

Fiscal Health Risk Analysis

May 7, 2021



West Contra Costa Unified School District

Michael H. Fine
Chief Executive Officer

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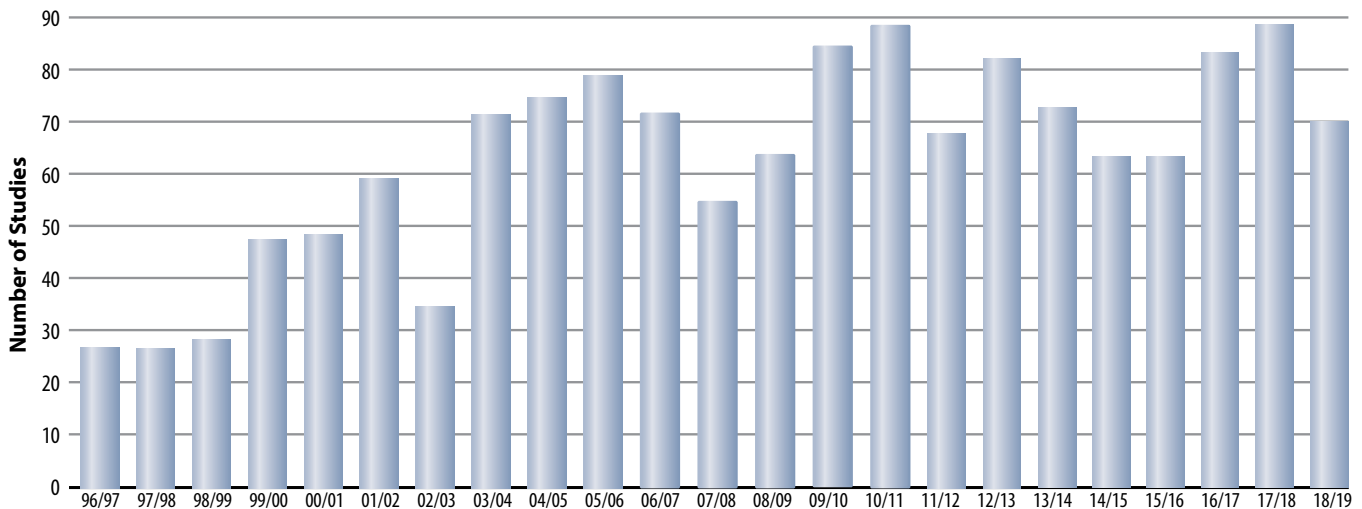
About FCMAT

FCMAT’s primary mission is to assist California’s local K-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 K-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 1992 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, 2019, AB 1840 was signed into law. This legislation changed the 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 1,000 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 county superintendent and build on his or her 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 FHRA is being conducted because the district had the following condition(s), under which an analysis is required by the 2018-19 State Budget Act.

- Three consecutive qualified interim report certifications

The West Contra Costa Unified School District is located in Contra Costa County on the east side of the San Francisco Bay and serves the five cities of Richmond, El Cerrito, San Pablo, Pinole, and Hercules and the unincorporated areas of Bayview-Montalvin Manor, East Richmond Heights, El Sobrante, Kensington, North Richmond, and Tara Hills. Under the governance of a five-member board, the district serves preschool through adult students at 33 elementary schools, five K-8 schools, six middle and junior high schools, seven comprehensive high schools, and five alternative schools. California Longitudinal Pupil Achievement Data System (CALPADS) records indicate that the 2019-20 student enrollment was 28,246 (excluding charter schools) with an unduplicated pupil percentage of students who qualify for free and reduced-price meals, are English learners or are foster youth, of approximately 69%.

Beginning with the 2019-20 first interim report, the district certified three consecutive interim financial reports as "qualified," meaning the district may not meet its financial obligations in the current or two subsequent fiscal years. The district has experienced a pattern of deficit spending that began in 2015-16 and is projected to continue through 2022-23 according to the district's 2020-21 first interim financial report.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk for insolvency.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the West Contra Costa Unified School District on February 25, 2021. Because of the COVID-19 pandemic, the FCMAT study team did not visit the district in person but conducted interviews with the district and school site staff via video conferences on March 17, 18 and 26, 2021. Following fieldwork, the 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:

Robbie Montalbano
Intervention Specialist

John Von Flue
Chief Analyst

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 K-12 School Districts

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Date(s) of fieldwork: March 17, 18, and 26, 2021

District: West Contra Costa Unified School District

Summary

The district self-certified as qualified for the 2019-20 first and second interim reporting periods as well as the 2020-21 first interim reporting period. A qualified certification means that the district may not be able to meet its financial obligations for the current or two subsequent fiscal years. The three consecutive qualified certifications indicates that the district has not addressed their potential insolvency issues. This Fiscal Health Risk Analysis (FHRA) is reflective of the district at the time of the 2020-21 first interim reporting period and shows the district is at a high risk of insolvency and identifies its areas of fiscal weaknesses.

The district has been experiencing declining enrollment and a period of deficit spending that began in 2015-16 and is projected to continue through at least 2022-23. Subsequent to the first interim, with the improvement of the state budget and additional one-time funds, the district has self-certified as positive for the 2020-21 second interim reporting period; however, the structural deficit has still not been addressed as second interim multiyear projections (MYPs) continue to include \$4,541,609 in deficit spending in 2021-22 and \$9,429,667 in 2022-23.

Employee compensation composes a significant majority of the district's expenses since approximately 90% of the district's unrestricted expenditures go to salary and benefits. The district projects the share of unrestricted expenses attributed to employee compensation to continue to increase in subsequent years not including any negotiated compensation increases. Therefore, collective bargaining has a significant impact on the district's fiscal well-being.

FCMAT could not determine whether the district has properly disclosed collective bargaining agreements. The materials provided with online board agendas include unsigned certifications concerning the affordability of the agreements before board action was taken. The public disclosure was conducted for annual contract negotiations; however, FCMAT found no evidence that the district complied with disclosure, certification and board approval for the MOU process. During the COVID pandemic, the district has entered into multiple memoranda of understanding (MOU) with bargaining units for areas that cover matters within the scope of representation (Government Code 3547.5).

The analysis found issues highlighted in the district's multiyear projections (MYPs) as they identify an ongoing deficit spending trend. Without significant expenditure reductions and/or revenue increases, the district will continue to deficit spend into the foreseeable future and will not maintain an adequate reserve for economic uncertainty. Based on the district's positive certification at second interim, its fiscal position appears to have improved; however, the district's structural deficit remains and needs to be addressed. The governing board is ultimately responsible for the district's budget, and management is responsible for providing accurate financial information based on current and accurate data so the board can make sound decisions. The failure of the board to act decisively on accurate information may result in fiscal insolvency and loss of local control.

District 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; 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 lack of attention to these critical areas will eventually lead to a district's failure. 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 risk of insolvency or fiscal

issues for the district. 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. To help the district, narratives are included for responses that are marked as a “no” so the district 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 a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

Areas of High Risk

The 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 district’s overall risk level.

Budget and Fiscal Status: Is district currently <i>without</i> the following?:	Yes	No
Disapproved budget	✓	<input type="checkbox"/>
Negative interim report certification	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications	<input type="checkbox"/>	✓
Downgrade of an interim certification by the county superintendent	✓	<input type="checkbox"/>
“Lack of going concern” designation	✓	<input type="checkbox"/>

Material Weakness Questions	Yes	No	N/A
2.5 Has the district’s budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.4 If the district’s cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	<input type="checkbox"/>	✓	<input type="checkbox"/>
5.2 If the district has any charters in fiscal distress, has the district performed its statutory fiscal and operational oversight functions, including formal communication to the charter, such as notices of violation?	<input type="checkbox"/>	<input type="checkbox"/>	✓
5.3 Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	<input type="checkbox"/>	✓	<input type="checkbox"/>
6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	✓	<input type="checkbox"/>
7.2 If the district has deficit spending in funds other than the general fund, has it included in			

	its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10.6	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19.1	Does the district account for all positions and costs?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.4%
2.	Budget Development and Adoption	1.2%
3.	Budget Monitoring and Updates	2.0%
4.	Cash Management	4.5%
5.	Charter Schools	0.3%
6.	Collective Bargaining Agreements	4.9%
7.	Contributions and Transfers	2.0%
8.	Deficit Spending (Unrestricted General Fund)	2.0%
9.	Employee Benefits	1.6%
10.	Enrollment and Attendance	2.5%
11.	Facilities	0.3%
12.	Fund Balance and Reserve for Economic Uncertainty	2.9%
13.	General Fund - Current Year	3.1%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	1.8%
16.	Leadership and Stability	2.2%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	1.6%
19.	Position Control	0.0%
20.	Special Education	1.4%

Fiscal Health Risk Analysis Questions

Budget and Fiscal Status: Is the district currently <i>without</i> the following?:	Yes	No
Disapproved budget	✓	<input type="checkbox"/>
Negative interim report certification	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications	<input type="checkbox"/>	✓
Downgrade of an interim certification by the county superintendent	✓	<input type="checkbox"/>
“Lack of going concern” designation	✓	<input type="checkbox"/>

1. Annual Independent Audit Report	Yes	No	N/A
<p>1.1 Has the district corrected the most recent and prior two years’ audit findings without affecting its fiscal health?</p> <p><i>The 2019-20 audit identified five findings including associated student body funds (ASB), After School Education and Safety Program (ASES), unduplicated local control funding formula pupil counts (ULCFFPC), instructional materials, and School Accountability Report Card (SARC). The audit identifies a questioned cost of \$18,473 due to the misreporting of a student as an English learner (ULCFFPC).</i></p> <p><i>The 2018-19 audit identified six findings including ASB, ASES, Comprehensive Safety Plan, ULCFFPC, teacher certification and misassignments, and SARC. Questioned costs for the findings total \$239,777.</i></p> <p><i>The 2017-18 audit identified three findings in capital assets, ASB and ASES, however, no questioned costs were identified.</i></p>	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller’s Office should be explained.)</p>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<p>1.3 Were the district’s most recent and prior two audit reports free of findings of material weaknesses?</p> <p><i>The 2017-18 audit identified a material weakness in internal controls over financial reporting.</i></p>	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>1.4 Has the district corrected all reported audit findings from the most recent and prior two audits?</p> <p><i>The 2019-20 audit identified findings in ASB, ASES, ULCFFPC, instructional materials, and SARC. This audit was recently received, and it is unknown whether the district has had an opportunity to correct the identified issues. The audit identified repeat findings from the prior year audit in the areas of ASB, ASES, ULCFFPC, and SARC.</i></p> <p><i>The 2018-19 audit identified repeat findings from the prior year audit in ASB and ASES.</i></p> <p><i>The 2017-18 audit also identified repeat findings from the prior year audit for ASB internal controls.</i></p> <p><i>As required, each year the district has explained its audit exceptions/findings and identified corrective actions to be taken to resolve the findings to the county office.</i></p>	<input type="checkbox"/>	✓	<input type="checkbox"/>

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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.2	Does the district use a budget development method other than a prior-year rollover budget, and, if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.3	Does the district use position control data for budget development?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.4	Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.5	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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)?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.7	Does the district budget and expend restricted funds before unrestricted funds?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.9	Has the district refrained from including carryover funds in its adopted budget?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	✓	<input type="checkbox"/>

As of March 7, 2021, the district's budget for 2020-21 contains abatement/negative account lines including the following unrestricted expenditure budget lines:

Account Code	Budget
01-0000-1110-674-1110-1000-600110-0-0000	\$(16,572,157.00)
01-0000-2110-674-1110-1000-600110-0-0000	\$(246,013.00)
01-0000-3101-674-1110-1000-600110-0-0000	\$(2,346,081.00)
01-0000-3202-674-1110-1000-600110-0-0000	\$(3,345,536.00)
01-0000-3302-674-1110-1000-600110-0-0000	\$(15,253.00)
01-0000-3311-674-1110-1000-600110-0-0000	\$(257,342.00)
01-0000-3312-674-1110-1000-600110-0-0000	\$(3,567.00)
01-0000-3501-352-1110-2700-200120-0-0000	\$(3,302.00)
01-0000-3501-674-1110-1000-600110-0-0000	\$(7,317.00)
01-0000-3502-674-1110-1000-600110-0-0000	\$(123.00)
01-0000-3601-674-1110-1000-600110-0-0000	\$(224,409.00)
01-0000-3602-674-1110-1000-600110-0-0000	\$(8,029.00)
01-0000-4300-674-1110-1000-600110-0-0000	\$(3,016,398.00)
01-0000-5890-674-1110-1000-600110-0-0000	\$(7,346,317.00)
Total:	\$(33,391,844.00)

The California School Accounting Manual (CSAM) Procedure 560 defines the allowable and disallowable abatements of expenditures. Since the allowable abatements are limited, the budgeted amounts are apparently intended as an overall budget adjustment rather than budgets for allowed abatements.

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?	<input type="checkbox"/>	✓	<input type="checkbox"/>
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Based on interviews with staff, the district reviews and is intentional in its acceptance of grants and restricted funds, but did not provide FCMAT with a formal and/or documented system to consider, evaluate, and accept them.

- | | | | | |
|------|---|---|---|---|
| 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
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- | | | | | |
|-----|---|---|---|---|
| 3.1 | Are actual revenues and expenses consistent with the most current budget?

<i>The district's overall budget appears in alignment, but a review of account line details found many account lines are not consistent with actual revenues and expenditures. This results in specific account lines with activity having insufficient or no budget at all. These inconsistencies are offset by other account lines with excess budget and abatements such as those identified in 2.10 above. Once the offset account lines are removed, the district will need to adjust budget lines to provide a more clear and accurate report of expenditures.</i> | □ | ✓ | □ |
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| 3.2 | Are budget revisions posted in the financial system at each interim report, at a minimum? | ✓ | □ | □ |
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- | | | | | |
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| 3.3 | Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum?

<i>FCMAT found unexplained inconsistencies between the first interim 2020-21 board presentation and the corresponding official state reporting forms (SACS). For example, major expenditure assumptions – out years (fund 01 ONLY), slide 12 of the board presentation, does not align with the figures provided in the district's first interim form MYPI. When presenting information different from the official SACs reports, the district should clearly identify and explain the differences and supporting assumptions.</i> | □ | ✓ | □ |
|-----|--|---|---|---|

- | | | | | |
|-----|--|---|---|---|
| 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? | ✓ | □ | □ |
|-----|---|---|---|---|

- | | | | | |
|-----|--|---|---|---|
| 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? | ✓ | □ | □ |
|-----|---|---|---|---|

- | | | | | |
|-----|--|---|---|---|
| 3.9 | Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close? | ✓ | □ | □ |
|-----|--|---|---|---|

- | | | | | |
|------|---|---|---|---|
| 3.10 | 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? | ✓ | □ | □ |
|------|---|---|---|---|

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? | ✓ | □ | □ |
|-----|--|---|---|---|

- | | | | | |
|-----|---|---|---|---|
| 4.2 | Does the district reconcile all bank (cash and investment) accounts with bank statements 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? | ✓ | □ | □ |
|-----|--|---|---|---|

- | | | | | |
|-----|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <i>The first interim cash flow forecast shows negative cash in June 2021 and for the first nine months of fiscal year 2021-22, with the largest shortfall of \$71,474,820 in November 2021. In the district's first interim report, the district states that "plans for interfund borrowing, county teetering, and TRANS are underway." During interviews, FCMAT was informed that because of increased federal funding, the district is not expected to have to borrow funds.</i> | | | |
| 4.5 | Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.6 | If interfund borrowing is occurring, does the district comply with Education Code Section 42603? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.7 | If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

5. Charter Schools

Yes No N/A

- | | | | | |
|-----|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 5.1 | Are all charters authorized by the district going concerns? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5.2 | If the district has any charters in fiscal distress, has the district performed its statutory fiscal and operational oversight functions, including formal communication to the charter, such as notices of violation? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5.3 | Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <i>While the district has a checklist and assigned individuals in various areas of charter oversight, no evidence was submitted showing analysis of the information provided by the charters or from on-site visitations. One notice of concern was issued to a charter school, but overall supporting documentation for oversight is lacking.</i> | | | |
| 5.4 | Does the district have a board policy or other written document(s) regarding charter oversight? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | <i>As of the date of completion of fieldwork, the district did not have a board policy regarding charter oversight. However, the district submitted copies of a proposed board policy.</i> | | | |
| 5.5 | Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

6. Collective Bargaining Agreements

Yes No N/A

- | | | | | |
|-----|--|-------------------------------------|-------------------------------------|--------------------------|
| 6.1 | Has the district settled with all its bargaining units for the past two fiscal years? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.2 | Has the district settled with all its bargaining units for the current year? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.3 | Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Public disclosure documents indicate that costs will be paid from fund balance, and the district will need to identify cuts in the future.

- 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements at or under the funded cost of living adjustment (COLA)?

The district has agreed to settlements with its bargaining units at greater than the funded cost of living adjustment (COLA) as shown in the table below:

	2018-19	2019-20	2020-21
Statutory COLA	2.71%	3.26%	2.31% (unfunded)
United Teachers of Richmond	5.00%	3.00%	2.00%
Teamsters	3.00%	3.44%	2.41%
West Contra Costa Administrators' Association	3.52%	3.50%	2.48%
School Supervisors' Association/International Federation of Professional and Technical Engineers	3.26%	3.21%	2.21%

- 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?

The district complied with Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142, for 2018-19 and 2019-20 contract settlements with United Teachers of Richmond (UTA), Teamsters and School Supervisors' Association (SSA). However, no evidence was provided that the district complied with the requirements for the West Contra Costa Administrators' Association (WCCAA), the Adult School Teachers United (ASTU) or for individual memoranda of understanding (MOU) throughout 2019-20 and 2020-21.

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

A review of board agenda items and minutes found that the disclosures attached to the agendas did not include the signatures of the superintendent and CBO. While the district provided the team with signature pages dated in advance of the board meeting date, it is unclear whether the board and public were aware that the certifications were signed before the board took action. The CBO also did not sign the certifications for the contract settlements with SSA or WCCAA.

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

A review of board agenda items and minutes indicates that the disclosures attached to the agendas did not include signatures of the superintendent and CBO. While the district provided the team with signature pages dated in advance of the board meeting date, it is unclear whether the board and public were aware that the certifications were signed before the board took action.

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 district's multiyear projection indicates a \$71,266,091 general fund contribution from unrestricted to restricted programs is planned in 2020-21 increasing to \$72,149,039 in 2021-22 and to \$72,396,143 in 2022-23. As identified in 7.2, funds 11, 12, and 13 are deficit spending in the current year; however, no transfers are planned to cover the fund balance shortfall that may occur in the subsequent years.

No corrective action was found specifically addressing these contributions and/or reducing the encroachments.

- 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?

The district's 2020-21 first interim report identifies current year deficit spending in funds 11, 12, and 13.

Fund 11 is budgeted to deficit spend \$424,006 and estimates the current year ending fund balance at \$757,919.

Fund 12 is budgeted to deficit spend \$59,788 in the current year, leaving an ending fund balance of \$14.46.

Fund 13 is budgeted to deficit spend \$647,561 in the current year and is budgeted to end the year with \$1,023,879.76.

Should these deficits continue, fund 12 will be insolvent near the beginning of next year (fiscal year (FY) 2021-22) and funds 11 and 13 would have a negative ending fund balance in year two (FY 2022-23).

FCMAT found no contributions from the district's unrestricted general fund to other funds (transfers out 7600-7629) scheduled in the district's multiyear projection. Should the deficits continue at these levels, the district transfers needed to cover shortfalls in these funds would be approximately \$59,774 in 2021-22 and \$421,124 in 2022-23.

- 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?

The district's 2020-21 first interim report reflects deficit spending of \$1,015,317 in the unrestricted general fund in 2021-22 and \$9,735,829 in 2022-23.

- 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 district is projecting to deficit spend in both 2021-22 and 2022-23 and has not approved a plan to curb this imbalance to maintain sufficient reserves and ensure fiscal solvency.

In the first interim (O1CSI 10D), the explanation for not meeting the reserve standard states the following:

The district board will need to approve an additional set of outlined reductions to get the district in good financial stability. Budget reductions for the two subsequent years are needed (due to one-time funds used) and should be identified as we approach upcoming interim reportings.

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 no greater than 2% of the district's unrestricted general fund revenues?

The district's OPEB actuarial study dated June 30, 2020, estimates its total OPEB liability as \$251,175,501 for the fiscal year ended June 30, 2019. The district funds its retiree health and welfare benefits program on a pay-as-you-go basis. The actuarial valuation report indicates a pay-as-you-go OPEB contribution of \$17,162,153 in 2020-21, which is 5.88% of its unrestricted general fund revenues.

9.3 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?

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 district relies on CalPERS, its benefit provider, to monitor eligibility for health insurance. No evidence was submitted showing the district performs periodic verification and determination for eligibility for vision, dental and life insurances.

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?

As shown in the table below, the district's noncharter school enrollment has been declining with a minor increase in 2019-20.

	2017-18	2018-19	2019-20	2020-21 est.
Noncharter school enrollment	28,457	28,121	28,246	27,383
Change from prior year		(336)	125	(863)

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)?

10.3 Does the district track historical enrollment and ADA data 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?

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?

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

While the district tracks historical enrollment and ADA, this data has not been used for the current year or two subsequent years' budgets; enrollment is projected as flat when the historical information would indicate a possible decline in enrollment. The district submitted CALPADS report 1.4 reflecting noncharter school enrollment of 27,383 for 2020-21, (863) below 2019-20 enrollment of 28,246.

- 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?
- 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?

According to documents submitted by the district, it had one class in grades 1 – 3 in 2018-19 that exceeded the collectively bargained agreement of a class maximum of 26 students. In 2019-20, the district had two classes exceeding the collectively bargained class maximum of 26 students in grades TK – 3. No information was submitted for 2020-21.

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?
In the district's 2020-21 first interim report, it reported contributions of \$10,301,696 to the routine restricted maintenance account. The required contribution amount is \$11,373,183.15.
- 11.2 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?
- 11.3 Does the district properly track and account for facility-related projects?
The 2019-20 performance audit for Measures D and E indicated the district does not have a documented basis for distributing salary between the narrow category of bond compliant construction projects and routine everyday school facilities administrator expenses.
- 11.4 Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?
Documents submitted by the district indicate that many school sites are underenrolled based on overall capacity. Of the district's 47 school sites, 23 are underenrolled by more than 10%. Operating schools at or near capacity ensures efficiencies in the overall operating costs of facilities as well as the number of facilities needed by the district.
- 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years? <i>The district's minimum reserve for economic uncertainty is 3% of total expenditures and other financing uses. At first interim, the district projects its reserves for economic uncertainty to be 2.67% in 2021-22 and negative 1.56% in 2022-23. Based on the district's positive certification at second interim, its fiscal position appears to have improved; however, the structural deficit remains.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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? <i>As of the 2020-21 first interim report the district did not have a board-approved plan to reduce its deficit spending or to maintain or restore its reserves.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12.4	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years? <i>The 2020-21 first interim report includes projected deficit spending of \$1,015,317 in the unrestricted general fund in 2021-22 and \$9,735,829 in 2022-23, eroding its unrestricted fund balance from approximately \$40.3 million in the current year to \$29,558,121 in 2022-23.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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? <i>The district reports that it uses CARES Act funds for ongoing expenditures and states in its 2020-21 first interim criteria and standards S2 that "budget reductions will need to be recognized in order to balance the budget in the two subsequent years."</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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? <i>The latest data on the statewide ratio of unrestricted salaries and benefits to unrestricted expenditures identifies the ratio as 88% in 2019-20. The district's first interim budget reports the current year ratio at 89.8% and is budgeted to increase to 91.1% in 2021-22 and 91.2% in 2022-23.</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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? <i>The district uses one-time COVID-19 relief funds to pay for staff during the</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

allowable period, but has acknowledged that reductions will be needed once the funds are exhausted.

- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?
- 13.7 Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?

The district's first interim 2020-21 identifies an approved indirect cost rate of 9.6%; however, the district budgeted rates varied from .13% to 9.77%.

The district's 2019-20 unaudited actuals identify an approved rate of 6.18%; however, the listing of indirect cost rates applied ranges from 1.67% to 6.18%.

These variances indicate that the district does not consistently apply indirect charges to restricted resources and funds.

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?
- 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?

Finding 2020-003 in the annual audit for the 2019-20 fiscal year focused on the unduplicated pupil count eligibility certification: One of the 60 pupils tested from the CALPADS 1.18 FRPM/English learner/foster youth report was reclassified and not updated in CALPADS. This was a repeat finding from the prior year audit.

In the 2018-19 audit, finding 2019-004 identified two of 60 pupils tested as lacking proper support documentation.

- 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 and is not fiscally independent, is there an automated interface with the financial system used by the county office of education?
- 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 interviews with staff, while the district updates access to the financial system upon employment actions, no annual review of access and authorization controls 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)*
 - Accounts receivable (AR)*

	<i>Purchasing and contracts</i>	✓	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Payroll</i>	✓	<input type="checkbox"/>	<input type="checkbox"/>
	<i>Human resources (i.e., duties relative to position control and payroll processes)</i>	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.5	Does the district review and work to clear prior year accruals throughout the year?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.6	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.7	Does the district have processes and procedures to discourage and detect fraud? <i>Board Policy 3400 and Administrative Regulation 3400, Management of District Assets/ Accounts, describe the procedures for reporting and investigating fraud. The policy states the following:</i> <i>...the Superintendent or designee shall establish a method for employees and outside persons to anonymously report any suspected instances of fraud, impropriety, or irregularity.</i> <i>The district does use We Tip; however, interviews revealed the district staff are not aware of it.</i>	<input type="checkbox"/>	✓	<input type="checkbox"/>
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?	✓	<input type="checkbox"/>	<input type="checkbox"/>
15.9	Does the district have an internal audit process? <i>While the district has an internal auditor position, it lacks a formal process to determine areas to audit or regular reporting of audits performed with results. Additionally, the auditor receives direction on what to audit and when and therefore does not appear to be autonomous.</i>	<input type="checkbox"/>	✓	<input type="checkbox"/>

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? <i>The chief business official has been with the district for less than two years, and the district has a history of instability.</i>	<input type="checkbox"/>	✓	<input type="checkbox"/>
16.2	Does the district have a superintendent who has been with the district as superintendent for more than two years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
16.3	Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?	✓	<input type="checkbox"/>	<input type="checkbox"/>
16.4	Is training on financial management and budget provided to site and department administrators who are responsible for budget management?	✓	<input type="checkbox"/>	<input type="checkbox"/>
16.5	Does the governing board adopt and revise policies and administrative regulations annually? <i>Board Bylaw 9310 states the following:</i> <i>The Board shall review certain policies annually, as required by Education Code 35160.5. If no revisions are deemed necessary, the Board minutes shall nevertheless indicate that the review was conducted. Other policies shall be monitored and reviewed no less frequently than every three years.</i> <i>The district uses the California School Boards' Association (CSBA) to update its board policies and administrative regulations. However, it lacks a routine process for updating board policies to ensure compliance with the board's bylaw since the dates on several policies do not reflect a recent review and/</i>	<input type="checkbox"/>	✓	<input type="checkbox"/>

or adoption.

- | | | | | |
|------|--|--------------------------|--------------------------|--------------------------|
| 16.6 | Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.7 | Do all board members attend training on the budget and governance at least every two years?

<i>Interviews indicated that some board members do not attend training on the budget and governance at least every two years.</i> | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| 16.8 | Is the superintendent's evaluation performed according to the terms of the contract? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

17. Multiyear Projections

Yes No N/A

- | | | | | |
|------|--|--------------------------|--------------------------|--------------------------|
| 17.1 | Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?

<i>The multiyear projections published with the district's first interim 2020-21, only contain explanations for adjustments as detailed in question 17.4 below. No further detailed assumptions are provided.</i>

<i>The multiyear projections include significant reductions in supplies (4000s) and services (5000s) account lines in the first subsequent year. These adjustments are not otherwise explained in the document or by the district.</i>

<i>In addition, assumptions provided in the district's first interim board presentation and those provided on state form MYPI do not align.</i> | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| 17.2 | To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.3 | Does the district use its most current multiyear projection in making financial decisions? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.4 | If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?

<i>The district identified savings of \$842,956 in unrestricted certificated salaries (B1d) for 2021-22 and provided the description/assumption of "reduction of extra time, soft money funded positions of expiring grants."</i>

<i>The district also identified increased costs of \$250,000 in unrestricted classified salaries (B2d) for 2021-22, identifying this adjustment as "data improvement plan, data integration project (in IT-Ops budget)."</i>

<i>In restricted programs, the district multiyear identified savings of \$11,821,956 in certificated salaries (B1d) and \$71,420 in classified salaries (B2d) with the explanation that "removal of one-time CARES Act funds means reductions of expenditures."</i>

<i>These explanations provided are not detailed enough to ensure accountability of the adjustments.</i> | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |

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?

<i>As indicated in the annual audited financial statements, the district has an outstanding COP of \$9,175,000. The COP is secured by the district's general fund.</i> | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| 18.2 | If the district has issued non-voter-approved debt, has its credit rating remained stable or | | | |

improved during the current and two prior fiscal years?

On May 13, 2020, Moody's Investors Service, Inc. (Moody's) downgraded the district's general obligation bond ratings to "A1" from "Aa3". Moody's has also downgraded the district's certificates of participation rating to "A3" from "A2."

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?

19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment?

19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?

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?

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?

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)?

No information was provided concerning the use of appropriate tools to help ensure informed decisions are made about whether to add services.

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)?

According to district budget, interim and unaudited actuals reports, the district does not budget for indirect costs for special education, thereby understating the true cost of the program. Failure to charge full indirect costs to the program also falsely lowers the district's contribution rate to special education mentioned in 20.5.

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?

The 2019-20 noncharter statewide identification rate was 11.70%, and the Contra Costa County rate was 11.89%. The district identification rate for

2019-20 was 12.36% (the 2019-20 year is used because of the availability of complete data).

- 20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?

The district performs the maintenance of effort calculations only at the end of each fiscal year.

Risk Score, 20 numbered sections only: 37.4%

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.)