FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

March 20, 2026

Rincon Valley Union School District

Michael H. Fine
Chief Executive Officer

March 20, 2026

Mike Herfurth, Interim Superintendent
Rincon Valley Union School District
1000 Yulupa Avenue
Santa Rosa, CA 95405

Dear Interim Superintendent Herfurth:

In February 2026, the Rincon Valley Union School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

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

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

FCMAT appreciates the opportunity to assist the Rincon Valley 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

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

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

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policymakers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

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

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

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

History

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

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

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

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

Introduction

Background

The Rincon Valley Union School District serves approximately 3,000 students in transitional kindergarten (TK) through eighth grade and is located in the eastern area of Santa Rosa, in Sonoma County. The district operates seven elementary schools — three noncharter and four charter — as well as one charter middle school. It also operates a K-8 independent study program and a special education consortium, the Rincon Valley Partnership, which serves students with special needs from surrounding districts. All schools, both noncharter and charter, are governed by the same five-member board of trustees.

On August 15, 2025, the Sonoma County superintendent of schools conditionally approved the district's 2025-26 adopted budget. After the district adjusted its budget and Local Control and Accountability Plan (LCAP) for the 2025-26 year, the county approved the revised budget on October 6, 2025. In its budget oversight letters, the county superintendent of schools identified several required actions — including a comprehensive review and update of position control and adoption of a board-approved fiscal recovery plan — for the district to complete by the first interim report deadline.

At its December board meeting, the district self-certified its 2025-26 first interim report as negative, meaning that, based on current projections, it will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. The district has been deficit spending in recent years and, at first interim, projected significant deficit spending and insufficient unrestricted fund balances of $160,013 for 2026-27 and ($2,922,231) for 2027-28.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk of insolvency, using the financial data from the 2025-26 first interim report as the basis for the analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Rincon Valley Union School District on February 4, 2026, and a study team visited the district on February 18 to 19, 2026 to conduct interviews, collect data and review documents. After the fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's findings and conclusions from those activities.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

Study Team

The team was composed of the following members:

Roslynne Manansala-Smith, CFE
Intervention Specialist

Megan Reilly
Chief Administrative Officer

Leonel Martínez
FCMAT Technical Writer

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

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Date(s) of fieldwork: February 18-20, 2026

School District: Rincon Valley Union School District

Summary

The Rincon Valley Union School District has experienced significant administrative and district office transition during a period of elevated fiscal distress. The district is in its second year under an interim superintendent and assistant superintendent of educational services, with a new chief business official (CBO) hired in February 2025, a new payroll technician hired in October 2025, a new accountant in December 2025, and a new Human Resources (HR) officer in July 2025. The absence of formal systems and written procedures in these areas has contributed to inconsistent business operations and hindered the district's ability to maintain accurate position control. Because position control drives staffing costs, weaknesses in payroll and human resources have directly affected the accuracy of expenditure projections, budget development and multiyear planning.

The district's 2025-26 adopted budget was first conditionally approved, then formally approved after the Sonoma County Superintendent of Schools (county office of education [COE]) received the revised budget and 2024-25 unaudited actuals. This review found that the district had underbudgeted special education costs in 2024-25 and 2025-26 by incorrectly recording expenditures in the Rincon Valley Partnership (RVP) rather than the district's special education programs. Correcting this error increased the district's special education contribution by about $3 million annually and created a structural deficit across all years of the multiyear projection. These findings aligned with broader COE concerns about ongoing deficit spending, declining reserves, and inaccurate budgeting practices related to position control. The COE required the district to adopt a board-approved fiscal recovery plan, conduct a comprehensive review of salaries, benefits, and staffing, prioritize restricted fund usage, and update and validate its multiyear projections and cash flow.

FCMAT conducted this Fiscal Health Risk Analysis (FHRA) based on the district's negative certification at first interim for 2025-26. Because the district meets conditions identified in the Budget and Fiscal Status section below, its overall fiscal risk level is elevated to high. The district's risk score of 49.9% reflects significant weaknesses in position control, budget development and monitoring, internal controls, and fund balance and reserves.

Position Control

Position control is the system a district uses to track all authorized positions, including its funding source, salary, benefits, and employment status. Accurate position control ensures payroll and budget data match, prevents staffing overspending, and supports reliable budget development and financial decision-making. When position control is inaccurate or incomplete, payroll pulls incorrect data — which can lead to overpayments, underpayments, misallocated costs, and unreliable financial reporting — because payroll calculations rely directly on the position control records that feed the system.

Since transitions occurred in key business and HR positions, the district has not yet completed a comprehensive review and reconciliation between budget, payroll (in the Business Department) and position control (in HR). While the district has begun this reconciliation by comparing allocations for district and consortium special education program positions, it still must complete a reconciliation for all other positions, especially classified salaries, which appear to be understated.

Budget Development and Monitoring

Unreliable position control data to compromise budget accuracy. Required corrections from the COE for budget adoption 2025-26 — such as updating improving multiyear projections, reconciling position control and strengthening cash flow analysis — remained unresolved as of first interim. Budget monitoring is inconsistent with actual revenues and expenditures not aligning with budget expectations. Restricted funds are not consistently used before unrestricted funds, and indirect costs are not fully applied to allowable restricted programs, contributing to ongoing underreporting of districtwide costs.

Internal Controls

The district has notable internal control weaknesses in payroll, human resources, accounts payable, and purchasing and contracts. These areas lack adequate oversight, documentation, segregation of duties and standardized procedures, increasing the district's exposure to error, noncompliance, and potential fraud. Because payroll and human resources feed critical data — such as FTE, salary placement, work calendars, benefits and job classifications — into the position control system, weaknesses in these departments directly compromise the accuracy of staffing information and the reliability of financial reporting.

Fund Balance and Reserve for Economic Uncertainty

As of the district's first interim report, the district projects substantial unrestricted general fund deficit spending for the current and two subsequent fiscal years. Although the district meets its 3% minimum reserve requirement in 2025-26, it falls below the minimum reserve in 2026-27 and 2027-28, reaching a negative unrestricted ending fund balance of ($2,922,231) in 2027-28.

Restricted fund balances remain comparatively high, identifying the need to spend restricted funds before using unrestricted dollars.

Conclusion

The district's high rating in this FHRA reflects ongoing structural weaknesses intensified by administration and district staff turnover. Immediate stabilization is needed, particularly in position control, implementing a structured budget development and monitoring framework, strengthening internal controls, and adopting and implementing a board-approved fiscal recovery plan.

Subsequent Events

At its February 10, 2026, board meeting, the board received a budget update in which the interim superintendent presented a proposed reduction plan for 2026-27 that included layoffs and reduced hours for selected positions, with estimated savings of about $4.5 million. The board also approved two related resolutions: one laying off or reducing classified positions and the other terminating certificated positions because of a reduction in particular kinds of services.

At the February 24, 2026, board meeting, the board approved the district's fiscal solvency plan, which included proposed reductions of $3.5 million in the general fund and $198,800 in its charter school fund 09. The board also adopted a resolution terminating additional certificated positions because of a continued reduction of particular of services.

At the March 10, 2026, board meeting, the board approved two additional resolutions, one to terminate classified and the other to terminate certificated positions and approved the 2025-26 second interim report with a positive certification. The report incorporated general fund reductions totaling approximately $4.9 million, as well as reductions of $202,678 in fund 09 and $51,931 in its cafeteria fund 13.

District Fiscal Solvency Risk Level: High

About the Analysis

The Fiscal Crisis and Management Assistance Team (FCMAT) developed the Fiscal Health Risk Analysis (FHRA) to help evaluate a school district's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA consists of 20 sections, each including specific questions related to essential functions and processes. These sections and questions are based on FCMAT's extensive work since the inception of Assembly Bill 1200 in 1991 and represent common indicators of fiscal risk or potential insolvency observed in school districts that have neared insolvency and required external assistance. Each analysis section affects fiscal stability, and neglecting any of these areas will ultimately lead to the district's fiscal failure. The analysis aims to determine the district's level of risk at the time of evaluation.

A higher number of "No" responses in the analysis indicates an increased risk of insolvency or other fiscal issues for the district. Not all sections or questions carry equal weight; some areas pose a higher risk and thus have a greater impact on the district's fiscal stability. To help the district, narratives are provided for each "No" response, explaining the reasoning behind the response and outlining the actions needed to achieve a "Yes" in the future.

Identifying issues early is the key to maintaining fiscal health. Diligent planning allows school districts to better understand their financial objectives and implement strategies that sustain fiscal efficiency and long-term solvency. School districts should consider completing the FHRA annually to assess their fiscal health and track their progress.

Areas of High Risk

The following sections on this page and the next two pages repeat certain questions and answers found in the "Fiscal Health Risk Analysis Questions" section later in this report. These sections identify conditions that create a significant risk of fiscal insolvency. A "No" response to any of these questions will supersede all other scoring and elevate the district's overall risk level.

Budget and Fiscal Status: Is district currently *without* the following?

	Yes	No
Disapproved budget	✓	☐
Negative interim report certification	☐	✓
Three consecutive qualified interim report certifications	✓	☐
Downgrade of an interim certification by the county superintendent	✓	☐
"Lack of going concern" designation	✓	☐

Material Weakness Questions

		Yes	No	N/A
2.5	**Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?**	☐	✓	☐
3.4	**Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?**	✓	☐	☐

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

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.0%
2.	Budget Development and Adoption	5.0%
3.	Budget Monitoring and Updates	4.0%
4.	Cash Management	3.0%
5.	Charter Schools	0.5%
6.	Collective Bargaining Agreements	3.0%
7.	Contributions and Transfers	2.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	1.2%
10.	Enrollment and Attendance	1.0%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	4.0%
13.	General Fund - Current Year	3.8%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	4.6%
16.	Leadership and Stability	2.6%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	1.0%
19.	Position Control	6.0%
20.	Special Education	2.4%
Score		**49.9%**

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

		Yes	No	N/A
1.1	**Has the district recorded findings from the most recent and prior two years' audits without negatively affecting its fiscal health?**	✓	☐	☐
1.2	**Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline per Education Code (EC) 41020?**	✓	☐	☐
1.3	**Were the district's most recent and prior two audit reports free of findings of material weakness?**	✓	☐	☐
1.4	**Has the district corrected all audit findings from the most recent and prior two audits?**	✓	☐	☐

2. Budget Development and Adoption

		Yes	No	N/A
2.1	**Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated?**	✓	☐	☐
2.2	**Does the district use a budget development method other than a prior-year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses?**	☐	✓	☐

The district uses prior year rollover method to develop its budget. The 2025-26 adopted budget was built on underbudgeted special education expenditures in the 2024-25 estimated actuals. When the district closed the books for 2024-25, unrestricted contributions to restricted programs, including special education, increased by more than $2 million. As a result, the district adjusted its initial June budget submission, increasing the unrestricted contribution to restricted programs from $11,755,973 to $13,608,030.

		Yes	No	N/A
2.3	**Does the district use position control data for budget development?**	☐	✓	☐

The district lacks a coherent process for reconciling position control and therefore, its use in the budget development process is questionable for accuracy. In interviews staff reported that reviewing and cleaning up position control has been a priority; however, the process is still underway and was not completed in time to be reflected in its first interim budget.

		Yes	No	N/A
2.4	**Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly?**	✓	☐	☐
2.5	**Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?**	☐	✓	☐

The district's 2025-26 budget was conditionally approved by the Sonoma County Superintendent of Schools on August 15, 2025. The COE requested three conditions; 1) submission of the 2024-25 unaudited actuals to ensure compliance with the 3% reserve requirement, 2) provide a board approved budget based upon reasonable and accurate assumptions, including position control, a multiyear projection and a cash flow for 2025-26, 3) submission of a LCAP aligned with the budget. The budget that had been submitted projected an unrestricted ending fund balance of negative $927,530 for 2025-26.

		Yes	No	N/A
2.6	**Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)?**	☐	✓	☐

Staff and administrators reported that they did not provide input into the budget development process and that no committee was specifically established to support budget development.

		Yes	No	N/A
2.7	**Does the district budget and expend restricted funds before unrestricted funds?**	☐	✓	☐

The district does not consistently spend restricted funds before using unrestricted funds. Staff reported that they budget and expend restricted funds before unrestricted; however, they also acknowledged that a review and reconciliation of their expenditures and indirect rate charges was being reviewed to better align these expenditures on restricted programs. This, along with the reconciliation of the position control assignments stated in 2.3 and 19.3, supports a negative finding for this question.

		Yes	No	N/A
2.8	**Have the district's Local Control and Accountability Plan (LCAP) and budget been adopted within the statutory timelines established by EC 42103 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and prior fiscal year?**	✓	☐	☐
2.9	**Has the district refrained from including carryover funds in its adopted budget?**	✓	☐	☐
2.10	**Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?**	✓	☐	☐
2.11	**Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund?**	☐	✓	☐

Staff reported that there is no written process nor procedure for evaluating acceptance of grants.

		Yes	No	N/A
2.12	**Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members and departments responsible for completing them?**	☐	✓	☐

Staff reported that there is no budget calendar outlining tasks, deadlines and parties responsible for the tasks.

3. Budget Monitoring and Updates

		Yes	No	N/A
3.1	**Are actual revenues and expenses consistent with the most current budget?**	☐	✓	☐

The district's actual revenues and expenses indicate that they are not consistent with the most current budget. There were major object categories — such as salaries and benefits — that either had a negative balance or a large ending balance in their general fund unrestricted and restricted resources.

		Yes	No	N/A
3.2	**Are budget revisions posted in the financial system at each interim reporting period, at a minimum?**	✓	☐	☐

3.3 **Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim reporting period, at a minimum?** . . . . ✓ ☐ ☐

3.4 **Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?** . . . . ✓ ☐ ☐

3.5 **Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form?** . . . . ☐ ✓ ☐

The district's responses do not fully explain the variances identified in the SACS Criteria and Standards Review form (Form 01CS). A review of the 2025-26 adopted budget and first interim Form 01CS shows that the district is not fully addressing the prompts in several criterion. Examples from the district's Form 01CS at first interim include:

Attendance and Enrollment, Criterions 1 and 2:

The district did not explain why attendance and enrollment projections increased from adopted budget to first interim report.

Salaries and Benefits, Criterion 5A:

The district did not explain why the projected ratio of unrestricted salary and benefit costs to total unrestricted expenditures changed by more than the standard for the current year and subsequent years.

Deficit Spending and Fund and Cash Balances, Criterions 8 and 9A: The district did not provide:

- The reasons for deficit spending or a negative fund balance.
- A description of the methods and assumptions used to balance the unrestricted ending fund balance and to project future ending fund balance.
- Information on what changes will be made to eliminate budget deficits or ensure a positive ending fund balance.

3.6 **Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?** . . . . ☐ ✓ ☐

The Sonoma County Superintendent of Schools identified deficit spending as the deficiency in its oversight letters to the district for the most recent and two prior fiscal years. The district recorded deficit spending in its unrestricted general fund in 2023-24 and 2024-25. While the district attempted to address the issue last year, it continues to project deficit spending in 2025-26 through 2027-28.

In its current oversight letters for 2025-26, the county office has identified additional deficiencies that the district must address by its second interim report.

- The district projects it will not meet its required reserves for economic uncertainty in 2026-27 and 2027-28.
- The district's position control data — salaries and benefits — does not appear to be accurate, particularly employee benefit costs and classified salaries.
- Growth in the district's general fund restricted dollars in 2023-24 and 2024-25 may indicate the district has not prioritized spending restricted dollars before using unrestricted dollars.

		Yes	No	N/A
3.7	**Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?**	☐	✓	☐

The security in the district's financial software, Escape, has been set up to allow staff to process requisitions and purchase orders when the budget is insufficient to support the expenditure.

		Yes	No	N/A
3.8	**Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?.**	✓	☐	☐
3.9	**For the most recent and two prior fiscal years, have the district's interim financial reports and unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?**	✓	☐	☐

4. Cash Management

		Yes	No	N/A
4.1	**Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly?**	✓	☐	☐
4.2	**Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?**	✓	☐	☐
4.3	**Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?**	☐	✓	☐

The district prepares general fund cash flow projections only for the current year as part of its adopted and interim budgets and does not project cash flow for the subsequent year.

FCMAT's fiscal alert *Effective Cash Management During Uncertain Times* states that local educational agencies should update cash flow monthly and prepare projections that extend through the current year and subsequent fiscal years, with increased frequency during periods of economic distress and funding uncertainties.

		Yes	No	N/A
4.4	**If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?**	☐	✓	☐

The district's 2025-26 first interim cash flow projection showed insufficient cash in November as noted by the Sonoma County Superintendent of Schools; the projections were incomplete because accruals, state deferrals, and certain assets and liabilities were excluded. Although the district stated in its first interim narrative that it has a resolution on file with the Sonoma County Treasurer to borrow cash if needed, it did not disclose the November negative cash balance. Beyond the standing resolution with the treasurer, the district provided no projected cash flow or documented plan demonstrating how it will meet its cash flow needs for the subsequent year.

		Yes	No	N/A
4.5	**Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?.**	☐	✓	☐

The district projected a negative ending cash balance of ($915,313) as of June 2026 for the Spring Lake Middle School, which is accounted for in Fund 09. The district did not address this projected shortfall in its first interim budget narrative, and it remains unclear if the district plans to use interfund borrowing to support Fund 09.

		Yes	No	N/A
4.6	**If the district uses interfund borrowing, is it complying with EC 42603?**	☐	☐	✓

		Yes	No	N/A
4.7	**If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?**	☐	☐	✓

5. Charter Schools

		Yes	No	N/A
5.1	**Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight?**	✓	☐	☐
5.2	**Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?**	☐	✓	☐

The district did not provide any evidence that it fulfilled its oversight responsibilities as required under EC 47604.32. In addition, while the district calculated each charter school's LCFF separately, the district did not file a separate LCAP for its charter schools. Instead, it combined the Rincon Valley Union Elementary schools with its charter schools — Binkley, Manzanita, Village and Whited — in a single plan.

State law requires each charter school's LCFF data be reported independently, and each charter must develop, adopt and annually update its own LCAP pursuant to EC 47606.5. These requirements are part of the broader LCFF framework and apply to all charter schools, whether they are independent or dependent, because the law does not distinguish between the two.

		Yes	No	N/A
5.3	**Are all charters authorized by the district going concerns and not in fiscal distress?**	☐	✓	☐

All elementary charters, Binkley, Manzanita, Village and Whited, are affiliated with the district and as such are included in the General Fund 01. These elementary charters are operated as any other district school, being consolidated in the funding and the district's LCAP. As such, these charters are included in the going concern and fiscal distress that the district experiences.

Spring Lake Middle School Charter is an independent charter and its revenue and expenditures are reported in separately in Fund 09. At first interim, Fund 09 showed a combined positive ending balance for 2025-26 of $865,466, but only $116,288, or 13%, was unrestricted. The remaining $749,17, or 87%, was restricted. FCMAT recommends charter schools maintain at least a 5% unrestricted reserve, yet the district's 2025-26 projected ending fund balance leaves the charter with only a 2% unrestricted reserve.

Interviews indicate that although the middle school operates as an independent charter, the district provides administrative and operational services. As a result, the charter faces the same fiscal risks as the district, including unreliable position control, spending restricted funds before unrestricted funds, and inconsistent budget practices such as failing to charge indirect costs to allowable restricted programs.

		Yes	No	N/A
5.4	**Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools?**	☐	✓	☐

Staff reported that no one has been specifically identified as a contact person in accordance with 47604.32.

		Yes	No	N/A
5.5	**Does the district monitor charter school audits for timeliness, completeness, and exceptions?**	✓	☐	☐

6. Collective Bargaining Agreements

		Yes	No	N/A
6.1	**Has the district settled with all its bargaining units for the past two fiscal years?**	✓	☐	☐
6.2	**Has the district settled with all its bargaining units for the current year?**	✓	☐	☐
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?**	☐	✓	☐

It is unclear whether the district accurately quantified the fiscal effects of the 2025-26 collective bargaining agreements on its disclosure documents presented at the June 17, 2025, board meeting. FCMAT noted several discrepancies, including a disproportionate increase of $1.13 million in statutory benefits even though total salaries increased by only 1%, or about $225,000.

The district also included the cost of the ongoing 1% salary increase only in the first year, omitting the costs for the two subsequent years. In addition, the total revenues shown in the "Impact of Proposed Agreement on Subsequent Years" section did not match the revenue totals calculated from the detailed revenue lines for revenue limit sources and remaining revenues.

		Yes	No	N/A
6.4	**Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?**	☐	✓	☐

While the district identified ongoing expenditure reductions to support its 2025-26 settlement, the presettlement analysis for 2025-26 focused only on the costs for the current year, not the subsequent years.

		Yes	No	N/A
6.5	**In the current and prior two fiscal years, has the total cost of the district's bargaining agreement settlements, including step-and-column increases, been at or under the funded cost-of-living adjustment (COLA)?**	☐	✓	☐

In two of the past three fiscal years, the district's total settlement costs were above the funded COLA for both Rincon Valley Union Teachers Association (RVUTA) and California Schools Employees Association (CSEA). For 2023-24, the district did not provide step-and-column data, so it is unclear whether total costs exceeded COLA.

District Criteria and Standards data and public disclosures for collective bargaining agreements show the settlements were not consistently at or under the funded COLA. In 2024-25, RVUTA's total increase was 6.38% and CSEA's was 10.50%, both above the 1.07% COLA. In 2025-26, RVUTA's total increase was 2.70% and CSEA's was 3.50%, both above the 2.30% COLA.

		Yes	No	N/A
6.6	**If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?**	☐	☐	✓
6.7	**Did the district comply with public disclosure requirements under Government Codes 3540.2 and 3547.5, and EC 42142?**	✓	☐	☐
6.8	**Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?**	✓	☐	☐

		Yes	No	N/A
6.9	**Is the governing board's action consistent with the superintendent's and CBO's certification?**	✓	☐	☐

7. Contributions and Transfers

		Yes	No	N/A
7.1	**Does the district have an active, board-approved plan to eliminate, reduce or control any contributions/transfers from its unrestricted general fund to other restricted programs and funds?**	☐	✓	☐

The district does not have a board-approved plan to eliminate, reduce or control contributions or transfers from the unrestricted general fund to restricted as of first interim reporting. Contributions to restricted resources are projected to be higher, estimated at $13,608,030 in the 2025-26 adopted budget, including contributions to special education. The contribution is an increase from prior years' contributions of $11,104,684 in 2024-25 and $9,558,173 in 2023-24.

		Yes	No	N/A
7.2	**If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?.**	☐	☐	✓
7.3	**If any contributions or transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?**	☐	✓	☐

The district's restricted programs contributions fluctuated over the three-year period. The district made a significant adjustment between June and September in the 2025-26 budget, increasing the contribution amount from $11,755,973 to $13,608,030 for the current year. This would be more in line with the prior year's 2024-25 unaudited actual contribution amount of $14,172,632 from unrestricted to restricted programs.

8. Deficit Spending (Unrestricted General Fund)

		Yes	No	N/A
8.1	**Is the district avoiding deficit spending in the current fiscal year?**	☐	✓	☐

The district estimated at first interim a projected unrestricted deficit spending of $870,542 in 2025-26, resulting in a decrease in the unrestricted fund balance from $4,266,289 to $3,395,747.

		Yes	No	N/A
8.2	**Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?**	☐	✓	☐

The district estimated at first interim a projected unrestricted deficit spending of $3,235,735 in 2026-27 resulting in a decrease in the unrestricted fund balance from $3,395,747 to $160,012 and continued $3,082,244 deficit spending in the third year. The third year's estimated unrestricted fund balance is negative $2,922,232 unless corrective action is taken.

		Yes	No	N/A
8.3	**If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?**	☐	✓	☐

As of first interim, there is no board-approved plan to reduce or eliminate deficit spending.

		Yes	No	N/A
8.4	**Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports?**	☐	✓	☐

The district has increased deficit spending in the past two fiscal years. The district identified a 2.30% COLA to pay for the cost of salary increases; however, cost pressures existed such as increased utilities, insurance, step-and-column increases and the impact of fixed costs, when experiencing flat and declining enrollment.

9. Employee Benefits

		Yes	No	N/A
9.1	**Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)?**	✓	☐	☐
9.2	**Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district's unrestricted general fund revenues?**	☐	☐	✓
9.3	**Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?**	✓	☐	☐
9.4	**Does the district track, reconcile and report employees' compensated leave balances?**	☐	✓	☐

While the district appears to track and report employees' compensated leave balances, it is unclear whether these balances are regularly reconciled or reviewed for accuracy. Interviews indicate there is no consistent process to verify that leave balances recorded in the system match supporting documentation.

		Yes	No	N/A
9.5	**Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?**	☐	✓	☐

The district's California School Employees Association (CSEA) collective bargaining agreement limits accrued vacation balances to one year. Depending on years of service, classified employees may accrue 12.5 to 21 days of vacation annually. By June 30 each year, unit members may carry no more than one year of earned vacation and any excess shall be paid out in cash.

However, interviews and documents indicate this requirement has not been consistently followed. FCMAT's review of leave balances from the district's financial system shows that about eight to 15 classified employees may have vacation balances exceeding the one-year limit. For this analysis, FCMAT identified classified employees whose balances ranged from 25 to 42 days, above the maximum allowed based on years of service.

10. Enrollment and Attendance

		Yes	No	N/A
10.1	**Has the district's enrollment been increasing or remained stable for the current and two prior years?**	☐	✓	☐
	The total district enrollment has decreased for the current year and two prior years, from 3,112 in 2023-24 to 2,999 in 2025-26. This represents a net 3.6% total decline: a 4% decline in noncharter enrollment and a 3.3% decline in charter enrollment.			
10.2	**Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?**	✓	☐	☐
10.3	**Does the district track historical enrollment and ADA data to project future trends?**	✓	☐	☐
10.4	**Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?**	✓	☐	☐
10.5	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?**	✓	☐	☐
10.6	**Has the district planned for enrollment losses to any charter schools?**	✓	☐	☐
10.7	**Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?**	✓	☐	☐
10.8	**Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?**	✓	☐	☐
10.9	**Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?**	✓	☐	☐
10.10	**Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?**	✓	☐	☐

11. Facilities

		Yes	No	N/A
11.1	**If the district participates in the state's School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account?**	✓	☐	☐
11.2	**Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?**	✓	☐	☐
11.3	**Does the district properly track and account for facility-related projects?**	✓	☐	☐

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

According to the district's Facilities Master Plan and other documentation provided, the district's total school facilities capacity is 4,180 students. Since the 2021-22 school year, districtwide enrollment has remained below this established capacity, resulting in a surplus of available classrooms.

OPSC loading standards — 25 pupils for grades K through 6 and 27 for grades 7 through 12 — define the number of pupils each classroom is expected to hold. The district operates below the OPSC loading capacity and therefore does not fully utilize facilities districtwide.

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

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

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

11.8 Does the district have a board-approved long-range facilities master plan completed within the last five years that reflects its current and projected facility needs? ✓ ☐ ☐

12. Fund Balance and Reserve for Economic Uncertainties

Yes No N/A

12.1 Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the State Standards and Criteria for Fiscal Solvency? ✓ ☐ ☐

12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? ☐ ✓ ☐

The district is projected to drop below the minimum reserve in the 2026-27 year. At first interim, the projected ending balance for the unrestricted fund is estimated at $160,012 and further drops to a negative $2,922,232 in the third year.

12.3 If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve? ☐ ✓ ☐

As of first interim, there is no board-approved plan to restore the reserve.

12.4 Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions? ☐ ✓ ☐

The district's projected unrestricted fund balance is not stable or increasing in the two subsequent fiscal years. Multiyear financial projections show continued and increasing negative unrestricted fund balances in both 2026-27 and 2027-28.

		Yes	No	N/A
12.5	**If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level to cover these costs?**	☐	✓	☐

The district does not have sufficient assigned or committed reserves above the recommended 3% reserve level to cover any potential unfunded or contingent liabilities or one-time costs. As noted in prior responses, the unrestricted general fund balance is projected to not meet the 3% reserve in 2026-27 and to be negative in 2027-28. Because the district cannot meet the minimum reserve requirement, no additional reserves are available for these potential obligations.

13. General Fund – Current Year

		Yes	No	N/A
13.1	**Does the district ensure that one-time revenues do not pay for ongoing expenditures?**	☐	✓	☐

The district identified the ongoing revenue of the 2.30% cost-of-living adjustment (COLA) as the revenue source for employee pay raises. By committing the COLA to salary increases, the district left other cost pressures – including declining enrollment, unreliable position control and rising expenditures -- to be absorbed by ending balances, which are one-time funds.

		Yes	No	N/A
13.2	**Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the prior year statewide average?**	☐	✓	☐

The district's salaries and benefits are above statewide averages. The 2025-26 budget reflects a ratio of 90% and at the district's first interim reporting the estimate grows to 92.3% in unrestricted salaries and benefits to total unrestricted general fund expenditure for the 2025-26 year. The 2023-24 statewide average (the latest data available) is 86%.

		Yes	No	N/A
13.3	**Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below that of the prior two years?**	☐	✓	☐

The district's salaries and benefits were above the 2023-24 statewide average of 86% in the two prior years. The district's 2025-26 budget reflects 92.5% in 2024-25 and 88.2% in 2023-24 as a ratio of unrestricted salaries and benefits to total unrestricted expenditures.

		Yes	No	N/A
13.4	**If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)?**	☐	☐	✓
13.5	**For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds?**	☐	✓	☐

A review of the district's restricted programs from 2023-24 to 2025-26, indicates that restricted funds, excluding special education, appear sufficient to cover positions charged to those resources. Interviews also showed that the district funds several positions using a mix of unrestricted and restricted sources. Although some positions are multifunded, the district did not provide any board-approved plans detailing how one-time expenditures would be reduced or budgeted once the associated funding expires.

		Yes	No	N/A
13.6	**Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?**	✓	☐	☐
13.7	**Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?**	☐	✓	☐

The district does not include the maximum allowable indirect costs for each restricted resource and other funds. The district does not charge indirect costs for its charter schools, specifically Fund 09 for the middle school charter. The district charges approximately 4.0% for indirect costs in cafeteria fund in 2025-26.

The California Department of Education website lists the approved indirect rate for state and federal programs for the district.

		Yes	No	N/A
13.8	**Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?**	✓	☐	☐

14. Information Systems and Data Management

		Yes	No	N/A
14.1	**Does the district use an integrated financial and human resources system?**	✓	☐	☐
14.2	**Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions?**	☐	✓	☐

District staff reported during interviews that substantial effort is still required to update position control, and they have not yet verified the accuracy of all personnel data in the financial system. Although staff believe they have corrected the allocation of special education salaries and benefits between the district and the Rincon Valley Partnership consortium, the district must still complete a comprehensive review of the general education and restricted salaries and benefits.

Because informed decision-making depends on accurate and reliable data, the district cannot fully rely on its current financial and personnel information systems until these corrections and reviews are complete. Ongoing monitoring will also be essential to ensure accuracy is maintained.

		Yes	No	N/A
14.3	**Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP?**	✓	☐	☐
14.4	**Is the district using the same financial system as its COE?**	✓	☐	☐
14.5	**If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems?**	☐	☐	✓
14.6	**If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance?**	☐	☐	✓

15. Internal Controls and Fraud Prevention

		Yes	No	N/A
15.1	**Does the district have controls that limit access to its financial system and include multiple levels of authorization?**	✓	☐	☐

15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually? . . . . ✓ ☐ ☐

15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:

- **Accounts payable (AP).** . . . . ☐ ✓ ☐

  Interviews and documentation indicate the district mostly maintains segregation of duties in accounts payable, including separate roles for requisition entry, processing accounts payable batches, reviewing and approving batches, and the Sonoma County Superintendent of Schools audits and processes warrants.

  Despite this overall segregation of duties, the district's monitoring of accounts payable is insufficient. The district does not have a documented policy or procedure outlining how staff should handle invoice payments that exceed a purchase order's total encumbrances. In addition, the district does not use a safeguard in the financial system to prevent the processing of requisitions or purchase orders when the budget is insufficient to support the expenditure.

- **Accounts receivable (AR).**. . . . . ✓ ☐ ☐
- **Purchasing and contracts.** . . . . ☐ ✓ ☐

  The employee responsible for adding and modifying vendor information in the financial system also has access to make payments to vendors. To ensure proper segregation of duties, the employee assigned to maintain vendor records should not have the ability to issue vendor payments.

  Staff reported that invoices are frequently received without corresponding purchase orders, and that purchase orders are often created and approved after a purchase has already been made. This practice circumvents the district's purchasing policy and weakens internal controls.

  Board Policy 3312 states that the board may delegate to the superintendent or a designee the authority to enter into contracts on behalf of the district; however, to be valid or constitute an enforceable obligation, all contracts must be approved and/or ratified by the governing board. Staff indicated the district lacks clear procedures for contract approvals, including identifying who is authorized to sign contracts on behalf of the district.

- **Payroll.**. . . . . ☐ ✓ ☐

  The district does not ensure that payroll duties are adequately segregated or consistently monitored. A single payroll technician is responsible for processing all district and Rincon Valley Partnership payroll, and no other employee is cross-trained. In addition, the district lacks detailed written procedures. This limits redundancy and weakens internal controls.

  The district relies heavily on position control data that integrates with payroll in the financial software. Position control data feeds key employee data — such as FTE, salary placement, benefits, and budget account coding — directly into payroll. However, position control data for 2025-26 has not been fully verified due to recent transitions in the CBO, payroll technician, and HR officer roles. Until this review is complete, payroll processing carries an elevated risk of errors because staff must depend on unvalidated system data rather than confirmed records of actual hours worked.

Staff also reported that the district does not use timecards or attendance records signed by employees and supervisors for end-of-month payroll, relying on them only for supplemental payroll, which includes overtime, substitute, and extra-duty pay. Without these primary verification documents, payroll is processed without proof that the time reported is legitimate or accurate. This gap eliminates a critical level of supervisory authorization needed to ensure proper oversight.

Although the CBO reviews and approves payroll and the Sonoma County Office audits payroll and prints payroll warrants, the same payroll staff member who processes payroll also collects and distributes them. To strengthen segregation of duties, the employee generating payroll warrants should not have access to them after printing.

- **Human resources (i.e., duties related to position control and payroll processes).** . . . . . . ☐ ✓ ☐

Staff indicated in interviews that the district does not have adequate supervision over position control. The district lacks written procedures for adding new positions or changes to current positions. Without clear guidance, these manual processes can easily be overridden. Staff also reported finding multiple discrepancies in position control involving employee FTE, job titles, budget codes, and work calendars that require correction. Because the staff discovering these discrepancies are new to their roles, additional time is needed to conduct a comprehensive review before the district can fully resolve the issues and ensure the accuracy of its position control data.

15.4 Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year? . . . . ✓ ☐ ☐

15.5 Does the district review and work to clear prior year accruals throughout the year? . . . . ✓ ☐ ☐

15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools? . . . . ✓ ☐ ☐

15.7 Does the district have processes and procedures to discourage and detect fraud? . . . . ☐ ✓ ☐

The district lacks formal processes and procedures to discourage and detect fraud. Board Policy and Administrative Regulation 3400, “Management of District Assets/ Accounts,” were adopted in 2013 and updated in 2024. This policy assigns the superintendent or designee with the responsibility of developing internal controls and communicates an expectation for employees, board members and other parties to act with integrity. Interviews indicated staff are unaware of procedures to discourage and detect fraud.

15.8 Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports? . . . . ☐ ✓ ☐

The district lacks a formal process to collect reports of possible fraud and does not have an anonymous fraud reporting hotline to allow employees or other educational partners to report incidents of possible fraud in a confidential manner.

		Yes	No	N/A
15.9	**Does the district have an internal audit process?**	☐	✓	☐

The district lacks a formal internal auditing process or department, partly due to the district's smaller size.

16. Leadership and Stability

		Yes	No	N/A
16.1	**Does the district have a chief business official who has been in this position with the district for more than two years?.**	☐	✓	☐

The chief business official started at the district at end of February 2025 and has been with the district for about a year.

		Yes	No	N/A
16.2	**Does the district have a superintendent who has been in this position with the district for more than two years?**	☐	✓	☐

The district has had an interim superintendent in place since July 2024.

		Yes	No	N/A
16.3	**Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?**	✓	☐	☐
16.4	**Is training on financial management and budget provided to school and department administrators who are responsible for budget management?**	✓	☐	☐
16.5	**Does the governing board adopt and revise policies and administrative regulations annually?.**	✓	☐	☐
16.6	**Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?.**	☐	✓	☐

The district did not provide evidence that it communicates board policy and administrative regulation updates to staff.

		Yes	No	N/A
16.7	**Do all board members attend training on the budget and governance at least every two years?**	✓	☐	☐
16.8	**Is the superintendent's evaluation performed according to the terms of the contract?**	✓	☐	☐
16.9	**Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?**	✓	☐	☐

17. Multiyear Projections

		Yes	No	N/A
17.1	**Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?**	✓	☐	☐
17.2	**To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?**	✓	☐	☐
17.3	**Does the district use its most current multiyear projection when making financial decisions?**	☐	✓	☐

The district does not use the multiyear projection in making financial decisions. The district's AB 1200 Public Disclosure for Collective Bargaining for the recent pay increases cites the 2.30% COLA as the revenue source to pay those costs.

		Yes	No	N/A
17.4	**If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?**	☐	☐	✓

18. Non-Voter-Approved Debt and Risk Management

		Yes	No	N/A
18.1	**Are the sources of repayment for non-voter-approved debt {such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others} stable, predictable, and other than the unrestricted general fund?**	☐	✓	☐

Per the district's 2025-26 SACS Criteria and Standards and budget narratives, the district's planned source of repayment for its COP or lease financing was developer fee revenue (Fund 25).

Over the past two years, the CBO has warned that the Fund 25 balance may not be adequate to cover the annual payment due. The explanation in the long-term debt section of the district's SACS criteria and standards stated that the board will have to decide whether payments will be made from Fund 40 or the general fund.

		Yes	No	N/A
18.2	**If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?**	✓	☐	☐
18.3	**If the district is self-insured, has it completed an actuarial valuation as required and does it have a plan to pay for any unfunded liabilities?**	☐	☐	✓
18.4	**If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues?**	✓	☐	☐

19. Position Control

		Yes	No	N/A
19.1	**Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?**	☐	✓	☐

Because of recent transition in key district positions responsible for position control — including the CBO, HR Officer, and payroll staff — the district has not yet completed a full audit to ensure that all positions and costs are accurately captured in position control. Staff interviews indicate that substitute costs, extra-duty assignments and overtime may not be fully captured. In addition, the Sonoma County Superintendent of Schools has directed the district to conduct a comprehensive review of salaries and benefits because classified salaries and employee benefit costs may be understated.

		Yes	No	N/A
19.2	**Does the district analyze and adjust staffing based on staffing ratios and enrollment?**	☐	✓	☐

The district provided evidence of consistent analysis of enrollment, but no documentation to support that staffing is adjusted based on its staffing ratios and enrollment.

		Yes	No	N/A
19.3	**Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?**	☐	✓	☐

As noted in item 19.1, the district has not yet completed a full audit to ensure that all associated costs are accurately reflected in position control. Because of recent transitions in key district roles, the district has not regularly reconciled the budget, payroll and position control during the 2024-25 and 2025-26 interim financial reports.

		Yes	No	N/A
19.4	**Does the district identify a budget source for each new position before the position is authorized by the governing board?**	☐	✓	☐

Interviews indicate that the budget source may have been communicated verbally to the board but was not consistently published in board materials. Staff were unable to provide evidence showing that the district identified budget sources for new positions before they were presented for board approval.

		Yes	No	N/A
19.5	**Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?**	☐	✓	☐

FCMAT reviewed a sample of district board agendas and found a monthly personnel item where the governing board approves new hires, leaves, resignations, employee name, position title, and effective date. While interviews indicated that the board approves all new positions and extra assignments, FCMAT was not provided evidence of this.

		Yes	No	N/A
19.6	**Do managers and staff responsible for the district's human resources, payroll and budget functions meet at least monthly to discuss issues and improve processes?**	☐	✓	☐

The district did not provide evidence of consistent monthly meetings between staff responsible for human resources, payroll and budget functions to discuss issues and improve processes. Staff interviews indicate instead that payroll and human resource staff meet informally as issues or questions arise.

20. Special Education

		Yes	No	N/A
20.1	**For special education classrooms and support services, does the district use staffing ratios that align with statutory requirements and industry standards, and are students' support needs also considered? If so, are those needs documented and evaluated at each budget cycle?**	☐	✓	☐

The district has staffing ratios documented in its collective bargaining agreement with Rincon Valley Union Teachers Association that align with Education Code. Staff interviews indicate that Rincon Valley Partnership — the district's special education consortium — does not have staffing ratios established.

FCMAT calculated the district's staffing ratios for both its own special education program and RVP using the FCMAT Special Education Efficiency Tool to compare them with statutory requirements and industry standards. The district and consortium ratio comparison to industry standard suggests that these programs may be overstaffed.

		Yes	No	N/A
20.2	**Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?**	✓	☐	☐

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

Based on staff interviews, the district uses its Sonoma SELPA Procedural Manual to guide decisions about whether to add services. The district indicated it does not have an established or standardized decision-making process, such as a decision tree.

20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)? . . . . ☐ ✓ ☐

While the district does not charge indirect costs for its special education program, it does charge indirect costs for the consortium (RVP). Staff interviews indicate that expenses for the district and the RVP consortium special education programs are commingled. For example, personnel, IT service, and other operational expense budget codes were improperly assigned, and incorrect percentage allocations were applied between the district and consortium.

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

The district adjusted special education program contributions from the unrestricted general fund in 2023-24 and 2024-25. During the close of the 2024-25 fiscal year, it identified that special education expenses had been underbudgeted and incorrectly charged to the Rincon Valley Partnership accounts instead of the district's general fund expenditures. This error resulted in an annual increase of approximately $3 million in the district's special education contributions in 2025-26 and the two subsequent years.

Because of the transition in the CBO role and the commingling of district and consortium expenditures, it is unclear whether the district consistently and accurately monitors special education contributions or makes timely adjustments based on program trends.

20.6 Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates? . . . . ☐ ✓ ☐

Based on information from the California Department of Education's Data Quest, the district's 2024-25 identification rate is 18.05%, which is higher than the Sonoma countywide rate of 16.14% and statewide average rate of 14.25%.

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

Staff interviews indicate that historically the CBO analyzed whether the district would meet the maintenance of effort. FCMAT was not provided evidence supporting that this review was happening at each interim report period.

Risk Score, 20 numbered sections only:	49.9%

Key to Risk Score from 20 numbered sections only:

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

District Fiscal Solvency Risk Level, all FHRA factors:	High

(The existence of any condition from the “Budget and Fiscal Status” section, and/or a material weakness, will supersede the score above because it elevates the district’s risk level.)

Appendix

A. Study Agreement

Appendix A — Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR TRIGGERED FISCAL HEALTH RISK ANALYSIS

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

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the Client self-certified its 2025-2026 first interim financial report as negative in accordance with EC 42130 and 42131.

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

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

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

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

B. Services and Products to be Provided

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

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

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

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

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

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

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

3. PROJECT PERSONNEL

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

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

4. PROJECT COSTS

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

5. RESPONSIBILITIES OF THE CLIENT

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

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

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

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

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

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

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

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

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

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

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

6. PROJECT SCHEDULE

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

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

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

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

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

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

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

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

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

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

12. HOLD HARMLESS

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

13. PUBLIC SAFETY CONSIDERATIONS

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

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

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

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

14. FORCE MAJEURE

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

15. EVALUATION

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

16. CLIENT CONTACT PERSON

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

Name: Neisha Smith, Chief Business Official

Telephone: (707) 542-7375

Email: nsmith@rvusd.org

17. SIGNATURES

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

For Client:

2/3/26

Mike Herfurth, Interim Superintendent
Rincon Valley Unified School District

Date

For FCMAT:

Michael H. Fine

Digitally signed by Michael H. Fine
Date: 2026.02.04 16:12:37 -08'00'

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

Date