FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Health Risk Analysis

March 27, 2026

San Ysidro School District

Michael H. Fine
Chief Executive Officer

March 27, 2026

Manuel Bojorquez, Acting Superintendent
San Ysidro School District
4350 Otay Mesa Road
San Ysidro, CA 92173

Dear Acting Superintendent Bojorquez:

In February2026, the San Ysidro School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

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

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

FCMAT appreciates the opportunity to assist the San Ysidro School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

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

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

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

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

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

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

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

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

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

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

History

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

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

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

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

Introduction

Background

The San Ysidro School District is in south San Diego County next to the United States-Mexico border and approximately 15 miles south of downtown San Diego. The district primarily serves the communities of San Ysidro and Otay Mesa and adjacent unincorporated areas of the county, with a population of approximately 45,000. Most of the district lies within the city of San Diego.

The district operates three transitional kindergarten (TK) through sixth-grade elementary schools, one kindergarten through sixth-grade elementary school, one TK through fifth-grade elementary school, one sixth- through eighth-grade middle school, and one seventh- and eighth-grade middle school. In addition, the district operates a preschool and a child development center.

For fiscal year 2024-25, the most recent year of certified data, district enrollment is 4,144 students in TK through eighth grade.

This Fiscal Health Risk Analysis is being conducted because the district issued a negative certification for the 2025-26 first interim reporting period. A negative certification indicates that the district will be unable to meet its financial obligations for the remainder of the fiscal year or for the subsequent fiscal year. The county superintendent concurred with the district's certification and assigned a fiscal advisor to the district.

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

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the San Ysidro School District on February 26, 2026, and a study team visited the district March 3 through 5 to conduct interviews, collect data and review documents. After the fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's findings and conclusions from those activities.

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

FCMAT relies on publicly available, authoritative data sources and provides direct links to sources where appropriate; however, sources sometimes differ in the data they provide, or their data may be revised over time due to various factors. FCMAT always strives to use the most accurate data available at the time of reporting.

Study Team

The team was composed of the following members:

Robbie Montalbano
FCMAT Intervention Specialist

Alyssa Low
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

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

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Date(s) of fieldwork: March 3 – 5, 2026

School District: San Ysidro School District

Summary

The district is experiencing fiscal difficulties driven by long-term enrollment decline, rising structural costs and weaknesses in financial management practices. Once registering more than 5,000 students, the district has steadily declined in enrollment and has 4,144 students (based on 2024-25 DataQuest certified data), decreasing by 13.81% in the last 10 years.

The district's fiscal condition deteriorated rapidly beginning in 2024-25, when it ended the year with an unexpected unrestricted operating deficit of approximately $3 million. This was a significant increase from the $1.6 million deficit projected just a few months earlier and occurred despite the district not having a recent history of deficit spending. This shift coincides with continued increases in salary and benefit costs, the use of one-time funds for ongoing commitments, and the approval of collective bargaining agreements without identifying the specific ongoing expenditure reductions necessary to sustain them. The district has continued to enter into agreements without clearly identifying specific offsetting cuts.

Budget development and monitoring practices are weak, including insufficient analysis of trends, lack of detailed assumptions, and limited alignment between budget, position control, and actual expenditures. Restricted funds are not proactively used to relieve unrestricted cost pressures, despite substantial available restricted balances.

The district's position control system is incomplete, with human resources and business services maintaining separate, nonintegrated records. This separation results in incomplete staffing costs, including substitutes, overtime, and employer-paid benefits. Without an integrated system, the district risks ongoing budget inaccuracies.

Cash flow analysis is also insufficient. The district relies on the county superintendent to provide the data for its cash flow projections and does not independently analyze or adjust the data for prior, current and forecasted trends. Consequently, the county office of education produces its own secondary cash flow because district submissions do not accurately represent available cash.

Collectively, these issues signal a need for immediate structural and procedural corrections to restore fiscal stability and ensure long-term sustainability.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

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

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

Areas of High Risk

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

Budget and Fiscal Status: Is 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 September 15th by the county superintendent of schools in the current and two prior fiscal years?**	✓	☐	☐
3.4	**Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?**	✓	☐	☐

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

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.4%
2.	Budget Development and Adoption	4.0%
3.	Budget Monitoring and Updates	5.0%
4.	Cash Management	1.0%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	5.2%
7.	Contributions and Transfers	2.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	0.6%
10.	Enrollment and Attendance	2.6%
11.	Facilities	0.2%
12.	Fund Balance and Reserve for Economic Uncertainty	5.0%
13.	General Fund - Current Year	4.4%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	4.6%
16.	Leadership and Stability	0.6%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	5.0%
20.	Special Education	1.7%
Score		**48.9%**

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

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

The audit report for 2024-25 was not completed and presented to the board within the statutory timeline per EC 41020. The audit is dated February 19, 2026, and was presented to the board March 5, 2026. Although the San Diego County superintendent granted the district an extension for completing the audit due to the delayed release of the Office of Management and Budget (OMB) 2025 Federal Compliance Supplement, the county superintendent cannot waive the statutory timeline.

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

The district's two recent and prior audit reports all contained findings of material weakness in internal controls.

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

The district's 2024-25 audit report reflects partial implementation of findings in internal controls from 2023-24.

2. Budget Development and Adoption

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

The district's board presentation at the 2025-26 first interim reporting period includes only high-level budget assumptions and does not explain the detailed differences between the adopted budget and first interim report. Key factors such as step-and-column changes, staffing adjustments, consumer price index (CPI) related cost increases, and unrestricted general fund contribution changes, which increased 3% since the budget was adopted, are not explained. Additionally, the district does not state which assumptions extend into the multiyear projection beyond cost-of-living adjustment (COLA), the State Teachers' Retirement System (STRS), and the Public Employees' Retirement System (PERS) rates, or which key elements provided by the county superintendent through the Common Message are included.

		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 reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses?**	✓	☐	☐

2.3 Does the district use position control data for budget development? ☐ ✓ ☐

Interviews with budget, payroll and human resources staff indicate that while each department maintains its own form of position control, it is not reconciled during budget development. As noted in question 19.3, the district lacks a formal process to align budget, payroll and position control for budget development.

2.4 Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly? ✓ ☐ ☐

2.5 Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years? ✓ ☐ ☐

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? ☐ ✓ ☐

Interviews indicated the district has only recently begun reviewing how restricted funds can offset unrestricted substitute and extra-hourly teacher costs. Historically, the district did not prioritize using restricted funds first.

2.8 Have the district's Local Control and Accountability Plan (LCAP) and budget been adopted within the statutory timelines established by EC 42103 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and prior fiscal year? ✓ ☐ ☐

2.9 Has the district refrained from including carryover funds in its adopted budget? ✓ ☐ ☐

2.10 Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget? ☐ ✓ ☐

The district did not provide detailed account information for the 2025-26 first interim reporting period. The district's 2025-26 adopted budget included negative expense accounts totaling approximately $278,000 in salaries and benefits. Additionally, 2024-25 estimated actuals included negative expense accounts of approximately $394,000 in benefits and other operating expenses.

2.11 Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund? ☐ ✓ ☐

Staff indicated there is no standard procedure for evaluating and accepting grants.

2.12 Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members and departments responsible for completing them? ☐ ✓ ☐

Although the district presents a proposed budget development timeline to the board at first interim and has an internal departmental budget development calendar, it does not reflect the entire fiscal year and responsibilities. A best practice is to have a budget calendar that reflects the full fiscal year of tasks, individuals or departments responsible, and deadlines.

3. Budget Monitoring and Updates

		Yes	No	N/A
3.1	**Are actual revenues and expenses consistent with the most current budget?**	✓	☐	☐
3.2	**Are budget revisions posted in the financial system at each interim reporting period, at a minimum?**	✓	☐	☐
3.3	**Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim reporting period, at a minimum?**	☐	✓	☐

As noted in section 2.1, the district provides a budget presentation with high-level assumptions at each reporting period. However, the assumptions lack sufficient fiscal detail for the current and two subsequent years to clearly explain the differences between adopted budget and first interim, nor do they adequately describe the assumptions underlying the multiyear projection.

		Yes	No	N/A
3.4	**Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?**	✓	☐	☐
3.5	**Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form?**	☐	✓	☐

Although the district explained some variances and the reason why it is not meeting its reserves in Section 10D of the SACS Criteria and Standards Review form, it did not provide details for Section S8A on the fiscal impact of certificated negotiations or reference that a fiscal stabilization plan of potential reductions is necessary to meet the 3% reserve for economic uncertainty.

		Yes	No	N/A
3.6	**Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?**	☐	✓	☐

County office of education staff had concerns that the district does not adequately budget for all projected costs and align the budget with actual expenditure trends during the fiscal year, and county office staff must request additional information and clarification from the district during its oversight review.

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

The district does not prohibit processing requisitions or purchase orders when the budget is insufficient to support the expenditure.

		Yes	No	N/A
3.8	**Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?**	☐	✓	☐

As noted in both questions 2.3 and 19.3, the district lacks a formal process to align budget, payroll and position control for budget development. Although staff reported that salaries and benefits are encumbered, available reports do not demonstrate that salaries and benefits are encumbered or adjusted as needed.

		Yes	No	N/A
3.9	For the most recent and two prior fiscal years, have the district's interim financial reports and unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?	✓	☐	☐

4. Cash Management

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

The district relies on the county superintendent to provide the data for its cash flow projections and does not independently analyze or adjust the data for prior, current and forecasted trends. Cash flow includes only actuals to date balance sheet activity and does not project anticipated activity. The adopted budget includes projections for the current year only, and although a subsequent year was provided at first interim, the best practice is to prepare and update cash flow for both current and subsequent year, including balance sheet activity, particularly when the district is certifying negative with significant deficit spending.

		Yes	No	N/A
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?	☐	☐	✓
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 the district uses interfund borrowing, is it complying with EC 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, memorandum of understanding (MOU), or other written document(s) regarding charter oversight?	✓	☐	☐
5.2	Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?	☐	☐	✓
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?	☐	☐	✓

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

6. Collective Bargaining Agreements

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

The district has not settled with its classified bargaining unit for 2025-26.

		Yes	No	N/A
6.3	**Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?**	✓	☐	☐
6.4	**Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?**	☐	✓	☐

In the presettlement analysis, the costs and effects of settlements were outlined as well as the approximate amount of expenditure reductions needed to afford the agreement; however, specific reductions needed were not outlined.

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

Although the Classified School Employees Association (CSEA) has not yet reached a settlement with the district for 2025-26, their bargaining unit agreement includes an equity clause that entitles them to the same percentage increase negotiated with the San Ysidro Educators' Association (SYEA). The funded COLA for 2024-25 was 1.07%, and for 2025-26, it is 2.30%.

The settlements reached with SYEA, including step-and-column adjustments, exceeded the funded COLA in both years. CSEA's 2024-25 settlement, also including step and column, exceeded the funded COLA. While CSEA has not yet settled for 2025-26, the equity clause, combined with step-and-column movement, guarantees that their eventual settlement will again surpass the funded COLA for 2025-26.

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

For 2024-25, both the superintendent and CBO certified as to the accuracy of the data provided in the public disclosure of collective bargaining agreements. For 2025-26, both the acting superintendent and the CBO accomplished this task. However, for 2025-26, neither the acting superintendent nor the CBO certified that the agreement was affordable nor were budget revisions adopted to ensure it was affordable over the term of the agreement.

		Yes	No	N/A
6.8	**Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?**	☐	✓	☐

For 2025-26, neither the acting superintendent nor the CBO certified that the agreement was affordable.

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

For 2025-26, the board approved the agreement without a certification by the acting superintendent and CBO that the agreement is affordable over its term.

7. Contributions and Transfers

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

The district lacks a board-approved plan to eliminate, reduce or control contributions or transfers from its unrestricted general fund. Contributions increased by 33% from 2023-24 to 2024-25 and from adopted budget to first interim have already increased 3%.

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

Contributions to restricted resources rose from $9.9 million in 2023-24 to $13.3 million in 2024-25, then decreased to $12.3 million at 2025-26 budget adoption before increasing to $12.7 million at first interim. These fluctuations raise concerns about whether contribution levels align with prior year trends.

8. Deficit Spending (Unrestricted General Fund)

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

The district's 2025-26 adopted budget projected an unrestricted general fund operating deficit of $46,000, yet the first interim report shows the deficit increasing to $862,000.

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

The district's 2025-26 first interim multiyear projection shows continued deficit spending in both subsequent fiscal years, with projected unrestricted general fund operating deficits of $2.4 million in fiscal year 2026-27 and $2.2 million in fiscal year 2027-28, respectively.

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

The county office's first interim letter required the district to provide a fiscal stabilization plan with reductions totaling $4.8 million. In response, the district approved a fiscal stabilization plan in its January 27, 2026 meeting with reductions totaling $4.8 million. Although there is a board-approved plan, it had not been implemented as of the date of interviews. Interviews also indicate it will be implemented in the district's second interim report to the board on March 12, 2026.

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

The district's 2023-24 unaudited actuals report shows an unrestricted general fund operating deficit of $426,000. In contrast, the 2024-25 unaudited actuals report shows a significant increase in unrestricted general fund deficit spending totaling nearly $3 million, which indicates that the district's deficit spending has grown substantially 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 requirements to determine its unfunded liability for other post-employment benefits (OPEB)?**	✓	☐	☐
9.2	**Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district's unrestricted general fund revenues?**	✓	☐	☐
9.3	**Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?**	✓	☐	☐
9.4	**Does the district track, reconcile and report employees' compensated leave balances?**	✓	☐	☐
9.5	**Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?**	☐	✓	☐

The collective bargaining agreement between the district and CSEA includes the following language:

> All bargaining unit members may accumulate a maximum of one (1) year's vacation entitlement beyond July 1 of each year. However, with special administrative approval by the Superintendent or designee, an employee may carry over a maximum of one and one-half (1-1/2) years' vacation entitlement beyond July 1 of each year. Any requests to carry over more than one (1) year's vacation entitlement must be submitted in writing to the Human Resources Department no later than May 30 of each year.

In reviewing district documents, some employees had rollover vacation balances beyond the maximum one and one-half years' vacation entitlement noted in the contract.

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?**	☐	✓	☐
	Although the district saw a slight increase in enrollment from 2024-25 to 2025-26, its enrollment has declined by an average of 1% per year over the past three 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 (P-2)?**	✓	☐	☐
10.3	**Does the district track historical enrollment and ADA data to project future trends?**	☐	✓	☐
	While the district tracks historical enrollment and ADA data, it does not use the data to project future trends.			
10.4	**Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?**	✓	☐	☐
10.5	**Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?**	☐	✓	☐
	The district does not research current live birth data and compare it to historical birth trends, nor does the district base its assumptions on industry standard methods to create its enrollment projections.			
10.6	**Has the district planned for enrollment losses to any charter schools?**	☐	☐	✓
10.7	**Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?**	✓	☐	☐
10.8	**Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?**	✓	☐	☐
10.9	**Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?**	✓	☐	☐
10.10	**Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?**	✓	☐	☐

11. Facilities

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

		Yes	No	N/A
11.4	**Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction's loading standards?**	☐	✓	☐
	The district's most recent board-approved long-range facilities master plan from 2021 included facility capacities and enrollment data that were current at the time. Since then, student enrollment has declined, while facility capacity and usage have remained unchanged.			
11.5	**Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?**	☐	✓	☐
	The district adds maintenance and repair expenses when they occur each year instead of including those anticipated needs when adopting the budget.			
11.6	**Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?**	✓	☐	☐
11.7	**If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?**	✓	☐	☐
11.8	**Does the district have a board-approved long-range facilities master plan completed within the last five years that reflects its current and projected facility needs?**	✓	☐	☐

12. Fund Balance and Reserve for Economic Uncertainties

		Yes	No	N/A
12.1	**Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the State Standards and Criteria for Fiscal Solvency?**	☐	✓	☐
	The district is unable to maintain the minimum reserve for economic uncertainties as defined by the State Standards for Fiscal Solvency. The state-required reserve is 3% of total expenditures and uses, which for 2025-26 is approximately $2.5 million. The district's available reserve amount is $91,000, only .11% of the 3% standard.			
12.2	**Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?**	☐	✓	☐
	The district is unable to maintain the minimum reserve for economic uncertainty in the two subsequent years. Multiyear projections indicate continued negative unrestricted general fund balances and ongoing deficit spending. As a result, the district is projected to remain significantly below the 3% reserve requirement: (2.66%) in 2026-27 and (5.27%) in 2027-28.			
12.3	**If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve?**	☐	✓	☐
	The district proposed a $3.8 million reduction plan at first interim, but it was not included in the multiyear projection. Following the county superintendent's January 9, 2026 letter requiring $4.8 million in reductions for the 2026-27 fiscal year, the district revised its stabilization plan accordingly, and the board approved it on January 27, 2026. Interviews indicated the plan will be incorporated into the second interim multiyear projection.			

		Yes	No	N/A
12.4	**Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions?**	☐	✓	☐

The district's projected unrestricted fund balance is not stable or increasing in the two subsequent years. First interim multiyear projections show continued negative unrestricted fund balances increasing to $2.3 million in 2026-27 and $4.5 million in 2027-28.

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

The district does not have sufficient assigned or committed reserves above the recommended 3% reserve level to cover unfunded or contingent liabilities or one-time costs as noted in prior responses 12.1, 12.2 and 12.4. Because the district cannot meet the minimum reserve requirement, no additional reserves are available to commit to these obligations.

13. General Fund – Current Year

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

Although staff reported that ongoing expenditures were reduced as one-time funds expired, the first interim board presentation and criteria and standards did not identify remaining one-time funds, their expiration, or any plan for reducing or budgeting related expenditures in other sources in the current or two subsequent years. This is additionally concerning since the district's fiscal stabilization plan identifies shifting approximately $1.1 million in expenditures from the unrestricted general fund to restricted funds without identifying the source of restricted funding that will be utilized.

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

According to the district's first interim budget, 87.1% of its unrestricted general fund budget is allocated to salaries and benefits, exceeding the 2023-24 statewide average (the latest data available) of 86%.

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

In reviewing the district's first interim criteria and standards, the average is 87.1%, which is lower than 2024-25 (90.2%) and higher than 2023-24 (85%).

		Yes	No	N/A
13.4	**If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)?**	✓	☐	☐

		Yes	No	N/A
13.5	**For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds?**	☐	✓	☐

Although interviews indicated some ongoing expenditures were reduced as one-time funds expired, as noted in 13.1, the first interim budget, criteria and standards and board presentation did not identify remaining one-time funds, their expiration timelines, or any board-approved plan to address related expenditures in the two subsequent years.

		Yes	No	N/A
13.6	**Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?**	☐	✓	☐

The district reduced its restricted fund balance by $1.5 million from the previous year yet still incurred an $862,000 unrestricted deficit because it did not use $15.3 million in available restricted funds. Failing to prioritize allowable restricted resources first when facing deficit spending is one of the several causes of the unrestricted general fund deficit.

		Yes	No	N/A
13.7	**Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?**	☐	✓	☐

While some restricted programs such as special education preschool and Title I were charged indirect costs, the district does not consistently charge indirect costs to all allowable restricted resources.

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

Interviews indicated that staff reviewed all balance sheet accounts at year-end, but it is unclear if the same process occurs during the interim reporting period. The 2024-25 audit included a repeat finding related to unrecorded changes in the cash-with-fiscal-agent account in Fund 49, which affected the beginning fund balance. The best practice is to review and reconcile all balance sheet accounts at each interim and at year-end close to ensure accuracy and proper adjusting entries.

14. Information Systems and Data Management

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

Although the district is working to reconcile position control at each interim, departments continued to use independent position control spreadsheets, reducing the accuracy of financial and staffing data needed for informed decision-making.

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

		Yes	No	N/A
14.6	**If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance?**	☐	☐	✓

15. Internal Controls and Fraud Prevention

		Yes	No	N/A
15.1	**Does the district have controls that limit access to its financial system and include multiple levels of authorization?**	✓	☐	☐
15.2	**Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually?**	☐	✓	☐
	While no documentation was provided to substantiate the statement, interviews with staff consistently indicated that the district's financial system's access and authorization controls are updated upon employment actions. No annual review is performed.			
15.3	**Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:**			
	• **Accounts payable (AP).**	☐	✓	☐
	Interviews with staff indicated that accounts payable staff can add a vendor to the financial system and pay the vendor. Additionally, an employee can pay a vendor and receive the check for disbursement.			
	• **Accounts receivable (AR).**	☐	✓	☐
	Interviews with staff indicated that cash is received by the same person who reconciles the bank statements.			
	• **Purchasing and contracts.**	☐	✓	☐
	Interviews with staff indicated that an employee can pay a vendor and receive the check for disbursement.			
	• **Payroll.**	☐	✓	☐
	Staff responsible for creating payroll payments also receive physical checks for disbursement.			
	• **Human resources (i.e., duties related to position control and payroll processes).** ✓	☐	☐	
15.4	**Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?**	✓	☐	☐
15.5	**Does the district review and work to clear prior year accruals throughout the year?**	✓	☐	☐
15.6	**Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?**	✓	☐	☐
15.7	**Does the district have processes and procedures to discourage and detect fraud?**	☐	✓	☐
	As noted above in question 15.3, internal controls should be reviewed and strengthened.			
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?**	✓	☐	☐

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

The district does not have an internal audit process.

16. Leadership and Stability

		Yes	No	N/A
16.1	**Does the district have a chief business official who has been in this position with the district for more than two years?.**	✓	☐	☐
16.2	**Does the district have a superintendent who has been in this position with the district for more than two years?**	✓	☐	☐
16.3	**Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?**	✓	☐	☐
16.4	**Is training on financial management and budget provided to school and department administrators who are responsible for budget management?**	✓	☐	☐
16.5	**Does the governing board adopt and revise policies and administrative regulations annually?.**	✓	☐	☐
16.6	**Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?.**	☐	✓	☐

Based on interviews with staff, newly adopted or revised policies and administrative regulations are not specifically communicated to staff. The policies are available on the district's website.

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

17. Multiyear Projections

		Yes	No	N/A
17.1	**Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?**	☐	✓	☐

The district does not include detailed assumptions aligned with industry standards. As stated in 2.1, the district's board presentation includes only high-level budget assumptions and does not explain the detailed differences between the adopted budget and first interim. Key factors such as step-and-column changes, staffing adjustments, CPI-related cost increases, and unrestricted general fund contribution changes, which increased 3% since the budget was adopted, are not explained. Additionally, the district does not state which assumptions extend into the multiyear projection beyond COLA, STRS, and PERS rates, any changes in one-time funding, or which key elements provided by the county superintendent through the Common Message are included.

		Yes	No	N/A
17.2	**To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?**	✓	☐	☐

		Yes	No	N/A
17.3	**Does the district use its most current multiyear projection when making financial decisions?**	☐	✓	☐

Although the district prepares and updates its multiyear projections, it has not used them effectively to guide recent financial decisions. The 2025-26 adopted budget projected a $46,000 unrestricted deficit with no deficit in the two subsequent years, with the district meeting its 3% reserves all three years. However, between estimated and unaudited actuals, the ending fund balance decreased by $1.4 million. Additionally, labor settlements further reduced the ending fund balance by $861,000. All these changes prevent the district from meeting the 3% reserve requirement at first interim. These actions demonstrate the district did not rely on its projections and made decisions that worsened its fiscal condition.

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

18. Non-Voter-Approved Debt and Risk Management

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

19. Position Control

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

Interviews with budget, payroll and human resources staff indicate that while each department maintains its own form of position control, they do not account for all positions and costs, including substitutes and overtime costs, in position control. As noted in 2.3, 14.2 and 19.3, the district lacks a formal process to align budget, payroll and position control, reducing the accuracy of financial and staffing data needed to make informed decisions.

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

In interviews, staff stated they are using board-approved staffing ratios; however, that practice just began this fall as the district reviewed staffing for its reduction of particular kinds of services as part of its fiscal stabilization plan.

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

Interviews indicate each department maintains its own form of position control but does not reconcile during budget development or interim reporting, and lacks a formal process to align budget, payroll and position control as stated in 2.3 and 19.3.

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

Interviews stated that the governing board does not authorize new positions and extra assignments before positions are posted for recruitment.

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

Although interviews indicated that the departments meet as needed, there is no formal monthly meeting to discuss issues between departments.

20. Special Education

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

The district has adopted staffing ratios that align with statutory requirements and industry standards; however, in several cases, they are not implemented. As an example, the district adopted a ratio of 1-to-1,000 for psychologists; however, district data reflects an actual ratio of about 1-to-256.

		Yes	No	N/A
20.2	**Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?**	✓	☐	☐
20.3	**Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?**	✓	☐	☐
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)?**	☐	✓	☐

The district does not charge indirect costs to the special education program.

		Yes	No	N/A
20.5	**Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?**	✓	☐	☐
20.6	**Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates?**	☐	✓	☐

Based on 2024–25 DataQuest certified data, the district's rate of identification of students as eligible for special education (17.08%) is below the countywide rate of 17.16% but exceeds the statewide rate of 14.25%.

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

The district does not complete the maintenance of effort forms at interim reports.

Risk Score, 20 numbered sections only:	**48.9%**

Key to Risk Score from 20 numbered sections only:

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

District Fiscal Solvency Risk Level, all FHRA factors:	**High**

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

Appendix

A: Study Agreement

Appendix A — Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

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

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

1. **BASIS OF AGREEMENT**

   FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the Client self-certified its 2025-26 first interim financial report as negative in accordance with EC 42130 and 42131.

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

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

2. **SCOPE OF THE WORK**

   A. Scope and Objectives of the Study

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

   B. Services and Products to be Provided

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

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

      3. Exit Meeting
         The Team will hold an exit meeting at the conclusion of the fieldwork to inform the

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

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

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

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

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

3. PROJECT PERSONNEL

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

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

4. PROJECT COSTS

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

5. RESPONSIBILITIES OF THE CLIENT

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

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

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

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

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

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

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

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

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

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

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

6. PROJECT SCHEDULE

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

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

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

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

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

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

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

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

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

8. **INDEPENDENT CONTRACTOR**

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

9. **RECORDS**

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

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

10. **CONTACT WITH PUPILS**

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

11. **INSURANCE**

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

12. **HOLD HARMLESS**

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

13. **PUBLIC SAFETY CONSIDERATIONS**

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

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

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

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

14. **FORCE MAJEURE**

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

15. **EVALUATION**

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

16. CLIENT CONTACT PERSON

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

Name: Marilyn Adianzen, CBO

Telephone: (619) 428-4476

Email: marilyn.adrianzen@sysdschools.org

17. SIGNATURES

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

For Client:

2/25/26

Marilyn Adrianzen, Chief Business Official
San Ysidro School District

Date

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2026.03.02 16:26:43 -08'00'

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

Date