

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Multiyear Financial Projection

August 16, 2024

Budget

Amount	Details	Month	Amount
4,500	Mid Year Bonus	June	2,000
2,500	Year End Bonus	December	3,000
		January	5,000

Costs	Month	Amount
2,300	November	450
600	December	600
350	December	300
60	July	800
	January	
	January	
	January	
	January	

Annual Budget by Month	April	May	June
	9,915	13,220	16,000
		7,000	
		0	

Nevada Joint Union High School District

Michael H. Fine
Chief Executive Officer

August 16, 2024

Dan Frisella, Superintendent
Nevada Joint Union High School District
11645 Ridge Road
Grass Valley, CA 92945

Dear Superintendent Frisella:

In March 2024, the Nevada Joint Union High School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's 2023-24 second interim general fund budget and multiyear financial projections. The agreement stated that FCMAT would perform the following:

Review the district's 2023-24 second interim general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years. The MYFP will be a snapshot in time of the district's financial status.

This report contains the study team's findings and recommendations. FCMAT appreciates the opportunity to serve the Nevada Joint Union School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Michael H. Fine
Chief Executive Officer

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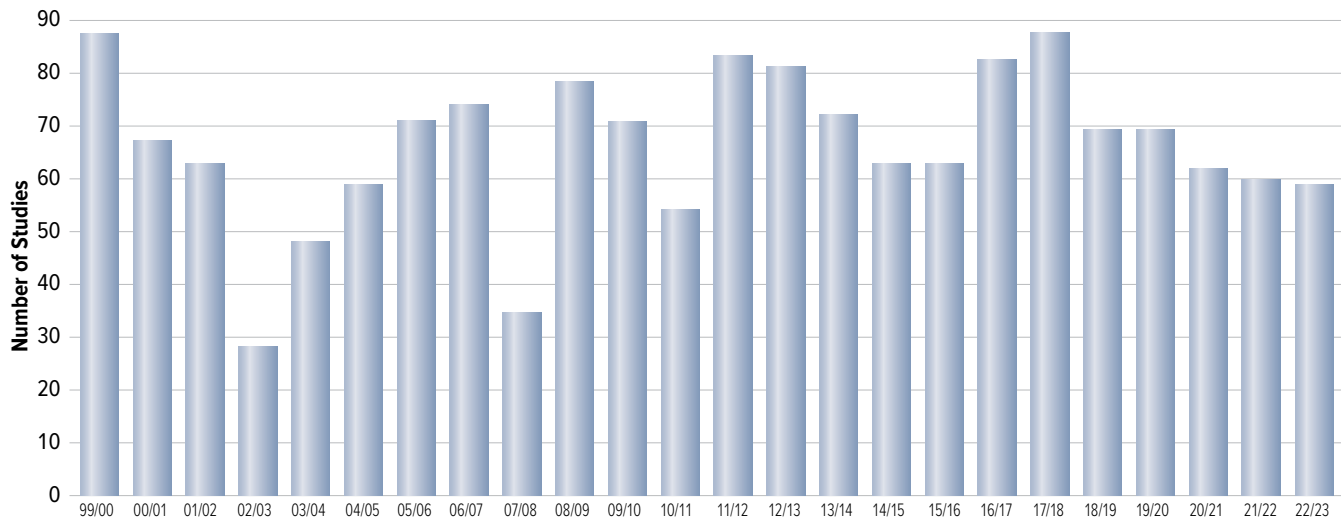
About FCMAT

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

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

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

Studies by Fiscal Year



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

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

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

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

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

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

Introduction

Background

Located in the city of Grass Valley, the Nevada Joint Union High School District has a five-member governing board and serves students in grades nine through 12 at two comprehensive high schools, one early college high school, one continuation high school, and one independent study school. The district previously operated the Nevada County Adult Education program but transferred this responsibility to another school district, effective in the 2024-25 school year. According to [DataQuest](#), the district's student enrollment declined by an average of 3.4% since 2013-14 before stabilizing at around 2,500 students in 2020-21. In the 2023-24 school year, the district's enrollment was 2,544. As of the 2023-24 second principal apportionment certification (the latest data available), 38.6% of the district's students were identified as English learners, foster youth, and/or eligible for free or reduced-price meals.¹

Study and Report Guidelines

In March 2024, the Nevada Joint Union High School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's 2023-24 second interim general fund budget and to prepare an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years. The MYFP is a snapshot in time of the district's financial status.

FCMAT visited the district on May 7 and 8, 2024, to conduct interviews with district and school staff, collect data and review documents. The team also held virtual interviews with district and county office of education staff on May 15, 2024. Following fieldwork, FCMAT continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The study team was composed of the following members:

Erin Lillibridge, CFE
FCMAT Intervention Specialist

Roslyne Manansala-Smith
FCMAT Intervention Specialist

Jennifer Nerat
FCMAT Intervention Specialist

Cassady Clifton
FCMAT Technical Writer

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

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

Executive Summary

The Nevada Joint Union High School District has experienced turnover in its chief business official position in recent years, with four different individuals holding the role in the past five years. Consequently, FCMAT's primary objective in this study was to review the district's 2023-24 second interim general fund budget and develop an independent multiyear financial projection (MYFP). The team reviewed numerous documents and financial reports, including the district's 2023-24 second interim report; 2022-23 audit report, unaudited actuals report, and enrollment and attendance data; and various other current and historical information relevant to the study. FCMAT developed its MYFP based on the district's 2023-24 second interim report, along with information from the district's financial system and staff.

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

The district's 2023-24 second interim budget and MYFP were based on the 2023-24 State Budget, the 2024-25 Governor's Budget proposal, actual amounts through January 31, 2024, and other assumptions available at the time of preparation. Due to the time that elapsed between the district's 2023-24 second interim report and FCMAT's review and preparation of an equivalent MYFP, FCMAT had access to more current information compared to the assumptions used by the district. Specifically, FCMAT's MYFP was based on the 2024-25 May Revision, as well as updated information on economic factors, enrollment and ADA.

The district's 2023-24 second interim budget and MYFP projected that it would meet the state's minimum reserve requirements in each year, despite deficit spending in the unrestricted general fund of \$90,744 in 2023-24, \$688,687 in 2024-25, and \$735,994 in 2025-26. FCMAT's projection for the unrestricted general fund shows a small surplus of \$132,556 in 2023-24, but significantly higher deficit spending of \$2.601 million in 2024-25 and \$2.880 million in 2025-26. This structural deficit reduces the district's projected ending unrestricted fund balance to negative \$762,640 in 2025-26. It is imperative that the district develop a detailed deficit reduction plan, including a timeline for completion, and implement it as soon as possible to eliminate deficit spending.

Table 1. FCMAT Multiyear Financial Projection Summary, Unrestricted General Fund, 2023-24 — 2025-26

Description	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
Total, Revenues & Other Sources	\$28,676,590	\$28,739,651	\$29,495,179
Total, Expenditures & Other Uses	\$28,544,034	\$31,340,686	\$32,375,011
Net Increase (Decrease) in Fund Balance	\$132,556	-\$2,601,035	-\$2,879,833
Adjusted Beginning Balance, July 1	\$4,585,673	\$4,718,228	\$2,117,193
Ending Fund Balance, June 30	\$4,718,228	\$2,117,193	-\$762,640
Components of Ending Fund Balance			
Nonspendable	\$102,807	\$102,807	\$102,807
Reserve for Economic Uncertainties	\$3,707,673	\$2,014,386	\$1,454,693
Unassigned/Unappropriated	\$907,748	\$0	-\$2,320,140

Source: FCMAT MYFP.

Note: Rounding used in calculations.

The unassigned/unappropriated fund balance of negative \$2,320,140 in 2025-26 shown in Table 1 is the amount by which the district must reduce expenditures or increase revenues to meet the minimum reserve for economic uncertainties as required by Assembly Bill 1200. To comply with the district's unrestricted fund balance policy, which requires an 8% reserve for economic uncertainties, this amount would increase to negative \$4,744,629. An LEA that consistently spends more than it receives depletes its cash resources. The district should implement immediate expenditure reductions to avoid running out of cash and becoming insolvent. Cash insolvency has severe consequences, including county and state intervention and a loss of local governance and control.

Findings and Recommendations

Multiyear Financial Projection

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

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

Prudent financial planning is critical for all local educational agencies (LEAs), regardless of their size or structure. MYFPs enable school districts to make budget decisions that strategically align current and future resources with their goals, programs, and Local Control and Accountability Plan (LCAP). Recognizing financial trends is also essential for maintaining school districts' fiscal health. Monitoring and analyzing year-to-year trends in key budget areas helps school districts identify areas of concern and take action to mitigate their effects. The primary objective when developing an MYFP is to achieve and sustain a balanced budget that will allow the school district to maintain its fiscal solvency and avoid loss of local governance.

Multiyear financial projections forecast the future fiscal impact of current decisions. Any forecast of financial data has inherent limitations because calculations are based on certain economic assumptions and criteria, including enrollment trends, cost-of-living adjustments (COLAs), estimates of various one-time and ongoing costs, and changing economic conditions at federal, state and local levels. Therefore, any projection should be viewed as a point-in-time trend based on recent assumptions rather than a prediction of exact amounts. Projections should be updated at least at each financial reporting period, when known economic forecasts change, and before any significant decisions are made that affect the budget, such as salary increases or other major financial commitments. Regular and frequent budget monitoring is important, particularly in times of fiscal uncertainty, when MYFPs become less reliable due to frequent changes in projected federal and state revenues.

California LEAs use different methods and tools to prepare MYFPs. The significant investment in one-time and ongoing restricted programs in transitional kindergarten through grade 12 education over the last four years necessitates the development of MYFPs by resource. This level of detail ensures that projections account for both one-time funds and restricted funds available for expenditure over multiple years. MYFPs completed by resource also ensure that school districts spend restricted funds before unrestricted, efficiently plan for the best use of funds, and accurately project their general fund balances into subsequent years. This tracking can be accomplished using FCMAT's [Projection-Pro](#) multiyear and cash flow projection software, a web-based forecasting tool that is available for free to all school districts, charter schools, and county offices.

One-time funding, such as the federal and state COVID-19 relief funds, can temporarily mask an ongoing operational deficit. Maintaining fiscal solvency while maximizing services to students with available resources is a continuing challenge for governing boards, which have a fiduciary responsibility to ensure the fiscal solvency of their respective school district. Each school district has unique financial risk factors based on their reserve levels, enrollment trends, employee compensation, revenue volatility, and various other local factors. School districts that plan accordingly can achieve their program goals and objectives while maintaining their fiscal health.

Adjustment Analysis

When developing the MYFP for the district, FCMAT reviewed the district’s revenue and expenditure trends for the prior two years (2021-22 and 2022-23) to gain a historical understanding of the district’s finances. The team used the district’s 2023-24 second interim report as the basis for determining the projections for the base year and the two subsequent fiscal years, and applied industry-standard criteria from the Department of Finance (DOF), the California Department of Education (CDE) and the School Services of California Inc. (SSC).

The first step in FCMAT’s MYFP development process was to establish the base year revenues and expenditures. For this analysis, the base year is the 2023-24 fiscal year. Accurately estimating the base revenue and expenditure amounts is crucial because these figures form the foundation of financial projections for subsequent years. Without accurate base figures, the projections for the following years may be flawed or unreliable.

Table 2 shows the differences between the district’s 2023-24 second interim report and FCMAT’s analysis. Both the district and FCMAT used the district’s 2022-23 unaudited actuals report to determine the beginning fund balance, nonspendable amounts, and restricted program fund balances for 2023-24. However, FCMAT adjusted the 2023-24 beginning fund balance to account for the district’s 2022-23 audit finding of an overstatement of 25 students in its unduplicated pupil count (UPC). The UPC includes the number of students identified as English learners, foster youth, or eligible for free or reduced-price meals. Each student is counted only once even if they are in more than one of these categories.

FCMAT increased the reserve for economic uncertainties to 8% to align with the board’s reserve policy, whereas the district created an assigned balance to account for the additional 5% above the state-required minimum. Differences in projected revenues and expenditures are explained in the “[Multiyear Financial Projection Assumptions](#)” section of this report.

Table 2. Multiyear Financial Projection Comparison Summary, Combined General Fund, 2023-24

Description	Object Code	District 2023-24 Budget	Adjustment to Base Year	FCMAT 2023-24 Budget
A. Revenues				
LCFF Sources	8010-8099	\$34,580,845	\$31,129	\$34,611,974
Federal Revenue	8100-8299	\$2,224,631	\$98,277	\$2,322,908
Other State Revenues	8300-8599	\$4,195,664	\$1,093,352	\$5,289,016
Other Local Revenues	8600-8799	\$3,296,810	\$184,006	\$3,480,816
Other Financing Sources - Transfers In	8900-8929	\$27,635	\$0	\$27,635
Total Revenue	-	\$44,325,584	\$1,406,765	\$45,732,349
B. Expenditures				
Certificated Salaries	1000-1999	\$18,071,085	\$163,238	\$18,234,323
Classified Salaries	2000-2999	\$6,832,322	\$25,553	\$6,857,875
Employee Benefits	3000-3999	\$11,328,044	-\$38,352	\$11,289,693
Books and Supplies	4000-4999	\$2,049,592	-\$42,480	\$2,007,112
Services and Other Operating Expenditures	5000-5999	\$7,525,091	\$166,568	\$7,691,660
Capital Outlay	6000-6999	\$210,134	\$34,742	\$244,876
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	\$87,630	-\$8,935	\$78,695
Other Outgo - Transfers of Indirect Costs	7300-7399	-\$74,270	\$10,950	-\$63,320

Description	Object Code	District 2023-24 Budget	Adjustment to Base Year	FCMAT 2023-24 Budget
Other Financing Uses - Transfers Out	7600-7629	\$5,000	\$0	\$5,000
Total Expenditures	-	\$46,034,629	\$311,285	\$46,345,913
C. Net Increase/Decrease in Fund Balance	-	-\$1,709,044	\$1,095,480	-\$613,564
D. Fund Balance				
Beginning Fund Balance, July 1	9791	\$7,645,763	\$0	\$7,645,763
Audit Adjustments	9793	\$0	-\$17,885	-\$17,885
Adjusted Beginning Balance	-	\$7,645,763	-\$17,885	\$7,627,878
Ending Fund Balance, June 30	-	\$5,936,718	\$1,077,595	\$7,014,314
Components of Ending Fund Balance				
Nonspendable	9710-9719	\$102,807	\$0	\$102,807
Restricted	9740	\$1,430,629	\$865,457	\$2,296,085
Committed				
Stabilization Arrangements	9750	\$0	\$0	\$0
Other Commitments	9760	\$0	\$0	\$0
Assigned				
Board-Designated Additional 5% Reserve	9780	\$2,301,731	-\$2,301,731	\$0
Other Assignments	9780	\$728,371	-\$728,371	\$0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	\$1,379,904	\$2,327,769	\$3,707,673
Unassigned/Unappropriated	9790	-\$6,724	\$914,472	\$907,748
Special Reserve Fund - Noncapital Outlay (Fund 17)	9789	\$69,155	\$0	\$69,155
Total Available Reserves	-	\$3,744,066	\$940,510	\$4,684,576
Total Available Reserves as a Percentage of Total Expenditures and Uses	-	8.13%	1.97%	10.11%

Sources: District's 2023-24 second interim report and FCMAT MYFP.

Note: Rounding used in calculations.

Enrollment, Unduplicated Pupils, and Average Daily Attendance

Enrollment and Average Daily Attendance Projections

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

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

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

FCMAT found that, although the district monitored and analyzed historical enrollment and ADA trends, it did not use that information to develop its revenue projections. To develop its MYFP, FCMAT reviewed the district's enrollment, UPC, and ADA trends from 2013-14 through 2023-24. The team then used Projection-Pro to prepare projections for the base year and the two subsequent years. These projections were used to calculate LCFF and other federal and state revenue estimates.

Enrollment

Between 2013-14 and 2020-21, the district's enrollment declined an average of 3.37% per year before stabilizing at 2,492 students in 2020-21. Enrollment remained steady in 2021-22 and 2022-23, then increased by 2.21% to 2,544 in 2023-24. The district uses historical enrollment and eighth grade cohort data from its feeder schools to prepare its enrollment projections. The district's 2023-24 second interim MYFP projects an enrollment increase of 30 students in 2024-25, followed by a decline of 34 students in 2025-26 and 65 students in 2026-27. FCMAT's enrollment projections did not differ significantly from the district's projections (see [Table 4](#) in the "Average Daily Attendance" subsection of this report).

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

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

The anomalies of 2020-21 and 2021-22 caused by the COVID-19 pandemic made using a five-year cohort survival method unreliable. For example, the district experienced an enrollment increase of 0.35% in 2019-20, followed by a decline of 4.34% in 2020-21, and then no change in 2021-22. To account for these irregularities, FCMAT used a three-year historical average to project enrollment.

Projecting grade nine enrollment differs from other grades because it is the first year of enrollment in the district. To project its grade nine enrollment, the district tracks historical grade eight enrollment in the county by LEA and calculates a historical average of the ratio of grade eight students who enroll in the district's grade nine to the total grade eight enrollment in the county. FCMAT replicated this method and used a 10-year historical average to estimate grade nine enrollment for 2024-25. CALPADS county enrollment data for grade seven in 2023-24 was used to project the district's grade nine enrollment for 2025-26.

Unduplicated Pupil Percentage

The district's unduplicated pupil percentage (UPP) is used to determine a portion of its LCFF funding, specifically for supplemental and concentration grants. The UPP is the percentage of students identified as English learners, foster youth, or eligible for free or reduced-price meals. Each student is counted only once, even if they meet more than one of these criteria. The UPP for LCFF funding is calculated using a three-year rolling average of the ratio of unduplicated students to total enrollment.

The district's UPP has remained at or slightly below 40% since 2018-19. The district's 2023-24 second interim MYFP projected the number of unduplicated pupils to increase by 30 students in 2023-24 to a total of 987, and an UPP of around 39%. Following this, the number is expected to decrease by eight students in 2024-25 and by six students in 2025-26, resulting in a UPP of around 38% each year.

The Projection-Pro software calculated a weighted average ratio based on a five-year historical ratio of the district's unduplicated pupil count to total enrollment and used this to determine the UPP for the projection years. FCMAT's UPP projection is slightly higher than the district's projection for 2023-24 and 2024-25, and slightly lower for 2025-26, but remains close to 39% each year.

The 2022-23 audit report included a finding that the district's certified unduplicated pupil count included errors in the number of students identified as eligible for free or reduced-price meals. The unduplicated pupil count for 2022-23 was overstated by 25 students, resulting in an overpayment of approximately \$17,885. Both the district's and FCMAT's UPP projections account for this discrepancy.

Accurately identifying and reporting students as eligible for free or reduced-price meals, English learners, or foster youth is crucial for maximizing a school district's supplemental LCFF funding. As such, school districts should have the appropriate departments and schools review and correct CALPADS data before submitting it to the state.

In 2022-23, the state implemented the Universal Meals Program, requiring school districts to provide two meals a day to any student who requests one, regardless of their income. Consequently, families no longer have an incentive to complete the application for free and reduced-price meals, which is needed for school districts to receive federal meal reimbursements.

To address this, the best practice is to encourage families to complete an alternative income form, which is simpler than the meal application. The CDE has developed several sample forms to collect income eligibility information. Although the district requests that families complete these forms, it could improve the response rate by communicating how this data collection affects revenue, which ultimately helps improve and increase services for students.

The district performs direct certification as required for participation in the school nutrition program. Rather than relying on meal applications from parents or guardians, students eligible for free or reduced-price meals are identified through a local data match with their county's department of social or welfare services. For students who are not directly certified, school districts can provide online meal applications, help parents and guardians with the application process, and offer incentives (e.g., raffle prizes and equipment) to encourage application submissions.

Average Daily Attendance

The total number of student attendance days in a school year is divided by the total number of instructional days to calculate ADA. Traditionally, school district LCFF apportionments have been based on the greater of current year or prior year second reporting period (P-2) ADA. However, the 2022-23 state budget introduced a provision allowing school districts to use the greater of current year, prior year, or the average of the three most recent prior years' ADA. P-2 ADA is calculated using student attendance from the first day of school through the last school month ending on or before April 15.

During the COVID-19 pandemic, the state made several changes to how ADA was reported and funded. For the 2019-20 school year, the second and annual attendance reporting periods were adjusted to include full school months from July 1, 2019, through the last month ending on or before February 29, 2020, inclusive. For 2020-21 funding purposes, the state allowed LEAs to use 2019-20 ADA as a proxy for 2020-21 ADA. For the 2021-22 fiscal year, LCFF funding was based on the greater of 2021-22 ADA or the 2019-20 attendance-to-enrollment ratio applied to 2021-22 enrollment, provided that classroom-based LEAs met specified independent study requirements.

The district monitors and analyzes enrollment and ADA monthly and by reporting period (i.e., first, second and annual) for each school. For its 2023-24 second interim MYFP, the district used a 91% attendance ratio for its ADA projections. FCMAT reviewed the district's enrollment and ADA trends from 2018-19 through 2023-24, comparing the October CALPADS student enrollment counts to the P-2 ADA to determine the average ADA-to-enrollment ratios for grades nine through 12. The district's historical attendance rates range from 87% to 92%. FCMAT used a three-year historical average to account for the use of the 2019-20 ADA in 2020-21. Based on these historical ratios, FCMAT's Projection-Pro software calculated a weighted average ratio of 89.82% and used it to project ADA for the two subsequent years. FCMAT used the district's actual reported P-2 ADA for 2023-24.

Table 3 on the following page shows historical data and FCMAT's projections for the district's enrollment, UPC, and ADA.

Table 3. Historical Data and FCMAT Projections of Enrollment, UPC and ADA, 2018-19 — 2025-26

Description	Actual 2018-19	Actual 2019-20	Actual 2020-21	Actual 2021-22	Actual 2022-23	Actual 2023-24	Projected 2024-25	Projected 2025-26
Enrollment								
Grade 9	647	646	616	646	663	661	638	628
Grade 10	627	643	617	607	631	642	642	620
Grade 11	666	631	613	601	578	639	637	637
Grade 12	656	685	646	638	617	602	662	660
Total Enrollment	2,596	2,605	2,492	2,492	2,489	2,544	2,579	2,545
Enrollment Increase/Decrease	-	9	-113	-	-3	55	35	-34
UPC								
UPC	1,025	1,038	934	1,014	957	983	1,004	991
Ratio of UPC to Total Enrollment	39.48%	39.85%	37.48%	40.69%	38.45%	38.64%	38.92%	38.92%
ADA								
Enrollment	2,596	2,605	2,492	2,492	2,489	2,544	2,579	2,545
Ratio of ADA to Total Enrollment	92.89%	92.55%	96.74%	92.55%	88.48%	89.81%	89.82%	89.82%
ADA	2,411.36	2,410.80	2,410.80	2,306.23	2,202.31	2,284.65	2,316.48	2,285.94

Sources: CDE Dataquest and FCMAT MYFP.

Note: Rounding used in calculations.

Table 4 below compares the district’s 2023-24 second interim report projections for enrollment, UPC, and ADA with those of FCMAT.

Table 4. Comparison of District and FCMAT MYFP Projections, 2023-24 — 2025-26

Description	2023-24	2024-25	2025-26
Enrollment			
District	2,544	2,574	2,540
FCMAT	2,544	2,579	2,545
Difference	0	-5	-5
UPC			
District	987	979	973
FCMAT	983	1,004	991
Difference	4	-25	-18
ADA			
District	2,315.00	2,342.00	2,310.00
FCMAT	2,284.65	2,316.48	2,285.94
Difference	30.35	25.52	24.06

Sources: District’s 2023-24 second interim report and FCMAT MYFP.

The district had finalized its 2023-24 enrollment and P-2 ADA reporting before FCMAT completed its field-work, so the team’s projection incorporated these final numbers. While the district and FCMAT used the same enrollment figures for 2023-24, FCMAT’s enrollment and unduplicated pupil count projections were

slightly higher for 2024-25 and 2025-26. Conversely, FCMAT's ADA estimates were marginally lower in all years.

As previously discussed, much of a district's revenue is based on enrollment and ADA, so increasing attendance rates will generate additional revenue. This will also promote student learning because student absences directly affects teaching. LEAs use various methods to address chronic absenteeism and boost attendance, including student incentives, parent and guardian education, and systems that notify parents and guardians immediately when students are absent. Attendance campaigns can also be effective in increasing student attendance. These campaigns often set annual attendance goals for each school and/or grade level, with regular updates on the district's progress through board reports, school bulletins, community newsletters, and visual displays in prominent locations. The [CDE website](#) offers several strategies for improving student attendance. The district may also attract new students by promoting its innovative programs and other educational strengths.

Analyzing historical attendance trends can identify periods during the school year when attendance is below average. When developing the annual school calendar, the best practice is for school districts to consider the effects of midweek holidays, religious and cultural holidays, staff development days and other days when students are commonly absent. Additionally, offering short-term independent study for students planning to be away for more than five days can be an effective strategy to maintain attendance.

Recommendations

The district should:

1. Continue to communicate its educational strengths and course offerings to parents, guardians, students, and the community; continue to explore options to increase student enrollment.
2. Continue to monitor and project enrollment, UPC and ADA using reasonable projection methods adjusted for local factors.
3. Update projections at each financial reporting period to ensure the most recent data is included in its budget assumptions.
4. Ensure accurate identification and reporting of its UPC; retain documents for audits and to support eligibility determinations.
5. Ensure that schools and departments verify their respective CALPADS data and make any necessary corrections before report submission deadlines.
6. Continue to regularly analyze enrollment and ADA projections, compare projections to actual enrollment and attendance, and adjust budget and staffing as appropriate.
7. Implement strategies to maximize attendance and its UPC.

Multiyear Financial Projection Assumptions

FCMAT's MYFP used the district's 2023-24 second interim report as the baseline for its projections and included the impact of the governor's 2024-25 May Revision proposal. The study team reviewed district records, interviewed district and county office staff, and examined various financial documents to gather the necessary information for the MYFP. Assumptions were based on conservative economic factors and estimates, described by major revenue and expenditures categories in line with the state's standardized account code structure (SACS).

The key planning factors FCMAT used to prepare the MYFP were based on the latest information available at the time, as shown in Table 5 below and further described in the following paragraphs. The assumptions were based on information and figures from the district and various statewide sources such as the DOF, CDE, SSC, and other commonly used resources. These figures are fluid and subject to change.

The district's 2023-24 second interim MYFP incorporated some of the same projection factors used by FCMAT. However, FCMAT also used updated COLAs and California Consumer Price Index (CPI) figures based on more recent economic data. The best practice is to update budgets and MYFPs often, at least at each financial reporting period, using the most recent assumptions to produce the most accurate projections.

Table 5. FCMAT MYFP Budget Assumptions, 2023-24 — 2025-26

Description	2023-24	2024-25	2025-26
Statutory COLA (DOF)	8.22%	1.07%	2.93%
LCFF COLA	8.22%	1.07%	2.93%
State Categorical COLA	8.22%	1.07%	2.93%
California CPI	3.33%	3.10%	2.86%
California Lottery, Unrestricted per ADA	\$177.00	\$177.00	\$177.00
California Lottery, Restricted per ADA (Proposition 20)	\$72.00	\$72.00	\$72.00
Mandate Block Grant, District (Grades 9-12), per ADA	\$72.84	\$73.62	\$75.78
Interest Rate Trend for 10-Year Treasuries	4.32%	4.19%	3.50%
CalSTRS Employer Rate	19.10%	19.10%	19.10%
CalPERS Employer Rate	26.68%	27.05%	27.60%
Certificated Staff Step-and-Column Increases	2.00%	2.00%	2.00%
Classified Staff Step Increases	2.00%	2.00%	2.00%
Health & Welfare Benefits Percent Change	0.00%	0.00%	0.00%
State Unemployment Insurance Rate	0.05%	0.05%	0.05%
Workers' Compensation Insurance Rate	1.54%	1.46%	1.46%
District Indirect Cost Rate	8.74%	7.32%	7.32%

Sources: FCMAT, DOF, CDE, SSC and the district.

Recommendations

The district should:

1. Continue to update budgets and MYFPs often and at each financial reporting period.
2. Use the most current information available and assumptions that align with industry standards to develop budgets and MYFPs.

Revenues

Projected revenue was based on validated funding from the CDE, grant letters, and an analysis of district estimates for any sources that could not be independently verified. Adjustments were made for any one-time or carryover funds (unspent funds from one year retained for spending in the next year) from previous years.

Local Control Funding Formula Sources

The LCFF is the primary funding source for school districts. It was implemented in the 2013-14 fiscal year to replace the former revenue limit calculation and distribution method. The LCFF funding model also eliminated most of the state's categorical programs at that time and redirected those dollars into the LCFF. The LCFF provides the following:

- A base grant per pupil that varies by grade level.
- A supplemental grant that provides an additional 20% of the base grant, multiplied by the school district's percentage of unduplicated pupils (as measured by the UPC).
- A concentration grant that provides an additional 65% of the base grant, multiplied by the school district's percentage of unduplicated pupils exceeding 55% of total enrollment. (The district does not receive concentration funding because its UPP is below 55%).

The 2021-22 enacted state budget increased the concentration grant from 50% to 65%. For districts that qualify for concentration grant funds, the additional 15% must be used to increase the number of credentialed and/or classified staff who provide direct services to students.

The LCFF requires school districts to increase or improve services for unduplicated pupils in proportion to the supplemental and concentration funds they receive relative to base funds. This requirement is known as the minimum proportionality percentage (MPP). Starting in 2021-22, if the increases and improvements in services do not meet the MPP requirement, any unused portion of the supplemental and concentration grant funds must be identified in the subsequent year's LCAP and used to provide increased or improved services to unduplicated pupils.

For most school districts, the LCFF entitlement is funded through a combination of local property taxes and state aid. A school district's property tax is applied first toward the total LCFF entitlement, with the balance funded through state aid. When a school district's local property taxes meet or exceed the LCFF entitlement, the district is considered a basic aid or community-funded district. Basic aid school districts retain the excess property taxes that exceed their LCFF entitlement. A hold harmless provision, known as categorical minimum state aid, was established with the LCFF's implementation to ensure that no basic aid district receives less state aid than it did in categorical funding in 2012-13.

Historically, the district has shifted in and out of basic aid status; its categorical minimum state aid funding amount is \$3,515,884. Most recently, the district was basic aid in 2021-22 but moved to nonbasic aid status in 2022-23 and is projected to retain this status in 2023-24 and the subsequent years.

Because of the cyclical nature of real estate markets, property tax revenues are volatile, difficult to project with certainty, and subject to yearly fluctuations. Property tax projections are based on estimates from the county tax assessor's office, with final numbers not known until after the fiscal year ends. Basic aid school districts do not receive additional LCFF revenue for increased enrollment. Further, unless tax collections increase, they receive no new revenue to offset natural increases in expenditures, such as rising salaries (e.g., step-and-column adjustments, negotiated compensation increases, and class size incentive payments)

and benefits (e.g., health and welfare increases, California State Teachers' Retirement System [CalSTRS] and California Public Employees' Retirement System [CalPERS] rate increases, and inflation). With no safety net for property tax declines, basic aid school districts need higher reserves to protect their fiscal health from this ongoing uncertainty.

The Nevada County Auditor-Controller's Property Tax Division is responsible for calculating and preparing property tax bills and maintaining the property tax rolls and tax allocation systems for Nevada County LEAs. During interviews, district and county office staff indicated that the tax division has experienced significant staff turnover in recent years, leading to a loss of expertise and material errors in recent LEA tax allocations. County office staff reported that they continue to work closely with the tax division during this transition period and are collaborating with the district to monitor local revenues. While proper monitoring of property taxes can reduce some uncertainty, it does not eliminate the ongoing concerns associated with volatile local tax revenue.

Proposition 30, passed in 2012, temporarily added a quarter-cent sales tax and increased state income tax rates on high-income taxpayers. The sales tax increase expired in 2016, while the income tax increase was initially set to expire in 2018 but was extended through 2030 by Proposition 55. These revenues are deposited into the state's Education Protection Account (EPA) and are a component of state aid for the LCFF entitlement. EPA revenues are received by all LEAs, including basic aid school districts, which receive a minimum of \$200 per ADA in EPA revenues.

School districts and charter schools are encouraged to use the FCMAT LCFF calculator to estimate LCFF funding. FCMAT prepared an LCFF calculation for the district using the latest version of the calculator (version 25.1a, updated May 24, 2024), while the district used a prior version. As a result, some of FCMAT's assumptions, such as COLAs, enrollment, ADA, and property taxes, were based on more current information.

In addition, the district did not use its LCFF calculator projections in its 2023-24 second interim MYFP. Instead, it applied a 0.76% and 2.73% COLA to the LCFF revenue sources in 2024-25 and 2025-26, respectively. Consequently, FCMAT's LCFF projections differed from those in the district's 2023-24 second interim report. FCMAT's projections of unrestricted LCFF sources were \$31,129 higher in 2023-24, \$556,080 higher in 2024-25, and \$598,788 higher in 2025-26 than the district's projections, as shown in Table 6 below.

Table 6. FCMAT and District LCFF Calculator Projections, 2023-24 — 2025-26

Description	2023-24		2024-25		2025-26	
	District	FCMAT	District	FCMAT	District	FCMAT
LCFF COLA	8.22%	8.22%	3.94%	1.07%	3.29%	2.93%
Enrollment	2,545	2,544	2,510	2,579	2,495	2,545
ADA	2,296.47	2,284.65	2,290.10	2,316.48	2,276.45	2,285.94
Funded ADA	2,302.16	2,305.87	2,290.47	2,316.48	2,284.10	2,316.48
UPC	987	983	979	1,004	973	991
UPP (three-year average)	39.36%	39.63%	38.79%	39.02%	38.96%	38.84%
Total Local Revenue	\$34,304,655	\$34,889,069	\$35,183,499	\$35,492,875	\$36,088,709	\$36,464,592
In Lieu of Property Tax Payment	-\$6,880,360	-\$7,088,311	-\$7,051,408	-\$7,355,919	-\$7,251,215	-\$7,553,679
Total LCFF Entitlement	\$31,642,265	\$31,777,816	\$32,694,638	\$32,116,136	\$33,688,400	\$33,004,710

Sources: District and FCMAT LCFF calculator projections.

Notes: The district's 2023-24 second interim report LCFF entitlements were lower than those reflected in the table.

The district did not incorporate its LCFF calculator projections into its 2023-24 second interim budget and MYFP.

The "Total LCFF Entitlement" figures include any additional state aid required to meet the categorical minimum state aid amount but do not include basic aid supplement funds.

Basic Aid Supplement Funding

Charter schools receive LCFF funding through a combination of state aid and in lieu property tax payments from their sponsoring school districts. A sponsoring school district is the entity responsible for the payment of in lieu property taxes and is not necessarily a charter school's authorizer. Payments in lieu of property taxes are the portion of taxes collected by school districts that must be transferred to the charter schools serving that geographic location or the students residing there. Although the district authorizes only one charter school, Sierra Academy of Expeditionary Learning (SAEL), it is the sponsoring district for both SAEL and John Muir Charter, a charter school authorized by the county office. As the sponsoring district, it must transfer in lieu property tax payments to each charter school for all students who attend, even if the students are not residents of the district.

For most school districts, payments in lieu of property taxes do not affect their LCFF funding because state aid adjusts to fully offset the property tax transfers. However, for basic aid school districts where property taxes fully fund the LCFF entitlement, these transfers can cause the districts to lose their basic aid status. This has been the case for the district in recent years.

A school district that loses its basic aid status due to in lieu property tax payments is eligible for funding through the state's School District Basic Aid Supplement program. The district is one of 32 school districts in 2023-24 receiving basic aid supplement funding to partially backfill the loss of local revenue resulting from the required property tax transfer to charter schools serving nonresident students.² EC 47663 establishes the basic aid supplement funding calculation, allowing school districts to receive up to 70% of the LCFF base grant per ADA that would have been apportioned to the district of residence for each nonresident student.

As with property tax revenue, basic aid supplement funding is a volatile revenue source subject to several unpredictable factors. For example, if the school district of residence for a nonresident student attending a charter school is or becomes basic aid, the sponsoring district receives no supplement funding for that student. The basic aid supplement funding is capped at the amount of property taxes transferred to the sponsored charter schools for nonresident ADA and is also limited by the ratio of the school district's state aid (after resident in lieu transfers) to the total nonresident in lieu transfer amount. If a sponsoring school district loses basic aid status independently of in lieu property tax transfers, it loses eligibility for basic aid supplement funding.

As discussed in the previous section, school districts do not know their final property tax amounts until August, after the fiscal year ends. Because the district's basic aid status and that of the school districts of residence for the sponsored charter school students determine if and how much basic aid supplement funding the district receives each year, this funding source is extremely unpredictable and difficult to project in MYFPs. Much of the funding is based on factors outside the district's control, and no hold harmless provision exists to mitigate the impact of funding reductions resulting from changes in basic aid status or declines in enrollment and ADA.

Despite the volatility and risk associated with basic aid supplement funding, the district uses these funds for ongoing expenses, including salaries and benefits. In 2022-23, the district received \$3.005 million in basic aid supplement funding. The district did not provide FCMAT with the basic aid supplemental funding calculations used in its 2023-24 second interim MYFP. FCMAT projected this funding would increase to \$3.558 million in 2023-24, which is half of the property tax transfer amount. Because the district's budget relies on basic aid supplement funding to cover general operating and program costs, it needs higher reserve balances (i.e., at least one year's funding) to cover the potential loss or reduction of these funds. This would allow the district to respond with equivalent expenditure reductions as needed.

²California Department of Education. (2024, February). *Principal Apportionment Summary*. <https://www.cde.ca.gov/fg/aa/pa/iassf23p1.asp>

Table 7 below shows the assumptions FCMAT used to calculate the district's projected basic aid supplement funding for the base year and subsequent years.

Table 7. Historical and FCMAT Basic Aid Supplement Funding Summary and Projection Assumptions, 2019-20 — 2025-26

Description	Actual 2019-20	Actual 2020-21	Actual 2021-22	Actual 2022-23	Projected 2023-24	Projected 2024-25	Projected 2025-26
Nonresident ADA	487.90	484.80	369.42	402.10	439.85	439.85	439.85
Resident ADA	152.99	188.80	222.79	219.91	177.99	177.99	177.99
Total Charter School ADA	640.89	673.60	592.21	622.01	617.84	617.84	617.84
In Lieu of Property Tax Payment	\$5,752,910	\$6,182,712	\$5,955,856	\$6,828,849	\$7,088,311	\$7,355,919	\$7,553,679
Basic Aid Supplement Funding	\$3,073,397	\$3,127,737	\$2,395,257	\$3,005,606	\$3,558,033	\$3,596,104	\$3,701,470
As a Percent of In Lieu Property Tax Transfer	53.42%	50.59%	40.22%	44.01%	50.20%	48.89%	49.00%
Funded Status	Nonbasic Aid	Nonbasic Aid	Basic Aid	Nonbasic Aid	Nonbasic Aid	Nonbasic Aid	Nonbasic Aid

Source: Principal Apportionment Exhibits (CDE) and FCMAT MYFP.

Recommendations

The district should:

1. Use the most recent LCFF calculator, enrollment, UPC and ADA estimates when preparing and revising LCFF revenue projections.
2. Continue to closely collaborate with the county office to monitor and project property taxes throughout the year.
3. Monitor the enrollment and ADA of its sponsored charter schools; use this information to develop basic aid supplement funding projections.
4. Consider treating basic aid supplement funds as a one-time revenue source to be spent on one-time expenditures or increasing reserve funds to cover at least one year's amount of basic aid supplement funding, and develop contingency plans to address potential declines or elimination of these funds.
5. Communicate throughout the year with its educational partners and the community about the factors that affect its LCFF projections and basic aid supplement funding.

Federal Revenue

FCMAT reviewed, verified, and adjusted federal funding amounts for the base year 2023-24 where possible and appropriate. These adjustments resulted in only slight variances compared to the district's projections, with FCMAT increasing federal revenues by a total of \$98,277 as described below.

For 2023-24, FCMAT adjusted the federal funding allocations as follows:

- Increased Title I funding by \$59,511 and reduced Title II funding by \$111 based on the CDE's most recent allocations and available 2022-23 carryover.
- Reduced federal forest reserve funds by \$4,607 based on prior year amounts and that received to date.

- Increased federal special education program funds by \$33,962 to reflect the most recent Nevada County Special Education Local Plan Area (SELPA) revenue allocation and the CDE's allocation for mental health services.

Based on information provided by the district and verified in its financial reports, the only one-time federal revenues included in the district's 2023-24 second interim are COVID-19-related relief funds, specifically the Elementary and Secondary School Emergency Relief III (ESSER III) and American Rescue Plan – Homeless Children and Youth II. Because the district plans to expend all remaining COVID-19-related relief funds by the end of 2023-24, FCMAT removed these funds from the subsequent years of the projection. This reduction accounts for most of the change in federal revenues projected for 2024-25 and 2025-26 compared to the base year.

The district's 2023-24 second interim MYFP applied a 0.76% and 2.73% COLA to all federal revenue sources in 2024-25 and 2025-26, respectively. Caution should be exercised when budgeting federal revenues due to uncertainty surrounding the federal budget, especially because the district has allocated most of this funding to salaries and benefits. FCMAT assumed a 2% reduction to all Title funds in 2024-25, based on changes in Title funding from prior years, and no change in 2025-26.

The district receives federal Title I School Improvement Funding (CSI) for its continuation high school. Based on planned expenses for 2023-24, FCMAT increased the projected revenue by \$9,522 to \$178,351. The district expects to carry over almost all 2023-24 CSI funds into 2024-25, and FCMAT assumed this expenditure pattern would continue into the subsequent fiscal years of the projection. For all other programs, FCMAT assumed funding levels would remain unchanged, with no COLAs in 2024-25 and 2025-26. The team also removed the carryover and unearned revenues (i.e., revenues that are not allowed to be recognized as revenue until spent) included in the district's 2023-24 budget from the subsequent years of the projection.

The best practice is to regularly update the district's revenue estimates as entitlement allocations and grant amounts are finalized, ensuring that budgeted revenues align with the most recent funding allocation schedules. Carryover or unearned revenues from prior years should not be included in the current year budget until the prior year unaudited actuals are completed and should be eliminated from the MYFP's subsequent years. Including estimates of carryover or unearned revenues before those amounts are known may result in overbudgeting and overspending.

Recommendations

The district should:

1. Continue to update revenue budgets throughout the year as entitlements and grant amounts become known, ensuring budgets match award letters and allocations provided by the CDE, SELPA, and other grantor agencies.
2. Continue to track and monitor one-time revenue and expenditures to ensure they are removed from budgets and projections.
3. Continue to recognize carryover and unearned revenues in the current year budget after the prior year unaudited actuals are completed, and ensure that unearned revenue is not included in the subsequent years of the MYFP.
4. Discontinue the practice of applying COLAs to federal funding.
5. Estimate federal revenues conservatively considering historical funding levels and enrollment changes.

Other State Revenue

FCMAT confirmed other state revenue amounts for 2023-24 using available schedules from the CDE and grant award letters, resulting in a net increase of \$1,093,352 in state revenues for 2023-24.

For 2023-24, FCMAT added \$347,881 for the new Proposition 28 Arts and Music in Schools Grant and \$267,363 for the new LCFF Equity Multiplier funding, which the district receives for its continuation high school. In addition, other state revenues were increased by \$338,824 to account for the receipt of 2022-23 Extraordinary Cost Pool funds and by \$97,000 to reflect the full amount of the district's Antibias Education Grant. The team also added \$42,099 to reflect the district's eligibility for home-to-school transportation reimbursement funding based on prior year eligible expenses that exceed the LCFF transportation add-on funding. An additional \$20,398 was included to account for prior year carryover funds (for the Specialized Secondary Program), changes related to enrollment and ADA (mental health services and lottery), and final grant awards (Project Workability I, Strong Workforce Program, and 2022 Kitchen Infrastructure and Training Funds).

FCMAT removed \$10,996 in unearned revenues no longer available for expenditure in the base year for the Agricultural Career Technical Education Incentive Grant and \$9,216 to reconcile with the final CDE allocation for the Learning Recovery Emergency Block Grant. Failure to accurately budget revenues and update amounts throughout the year as awards are finalized could result in expenditures that exceed revenues.

The district's 2023-24 second interim MYFP applied a 0.76% COLA for 2024-25 and a 2.73% COLA for 2025-26 to all other state revenue sources. However, only certain state programs receive annual COLAs, such as special education, the Mandate Block Grant, child nutrition, and the LCFF Equity Multiplier. Where applicable, FCMAT carried forward state revenues for 2023-24 into the subsequent fiscal years and adjusted for COLA, enrollment, and ADA projections as appropriate.

Mandate Funding

The state allocates mandate block grant funds using a per-ADA amount, adjusted by the COLA in subsequent years, based on the prior year's P-2 ADA by grade level. The mandate funding projections in the MYFP are based on FCMAT's P-2 ADA projections.

The Mandate Block Grant provides LEAs with funds to support the costs of various mandated programs and activities identified in Government Code (GC) 17581.6(f). School districts can choose to receive this funding or submit a reimbursement claim with the State Controller's Office. To receive Mandate Block Grant funding, school districts must file an application each year with the CDE.

The district opts into the Mandate Block Grant and uses two locally defined unrestricted general fund resources to track mandate funding: resources 0600-Mandated Costs and 0601-Mandated Cost Block Grant. The best practice is to limit locally defined resources to funding sources with special accounting, financial reporting requirements, or restrictions. Because the California School Accounting Manual (CSAM) also specifies that mandated cost reimbursements must be accounted for with a unique code (object 8550) in the unrestricted general fund, the district does not need to use the locally defined unrestricted resources.

Lottery Funding

The state initially allocates lottery funds on a quarterly basis using the prior year's annual ADA, adjusted by a statewide absence factor of 1.04446, and then adjusts the amounts in the subsequent year once the district's final annual ADA is available. FCMAT projected lottery revenues for 2023-24 and subsequent

years based on its annual ADA projections, with a per-ADA rate of \$177 for unrestricted lottery and \$72 for restricted instructional materials lottery funds. This resulted in an adjustment of \$5,430 in 2023-24.

The district records other local revenue (object 8699) in its unrestricted lottery account (resource 1100). However, GC 8880.5(k) requires that school districts account for lottery revenue and expenditures separately. Therefore, the district should review these entries to determine the appropriate way to record this income. This income could be recorded as other local revenue in the unrestricted general fund or, if applicable, abated against an allowable lottery expenditure. An expenditure abatement refers to the cancellation of a previous expenditure, usually due to a refund or rebate. Procedure 560 of the CSAM explains when and how to record the abatement of expenditures.

Mental Health Services Funding

Before 2023-24, the state allocated funding for mental health services to SELPAs based on their members' funded ADA. Starting in 2023-24, the state began apportioning these funds directly to LEAs based on current year P-2 ADA through the principal apportionment.

FCMAT projected state mental health services funding for 2023-24 and subsequent years based on its P-2 ADA projections and the 2023-24 P-1 certified per-ADA rate of \$79.71 (adjusted by a COLA in the subsequent years of the MYFP), resulting in an adjustment of \$3,892 in the base year.

Recommendations

The district should:

1. Update revenue budgets throughout the year as entitlements and grant amounts become known, ensuring budgets match award letters and allocations provided by the CDE and other grantor agencies.
2. Apply the statutory COLA only to state programs that receive the adjustment through statute or the state budget act.
3. Ensure other state revenue projections are developed based on the district's enrollment and ADA projections as appropriate.
4. Use the resource field for tracking revenue sources with restrictions, financial reporting, or specific requirements.
5. Record only state lottery funds in the unrestricted lottery account (resource 1100).

Other Local Revenue

The district receives local revenues from a variety of sources, including leases and rentals, interest earnings, donations, SELPA passthrough payments, and other miscellaneous sources. FCMAT reviewed the district's budgeted amounts for reasonableness by comparing them to the actual revenues from the prior two years. Based on this analysis, FCMAT increased other local revenue by a net \$184,006, as detailed below.

FCMAT increased the interest earnings by \$88,900 in 2023-24, based on the prior year's amount and that received to date. These revenues are considered ongoing and are adjusted in the subsequent years of the MYFP according to changes in the interest rate for 10-year treasuries.

Education Code 47613 allows a charter school authorizer to charge its charter schools for actual oversight costs. The team increased the district's 2023-24 reimbursement for charter school oversight activities by

\$5,551, bringing it to the maximum allowable 1% of the charter school's LCFF revenues as of the 2023-24 first principal apportionment. This amount was then carried forward into 2024-25 and 2025-26.

FCMAT increased 2023-24 donations and miscellaneous income by \$281,247 based on amounts received to date. In the projection's subsequent years, the team removed one-time local grants (i.e., Student Behavioral Health Incentive Program), reimbursements, and donations, and increased county LEA internet use income based on the district's new billing schedule. In addition, the 2023-24 budget for transfers from the county office was reduced by \$10,854 based on amounts received to date.

The team used the SELPA's most recent allocation schedules for 2023-24 and 2024-25 to determine the district's special education revenues, resulting in a reduction of \$165,487 for 2023-24. FCMAT also removed one-time funds (e.g., financial hardship funds and prior year adjustments) from the subsequent fiscal years and adjusted them to reflect enrollment and ADA projection changes.

As with federal and other state revenues, the district's 2023-24 second interim MYFP applied a 0.76% and 2.73% COLA to all other local revenue sources in 2024-25 and 2025-26, respectively. Because these revenues often cannot be guaranteed from year to year, budgets and MYFPs for these items should be conservative, consider historical trends, and identify one-time revenues. These budget items should also be monitored and updated throughout the year based on amounts received to date.

Leases and Rentals

FCMAT reduced the 2023-24 leases and rentals budget by \$15,351 based on facility use payments received to date. The team assumed the base year's leases and rentals revenue would continue into the subsequent years of the MYFP, with cellular tower lease payments increasing by 3% each year according to lease terms.

The district used both object codes 8650 (leases and rentals) and 8699 (all other local revenue) to account for leases and rental fees, including its cell tower lease payments. The district also used multiple locally defined resources (resources 0000-Unrestricted, 0905-Verizon-Cell Tower, 0991-Theatre Income, 0998-Facility Use Billing, 9021-BR Auditorium) to track rental and lease activities. The best practice for budget monitoring is to record lease and rental payments under object 8650 and within a single resource code, and where related expenditures are recorded. If a school district needs to track certain leases and rental fees separately, it could create a locally defined object code (e.g., object 8651-cell tower leases) that rolls into object 8650 for SACS reporting purposes.

Recommendations

The district should:

1. Ensure local revenues are budgeted conservatively and adjusted as needed to account for actual amounts received; discontinue adjusting local revenues by the state COLA.
2. Consider historical trends and one-time revenues when developing budgets and MYFPs with local resources.
3. Record lease and rental income using object code 8650 in accordance with the CSAM; consider tracking all lease and rental activity in a single unrestricted locally defined code (e.g., resource 0998-Facilities Use).

Expenditures

FCMAT reviewed the district's 2023-24 second interim general fund expenditures budget for reasonableness and compared the base year projections to the prior two years' actual expenditures, grant agreements, and expenditure and encumbrance activity through April 2024.³ In general, FCMAT's MYFP assumes that the ongoing costs expensed or transferred in the district's 2022-23 unaudited actuals report will continue unless adjusted as noted below.

The district's 2023-24 second interim MYFP applied a California Consumer Price Index (CPI) inflation factor of 2.83% for 2024-25 and 2.69% for 2025-26 to all unrestricted general fund expenditures except salaries and benefits. When appropriate, the CPI inflation factor should be applied to both unrestricted and restricted expenditures (books and supplies, and services and other operating expense categories) by funding resource.

In the restricted general fund, the district made negative adjustments on line B10 (other adjustments) of approximately \$1.35 million in 2024-25 and \$357,145 in 2025-26. The explanation for these adjustments indicated that they were to remove one-time expenditures related to the Learning Recovery Emergency Block Grant, resulting in an ending restricted general fund balance of negative \$65,401 in 2025-26. The best practice is to develop MYFPs by resource. This method allows LEAs to remove one-time expenses from the appropriate expenditure categories, rather than making a lump sum adjustment to the total expenditures. It also enables the district to determine if any restricted salaries and employee benefits expenses need to be shifted to the unrestricted general fund.

Salaries

The district uses the ESCAPE financial software, which includes a position control system that integrates with budget and payroll. However, FCMAT could not reconcile position control data with payroll and budget because the payroll data provided did not include employee names or position numbers. Consequently, FCMAT relied on the financial system's actual payroll expenses and encumbrances through April 2024 to project regular salaries and benefits for the base year. The district did not encumber, and in some cases did not budget for, nonregular pay (e.g., overtime, substitutes, and class size overages). For nonregular pay that was not encumbered or budgeted, FCMAT reviewed the actual account balances to date through April 2024 and extrapolated the remaining months of the school year to estimate the projected totals for 2023-24.

In 2021-22 and 2022-23, the district transitioned from a six-period student day to an eight-period student day. District staff estimate that this resulted in increased salaries and benefits costs of approximately \$1.25 million. In addition, the district negotiated, and the board approved, a 4% salary schedule increase for certificated and classified staff in both 2022-23 and 2023-24. A one-time off-schedule payment of 2.5% was also provided to both employee groups in 2022-23. The district's 2023-24 second interim salary budgets included the 4% increase, which was implemented retroactively to July 1, 2023. Further, the district negotiated class size ratio increases, with the expectation that this change will reduce class size overage costs and eliminate up to three certificated full-time equivalent (FTE) positions in 2024-25. Consequently, FCMAT assumed that any expenditure savings associated with the district's 2023-24 vacant positions would continue into 2023-24 and made no adjustments for salaries or FTEs other than those noted in the following sections of this report.

³The CSAM defines an encumbrance as "a commitment in the form of a purchase order or offer to buy goods or services." The encumbrance account in a general ledger tracks open purchase orders to prevent overspending of a budget account.

The best practice for budget monitoring is to implement procedures to reconcile position control with budget and payroll at least at each fiscal reporting period (e.g., first interim, second interim, and estimated actuals). This helps ensure that salary and benefit encumbrances and budgets are accurate. During interviews, district staff indicated that many of the human resource and business services employees are new to the district and/or kindergarten through grade 12 public education. Staff also suggested that the district could strengthen its position control, payroll and budget monitoring processes. These functions should be managed collaboratively between the district's Human Resources and Business Services departments. Further, position control functions should be segregated to protect the district's assets and ensure efficient operations. This means that no employee should manage a transaction from start to finish. For example, an employee should not have access to input both employee demographic information and process payroll.

FCMAT allocated ongoing salaries from expired restricted programs to the unrestricted general fund where needed. Using one-time resources to pay for ongoing costs can mask a structural deficit and erode a school district's general fund balance. If a school district plans to temporarily use one-time revenues for ongoing expenses, it should develop a board-approved plan to fund these costs when the funding source expires or eliminate the costs altogether.

Certificated Salaries

FCMAT increased the total certificated salaries for 2023-24 by a net amount of \$163,238. This adjustment included an increase of \$282,050 in the unrestricted general fund budget and a decrease of \$118,812 in the restricted general fund budget. The primary reasons for these changes were increases related to the budgeting of nonregular pay, such as substitutes, extra pay, and class overages, and the district's actual and encumbrance balances through April 2024.

FCMAT allocated ongoing certificated salaries to the unrestricted general fund in 2024-25 from the following resources: \$76,366 in teachers' salaries from ESSER III; \$840,918 in teachers' salaries from the Learning Recovery Emergency Block Grant; \$73,640 in administrators' salaries from the Adult Education Fund. The team also allocated \$79,251 in teachers' salaries from the A-G Access/Success Grant in 2025-26.

FCMAT added \$110,292 in new ongoing other certificated salaries funded by the Antibias Education Grant in 2024-25 and transferred these costs to the unrestricted general fund in 2025-26. Ongoing pupil support salaries of \$178,253 were also added in 2024-25 for new services provided through LCFF Equity Multiplier funding.

The team increased certificated salaries by 2% in the subsequent years of the projection, based on the certificated employee step-and-column data provided by the district. This adjustment is lower than the district's 2023-24 second interim report estimate of 2.8%.

Classified Salaries

FCMAT increased the total classified salaries for 2023-24 by a net amount of \$25,553. This adjustment included an increase of \$121,267 in the unrestricted general fund budget and a decrease of \$95,714 in the restricted general fund budget. The primary reasons for these changes were increases related to the budgeting of nonregular pay, such as substitutes and overtime, and FCMAT's review of actual and encumbrance balances through April 2024.

FCMAT allocated ongoing classified salaries to the unrestricted general fund in 2024-25 from the following expired resources: \$106,950 in support and clerical salaries from ESSER III, \$87,402 from support salaries from the Learning Recovery Emergency Block Grant, and \$40,371 in clerical salaries from the Adult Education Fund.

FCMAT increased classified salaries by 2% in the subsequent years of the projection, based on the team's analysis of classified employee step data provided by the district. This adjustment is lower than the district's 2023-24 second interim report estimate of 3%.

Employee Benefits

FCMAT reduced the total employee benefits expenditures for 2023-24 by a net amount of \$38,351. This adjustment included an increase of \$67,370 in the unrestricted general fund budget and a decrease of \$105,721 in the restricted general fund budget. FCMAT calculated statutory benefits in proportion to the adjusted salaries budgeted for each fiscal year.

In its MYFP, FCMAT adjusted the employer contribution rates for CalSTRS and CalPERS based on the state's most recent projections. The district's workers' compensation rate decreased from 1.54% in 2023-24 to 1.46% in 2024-25. Other statutory benefits in the subsequent years primarily changed in proportion to adjustments in certificated and classified salaries. The district applied a 2.85% increase to unrestricted general fund employee benefits in 2024-25 and 2025-26 but made no adjustments to restricted general fund employee benefits.

FCMAT also adjusted health and welfare benefits costs, decreasing them by \$16,900 in 2023-24, based on actuals and encumbrances through April 2024. This adjustment included an increase of \$6,811 in the unrestricted general fund budget and a decrease of \$23,711 in the restricted general fund budget. Classified retiree health and welfare benefits increased by \$111,859 in 2023-24, also based on actuals and encumbrances through April 2024.

The district did not provide FCMAT with its most recent other postemployment benefits (OPEB) actuarial valuation measured as of June 30, 2021. The Governmental Accounting Standards Board (GASB) Statement 75 requires school districts to update their actuarial reports for OPEB every two years. Because the district funds its OPEB liability using the pay-as-you-go method, an updated OPEB actuarial report is essential for determining the incremental cost changes to include in its MYFP.

As discussed later in the "Interfund - Transfers In" subsection of this report, the district's 2023-24 second interim report included transfers into the general fund from the Special Reserve Fund for Postemployment Benefits (Fund 20) to cover some, but not all, classified retiree health and welfare benefits. FCMAT did not adjust subsequent year health and welfare benefit costs because the district maintains a hard cap, and any further increase to the employer's cost would be subject to collective bargaining. A hard cap means that the district pays a maximum monthly amount towards health, dental, vision and life insurance benefits: \$856 for employee coverage, \$1,221 for employee and spouse coverage, \$1,066 for employee and children coverage, and \$1,314 for family coverage. The district prorates these amounts for certain part-time employees.

Books and Supplies

FCMAT adjusted the 2023-24 total books and supplies expenditures for 2023-24, resulting in a net decrease of \$42,480. This adjustment included an increase of \$48,495 in the unrestricted general fund budget and a decrease of \$90,975 in the restricted general fund budget due to various budget adjustments in all programs.

The district's 2023-24 second interim MYFP applied a CPI inflation factor of 2.83% for 2024-25 and 2.70% for 2025-26 to its unrestricted general fund books and supplies budgets. In its MYFP, FCMAT adjusted the subsequent years to remove any one-time expenditures (American Rescue Plan – Homeless Children and Youth, Specialized Secondary Program, Strong Workforce Program, and Other Restricted Local) and

applied the most recent CPI inflation factors to all remaining books and supplies expenditures. Additionally, because the expenditure budget exceeded projected revenue, FCMAT reduced expenditures for books and supplies for the following restricted programs: Perkins V, Career Technical Education Incentive Grant, Agricultural Career Technical Education Incentive Grant, and Dual Enrollment Opportunities.

Services and Other Operating Expenditures

FCMAT adjusted the 2023-24 total services and other operating expenditures by a net increase of \$166,568. The team decreased the unrestricted general fund budget by \$208,678 and increased the restricted general fund budget by \$375,246. The primary reasons for these adjustments were: 1) expenditures shifted from the unrestricted general fund to restricted programs such as Title I, Title II, and the Learning Recovery Emergency Block Grant; and 2) expenditures increased in programs such as Special Education and the Restricted Maintenance Account (RMA).

The district's 2023-24 second interim MYFP applied a CPI inflation factor of 2.83% and 2.70% to its unrestricted general fund services and other operating expenditures budgets for 2024-25 and 2025-26, respectively. In the subsequent years of its MYFP, FCMAT made several adjustments: the team removed one-time expenditures (American Rescue Plan – Homeless Children and Youth, Antibias Education Grant, Specialized Secondary Program, Strong Workforce Program), transferred ongoing expenses from expired restricted programs (ESSER III, Antibias Education Grant, A-G Access/Success Grant, Learning Recovery Emergency Block Grant) to the unrestricted general fund, and applied the most recent CPI inflation factors to all remaining services and other operating expenditures in the projection, with the exception of insurance costs.

FCMAT increased insurance costs by 20% in each projected year to align with prior year increases (over 17% from 2022-23 to 2023-24) and to account for additional premiums for pending AB 218 liabilities.⁴

Capital Outlay

FCMAT increased the total capital outlay expenditures for 2023-24 by \$34,742, with \$21,821 added to the unrestricted general fund budget and \$12,921 added to the restricted general fund budget.⁵

The district's 2023-24 second interim MYFP applied a CPI inflation factor to its unrestricted capital outlay budgets of 2.83% for 2024-25 and 2.70% for 2025-26, while FCMAT carried the base year capital outlay expenditure budgets into the subsequent fiscal years, except for the balance of Kitchen Infrastructure and Training Funds (\$105,049), which will be fully spent in 2024-25.

Other Outgo/Indirect Costs

All programs incur general management costs, commonly referred to as indirect costs. These costs typically include activities such as accounting, budgeting, payroll, personnel services, purchasing and central data processing. An indirect cost rate allows LEAs to efficiently and uniformly recover some general management costs from restricted programs. The CDE establishes the rates that school districts can charge to each program. An LEA may charge up to its established indirect cost rate unless limited by a specific authority (e.g., legislation). Charging each program the maximum allowable rate provides for equity across

⁴Effective January 1, 2020, AB 218 expanded the definition of childhood sexual abuse and extended the statute of limitations for victims to file lawsuits against their abusers. This legislation has exposed LEAs to claims for sexual assault dating back decades and created significant cost pressures for defending against these claims

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

the LEA's departments and programs, ensures general management costs are adequately supported, and establishes the true costs of each program.

The 2022-23 unaudited actuals report indicates that the district charged indirect costs to most programs; however, for some programs, such as special education, the rate charged was lower than the allowable indirect cost rate.

In 2023-24, FCMAT increased other outgo expenditures for indirect cost transfers by \$420,333 in the restricted general fund. This adjustment resulted in a corresponding expenditure offset in the unrestricted general fund, primarily from increased indirect cost charges to special education programs and the RMA. FCMAT applied charges for indirect costs at the maximum allowable rate for each restricted program in the base year and subsequent years to ensure accurate program cost accounting. Indirect costs were based on the CDE's approved rates for the district: 8.74% in 2023-24 and 7.32% in 2024-25. FCMAT assumed the 7.32% rate continued into 2025-26.

FCMAT decreased transfers of interfund indirect costs into the unrestricted general fund in 2023-24 by \$6,732 from the Adult Education Fund (Fund 11) and by \$4,218 from the Cafeteria Special Revenue Fund (Fund 13). During interviews, staff indicated that another school district will assume responsibility for adult education starting in 2024-25. Consequently, FCMAT removed the Fund 11 interfund indirect cost charge from the subsequent years in the MYFP. The team used the CDE-approved rates for the Adult Education and Child Nutrition programs, which were 5.00% and 5.06%, respectively, for 2023-24. For 2024-25, the Child Nutrition Program rate increased to 5.94%; this rate was carried forward into 2025-26.

FCMAT decreased other outgo expenditures (excluding indirect cost transfers) by \$8,935 in the unrestricted general fund for 2023-24 to reflect reduced estimates of transfers to the county office. The base year expenditure budgets were then carried forward into the two subsequent years.

The district's 2023-24 second interim MYFP applied a CPI inflation factor of 2.83% and 2.70% to its unrestricted general fund for all other outgo expenditures in 2024-25 and 2025-26, respectively. The district had no debt service payments in the general fund in the three prior years or the base year.

Recommendations

The district should:

1. Prepare general fund MYFPs by revenue source at the resource code level; consider using FCMAT's Projection-Pro software.
2. Ensure all salaries and benefits are budgeted and encumbered in its financial software.
3. Establish and implement procedures to reconcile position control to budget and payroll at least at each financial reporting period.
4. Ensure that position control duties are segregated and managed collaboratively between the Human Resources and Business Services departments.
5. Provide human resources and business staff with training in the ESCAPE financial system.
6. Project statutory benefit costs using projected rates (e.g., STRS, PERS, unemployment insurance, workers' compensation) and salaries.
7. Apply the California CPI inflation factor to both unrestricted and restricted general fund books and supplies, and services and operating expenses, as appropriate; consider also

other local factors (e.g., insurance costs) that may require unique escalation factors when preparing MYFP expenditures.

8. Track and monitor one-time revenues and expenditures to ensure they are removed from budgets and projections; avoid using lump sum adjustments (e.g., line B10) in the MYFP.
9. Cease using one-time funds for ongoing costs or ensure it has a board-approved plan to fund such ongoing costs or eliminate them when one-time funds are no longer available.
10. Ensure that a current OPEB actuarial report is prepared every two years and presented to the board.
11. Ensure that projected OPEB costs are included in its budget and MYFP.
12. Charge indirect costs to each restricted program and special revenue fund at the full allowable rate, even if this results in a contribution from the unrestricted general fund.

Other Financing Sources/Uses

Interfund - Transfers In

The district transferred \$88,137 and \$36,935 from the Special Reserve Fund for Postemployment Benefits (Fund 20) to the general fund in 2021-22 and 2022-23, respectively, to cover certain classified retiree health benefit costs. The 2023-24 second interim report included a \$27,635 transfer from Fund 20 to the general fund for this purpose. FCMAT also used this amount for the base year and the subsequent years of its MYFP, while the district's 2023-24 second interim MYFP applied a COLA of 0.76% for 2024-25 and 2.73% for 2025-26 to its unrestricted general fund transfers.

Interfund - Transfers Out

The district made a \$5,000 transfer from the general fund to the Special Reserve Fund for Capital Outlay Projects (Fund 40) in 2021-22 and 2022-23 for the Bear River Pool and included the same transfer in its 2023-24 second interim report. FCMAT assumed this \$5,000 transfer would continue into the subsequent years of the projection, while the district's 2023-24 second interim MYFP applied a California CPI inflation factor to its unrestricted general fund transfers out, with rates of 2.83% and 2.69% in 2024-25 and 2025-26, respectively.

Contributions

Restricted programs should be self-supporting, with exceptions for the RMA, Special Education, and other programs that the school district chooses to support with unrestricted general funds. When revenues in restricted programs are insufficient to cover program expenditures, the state's school accounting rules require school districts to contribute unrestricted funds to balance the program's revenues and expenditures.

Instead of evaluating each restricted program separately, the district's 2023-24 second interim MYFP applied a 0.76% and 2.73% COLA to its general fund contributions in 2024-25 and 2025-26, respectively. As a result, the district underestimated its unrestricted general fund support for ongoing restricted programs by approximately \$653,402 in 2024-25 and \$728,208 in 2025-26. This adjustment led to corresponding reductions to the district's projected ending unrestricted fund balances in the subsequent years.

Because the district participates in the state’s facilities funding program, it is required to contribute unrestricted general funds to the RMA. The minimum required contribution is 3% of the district’s total general fund expenditures and other financing uses for each fiscal year, excluding certain restricted programs. The district’s 2023-24 second interim report projected a contribution of \$1.345 million to the RMA, which is \$165,259 less than the prior year’s amount. FCMAT adjusted this contribution to \$1.542 million to align with its adjusted projected expenditures for 2023-24. The MYFP projects this contribution will increase to \$1.559 million in 2024-25 and \$1.597 million in 2025-26.

The district’s 2023-24 second interim report projected a contribution of \$4.177 million to special education programs (excluding transportation) in the base year. FCMAT increased this contribution to \$4.273 million to align with its adjusted projected expenditures for 2023-24. The MYFP projects this contribution will increase to \$4.486 million in 2024-25 and \$4.663 million in 2025-26.

The district uses two locally defined restricted resources to track its home-to-school and special education transportation expenditures (i.e., resources 9230-Transportation: Home-to-School and 9240-Transportation: Special Education). The district’s 2023-24 second interim report included \$1.690 million in unrestricted general fund contributions to its transportation programs. Based on its adjusted projected expenditures in 2023-24, FCMAT reduced this total to \$1.626 million and assumed the expenditures and corresponding contributions would increase by 5% in the subsequent years, based on prior year expenditure increases.

The state provides transportation funding through an LCFF add-on and a reimbursement based on prior year eligible expenditures, which school districts account for in the unrestricted general fund. However, because the district recorded its transportation expenses in the restricted general fund, the unrestricted general fund contribution to these programs appears higher than it is. The difference is the total program revenues received in a fiscal year. The best practice for budget monitoring is to record program revenues and expenses in the same resource within either the unrestricted or restricted general fund.

Table 8 below shows the unrestricted general fund contributions to restricted programs included in FCMAT’s MYFP. When expenditure budgets exceeded projected revenues in the subsequent years of the projection, FCMAT reduced nonsalary-related expenditure accounts (books and supplies, services and other operating expenses, and capital outlay) where possible, to remain within the projected revenue estimates.

Table 8. FCMAT MYFP General Fund Contributions Summary, 2023-24 — 2025-26

Description	Resource Code	Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
Unrestricted	0000	-\$7,832,327	-\$8,267,033	-\$8,549,691
Total Unrestricted	-	-\$7,832,327	-\$8,267,033	-\$8,549,691
Dept of Rehab: Transition Partnership	3410	\$4,179	\$8,798	\$37,927
Mental Health Services	6546	\$386,321	\$385,268	\$394,031
Restricted Maintenance Account	8150	\$1,541,637	\$1,558,510	\$1,596,505
Title I, Part A Basic Grants	3010	\$0	\$48,383	\$61,617
A-G Access/Success Grant	7412	\$0	\$69,994	\$0
CalLearn Program Services	7810	\$0	\$1,373	\$2,886
Special Education	Various	\$4,272,697	\$4,486,014	\$4,662,832
Special Education Transportation	9010	\$603,500	\$633,600	\$665,100
Home-to-School Transportation	9010	\$1,022,900	\$1,074,000	\$1,127,700
Bear River Auditorium	9010	\$1,093	\$1,093	\$1,093
Total Restricted	-	\$7,832,327	\$8,267,033	\$8,549,691

Source: FCMAT MYFP.

Note: Rounding used in calculations.

Recommendations

The district should:

1. Use historical information to project its interfund transfers in and out of the general fund in its MYFP.
2. Shift transportation program expenditures from the restricted general fund to the unrestricted general fund, where LCFF transportation funding is accounted for.
3. Use the MYFP to identify programs that may require contributions from the unrestricted general fund in subsequent years, adjust the MYFP to account for those contributions, and act as necessary to ensure restricted programs are self-sustaining.

Multiyear Financial Projection Analysis

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

Unrestricted General Fund

Unrestricted dollars may be used for any purpose. FCMAT analyzed all general fund sources and expenditure categories by resource. The unrestricted general fund summary in Table 9 indicates that, based on current assumptions, the district will close 2023-24 with a balanced budget surplus of \$132,556. However, the district is projected to experience deficit spending of \$2.601 million in 2024-25 and \$2.880 million in 2025-26. Without revenue increases and/or expenditure reductions, the district will not meet the 3% minimum reserve requirement for economic uncertainties and will close 2025-26 with an unrestricted ending fund balance of negative \$762,640.

Table 9 below summarizes FCMAT's analysis of the district's unrestricted general fund resources for 2023-24 and the two subsequent fiscal years.

Table 9. FCMAT Unrestricted General Fund Summary, 2023-24 — 2025-26

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
A. Revenues				
LCFF Sources	8010-8099	\$34,611,974	\$35,399,740	\$36,393,680
Federal Revenue	8100-8299	\$37,893	\$37,893	\$37,893
Other State Revenues	8300-8599	\$615,136	\$709,870	\$757,611
Other Local Revenues	8600-8799	\$1,216,279	\$831,546	\$828,050
Other Financing Sources - Transfers In	8900-8929	\$27,635	\$27,635	\$27,635
Contributions	8980-8999	-\$7,832,327	-\$8,267,032	-\$8,549,690
Total, Revenue	-	\$28,676,590	\$28,739,651	\$29,495,179
B. Expenditures				
Certificated Salaries	1000-1999	\$13,584,191	\$14,866,617	\$15,163,950
Classified Salaries	2000-2999	\$4,429,722	\$4,757,734	\$4,852,889
Employee Benefits	3000-3999	\$6,822,106	\$7,398,986	\$7,528,607
Books and Supplies	4000-4999	\$1,085,113	\$845,749	\$869,937
Services and Other Operating Expenditures	5000-5999	\$3,575,665	\$4,206,662	\$4,683,461
Capital Outlay	6000-6999	\$105,321	\$105,321	\$105,321
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	\$78,695	\$9,865	\$9,865
Other Outgo - Transfers of Indirect Costs	7300-7399	-\$1,141,777	-\$855,248	-\$844,018
Other Financing Uses - Transfers Out	7600-7629	\$5,000	\$5,000	\$5,000
Total, Expenditures	-	\$28,544,034	\$31,340,686	\$32,375,011

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
C. Net Increase/Decrease in Fund Balance	-	\$132,556	-\$2,601,035	-\$2,879,833
D. Fund Balance				
Beginning Fund Balance, July 1	9791	\$4,603,558	\$4,718,228	\$2,117,193
Audit Adjustments	9793	-\$17,885	\$0	\$0
Adjusted Beginning Balance	-	\$4,585,673	\$4,718,228	\$2,117,193
Ending Fund Balance, June 30	-	\$4,718,228	\$2,117,193	-\$762,640
Components of Ending Fund Balance				
Nonspendable	9710-9719	\$102,807	\$102,807	\$102,807
Restricted	9740	\$0	\$0	\$0
Committed				
Stabilization Arrangements	9750	\$0	\$0	\$0
Other Commitments	9760	\$0	\$0	\$0
Assigned	9780	\$0	\$0	\$0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	\$3,707,673	\$2,014,386	\$1,454,656
Unassigned/Unappropriated	9790	\$907,748	\$0	-\$2,320,102

Source: FCMAT MYFP.

Note: Rounding used in calculations.

Restricted General Fund

Categorical programs and grant funds are restricted for specific activities. FCMAT analyzed all general fund sources and expenditure categories by resource. The restricted general fund summary shown in Table 10 on the following page indicates that, based on current assumptions, the district will end the 2023-24 fiscal year with a restricted balance of \$2.296 million, which includes funding for the restricted programs identified in the table. The MYFP projects that the restricted general fund balance will further decline to \$1.494 million in 2024-25 and \$985,581 in 2025-26.

FCMAT allocated the balance of Educator Effectiveness Block Grant funds evenly over 2024-25 and 2025-26 to meet the program’s expenditure deadline of June 30, 2026. The team assumed the district would maintain its eligibility for certain programs (LCFF Equity Multiplier and School Improvement Funding) that are determined by factors like stability rates and graduation rates that are unknown or unmeasured. It was also assumed that planned expenditures for these programs would continue into the subsequent years. FCMAT did not eliminate expenditures in expiring resources unless documents or interviews confirmed that they were one-time expenditures.

Table 10 on the following page summarizes FCMAT’s analysis of the district’s restricted general fund resources for 2023-24 and the two subsequent fiscal years.

Table 10. FCMAT Restricted General Fund Summary, 2023-24 — 2025-26

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
A. Revenues				
LCFF Sources	8010-8099	\$0	\$0	\$0
Federal Revenue	8100-8299	\$2,285,015	\$1,833,548	\$1,812,599
Other State Revenues	8300-8599	\$4,673,880	\$3,705,458	\$3,531,844
Other Local Revenues	8600-8799	\$2,264,537	\$1,734,464	\$1,712,583
Other Financing Sources - Transfers In	8900-8929	\$0	\$0	\$0
Contributions	8980-8999	\$7,832,327	\$8,267,032	\$8,549,690
Total, Revenue	-	\$17,055,759	\$15,540,503	\$15,606,716
B. Expenditures				
Certificated Salaries	1000-1999	\$4,650,132	\$4,279,875	\$4,228,802
Classified Salaries	2000-2999	\$2,428,153	\$2,278,417	\$2,323,925
Employee Benefits	3000-3999	\$4,467,587	\$4,275,853	\$4,289,830
Books and Supplies	4000-4999	\$922,000	\$785,015	\$830,998
Services and Other Operating Expenditures	5000-5999	\$4,115,995	\$3,812,456	\$3,646,155
Capital Outlay	6000-6999	\$139,555	\$105,049	\$0
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	\$0	\$0	\$0
Other Outgo - Transfers of Indirect Costs	7300-7399	\$1,078,457	\$806,288	\$795,058
Other Financing Uses - Transfers Out	7600-7629	\$0	\$0	\$0
Total, Expenditures	-	\$17,801,879	\$16,342,954	\$16,114,769
C. Net Increase/Decrease in Fund Balance	-	-\$746,120	-\$802,451	-\$508,053
D. Fund Balance				
Beginning Fund Balance, July 1	9791	\$3,042,205	\$2,296,085	\$1,493,634
Audit Adjustments	9793	\$0	\$0	\$0
Adjusted Beginning Balance	-	\$3,042,205	\$2,296,085	\$1,493,634
Ending Fund Balance, June 30	-	\$2,296,085	\$1,493,634	\$985,581
Components of Ending Fund Balance				
Nonspendable	9710-9719	\$0	\$0	\$0
Restricted				
Educator Effectiveness Block Grant - 2021-22	9740	\$264,652	\$132,326	\$0
Lottery - Instructional Materials	9740	\$124,301	\$26,802	\$0
Antibias Education Grant	9740	\$179,643	\$0	\$0
Arts and Music in Schools - Prop 28	9740	\$305,676	\$354,630	\$361,443
Child Nutrition - 2022 KIT Funds	9740	\$105,049	\$0	\$0
Dual Enrollment Opportunities	9740	\$421,131	\$280,316	\$138,897
LCFF Equity Multiplier	9740	\$267,363	\$270,223	\$278,140
A-G Access/Success Grant	9740	\$42,582	\$0	\$0
Ethnic Studies Grant	9740	\$63,712	\$63,712	\$0
TUPE	9740	\$6,097	\$6,097	\$6,097
SBHIP Grant	9740	\$515,880	\$359,529	\$201,005

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
Committed				
Stabilization Arrangements	9750	\$0	\$0	\$0
Other Commitments	9760	\$0	\$0	\$0
Assigned	9780	\$0	\$0	\$0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	\$0	\$0	\$0
Unassigned/Unappropriated	9790	\$0	\$0	\$0

Source: FCMAT MYFP.

Note: Rounding used in calculations.

Combined General Fund

Table 11 below summarizes FCMAT’s analysis of the district’s combined general fund resources for 2023-24 and the two subsequent fiscal years.

Table 11. FCMAT Combined General Fund Summary, 2023-24 — 2025-26

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
A. Revenues				
LCFF Sources	8010-8099	\$34,611,974	\$35,399,740	\$36,393,680
Federal Revenue	8100-8299	\$2,322,908	\$1,871,441	\$1,850,492
Other State Revenues	8300-8599	\$5,289,016	\$4,415,328	\$4,289,455
Other Local Revenues	8600-8799	\$3,480,816	\$2,566,010	\$2,540,633
Other Financing Sources - Transfers In	8900-8929	\$27,635	\$27,635	\$27,635
Contributions	8980-8999	\$0	\$0	\$0
Total, Revenue	-	\$45,732,349	\$44,280,154	\$45,101,895
B. Expenditures				
Certificated Salaries	1000-1999	\$18,234,323	\$19,146,493	\$19,392,752
Classified Salaries	2000-2999	\$6,857,875	\$7,036,151	\$7,176,814
Employee Benefits	3000-3999	\$11,289,693	\$11,674,840	\$11,818,437
Books and Supplies	4000-4999	\$2,007,112	\$1,630,764	\$1,700,935
Services and Other Operating Expenditures	5000-5999	\$7,691,660	\$8,019,118	\$8,329,617
Capital Outlay	6000-6999	\$244,876	\$210,369	\$105,321
Other Outgo (excluding Transfers of Indirect Costs)	7100-7299 7400-7499	\$78,695	\$9,865	\$9,865
Other Outgo - Transfers of Indirect Costs	7300-7399	-\$63,320	-\$48,960	-\$48,960
Other Financing Uses - Transfers Out	7600-7629	\$5,000	\$5,000	\$5,000
Total, Expenditures	-	\$46,345,913	\$47,683,640	\$48,489,781
C. Net Increase (Decrease) in Fund Balance	-	-\$613,564	-\$3,403,486	-\$3,387,886
D. Fund Balance				

Description	Object Code	Adjusted Base Year 2023-24	Year 1 2024-25	Year 2 2025-26
Beginning Fund Balance, July 1	9791	\$7,645,763	\$7,014,314	\$3,610,828
Audit Adjustments	9793	-\$17,885	\$0	\$0
Adjusted Beginning Balance	-	\$7,627,878	\$7,014,314	\$3,610,828
Ending Fund Balance, June 30	-	\$7,014,314	\$3,610,828	\$222,942
Components of Ending Fund Balance				
Nonspendable	9710-9719	\$102,807	\$102,807	\$102,807
Restricted	9740	\$2,296,085	\$1,493,634	\$985,581
Committed				
Stabilization Arrangements	9750	\$0	\$0	\$0
Other Commitments	9760	\$0	\$0	\$0
Assigned	9780	\$0	\$0	\$0
Unassigned/Unappropriated				
Reserve for Economic Uncertainties	9789	\$3,707,673	\$2,014,386	\$1,454,656
Unassigned/Unappropriated	9790	\$907,748	\$0	-\$2,320,102

Source: FCMAT MYFP.

Note: Rounding used in calculations.

Reserves and Unrestricted General Fund Balance

Its unrestricted fund balance policy requires the district to maintain a financial reserve well above the state-required minimum. Board Resolution #06-13/14, Annual Review of Fund Balance Policy as Required by GASB 54, indicates the board's intent to maintain a minimum unrestricted general fund balance of 8% of the district's annual general fund operating expenditures, which is 5% higher than the state-required minimum of 3%. This policy specifies that if the unrestricted general fund balance falls below 8%, the district will recover its reserves by at least 1% annually. Further, to address any expenditures incurred to the unrestricted general fund balance, the district will first reduce committed amounts, then assigned amounts, and finally unassigned amounts.

The uncertainty surrounding the district's property tax revenues, reliance on basic aid supplement funding, and increasing contributions from the unrestricted general fund to special education underscores the need for a policy to maintain reserves higher than the state's minimum requirement. Table 12 below shows SSC's data on the statewide average unrestricted general fund ending balance, plus Fund 17, for high school districts over the past three years (expressed as a percentage of total general fund expenditures, transfers, and other uses). The district's unrestricted general fund balance was significantly lower than the statewide average in 2020-21, 2021-22, and 2022-23.

Table 12. District and Statewide Average Reserve Levels, 2020-21 — 2022-23

Unrestricted Ending Fund Balance	2020-21	2021-22	2022-23
Statewide Average for High School Districts	21.82%	21.29%	22.94%
Nevada Joint Union High School District	12.71%	8.81%	10.28%
Difference	-9.11%	-12.48%	-12.66%

Sources: SSC and FCMAT.

Note: The figures include the unrestricted general fund ending balance plus Fund 17 and are expressed as a percentage of total general fund expenditures, transfers and other uses.

FCMAT's MYFP projected the district to end 2023-24 with a 10.11% reserve. However, the district's multiyear outlook through 2025-26 shows a structural deficit of \$2.6 million that needs to be addressed immediately because it will further reduce the unrestricted fund balance and erode the district's reserves within one year. These conditions could be exacerbated by any unanticipated revenue losses or unplanned expenditures. Unless the district identifies additional revenues or reduces expenditures to balance the budget, FCMAT projects the district may deplete its cash resources and become insolvent by 2025-26.

Recommendations

The district should:

1. Develop a complete and detailed fiscal recovery plan as soon as possible, including a timeline for implementation, to eliminate the structural deficit in the unrestricted general fund and restore reserves.
2. Develop and adopt a budget and MYFP that eliminates deficit spending and meets reserve requirements to prevent fiscal insolvency.

Other Concerns and Recommendations

Other Funds

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

Charter School Special Revenue Fund (Fund 09)

Charter schools use Fund 09 for reporting their finances as part of the authorizer but outside of the authorizer's general fund. The district is the authorizer of one charter school, which reports independently from the district using the state's charter school alternative form. Therefore, Fund 09 is not applicable for the district's financial reporting.

Despite that, the district's general ledger includes Fund 09, which allows the county office and the district to enter accounting entries for its charter school into the fund. For example, the county office records the charter school's apportionments in this fund, and then the district forwards those funds to its charter school. In at least one instance, this resulted in the district incorrectly forwarding its Title I apportionment to the charter school. The district should work with the county office to close Fund 09 and forward the charter school's funds directly from the county office to the charter school.

The best practice is for school districts to include only valid codes in their general ledger and to review and update their financial system chart of accounts at least annually, closing any invalid or expired codes to ensure only active accounts are available for use.

Adult Education Fund (Fund 11)

School districts use Fund 11 to account for federal, state, and local revenue for adult education programs. During interviews, staff reported that the district will close its adult education program, with another school district assuming responsibility for those services starting in 2024-25. The district's current adult education administrator position is funded by both adult education and career technical education (CTE) program funds because the position also oversees the district's CTE programs. As noted earlier, FCMAT assumed that the costs for the adult education administrator and clerical support staff would shift to the unrestricted general fund in 2024-25. Additionally, the Fund 11 interfund indirect cost charge was removed from the subsequent years of the projection.

Cafeteria Special Revenue Fund (Fund 13)

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

In 2022-23, the district had a surplus of \$480,876 in Fund 13, and its 2023-24 second interim report projected a surplus of \$57,306 in 2023-24. The 2022-23 unaudited actuals report shows that the district correctly charged indirect costs to Fund 13. As previously discussed, FCMAT's MYFP also included indirect cost transfers from Fund 13 in all projection years.

Deferred Maintenance Fund (Fund 14)

School districts use Fund 14 to account for revenues that are restricted or committed for deferred maintenance purposes, as provided for in EC 17582. The principal revenues in this fund are LCFF transfers from the unrestricted general fund.

The district's 2023-24 second interim report included a transfer of \$280,000 in LCFF revenues to Fund 14 but projected an ending fund balance of negative \$32,500. Consequently, FCMAT increased the 2023-24 LCFF revenues transfer to Fund 14 by \$32,500 and assumed this adjusted amount would continue into the subsequent years of the projection.

Special Reserve Fund for Other than Capital Outlay Projections (Fund 17)

School districts use Fund 17 to accumulate funds for general expenses other than capital outlay. In the audited financial statements, this fund is combined with the general fund.

Staff reported that the district opened Fund 17 to reserve funds for a 2013-14 retirement incentive. Because the district made its final incentive payment in 2018-19, it has assigned the projected fund balance of \$69,155 to its reserve for economic uncertainties.

Special Reserve Fund for Postemployment Benefits (Fund 20)

School districts use Fund 20 to accumulate funds for retiree postemployment benefits. The district reported using this fund to pay for health benefits for certain eligible classified employees who retired before the 2021-22 fiscal year. Each year, the district transfers an amount from Fund 20 to the general fund to cover this expense. These transfers will cease when the retirees are no longer eligible for these benefits.

The district's Fund 20 transfers have steadily declined in recent years, decreasing from \$43,395 in 2020-21 to \$36,935 in 2022-23. The 2023-24 second interim report included an interfund transfer of \$27,635 from Fund 20 to the general fund for this purpose and projected an ending fund balance of \$541,154 as of June 30, 2024, which is more than needed to cover this classified retiree liability. As previously discussed, FCMAT's MYFP assumed this transfer amount would continue into the subsequent years of the projection.

Building Fund (Fund 21)

School districts use Fund 21 for the financial reporting of proceeds from the sale of facilities bonds, which must be used for the purposes approved by voters. Documents and interviews with district staff indicated that the district's building fund had sufficient resources to complete the projects in progress at the time of FCMAT's fieldwork.

Recommendations

The district should:

1. Work with the county office to deactivate all Fund 09 accounts and annually update its chart of accounts, including closing all invalid or expired codes.
2. Review restricted programs to determine if another resource is available for the allowable transfer of salaries and benefits expenditures previously paid from Fund 11.

3. Consider closing Fund 17 and transferring the balance into the unrestricted general fund.
4. Continue to monitor and project revenues and expenditures for all other funds throughout the year, ensuring that the fiscal impact on the unrestricted general fund in the current and two subsequent years is included in its MYFP.

Staffing Formulas

The district has not established staffing formulas for administrative or classified positions. Although the collective bargaining agreement with certificated staff includes class size ratios, district staff reported that these ratios are often exceeded, resulting in class size overage payments. The best practice is to develop and adhere to staffing ratios for all employee groups. These ratios should align with student enrollment and enable the school district to carefully plan for adding new positions or reducing existing ones.

District staff also expressed concerns about compliance with statutory administrative ratio requirements. EC 41402 specifies a maximum ratio of seven administrative employees per 100 teachers in a high school district. School districts exceeding this ratio are subject to financial penalties.

Due to recent turnover in the Human Resources and Business Services departments, the district did not prepare or provide FCMAT with any staffing planning worksheets or school staffing allocations for its 2023-24 or 2024-25 budget development, except for staffing allocations prepared and monitored by the Special Education Department.

Spending Controls

Proper purchasing policies and procedures, such as limiting contracts to essential services authorized by a member of the superintendent's cabinet, are essential to ensure that expenditures remain within the board-authorized budget. Best practices for budget monitoring include requiring a purchase order for all expenditures, such as recurring monthly expenses like utilities; prohibiting the processing of purchase orders that exceed the expenditure account budget; and enforcing limited credit card use, which often bypasses purchase approval processes.

The district must reduce expenditures to maintain its fiscal solvency. During interviews, staff suggested that the district could strengthen its processes to control spending. For example, the district does not require purchase orders for all purchases and allows them to be processed even if they exceed the available budget. This also includes implementing procedures to examine discretionary allocations in school and department budgets and eliminating one-time and nonessential expenditures. The district's ESCAPE financial system has a feature that prevents the processing of purchases that exceed the expenditure account budget, which could help it control spending. However, the district does not use this feature.

The district's financial system provides the necessary controls to limit access, including multiple levels of authorization. However, staff indicated that some employees have authorizations that compromise proper segregation of duties. For example, an employee may have access to both change vendor information and process vendor payments.

Rental Fees and Facilities Utilization

Board Policy and Regulation 1330 outline the district's policies and procedures for community use of its facilities. The district charges a direct cost and a fair rental rate per hour based on the community user, purpose of use, and type of facility (e.g., classroom, gym, theater, stadium, and fields). The "District-wide Fee

Schedule for Use of District Facilities” indicates that the board last updated the district’s rates in August 2021. Since then, the district has increased salary schedules for its classified employees, including custodial, maintenance, grounds, cafeteria, and theater positions. As a result, the hourly rates in the fee schedule for these positions are likely not sufficient to cover the district’s direct costs.

School facilities directly affect the quality of a district’s educational program. The best practice is for school districts to maintain a current facilities master plan to address changes in student enrollment and educational program needs, including anticipated short- and long-term facilities needs and priorities. This plan should be updated at least every other year. It should also include an annual capital planning budget and information on the utilization (i.e., site capacity to enrollment) of each site.

Staff reported that the district is actively developing a new facilities master plan and provided FCMAT with the 2022-23 utilization factors for the following schools: Nevada Union High School – 55%; Bear River High School – 39%; Silver Springs High School – 35%. These figures indicate significant underutilization of the district’s school facilities. Maintaining excess facilities increases the district’s per-student operating costs and reduces fiscal efficiency. Maintenance costs rise as buildings and building systems age. If the district’s enrollment declines, its revenues may decrease and its facilities underutilization will worsen, further misaligning the maintenance budget with available resources.

Restricted Maintenance Account

Districts that participate in the state’s facility program must contribute 3% of their total general fund expenditures and other financing uses (excluding certain resources) to the RMA. The projected required minimum contribution for 2023-24 is \$1.285 million, but the district’s projected RMA expenditures total \$1.542 million, which is \$256,668 more than the minimum requirement. By reducing RMA expenditures to the minimum required amount, the district could lower ongoing unrestricted general fund expenditures.

Health and Welfare Benefits

The best practice is to conduct a verification and eligibility determination for benefits for all active and retired employees every five years. FCMAT could not determine from interviews or documents whether the district or its health insurance pool administrator, California’s Valued Trust, has completed such an audit within the last five years. School districts often find through these verifications that they are paying for benefits for individuals who no longer qualify for them; this review could result in reduced ongoing unrestricted general fund expenditures.

Retiree Benefits and Fund 20

Governmental Accounting Standards Board Statement 75, released in June 2015, established standards for employers to measure and report their OPEB costs and obligations, which include any postemployment medical, dental, vision and prescription benefit costs. The district funds its OPEB expenditures on a pay-as-you-go basis. Procedure 785 of the CSAM specifies that school districts may allocate retiree benefit costs to all activities in proportion to total salaries or FTE positions in a fiscal year. However, the district charges its entire OPEB expense to the unrestricted general fund, even though it could charge a portion to its restricted programs in proportion to the salaries paid from those resources. Allocating OPEB charges as allowed would result in ongoing unrestricted general fund savings.

FCMAT projected the district’s retiree benefit costs as totaling over \$290,000 in 2023-24. The district has accumulated more than \$500,000 in OPEB funds in Fund 20, which exceeds the amount needed to fulfill

its commitment to certain eligible classified employees who retired before the 2021-22 fiscal year. Because the district is no longer transferring revenue into this fund, it could use the remaining balance to cover other retiree benefit costs, resulting in one-time unrestricted general fund savings.

Special Education

In 2022-23, the district's unrestricted contribution to its Special Education programs (excluding transportation) was \$3.393 million. FCMAT projected this contribution to increase by \$879,213 to \$4.273 million in 2023-24. This amount is equivalent to 59.3% of the district's total Special Education expenditures.

District and SELPA staff reported that the SELPA's allocation plan has changed almost every year over the past four years. This volatility makes it difficult to project the district's special education allocation with any certainty. Even in 2023-24, a year in which the state funded its highest ever COLA for special education (8.22%) and the district's enrollment and ADA increased, the AB 602 (resource 6500) allocation is expected to decrease from \$1.776 million in 2022-23 to \$1.634 million in 2023-24. FCMAT reviewed the SELPA allocation documents provided to member districts for the prior three years and for 2023-24 but could not reconcile the ADA and/or enrollment numbers used to calculate the district's allocation.

The best practice is for a school district to: 1) align its special education funding calculations with the SELPA's allocation plan to accurately project current and future allocations; and 2) update its budget to reflect any changes when the SELPA revises and finalizes the allocation amounts.

Monitoring Maintenance of Effort

Federal law requires that school districts spend at least the same amount of state and local funds on special education services in each successive year; this is commonly known as the maintenance of effort (MOE) requirement. If an LEA does not meet the MOE requirement because it spent less state and/or local money in the current year than in the prior year, it faces a dollar-for-dollar penalty. However, the MOE requirement allows for limited exceptions. School districts that reduce their total general fund contribution to Special Education must comply with guidelines outlined in Title 34 of the Code of Federal Regulations Section 300.204. These regulations specify the following circumstances under which a school district can reduce the state and local funds spent on Special Education:

- (a) The voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel.
- (b) A decrease in enrollment of children with disabilities.
- (c) The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA [state educational agency], because the child—
 - (1) Has left the jurisdiction of the agency;
 - (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - (3) No longer needs the program of special education.
- (d) The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities.
- (e) The assumption of cost by the high cost fund operated by the SEA under § 300.704(c).

The best practice is for school districts to monitor their MOE throughout the year and analyze preliminary MOE calculations at the first and second interim reporting periods to ensure they maximize opportunities to revise and/or reduce their ongoing MOE requirements. School districts can reduce their ongoing MOE requirement per the exemptions noted above. Alternatively, they can increase the amount of state and local funds spent on special education by charging the maximum allowable indirect costs to their special education programs, which can help meet the MOE requirement.

Interviews with district staff indicated that the special education MOE requirement is not being monitored, and that the district has incurred significant expenditures in prior years for high-cost students placed in nonpublic schools (NPSs). The district should apply the allowable exemptions to these costs when appropriate.

Revenue and Expenditure Account Coding

In reviewing the district's general ledger for 2023-24 and the prior two fiscal years, FCMAT identified instances where revenue and expenditure accounting did not align with the state's rules as detailed in the CSAM. For example, the district maintains unrestricted locally defined codes (e.g., resources 0808-Reimbursements, 0989-Elementary Billable, and 0995-Student System Reimbursement) to track and monitor expenditures requiring reimbursement from other agencies and organizations. Instead of recording an abatement of expenditures, the district records revenue to offset the reimbursable costs. Improper accounting of expenditure abatements distorts the district's financials by overstating revenues and expenditures.

The district continues to use a locally defined code (resource 0091-Economic Impact Aid) to track activities related to a formerly restricted program that lapsed with the state's implementation of the LCFF in 2013-14. Locally defined restricted resource codes should be limited to actual and current funding sources with specific accounting or financial reporting requirements or restrictions. In this case, the district does not need to use the locally defined unrestricted resource. As previously noted, the district's business office is staffed with new or recent hires with limited or no school district experience who would benefit from additional training on SACS and the CSAM.

Recommendations

The district should:

1. Consider adopting staffing ratios for administrative and classified positions and adjusting staffing as appropriate in alignment with enrollment and newly developed staffing ratios.
2. Continue to monitor the administrative staff-to-teacher ratio closely to avoid any fiscal penalties.
3. Consider reducing discretionary budget allocations for schools and departments.
4. Review all budgeted expenditures and eliminate or reduce one-time or nonessential expenditures.
5. Require purchase orders for all expenditures and prohibit processing requisitions and purchase orders when the budget is insufficient.
6. Analyze, and if needed update, the facilities use fee schedule to ensure it covers all district operating and capital costs associated with community use.

7. Ensure school sites follow established facilities use policies to charge and collect the appropriate fees.
8. Finalize the preparation of its new Facilities Master Plan and continue to review, evaluate, and update it at least every other year, ensuring it includes alternative viable proposals to address underutilization of facilities.
9. Consider reducing expenditures in the RMA to reduce its unrestricted general fund contribution to the minimum required amount.
10. Conduct a benefit verification and eligibility determination audit for all active and retired employees and dependents every five years.
11. Review the CSAM and allocate allowable OPEB costs to restricted programs as applicable.
12. Consider transferring the balance of Fund 20 funds to the general fund to pay for its ongoing certificated and classified OPEB obligations and generate one-time unrestricted general fund savings.
13. Collaborate with the SELPA to develop a special education funding calculation to project current and future year allocations according to the SELPA's allocation plan, updating the calculation for any changes in the plan.
14. Review one-time special education expenditures, including NPS placements, settlements, and legal fees, to determine if it meets the exemption criteria to reduce its ongoing MOE requirement for special education.
15. Assign an individual to routinely monitor the special education MOE requirement.
16. Provide business services staff with training on SACS and basic school accounting principles, including the CSAM.
17. Provide training on its chart of accounts to schools and departments annually or periodically, as needed for new employees or when changes occur.

Appendices

Appendix A – District’s 2023-24 Second Interim Multiyear Financial Projection

Appendix B – Study Agreement

Appendix A – District’s 2023-24 Second Interim Multiyear Financial Projection

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Unrestricted

29 66357 000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	34,580,845.00	.76%	34,843,660.00	2.73%	35,794,891.32
2. Federal Revenues	8100-8299	42,500.00	.76%	42,823.00	2.73%	43,992.07
3. Other State Revenues	8300-8599	569,852.00	.76%	574,183.00	2.73%	589,858.07
4. Other Local Revenues	8600-8799	874,655.01	.76%	881,302.00	2.73%	905,361.94
5. Other Financing Sources						
a. Transfers In	8900-8929	27,635.00	.76%	27,845.00	2.73%	28,605.20
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	(7,556,202.89)	.76%	(7,613,630.00)	2.73%	(7,821,482.13)
6. Total (Sum lines A1 thru A5c)		28,539,284.12	.76%	28,756,183.00	2.73%	29,541,226.47
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				13,302,140.67		13,674,600.67
b. Step & Column Adjustment				372,460.00		382,889.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	13,302,140.67	2.80%	13,674,600.67	2.80%	14,057,489.67
2. Classified Salaries						
a. Base Salaries				4,308,455.23		4,437,709.23
b. Step & Column Adjustment				129,254.00		133,131.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	4,308,455.23	3.00%	4,437,709.23	3.00%	4,570,840.23
3. Employee Benefits	3000-3999	6,754,736.09	2.85%	6,947,174.00	2.85%	7,145,099.00
4. Books and Supplies	4000-4999	1,036,618.01	2.83%	1,065,954.00	2.70%	1,094,735.00
5. Services and Other Operating Expenditures	5000-5999	3,784,342.41	2.83%	3,891,439.00	2.70%	3,996,508.00
6. Capital Outlay	6000-6999	83,500.00	2.83%	85,863.00	2.70%	88,181.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	87,630.00	2.83%	90,110.00	2.70%	92,543.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(732,393.87)	2.83%	(753,121.00)	2.70%	(773,455.00)
9. Other Financing Uses						
a. Transfers Out	7600-7629	5,000.00	2.83%	5,141.50	2.69%	5,280.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments (Explain in Section F below)				0.00		0.00
11. Total (Sum lines B1 thru B10)		28,630,028.54	2.85%	29,444,870.40	2.83%	30,277,220.90
C. NET INCREASE (DECREASE) IN FUND BALANCE						
(Line A6 minus line B11)		(90,744.42)		(688,687.40)		(735,994.43)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		4,603,557.57		4,512,813.15		3,824,125.75
2. Ending Fund Balance (Sum lines C and D1)		4,512,813.15		3,824,125.75		3,088,131.32
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	102,807.00		102,807.00		102,807.00
b. Restricted	9740					
c. Committed						
1. Stabilization Arrangements	9750	0.00		0.00		0.00
2. Other Commitments	9760	0.00		0.00		0.00
d. Assigned	9780	3,030,102.15		2,300,918.75		1,524,833.32
e. Unassigned/Unappropriated						

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Unrestricted

29 66357 0000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
1. Reserve for Economic Uncertainties	9789	1,379,904.00		1,420,400.00		1,460,491.00
2. Unassigned/Unappropriated	9790	0.00		0.00		0.00
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		4,512,813.15		3,824,125.75		3,088,131.32
E. AVAILABLE RESERVES						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	1,379,904.00		1,420,400.00		1,460,491.00
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
(Enter other reserve projections in Columns C and E for subsequent years 1 and 2; current year - Column A - is extracted)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	69,155.07		69,155.07		69,155.07
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
3. Total Available Reserves (Sum lines E1a thru E2c)		1,449,059.07		1,489,555.07		1,529,646.07
F. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide.						
The assumption is that ADA would remain stable throughout the upcoming years. The School Services dashboard was used to estimate COLA, CPI, STRS and PERS rates. The CPI index was used for all non-salary components. There was a period of transition in personnel, the prior CBO left the district in November of 2023, the new CBO started in February 2024. The public disclosures were created based on the information in the accounting system. After the information had been imported into the system, it was discovered that the prior CBO had already incorporated into the budget pay raises that were on the negotiating table, but negotiations had not been concluded. In the period of time after the prior CBO left, and before the new CBO arrived, negotiations were concluded for a 4% salary increase. The 2nd Interim reflects this change.						

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Restricted

29 66357 000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	0.00	0.00%	0.00	0.00%	0.00
2. Federal Revenues	8100-8299	2,182,131.24	.76%	2,198,715.00	2.73%	2,258,740.00
3. Other State Revenues	8300-8599	3,625,811.53	.76%	3,653,368.00	2.73%	3,753,105.00
4. Other Local Revenues	8600-8799	2,422,154.54	.76%	2,440,563.00	2.73%	2,507,190.00
5. Other Financing Sources						
a. Transfers In	8900-8929	0.00	0.00%	0.00	0.00%	0.00
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	7,556,202.89	.76%	7,613,630.00	2.73%	7,821,482.00
6. Total (Sum lines A1 thru A5c)		15,786,300.20	.76%	15,906,276.00	2.73%	16,340,517.00
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				4,768,944.43		4,902,474.43
b. Step & Column Adjustment				133,530.00		137,269.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	4,768,944.43	2.80%	4,902,474.43	2.80%	5,039,743.43
2. Classified Salaries						
a. Base Salaries				2,523,866.77		2,599,582.77
b. Step & Column Adjustment				75,716.00		77,987.00
c. Cost-of-Living Adjustment						
d. Other Adjustments						
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	2,523,866.77	3.00%	2,599,582.77	3.00%	2,677,569.77
3. Employee Benefits	3000-3999	4,573,308.18	0.00%	4,573,308.18	0.00%	4,573,308.18
4. Books and Supplies	4000-4999	1,012,973.90	0.00%	1,012,973.90	0.00%	1,012,973.90
5. Services and Other Operating Expenditures	5000-5999	3,740,748.98	0.00%	3,740,748.98	0.00%	3,740,748.98
6. Capital Outlay	6000-6999	126,634.00	0.00%	126,634.00	0.00%	126,634.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	0.00	0.00%	0.00	0.00%	0.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	658,123.87	0.00%	658,123.87	0.00%	658,123.87
9. Other Financing Uses						
a. Transfers Out	7600-7629	0.00	0.00%	0.00	0.00%	0.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments (Explain in Section F below)				(1,349,704.00)		(357,145.00)
11. Total (Sum lines B1 thru B10)		17,404,600.13	(6.55%)	16,264,142.13	7.43%	17,471,957.13
C. NET INCREASE (DECREASE) IN FUND BALANCE						
(Line A6 minus line B11)						
		(1,618,299.93)		(357,866.13)		(1,131,440.13)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		3,042,205.15		1,423,905.22		1,066,039.09
2. Ending Fund Balance (Sum lines C and D1)		1,423,905.22		1,066,039.09		(65,401.04)
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	0.00		0.00		0.00
b. Restricted	9740	1,430,628.81		1,066,039.09		0.00
c. Committed						
1. Stabilization Arrangements	9750					
2. Other Commitments	9760					
d. Assigned	9780					
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789					

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Restricted

29 66357 000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
2. Unassigned/Unappropriated	9790	(6,723.59)		0.00		(65,401.04)
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		1,423,905.22		1,066,039.09		(65,401.04)
E. AVAILABLE RESERVES						
1. General Fund)						
a. Stabilization Arrangements	9750					
b. Reserve for Economic Uncertainties	9789					
c. Unassigned/Unappropriated Amount	9790					
(Enter current year reserve projections in Column A, and other reserve projections in Columns C and E for subsequent years 1 and 2)						
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750					
b. Reserve for Economic Uncertainties	9789					
c. Unassigned/Unappropriated	9790					
3. Total Available Reserves (Sum lines E1a thru E2c)						
F. ASSUMPTIONS						
Please provide below or on a separate attachment, the assumptions used to determine the projections for the first and second subsequent fiscal years. Further, please include an explanation for any significant expenditure adjustments projected in lines B1d, B2d, and B10. For additional information, please refer to the Budget Assumptions section of the SACS Financial Reporting Software User Guide.						
<p>The assumption is that ADA would remain stable throughout the upcoming years. The School Services dashboard was used to estimate COLA, CPI, STRS and PERS rates. The CPI index was used for all non-salary components. There was a period of transition in personnel, the prior CBO left the district in November of 2023, the new CBO started in February 2024. The public disclosures were created based on the information in the accounting system. After the information had been imported into the system, it was discovered that the prior CBO had already incorporated into the budget pay raises that were on the negotiating table, but negotiations had not been concluded. In the period of time after the prior CBO left, and before the new CBO arrived, negotiations were concluded for a 4% salary increase. The 2nd Interim reflects this change. The Learning Loss Recovery budget was removed from the 2024-25 projection because the program is no longer being funded. This adjustment was made on line B10. The 2025-26 adjustment removes the last of the funds from the program from the budget.</p>						

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Unrestricted/Restricted

29 66357 0000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
(Enter projections for subsequent years 1 and 2 in Columns C and E; current year - Column A - is extracted)						
A. REVENUES AND OTHER FINANCING SOURCES						
1. LCFF/Revenue Limit Sources	8010-8099	34,580,845.00	.76%	34,843,660.00	2.73%	35,794,891.32
2. Federal Revenues	8100-8299	2,224,631.24	.76%	2,241,538.00	2.73%	2,302,732.07
3. Other State Revenues	8300-8599	4,195,663.53	.76%	4,227,551.00	2.73%	4,342,963.07
4. Other Local Revenues	8600-8799	3,296,809.55	.76%	3,321,865.00	2.73%	3,412,551.94
5. Other Financing Sources						
a. Transfers In	8900-8929	27,635.00	.76%	27,845.00	2.73%	28,605.20
b. Other Sources	8930-8979	0.00	0.00%	0.00	0.00%	0.00
c. Contributions	8980-8999	0.00	0.00%	0.00	0.00%	(.13)
6. Total (Sum lines A1 thru A5c)		44,325,584.32	.76%	44,662,459.00	2.73%	45,881,743.47
B. EXPENDITURES AND OTHER FINANCING USES						
1. Certificated Salaries						
a. Base Salaries				18,071,085.10		18,577,075.10
b. Step & Column Adjustment				505,990.00		520,158.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Certificated Salaries (Sum lines B1a thru B1d)	1000-1999	18,071,085.10	2.80%	18,577,075.10	2.80%	19,097,233.10
2. Classified Salaries						
a. Base Salaries				6,832,322.00		7,037,292.00
b. Step & Column Adjustment				204,970.00		211,118.00
c. Cost-of-Living Adjustment				0.00		0.00
d. Other Adjustments				0.00		0.00
e. Total Classified Salaries (Sum lines B2a thru B2d)	2000-2999	6,832,322.00	3.00%	7,037,292.00	3.00%	7,248,410.00
3. Employee Benefits	3000-3999	11,328,044.27	1.70%	11,520,482.18	1.72%	11,718,407.18
4. Books and Supplies	4000-4999	2,049,591.91	1.43%	2,078,927.90	1.38%	2,107,708.90
5. Services and Other Operating Expenditures	5000-5999	7,525,091.39	1.42%	7,632,187.98	1.38%	7,737,256.98
6. Capital Outlay	6000-6999	210,134.00	1.12%	212,497.00	1.09%	214,815.00
7. Other Outgo (excluding Transfers of Indirect Costs)	7100-7299, 7400-7499	87,630.00	2.83%	90,110.00	2.70%	92,543.00
8. Other Outgo - Transfers of Indirect Costs	7300-7399	(74,270.00)	27.91%	(94,997.13)	21.40%	(115,331.13)
9. Other Financing Uses						
a. Transfers Out	7600-7629	5,000.00	2.83%	5,141.50	2.69%	5,280.00
b. Other Uses	7630-7699	0.00	0.00%	0.00	0.00%	0.00
10. Other Adjustments				(1,349,704.00)		(357,145.00)
11. Total (Sum lines B1 thru B10)		46,034,628.67	(.71%)	45,709,012.53	4.46%	47,749,178.03
C. NET INCREASE (DECREASE) IN FUND BALANCE						
(Line A6 minus line B11)						
		(1,709,044.35)		(1,046,553.53)		(1,867,434.56)
D. FUND BALANCE						
1. Net Beginning Fund Balance (Form 011, line F1e)		7,645,762.72		5,936,718.37		4,890,164.84
2. Ending Fund Balance (Sum lines C and D1)		5,936,718.37		4,890,164.84		3,022,730.28
3. Components of Ending Fund Balance (Form 011)						
a. Nonspendable	9710-9719	102,807.00		102,807.00		102,807.00
b. Restricted	9740	1,430,628.81		1,066,039.09		0.00
c. Committed						
1. Stabilization Arrangements	9750	0.00		0.00		0.00
2. Other Commitments	9760	0.00		0.00		0.00
d. Assigned	9780	3,030,102.15		2,300,918.75		1,524,833.32
e. Unassigned/Unappropriated						
1. Reserve for Economic Uncertainties	9789	1,379,904.00		1,420,400.00		1,460,491.00

Nevada Joint Union High
Nevada County

2023-24 Second Interim
General Fund
Multiyear Projections
Unrestricted/Restricted

29 66357 000000
Form MYPI
E82XXR6UUD(2023-24)

Description	Object Codes	Projected Year Totals (Form 011) (A)	% Change (Cols. C-A/A) (B)	2024-25 Projection (C)	% Change (Cols. E-C/C) (D)	2025-26 Projection (E)
2. Unassigned/Unappropriated	9790	(6,723.59)		0.00		(65,401.04)
f. Total Components of Ending Fund Balance (Line D3f must agree with line D2)		5,936,718.37		4,890,164.84		3,022,730.28
E. AVAILABLE RESERVES (Unrestricted except as noted)						
1. General Fund						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	1,379,904.00		1,420,400.00		1,460,491.00
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
d. Negative Restricted Ending Balances (Negative resources 2000-9999)	979Z	(6,723.59)		0.00		(65,401.04)
2. Special Reserve Fund - Noncapital Outlay (Fund 17)						
a. Stabilization Arrangements	9750	0.00		0.00		0.00
b. Reserve for Economic Uncertainties	9789	69,155.07		69,155.07		69,155.07
c. Unassigned/Unappropriated	9790	0.00		0.00		0.00
3. Total Available Reserves - by Amount (Sum lines E1 thru E2c)		1,442,335.48		1,489,555.07		1,464,245.03
4. Total Available Reserves - by Percent (Line E3 divided by Line F3c)		3.13%		3.26%		3.07%
F. RECOMMENDED RESERVES						
1. Special Education Pass-through Exclusions						
For districts that serve as the administrative unit (AU) of a special education local plan area (SELPA):						
a. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?		No				
b. If you are the SELPA AU and are excluding special education pass-through funds:						
1. Enter the name(s) of the SELPA(s):						
2. Special education pass-through funds (Column A: Fund 10, resources 3300-3499, 6500-6540 and 6546 objects 7211-7213 and 7221-7223; enter projections for subsequent years 1 and 2 in Columns C and E)						
		0.00		0.00		0.00
2. District ADA Used to determine the reserve standard percentage level on line F3d (Col. A: Form AI, Estimated P-2 ADA column, Lines A4 and C4; enter projections)						
		2,315.04		2,343.00		2,311.00
3. Calculating the Reserves						
a. Expenditures and Other Financing Uses (Line B11)		46,034,628.67		45,709,012.53		47,749,178.03
b. Plus: Special Education Pass-through Funds (Line F1b2, if Line F1a is No)		0.00		0.00		0.00
c. Total Expenditures and Other Financing Uses (Line F3a plus line F3b)		46,034,628.67		45,709,012.53		47,749,178.03
d. Reserve Standard Percentage Level (Refer to Form 01CSI, Criterion 10 for calculation details)		3%		3%		3%
e. Reserve Standard - By Percent (Line F3c times F3d)		1,381,038.86		1,371,270.38		1,432,475.34
f. Reserve Standard - By Amount (Refer to Form 01CSI, Criterion 10 for calculation details)		0.00		0.00		0.00
g. Reserve Standard (Greater of Line F3e or F3f)		1,381,038.86		1,371,270.38		1,432,475.34
h. Available Reserves (Line E3) Meet Reserve Standard (Line F3g)		YES		YES		YES

Appendix B – Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR MANAGEMENT ASSISTANCE

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

1. BASIS OF AGREEMENT

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

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

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Review the district's 2023-24 second interim general fund budget and use it as a baseline to develop an independent multiyear financial projection (MYFP) for the current and two subsequent fiscal years. The MYFP will be a snapshot in time of the district's financial status.

B. Services and Products to be Provided

1. Orientation Meeting

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

2. Fieldwork

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

3. Exit Meeting

The Team will hold an exit meeting at the conclusion of the fieldwork to inform the Client of the status of the study. The exit meeting will include a review of the scope

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

4. **Exit Letter**

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

5. **Draft Report**

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

6. **Final Report**

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

7. **Board Presentation**

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

8. **Follow-Up Review**

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

3. **PROJECT PERSONNEL**

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

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

4. PROJECT COSTS

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

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

Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be \$15,800.

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

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

5. RESPONSIBILITIES OF THE CLIENT

- A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name

and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.

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

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

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

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

6. PROJECT SCHEDULE

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

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

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

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

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

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

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

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

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

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

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers’ compensation as

required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

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

13. PUBLIC SAFETY CONSIDERATIONS

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

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

14. FORCE MAJEURE

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

15. EVALUATION

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

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At



any time when this Agreement or FCMAT’s process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT’s job lead assigned to the study.

Name: Dan Frisella
Telephone: (530) 273-3351
Email: dfrisella@njuhsd.com

17. SIGNATURES

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

For Client:

Dan Frisella, Superintendent Date
Nevada Joint Union High School District

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2024.03.21 09:42:42 -07'00'

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