAT's MYFP is available in Appendix A.

	2018-19	2019-20	2020-21
Unrestricted Resources	\$ (237,262.63)	\$ (485,193.19)	\$ (703,724.26)
Restricted Resources	\$ 91,686.00	\$ (1,700,347.76)	\$ (1,758,563.53)
Combined	\$ (145,576.63)	\$ (2,185,540.95)	\$ (2,462,287.79)

When supporting an ongoing instructional program with one-time resources, the LEA should have a clear understanding of the point at which funds are exhausted. The JPA does have a significant fund balance that allows programs to operate in a deficit model for an extended period of time. The JPA is also aware of the short-term nature of the CTEIG funding. Review of council-approved ongoing expenses charged to one-time CTEIG funding between 8/31/2016 and 12/4/2017 shows items such as: instructional supplies, books, software, food, SCBA fire safety check and safety check fees, AVID Center fees, online education, uniform maintenance, annual subscriptions, student and employee travel and training, credit card reimbursements, graduation supplies, and student certification exams.

A detailed revenue enhancement and/or expenditure reduction plan could fully identify and address the shortfall before reserve balances become compromised. Where a deficit is significant, a plan that eliminates the deficit over several years may be more palatable. However, this requires the LEA to have enough cash on hand to sustain higher ongoing expenditures until such time as new ongoing revenue sources are secured.

Recommendations

The JPA should:

1. Ensure MYFP assumptions are reasonable and allow for the elimination of one-time revenue and expenditure items in the subsequent fiscal years.
2. Ensure the information in the MYFP base year accurately reflects the amounts reported in the budget.
3. Utilize a reliable tool to calculate the cost of step increases in the subsequent fiscal years of the MYFP and accurately project the ancillary statutory benefit increases.
4. Ensure that beginning balances are accurately considered in the MYFP.
5. Ensure that narratives clearly describe the significant assumptions applied to the out years of the MYFP.
6. Closely monitor the deficit spending pattern and develop a long-term plan that fully addresses the shortfall.

Financial Management and Oversight

The CBO is responsible for developing the JPA's budget and routine financial reporting pursuant to EC Sections 33129, 41023 and 42127. The Business Services Department maintains a staff of accounting and personnel technicians to fulfill many activities of day-to-day operations, but the department also relies greatly on support services from the Fremont USD agreed upon through an annual service agreement. The services provided by Fremont USD were described as including the following:

- Personnel Services: maintains employee personnel and payroll data in the Escape software based on MVROP New Hire/Change in Employee Status forms.
- Financial Services: processes all vendor invoices and payments and payroll.
- Warehousing and Inventory: maintains inventories and issues asset tags for all purchases meeting inventory requirements set by the JPA.
- Management Information Services: provides access to and end user support for the QSS and Escape financial systems. Maintains all electronic financial system records.
- Fiscal Agency Management Services: prepares all purchase orders based on requisitions prepared and approved by the JPA, conducts public bidding where required and provides defense for potential claims against the district as fiscal agent, and provides overall cash management.
- Routine maintenance of facilities and grounds.

While Fremont USD provides financial support services, it does not oversee the fiscal health of the JPA. Interviews with the Alameda COE also indicate that outside of generalized required SACS reporting, the COE does not involve itself in fiscal oversight of the JPA as is required for school districts by AB 1200. As a result, there is no additional monitoring of the fiscal health of the JPA outside of the superintendent and governing council. FCMAT also noted that the letters prepared by the Alameda COE are sent directly to the CBO and not the superintendent. This is concerning as it may delay or avoid the communication of errors and omission presented in the financial statements.

The absence of strong financial leadership and technical expertise overseeing daily operations of the Business Services Department presents substantial risk to the JPA and member districts.

Recommendations

The JPA should:

1. Consider seeking a greater degree of involvement from the Fremont USD or the Alameda COE in overseeing or reviewing the financial accounting and reporting of financial activity by the JPA.
2. Request that the Alameda COE send budget and interim review letters to both the CBO and the superintendent.
3. Read the COE letters and implement recommendations.
4. Ensure that the JPA provides strong financial leadership in the Business Services Department.

Program Monitoring and Compliance

The CTEIG grant states its mission is to “enhance or create new Career Technical Education (CTE) pathways.” The funds received were competitive one-time grants, and the council presentations indicate care was given to support one-time expenditures. As a condition of receiving the grant, the JPA had to commit to specific match requirements and to demonstrate program sustainability for three years beyond the final grant expenditure.

On June 15, 2017, the governing council held a special study session for multiyear revenue and expenditures for major projects. Both the reported revenue and grant balances presented to the governing council for the CTEIG program were inaccurate. In every year under review, the revenue for the CTEIG program was inaccurately projected. Despite numerous advisements from independent auditors and the county office of education, the JPA continued to report revenue for CTEIG inaccurately.

In both the 2017-18 and 2018-19 budgets the ROP was advised by the county office that it should not have carried forward CTEIG funding in the multiyear budget because future awards were not guaranteed and it “Overstates the ROP’s revenue in the current and two fiscal years.” The county also addressed the fact that the ROP was managing the program as a restricted fund balance program, when it actually requires revenue deferral. This is because the funds received are not earned until they are spent on qualifying expenditures. None of the council presentations in the council minutes properly accounted for the revenue, or the resultant ending grant balance.

The table below outlines the grant award available and the recorded expenditures for each year under review.

Grant Award Reconciliation

Fiscal Year	Program Activity	Grant Term 1	Grant Term 2	Grant Term 3	Total
		FY15 & FY16 thru 6/30/19	16-17 thru 6/30/19	17-18 thru 6/30/19	
2015-16	4/5/16 Award FY 15 (FIS 07.3b)	\$ 3,397,236.00			
	9/20/16 Amended Award FY 15 16 (FIS 07.3c)	\$ 851,630.00			
	Available	\$ 4,248,866.00			\$ 4,248,866.00
	2015-16 Expenditures (W 01)	\$ (833,074.40)			\$ (833,074.40)
	Unearned Award Carryover	\$ 3,415,791.60			\$ 3,415,791.60
2016-17	5/10/17 Award FY 16 (FIS 07.3d)		\$ 3,063,729.00		
	Available	\$ 3,415,791.60	\$ 3,063,729.00		\$ 6,479,520.60
	2016-17 Expenditures (W 01)	\$ (2,143,853.80)	\$ -		\$ (2,143,853.80)
	Unearned Award Carryover	\$ 1,271,937.80	\$ 3,063,729.00		\$ 4,335,666.80
2017-18	4/12/18 Award FY 17 (FIS 07.3e)			\$ 1,857,337.00	
	Available	\$ 1,271,937.80	\$ 3,063,729.00	\$ 1,857,337.00	\$ 6,193,003.80
	2017-18 Expenditures (W 01)	(1,271,937.80)	(1,573,074.68)	-	\$ (2,845,012.48)
	Unearned Award Carryover 6-30-18	\$ -	\$ 1,490,654.32	\$ 1,857,337.00	\$ 3,347,991.32
2018-19	2018-19 Adopted Budget Expenditures (Final Year)		\$ (1,490,654.32)	\$ (650,813.68)	\$ (2,141,468.00)
	Additional Required Expenditures by 6/30/19			\$ (1,206,523.32)	\$ (1,206,523.32)
	Unearned Award Carryover	\$ -	\$ -	\$ -	\$ -

** 2017-18 Expenditures as recorded through September 7, 2018

While the amounts earned above are substantial enough to initiate some major educational initiatives, interviews indicate and council narratives support that the funds were generally directed at previously existing programs. A review of council minutes regarding projects and grant expenditures indicates that many of the expenditures to date have offset day-to-day, ongoing program operating costs. The total funds spent through 2017-18 (recorded through September 7, 2018) and projects submitted to council are presented below:

Description	2015-16	2016-17	2017-18	2018-19
Total Expenses Charged to CTEIG	\$833,074.40	\$2,143,853.80	\$2,845,012.48	
Major Projects and Technology Budget*	\$209,054.00	\$1,722,405.00	\$1,746,963.00	\$1,054,144.00
Difference	\$624,020.00	\$1,300,956.20	\$1,098,049.48	N/A
Percent Expenditures not Identified as Major Projects or Technology	75%	61%	39%	N/A

* Based on various project estimates. No final accounting of “Major Projects and Technology” costs or completed projects for any fiscal year was published in council minutes

The June 15, 2017 council meeting minutes for Special Study Session-Review Multi-Year Expenditures and Revenue for Major Projects indicate that concerns were discussed that the ROP “needed to demonstrate how the infusion of CTEIG funds was effecting facilities, operations and budgeting for the current and subsequent years.” The issue surrounding how the CTEIG grant funds were affecting the “trend of deficit spending” was on the agenda. While the general ledger data is not available in detail sufficient to ascertain if the non-major project and technology expenditures (miscellaneous expenditures) were for approved purposes, many transactions expensed against the CTEIG program were processed through the revolving fund as reimbursements in amounts under \$50, individual employee reimbursements and bank/credit card payments. Among these transactions were a few clearly identifiable nonqualifying expenses based on program guidelines.

Board Policy 3420 states, “Proposed expenditures shall be budgeted under, and expenditures shall be charged against, those categories which most accurately describe the purposes for which such monies are to be, or have been spent.” FCMAT found little evidence that CTE expenditure guidelines as published by the CDE were considered as part of the process for budgeting or monitoring disbursements for the CTEIG grant.

The JPA received its first allocation of grant funding in 2016-17, but allowed for expenditure reclassification entries of \$833,074.40 from the general operating resource to the CTEIG resource while closing the 2015-16 fiscal year. There was no indication or supporting documentation demonstrating that the reclassified expenditures were reviewed and considered program by program to ensure they qualified as eligible expenditures under CTEIG. As previously mentioned, analysis of the final expenditure accounts recorded in the JPA’s 2015-16 detailed general ledger show that the total expenditure amount reclassified from the unrestricted resource to the CTEIG resource exceeded the total actual amount originally expended in six object codes as follows:

4315 Technology Supplies	\$-13,925.92
4410 Noncapitalized Equipment	\$-168,895.57
4420 Computers/Laptops/Comp Devices	\$-305,712.01
4430 Computer Peripherals	\$-1,313.98
5671 Repairs, Contracted-Bldg & Grnd	\$-107,287.69
6621 Architect/Engineering Fees	\$-10,550.52

Program Matching Requirements

For each term that CTEIG was awarded, a matching component is required. The matching requirements are as follows:

Grant Term 1	Grant Term 2	Grant Term 3
\$1.00:\$1.00	\$1.50:\$1.00	\$2.00:\$1.00

The funds provided by the member districts have served those communities well and contribute to the matching requirements established as a condition of accepting funding from the CTEIG program. However, contrary to reports provided during interviews, the CTEIG match is determined by how the funds are used, not by how much income is provided.

The CDE indicates that only expenses that qualify for goals 6000-6999 in the CSAM qualify for the match. Goal codes accumulate costs by instructional goals and objectives, and groups costs by population, setting or educational mode. Per the CSAM, these Regional Occupational Center/Program (ROC/P) goal codes refer to skill areas, such as agriculture, distributive education, health, home economics, industrial arts, technology, and trades designed to prepare students for gainful employment. General operation expenses coded to these goal codes do not qualify as the match requirement.

Proper account coding of ROP expenses is essential to the process of isolating expenditures and demonstrating funding match compliance. A review of the general ledger expenses for the 2015-16 school year indicates that many general operations expenses were coded to the 6000-6999 goal codes. As an example in the 2018-19 school year budget, the ROP office battery backup system and internet phone system do not qualify as matching funds for grant purposes, and should not be listed as a match.

The CTEIG grant and the ROP MOU does allow for the allocation of indirect costs; however, records reviewed indicate the JPA has not charged indirect costs to the grant. Assuming all prior year expenditures and 2018-19 budgeted amounts qualify as allowable expenditures, they would qualify for indirect costs, generating unrestricted income from the CTEIG grant.

For the ROP to be able to charge indirect costs, when preparing the Program Cost Report in the SACS software for the unaudited actuals, the JPA must check the “yes” box to request that the CDE approve its calculated indirect cost rate for the following year. FCMAT’s review of the JPA’s unaudited actuals show that the “no” box was checked, indicating that the JPA has not been able to apply indirect costs to eligible programs.

Using the CTEIG program guidelines and coding ROP expenditures properly allows the ROP to modify the accounting and reporting of expenditures to properly support the grant. A comprehensive, accurate report to the council members allows them to properly prioritize projects and maximize revenue to support the CTE programs. Only through ascertaining uncommitted balances can the council determine how much money is available for local priorities and determine long-term budgeting decisions and plans.

Despite recent large allocations of CTEIG funding, the JPA may not be able to make significant changes to its educational strategy and resource allocation patterns within a single year. The JPA would be better served by developing and adhering to a multiyear funding plan that supports its education priorities and strategies. This plan should be founded with the goal of fully funding and realigning resources as necessary to support high priority elements of the program, and the financial effect of any changes should be clearly reflected in the MYFP.

Interviews with the CBO indicate a philosophy that the CTEIG funds should not be spent on ongoing expenses, and the stated focus on program expansion or enhancement was lacking (See CTEIG section). While board policy recommends the JPA adopt a balanced budget, the policy is outdated and vague, such that a budget that is balanced by the definition of statute may not be, in fact, sustainable over time. As a result, expansion of educational program opportunities like those funded by CTEIG, which may require large amounts of startup capital and multiple years of planning, could be lost. The policy should be updated to include parameters for achieving and maintaining structural balance where recurring revenues are equal to recurring expenditures in the adopted budget, and also allowing for expenditure of one-time revenue and funding carry-over.

Recommendations

The JPA should:

1. Properly account for all CTEIG funding by deferring any grant funding received but not earned at year end.
2. Ensure that all grant funding is properly accounted for and communicated to the governing council in a way that is accurate and easy to understand.
3. Review all expenditures transferred into the CTEIG resource 6387 through reclassification entries, and ensure that all reclassifications can be traced back to qualifying expenses.
4. Ensure that any expenditure charged to or transfer into the CTEIG resource is properly reviewed against expenditure guidelines prior to reclassification to ensure it is an eligible program expense.
5. Review all expenditures coded outside of the CTEIG resource to identify all expenditures that are eligible as matching funds.
6. Report all major project and technology costs to the council when completed as final project costs as well as any funding that is offsetting ongoing expenditures.
7. Consider requesting that the CDE approve the JPA's indirect cost rate each year and charge all eligible programs as appropriate.
8. Consider reviewing all historical activity charged against the CTEIG program grant to determine if modifications to reports are necessary.
9. Consider amending BP 3122 to better reflect investments necessary to implement the expansion or enhancement of educational programs with significant upfront expenses. Develop budgets to match one-time funding with one-time revenue and ongoing funding with ongoing expenses.

Conclusion

The JPA has benefited greatly as the recipient of CTEIG funding grants that conclude in the 2018-19 fiscal year. While there is potential for future funding for CTEIG under a new structure, participating LEAs are not automatically eligible, and eligibility requirements and allocation methodology have yet to be established. Distribution systems for these funds may be significantly different than in prior years due to the number of stakeholders in the process. These include: the Legislature, administration, Department of Education, community colleges, local school districts, ROPs and employers. Reconciling these new programs to deliver ROP goals will take diligent cooperation and focus.

Historically, the ROP has reported average daily attendance (ADA) to the council during the interim financial reporting periods, and the student enrollment figures have not increased and decreased in alignment with the ADA reported. While the SACS software does not require ROPs to report CTE ADA or enrollment total, the JPA uses member district figures as a basis for allocating resources and as referenced in the current member district MOU for participation in the CTEIG program. Routine, consistent and accurate reporting of ADA used for these new grant applications would help support ROP member understanding of the distribution of resources and program evaluation.

The current JPA Addendum terminates at the end of the 2018-19 school year. As details are determined to support the distribution of the new funding formula and programs, this information can be taken into consideration in the development of future addendums and/or MOUs.

Recommendations

The JPA should:

1. Identify which ongoing costs were previously paid for with one-time funding.
2. Closely monitor and participate in the stakeholder groups that develop local funding allocations.
3. Report accurate and consistent ADA figures.
4. Consider any new ongoing funding available to member districts in developing the new MOU or addendums.

Appendices

Appendix A – FCMAT MYFP

Appendix B – Study Agreement

Appendix A

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Unrestricted and Restricted Resources
 Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	0.00	0.00	0.00	0.00
Federal Revenues	8100 - 8299	0.00	0.00	0.00	0.00
Other State Revenues	8300 - 8599	4,150.00	3,352,141.32	4,256.66	4,370.31
Other Local Revenues	8600 - 8799	5,773,750.65	6,921,317.00	6,924,717.00	6,928,336.00
Revenues		5,777,900.65	10,273,458.32	6,928,973.66	6,932,706.31
Expenditures					
Certificated Salaries	1000 - 1999	3,061,274.99	3,560,155.79	3,612,844.90	3,674,984.45
Classified Salaries	2000 - 2999	1,025,291.73	1,182,215.57	1,222,410.91	1,252,971.18
Employee Benefits	3000 - 3999	898,036.88	1,164,885.27	1,286,130.65	1,378,039.80
Books and Supplies	4000 - 4999	926,639.23	1,154,843.00	1,193,645.73	1,232,200.49
Services and Other Operating	5000 - 5999	1,672,377.56	1,716,798.00	1,774,482.42	1,831,798.18
Capital Outlay	6000 - 6900	1,284,708.51	1,640,137.32	25,000.00	25,000.00
Other Outgo	7000 - 7299	0.00	0.00	0.00	0.00
Direct Support/Indirect Cost	7300 - 7399	0.00	0.00	0.00	0.00
Debt Service	7400 - 7499	0.00	0.00	0.00	0.00
Expenditures		8,868,328.90	10,419,034.95	9,114,514.61	9,394,994.10
Excess (Deficiency) of Revenues Over Expenditures		-3,090,428.25	-145,576.63	-2,185,540.95	-2,462,287.79
Other Financing Sources/Uses					
Interfund Transfers In	8900 - 8929	0.00	0.00	0.00	0.00
Interfund Transfers Out	7600 - 7629	0.00	0.00	0.00	0.00
All Other Financing Sources	8930 - 8979	0.00	0.00	0.00	0.00
All Other Financing Uses	7630 - 7699	0.00	0.00	0.00	0.00
Contributions	8980 - 8999	0.00	0.00	0.00	0.00
Other Financing Sources/Uses		0.00	0.00	0.00	0.00
Net Increase (Decrease) in Fund Balance		-3,090,428.25	-145,576.63	-2,185,540.95	-2,462,287.79
Fund Balance					
Beginning Fund Balance	9791	13,246,433.79	10,156,005.54	8,813,948.39	6,628,407.44
Audit Adjustments	9793	0.00	0.00	0.00	0.00
Other Restatements	9795	0.00	-1,196,480.52	0.00	0.00
Adjusted Beginning Fund Balance	9797	13,246,433.79	8,959,525.02	8,813,948.39	6,628,407.44
Ending Fund Balance	9799	10,156,005.54	8,813,948.39	6,628,407.44	4,166,119.65
Components of Ending Fund Balance					
Reserved Balances	9700	0.00	0.00	0.00	0.00
Fund Balance, Nonspendable					
Nonspendable Revolving Cash	9711	7,500.00	0.00	0.00	0.00
Nonspendable Stores	9712	0.00	0.00	0.00	0.00
Nonspendable Prepaid Items	9713	7,898.22	0.00	0.00	0.00
All Other Nonspendable Assets	9719	0.00	0.00	0.00	0.00
General Reserve	9730	0.00	0.00	0.00	0.00
Restricted Balance	9740	2,093,047.57	488,557.42	-1,211,790.34	-2,970,353.87
Committed					
Stabilization Arrangements	9750	0.00	0.00	0.00	0.00
Other Commitments	9760	0.00	0.00	0.00	0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	0.00	0.00	0.00	0.00
Other Assignments	9780	3,555,671.00	6,555,671.00	0.00	0.00
Economic Uncertainties Percentage		0.05	0.05	0.05	0.05
Reserve for Economic Uncertainties	9789	443,416.45	520,951.75	455,725.73	469,749.71
Undesignated/Unappropriated	9790	4,048,472.30	1,248,768.22	7,384,472.05	6,666,723.81

LEA: Mission Valley ROC/P
Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
Unrestricted Resources Only
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	0.00	0.00	0.00	0.00
Federal Revenues	8100 - 8299	0.00	0.00	0.00	0.00
Other State Revenues	8300 - 8599	0.00	0.00	0.00	0.00
Other Local Revenues	8600 - 8799	5,640,400.65	6,781,985.00	6,785,385.00	6,789,004.00
Revenues		5,640,400.65	6,781,985.00	6,785,385.00	6,789,004.00
Expenditures					
Certificated Salaries	1000 - 1999	2,943,870.45	3,432,785.79	3,483,591.01	3,543,508.77
Classified Salaries	2000 - 2999	992,236.07	1,147,715.57	1,186,737.91	1,216,406.36
Employee Benefits	3000 - 3999	870,168.14	1,134,275.27	1,252,788.04	1,342,636.42
Books and Supplies	4000 - 4999	50,003.60	136,716.00	141,309.66	145,873.96
Services and Other Operating	5000 - 5999	1,238,950.39	1,142,755.00	1,181,151.57	1,219,302.75
Capital Outlay	6000 - 6900	29,081.86	25,000.00	25,000.00	25,000.00
Other Outgo	7000 - 7299	0.00	0.00	0.00	0.00
Direct Support/Indirect Cost	7300 - 7399	0.00	0.00	0.00	0.00
Debt Service	7400 - 7499	0.00	0.00	0.00	0.00
Expenditures		6,124,310.51	7,019,247.63	7,270,578.19	7,492,728.26
Excess (Deficiency) of Revenues Over Expenditures		-483,909.86	-237,262.63	-485,193.19	-703,724.26
Other Financing Sources/Uses					
Interfund Transfers In	8900 - 8929	0.00	0.00	0.00	0.00
Interfund Transfers Out	7600 - 7629	0.00	0.00	0.00	0.00
All Other Financing Sources	8930 - 8979	0.00	0.00	0.00	0.00
All Other Financing Uses	7630 - 7699	0.00	0.00	0.00	0.00
Contributions	8980 - 8999	0.00	0.00	0.00	0.00
Other Financing Sources/Uses		0.00	0.00	0.00	0.00
Net Increase (Decrease) in Fund Balance		-483,909.86	-237,262.63	-485,193.19	-703,724.26
Fund Balance					
Beginning Fund Balance	9791	8,546,867.83	8,062,957.97	8,325,390.97	7,840,197.78
Audit Adjustments	9793	0.00	0.00	0.00	0.00
Other Restatements	9795	0.00	499,695.63	0.00	0.00
Adjusted Beginning Fund Balance	9797	8,546,867.83	8,562,653.60	8,325,390.97	7,840,197.78
Ending Fund Balance	9799	8,062,957.97	8,325,390.97	7,840,197.78	7,136,473.52
Components of Ending Fund Balance					
Reserved Balances	9700	0.00	0.00	0.00	0.00
Fund Balance, Nonspendable					
Nonspendable Revolving Cash	9711	7,500.00	0.00	0.00	0.00
Nonspendable Stores	9712	0.00	0.00	0.00	0.00
Nonspendable Prepaid Items	9713	7,898.22	0.00	0.00	0.00
All Other Nonspendable Assets	9719	0.00	0.00	0.00	0.00
General Reserve	9730	0.00	0.00	0.00	0.00
Restricted Balance	9740	0.00	0.00	0.00	0.00
Committed					
Stabilization Arrangements	9750	0.00	0.00	0.00	0.00
Other Commitments	9760	0.00	0.00	0.00	0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	0.00	0.00	0.00	0.00
Other Assignments	9780	3,555,671.00	6,555,671.00	0.00	0.00
Economic Uncertainties Percentage		0.05	0.05	0.05	0.05
Reserve for Economic Uncertainties	9789	443,416.45	520,951.75	455,725.73	469,749.71
Undesignated/Unappropriated	9790	4,048,472.30	1,248,768.22	7,384,472.05	6,666,723.81

LEA: Mission Valley ROC/P
Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
Restricted Resources Only
Revenues, Expenditures, and Changes in the Fund Balance**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	0.00	0.00	0.00	0.00
Federal Revenues	8100 - 8299	0.00	0.00	0.00	0.00
Other State Revenues	8300 - 8599	4,150.00	3,352,141.32	4,256.66	4,370.31
Other Local Revenues	8600 - 8799	133,350.00	139,332.00	139,332.00	139,332.00
Revenues		137,500.00	3,491,473.32	143,588.66	143,702.31
Expenditures					
Certificated Salaries	1000 - 1999	117,404.54	127,370.00	129,253.89	131,475.68
Classified Salaries	2000 - 2999	33,055.66	34,500.00	35,673.00	36,564.82
Employee Benefits	3000 - 3999	27,868.74	30,610.00	33,342.61	35,403.38
Books and Supplies	4000 - 4999	876,635.63	1,018,127.00	1,052,336.07	1,086,326.53
Services and Other Operating	5000 - 5999	433,427.17	574,043.00	593,330.85	612,495.43
Capital Outlay	6000 - 6900	1,255,626.65	1,615,137.32	0.00	0.00
Other Outgo	7000 - 7299	0.00	0.00	0.00	0.00
Direct Support/Indirect Cost	7300 - 7399	0.00	0.00	0.00	0.00
Debt Service	7400 - 7499	0.00	0.00	0.00	0.00
Expenditures		2,744,018.39	3,399,787.32	1,843,936.42	1,902,265.84
Excess (Deficiency) of Revenues Over Expenditures		-2,606,518.39	91,686.00	-1,700,347.76	-1,758,563.53
Other Financing Sources/Uses					
Interfund Transfers In	8900 - 8929	0.00	0.00	0.00	0.00
Interfund Transfers Out	7600 - 7629	0.00	0.00	0.00	0.00
All Other Financing Sources	8930 - 8979	0.00	0.00	0.00	0.00
All Other Financing Uses	7630 - 7699	0.00	0.00	0.00	0.00
Contributions	8980 - 8999	0.00	0.00	0.00	0.00
Other Financing Sources/Uses		0.00	0.00	0.00	0.00
Net Increase (Decrease) in Fund Balance		-2,606,518.39	91,686.00	-1,700,347.76	-1,758,563.53
Fund Balance					
Beginning Fund Balance	9791	4,699,565.96	2,093,047.57	488,557.42	-1,211,790.34
Audit Adjustments	9793	0.00	0.00	0.00	0.00
Other Restatements	9795	0.00	-1,696,176.15	0.00	0.00
Adjusted Beginning Fund Balance	9797	4,699,565.96	396,871.42	488,557.42	-1,211,790.34
Ending Fund Balance	9799	2,093,047.57	488,557.42	-1,211,790.34	-2,970,353.87
Components of Ending Fund Balance					
Reserved Balances	9700	0.00	0.00	0.00	0.00
Fund Balance, Nonspendable					
Nonspendable Revolving Cash	9711	0.00	0.00	0.00	0.00
Nonspendable Stores	9712	0.00	0.00	0.00	0.00
Nonspendable Prepaid Items	9713	0.00	0.00	0.00	0.00
All Other Nonspendable Assets	9719	0.00	0.00	0.00	0.00
General Reserve	9730	0.00	0.00	0.00	0.00
Restricted Balance	9740	2,093,047.57	488,557.42	-1,211,790.34	-2,970,353.87
Committed					
Stabilization Arrangements	9750	0.00	0.00	0.00	0.00
Other Commitments	9760	0.00	0.00	0.00	0.00
Designated for the Unrealized Gains of Investments and Cash in County Treasury	9775	0.00	0.00	0.00	0.00
Other Assignments	9780	0.00	0.00	0.00	0.00
Economic Uncertainties Percentage		0.05	0.05	0.05	0.05
Reserve for Economic Uncertainties	9789	0.00	0.00	0.00	0.00
Undesignated/Unappropriated	9790	0.00	0.00	0.00	0.00

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Unrestricted Resources Only
 Resource: 0000 - Unrestricted**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$0.00	\$0.00	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$5,640,400.65	\$6,781,985.00	\$6,785,385.00	\$6,789,004.00
Total Revenues		\$5,640,400.65	\$6,781,985.00	\$6,785,385.00	\$6,789,004.00
Expenditures					
Certificated Salaries	1000 - 1999	\$2,943,870.45	\$3,241,475.00	\$3,289,448.83	\$3,346,027.35
Classified Salaries	2000 - 2999	\$992,236.07	\$1,080,414.00	\$1,117,148.08	\$1,145,076.79
Employee Benefits	3000 - 3999	\$870,168.14	\$939,882.00	\$1,033,289.91	\$1,102,729.73
Books and Supplies	4000 - 4999	\$50,003.60	\$136,716.00	\$141,309.66	\$145,873.96
Services and Other Operating	5000 - 5999	\$1,238,950.39	\$1,142,755.00	\$1,181,151.57	\$1,219,302.75
Capital Outlay	6000 - 6900	\$29,081.86	\$25,000.00	\$25,000.00	\$25,000.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$6,124,310.51	\$6,566,242.00	\$6,787,348.05	\$6,984,010.58
Excess (Deficiency) of Revenues Over Expenditures		(\$483,909.86)	\$215,743.00	(\$1,963.05)	(\$195,006.58)
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		(\$483,909.86)	\$215,743.00	(\$1,963.05)	(\$195,006.58)
Fund Balance					
Beginning Fund Balance	9791	\$8,318,207.22	\$7,834,297.36	\$8,549,735.99	\$8,547,772.94
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$499,695.63	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$8,318,207.22	\$8,333,992.99	\$8,549,735.99	\$8,547,772.94
Ending Fund Balance		\$7,834,297.36	\$8,549,735.99	\$8,547,772.94	\$8,352,766.36

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

General Fund/County School Service Fund
Unrestricted Resources Only
Resource: 1100 - Lottery: Unrestricted

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$0.00	\$0.00	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues		\$0.00	\$0.00	\$0.00	\$0.00
Expenditures					
Certificated Salaries	1000 - 1999	\$0.00	\$0.00	\$0.00	\$0.00
Classified Salaries	2000 - 2999	\$0.00	\$0.00	\$0.00	\$0.00
Employee Benefits	3000 - 3999	\$0.00	\$0.00	\$0.00	\$0.00
Books and Supplies	4000 - 4999	\$0.00	\$0.00	\$0.00	\$0.00
Services and Other Operating	5000 - 5999	\$0.00	\$0.00	\$0.00	\$0.00
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$0.00	\$0.00	\$0.00	\$0.00
Excess (Deficiency) of Revenues Over Expenditures		\$0.00	\$0.00	\$0.00	\$0.00
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		\$0.00	\$0.00	\$0.00	\$0.00
Fund Balance					
Beginning Fund Balance	9791	\$228,660.61	\$228,660.61	\$228,660.61	\$228,660.61
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$228,660.61	\$228,660.61	\$228,660.61	\$228,660.61
Ending Fund Balance		\$228,660.61	\$228,660.61	\$228,660.61	\$228,660.61

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Unrestricted Resources Only
 Resource: 1199 - FCMAT Adjustments**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$0.00	\$0.00	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues		\$0.00	\$0.00	\$0.00	\$0.00
Expenditures					
Certificated Salaries	1000 - 1999	\$0.00	\$191,310.79	\$194,142.18	\$197,481.42
Classified Salaries	2000 - 2999	\$0.00	\$67,301.57	\$69,589.83	\$71,329.57
Employee Benefits	3000 - 3999	\$0.00	\$194,393.27	\$219,498.13	\$239,906.69
Books and Supplies	4000 - 4999	\$0.00	\$0.00	\$0.00	\$0.00
Services and Other Operating	5000 - 5999	\$0.00	\$0.00	\$0.00	\$0.00
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$0.00	\$453,005.63	\$483,230.14	\$508,717.68
Excess (Deficiency) of Revenues Over Expenditures		\$0.00	(\$453,005.63)	(\$483,230.14)	(\$508,717.68)
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		\$0.00	(\$453,005.63)	(\$483,230.14)	(\$508,717.68)
Fund Balance					
Beginning Fund Balance	9791	\$0.00	\$0.00	(\$453,005.63)	(\$936,235.77)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$0.00	\$0.00	(\$453,005.63)	(\$936,235.77)
Ending Fund Balance		\$0.00	(\$453,005.63)	(\$936,235.77)	(\$1,444,953.45)

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Restricted Resources Only
 Resource: 6300 - Lottery: Instructional Materials**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$0.00	\$0.00	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues		\$0.00	\$0.00	\$0.00	\$0.00
Expenditures					
Certificated Salaries	1000 - 1999	\$0.00	\$0.00	\$0.00	\$0.00
Classified Salaries	2000 - 2999	\$0.00	\$0.00	\$0.00	\$0.00
Employee Benefits	3000 - 3999	\$0.00	\$0.00	\$0.00	\$0.00
Books and Supplies	4000 - 4999	\$0.00	\$0.00	\$0.00	\$0.00
Services and Other Operating	5000 - 5999	\$0.00	\$0.00	\$0.00	\$0.00
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$0.00	\$0.00	\$0.00	\$0.00
Excess (Deficiency) of Revenues Over Expenditures		\$0.00	\$0.00	\$0.00	\$0.00
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		\$0.00	\$0.00	\$0.00	\$0.00
Fund Balance					
Beginning Fund Balance	9791	\$234,890.62	\$234,890.62	\$234,890.62	\$234,890.62
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$234,890.62	\$234,890.62	\$234,890.62	\$234,890.62
Ending Fund Balance		\$234,890.62	\$234,890.62	\$234,890.62	\$234,890.62

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Restricted Resources Only
 Resource: 6355 - ROCP: Direct Support Professional Training Program**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$4,149.00	\$4,150.00	\$4,256.66	\$4,370.31
Other Local Revenues	8600 - 8799	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues		\$4,149.00	\$4,150.00	\$4,256.66	\$4,370.31
Expenditures					
Certificated Salaries	1000 - 1999	\$12,175.02	\$13,000.00	\$13,192.40	\$13,419.31
Classified Salaries	2000 - 2999	\$6,600.80	\$6,500.00	\$6,721.00	\$6,889.02
Employee Benefits	3000 - 3999	\$2,972.94	\$3,131.00	\$3,407.58	\$3,586.80
Books and Supplies	4000 - 4999	\$994.12	\$0.00	\$0.00	\$0.00
Services and Other Operating	5000 - 5999	\$0.00	\$0.00	\$0.00	\$0.00
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$22,742.88	\$22,631.00	\$23,320.98	\$23,895.13
Excess (Deficiency) of Revenues Over Expenditures		(\$18,593.88)	(\$18,481.00)	(\$19,064.32)	(\$19,524.82)
Other Financing Sources/Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources/Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		(\$18,593.88)	(\$18,481.00)	(\$19,064.32)	(\$19,524.82)
Fund Balance					
Beginning Fund Balance	9791	\$75,278.52	\$56,684.64	\$36,228.76	\$17,164.44
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	(\$1,974.88)	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$75,278.52	\$54,709.76	\$36,228.76	\$17,164.44
Ending Fund Balance		\$56,684.64	\$36,228.76	\$17,164.44	(\$2,360.38)

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

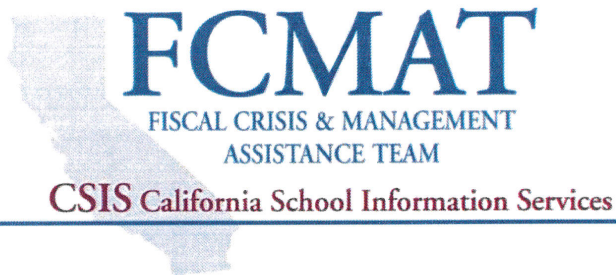
**General Fund/County School Service Fund
 Restricted Resources Only
 Resource: 6387 - Career Technical Education Incentive Grant Program**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$1.00	\$3,347,991.32	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$0.00	\$0.00	\$0.00	\$0.00
Total Revenues		\$1.00	\$3,347,991.32	\$0.00	\$0.00
Expenditures					
Certificated Salaries	1000 - 1999	\$80,938.12	\$90,290.00	\$91,626.29	\$93,202.26
Classified Salaries	2000 - 2999	\$26,454.86	\$28,000.00	\$28,952.00	\$29,675.80
Employee Benefits	3000 - 3999	\$20,443.28	\$23,207.00	\$25,208.14	\$26,799.68
Books and Supplies	4000 - 4999	\$875,641.51	\$1,018,127.00	\$1,052,336.07	\$1,086,326.53
Services and Other Operating	5000 - 5999	\$407,457.89	\$573,230.00	\$592,490.53	\$611,627.97
Capital Outlay	6000 - 6900	\$1,255,626.65	\$1,615,137.32	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$2,666,562.31	\$3,347,991.32	\$1,790,613.03	\$1,847,632.24
Excess (Deficiency) of Revenues Over Expenditures		(\$2,666,561.31)	\$0.00	(\$1,790,613.03)	(\$1,847,632.24)
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		(\$2,666,561.31)	\$0.00	(\$1,790,613.03)	(\$1,847,632.24)
Fund Balance					
Beginning Fund Balance	9791	\$4,335,666.80	\$1,669,105.49	\$0.00	(\$1,790,613.03)
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	(\$1,669,105.49)	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$4,335,666.80	\$0.00	\$0.00	(\$1,790,613.03)
Ending Fund Balance		\$1,669,105.49	\$0.00	(\$1,790,613.03)	(\$3,638,245.27)

LEA: Mission Valley ROC/P
 Projection: Mission Valley ROP 18-19 Adopted-COE Dat

**General Fund/County School Service Fund
 Restricted Resources Only
 Resource: 9010 - Other Restricted Local**

Name	Object Code	Historical Year 2017 - 18	Base Year 2018 - 19	Year 1 2019 - 20	Year 2 2020 - 21
Revenues					
LCFF/State Aid	8010 - 8099	\$0.00	\$0.00	\$0.00	\$0.00
Federal Revenues	8100 - 8299	\$0.00	\$0.00	\$0.00	\$0.00
Other State Revenues	8300 - 8599	\$0.00	\$0.00	\$0.00	\$0.00
Other Local Revenues	8600 - 8799	\$133,350.00	\$139,332.00	\$139,332.00	\$139,332.00
Total Revenues		\$133,350.00	\$139,332.00	\$139,332.00	\$139,332.00
Expenditures					
Certificated Salaries	1000 - 1999	\$24,291.40	\$24,080.00	\$24,435.20	\$24,854.11
Classified Salaries	2000 - 2999	\$0.00	\$0.00	\$0.00	\$0.00
Employee Benefits	3000 - 3999	\$4,452.52	\$4,272.00	\$4,726.89	\$5,016.90
Books and Supplies	4000 - 4999	\$0.00	\$0.00	\$0.00	\$0.00
Services and Other Operating	5000 - 5999	\$25,969.28	\$813.00	\$840.32	\$867.46
Capital Outlay	6000 - 6900	\$0.00	\$0.00	\$0.00	\$0.00
Other Outgo	7000 - 7299	\$0.00	\$0.00	\$0.00	\$0.00
Direct Support/Indirect Cost	7300 - 7399	\$0.00	\$0.00	\$0.00	\$0.00
Debt Service	7400 - 7499	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenditures		\$54,713.20	\$29,165.00	\$30,002.41	\$30,738.47
Excess (Deficiency) of Revenues Over Expenditures		\$78,636.80	\$110,167.00	\$109,329.59	\$108,593.53
Other Financing Sources\Uses					
Interfund Transfers In	8900 - 8929	\$0.00	\$0.00	\$0.00	\$0.00
Interfund Transfers Out	7600 - 7629	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Sources	8930 - 8979	\$0.00	\$0.00	\$0.00	\$0.00
All Other Financing Uses	7630 - 7699	\$0.00	\$0.00	\$0.00	\$0.00
Contributions	8980 - 8999	\$0.00	\$0.00	\$0.00	\$0.00
Total Other Financing Sources\Uses		\$0.00	\$0.00	\$0.00	\$0.00
Net Increase (Decrease) in Fund Balance		\$78,636.80	\$110,167.00	\$109,329.59	\$108,593.53
Fund Balance					
Beginning Fund Balance	9791	\$53,730.02	\$132,366.82	\$217,438.04	\$326,767.63
Audit Adjustments	9793	\$0.00	\$0.00	\$0.00	\$0.00
Other Restatements	9795	\$0.00	(\$25,095.78)	\$0.00	\$0.00
Adjusted Beginning Fund Balance		\$53,730.02	\$107,271.04	\$217,438.04	\$326,767.63
Ending Fund Balance		\$132,366.82	\$217,438.04	\$326,767.63	\$435,361.16



**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
DRAFT STUDY AGREEMENT
May 22, 2018**

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Mission Valley Regional Occupational Program (ROP), hereinafter referred to as the JPA, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). The JPA has requested that the team assign professionals to study specific aspects of the JPA's operations. These professionals may include staff of the team, county offices of education, the California Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this agreement.

In keeping with the provisions of Assembly Bill 1200, the county superintendent will be notified of this agreement between the JPA and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. Review the JPA's 2018-19 adopted general fund budget and use it as a baseline to develop a multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the JPA's financial status. The MYFP will be a snapshot in time of the JPA's current financial status.
2. Review operational processes and procedures for the business services department in the following areas and make recommendations for improved efficiency, if any:
 - Budget development
 - Budget monitoring

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the JPA to brief JPA management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the JPA office and at school sites if necessary.
3. Exit Meeting - The team will hold an exit meeting at the conclusion of the on-site review to inform the JPA of significant findings and recommendations to that point.
4. Exit Letter – Approximately 10 days after the exit meeting, the team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.
5. Draft Report - Electronic copies of a preliminary draft report will be delivered to the JPA's administration for review and comment.
6. Final Report - Electronic copies of the final report will be delivered to the JPA's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
7. Follow-Up Support – If requested by the JPA within six to 12 months after completion of the study, FCMAT will return to the JPA at no cost to assess the JPA's progress in implementing the recommendations included in the report. Progress in implementing the recommendations will be documented to the JPA in a FCMAT management letter. FCMAT will work with the JPA 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 completion of the study.

3. PROJECT PERSONNEL

The FCMAT study team may also include:

A. To be determined

FCMAT Staff

B. To be determined

FCMAT Consultant

4. PROJECT COSTS

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

- A. \$800 per day for each staff member while on site, conducting fieldwork at other locations, presenting reports or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.

- B. All out-of-pocket expenses, including travel, meals and lodging.
- C. The JPA will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon the JPA's acceptance of the final report.

Based on the elements noted in section 2A, the total not-to-exceed cost of the study will be \$15,300.

- D. Any change to the scope will affect the estimate of total cost.

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

5. RESPONSIBILITIES OF THE JPA

- A. The JPA will provide office and conference room space during on-site reviews.
- B. The JPA will provide the following if requested:
 - 1. Policies, regulations and prior reports that address the study scope.
 - 2. Current or proposed organizational charts.
 - 3. Current and two prior years' audit reports.
 - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the JPA and sent to FCMAT in electronic format.
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the JPA will upload all requested documents.
- C. The JPA's administration will review a preliminary draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

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

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	to be determined
Staff Interviews:	to be determined
Exit Meeting:	to be determined
Draft Report Submitted:	to be determined
Final Report Submitted:	to be determined
Board Presentation:	to be determined, if requested
Follow-Up Support:	if requested

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

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the JPA and any other 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 preliminary draft report and a final report. Prior to completion of fieldwork, the JPA 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 JPA does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the JPA will be responsible for the full costs. The JPA understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the JPA shall not request that it do so.

8. **INDEPENDENT CONTRACTOR**

FCMAT is an independent contractor and is not an employee or engaged in any manner with the JPA. 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 JPA in any manner without prior express written authorization from an officer of the JPA.

9. 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 JPA, automobile liability insurance in the amount required under California state law, and workers compensation as required under California state law. FCMAT shall provide certificates of insurance, with Mission Valley ROP named as additional insured, indicating applicable insurance coverages upon request prior to the commencement of on-site work.

10. HOLD HARMLESS

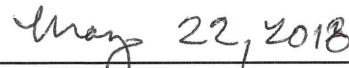
FCMAT shall hold the JPA, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the JPA shall hold FCMAT, its board, officers, agents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

11. CONTACT PERSON

Name: Thomas Hanson
Telephone: (510) 657-1865
E-mail: thanson@mvrop.org



Thomas Hanson, Superintendent
Mission Valley ROP



Date



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

May 22, 2018

Date