



FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

# Fiscal Health Risk Analysis

October 30, 2024



## Alum Rock Union Elementary School District

Michael H. Fine  
Chief Executive Officer

October 30, 2024

German Cerda, Superintendent  
Alum Rock Union School District  
2930 Gay Avenue  
San Jose, CA 95127

Dear Superintendent Cerda:

In September 2024, the Alum Rock Union School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

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 fiscal health risk analysis was performed in accordance with California's 2018-19 Budget Act because the district received a downgraded interim report certification from the county superintendent of schools.

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

FCMAT appreciates the opportunity to assist the Alum Rock Union Elementary 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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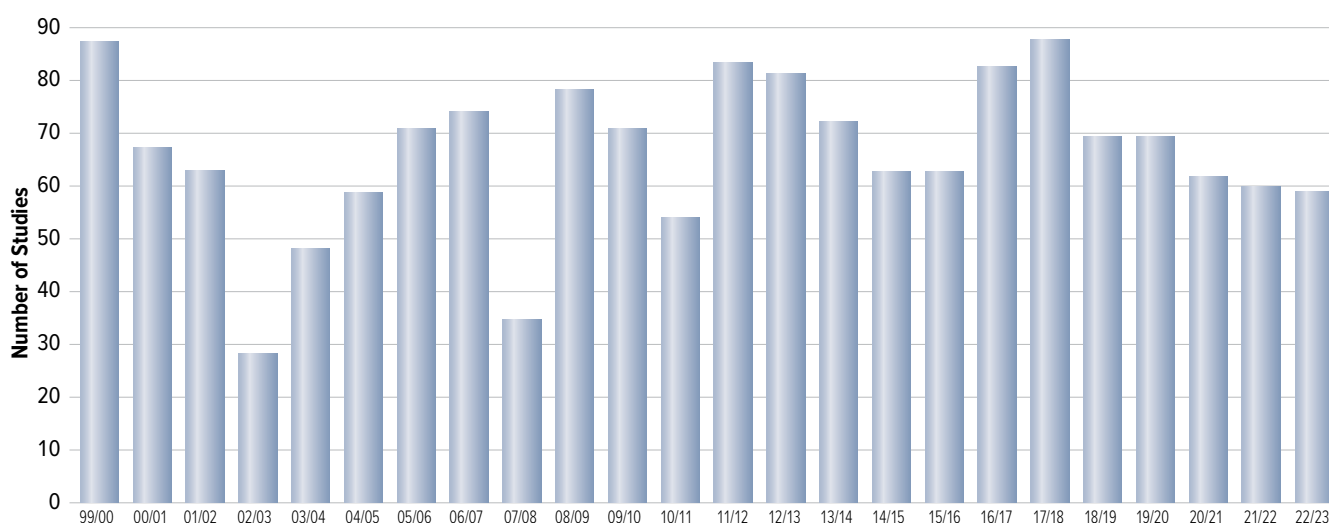
# About FCMAT

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

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

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

**Studies by Fiscal Year**



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

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

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

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

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

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

# Introduction

## Background

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

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

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

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

- Downgrade of an interim certification by the county superintendent.

The Alum Rock Union Elementary School District has a five-member board of trustees serving approximately 7,300 students in transitional kindergarten (TK) through grade 8 in one early learning center, 12 elementary schools, four TK-8th grade schools and five middle schools. The district is located within the city of San Jose in the Greater Bay Area of California. The district serves a particularly needy student population. According to data available through the California Department of Education (CDE) for 2022-23, approximately 44.4% of the district's students are English learners, and the district's Unduplicated Pupil Percentage (UPP)<sup>1</sup> is 81.76% of its student population.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk for insolvency. The analysis is based on the district's 2023-24 second interim budget report.

## Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with Alum Rock Union School District on September 10, 2024, and a FCMAT study team visited the district on August 27-29, 2024 to conduct interviews, collect data and review documents. 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; it does not generally comment on those that may be functioning well. 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.

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<sup>1</sup> This is the percentage of students who qualify for free or reduced-price meals, are English learners, or are foster youth. Each student is counted only once even if they fall into more than one of these categories.

## Study Team

The team was composed of the following members:

Marcus Wirowek, CFE  
Intervention Specialist

Jeff Potter, CFE  
Intervention Specialist

John Lotze  
FCMAT Technical Writer

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

# Fiscal Health Risk Analysis

## For K-12 School Districts

# FCMAT

FISCAL CRISIS & MANAGEMENT  
ASSISTANCE TEAM

Dates of fieldwork: August 27–29, 2024

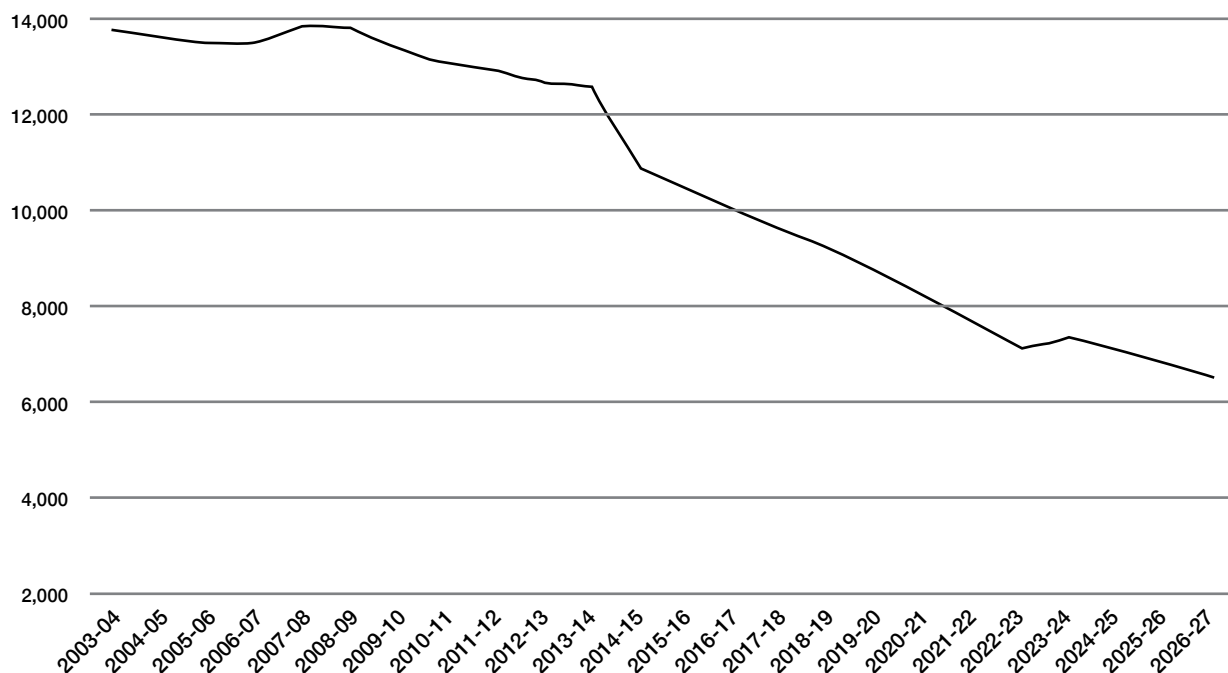
District: Alum Rock Union Elementary School District

## Summary

FCMAT conducted this FHRA based on the Santa Clara County Superintendent of Schools' downgrade of the district's 2023-24 second interim report certification from positive to qualified. The county superintendent's letter to the district stated that the district is projecting "serious deficit spending," with its projected unrestricted ending fund balance decreasing from \$39.1 million in 2023-24 to \$4.7 million in 2025-26. This is a decrease of approximately \$34.4 million in three years.

The district has a long history of declining enrollment. At the time of FCMAT's fieldwork, the district's 2026-27 enrollment was projected to be approximately 47% of what it was two decades ago. In addition, enrollment in the late 1990s was significantly higher, at more than 16,000. FCMAT's FHRAs typically review a district's current and two subsequent fiscal years. However, because of the district's declining enrollment, FCMAT noted the historical magnitude of the enrollment losses over many years, because this has a direct correlation to the district's funding. The chart below shows the enrollment decline since 2003-04.

**Figure 1: Alum Rock Union Elementary School District Prior and Projected Enrollment**



The cost to maintain partially-occupied school buildings is placing a significant strain on the district's resources. If the district does not develop and implement long-term budget balancing solutions, it will continue to experience financial difficulties.

To further show the decrease in students at each school and the district's low use of facilities, below is a table that includes the total capacity of each school, its 2023-24 enrollment, and the resulting percentage of capacity being used.

**Table 1: Facilities Usage**

School	Total Capacity	2023-24 DataQuest Enrollment at Each School	Current School Usage
A. J. Dorsa Elementary	696	286	41%
Adelante Dual Language Academy	539	498	92%
Adelante Dual Language Academy II	619	350	57%
Alpha: Blanca Alvarado			
Aptitude Community Academy at Goss	582	409	70%
Ben Painter Elementary	688	324	47%
Cesar Chavez Early Learning Center	797	50	6%
Donald J. Meyer Elementary	727	259	36%
Horace Cureton Elementary	783	266	34%
Joseph George Middle	899	361	40%
KIPP Heartwood Academy			
KIPP Prize Preparatory Academy			
Learning in an Urban Community with High Achievement (L.U.C.H.A.)	336	232	69%
Linda Vista Elementary	810	456	56%
Lyndale Elementary	775	284	37%
Millard McCollam Elementary	674	394	58%
O. S. Hubbard Elementary	1,036	453	44%
Ocala Middle	971	401	41%
Renaissance Academy	1,260	365	29%
Renaissance at Mathson	1,126	318	28%
Russo/McEntee Academy	835	313	37%
San Antonio Elementary	558	351	63%
Sylvia Cassell Elementary	710	253	36%
Thomas P. Ryan Elementary	558	276	49%
William Sheppard Middle	1,085	463	43%
Total	17,064	7362	43%

In addition, the district has experienced a significant increase in its contribution to special education from its unrestricted general fund. In its 2023-24 second interim financial report, the district's anticipated contribution to special education was 23% of its unrestricted general fund revenues and 89.39% of the total cost of the special education program. The contribution has increased over the last three fiscal years, as shown in the table below.

**Table 2: General Fund Contributions to Special Education**

Fiscal Year	Special Education Contribution	Total Unrestricted General Fund Revenue	Percentage of Unrestricted General Fund Contributed
2021-22	\$ 18,157,676	\$ 114,129,273	16%
2022-23	\$ 22,753,464	\$ 124,616,851	18%
2023-24	\$ 29,535,942	\$ 124,356,555	23%

As it did with enrollment, FCMAT reviewed historical information regarding the district's unrestricted general fund contribution to special education, as well as the total cost of the special education program.

The table below shows the increase in the contribution from the unrestricted general fund from 2016-17 through 2024-25 (projected). The data indicates that during this time the contribution from the unrestricted general fund will have approximately doubled. In addition, the district's contribution as a percentage of total special education costs far exceeds the statewide average in all years. For example, the statewide average contribution for 2022-23 was 56.5% while the district's was 81.34% for that year and 89.39% for 2023-24.

**Table 3: General Fund Contributions to Special Education, 2016 Through 2026**

Year	Contribution from Unrestricted General Fund	Total Cost	Percent Contribution of Total Cost
2016-17	\$16,082,466	\$19,701,029	81.63%
2017-18	\$18,058,578	\$21,593,051	83.63%
2018-19	\$18,560,588	\$21,859,778	84.91%
2019-20	\$18,414,841	\$21,631,011	85.13%
2020-21	\$17,450,101	\$21,708,701	80.38%
2021-22	\$18,157,676	\$23,586,652	76.98%
2022-23	\$22,753,464	\$27,971,940	81.34%
2023-24	\$29,535,942	\$33,041,022	89.39%
2024-25	\$32,067,011	\$35,023,426	91.56%
2025-26	\$32,483,541	\$35,405,655	91.75%

In 2020, FCMAT conducted an FHRA for the district because the district had three consecutive qualified interim financial report certifications. Appendix A includes an analysis detailing the changes in responses to FHRA questions from 2020 to this report. Cumulatively, the number of “no” responses decreased by 13. This suggests internal improvements in the district's processes and procedures. Moreover, the district's risk percentage decreased from 37.2% in 2020 to 24.7% in this report. Despite these improvements, the district faces the significant ongoing challenges of declining enrollment and increasing special education costs. Budget balancing solutions will need to be applied to restore the district to a positive certification status.

Although FCMAT used the district's 2023-24 second interim financial report as the basis for this FHRA, two events occurred after that time that affected the district's stability: both the superintendent and the assistant superintendent of business services resigned from the district before the end of 2023-24.

## District Fiscal Solvency Risk Level: High

## About the Analysis

The Fiscal Crisis and Management Assistance Team 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 a lack of attention to these critical areas will eventually contribute to the deterioration of a district's fiscal health. The analysis focuses on essential functions and processes to determine the level of risk at the time of assessment.

The greater the number of “no” answers to the questions in the analysis, the greater the potential risk of insolvency or fiscal issues for the 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 score. 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 following sections on this page and the next duplicate certain questions and answers given in the Fiscal Health Risk Analysis Questions later in this document and identify conditions that create significant risk of fiscal insolvency. The existence of an identified budget or fiscal status or a material weakness indicated by a “no” answer to any of these items supersedes all other scoring and will elevate the district’s overall risk level.

## 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"/>

## 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 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"/>
5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
6.3 Does the district accurately quantify the effects of collective bargaining agreements and include 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"/>

<b>7.2</b>	<b>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?</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>8.3</b>	<b>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?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>10.6</b>	<b>Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11.2</b>	<b>Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>12.1</b>	<b>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?</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>12.2</b>	<b>Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>12.3</b>	<b>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?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>19.1</b>	<b>Does the district account for all positions and costs?</b>	<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	0.0%
2.	Budget Development and Adoption	0.0%
3.	Budget Monitoring and Updates	1.0%
4.	Cash Management	1.0%
5.	Charter Schools	0.3%
6.	Collective Bargaining Agreements	1.0%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	2.9%
9.	Employee Benefits	0.6%
10.	Enrollment and Attendance	1.0%
11.	Facilities	0.2%
12.	Fund Balance and Reserve for Economic Uncertainty	3.7%
13.	General Fund - Current Year	2.7%
14.	Information Systems and Data Management	0.0%
15.	Internal Controls and Fraud Prevention	1.4%
16.	Leadership and Stability	3.9%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	1.0%
20.	Special Education	2.3%
<b>Score</b>		<b>24.7%</b>

# 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
1.1 Has the district corrected the most recent and prior two years' audit findings without affecting its fiscal health? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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.) . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Were the district's most recent and prior two audit reports free of findings of material weaknesses? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Has the district corrected all reported audit findings from the most recent and prior two audits? . . . . .	✓	<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"/>
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"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

### 3. Budget Monitoring and Updates

		Yes	No	N/A
3.1	Are actual revenues and expenses consistent with the most current budget? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.2	Are budget revisions posted in the financial system at each interim report, at a minimum? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.3	Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum? . . . . .	✓	<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"/>
3.5	Do the district's responses fully explain the variances identified in the criteria and standards? . . . . .	✓	<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"/>

Although the county superintendent of schools agreed with the district's positive certification for the 2023-24 first interim reporting period, the county superintendent requested a detailed board-approved plan to address the district's ongoing budget deficit. At the time of FCMAT's fieldwork, no such plan had yet been provided to the county superintendent.

Although interviews indicated that the district's governing board approved a resolution to close nine schools, FCMAT was not provided with a copy of the resolution and could not locate the resolution in the board minutes.

3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.8	Does the district encumber and adjust encumbrances for salaries and benefits? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.9	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.10	For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

## 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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.2	Does the district reconcile all bank (cash and investment) accounts with bank statements monthly? . . . . .	✓	<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"/>
	As of the district's 2023-24 second interim financial report, the district was completing a cash flow projection for the current year only. No cash flow was provided for the subsequent fiscal year.			
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
4.5	Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.6	If interfund borrowing is occurring, does the district comply with Education Code Section 42603? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
4.7	If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓

## 5. Charter Schools

		Yes	No	N/A
5.1	Does the district have a board policy or other written document(s) regarding charter oversight? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>

Although documents indicated that the business office has identified certain positions as having responsibility for charter school oversight, FCMAT did not receive sufficient evidence to demonstrate that the district is fulfilling all oversight responsibilities in accordance with Education Code Section 47604.32.

- 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . ✓ ☐ ☐
- 5.4 Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? . . . ☐ ✓ ☐

Documents indicated that the business office has identified certain positions as having responsibility for charter school oversight; however, FCMAT did not receive sufficient evidence to demonstrate that the staff or the district is fulfilling all oversight responsibilities in accordance with Education Code 47604.32.

## 6. Collective Bargaining Agreements

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 6.1 Has the district settled with all its bargaining units for the past two fiscal years? . . . . .  |                          |                          |                          |
| . . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> |                          |
| 6.2 Has the district settled with all its bargaining units for the current year? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 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"/> |
| 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)? . . . . .   | <input type="checkbox"/> | ✓                        | <input type="checkbox"/> |

In addition to step-and-column increases, the district has agreed to settlements with its bargaining units that exceeded the funded COLA, as shown below.

**Table 4: Settlement Agreements**

Fiscal Year	Settlement Agreements	Statutory COLA
2021-22	6.25%	1.70%
2022-23	5.00%	6.56%
2023-24	8.20% (Teachers)/9.10% (other units)	8.22%

Note: all of the settlements in the table exceed the state COLA when the step-and-column increases are included.

- |   |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
| 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)? . . . . . | <input type="checkbox"/> | <input type="checkbox"/> | ✓                        |
| 6.7 Did the district comply with public disclosure requirements under Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142? . . . . .     | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval? . . . . .                            | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.9 Is the governing board's action consistent with the superintendent's and CBO's certification? . . . . .   | ✓                        | <input type="checkbox"/> | <input type="checkbox"/> |

## 7. Contributions and Transfers

	Yes	No	N/A
<b>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?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The district lacks a plan to control special education expenditures. The district's contribution from its unrestricted general fund to special education increased from \$18.2 million in 2021-22 to an estimated \$28.6 million in 2023-24.  This contribution represents approximately 23% of the district's projected unrestricted general fund revenue and 89.39% of the total cost of the special education program in 2023-24.			
<b>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?</b> . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>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?</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 8. Deficit Spending (Unrestricted General Fund)

	Yes	No	N/A
<b>8.1 Is the district avoiding deficit spending in the current fiscal year?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Based on the district's 2023-24 second Interim financial report, the district is projecting to have deficit spent \$35.5 million in 2023-24.			
<b>8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Based on the district's 2023-24 second interim financial report, the district is projecting to deficit spend \$20.8 million in 2024-25 and \$10.9 million in 2025-26.			
<b>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?</b> . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
At the time of FCMAT's fieldwork, the district had discussed some school consolidations in recent meetings. However, it had not adopted a formal plan that clearly identifies how this will occur and includes a specific timeline for implementation.			
<b>8.4 Has the district decreased deficit spending over the past two fiscal years?</b> . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 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)? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
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? . . . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
9.3 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
In interviews, employees indicated that the district has not conducted a determination of eligibility for benefits in the last five years, though a verification of benefits may have occurred in the past 10 years.			
9.5 Does the district track, reconcile and report employees' compensated leave balances? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

## 10. Enrollment and Attendance

	Yes	No	N/A
10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Excluding charter schools, district enrollment has decreased from 7,590 students in 2021-22 to 7,367 in 2023-24, though enrollment did increase by 260 students from 2022-23 to 2023-24.			
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)? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
10.3 Does the district track historical enrollment and ADA data to establish future trends? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input 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 type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
10.8 Has the district planned for enrollment losses to charter schools? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

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

## 11. Facilities

- |  | Yes                                 | No                       | N/A |
|--|-------------------------------------|--------------------------|-----|
| <b>11.1</b> If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account? . . . . . ✓  | <input type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>11.2</b> Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? . . . . . ✓  | <input type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>11.3</b> Does the district properly track and account for facility-related projects? . . . . . ✓  | <input type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>11.4</b> Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards? . . . . . <input type="checkbox"/>   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |     |
| Because of the district's long-term decline in enrollment as identified in the <u>summary</u> section of this report, many of its facilities are underused.  |                                     |                          |     |
| <b>11.5</b> Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget? . . . . . ✓  | <input type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>11.6</b> Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues? . . . . . ✓   | <input type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>11.7</b> If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee? . . . . . <input type="checkbox"/>  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |     |
| Interviewees indicated that a citizens' bond oversight committee had become dormant because of a lack of interest and participation, in part because of the pandemic. However, the district indicated that it was planning to restart the oversight committee. |                                     |                          |     |
| <b>11.8</b> Does the district have a long-range facilities master plan that reflects its current and projected facility needs? . . . . . ✓   | <input type="checkbox"/>            | <input type="checkbox"/> |     |

## 12. Fund Balance and Reserve for Economic Uncertainty

- |   | Yes                                 | No                       | N/A |
|---|-------------------------------------|--------------------------|-----|
| <b>12.1</b> 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 type="checkbox"/>            | <input type="checkbox"/> |     |
| <b>12.2</b> 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"/> |     |
| Although the district's multiyear financial projection appears to indicate that it will meet the required reserve for economic uncertainties in 2025-26, the ability to meet the reserve is contingent on an unspecified expenditure reduction of \$12.5 million in that year. At the time of fieldwork, the district had not adopted a detailed list of expenditures to be reduced or a timeline for implementation. |                                     |                          |     |

- 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?** . . . . . ☐ ☒ ☐
- At the time of fieldwork, the district had not adopted a detailed list of expenditure reductions totaling \$12.5 million in 2025-26 or a timeline for implementation.
- 12.4 Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?** . . . . . ☐ ☒ ☐
- Based on the district's 2023-24 second interim financial report, its unrestricted general fund balance is projected to decrease by \$20.8 million in 2024-25, and to further decrease by \$10.9 million in 2025-26.
- 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?** . . . . ☐ ☒ ☐
- With the passage of Assembly Bill (AB) 218 and the ability of current and former students and employees to seek damages for events that occurred before the original statute of limitations, the district faces an unknown potential liability that could have a significant impact on its fiscal health. Interviewees indicated that the district faces several claims of misconduct by former staff.

## 13. General Fund – Current Year

- |   | Yes                      | No                                  | N/A                                 |
|---|--------------------------|-------------------------------------|-------------------------------------|
| <b>13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures?</b> . . . . .  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| As identified by the county office following its review of the district's 2023-24 second interim financial report, the district has included in its multiyear financial projection an unspecified expenditure reduction of \$12.5 million in 2025-26 to meet the minimum required reserve for economic uncertainties. The district explained that it intends to use one-time funds from the Learning Recovery Emergency Block Grant to fund ongoing expenditures in 2025-26 to meet the required reserve. However, once these funds are depleted, no additional one-time funds will be available to balance the budget in subsequent years. |                          |                                     |                                     |
| <b>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?</b> . . . . .   | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| According to Ed-Data, the percentage of the district's unrestricted general fund used for salaries and benefits in 2022-23 was 87%. This is slightly higher than the statewide average of 86% for elementary school districts.  |                          |                                     |                                     |
| <b>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?</b> . . . . .  | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| According to Ed-Data, the percentage of the district's unrestricted general fund used for salaries and benefits was 90% in 2020-21 which was slightly higher than the statewide average of 87% in 2020-21.  |                          |                                     |                                     |
| <b>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)?</b> . . . . .   | <input type="checkbox"/> | <input type="checkbox"/>            | <input checked="" 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? . . . ✓ | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13.6 | Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time? . . . . . ✓   | <input type="checkbox"/>            | <input type="checkbox"/> |
| 13.7 | Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds? . . . . . <input type="checkbox"/>                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

Although the district charges the appropriate rate for indirect costs, it does not charge any special education transportation to the special education resource. Therefore, its total cost of special education is understated.

## 14. Information Systems and Data Management

- |   | Yes                      | No                       | N/A                                 |
|---|--------------------------|--------------------------|-------------------------------------|
| 14.1 Does the district use an integrated financial and human resources system? . . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 14.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? . . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 14.4 Is the district using the same financial system as its county office of education? . . . . . ✓   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| 14.5 If the district is using a separate financial system from its county office of education, is there an automated interface with the financial system used by the county office of education? . <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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? . . . . . <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## 15. Internal Controls and Fraud Prevention

- |  | Yes                      | No                       | N/A                      |
|--|--------------------------|--------------------------|--------------------------|
| 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization? . . . . . ✓   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually? . . . . . ✓ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:  |                          |                          |                          |
| • Accounts payable (AP) . . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Accounts receivable (AR) . . . . . ✓   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Purchasing and contracts. . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Payroll . . . . . ✓  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Human resources (i.e., duties relative to position control and payroll processes). . . . . ✓   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

<b>15.4</b>	<b>Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?</b>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<b>15.5</b>	<b>Does the district review and work to clear prior year accruals throughout the year?</b>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<b>15.6</b>	<b>Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?</b>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<b>15.7</b>	<b>Does the district have processes and procedures to discourage and detect fraud?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Although the district has a board policy and administrative regulation that specifically addresses fraud (BP/AR 3400), staff indicated they were unaware of this policy and regulation. Interviewees indicated that the district has no formal process or procedure to discourage or detect fraud.			
<b>15.8</b>	<b>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?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	The district lacks a fraud reporting hotline or other mechanism to collect and investigate reports of possible fraud.			
<b>15.9</b>	<b>Does the district have an internal audit process?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	The district lacks a formal internal auditing process or department.			

## 16. Leadership and Stability

		Yes	No	N/A
<b>16.1</b>	<b>Does the district have a chief business official who has been with the district as chief business official for more than two years?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	At the time of fieldwork, the chief business official was in his final week of employment with the district.			
<b>16.2</b>	<b>Does the district have a superintendent who has been with the district as superintendent for more than two years?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	Following approval of the district's 2023-23 second interim financial report, the district superintendent left the district. At time of fieldwork, the district had an interim superintendent.			
<b>16.3</b>	<b>Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?</b>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<b>16.4</b>	<b>Is training on financial management and budget provided to site and department administrators who are responsible for budget management?</b>	✓	<input type="checkbox"/>	<input type="checkbox"/>
<b>16.5</b>	<b>Does the governing board adopt and revise policies and administrative regulations annually?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	The district did not provide evidence that it updates board policies and administrative regulations at regular intervals.			
<b>16.6</b>	<b>Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff?</b>	<input type="checkbox"/>	✓	<input type="checkbox"/>
	The district did not provide evidence that it communicates updates to board policies and administrative regulations to staff.			

- 16.7 Do all board members attend training on the budget and governance at least every two years?** . . . . . ☐ ☒ ☐
- The district did not provide evidence that board members regularly attend training on budget and governance.
- 16.8 Is the superintendent's evaluation performed according to the terms of the contract?** . . . ☐ ☒ ☐
- On October 12, 2023, the district's board agenda included an item titled "11.07 PUBLIC EMPLOYEE PERFORMANCE EVALUATION Title: Superintendent." However, FCMAT reviewed board meeting minutes and found nothing regarding completion of the evaluation. No other agenda items related to the superintendent's evaluation were found.

## 17. Multiyear Projections

- |   | Yes                                 | No                                  | N/A                      |
|---|-------------------------------------|-------------------------------------|--------------------------|
| <b>17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>17.3 Does the district use its most current multiyear projection in making financial decisions?</b><br>. . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |
| <b>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?</b> . . . . . | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- In the district's 2023-24 second interim financial report, the district included an unspecified expenditure reduction of \$12.5 million. No detailed list of expenditure reductions or formal board action was found to support this adjustment.

## 18. Non-Voter-Approved Debt and Risk Management

- |  | Yes                                 | No                       | N/A                                 |
|--|-------------------------------------|--------------------------|-------------------------------------|
| <b>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?</b> . . . . . | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>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?</b> . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| <b>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?</b> . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>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?</b> . . . . .   | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## 19. Position Control

	Yes	No	N/A
19.1 Does the district account for all positions and costs? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Interviews with staff and district-provided documents indicate that staffing ratios are analyzed with enrollment. However, because the district continues to operate some schools at less than 50% of capacity, it is overstaffed at certain schools.			
19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>
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? . . . . .	✓	<input type="checkbox"/>	<input type="checkbox"/>

## 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? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Although FCMAT found no complaints or findings to indicate the district is not meeting statutory requirements or industry standards, no documents were provided that enabled FCMAT to determine whether the district is meeting caseload requirements or standards for various services.			
20.2 Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
In interviews, special education staff indicated that the district uses all available funding sources for costs related to special education; however, no documents were provided to support this assertion.			
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)? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Special education staff indicated that the district uses a structured process to identify and meet student needs; however, no documents were provided to support this assertion.			
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)? . . . . .	<input type="checkbox"/>	✓	<input type="checkbox"/>
Interviewees indicated that the district is not charging transportation costs to special education.			

**20.5 Is the district's contribution rate to special education at or below the statewide average contribution rate?** . . . . . ☐ ✓ ☐

For the 2023-24 fiscal year, the unrestricted general fund contribution to special education was approximately 89.39% of the total cost of the special education program. The most recent statewide data indicates that the average unrestricted general fund contribution is 64.3% of special education costs.

**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?** . . . . . ☐ ✓ ☐

According to DataQuest, in 2023-24, the district's identification rate was 13.5%, compared to the county's rate of 12.05%. However, the district's rate is lower than the statewide average rate of 13.7%.

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

**Risk Score, 20 numbered sections only** **24.7%**

**Key to Risk Score from 20 numbered sections only:**

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

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

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

# Appendices

## Appendix A: FHRA Results Comparison

### 1. Annual Independent Audit Report

	2020	2024
1.1 Has the district corrected the most recent and prior two years' audit findings without affecting its fiscal health? . . . . .	Yes	Yes
1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller's Office should be explained.) . . . . .	Yes	Yes
1.3 Were the district's most recent and prior two audit reports free of findings of material weaknesses? . . . . .	No	No
1.4 Has the district corrected all reported audit findings from the most recent and prior two audits? . . . . .	Yes	No

1. Annual Independent Audit Report			
	2020	2024	Change in number of "No" responses
Yes	3	2	Increased by one
No	1	2	
N/A	0	0	

### 2. Budget Development and Adoption

	2020	2024
2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated? . . . . .	No	Yes
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? . . . . .	No	Yes
2.3 Does the district use position control data for budget development? . . . . .	Yes	Yes
2.4 Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly? . . . . .	Yes	Yes
2.5 Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years? . . . . .	No	Yes
2.6 Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . . . .	Yes	Yes
2.7 Does the district budget and expend restricted funds before unrestricted funds? . . . . .	Yes	Yes

- 2.8 Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and one prior fiscal year? . . . . . Yes Yes
- 2.9 Has the district refrained from including carryover funds in its adopted budget? . . . . . Yes Yes
- 2.10 Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts? . . . . . No Yes
- 2.11 Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted general fund? . . . . . No Yes
- 2.12 Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members/departments responsible for completing them? . . . . . Yes Yes

2. Budget Development and Adoption			
	2020	2024	Change in number of "No" responses
Yes	7	12	Decreased by five
No	5	0	
N/A	0	0	

### 3. Budget Monitoring and Updates

- |  | 2020 | 2024 |
|--|------|------|
| 3.1 Are actual revenues and expenses consistent with the most current budget? . . . . .  | No   | Yes  |
| 3.2 Are budget revisions posted in the financial system at each interim report, at a minimum? .  | Yes  | Yes  |
| 3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum? . . . . .   | No   | Yes  |
| 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142? . . . . . | Yes  | Yes  |
| 3.5 Do the district's responses fully explain the variances identified in the criteria and standards? . . . . .  | No   | Yes  |
| 3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years? . . . . .  | No   | No   |
| 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? . . . . .   | Yes  | Yes  |
| 3.8 Does the district encumber and adjust encumbrances for salaries and benefits? . . . . .  | Yes  | Yes  |
| 3.9 Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close? . . . . .   | No   | Yes  |

- 3.10** For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code? . . . . . **No** **Yes**

3. Budget Monitoring and Updates			
	2020	2024	Change in number of "No" responses
Yes	4	9	Decreased by five
No	6	1	
N/A	0	0	

## 4. Cash Management

**2020 2024**

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

4. Cash Management			
	2020	2024	Change in number of "No" responses
Yes	2	3	Decreased by two
No	3	1	
N/A	2	3	

## 5. Charter Schools

**2020 2024**

- 5.1** Does the district have a board policy or other written document(s) regarding charter oversight? . . . . . **Yes** **Yes**
- 5.2** Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32? . . . . . **Yes** **No**
- 5.3** Are all charters authorized by the district going concerns and not in fiscal distress? . . . **Yes** **Yes**

- 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? . . . . . **No** **No**

5. Charter Schools			
	2020*	2024	Change in number of "No" responses
Yes	3	2	Increased by one
No	1	2	
N/A	0	0	

\*In 2020, item 5.5 was included in this section, but it is not part of the 2024 FHRA.

## 6. Collective Bargaining Agreements

- |   | 2020 | 2024 |
|---|------|------|
| <b>6.1</b> Has the district settled with all its bargaining units for the past two fiscal years? . . . . .  | Yes  | Yes  |
| <b>6.2</b> Has the district settled with all its bargaining units for the current year? . . . . .   | No   | Yes  |
| <b>6.3</b> Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? . . . . .  | Yes  | Yes  |
| <b>6.4</b> Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement? . . . . . | Yes  | Yes  |
| <b>6.5</b> In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)? . . . . .   | No   | No   |
| <b>6.6</b> 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)? . . . . .  | N/A  | N/A  |
| <b>6.7</b> Did the district comply with public disclosure requirements under Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142? . . . . .  | Yes  | Yes  |
| <b>6.8</b> Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval? . . . . .   | Yes  | Yes  |
| <b>6.9</b> Is the governing board's action consistent with the superintendent's and CBO's certification? . . . . .  | Yes  | Yes  |

6. Collective Bargaining Agreements			
	2020	2024	Change in number of "No" responses
Yes	6	7	Decreased by one
No	2	1	
N/A	1	1	

## 7. Contributions and Transfers

2020 2024

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

7. Contributions and Transfers			
	2020	2024	Change in number of "No" responses
Yes	3	1	Increased by one
No	0	1	
N/A	0	1	

## 8. Deficit Spending (Unrestricted General Fund)

2020 2024

- 8.1 Is the district avoiding deficit spending in the current fiscal year? . . . . . No No
- 8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? No No
- 8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency? . . . . . No No
- 8.4 Has the district decreased deficit spending over the past two fiscal years? . . . . . Yes Yes

8. Deficit Spending			
	2020	2024	Change in number of "No" responses
Yes	3	3	No change
No	1	1	
N/A	0	0	

## 9. Employee Benefits

2020 2024

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

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

9. Employee Benefits			
	2020	2024	Change in number of "No" responses
Yes	2	2	No change
No	1	1	
N/A	2	2	

## 10. Enrollment and Attendance

- |   | 2020 | 2024 |
|---|------|------|
| 10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years? . . . . .  | No   | No   |
| 10.2 Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)? . . . . .                           | Yes  | Yes  |
| 10.3 Does the district track historical enrollment and ADA data to establish future trends? . . .   | Yes  | Yes  |
| 10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? . . . . .   | Yes  | Yes  |
| 10.5 Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years? . . . . . | Yes  | Yes  |
| 10.6 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? . . . . .                                      | Yes  | Yes  |
| 10.7 Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines? . . . . .                                 | Yes  | Yes  |
| 10.8 Has the district planned for enrollment losses to charter schools? . . . . .   | Yes  | Yes  |
| 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? . . . . .             | Yes  | Yes  |

- 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? . . . . . Yes Yes

10. Enrollment and Attendance			
	2020	2024	Change in number of "No" responses
Yes	9	9	No change
No	1	1	
N/A	0	0	

## 11. Facilities

- |  | 2020 | 2024 |
|--|------|------|
| <b>11.1</b> If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account? . . . . .  | No   | Yes  |
| <b>11.2</b> Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects? . . . . .        | No   | Yes  |
| <b>11.3</b> Does the district properly track and account for facility-related projects? . . . . .  | No   | Yes  |
| <b>11.4</b> Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards? . . . . .                                  | No   | No   |
| <b>11.5</b> Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget? . . . . .  | No   | Yes  |
| <b>11.6</b> Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues? . . . . .   | No   | Yes  |
| <b>11.7</b> If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee? . . . . . | Yes  | No   |
| <b>11.8</b> Does the district have a long-range facilities master plan that reflects its current and projected facility needs? . . . . .   | No   | Yes  |

11. Facilities			
	2020	2024	Change in number of "No" responses
Yes	1	6	Decreased by five
No	7	2	
N/A	0	0	

## 12. Fund Balance and Reserve for Economic Uncertainty

- |   | 2020 | 2024 |
|---|------|------|
| <b>12.1</b> Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards? . . . . . | Yes  | Yes  |
| <b>12.2</b> Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years? . . . . .  | No   | No   |

- 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? . . . . . **No No**
- 12.4** Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years? . . . . . **No No**
- 12.5** If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level? . . . . **N/A No**

12. Fund Balance and Reserve for Economic Uncertainty			
	2020	2024	Change in number of "No" responses
Yes	1	1	Increased by one
No	3	4	
N/A	1	0	

## 13. General Fund – Current Year

- |   | 2020       | 2024       |
|---|------------|------------|
| <b>13.1</b> Does the district ensure that one-time revenues do not pay for ongoing expenditures? . .  | <b>No</b>  | <b>No</b>  |
| <b>13.2</b> 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? .   | <b>No</b>  | <b>No</b>  |
| <b>13.3</b> 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? .  | <b>No</b>  | <b>No</b>  |
| <b>13.4</b> 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)? . . . . . | <b>N/A</b> | <b>N/A</b> |
| <b>13.5</b> 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? . .   | <b>Yes</b> | <b>Yes</b> |
| <b>13.6</b> Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time? . . . . .   | <b>Yes</b> | <b>Yes</b> |
| <b>13.7</b> Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds? . . . . .  | <b>No</b>  | <b>No</b>  |

13. General Fund – Current Year			
	2020	2024	Change in number of "No" responses
Yes	2	2	No change
No	4	4	
N/A	1	1	

## 14. Information Systems and Data Management

- |   | 2020       | 2024       |
|---|------------|------------|
| <b>14.1</b> Does the district use an integrated financial and human resources system? . . . . . | <b>Yes</b> | <b>Yes</b> |

- 14.2** Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? . . . . . Yes Yes
- 14.3** Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . Yes Yes
- 14.4** Is the district using the same financial system as its county office of education? . . . . . Yes Yes
- 14.5** If the district is using a separate financial system from its county office of education, is there an automated interface that allows data to be sent and received by both the district and county financial systems? . . . . . N/A N/A
- 14.6** If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance? . . . . . N/A N/A

14. Information Systems and Data Management			
	2020	2024	Change in number of "No" responses
Yes	4	4	No change
No	0	0	
N/A	2	2	

## 15. Internal Controls and Fraud Prevention

- |   | 2020 | 2024 |
|---|------|------|
| <b>15.1</b> Does the district have controls that limit access to its financial system and include multiple levels of authorization? . . . . .   | Yes  | Yes  |
| <b>15.2</b> Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually? . . . . . | Yes  | Yes  |
| <b>15.3</b> Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:  |      |      |
| • Accounts payable (AP) . . . . .   | No   | Yes  |
| • Accounts receivable (AR) . . . . .  | Yes  | Yes  |
| • Purchasing and contracts . . . . .  | Yes  | Yes  |
| • Payroll . . . . .   | Yes  | Yes  |
| • Human resources (i.e., duties relative to position control and payroll processes). . . . .  | No   | Yes  |
| <b>15.4</b> Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year? . . . . .   | Yes  | Yes  |
| <b>15.5</b> Does the district review and work to clear prior year accruals throughout the year? . . . . .   | No   | Yes  |
| <b>15.6</b> Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education? . . . . .   | Yes  | Yes  |
| <b>15.7</b> Does the district have processes and procedures to discourage and detect fraud? . . . . .   | Yes  | No   |
| <b>15.8</b> Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports? . . . . .  | No   | No   |

**15.9 Does the district have an internal audit process? . . . . . No No**

15. Internal Controls and Fraud Prevention			
	2020	2024	Change in number of "No" responses
Yes	8	10	Decreased by two
No	5	3	
N/A	0	0	

## 16. Leadership and Stability

**2020 2024**

**16.1 Does the district have a chief business official who has been with the district as chief business official for more than two years? . . . . . Yes No**

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

**16.3 Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet? . . . . . Yes Yes**

**16.4 Is training on financial management and budget provided to site and department administrators who are responsible for budget management? . . . . . Yes Yes**

**16.5 Does the governing board adopt and revise policies and administrative regulations annually? . . . . . Yes No**

**16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? . . . . . Yes No**

**16.7 Do all board members attend training on the budget and governance at least every two years? . . . . . Yes No**

**16.8 Is the superintendent's evaluation performed according to the terms of the contract? . . . No No**

16. Leadership and Stability			
	2020	2024	Change in number of "No" responses
Yes	7	2	Increased by five
No	1	6	
N/A	0	0	

## 17. Multiyear Projections

**2020 2024**

**17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards? . . . . . Yes Yes**

**17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations? . . . . . Yes Yes**

**17.3 Does the district use its most current multiyear projection in making financial decisions? . Yes Yes**

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

17. Multiyear Projections			
	2020	2024	Change in number of "No" responses
Yes	3	3	No change
No	1	1	
N/A	0	0	

## 18. Non-Voter-Approved Debt and Risk Management

**2020 2024**

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

18. Non-Voter-Approved Debt and Risk Management			
	2020	2024	Change in number of "No" responses
Yes	0	2	Decreased by four
No	4	0	
N/A	0	2	

## 19. Position Control

**2020 2024**

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

- 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? . . . . . No Yes

19. Position Control			
	2020	2024	Change in number of "No" responses
Yes	5	5	No change
No	1	1	
N/A	0	0	

## 20. Special Education

2020 2024

- 20.1** Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards? . . . . . No No
- 20.2** Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)? . . . . . Yes No
- 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 No
- 20.4** Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)? . . . . . Yes No
- 20.5** Is the district's contribution rate to special education at or below the statewide average contribution rate? . . . . . No No
- 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? . . . . . No No
- 20.7** Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period? . . . . . Yes Yes

20. Special Education			
	2020	2024	Change in number of "No" responses
Yes	3	1	Increased by two
No	4	6	
N/A	0	0	

## Appendix B: Study Agreement



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

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

#### 1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the county superintendent of schools downgraded the Client's 2023-24 second interim financial report from positive to qualified in accordance with EC 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:

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

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

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing

capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

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

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

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

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

## **8. INDEPENDENT CONTRACTOR**

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

## **9. RECORDS**

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

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

## **10. CONTACT WITH PUPILS**

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

## **11. INSURANCE**

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than

\$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

## **12. HOLD HARMLESS**

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

## **13. PUBLIC SAFETY CONSIDERATIONS**

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

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

## **14. FORCE MAJEURE**

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

## **15. EVALUATION**

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

## **16. CLIENT CONTACT PERSON**

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

Name: Kolvira Chheng, Assistant Superintendent, Business Services

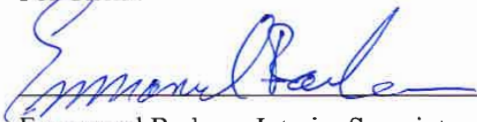
Telephone: (408) 928-6847

Email: [kolvira.chheng@arusd.org](mailto:kolvira.chheng@arusd.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:



Emmanuel Barbara, Interim Superintendent  
Alum Rock Union Elementary School District

8/20/24

Date

For FCMAT:

**Michael H. Fine**

Digitally signed by Michael H. Fine  
Date: 2024.09.10 10:06:17 -07'00'

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

Date