FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Health Risk Analysis

April 26, 2024

San Francisco County Office of Education

Michael H. Fine
Chief Executive Officer

April 26, 2024

Matt Wayne, Ed.D., Superintendent
San Francisco County Office of Education
555 Franklin St.
San Francisco, CA 94102-5207

Dear Superintendent Wayne,

In November 2023, the San Francisco County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a Fiscal Health Risk Analysis of the county office.

The agreement stated that FCMAT would perform the following:

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

This fiscal health risk analysis is required by California's 2018-19 Budget Act because the county office has been designated a lack of going concern by the state superintendent of public instruction (SPI).

This final report contains the fiscal health risk analysis with the study team's findings and recommendations. FCMAT appreciates the opportunity to assist the San Francisco County Office of Education and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine
Chief Executive Officer

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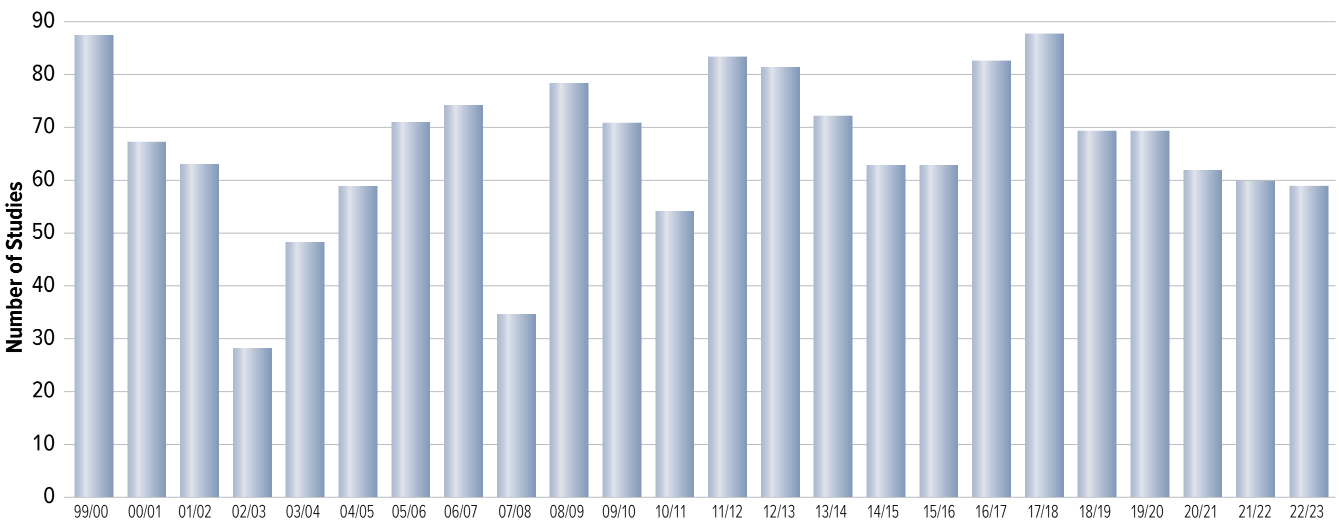
About FCMAT

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

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

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

Studies by Fiscal Year



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

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

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

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

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

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

Introduction

Background

Historically, FCMAT has not engaged directly with school districts showing distress until it has been invited to do so by the district or the county superintendent. The state's 2018-19 Budget Act provides for FCMAT to offer more proactive and preventive services to fiscally distressed school districts by automatically engaging with a district under the following conditions:

- Disapproved budget.
- Negative interim report certification.
- Three consecutive qualified interim report certifications.
- Downgrade of an interim certification by the county superintendent.
- Lack of going concern designation.

Under these conditions, FCMAT will perform a fiscal health risk analysis to determine the level of risk for insolvency. FCMAT has updated its Fiscal Health Risk Analysis (FHRA) tool that weights each question based on high, moderate and low risk. The analysis will not be performed more than once in a 12-month period per district, and the engagement will be coordinated with the local educational agency's (LEA's) oversight agency and build on their oversight process and activities already in place per Assembly Bill (AB) 1200. There is no cost to the county superintendent or to the district for the analysis.

This fiscal health risk analysis is being conducted because the county office had the following condition(s), under which an analysis is required by the 2018-19 State Budget Act.

- Lack of going concern designation

The San Francisco County Office of Education has an enrollment of 364 students (per DataQuest and as of 2022-23) and is located in San Francisco, California. The county office is responsible for the San Francisco County Civic Center Secondary School, the San Francisco County Court Woodside Learning Center, the San Francisco County Opportunity (Hilltop) School, and the San Francisco County Special Education Division.

As one of the few single-district county offices in California, the county office and the district share a single administration. The district and the county office report their combined financial information for both entities to their governing board at the time of budget adoption but separately at the interim reporting periods. Because of the single-district county configuration, the California Department of Education (CDE) is the oversight agency for this local educational agency (LEA).

The CDE has noted many concerns while performing oversight in the past several years. The areas of concern are outlined in section 3.6 of this report. Currently, the county office is in a qualified budget status, which means that it may not meet its financial obligations in the current and two subsequent fiscal years. The county office has also been issued a lack of going concern designation by the CDE, which is currently providing for two fiscal experts to work with the county office. Both FCMAT and the CDE have concerns about the county office's ability to implement the fiscal stabilization plan it has developed.

FCMAT performed an FHRA to determine the county office's level of risk for insolvency in 2022 and is doing so again with this report in 2024. The 2022 FHRA found that the county office had an overall risk score of 33.2%, and this current FHRA finds that the county office has an overall risk score of 51.1%. A comparison of the results between the two FHRA studies is included in Appendix A.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the San Francisco County Office of Education on November 17, 2023, and a study team visited the county office on January 23-25, 2024 to conduct interviews, collect data and review documents. Following fieldwork, the FCMAT study team continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The team was composed of the following members:

Tamara Montero, CFE, SFO
FCMAT Chief Analyst

Roslynne Manansala-Smith
FCMAT Intervention Specialist

Jennifer Nerat
FCMAT Intervention Specialist

John Lotze
FCMAT Technical Writer

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

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Date(s) of fieldwork: January 23-25, 2024

Local Educational Agency (LEA): San Francisco County Office of Education

Summary

The San Francisco County Office of Education is facing tremendous fiscal challenges. Of the 20 areas studied in the Fiscal Health Risk Analysis (FHRA), the county office needs the most improvement in the areas of Budget Monitoring, Cash Management, Collective Bargaining, Enrollment and Attendance, Internal Controls, and Position Control. More detail on the concerns regarding these areas can be found in this report.

When preparing this FHRA, FCMAT used the period of the LEA's original approved 2023-24 budget for all budget-related questions except for those in section 3, Budget Monitoring, for which the 2023-24 first interim budget was used. This is common practice in FCMAT reports.

The LEA has many consultants in various positions. Although it is good to have personnel in positions rather than vacancies, it would be optimal for the long term to have permanent employees in all positions. The administration indicated that this is a goal for the LEA; however, the county office has lacked a qualified chief business official for several years. This has led to lack of leadership, a lack of understanding of critical elements of school finance, and poor monitoring of the county office's overall fiscal health. In addition, nearly all of the LEA's classified positioins, including managers, are hired through the City and County of San Francisco's civil services system, per Education Code 45318, which signifcantly hinders the LEA's ability to hire for such positions. The LEA should consider changing or initiating a change to this process.

Many staff in the county office could benefit from training. One area of concern is the county office's lack of integration or collaboration with other county offices in the state. The California County Superintendents (CCS) organization has committees that focus on various county office of education operational areas. The county office could benefit greatly from joining these committees, because the collaboration and training gained from participation has significant value to the members. The CCS has committees for business, curriculum, technology, personnel/human resources, and county-operated student programs. In addition, the organization supports county superintendents.

Another reason the county office would benefit from greater knowledge of county office operations is the potential for lost revenues because of the way students are enrolled in county programs. The funding for county programs is often greater per average daily attendance (ADA) than the funding for traditional TK-12 classrooms. Maximizing the students' enrollment in the proper categories is an area in which the county office needs to improve.

For the most part, the LEA operates as a district. However, county offices of education also have certain privileges that districts do not have. It would benefit the county office to ensure that these privileges are being maximized. For example, regarding credentials management, a county office can issue a temporary credential in certain circumstances. Because of the way the county office and the district staff are commingled, it would be difficult for the county office to prove that it is carrying out that role. The LEA needs to reorganize the staff responsible for specific county office functions to ensure that there is a separation between district functions and county office functions.

The county office's financial system is a significant barrier that prevents the county office from conducting business in an accurate, effective and efficient manner. During fieldwork, it became clear to the FCMAT team that only one or two individuals know how to generate reports that all personnel in the budget or accounting divisions should be able to run. The payroll and human resources modules are not part of the financial system, and this has caused significant errors in payroll and benefits that the county office cannot estimate. Because the errors have been pervasive for years and exist in a large system, tracing the errors is an enormous task that has not been undertaken. For example, payroll staff stated that when warrants for payroll are run in the system, the accuracy is not guaranteed and that an exception report is used to make sure that payroll is close to what it should be. Staff shared that at times payroll warrants in the millions of dollars have been issued to individuals, but the very large amounts have been caught before actually being paid.

The per-school funding allocation the LEA uses has made it unable to implement a position control system. As detailed in section 19 of this report, the county office is not following industry standards or best practices in this area, which has a great impact on its solvency. Because of the way schools have great autonomy in how the per-school allocation is spent, the county office's position control is a record of staff as requested by the schools rather than a true position control system, which would inform a county office how many positions are available, based on staffing allocations, and how many are filled.

County Office Fiscal Solvency Risk Level: High

About the Analysis

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

The FHRA includes 20 sections, each of which contains specific questions. Each section and specific question is included based on FCMAT's work since the inception of AB 1200 (Chapter 1213, Statutes of 1991); they are the common indicators of risk or potential insolvency for districts that have neared insolvency and needed assistance from outside agencies. Each section of this analysis is critical, and a lack of attention to these critical areas will eventually contribute to the deterioration of a district's fiscal health. The analysis focuses on essential functions and processes to determine the level of risk at the time of assessment.

The greater the number of "no" answers to the questions in the analysis, the greater the potential risk of insolvency or fiscal issues for the LEA. Not all sections in the analysis and not all questions within each section carry equal weight; some areas carry higher risk and thus count more heavily in calculating a district's fiscal stability score. To help the LEA, narratives are included for responses that are marked as a "no" so the LEA can better understand the reason for the response and actions that may be needed to obtain a "yes" answer.

Identifying issues early is the key to maintaining fiscal health. Diligent planning will enable an LEA to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. An LEA should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

Areas of High Risk

The following sections on this page and the next duplicate certain questions and answers given in the Fiscal Health Risk Analysis Questions later in this document and identify conditions that create significant risk of fiscal insolvency. The existence of an identified budget or fiscal status or a material weakness indicated by a "no" answer to any of these items supersedes all other scoring and will elevate the LEA's overall risk level.

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

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

Material Weakness Questions

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

3.6	**Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?**	☐	✓	☐
4.3	**Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?**	☐	✓	☐
4.4	**If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?**	☐	✓	☐
5.2	**Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?**	☐	☐	✓
5.3	**Are all charters authorized by the district going concerns and not in fiscal distress?**	☐	☐	✓
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?**	✓	☐	☐
6.4	**Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?**	✓	☐	☐
7.2	**If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?**	☐	☐	✓
8.3	**If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?**	✓	☐	☐
10.6	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?**	☐	✓	☐
11.2	**Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?**	☐	☐	✓
12.1	**Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?**	✓	☐	☐
12.2	**Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?**	✓	☐	☐
12.3	**If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?**	☐	☐	✓
19.1	**Does the district account for all positions and costs?**	☐	✓	☐

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.5%
2.	Budget Development and Adoption	3.5%
3.	Budget Monitoring and Updates	6.5%
4.	Cash Management	7.4%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	3.1%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	0.0%
9.	Employee Benefits	2.2%
10.	Enrollment and Attendance	5.5%
11.	Facilities	0.0%
12.	Fund Balance and Reserve for Economic Uncertainty	0.0%
13.	General Fund - Current Year	3.3%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	5.9%
16.	Leadership and Stability	2.5%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	5.5%
20.	Special Education	0.4%
Score		**50.1%**

Fiscal Health Risk Analysis Questions

Budget and Fiscal Status

Is the district currently *without* the following?

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

1. Annual Independent Audit Report

		Yes	No	N/A
1.1	**Has the district corrected the most recent and prior two years' audit findings without affecting its fiscal health?**	☐	✓	☐

The county office's 2021-22 audit was issued with a disclaimer opinion, which means that the auditor was unable to confirm the LEA's financial condition. The audit states that this was "due to the inability to obtain sufficient appropriate audit evidence and material weakness in internal control over financial reporting," and that "the LEA did not provide sufficient appropriate evidence to support that the financial statements are free from material misstatement."

This determination is more serious than a normal finding because it states that the auditor was unable to complete the audit because of a lack of proper fiscal conditions at the LEA. The audit lists several areas in which the LEA's fiscal health is suspect.

		Yes	No	N/A
1.2	**Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller's Office should be explained.)**	☐	✓	☐

The 2022-23 fiscal year audit was on extension at the time of fieldwork. The extension was granted through March 31, 2024, and the reason for the extension was stated to be a lack of district staff and the fact that a new auditor was brought in to complete the audit. The normal statutory deadline for audits is December 15.

		Yes	No	N/A
1.3	**Were the district's most recent and prior two audit reports free of findings of material weaknesses?**	☐	✓	☐

The audits for 2019-20 and 2020-21 both had material weakness findings related to comprehensive school safety plans. The 2021-22 audit had material weakness findings in the following areas:

- Education Stabilization Fund.
- Child Care and Development Block Grant.
- Child Nutrition Cluster.

- School Safety Plan.
- Expanded Learning Opportunities Program (ELOP).
- Pension Contributions.
- Bond premiums.
- The county office's inability to prepare its own financial statements.

		Yes	No	N/A
1.4	**Has the district corrected all reported audit findings from the most recent and prior two audits?**	☐	✓	☐

The 2020-2021 and 2021-22 audits had repeat findings regarding comprehensive school safety plans. The 2019-20 audit was free of repeat findings.

2. Budget Development and Adoption

		Yes	No	N/A
2.1	**Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated?**	☐	✓	☐

The LEA used industry best practices for the assumptions used for cost-of-living adjustment (COLA) and other state factors in its adopted budget; however, local assumptions regarding enrollment and staffing levels are not clearly articulated or well defined.

The state superintendent of public instruction's (SPI's) budget review letter dated September 15, 2023 notes concerns about the district's and county office's projected transfers of the following:

> $33 million of unrestricted costs, including 242 positions, to one-time restricted funding sources in 2023-24 & 2024-25. The multi-year assumptions for the unrestricted general fund do not consider the return of these expenditures in 2025-26, when the one-time restricted funding expires. Although Board resolution #236-6Sp2, adopted June 20, 2023, commits to eliminating the structural deficit, additional Board action is needed to eliminate these expenditures and positions when the one-time funding expires or find additional ongoing funding sources to support them.

		Yes	No	N/A
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 review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?**	✓	☐	☐
2.3	**Does the district use position control data for budget development?**	☐	✓	☐

The LEA maintains a detailed position control report; however, staff indicated during interviews that the LEA uses an average cost by position rather than the actual cost by position when developing school budgets.

		Yes	No	N/A
2.4	**Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly?**	☐	✓	☐

The LEA did not adjust enrollment projections in the LCFF Calculator in the current and two subsequent years to account for its continuing trend of declining enrollment. Overstating enrollment and associated average daily attendance (ADA) results in overstated projected LCFF revenue.

		Yes	No	N/A
2.5	**Has the district's budget been approved unconditionally by its county office of education in the current and two prior 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?**	✓	☐	☐
2.8	**Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 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 one 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 and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?**	✓	☐	☐
2.11	**Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted general fund?**	☐	✓	☐

Board Policy 3290 broadly addresses gifts, grants and bequests; however, it does not establish a procedure for staff to follow when evaluating the acceptance of funding from grant sources. Information obtained from staff interviews indicates that the evaluation process occurs in various departments without consistent communication with the business office before the board accepts the funding. Without business office involvement in evaluating the funding, the multiyear impact on the unrestricted general fund is unknown.

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

3. Budget Monitoring and Updates

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

The county office's 2023-24 first interim report and its 2022-23 first and second interim reports included instances in which actual revenues and expenses for the reporting period differed significantly from projected totals. Examples from the general fund include:

- The 2022-23 second interim report showed zero for other state revenue in the unrestricted general fund, which was less than the actual amount of $62,000.00 reported through January 31, 2023.
- The 2022-23 first interim report showed $3.8 million as projected employee benefits in the restricted general fund, which is significantly more than the actual amount of $161,000 reported through January 31, 2023.

The 2023-24 first interim report should include budget revisions for all funds by object code to show changes since the budget's adoption in June 2023, such as prior year carryover funds, revised funding allocations, updated enrollment and ADA estimates, and salaries and full-time equivalent (FTE) staffing adjustments. The county office should also review actuals to date for accuracy and consistency with the most current budget.

3.2	**Are budget revisions posted in the financial system at each interim report, at a minimum?**	☐	✓	☐

Although the county office board of education approved budget transfer revisions at interim reporting periods for 2022-23 and 2023-24, the county office did not provide FCMAT with any evidence from its financial system to show that these budget revisions were posted in the financial system at each interim report.

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

FCMAT reviewed the county office's 2023-24 first interim report and the 2022-23 first and second interim reports. Because the board-approved operating budget (column b) matched the projected totals (column d) rather than the last board-approved budget, the Standardized Account Code Structure (SACS) forms did not show any differences (column e) for the budget revisions associated with the reporting period.

The county office did not provide any evidence that clearly written and articulated budget assumptions (e.g., enrollment and attendance projections, staffing projections, retirement rates and LCFF funding rates) were presented to the board at each interim reporting period for 2022-23 and 2023-24.

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 Education Code Section 42142?**	✓	☐	☐
3.5	**Do the district's responses fully explain the variances identified in the criteria and standards?**	✓	☐	☐
3.6	**Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?**	☐	✓	☐

The San Francisco Unified School District and the San Francisco County Office of Education are served by the same governing board and superintendent. Because of this, the state superintendent of public instruction (SPI) is legally responsible for overseeing the fiscal solvency of both organizations. Because the two organizations operate as one, the SPI's oversight letters make no distinction between the solvency of the two organizations. For financial reporting purposes, the county office's budget is tracked separately from the school district's in the county school service fund.

Below is a summary of deficiencies the SPI identified in its oversight letters, the items the county office has addressed to date, and the items the county office must still address.

Deficiency: Issues with implementation of EMPowerSF Personnel and Payroll System remain	
County office must: • Determine and resolve 2021-22 and 2022-23 over/underpayments • Reconcile state teachers' retirement system contributions, both CalSTRS and 403(b).	County office has addressed the following: • System issues related to 403(b) plan contributions. • Decided to transition to a new enterprise resource planning (ERP) software that will help the district automate, manage and integrate the payroll, human resources, budget and accounting systems.
Deficiency: Need to Fully Address Structural Deficit Spending and Declining Enrollment	
County office must: • Fully implement its new staffing model to align staff with enrollment. • Track positions that were shifted from unrestricted general fund to one-time restricted funding sources, and eliminate or find funding for positions when funding expires in 2025-26.	County office has addressed the following: • Board-approved budget balancing solutions at December 12, 2023 meeting.
Deficiency: Inadequate Position Control	
County office must: • Implement a position control system that identifies budgeted, filled and vacant positions.	County office has: • Relied on the function of the district side of business services to prepare and maintain position control..
Deficiency: Accuracy of Financial Projections	
County office must include in each budget report: • Updated revenues, expenditures and budget revisions. • Salaries based on actual staff salaries rather than district average salaries.	County office has: • Updated revenues included with the 2022-23 second interim report.
Deficiency: Organizational Structure and Hire for Vacant Head Financial Officer[1] Position	
County office must: • Begin recruiting a permanent head financial officer by the time the 2023-24 budget is adopted.	County office has: • Created and filled a new executive director, budget and accounting position. • Hired an interim associate superintendent of business services.
Deficiency: Significant delay of 2021-22 audit report and disclaimer of opinion issued by auditor, resulting in an inability to rely on reported beginning fund balances	
County office must: • By December 15, 2023 submit its 2022-23 audit report to the CDE.	County office has: • Submitted a request for an extension of its 2021-22 and 2022-23 audits to March 31, 2024.

3.7	**Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?**	✓	☐	☐
3.8	**Does the district encumber and adjust encumbrances for salaries and benefits?**	☐	✓	☐

Because the county office's financial, payroll and human resources systems are not integrated, the county office does not encumber salaries and benefits.

[1]This is the same position as a chief business official (CBO) in most other LEAs and as is used in most of this report.

		Yes	No	N/A
3.9	**Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year-end close?**	☐	✓	☐
	Although the county office has made progress in reconciling some balance sheet accounts in the general ledger, it did not provide evidence that all balance sheet accounts are reconciled at each interim report period and at year-end close.			
3.10	**For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?.**	☐	✓	☐
	The SPI's oversight letter for the 2021-22 second interim report indicated that the county office submitted its report on March 25, 2022, but the statutory deadline was March 17, 2022.			

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 reports monthly?.**	☐	✓	☐
	Reports provided by the LEA indicate that accounts are not reconciled monthly in a timely manner. Account activity for August through October of 2023 was not reconciled until January 2024. The LEA did not provide reconciliation reports for November through December 2023.			
4.2	**Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?**	☐	✓	☐
	The LEA did not provide FCMAT with reconciliation reports for all of its bank accounts or any evidence that accounts are reconciled monthly.			
4.3	**Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?**	☐	✓	☐
	The LEA did not provide FCMAT with a cash flow projection for the subsequent year.			
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 address its cash flow needs for the current and subsequent year?**	☐	✓	☐
	The county office is showing sufficient cash in the current year; however, it does not create cash flows for more than the current year, so the cash needs for the subsequent year are not known.			
4.5	**Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?**	☐	☐	✓
4.6	**If interfund borrowing is occurring, does the district comply with Education Code Section 42603?.**	☐	☐	✓
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 or other written document(s) regarding charter oversight?.**	☐	☐	✓
5.2	**Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?**	☐	☐	✓
5.3	**Are all charters authorized by the district going concerns and not in fiscal distress?**	☐	☐	✓
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?**	☐	☐	✓

6. Collective Bargaining Agreements

		Yes	No	N/A
6.1	**Has the district settled with all its bargaining units for the past two fiscal years?**	✓	☐	☐
6.2	**Has the district settled with all its bargaining units for the current year?.**	☐	✓	☐

Negotiations remain open for the following bargaining units for the current year:

- Common Crafts.
- International Brotherhood of Electrical Workers, Local 6.
- International Union of Operating Engineers, Local 39.
- United Administrators of San Francisco.

		Yes	No	N/A
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?**	✓	☐	☐
6.4	**Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?**	✓	☐	☐
6.5	**In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)?**	☐	✓	☐

It was not possible to calculate the cost of the settlements in the current and prior two fiscal years using the amount of information provided to FCMAT. FCMAT requested more complete information multiple times but did not receive it.

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

Neither the CBO nor the superintendent certified in writing the public disclosure statements for the tentative agreements between the LEA and the Service Employees International Union and the United Educators of San Francisco, which were presented to the governing board on December 12, 2023.

The LEA indicated that these items were not signed before the board meeting because the board needed to approve budget balancing solutions before the CBO and superintendent could certify the agreement's affordability.

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

The board approved the tentative agreement as presented on December 12, 2023 despite the lack of signatures from the superintendent and CBO on the public disclosure statements.

7. Contributions and Transfers

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

The county office has a board-approved budget balancing plan, but it does not specifically address the need to eliminate, reduce or control any contributions or transfers from the unrestricted general fund to other restricted programs.

		Yes	No	N/A
7.2	**If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?**	☐	☐	✓
7.3	**If any contributions/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?**	✓	☐	☐

8. Deficit Spending (Unrestricted General Fund)

		Yes	No	N/A
8.1	**Is the district avoiding deficit spending in the current fiscal year?**	✓	☐	☐
8.2	**Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?**	✓	☐	☐
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?**	✓	☐	☐
8.4	**Has the district decreased deficit spending over the past two fiscal years?**	✓	☐	☐

9. Employee Benefits

		Yes	No	N/A
9.1	**Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?**	✓	☐	☐
9.2	**Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments (legal, contractual or locally defined such as pay-as-you-go premiums, trust agreement obligations, or a board adopted commitment) no greater than 2% of the district's unrestricted general fund revenues?**	☐	✓	☐

The LEA uses object code range 37xx to account for post-employment benefit costs. At fiscal year end for 2022-23, these costs totaled $31.4 million, which is 4.5% of the LEA's unrestricted general fund revenues for the same period.

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

Various collective bargaining agreements with the LEA specify maximum accumulated vacation hours depending on the number of years of service; however, the LEA does not follow these maximums. According to interviews with staff, employees are allowed to accrue more hours than stipulated in the agreements. The LEA did not provide a report showing actual available balances by employee.

		Yes	No	N/A
9.4	**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?**	☐	✓	☐

The system of record for health and vision benefits is managed by the City and County of San Francisco. The LEA reported that the City and County of San Francisco conducted a verification and determination of eligibility in 2017. The LEA manages its own dental benefits and does not have a record of performing a verification and determination of eligibility for benefits.

		Yes	No	N/A
9.5	**Does the district track, reconcile and report employees' compensated leave balances?**	✓	☐	☐

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?**	✓	☐	☐
10.2	**Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)?**	☐	✓	☐

No evidence was provided to show that the county office is monitors and analyzes enrollment and attendance monthly. Staff interviewed were uncertain how this information is tracked and monitored.

		Yes	No	N/A
10.3	**Does the district track historical enrollment and ADA data to establish future trends?**	☐	✓	☐

The county office did not provide documentation to demonstrate that enrollment and ADA are being tracked and used to establish future trends.

10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? ☐ ✓ ☐

Staff reported that attendance and enrollment are reconciled by programs and schools. The program and school staff get help from the enrollment center staff to complete their enrollment reconciliation. No evidence was provided to indicate that this was happening monthly. It was also not clear whether the county office reconciles attendance monthly.

10.5 Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years? ☐ ✓ ☐

Based on records from California School Information Services (CSIS), for the two prior years the county office has regularly been on the certification delinquent list.

In 2021-22, the CALPADS Fall 2 deadline was March 11, 2022. The county office did not certify until March 20, 2022.

In 2022-23, the CALPADS Fall 1 and Fall 2 deadlines were January 27, 2023 and March 10, 2023, respectively. The county office did not certify until January 28, 2023 and March 12, 2023, respectively.

The data certified in the CALPADS annual submissions are used for many purposes, including funding calculations for various state and federal programs and accountability metrics. Failure to certify this data on time can negatively affect the county office's LCFF funding and its data posted on the California School Dashboard.

10.6 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? ☐ ✓ ☐

The county office did not provide evidence of the method it used for projecting enrollment.

10.7 Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines? ☐ ✓ ☐

Staff interviewed indicated that although central office departments review and verify their CALPADS data and make corrections as needed before submission deadlines, schools do not.

10.8 Has the district planned for enrollment losses to charter schools? ☐ ☐ ✓

10.9 Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved? ☐ ☐ ✓

10.10 Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement? ☐ ☐ ✓

11. Facilities

		Yes	No	N/A
11.1	**If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?**	☐	☐	✓
11.2	**Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?**	☐	☐	✓

		Yes	No	N/A
11.3	**Does the district properly track and account for facility-related projects?**	☐	☐	✓
11.4	**Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?**	☐	☐	✓
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 long-range facilities master plan that reflects its current and projected facility needs?**	☐	☐	✓

12. Fund Balance and Reserve for Economic Uncertainty

		Yes	No	N/A
12.1	**Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?**	✓	☐	☐
12.2	**Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?**	✓	☐	☐
12.3	**If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?**	☐	☐	✓
12.4	**Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?**	✓	☐	☐
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?**	✓	☐	☐

13. General Fund – Current Year

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

Per the prepared combined board budget packet and SACS forms, the district's and county office's 2023-24 adopted budget includes as budget-balancing measures the shifting of $33 million in unrestricted costs to restricted resources and a county office commitment of $4 million in one-time funds for unsettled labor negotiation costs. The budget-balancing solution does not indicate how much of the $33 million in unrestricted costs are borne by the district versus the county office.

The SPI's budget review letter dated September 15, 2023 notes concern that the district and county office project to transfer the following:

$33 million of unrestricted costs, including 242 positions, to one-time restricted funding sources in 2023-24 & 2024-25. The multi-year assumptions for the unrestricted general fund do not consider the return of these expenditures in 2025-26, when the one-time restricted funding expires. Although Board resolution #236-6Sp2, adopted June 20, 2023, commits to eliminating the structural deficit, additional Board action is needed to eliminate these expenditures and positions when the one-time funding expires or find additional ongoing funding sources to support them.

In addition, with the 2023-24 negotiations settlement, the LEA has identified that it will shift an additional $48 million from unrestricted to one-time restricted funds in 2023-24. These expenditures must be addressed in the LEA's 2024-25 budget reductions.

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 statewide average for the current year?.**	☐	✓	☐

According to the county office's 2023-24 first interim budget, it allocated 89% of its general fund unrestricted expenditure budget to salaries and benefits. The statewide average for county offices as of 2021-22 (the latest data available, per Ed-Data) was 73%.

13.3	**Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the two prior years?**	☐	✓	☐

In 2021-22, the county office allocated 61% of its general fund unrestricted expenditure budget to salaries and benefits, which is less than the statewide average of 73% for county offices as of 2021-22 (the latest data available via Ed-Data).

In 2022-23, the county office allocated 86%, which is more than the statewide average of 73% (source: Ed-Data).

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 two prior years, is the district addressing the complaint(s)?**	☐	☐	✓
13.5	**Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?**	✓	☐	☐
13.6	**Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?.**	☐	✓	☐

The county office's 2023-24 first interim budget includes an ending balance of $6,447 for the Clean Energy Jobs Act (Proposition 39). These funds were available for encumbrance only through June 30, 2019. All projects were required to have been fully installed and completed by June 30, 2021. These unspent funds may need to be returned to the state.

13.7	**Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?**	☐	✓	☐

The county office's unaudited actuals for the three prior fiscal years (2020-21, 2021-22 and 2022-23) indicate that it charges the maximum indirect cost rate to most restricted resources. The county office did not account for the maximum allowable indirect costs for the Perkins Career Technical Education Program (resource 3550) or the California Community Schools Partnership Program (resource 6510) in 2021-22, or for the Direct Services for Foster Youth Program (resource 7368) in 2022-23. Starting in 2021-22, the county office appeared to exclude special education programs, which receive a contribution from unrestricted resources.

Charging the maximum allowable rate would allow the LEA to track the full cost of each program. The LEA should charge the full indirect cost rate to all allowable restricted programs, including the special education program, even when it results in or increases the contribution to these programs from unrestricted funds.

14. Information Systems and Data Management

		Yes	No	N/A
14.1	**Does the district use an integrated financial and human resources system?**	☐	✓	☐

The LEA's human resources and payroll system (EMPowerSF) is separate from its financial system (PeopleSoft).

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

15. Internal Controls and Fraud Prevention

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

According to staff interviews, the county office grants access and authorization controls upon request but does not consistently update or eliminate access and authorization controls when employees resign, end employment, or are demoted.

		Yes	No	N/A
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** . . . . ☐ ✓ ☐

  Based on interviews and a review of the district and county office organizational chart, segregation of duties appears to exist for purchasing and contracts. Under the Business Services Division, most purchasing and contracts are managed by the Procurement Department and by the Operations, Human Resources and budget units under the Technology Department. Although duties may be segregated within these two departments, it is unclear who supervises and monitors this activity at the district or county office level.

  Interviews also indicated that controls could be weak because administrators may be able to circumvent procurement processes.

- **Payroll** . . . . ☐ ✓ ☐

  Since the implementation of the EMPowerSF personnel and payroll systems, both the district and the county office have experienced major issues and errors in payroll and retirement functions. The district's and county office's board of education has prioritized resolving these issues and errors. Consequently, the LEA hired consultants and directed all LEA payroll staff to prioritize corrective actions.

  Because of the priority given to this and the large number of corrective actions required, the LEA has taken an all-hands-on-deck approach. Although the department structure allows for adequate segregation of duties, the LEA office is not maintaining adequate segregation of duties for payroll.

  Although San Francisco is a single-district county, this is an area where the county office can implement stronger controls to supervise and monitor payroll activities.

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

  Although the LEA's organizational chart appears to provide for segregation of duties, staff indicated during interviews that the LEA does not have adequate supervision over position control. Staff also indicated that new positions and stipends are added and paid without board approval.

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? . . . . ☐ ✓ ☐

FCMAT reviewed the county office's Standardized Account Code Structure (SACS) general fund Form 01 from the close of the prior year to the first interim report of the new year for 2021-22, 2022-23 and 2023-24. FCMAT compared the ending fund balance from the prior year to the beginning fund balance for the new year. The county office posted beginning balances for the new year, but FCMAT found no documents to show how beginning balances were reconciled with the prior years' ending fund balances.

The beginning fund balance for the 2023-24 county office general fund does not match the unaudited ending fund balances from 2022-23.

In its audit for fiscal year 2021-22, the county office received a "disclaimer of opinion due to the inability to obtain sufficient appropriate audit evidence and material weakness in internal control over financial reporting." The audit firm was not able to obtain reasonable assurance about whether the financial statements were free from material misstatement. Some of the possible effects on the LEA's financial statements mentioned in the audit included material overstatement of the general fund ending fund balance, including the restricted ending fund balance on June 30, 2022; understatement of payroll liabilities; and possible errors in reported cafeteria fund revenues.

		Yes	No	N/A
15.5	**Does the district review and work to clear prior year accruals throughout the year?**	✓	☐	☐
15.6	**Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?**	✓	☐	☐
15.7	**Does the district have processes and procedures to discourage and detect fraud?**	☐	✓	☐

Interviews with staff and documents received by FCMAT did not include evidence that the county office has fraud detection controls.

		Yes	No	N/A
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?**	☐	✓	☐

Interviews with staff and documents received by FCMAT did not include evidence that the county office has a process for collecting reports of possible fraud.

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

The county office does not have a formal internal audit department or a documented auditing process.

16. Leadership and Stability

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

The county office is without a permanent CBO, though an outside consultant is acting as interim in this position. Interviews indicated that the LEA hopes to hire a permanent CBO in the coming fiscal year and that the interim CBO will help train the new hire.

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

At the time of FCMAT's fieldwork, the superintendent had been with the district since July 1, 2022, which was less than two years prior.

		Yes	No	N/A
16.3	**Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?**	✓	☐	☐
16.4	**Is training on financial management and budget provided to site and department administrators who are responsible for budget management?**	✓	☐	☐
16.5	**Does the governing board adopt and revise policies and administrative r egulations annually?**	☐	✓	☐

Policies are brought to the board only as needed. There is no formal method for monitoring board policies or for updating them when statutes or circumstances change. Interviews indicated that the LEA uses resolutions in place of policies, which does not help the LEA keep board policies relevant and current.

A review of board policies reveals that most policies were updated from 2013 through 2022, with little activity after 2022.

		Yes	No	N/A
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?**	✓	☐	☐

		Yes	No	N/A
16.8	**Is the superintendent's evaluation performed according to the terms of the contract?**	✓	☐	☐

17. Multiyear Projections

		Yes	No	N/A
17.1	**Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?**	☐	✓	☐
	As with its budget assumptions, the LEA used industry best practices for the assumptions used for COLA and other state factors in the adopted budget; however, local assumptions about enrollment and staffing levels are not clearly articulated or well defined.			
17.2	**To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?**	☐	✓	☐
	The LEA did not adjust enrollment projections in the LCFF Calculator in the current and two subsequent years to account for its continuing trend of declining enrollment. Overstating enrollment and associated ADA results in overstated projections of LCFF revenue.			
17.3	**Does the district use its most current multiyear projection in making financial decisions?**	✓	☐	☐
17.4	**If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?**	☐	☐	✓

18. Non-Voter-Approved Debt and Risk Management

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

19. Position Control

	Yes	No	N/A
19.1 Does the district account for all positions and costs?	☐	✓	☐

The LEA uses an average salary method to account for positions and costs, which does not reflect the actual cost per position. The schools are charged for this average salary cost and the difference is eventually covered by the district office.

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

The LEA adjusts allocations to schools and departments based on the levels of multitiered system of supports, not based solely on school enrollment. As a result, staffing ratios vary considerably from school to school. At the time of interviews, staff informed FCMAT that the LEA would be moving to a new staffing model based on ratios and enrollment in fiscal year 2024-25.

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

Neither interviews nor documents showed evidence of regular budget, payroll, and position control reconciliation.

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

Although the LEA verifies a budget source for new positions, the new positions are not taken to the board for authorization.

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

Programs are allocated an annual budget with which to fund their positions. Staffing determinations and assignments are made at the school or department level and approved internally by fiscal services and human resources for posting if there is sufficient funding in the budget. Board approval occurs after new hires are placed in new positions or assignments.

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

FCMAT was not given any documents indicating that the human resources, payroll and budget teams meet regularly.

20. Special Education

	Yes	No	N/A
20.1 Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards?	✓	☐	☐
20.2 Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)?.	☐	☐	✓
20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	✓	☐	☐

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)?**	✓	☐	☐
20.5	**Is the district's contribution rate to special education at or below the statewide average contribution rate?**	✓	☐	☐
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?**	✓	☐	☐
20.7	**Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?**	☐	✓	☐

The LEA has not analyzed the special education maintenance of effort at each interim reporting period.

Risk Score, 20 numbered sections only: 50.1%

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

Appendix A: Risk Analysis Results Comparison

1. Annual Independent Audit Report

		2022	2024
1.1	Has the district corrected the most recent and prior two years' audit findings without affecting its fiscal health?	Yes	No
1.2	Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller's Office should be explained.)	Yes	No
1.3	Were the district's most recent and prior two audit reports free of findings of material weaknesses?	Yes	No
1.4	Has the district corrected all reported audit findings from the most recent and prior two audits?	No	No

1. Annual Independent Audit Report			
	2022	2024	Change in Number of "No" Responses
Yes	3	0	Increased by 3
No	1	4	
N/A	0	0	

2. Budget Development and Adoption

		2022	2024
2.1	Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated?	No	No
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 review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	Yes	Yes
2.3	Does the district use position control data for budget development?	No	No
2.4	Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly?	No	No
2.5	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	Yes	Yes
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)?	Yes	Yes
2.7	Does the district budget and expend restricted funds before unrestricted funds?	No	Yes

		2022	2024
2.8	Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 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 one prior fiscal year?	Yes	Yes
2.9	Has the district refrained from including carryover funds in its adopted budget?	Yes	Yes
2.10	Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?	Yes	Yes
2.11	Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted general fund?	Yes	No
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/departments responsible for completing them?	Yes	Yes

2. Budget Development and Adoption			
	2022	2024	Change in Number of "No" Responses
Yes	8	8	No Change
No	4	4	
N/A	0	0	

3. Budget Monitoring and Updates

		2022	2024
3.1	Are actual revenues and expenses consistent with the most current budget?	No	No
3.2	Are budget revisions posted in the financial system at each interim report, at a minimum?	No	No
3.3	Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum?	No	No
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 Education Code Section 42142?	Yes	Yes
3.5	Do the district's responses fully explain the variances identified in the criteria and standards?	No	Yes
3.6	Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?	No	No
3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?	Yes	Yes
3.8	Does the district encumber and adjust encumbrances for salaries and benefits?	No	No
3.9	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close?	No	No
3.10	For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?	Yes	No

3. Budget Monitoring and Updates			
	2022	2024	Change in Number of "No" Responses
Yes	3	3	No Change
No	7	7	
N/A	0	0	

4. Cash Management

		2022	2024
4.1	Are accounts held by the county treasurer reconciled with the district's and county office of education's reports monthly?	Yes	No
4.2	Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?	Yes	No
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?	No	No
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 address its cash flow needs for the current and subsequent year?	Yes	No
4.5	Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?	Yes	N/A*
4.6	If interfund borrowing is occurring, does the district comply with Education Code Section 42603?.	No	N/A
4.7	If the district is managing cash in any fund(s) through external borrowing, does the cash flow projection include repayment on the terms of the loan agreement?	N/A	N/A

4. Cash Management			
	2022	2024	Change in Number of "No" Responses
Yes	4	0	Increased by 2
No	2	4	
N/A	1	3	

*N/A = Not Applicable

5. Charter Schools

		2022	2024
5.1	Does the district have a board policy or other written document(s) regarding charter oversight?.	N/A	N/A
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	N/A	N/A
5.3	Are all charters authorized by the district going concerns and not in fiscal distress?	N/A	N/A

		2022	2024
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?	N/A	N/A

5. Charter Schools			
	2022*	2024	Change in Number of "No" Responses
Yes	0	0	No Change
No	0	0	
N/A	4	4	

6. Collective Bargaining Agreements

		2022	2024
6.1	Has the district settled with all its bargaining units for the past two fiscal years?	No	Yes
6.2	Has the district settled with all its bargaining units for the current year?	No	No
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	Yes	Yes
6.4	Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?	Yes	Yes
6.5	In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)?	No	No
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)?	Yes	N/A
6.7	Did the district comply with public disclosure requirements under Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142?	Yes	Yes
6.8	Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval?	No	No
6.9	Is the governing board's action consistent with the superintendent's and CBO's certification?	No	No

6. Collective Bargaining Agreements			
	2022	2024	Change in Number of "No" Responses
Yes	4	4	Decreased by 1
No	5	4	
N/A	0	1	

7. Contributions and Transfers

		2022	2024
7.1	Does the district have a board-approved plan to eliminate, reduce or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds?	No	No
7.2	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?	Yes	N/A
7.3	If any contributions/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?	Yes	Yes

7. Contributions and Transfers			
	2022	2024	Change in Number of "No" Responses
Yes	2	1	No Change
No	1	1	
N/A	0	1	

8. Deficit Spending (Unrestricted General Fund)

		2022	2024
8.1	Is the district avoiding deficit spending in the current fiscal year?	No	Yes
8.2	Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?	No	Yes
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?	No	Yes
8.4	Has the district decreased deficit spending over the past two fiscal years?	No	Yes

8. Deficit Spending			
	2022	2024	Change in Number of "No" Responses
Yes	0	4	Decreased by 4
No	4	0	
N/A	0	0	

9. Employee Benefits

		2022	2024
9.1	Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?	N/A	Yes

		2022	2024
9.2	**Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments (legal, contractual or locally defined such as pay-as-you-go premiums, trust agreement obligations, or a board adopted commitment) no greater than 2% of the district's unrestricted general fund revenues?**	**N/A**	**No**
9.3	**Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?**	**Yes**	**No**
9.4	**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?**	**No**	**No**
9.5	**Does the district track, reconcile and report employees' compensated leave balances?**	**Yes**	**Yes**

9. Employee Benefits			
	2022	2024	Change in Number of "No" Responses
Yes	2	2	Increased by 2
No	1	3	
N/A	2	0	

10. Enrollment and Attendance

		2022	2024
10.1	**Has the district's enrollment been increasing or remained stable for the current and two prior years?**	**No**	**Yes**
10.2	**Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)?**	**Yes**	**No**
10.3	**Does the district track historical enrollment and ADA data to establish future trends?**	**Yes**	**No**
10.4	**Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels?**	**Yes**	**No**
10.5	**Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years?**	**Yes**	**No**
10.6	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?**	**Yes**	**No**
10.7	**Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines?**	**Yes**	**No**
10.8	**Has the district planned for enrollment losses to charter schools?**	**N/A**	**N/A**
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?**	**N/A**	**N/A**
10.10	**Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement?**	**N/A**	**N/A**

10. Enrollment and Attendance			
	2022	2024	Change in Number of "No" Responses
Yes	6	1	Increased by 5
No	1	6	
N/A	3	3	

11. Facilities

		2022	2024
11.1	If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?	N/A	N/A
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	Yes	N/A
11.3	Does the district properly track and account for facility-related projects?	Yes	N/A
11.4	Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?	N/A	N/A
11.5	Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget?	Yes	N/A
11.6	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	N/A	N/A
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?	N/A	N/A
11.8	Does the district have a long-range facilities master plan that reflects its current and projected facility needs?	N/A	N/A

11. Facilities			
	2022	2024	Change in Number of "No" Responses
Yes	3	0	No Change
No	0	0	
N/A	5	8	

12. Fund Balance and Reserve for Economic Uncertainty

		2022	2024
12.1	Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?	Yes	Yes
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	Yes	Yes
12.3	If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?	N/A	N/A

12.4	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?	No	Yes
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?	N/A	Yes

12. Fund Balance and Reserve for Economic Uncertainty			
	2022	2024	Change in Number of "No" Responses
Yes	2	4	Decreased by 1
No	1	0	
N/A	2	1	

13. General Fund – Current Year

		2022	2024
13.1	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	No	No
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 statewide average for the current year?	Yes	No
13.3	Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the two prior years?	No	No
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 two prior years, is the district addressing the complaint(s)?	N/A	N/A
13.5	Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?	Yes	Yes
13.6	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?.	No	No
13.7	Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?	Yes	No

13. General Fund – Current Year			
	2022	2024	Change in Number of "No" Responses
Yes	3	1	Increased by 2
No	3	5	
N/A	1	1	

14. Information Systems and Data Management

		2022	2024
14.1	Does the district use an integrated financial and human resources system?	Yes	No
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?	Yes	Yes

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?	No	Yes
14.4	Is the district using the same financial system as its county office of education?	N/A	N/A
14.5	If the district is using a separate financial system from its county office of education, is there an automated interface that allows data to be sent and received by both the district and county financial systems?	N/A	N/A
14.6	If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance?	N/A	N/A

14. Information Systems and Data Management			
	2022	2024	Change in Number of "No" Responses
Yes	2	2	No Change
No	1	1	
N/A	3	3	

15. Internal Controls and Fraud Prevention

		2022	2024
15.1	Does the district have controls that limit access to its financial system and include multiple levels of authorization?	Yes	Yes
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?	Yes	No
15.3	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:		
	• Accounts payable (AP)	Yes	Yes
	• Accounts receivable (AR)	Yes	Yes
	• Purchasing and contracts	Yes	No
	• Payroll	Yes	No
	• Human resources (i.e., duties relative to position control and payroll processes).	Yes	No
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?	Yes	No
15.5	Does the district review and work to clear prior year accruals throughout the year?	Yes	Yes
15.6	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?	N/A	Yes
15.7	Does the district have processes and procedures to discourage and detect fraud?	No	No
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?	No	No
15.9	Does the district have an internal audit process?	No	No

15. Internal Controls and Fraud Prevention			
	2022	2024	Change in Number of “No” Responses
Yes*	9	5	Increased by 5
No	3	8	
N/A	1	0	

*Item 15.3 includes sub-items, so the total number of possible “yes”, “no,” or “N/A” responses is greater than the number of section items.

16. Leadership and Stability

		2022	2024
16.1	Does the district have a chief business official who has been with the district as chief business official for more than two years?	Yes	No
16.2	Does the district have a superintendent who has been with the district as superintendent for more than two years?	Yes	No
16.3	Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?	Yes	Yes
16.4	Is training on financial management and budget provided to site and department administrators who are responsible for budget management?	Yes	Yes
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	Yes	No
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff?	Yes	Yes
16.7	Do all board members attend training on the budget and governance at least every two years?	No	Yes
16.8	Is the superintendent’s evaluation performed according to the terms of the contract?	No	Yes

16. Leadership and Stability			
	2022	2024	Change in Number of “No” Responses
Yes	6	5	Increased by 1
No	2	3	
N/A	0	0	

17. Multiyear Projections

		2022	2024
17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	Yes	No
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?	No	No
17.3	Does the district use its most current multiyear projection in making financial decisions?	No	Yes

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?	Yes	N/A

17. Multiyear Projections			
	2022	2024	Change in Number of "No" Responses
Yes	2	1	No Change
No	2	2	
N/A	0	1	

18. Non-Voter-Approved Debt and Risk Management

		2022	2024
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 unrestricted general fund?	N/A	N/A
18.2	If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?	N/A	N/A
18.3	If the district is self-insured, has the district completed an actuarial valuation as required and have a plan to pay for any unfunded liabilities?	N/A	Yes
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?	N/A	N/A

18. Non-Voter-Approved Debt and Risk Management			
	2022	2024	Change in Number of "No" Responses
Yes	0	1	No Change
No	0	0	
N/A	4	3	

19. Position Control

		2022	2024
19.1	Does the district account for all positions and costs?	Yes	No
19.2	Does the district analyze and adjust staffing based on staffing ratios and enrollment?. . . .	N/A	No
19.3	Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?	Yes	No
19.4	Does the district identify a budget source for each new position before the position is authorized by the governing board?	Yes	No
19.5	Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	Yes	No

		2022	2024
19.6	Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?	Yes	No

19. Position Control			
	2022	2024	Change in Number of "No" Responses
Yes	5	0	Increased by 6
No	0	6	
N/A	1	0	

20. Special Education

		2022	2024
20.1	Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards?	No	Yes
20.2	Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)?.	Yes	N/A
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)?.	No	Yes
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)?	Yes	Yes
20.5	Is the district's contribution rate to special education at or below the statewide average contribution rate?	Yes	Yes
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?	N/A	Yes
20.7	Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?	No	No

20. Special Education			
	2022	2024	Change in Number of "No" Responses
Yes	3	5	Decreased by 2
No	3	1	
N/A	1	1	

Appendix B: Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
November 17, 2023

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the San Francisco County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). In accordance with the 2018-19 Budget Act, the team has been assigned to study the COE's fiscal health because the COE received a lack of going concern designation from the California Department of Education (CDE). The team may include staff from FCMAT, county offices of education, the CDE, other school districts, or private contractors. All work shall be performed in accordance with the terms, standards and conditions of this agreement.

The CDE will be notified of this agreement between the COE and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

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

B. Services and Products to be Provided

1. Orientation Meeting – If on-site review is needed, the team will conduct an orientation session at the COE to brief COE management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review – The team will conduct an on-site review at the COE and at school sites if necessary.
3. Draft Report – Electronic copies of a preliminary draft report will be delivered to the COE's administration for review and comment.
4. Final Report – Electronic copies of the final report will be delivered to the COE's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
5. Board Presentation – The team will make a presentation regarding the final report at a COE board meeting.

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3. PROJECT PERSONNEL

The FCMAT study team may include:

A. Tami Montero, CFE	***FCMAT Staff***
B. Roslynne Manansala-Smith	***FCMAT Staff***
C. Jennifer Nerat	***FCMAT Staff***

4. PROJECT COSTS

Pursuant to the 2018-19 Budget Act, costs for the study shall be as follows:

A. All staff member and consultant daily rates and expenses will be covered by a specific state apportionment for this purpose.

B. Based on the elements noted in section 2A, the total cost of the services is $0.

5. RESPONSIBILITIES OF THE COE

A. The COE will provide office and conference room space during on-site reviews.

B. The COE will provide the following items:

1. Current or proposed detailed organizational charts.
2. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the COE and sent to FCMAT in electronic format.
3. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the COE will upload all requested documents.

C. The COE's administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report. All such comments should be provided to the team within five working days after receipt of the draft.

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

6. PROJECT SCHEDULE

The schedule of services will be determined jointly by FCMAT and the COE.

7. COMMENCEMENT AND COMPLETION OF WORK

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the COE and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. The COE understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the COE shall not request that it do so.

8. INDEPENDENT CONTRACTOR

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

9. INSURANCE

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

10. HOLD HARMLESS

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

11. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-at-home orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the COE (Sections I, IV and V 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, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.

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

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

12. FORCE MAJEURE

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

13. CONTACT PERSON

Name: Candi Clark, Interim Associate Superintendent
Telephone: (415) 241-1629
E-Mail: clarkc@sfusd.edu

Dr. Matt Wayne, Superintendent — Date
San Francisco County Office of Education

12/4/23

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

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