

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

December 10, 2025



Sacramento City Unified School District

Michael H. Fine
Chief Executive Officer

December 10, 2025

Lisa Allen, Superintendent
Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824

Dear Superintendent Allen:

In October 2025, the Sacramento City Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

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

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

FCMAT appreciates the opportunity to assist the Sacramento City Unified School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

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

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

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

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

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

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

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

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

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

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

History

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

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

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

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

Introduction

Background

The Sacramento City Unified School District is governed by a seven-member board of trustees and serves 42,337 students in grades TK-12 at 83 schools, including 15 dependent and independent charter schools. It is the 11th largest school district in California. According to the 2024-25 data available through the California Department of Education (CDE), approximately 64.1% of the district's students are socioeconomically disadvantaged, 19.3% are English learners, and the district's unduplicated pupil percentage is 67.28%. The district is fiscally accountable and is not on the same financial accounting system as the Sacramento County Office of Education.

The district's 2025-26 adopted budget projected combined general fund deficit spending of \$94.7 million in 2025-26, \$7.4 million in 2026-27, and \$21.3 million in 2027-28. These deficits include budget adjustments in the multiyear projection yet to be identified by the district. Even with the adjustments, the district projected it would not meet the minimum reserve requirement in 2027-28. Subsequent to the 2025-26 budget adoption in June 2025, the district's board approved a collective bargaining agreement with Sacramento City Teachers Association in September 2025 that further eroded the district's financial position. Additionally, in September 2025, the district's 2024-25 unaudited actuals report reflected that unrestricted general fund expenditures were \$43.3 million higher than it had estimated for that year in its 2025-26 adopted budget.

These two events that occurred after the 2025-26 budget adoption result in the district now projecting a negative \$19.1 million ending unrestricted general fund balance and indications of potential cash insolvency in the current fiscal year. In October 2025, the Sacramento County Superintendent of Schools deemed the district a lack of going concern as a result of the updated projection and required the district to develop and implement a fiscal stabilization plan.

After FCMAT's fieldwork, the board of trustees adopted a fiscal solvency plan and 2026-27 budget development reduction thresholds on November 20, 2025, which included budget solutions of \$70.7 million in 2025-26 and \$59.3 million in 2026-27. It is imperative that the district immediately implement these solutions to remain fiscally solvent and maintain local control.

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 adopted budget as the basis for the analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Sacramento City Unified School District on October 14, 2025, and a study team visited the district on November 12 and 17-18, 2025 to conduct interviews, collect data and review documents. After the fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's findings and conclusions from those activities.

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

Study Team

The team was composed of the following members:

Jennifer Nerat, CFE
Intervention Specialist

Elizabeth Dearstyne
Intervention Specialist

Marcus Wirowek, CFE
Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

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

Fiscal Health Risk Analysis

For TK-12 School Districts



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Date(s) of fieldwork: November 12 and 17-18, 2025

Sacramento City Unified School District

Summary

In October 2018, FCMAT conducted a fiscal health risk analysis (FHRA) for the Sacramento City Unified School District with results indicating a high risk of fiscal insolvency and the following areas of concern: budget development, ongoing deficit spending, erosion of the unrestricted general fund balance, inadequate reserves, and leadership and stability.

After that time there was an infusion of funding into LEAs because of the COVID-19 pandemic to provide additional resources for students. This funding masked the district's existing structural deficit, delaying the necessary actions to be taken to address it. The areas of concern today are not remarkably different than they were seven years ago. A comparison between the 2018 and 2025 FHRA section answers can be found in the appendix of this report. Of the 20 sections reviewed in the FHRA, Budget Development and Monitoring, Collective Bargaining Agreements, Deficit Spending, Fund Balance and Reserve for Economic Uncertainties, Leadership and Stability, and Position Control are the areas that pose the highest risk for the district and where it should focus on making improvements.

The district's budget development process is collaborative and inclusive of input from district departments and staff; however, the special education program in the 2025-26 adopted budget appears to be significantly underbudgeted. This is supported by the historical trend of the prior two fiscal years whereby actual expenditures exceeded the 2025-26 special education adopted budget of \$181 million. In addition, the district has projected the unrestricted general fund special education program contribution to be \$124 million in 2025-26 and the two subsequent years while the actual contribution in 2024-25 was \$139 million, following a trend of annual increases. Like most California LEAs, most of the district's budget is allocated to salaries and benefits. In fact, 94% of the district's 2025-26 unrestricted general fund adopted budget is allocated to salaries and benefits, while the statewide average is 86% for unified school districts.

In reviewing the district's financial reports, FCMAT identified weaknesses with budget monitoring and revision practices. Budget monitoring is undermined by the district's practice of initiating unbudgeted contracts that are not approved in advance of their execution for services such as special education providers when immediate needs are identified. This practice contributed to combined general fund expenditure budget variances from 2024-25 estimated actuals to 2024-25 unaudited actuals of \$46.5 million, including \$6.7 million in books and supplies and \$25.6 million in services and other operating expenses. This has significantly impacted the district's financial stability. In addition, the district either underbudgeted or did not appropriately plan for personnel. The district underbudgeted certificated salaries, classified salaries, and benefits by \$12.6 million. The lack of program budget monitoring also has led to the recent loss of restricted entitlements and allocations of \$16 million in Title I funding and \$845,000 in Expanded Learning Opportunities Program funding.

Government Code 3547.5 requires a district's superintendent and chief business official (CBO) to certify in writing that the costs incurred under a tentative agreement can be met during the term of the agreement. In December 2024 and September 2025, collective bargaining agreements with the district's labor groups were approved by the board. The CBO did not sign these agreements as required. The effect of the most recent agreement on the budget indicates that the district will be facing fiscal insolvency without imme-

diate corrective action. In addition, districts must make the necessary budget revisions within 45 days of adopting a collectively bargained agreement to meet the terms of the agreement in accordance with EC 42142. The most recent required budget revisions that correlate to the 2025-2027 collective bargaining agreement with Sacramento City Teachers Association (SCTA), approved by the board in September 2025, should have occurred by October 20, 2025. However, the county superintendent of schools has allowed for the budget revisions to be part of the first interim financial report due by December 15, 2025. All the other district labor groups have not settled negotiations for the current year.

The 2025-26 adopted budget projected unrestricted general fund deficit spending of \$81.4 million in 2025-26, \$9.3 million in 2026-27 and \$12.9 million in 2027-28, eroding the unrestricted general fund balance to \$2.0 million in 2027-28 despite the district's "Budget Right-Sizing Plan" efforts in the prior two fiscal years. This falls far short of meeting the minimum reserve requirement of \$14.5 million in that year. The district's 2025-26 adopted budget multiyear projections include the implementation of planned but not yet identified budget solutions. If the district does not follow through with identifying and implementing planned revenue enhancements and expenditure reductions, it will face insolvency. At the time of fieldwork, the district did not have a board-approved plan to reduce and/or eliminate deficit spending to ensure fiscal solvency. However, on November 20, 2025, the board approved a fiscal stabilization plan to address the deficit spending. If implemented, the plan includes solutions for 2025-26 that are projected to save the district \$70.7 million in the current fiscal year.

The governing board has a fiduciary responsibility to protect the district's financial health; this means ensuring the district maintains a balanced budget, including adequate reserves. The Sacramento City USD board is not cohesive in their approach to budget and governance training to support the performance of their fiduciary duties. Board members should receive governance and budget training at least annually. The district retained a consultant who has provided guidance to board members individually. However, no formal training on budget and governance has occurred in the past two years even though several board members were newly elected during that time. Effective communication from the board in the form of newly adopted and updated board policies and administrative regulations that reflect law and the district's vision and goals should occur regularly. The board has not regularly adopted policies and administrative regulations but has recently formed a policy committee that plans to support the board in the practice of doing so going forward. In addition, the board does not authorize new positions and extra assignments before positions are posted for recruitment, which can contribute to a loss of budgetary control.

The district's administration, including the superintendent and CBO, is responsible for maintaining the integrity of the district's systems, securing its assets, and providing accurate and reliable information for the board to consider when making decisions to protect the district's fiscal solvency. The CBO position became vacant on November 28, 2025, leaving a critical role unfilled at the time of this report.

Several systems and processes reflected in this analysis should be improved including position control. More information can be found in those sections of the report.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

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

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

Areas of High Risk

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

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

	Yes	No
Disapproved budget	✓	<input type="checkbox"/>
Negative interim report certification	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications.	✓	<input type="checkbox"/>
Downgrade of an interim certification by the county superintendent	✓	<input type="checkbox"/>
“Lack of going concern” designation.	<input type="checkbox"/>	✓

Material Weakness Questions

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

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

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.4%
2.	Budget Development and Adoption	3.2%
3.	Budget Monitoring and Updates	5.0%
4.	Cash Management	1.0%
5.	Charter Schools	0.2%
6.	Collective Bargaining Agreements	6.2%
7.	Contributions and Transfers	3.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	2.2%
10.	Enrollment and Attendance	3.0%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	3.0%
13.	General Fund - Current Year	4.2%
14.	Information Systems and Data Management	1.2%
15.	Internal Controls and Fraud Prevention	3.0%
16.	Leadership and Stability	3.2%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	6.0%
20.	Special Education	1.1%
Score		50.7%

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

	Yes	No	N/A
<p>1.1 Has the district recorded findings from the most recent and prior two years' audits without negatively affecting its fiscal health? <input type="checkbox"/></p> <p>The district's 2021-22 audit report included an instructional time finding for operating fewer days than required by statute because of an eight-day work stoppage, which resulted in a penalty of \$39.8 million.</p> <p>To address the \$39.8 million instructional time penalty, the district received a waiver of the fiscal penalty from the State Board of Education (SBE) on the condition that the district will add the lost instructional minutes and eight instructional days to the school calendar for 2024-25 and 2025-26 to make up for the lost time. While SBE approval of the waiver results in forgiveness of the \$39.8 million penalty, the costs to add the eight days to the instructional calendar and the ongoing impacts of the audit finding have negatively affected the district's fiscal health.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline per Education Code (EC) 41020? <input checked="" type="checkbox"/></p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<p>1.3 Were the district's most recent and prior two audit reports free of findings of material weakness? <input type="checkbox"/></p> <p>The 2022-23 audit report included a material weakness finding for transitional kindergarten due to a lack of documentation to ensure the adult-to-student ratio was met, resulting in a finding of approximately \$60,000. In 2023-24, the district's audit report identified two significant deficiencies in internal controls, one for \$5.7 million due to an overstatement of cash in the county treasury and the second a \$4 million understatement of accounts payable in the district's building fund. Additionally, there was a material weakness finding for independent study for claiming attendance for students prior to the completion of the independent study contract, resulting in an apportionment finding of \$17,558.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>1.4 Has the district corrected all audit findings from the most recent and prior two audits? <input type="checkbox"/></p> <p>The district's 2023-24 audit had one repeat state compliance finding in instructional materials and a partial repeat state compliance finding in attendance. Additionally, the district's 2022-23 audit had one repeat state compliance finding in immunization.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

2. Budget Development and Adoption

	Yes	No	N/A
<p>2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated? <input type="checkbox"/></p> <p>The district's 2025-26 adopted budget multiyear projection (Form MYP) included adjustments to unrestricted and restricted salaries and other nonspecified expenditures in rows B1d, B2d and B10, without sufficient detail or explanation to support the adjustments.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

- 2.2 Does the district use a budget development method other than a prior year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses? ✓
- 2.3 Does the district use position control data for budget development? ✓
- 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 2024-25 budget was approved on September 16, 2024, with the following conditions:

- Continue to implement the district’s “Budget Right-Sizing Plan.”
- Adopt a First Interim Report that reflects significant progress with implementing the plan.
- Update the plan for any changes and resubmit it with the First Interim Report.
- Adopt a Second Interim Financial Report that demonstrates that the district will be able to meet its reserve requirement for the current and two subsequent fiscal years.

- 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)? . . ✓
- 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. The

2023-24 and 2024-25 unaudited actuals reports indicate that various restricted resources have either grown or remained largely unspent. For example, the Expanded Learning Opportunities Program balance grew from \$21.6 million in 2023-24 to \$22.5 million in 2024-25, while the Arts, Music, and Instructional Materials Block Grant had an ending balance of \$12.8 million in 2022-23, decreasing slightly to \$12.6 million in 2024-25.

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

The district lacks a documented policy or procedure for evaluating the proposed acceptance and potential multiyear impact of grants and other types of restricted funds.

- 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?**

3. Budget Monitoring and Updates

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

FCMAT compared the district's 2024-25 estimated actuals with the 2024-25 unaudited actuals report and identified aggregated differences that reduced the general fund by \$44 million between the two reporting periods. Numerous accounts were identified where the unaudited actuals totals differ from the estimated actuals by more than 5%. Table 1 shows these accounts and variances.

Table 1. Comparison of 2024-25 Estimated Actuals and Unaudited Actuals Totals

Unrestricted General Fund	2024-25 Estimated Actuals	2024-25 Unaudited Actuals	Variance	% Change
Other Local Revenue	21,842,908	24,058,200	2,215,292	10.1%
Books and Supplies	11,732,129	18,496,110	6,763,981	57.7%
Services and Other Operating Expenditures	130,779,407	156,356,847	25,577,440	19.6%
Capital Outlay	9,366,811	10,888,640	1,521,829	16.3%
Transfer Out to Adult Ed (Fund 12)	762,000	3,418,774	2,656,774	348.7%

- 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?**

Districts must make budget revisions within 45 days of adopting a collectively bargained agreement that are necessary to meet the terms of the agreement in accordance with EC 42142. The board approved a salary agreement with the Sacramento City Teachers Association on September 4, 2025. Prior to that on September 3, 2025, after review of the public disclosure, the county superintendent of schools issued a letter to the district allowing for the budget revisions to be part of the first interim financial report due by December 15, 2025; however, the revisions should have been submitted by the EC deadline of October 20, 2025.

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

- 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 district filed its 2023-24 second interim report as qualified. In response, the county superintendent of schools requested in its oversight letter that the district submit a plan of specific adjustments it will make over the next two fiscal years to meet its minimum reserve requirements. Since that time, the county superintendent of schools has continued to request the district to develop and implement budget balancing solutions to address deficit spending in order to meet minimum reserve requirements.
- 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?**
- In the district’s regular requisition and purchase order workflow approval process, the financial system will not allow the completion of the approval if the budget is insufficient. However, other unauthorized contracts have been allowed to be approved outside of the workflow approval process. Unauthorized contracts have been routinely utilized without going through the budget and board approval process in advance of their execution, which has caused a significant loss of budgetary control.
- 3.8 Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?**.
- Not all district salaries and benefits are encumbered, such as per diem extra pay, which contributed to a \$12.7 million variance in salaries and benefits from 2024-25 estimated actuals to 2024-25 unaudited actuals.
- 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.3 Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.4 If the district’s cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| At the 2025-26 budget adoption the district projected there would be sufficient cash to support its obligations. However, at the time of this report the district is projecting negative cash in June 2026. | | | |
| 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.6 If the district uses interfund borrowing, is it complying with EC 42603? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

- 4.7 If the district is managing cash in any fund(s) through external borrowing, does the district’s cash flow projection include repayment based on the terms of the loan agreement? ✓

5. Charter Schools

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 5.1 Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.2 Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| <p>In 2024-25 the district transferred funds to two dependent charter schools to allow the schools to meet their financial obligations. George Washington Carver School of Arts and Science received \$221,000 and The MET received \$541,000 from the district, for a total of \$762,000.</p> <p>On November 6, 2025, the governing board elected to not renew the charter of Aspire Capitol Heights Academy (ACHA) in part due to fiscal concerns. ACHA unaudited actuals data since 2022-23 show a history of deficit spending and negative fund balances, and the renewal petition showed continued deficit spending for 2025-26 through 2027-28.</p> | | | |
| 5.4 Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.5 Does the district monitor charter school audits for timeliness, completeness, and exceptions? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

6. Collective Bargaining Agreements

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 6.1 Has the district settled with all its bargaining units for the past two fiscal years? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.2 Has the district settled with all its bargaining units for the current year?. | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| <p>At the time of fieldwork, the district had settled with SCTA but had not settled with Service Employees International Union (SEIU), Teamsters Classified Supervisors (TCS), Teamsters Union, Local 150 and United Professional Educators (UPE).</p> | | | |
| 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| <p>According to the Sacramento County Office of Education oversight, as stated in the 2024-25 first interim report letter, the district completed its 2024-25 negotiations with SEIU and did not include the settlement costs in the first interim budget report.</p> <p>Similarly, in the COE’s oversight letter regarding the 2023-24 second interim report, the district did not include the full fiscal impact an agreement with SCTA to settle several unfair labor practice claims.</p> | | | |

- 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?**

The district provided evidence that a presettlement analysis was completed for its 2025-27 agreement with SCTA. However, the analysis did not identify any expenditure reductions to ensure the district remained fiscally solvent.

- 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)?**

According to district-provided documents, the district has at times settled within statutory COLA for salary increases only, as identified in the chart below. However, when factoring in the average statutory statewide average for step/column movement of 2%, these agreements often exceed the COLA.

Table 2. Cost of District Bargaining Agreement Settlements Compared to Statutory COLA

Fiscal Year	SCTA	SEIU	UPE	TCS	Teamsters	Statutory COLA
2023-24	6.00%	2.00%	4.00%	4.00%	4.00%	8.22%
2024-25	2.00%	4.00%	2.00%	2.00%	2.00%	1.07%
2025-26	2.00%	TBD	TBD	TBD	TBD	2.30%

Source: District documents

- 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?**

The district's public disclosure for the 2025-27 agreement with SCTA approved by the board on September 4, 2025, did not comply with Government Code 3547.5 which requires the superintendent and chief business official to certify in writing that the costs incurred by the school district under the agreement can be met by the district during the term of the agreement. The disclosure was not certified by the CBO.

- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?**

According to documents provided by the district, several of the public disclosures lacked the CBO or designee's signature.

- 6.9 Is the governing board's action consistent with the superintendent's and CBO's certification?**

See item 6.8 above.

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?**

Table 3 below shows the contributions made from the unrestricted general fund to restricted programs in 2023-24 and 2024-25, and the projection to do so again in 2025-26.

Table 3: Contributions from the Unrestricted General Fund to Restricted Programs 2023-24 through 2025-26

Fiscal Year	Report	Contribution Amount
2023-24	Unaudited Actuals	\$125,297,303
2024-25	Unaudited Actuals	\$163,124,807
2025-26	Adopted Budget	\$147,081,945 (projected)

Source: District-provided documents.

The contributions are for the special education program and the required contribution to the Routine Restricted Maintenance Account. The district's contribution from its unrestricted general fund to special education increased from \$69.2 million in 2022-23 to \$138.6 million in 2024-25. This contribution represents approximately 27% of the district's unrestricted general fund revenue and 80% of the total cost of the special education program in 2024-25.

The district does not have a board-approved plan to eliminate, reduce or control contributions from its unrestricted general fund to other restricted programs and/or funds.

- 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?**

The district's 2025-26 adopted budget does not reflect a need to transfer funds to another fund in the current year or in the multiyear projection, despite the district having a history of needing to do so by the end of the fiscal year. The district's 2023-24 unaudited actuals reflect a contribution of \$1,085,010 to Fund 11, Adult Education, and the 2024-25 unaudited actuals show a contribution to Fund 09, Charter Schools, of \$762,000 and Fund 11, Adult Education, of \$2,656,774.

- 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 contributes a large amount to its special education program. Table 4 below shows the district's contribution to special education in the current and prior two fiscal years with the 2025-26 adopted budget assuming a decrease in the contribution needed for the program. However, in interviews with district staff, the district anticipates that the special education contribution will need to be increased throughout the fiscal year as current year program costs become known.

Table 4: Contributions from the Unrestricted General Fund to Special Education 2023-24 through 2025-26

Fiscal Year	Report	Contribution Amount
2023-24	Unaudited Actuals	\$104,073,626
2024-25	Unaudited Actuals	\$138,567,694
2025-26	Adopted Budget	\$124,211,579 (projected)

Source: District-provided documents.

8. Deficit Spending (Unrestricted General Fund)

- | | Yes | No | N/A |
|---|-------------------------------------|--------------------------|--------------------------|
| <p>8.1 Is the district avoiding deficit spending in the current fiscal year? <input type="checkbox"/></p> <p>The district’s 2025-26 adopted budget projects unrestricted general fund deficit spending of \$81.4 million for the current fiscal year.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? <input type="checkbox"/></p> <p>The district’s 2025-26 adopted budget projects unrestricted general fund deficit spending of \$9.3 million in 2026-27 and \$12.9 million in 2027-28.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency? <input type="checkbox"/></p> <p>At the time of fieldwork, the district did not have a board-approved plan to reduce and/or eliminate deficit spending to ensure fiscal solvency. However, on November 20, 2025, the board approved a fiscal stabilization plan to address the deficit spending. If implemented, the plan includes solutions for 2025-26 that project to save the district \$70.7 million in the current fiscal year.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>8.4 Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports? <input type="checkbox"/></p> <p>Table 5 below shows that the district has not decreased deficit spending over the past two fiscal years.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Table 5: Unrestricted General Fund Deficit 2023-24 through 2025-26

Fiscal Year	Report	Deficit Amount
2023-24	Unaudited Actuals	\$36,330,011 (surplus)
2024-25	Unaudited Actuals	-\$109,650,999 (deficit)
2025-26	Adopted Budget	-\$81,416,596 (projected deficit)

Source: District-provided documents.

9. Employee Benefits

	Yes	No	N/A
9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)?	✓	<input type="checkbox"/>	<input type="checkbox"/>
9.2 Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district’s unrestricted general fund revenues?	<input type="checkbox"/>	✓	<input type="checkbox"/>
According to the district’s October 22, 2025, OPEB Actuarial Valuation and GASB 75 report, the district contributes \$5,274,228 to California Employers’ Retiree Benefit Trust Fund and \$16,896,730 to “benefits paid directly to or behalf of retirees,” for a total of \$22,170,958. This exceeds 2%, or \$10,528,250, 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?	<input type="checkbox"/>	✓	<input type="checkbox"/>
According to interviews, the district has not conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents within the last five years.			
9.4 Does the district track, reconcile and report employees’ compensated leave balances?	✓	<input type="checkbox"/>	<input type="checkbox"/>
9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?	<input type="checkbox"/>	✓	<input type="checkbox"/>
Although some of the district’s bargaining agreements include negotiated caps to limit vacation accrual with limits ranging from 5 to 19 days, the information provided by the district indicates that employees may exceed these caps by a significant margin. The documents submitted to FCMAT did not specify which association each employee belonged to, making it impossible for FCMAT to determine whether the employee was subject to the appropriate vacation caps. Furthermore, according to the documents, 130 employees had 500 or more accrued vacation hours. Of the 130, 39 of them had 800 or more vacation hours and 19 employees had over 1,000 hours of accrued vacation.			

10. Enrollment and Attendance

	Yes	No	N/A
10.1 Has the district’s enrollment been increasing or remained stable for the current and two prior years?	<input type="checkbox"/>	✓	<input type="checkbox"/>
The district has been declining in enrollment for a decade. Table 6 shows this trend since 2019-20.			

Table 6: District Enrollment, 2019-20 Through 2025-26

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Enrollment	40,409	39,003	38,045	37,289	36,762	36,423	36,217
% Change	-	-3.48%	-2.46%	-1.99%	-1.41%	-0.92%	-0.57%

Sources: DataQuest for prior years; 2025-26 adopted budget for current year. Does not include charter school data.

- 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?**

While the district has a demographic study that projects enrollment through 2030-31, the district did not provide any evidence of ADA projections.
- 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?**

The district did not provide evidence that its enrollment projections reflect losses to 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?**.

The district did not provide evidence that it limits outgoing interdistrict transfers in accordance with existing board policy and regulations.
- 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?**

The district did not provide evidence that TK-3 class size and ratio requirements are being actively tracked to ensure compliance with the law.

11. Facilities

- | | Yes | No | N/A |
|---|-------------------------------------|--------------------------|--------------------------|
| 11.1 If the district participates in the state’s School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.2 Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11.3 Does the district properly track and account for facility-related projects? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 11.4 Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction’s loading standards? ✓
 Of 71 school sites, 55% are operating at a low capacity (i.e., at or below 70% capacity).
- 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 <u>State Standards and Criteria for Fiscal Solvency</u> ? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |

Table 7 below shows the district’s status in meeting the minimum reserve for economic uncertainties:

Table 7: Minimum Reserve Requirement 2026-27 and 2027-28, as of 2025-26 Adopted Budget

Fiscal Year	Statutory 2% Reserve for Economic Uncertainty	District’s Budgeted Reserve Level	Status
2026-27	\$14,324,685	\$14,652,280 (2.05%)	Met
2027-28	\$14,522,358	\$1,734,629 (0.24%)	Not Met

Source: District-provided documents.

- 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? ✓
 The district does not have a board-approved plan to restore the minimum reserves.
- 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? ✓

Table 8 below shows the dollar change and percentage change in the projected ending fund balance in the district’s unrestricted general fund as of the 2025-26 Budget Adoption. A decrease of \$103,647,336 from 2024-25 estimated actuals to 2027-28 is projected, which reflects a 98% decrease. Additionally, the district’s 2025-26 adopted budget includes an unsubstantiated expenditure reduction of \$27.3 million in 2026-27 and \$7 million in 2027-28.

Table 8: Projected Unrestricted Ending Fund Balance

Fiscal Year	Projected Ending Fund Balance	Change	% Change
2024-25	105,635,230	-	-
2025-26	24,218,634	-81,416,596)	-77%
2026-27	14,905,545	-9,313,089)	-38%
2027-28	1,987,894	-12,917,651)	-87%

Source: District-provided documents.

- 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?**

13. General Fund – Current Year

- | | Yes | No | N/A |
|---|-----|----|-----|
| <p>13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures? <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>Section 5 of the School District Criteria and Standards Review in the district’s 2025-26 adopted budget indicates that the district is using one-time Learning Loss Mitigation Grants to cover the cost of adding eight instructional days to the school calendar to mitigate the district’s 2021-22 instructional time penalty arising from a work stoppage through 2025-26. However, as part of the district’s settlement with SCTA this year, the salary schedule will continue to reflect these eight days, even though the district will return to a regular number of days in the school year.</p> | | | |
| <p>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? <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>According to the district’s 2025-26 adopted budget, 94% of its unrestricted general fund budget is allocated to salaries and benefits, exceeding the 2023-24 statewide average (the latest data available) of 86% for unified school districts.</p> | | | |
| <p>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? <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>According to the district’s 2025-26 adopted budget, salaries and benefits in 2024-25 accounted for 93.6% of the unrestricted general fund, and in 2023-24 accounted for 92.5% of the unrestricted general fund.</p> | | | |
| <p>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)? <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/></p> | | | |
| <p>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? <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>The district has been using one-time funds and restricted funds to pay for ongoing staff salaries and benefits but does not have a plan for how to sustain those positions once the one-time funding is exhausted.</p> | | | |

- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?** ✓
- The district has needed to return funds from restricted programs due to the district not spending within the required timeframe. Information from CDE indicates that the district has returned \$16,403,271 in 2021-22 and 2022-23 Title I funding and \$845,229 in 2022-23 f Expanded Learning Opportunities Program funds.
- 13.7 Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?** ✓
- 13.8 Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?** ✓
- Documentation showed and the district confirmed that past practice was to reconcile balance sheet accounts only at year end close. During interviews, the district reported that a process has been put in place beginning this year to also reconcile balance sheet accounts at first and second interim.

14. Information Systems and Data Management

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 14.1 Does the district use an integrated financial and human resources system? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.4 Is the district using the same financial system as its COE? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| The district operates its own financial system, Escape, which is separate from the COE's financial system, QCC/QSS. | | | |
| 14.5 If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| According to interviews from both the district and COE, although the district granted COE staff direct access, there is no automatic interface between 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

15. Internal Controls and Fraud Prevention

- | | Yes | No | N/A |
|--|-----|--------------------------|--------------------------|
| 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

- 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:**
- **Accounts payable (AP).** ✓
 - **Accounts receivable (AR).** ✓
 - **Purchasing and contracts.** ✓
- As a subsequent event, according to the district’s 2024-25 estimated actuals compared to the unaudited actuals that were presented to the board on September 18, 2025, the district either underbudgeted or allowed \$25.5 million worth of services and other operating expenses to occur without the proper protocols in place. Interviews indicated this was due to unaccounted needs related to special education. However, these contracts were processed outside of normal protocol.
- **Payroll.** ✓
 - **Human resources (i.e., duties related to position control and payroll processes).** ✓
- 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?** ✓
- According to the district’s general ledger, during the 2024-25 fiscal year, the district cleared prior year accounts receivable accruals through August. However, after August of that fiscal year, the district stopped clearing accrual accounts until year end.
- 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?** ✓
- Interviewees indicated that staff were not aware of any processes or 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?** ✓
- Although the district does have an anonymous fraud reporting link that is established on its website, interviews indicated that staff were not sure what occurs to the report once it is submitted and then routed to the appropriate department.
- 15.9 Does the district have an internal audit process?** ✓
- The district previously had an internal auditor position that was not filled after the incumbent retired. While some internal audit processes are being carried out within certain departments, for other departments there is uncertainty regarding the consistency and completeness of their oversight.

16. Leadership and Stability

- | | Yes | No | N/A |
|---|--------------------------|----|--------------------------|
| 16.1 Does the district have a chief business official who has been in this position with the district for more than two years? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| The CBO position became vacant on November 28, 2025. | | | |

- 16.2 Does the district have a superintendent who has been in this position with the district for more than two years?**

The superintendent was appointed to the position on April 18, 2024, after serving as the interim superintendent since July 7, 2023.
- 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?**

The board has not regularly adopted policies and administrative regulations but has recently formed a policy committee that plans to support the board in the practice of doing so.
- 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?**
- 16.7 Do all board members attend training on the budget and governance at least every two years?**

The district retained a consultant who has provided guidance to board members individually. However, no cohesive training on the budget and governance has occurred in the past two years even though several board members were newly elected during that time.
- 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? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.3 Does the district use its most current multiyear projection when making financial decisions? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.4 If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>Within the district’s 2025-26 adopted budget in the unrestricted MYP, the district made \$20,103,120.29 and \$7,202,576.60 reductions with the explanation of “Other adjustments include reductions in staffing to reflect the projected 5% enrollment</p> | | | |

decline in the out years, as well as anticipated vacancy savings from positions that are historically difficult to fill.” This information lacked pertinent details to ensure the adjustments were 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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input type="checkbox"/>	✓
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>

19. Position Control

	Yes	No	N/A
19.1 Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>In comparing the district’s 2024-25 estimated actuals to the unaudited actuals that were presented to the board on September 18, 2025, the district either underbudgeted or did not appropriately plan for personnel. The district underbudgeted certificated salaries, classified salaries, and benefits totaling \$12.6 million.</p>			
19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment?. . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>The district does have staffing ratios for its certificated staff, specifically contained within the certificated bargaining agreement with SCTA. However, interviews indicated that the district does not have board approved staffing ratios for its other bargaining units, as well as non-represented or management staff.</p>			
19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>Interviews with staff revealed that the district lacks a formal process for regularly reconciling budget, payroll, and position control data. Although departments meet to discuss these matters, the payroll department is not included in these discussions.</p>			
19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?.	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>Interviews indicated the district doesn’t always identify a budget source for a new position before it is authorized by the board.</p>			

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

Interviews indicated that the governing board does not authorize new positions and extra assignments before positions are posted for recruitment.
- 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?**

Interviews indicated that human resources and budget meet to discuss issues and improve processes, but payroll is not a part of these discussions.

20. Special Education

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| <p>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?</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>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)?</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>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)?</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>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)?</p> <p style="margin-left: 40px;">In interviews, district special education staff indicated that while they communicated the projected budgetary costs of \$224 million related to special education, the 2025-26 adopted budget did not include approximately \$43 million of the projected need. This is supported by the historical trend of the prior two fiscal years whereby actual expenditures exceeded the adopted 2025-26 special education budget of \$181 million.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>20.5 Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?</p> <p style="margin-left: 40px;">Despite the trend of increasing contributions to the special education program from the unrestricted general fund, the district’s 2025-26 adopted budget contribution of \$124 million is \$14.4 million less than the actual contribution in 2024-25. In addition, the district has projected the contribution to remain flat at \$124 million in the multiyear projection for 2026-27 and 2027-28.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>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?</p> <p style="margin-left: 40px;">In 2024-25 (the most recent data available), the countywide and statewide average rates of identification of students eligible for special education is 15.0% and 14.5% respectively, while the district’s rate is 16.6% according to DataQuest.</p> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Risk Score, 20 numbered sections only:

50.7%

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.)

Appendices

A. Comparison Chart

B. Study Agreement

Appendix A: Comparison Chart

1. Annual Independent Audit Report			
	2018*	2025	Change in Number of "No" Responses
Yes	3	1	Increased by 2
No	1	3	
N/A	0	0	

*2018 FHRA had one additional question that is not included in the count above.

2. Budget Development and Adoption			
	2018	2025	Change in Number of "No" Responses
Yes	7	8	Decreased by 1
No	5	4	
N/A	0	0	

3. Budget Monitoring and Updates			
	2018	2025	Change in Number of "No" Responses
Yes	7	4	Increased by 3
No	2	5	
N/A	0	0	

4. Cash Management			
	2018	2025	Change in Number of "No" Responses
Yes	3	5	Decreased by 1
No	2	1	
N/A	2	1	

5. Charter Schools			
	2018	2025*	Change in Number of "No" Responses
Yes	3	3	Unchanged
No	1	1	
N/A	0	0	

*2025 FHRA has one additional question that is not included in the count above.

6. Collective Bargaining Agreements			
	2018	2025	Change in Number of "No" Responses
Yes	6	1	Increased by 5
No	2	7	
N/A	1	1	

7. Contributions and Transfers			
	2018	2025	Change in Number of "No" Responses
Yes	1	0	Increased by 1
No	2	3	
N/A	0	0	

8. Deficit Spending (Unrestricted General Fund)			
	2018*	2025	Change in Number of "No" Responses
Yes	0	0	Unchanged
No	4	4	
N/A	0	0	

*The 2018 FHRA had one additional question that is not included in the count above.

9. Employee Benefits			
	2018	2025	Change in Number of "No" Responses
Yes	4	2	Increased by 2
No	1	3	
N/A	0	0	

10. Enrollment and Attendance			
	2018	2025	Change in Number of "No" Responses
Yes	7	5	Increased by 2
No	3	5	
N/A	0	0	

11. Facilities			
	2018	2025	Change in Number of "No" Responses
Yes	5	7	Decreased by 2
No	3	1	
N/A	0	0	

12. Fund Balance and Reserve for Economic Uncertainties			
	2018	2025	Change in Number of "No" Responses
Yes	1	1	Decreased by 1
No	4	3	
N/A	0	1	

13. General Fund - Current Year			
	2018	2025*	Change in Number of "No" Responses
Yes	1	1	No change
No	5	5	
N/A	1	1	

*2025 FHRA has one additional question not included in the count above.

14. Information Systems and Data Management			
	2018	2025	Change in Number of "No" Responses
Yes	3	4	Decreased by 1
No	3	2	
N/A	0	0	

15. Internal Controls and Fraud Prevention			
	2018*	2025	Change in Number of "No" Responses
Yes	10	8	Increased by 2
No	3	5	
N/A	0	0	

*The 2018 FHRA had four additional questions not included in the count above.

16. Leadership and Stability			
	2018	2025*	Change in Number of "No" Responses
Yes	1	4	Decreased by 3
No	7	4	
N/A	0	0	

*The 2025 FHRA has one additional question not included in the county above.

17. Multiyear Projections			
	2018	2025*	Change in Number of "No" Responses
Yes	2	3	Decreased by 1
No	1	0	
N/A	0	0	

*The 2025 FHRA has one additional question not included in the count above.

18. Non-Voter-Approved Debt and Risk Management			
	2018	2025	Change in Number of "No" Responses
Yes	3	3	Decreased by 1
No	1	0	
N/A	0	1	

19. Position Control			
	2018*	2025	Change in Number of "No" Responses
Yes	1	0	Increased by 1
No	5	6	
N/A	0	0	

*The 2018 FHRA had one additional question not included in the count above.

20. Special Education			
	2018*	2025	Change in Number of "No" Responses
Yes	4	4	No change
No	2	2	
N/A	0	0	

*The 2018 FHRA had 3 additional questions not included in the count above.

*The 2025 FHRA has 1 additional question not included in the count above.

2018 Fiscal Solvency Risk Score: 44.8% - High

2025 Fiscal Solvency Risk Score: 50.7% - High

Appendix B: Study Agreement



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

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Sacramento City 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 county superintendent of schools designated the Client as a lack of going concern in accordance with EC 42127.6.

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: Janea Marking, Chief Business Operations Officer

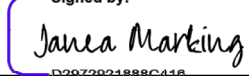
Telephone: (916) 529-1164

Email: janea-marking@scusd.edu

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:

Signed by:

D2972921888C418... 10/13/2025

Janea Marking, Chief Business Operations Officer Date
Sacramento City Unified School District

For FCMAT:

Michael H. Fine  Digitally signed by Michael H. Fine
Date: 2025.10.14 13:51:24 -07'00'

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