FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

California Department of Education

December 1, 2025

Oversight of the Plumas Unified School District

Michael H. Fine
Chief Executive Officer

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

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Tony Thurmond, California Superintendent of Public Instruction
California Department of Education
1430 N Street
Sacramento, CA 95814

Dear Superintendent Thurmond:

In August 2025, the California Department of Education (CDE) and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct an evaluation of the CDE's oversight of the Plumas Unified School District, in accordance with statute. The agreement states that FCMAT will perform the following:

1. Prepare an initial analysis of the state superintendent of public instruction's fiscal oversight provided to the Plumas Unified School District using FCMAT's County Superintendent of Schools Evaluation Tool, and make recommendations for improvement, if any.

This report contains the FCMAT study team's findings and recommendations from the initial evaluation of the state superintendent's oversight of the Plumas Unified School District.

FCMAT appreciates the opportunity to serve the state superintendent of public instruction and the CDE and extends thanks to its staff for their cooperation and assistance during this review.

Sincerely,

Michael H. Fine
Chief Executive Officer

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Table of Contents

About FCMAT

Purpose and Services

FCMAT was created in 1991 by the California Legislature to help California's TK-14 local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

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

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

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

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

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

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

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

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

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

History

FCMAT was created by Assembly Bill (AB) 1200 in 1991. In 1997, AB 107 charged FCMAT with responsibility for CSIS and its statewide data management work, and AB 1115 in 1999 codified CSIS' mission.

AB 1200 created 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) gave FCMAT specific responsibilities for 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 include these 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 oversight responsibilities from the state to the local county office of education to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

On September 17, 2018, Assembly Bill (AB) 1840 (Chapter 426, Statutes of 2018) was signed, introducing a significant change in the administration of insolvent school districts that receive state emergency appropriations. Under this legislation, codified in Education Code (EC) 41326(l), the Fiscal Crisis and Management Assistance Team (FCMAT) is tasked with reviewing the fiscal oversight performed by the county superintendent of schools for any school district receiving an emergency apportionment. FCMAT must report its findings to the Legislature and provide a copy of the oversight evaluation report to the Department of Finance, the superintendent of public instruction, and the State Board of Education president or their designee. Each report must include findings regarding the fiscal oversight actions that were or were not taken and may contain recommendations for legislative measures to improve fiscal oversight of school districts.

On August 29, 2025, the State Controller's Office issued the first apportionment of $8.5 million of an emergency appropriation to the Plumas Unified School District under AB 121 (Chapter 8, Statutes of 2025). Plumas is a single-district county, and the district and Plumas County Office of Education share many of the same administration. The California Department of Education (CDE) is the agency responsible for providing fiscal oversight. Statute does not contemplate a school district in a single-district county requiring an emergency apportionment. Therefore, EC 41326(l) is not fully applicable to Plumas USD. Paragraph (3) of subdivision (e) of Section 98 of AB 121 provides the following:

> (A) In accordance with subdivision (l) of Section 41326 of the Education Code, the FCMAT shall review the fiscal oversight of the Plumas Unified School District by the Superintendent of Public Instruction pursuant to subdivision (i) of Section 42127 and subdivision (g) of Section 42131. The FCMAT may consult with other fiscal experts, including other county superintendents of schools and regional fiscal teams, in conducting this review.
>
> (B) Within three months of the county superintendent of schools assuming control over Plumas Unified School District, the FCMAT shall report its findings to the Legislature, consistent with Section 9795 of the Government Code, and shall provide a copy of that report to the Department of Finance, the Superintendent of Public Instruction, and the President of the State Board of Education or their designee. This report shall include findings as to fiscal oversight actions that were or were not taken and may include recommendations as to an appropriate legislative response to improve fiscal oversight.
>
> (C) In the year following the completion of the report required pursuant to subparagraph (B), the FCMAT shall begin annual reviews of the effectiveness of the oversight of the Plumas Unified School District by the Superintendent of Public Instruction.

This is the initial report on the CDE's oversight of the district, as required. Following the initial FCMAT report on the fiscal oversight performed by the CDE, FCMAT will conduct annual reviews until the school district exits receivership. These reviews will assess the effectiveness of the CDE's oversight and its involvement with the school district, including during the period that led to the district's declaration of insolvency.

About this Study and Report

FCMAT entered into a study agreement with the CDE on August 4, 2025 to conduct both the initial and annual evaluations required by EC 41326(l) and AB 121. A study team visited the CDE virtually on August 5, 2025 to conduct interviews, collect data, and review documents. After this virtual fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's activities and actions related to the initial evaluation.

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

Study Team

The team was composed of the following members:

John F. Von Flue
Chief Analyst

Misty Key
FCMAT Consultant

Sheldon Smith, Ed D
FCMAT Consultant

Nicolas Schweizer
FCMAT Consultant

John Lotze
FCMAT Technical Writer

Those members of this study team who are otherwise employed by a local educational agency were not representing their respective employers but were working solely as independent contractors for FCMAT.

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

California Department of Education Oversight Evaluation Tool

The Fiscal Crisis and Management Assistance Team (FCMAT) has developed the California Department of Education Oversight Evaluation Tool for both initial and annual evaluations. This tool is designed to help assess the effectiveness of the California Department of Education's (CDE's) fiscal oversight and support of single-district county school districts that have received emergency apportionments.

This initial oversight evaluation tool comprises 37 questions and is intended to satisfy the requirements of EC 41326(l) and AB 121. Its purpose is to review and assess the CDE's fiscal oversight process by evaluating how effectively the CDE monitors the general fiscal health of the single-district county school districts under its oversight, assesses the districts' adherence to Education Code requirements, and communicates with the districts about these matters.

The oversight evaluation tool identifies the CDE's key oversight responsibilities in reviewing annual budgets, interim reports and unaudited actuals. Each question is confined to a "Yes" or "No" response. To help the CDE understand any "No" responses, narratives are provided that explain the reasoning behind the response and outline the action(s) needed to achieve a "Yes" response.

The CDE's oversight performance is evaluated using a risk protocol, whereby the number of "No" responses within each oversight element determines the level of concern. The greater the number of "No" responses, the higher the score, which indicates a lack of sufficient oversight. Information for the evaluation is gathered through an initial document request and interviews with CDE staff.

Early identification of issues in school districts at risk of insolvency is crucial for restoring and maintaining their fiscal health. Diligent oversight helps school districts better understand their financial objectives and implement strategies to achieve a high level of fiscal efficiency and maintain long-term solvency.

Date of Fieldwork: August 5, 2025

Summary

On April 28, 2025, the Plumas Unified School District (Plumas USD) governing board voluntarily requested that the state provide an emergency advance apportionment. On June 27, 2025, the governor signed Assembly Bill (AB) 121, placing the district under state receivership and approving an emergency appropriation of up to $20 million.

The California Department of Education (CDE) provides fiscal oversight to all 58 California county offices of education and to the districts of the seven single-district counties, as mandated by the original AB 1200 legislation signed into law in 1991 and outlined in California Education Code (EC) 1240(l)(1)(A), 1622, 42127(l) and related sections. FCMAT assessed the CDE's involvement with the district throughout the course of their normal oversight responsibilities, up to and including the date of evaluation, and specifically during the period leading up to the district's declaration of insolvency. This assessment involved analyzing historical and current documents prepared by CDE's staff, as well as asking a series of questions related to the time leading up to the insolvency. FCMAT also reviewed the CDE's oversight practices and conducted interviews with district staff and other key individuals involved in the oversight process.

To conduct this initial study, FCMAT used the tool developed in 2020 to conduct reviews of county superintendents of schools pursuant to the same Education Code that applies to Plumas USD and the CDE. The initial evaluation tool evaluates the standards at four points in the oversight process, increasing the number of points of compliance/noncompliance. This is different from the annual evaluation that will be performed each year the emergency advance apportionment is outstanding. FCMAT also acknowledges that the CDE provides oversight to all county offices of education and all single-district counties, but FCMAT's samples to inform this report were taken from only one district – Plumas USD. Only Plumas USD entered state receivership and triggered this review. CDE staff did not provide any information that would lead FCMAT to believe the oversight process for Plumas was different from any other oversight activity for the other agencies the CDE is responsible for overseeing.

The period of this review is a combination of 2023-24 and 2024-25. Logically, the review would be the most recent year, 2024-25. However, the difficulties at Plumas USD were discovered mid-year, before the first interim, second interim and estimated actuals were reviewed. Therefore, a review of only 2024-25 would be misleading as it would underreport any oversight issues that prevented early detection of Plumas USD 's difficulties. Thus, a review of the CDE's 2023-24 oversight process (before Plumas USD's difficulties were detected) would be a better indicator if deficiencies existed.

FCMAT's findings indicate that the fiscal oversight actions taken by the CDE during the period reviewed were based on reviews of district-submitted documents, without close connections or proximity to the district's financial system and staff. Unlike county offices of education, the CDE's oversight is made challenging by its lack of close proximity to the district and the ease of awareness and relations that proximity would offer. In addition, the CDE did not have access to the district's fiscal system and relied solely on information the district submitted in its state reports or otherwise shared. Without the ability to validate the information provided, the CDE's process is vulnerable to incomplete and incorrect information, and therefore, insufficient oversight.

FCMAT acknowledges that the CDE's staff and operations are not the same as those of county superintendents of schools. Staffing, training, funding, relationships with counties and districts, and proximity are all different. CDE staff typically do not have local educational agency (LEA) experience or the understandings and perspectives that it brings. Nevertheless, the expectations of the Legislature and the adopted standards and criteria for fiscal solvency remain consistent regardless of which local or state agency is responsible for the oversight.

The Plumas Unified School District experienced a multiyear deterioration of its unrestricted general fund, resulting in structural deficit spending, cash shortfalls, and the complete exhaustion of available reserves.

In fiscal year 2021–22, the district reported a beginning balance of $843 as a due-to-liability from the general fund due to the building fund at first Interim as identified in its annual financial audit. Throughout the fiscal year, various entries added to the liability, and by the end of fiscal year 2021-22 the total liability grew to $5,126,501, with $3,000,842 owed to the Building Fund and $2,125,659 owed to the County School Facilities Fund.

Compounding the issue, leadership changes occurred near the same time, with a superintendent retiring at the end of the 2021-22 school year and the chief business official resigning in November 2022. In addition, in December 2022 the board approved a two-year compensation increase of 9% ongoing beginning July 1, 2022 and an additional 4% ongoing beginning July 1, 2023, and increased contributions to health and welfare benefits for all staff.

During the 2022-23 fiscal year, the district's Standardized Account Code Structure (SACS) Cash Form did not show any activity in any months in the "Due to Other Funds" line of its interim reports, which indicated to the CDE that interfund borrowing was not necessary. Additionally, district-submitted reports did not indicate any interfund transfers or cash flow concerns involving the general fund for the fiscal year. The fiscal year 2022-23 annual financial audit report was completed nine months late (August 2024) and was not presented to the governing board until March 5, 2025, 14 months after the statutory deadline. This delayed the CDE getting vital information for effective oversight. The fiscal year 2022-23 audit report indicated that the $5,126,501 in "Due to Other Funds" remained, which indicated that the prior year's interfund borrowings were still not paid back to the appropriate funds, in violation of EC 42603.

In the 2023-24 fiscal year, the district projected its Local Control Funding Formula (LCFF) revenue as a non-basic-aid district, resulting in an advance apportionment of $4.5 million. However, during the year, the district transitioned back to basic-aid status and was required to return $3.1 million of the advance apportionment. The district did not account for the return of these funds and overstated its LCFF revenue expectation to its governing board and the CDE. In March and July of 2024, the district submitted its 2023-24 second interim financial report and its 2024–25 adopted budget to the CDE, both of which projected fiscal solvency through the current and two subsequent years. This overstatement was not discovered until the district prepared its fiscal year 2023-24 unaudited actuals in September 2024, revealing a negative unrestricted ending fund balance as of June 30, 2024. The negative ending balance translated into a negative beginning fund balance for the 2024-25 fiscal year, which was reflected in the 2024-25 first interim financial report. In response, the district self-certified as negative in December 2024.

During fiscal year 2024-25, leadership changed again as the superintendent was placed on administrative leave and then resigned in October 2024, and an interim superintendent was hired in November 2024. Over the course of fiscal year 2024-25, further compensation increases of 2.5% were approved for all county office and district staff, retroactive to July 1, 2024.

In December 2024, the district notified the CDE that it would be submitting its first Interim report with a negative certification. The CDE notified the Fiscal Crisis and Management Assistance Team (FCMAT) of this and requested emergency assistance for the district. The CDE also immediately appointed a fiscal advisor to provide intervention and assistance to the district.

The district again self-certified as negative at 2024-25 second interim, with a negative unrestricted ending fund balance, no reserve for economic uncertainties, and no remaining cash flexibility. The district received support from a CDE-appointed fiscal advisor and FCMAT to assess solvency risks and identify recovery options. The situation remained critical, with continued deficit spending. On June 27, 2025, the governor signed AB 121 (omnibus budget trailer bill for education) to provide the district with an emergency advance appropriation of up to $20 million.

It remains unclear whether the district's leaders did not have the experience and capacity to understand the situation or whether they intentionally covered up the situation to give a false appearance of financial stability. It is likely a combination of the two. Because the CDE did not have direct access to the fiscal system, it relied solely on budget, interim, collective bargaining disclosures, and audit reports to ascertain the district's fiscal status. Because of its lack of proximity, the CDE was at a disadvantage in its ability to assess staff experience and capacity at the district. Poor leadership and unjustifiably late audit reports also contributed to the lack of awareness of the district's fiscal status.

In reviewing the CDE's oversight actions, it is evident that the following indicators of risk or potential fiscal insolvency went unmonitored and/or undetected:

- Audit – failure to complete audit within statutory timelines.
- Insufficient Budget Monitoring – actual revenues and expenditures not consistent with budget; inadequate explanations of criteria and standards variances; failure to regularly reconcile balance sheet accounts.
- Inadequate Cash Management – failure to reconcile cash monthly; failure to comply with interfund borrowing requirements.
- Mismanaged Collective Bargaining Agreements – failure to adequately quantify the fiscal impact of collective bargaining agreements; compensation increases above funded COLA.
- Continued Deficit Spending – deficit spending in recent fiscal years.
- Inattention to Enrollment and Attendance – failure to monitor and analyze enrollment and average daily attendance (ADA).
- Inadequate Fund Balance and Reserve for Economic Uncertainty - failure to accurately estimate the ending fund balance; failure to maintain minimum reserve; unstable or decreasing projected unrestricted fund balance.
- Nonintegrated Information Systems and Data Management – financial systems not integrated.
- Ineffective Internal Controls – failure to post and reconcile beginning balances with the prior year ending balances.
- Weakness in Leadership and Stability – turnover of superintendent and CBO positions.
- Inadequate Multiyear Projections – multiyear projections not in accordance with reasonable projection year assumptions; failure to explain trend analysis; failure to consider multiyear projections when making financial decisions.

Although the CDE maintains analytical tools to evaluate district fiscal report submissions, interviews confirmed that an increased level of engagement and ongoing communication would have helped identify the weaknesses in the district's systems and processes. The CDE has also identified areas that can be improved in its own fiscal oversight processes and its efforts to ensure that fiscal distress is identified sooner. Many of these improvements, which included CDE staff steps for fiscal report review and information validation, have been incorporated into a new budget review checklist.

Suggested Next Steps to Improve Oversight

It is possible that the CDE and other agencies may want to consider alternative approaches to providing front line oversight activities, such as a specialty group within the CDE, a regional oversight structure specifically for single-district counties, and/or other approaches. This will allow specialization and potentially attract staff with LEA experience. This supports the notion that there is both a science and an art to Assembly Bill 1200 fiscal oversight. The technical aspect is the science and is the simpler of the two. The art is built upon relationships, proximity, and a deeper understanding of the unique nature of each district. An alternative structure may also overcome both the natural resistance to state oversight and any reluctance to offer full transparency. Single-district counties are different than multidistrict counties, and they fulfill what are typically district responsibilities, including direct general education instruction. They are also more likely than a typical county office of education to get into fiscal distress and potentially become insolvent, as is the case at Plumas USD.

As this report notes, immediately after the context and information about Plumas USD was understood, the CDE took steps to enhance its oversight checklist for budget adoption, interim reports, and estimated actuals. When used consistently, the new checklist will greatly improve the CDE's oversight process. An evaluation based on the CDE's 2025-26 oversight activity will occur around September of 2026. There is every indication that it will reflect improved conditions based on the actions CDE has already taken.

One major difference between county superintendents of schools' oversight process and the CDE's process is that county superintendents have access to districts' financial systems and can view the details of transactions. County offices of education and single-district counties operate like fiscally independent districts, but without the same required checks and balances as fiscally independent districts. Because of this, the CDE is not the agency processing commercial or payroll warrant transactions for a district, nor is it the agency hosting the local financial system. Therefore, daily transactions and financial details are not visible or available to the CDE; it sees only the data reported in the Standardized Account Code Structure Web System. It has no way to independently verify the data or review sample transactions. The Legislature should give the CDE the authority to have read-only access to all financial systems used by local educational agencies that are subject to CDE oversight.

Although it would be separate from FCMAT's role in conducting this initial evaluation and the annual evaluations to come, FCMAT is willing to provide any training or other assistance to our CDE partners that will enhance their oversight role. This includes training in oversight and how to read financial system reports

Findings

This section focuses on FCMAT's review of the California Department of Education's (CDE's) fiscal oversight actions. Each assessed area is listed below. A "Yes" response indicates that FCMAT found sufficient evidence to indicate that appropriate fiscal oversight actions were taken. A "No" response indicates either insufficient documentation or a lack of attention to that particular responsibility. If a deficiency in an area is material, it is noted in the accompanying narrative. For any "No" responses, an explanation is provided, outlining the action(s) required to achieve a "Yes."

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
1	**Did the CDE receive and retain budget and interim report certification forms from the district, complete with original signatures?** In interviews, CDE staff stated that certification forms are routinely collected at each submission. A review of certification forms and CDE tracking spreadsheets indicated that the signed certifications are routinely received for the budget and interim reports.	Yes	Yes	Yes	Yes
2	**Did the CDE review the status of all the district's import, export, general ledger, and supplemental SACS-Web technical review checks?** Per interviews with CDE staff, the SACS technical review checks are performed as part of the CDE acceptance process. District submissions reviewed by FCMAT were complete, with no fatal errors. The CDE provided a document titled "2025-26 Budget Review Checklist" that was recently developed, which interviewees stated would be used to organize reviews beginning July 1, 2025. The checklist contains 98 budget items and activities to review and confirm, including verifying that the submission had no fatal "F" exceptions and that allowable exceptions had reasonable explanations. Using this checklist and accompanying manual will help the CDE continue to meet this standard.	Yes	Yes	Yes	Yes

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
3	**Did the CDE evaluate the reasonableness of the explanations for the allowable exceptions noted in the district's SACS-Web technical review check?** Technical review exceptions for the budget, first and second interim reports identified several nonfatal warnings. District provided explanations accompanied all exceptions. Interviews revealed that CDE staff identify and discuss the district explanations for any exceptions in the technical review check (TRC); however, no evidence was found that the CDE evaluates the exceptions or the explanations. No questions or concerns from the CDE review were found documented or communicated to the district. In interviews, CDE staff stated the 2025-26 Budget Review Checklist would be used to organize reviews beginning July 1, 2025 and should support meeting this standard. This checklist contains 98 budget items and activities to review and confirm, including verifying that the submission had no fatal "F" exceptions and that allowable exceptions had explanations. In addition, the CDE will need to establish a standard of reasonableness and acceptance for district explanations.	No	No	No	No
4	**Did the CDE verify whether the district had any fatal "F" exceptions in the SACS-Web technical review process?** According to interviews, the CDE's stated process is to verify that there are no fatal errors in the district's technical review and to note any exceptions. A review of the district's SACS forms and data files submitted found no fatal errors.	Yes	Yes	Yes	Yes
5	**Did the CDE review and validate transfers made from the district's restricted funds (e.g., building fund, bond interest and redemption fund, self-insurance fund)?** The CDE's district budget and interim review tool (DBIRT) has review tabs for budget and first and second interim fund summary, on which CDE staff record transfers in and out of each fund as submitted by the district at each reporting period. However, there is no active and timely review of transfers. Until recently, the CDE did not have access to the district's financial system to review transfers. The only indication that the CDE reviews transfers was found in the fiscal year 2025-26 budget review correspondence to the district, which calls out the timing of repayment of 2024-25 transfers for funds 17 and 35. The CDE should review all budgeted and enacted transfers reported by the district and ensure their appropriateness, including whether they are temporary and need to be repaid or permanent. Further, the CDE's records and correspondence with the district should document this review.	No	No	No	No

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
6	**Did the CDE review Form A and determine whether the district's prior year second principal apportionment and annual average daily attendance (ADA) figures matched its actual attendance report?** There is no evidence that Form A (or Form AI) is reviewed for validity or whether district enrollment and ADA is compared to other reporting periods. The recently-developed 2025-26 Budget Review Checklist references reviewing ADA data to validate figures reported on the second principal apportionment and annual average daily attendance budgeted match, determine the reason for any significant changes in ADA, and determine whether projections are reasonable. This process will help the CDE meet this standard.	No	No	No	No
7	**Did the CDE investigate and determine the reason(s) for any significant change in ADA since the previous reporting period and discuss this change with the district?** No documentation was found to indicate that an evaluation of ADA data or trends occurs in the CDE's review process. The CDE notes in the DBIRT whether ADA is "met" or "not met" in the district's reported criteria and standards, and the ADA as reported in the district audit.. The recently-developed 2025-26 Budget Review Checklist, implemented as of July 1, 2025, references reviewing the ADA reported in the current submission to validate whether the figures align with those reported on the prior year second apportionment and the annual average daily attendance reports, determine the reason for any significant changes in ADA, and determine whether projections are reasonable. This process will help the CDE meet this standard.	No	No	No	N/A
8	**Did the CDE verify whether the district's enrollment and ADA projections are reasonable? The industry standard is to review enrollment trends over at least the last three years.** No documentation provided indicated that enrollment and/or ADA projections are evaluated for reasonableness during the CDE's review process. The enrollment and ADA status in the criteria and standards for each reporting period are recorded in the DBIRT as "met" or "not met," with no further comment. The recently-developed 2025-26 Budget Review Checklist implemented as of July 1, 2025 references reviewing CALPADS and ADA historical data to assess the reasonableness of enrollment and ADA projections. This process, along with establishing a standard for reasonableness, will help the CDE meet this standard.	No	No	No	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
9	**Did the CDE evaluate the reasonableness of the district's explanations in the Criteria and Standards Review form (Form 01CS)?** The CDE documents the SACS criteria and standards provided by the district for each reporting period and notes whether the standard is met or not met. The district-provided explanation for each "not met" is also recorded. Interviews revealed that CDE staff identify and discuss concerns regarding explanations identified in each submission; however, no documented evidence was found to show that the CDE evaluates for reasonableness or communicates any identified concerns back to the district. The recently-developed 2025-26 Budget Review Checklist identifies enhanced checks and review activities for the criteria and standards in future budget and interim reports. This process, including evaluating explanations and communicating concerns to the district, will help the CDE meet this standard.	No	No	No	N/A
10	**Did the CDE evaluate the reasonableness of the multiyear commitments in Form 01CS by comparing them with the information in the district's most recent audit report?** Evidence was provided that the CDE reviewed district audits, and applied audit debt information and findings to the district's most recent budget submission. The CDE also corresponds with the district regarding audit findings, their impact and resolution. However, no evidence was found that the CDE reviewed multiyear commitments and made judgments about the reasonableness of those commitments. When reviewing a district's multiyear commitments, the CDE should evaluate them based on historical trends and forward-looking assumptions, and confirm alignment with the district's annual audit.	No	No	No	N/A
11	**Did the CDE evaluate the reasonableness of retiree health and welfare benefit liabilities by comparing them with the information in the district's most recent audit report?** The CDE tracks and documents the district-reported retiree health and welfare liability in its DBIRT at each reporting period. The DBIRT provides for a comparison of liabilities between audit and current reporting period to identify differences. However, although differences are evident, no evidence of evaluation was provided and no CDE comments or concerns were noted. To meet this standard, the CDE should continue to identify differences between the district's audit report and its fiscal reports. Any differences should be understood and evaluated for reasonableness. The CDE should request additional information from the district to clarify, and should communicate any concerns.	No	No	No	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
12	**Did the CDE verify the accuracy of any salary settlements or negotiations by comparing them to the bargaining agreements included in the district's Form 01CS and any Public Disclosure of Collective Bargaining Agreement?** For the 2024-25 agreements, the CDE provided documents and evidence of Public Disclosure of Collective Bargaining Agreement (AB 1200 disclosure) receipt and impact review, complete with a reviewer's notes in the DBIRT. However, this process does not appear to be completed for settlements in preceding years. In all settlements reviewed, the CDE took the information provided by the district and then applied the fiscal impact of the settlement. No evidence was provided to indicate that the CDE verified the accuracy of the data received from the district. An extensive review of all collectively-bargained settlement public disclosures, including the verification of the district calculations and the fiscal impact of the settlement, needs to occur and be documented to meet this standard.	No	No	No	N/A
13	**If the district received a qualified or negative certification, did the CDE review the district's Public Disclosure of Collective Bargaining Agreement and provide comment on the agreement's viability and affordability within the statutorily required 10-day period?** The CDE provided documents and evidence of the 2024-25 collectively-bargained agreement disclosure receipt and review, complete with a reviewer's notes and analyses in the DBIRT. In addition, the CDE provided timely correspondence to the district regarding concerns over the affordability of the agreements.	N/A	Yes	Yes	N/A
14	**Did the CDE compare the district's budgeted revenues and expenditures to estimated actuals for the adopted budget period, historical trend data for both the adopted budget and interim periods, and actuals to date for the interim periods?** The CDE DBIRT includes a comparison and analysis of district budgeted and actual revenues and expenditures at each budget and interim reporting period. Also included in the DBIRT is a comparison of historical and projected changes in revenues and expenditures, expenditure category ratios to total budgeted expenditures, and expenditure trends.	Yes	Yes	Yes	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
15	**Did the CDE review the "% of difference" column for reasonableness in the following: adopted budget (Form 01 "% Diff" column and Form MYP "% change" columns B and D), interim report (Form 01 "% Diff" column F and Form MYP "% change" columns B and D), and unaudited actuals report (Form 01 "% Diff" column)?** The CDE's DBIRT tool provides for a thorough comparison and analysis of the budget and interim reporting period data that highlights anomalies and variances. Per interviews, the CDE staff meet to discuss concerns identified in the DBIRT. However, CDE documents provided for this review lack evidence of CDE staff review and documentation of the reasonableness of the reported data. To meet this standard, the CDE should incorporate the evaluation of reasonableness into its comparisons and analyses of data.	No	No	No	No
16	**Did the CDE verify whether the district's reserve calculation meets the applicable percentage of reserve requirement in object 9789 (Reserve for Economic Uncertainties)?** The CDE-maintained DBIRT provides a comparison of the district's reserves for budget and interim reporting periods. However, there was a lack of documented evidence of review of the district's unaudited actuals. The CDE should implement a review of the district's unaudited actuals as it does for the budget and interim periods in the DBIRT.	Yes	Yes	Yes	No
17	**Did the CDE verify whether object 8011 (LCFF State Aid – Current Year) aligns with the district's LCFF Calculator for the current year and in the multiyear projection for both the budget and interim reports?** There was a lack of documented evidence of the CDE's validation that object 8011 (LCFF State Aid – Current Year) aligned with the district's LCFF calculator for budget and interim reporting periods. Interviewees shared that this process of cross-checking LCFF amounts was happening in the review of the LCAP and budget. The DBIRT used by the CDE fiscal oversight review team did not have a prompt or section to confirm whether LCFF amounts matched those in the LCFF calculator or any other source document. The 2025-26 Budget Review Checklist will help the CDE complete this activity by verifying that budgeted object 8011 agrees with the LCFF calculator and is in reasonable alignment with the multiyear projections.	No	No	No	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
18	**Did the CDE verify whether local tax revenues align with the district's most recent local revenue submission in the Principal Apportionment Data Collection Software?** No evidence was provided to verify local tax revenue alignment. In interviews, staff stated they were not verifying whether local tax revenues aligned with the district's most recent property tax revenue report submission. Staff indicated that the local property tax revenues report is submitted to a different group in the same department at the CDE, and the DBIRT did not include a section to cross-check the property tax revenue against the latest budget projection. The 2025-26 Budget Review Checklist will help the CDE complete this activity by reviewing tax revenues budgeted with the prior year principal apportionment P-2 funding exhibit.	No	No	No	No
19	**Did the CDE evaluate the reasonableness of the district's assumptions and budgeted revenues by comparing them with information from the latest state budget, the School Services of California, Inc. dartboard, and the LCFF Calculator?** **There was a lack of documented evidence to validate cross-checking of the district's assumptions and budgeted revenues against information from other sources, including the state budget, School Services of California, Inc. dartboard, and the LCFF calculator. Interviewees indicated that the CDE team participates in workshops and conferences to obtain updated information and details related to the latest state budget assumptions and revenue projections. However, the DBIRT does not have a designated section for cross-checking revenue assumptions against other published state budget projections. Further, there is no established process for reviewing district assumptions and budget projections for reasonableness.** The 2025-26 Budget Review Checklist contains the following action language, which will support this standard: Check if the Local Education Agency (LEA) has reasonable assumptions and budgeted revenues by comparing them to the latest state budget, the School Services of California, Inc. dartboard, and the LCFF Calculator. Ask for their assumptions if they haven't provided any. Assess the LEA's assumptions about LCFF funding, Average Daily Attendance (ADA) projections, and see if they match CALPADS or historical data.	No	No	No	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
20	**Did the CDE evaluate the reasonableness of the district's salaries and benefits, including any increases or decreases due to negotiation settlements, in both the current year budget and the multiyear projection? Is the budget consistent with the district's assumptions and Form 01CS?** The CDE-maintained DBIRT contains fields for comparisons and analyses of the district's salary and benefit budget and expenditures, including the impact of negotiated settlements. The DBIRT is to be completed for every budget and interim reporting period and includes projected expenses versus budget and period-over-period comparisons. However, this area of the DBIRT is not consistently completed, and there is no documented evaluation of salaries and benefits budgets and variances identified on the DBIRT. The CDE staff should complete the DBIRT sections for salary and benefits and collective bargaining analysis. In addition, the CDE staff should review the effects of collective bargaining and budgeting assumptions and evaluate them for reasonableness.	No	No	No	N/A
21	**Did the CDE identify and evaluate the reasonableness of the increases or decreases in the district's other financing sources and uses?** The CDE-maintained DBIRT tracks and compares the district reported other financing sources and uses for each reporting period. CDE staff are to note any significant variances; however, there is a lack of documentation of review and evaluation of this information. For future compliance, the CDE needs to identify changes in the district's other financing sources and uses and evaluate whether they are reasonable.	No	No	Yes	N/A
22	**Did the CDE verify whether the base year totals in the district's multiyear projection match the General Fund budget totals on the district's Form 01?** The CDE-maintained DBIRT records, compares and verifies whether the multiyear projection base amounts match the current period data and identifies any variances.	Yes	Yes	Yes	N/A
23	**If line B10 on the multiyear projection was used, did the CDE verify whether the district included detailed assumptions or information to explain the adjustment?** No B10 adjustments were used on any of the 2024-25 budget or interim multiyear projections. However, the DBIRT contains space to report and comment on any such adjustments should they exist.	N/A	N/A	N/A	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
24	**Did the CDE evaluate the reasonableness of the district's projections for supplies, services, capital outlay and other expenditures (e.g., energy costs, one-time expenses)?** The CDE uses the DBIRT to track and compare the district's budget and actual expenditures for each reporting period as well as for the multiyear projections. Trends and variances are identified, and presumably clarification is requested from the district. However, there is no evidence that the CDE validates any variances and evaluates the projections for reasonableness. The CDE needs to establish a validation of data and evaluation of reasonableness for district expenditure projections.	No	No	No	N/A
25	**Did the CDE verify whether the district's prior year ending balances were accurately carried forward as beginning balances (not applicable for budget period)?** The CDE uses the DBIRT to compare the prior year ending balances with current year beginning balances at first interim. The CDE uses the district's annual audit report to compare ending balances with beginning balances. The DBIRT shows a significant difference between the 2023-24 audit report ending fund balance and the 2024-25 first interim beginning fund balance for the general fund. However, there are no comments in the DBIRT noting differences. The CDE commented that the audit report identified material weaknesses and deficiencies in the financial statements and detailed the multiple audit findings. To support future compliance, the 2025-26 Budget Review Checklist includes a place to document the verification of whether ending balances are carried forward to beginning balances at each reporting period.	N/A	Yes	No	No
26	**Did the CDE verify whether the district projects maintaining the minimum reserve for economic uncertainties, in accordance with the guidelines established in the State Standards and Criteria for Fiscal Solvency, for the current year and the two subsequent years?** The CDE-maintained DBIRT includes extensive analysis and records staff members' notes on the district's reported reserves, including its ability to meet its minimum reserve requirement in the current and two subsequent years.	Yes	Yes	Yes	N/A
27	**Did the CDE evaluate the reasonableness of the district's beginning cash balance for July 1 on the cash flow projection and whether it was accurately carried forward from the prior year?** The CDE's DBIRT includes cash form review actions to validate beginning cash balance; however, no evidence was provided to verify the validations are completed. To support future compliance, the CDE's 2025-26 Budget Review Checklist includes a place to document the validation of beginning cash balances, which, if used, would support meeting this standard.	N/A	No	No	No

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
28	**Does the CDE monitor the district's cash flow on at least a monthly basis and communicate any concerns about the cash balance to the district?** The CDE has not historically had access to the financial systems of any of the local education agencies (LEAs) it monitors for fiscal health (or their respective county auditor/controller), and it has not actively monitored cash balances. The CDE's DBIRT instructs CDE staff to validate district-reported beginning cash balances and check that projected cash balances are not negative for any month. Recently, the CDE has obtained access to the Plumas Unified School District's financial system. This access, along with actions in the 2025-26 Budget Review Checklist, will help the CDE monitor monthly cash flow going forward. Independently verifying cash balances with the county treasurer or county auditor/controller is also important.	No	No	No	N/A
29	**Did the CDE identify any tax revenue anticipation notes issued in the budget year, along with their repayment schedule? If so, did the CDE verify whether the receipts and payments were included in the cash flow worksheet and recorded in the general ledger under object 9640 (Current Loans)?** The district has not issued any tax revenue anticipation notes (TRANs) in the past four fiscal years. The CDE's DBIRT includes a tab to analyze and comment on liabilities, but it is not clear the CDE has a process for determining whether TRANs receipts and payments are included in the district's cash flow and general ledger. The 2025-26 Budget Review Checklist includes reporting of TRANs activity and documents the monitoring of TRANs. This reporting and documentation will help the CDE comply with this standard.	N/A	N/A	N/A	N/A

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
30	**Did the CDE monitor or identify any temporary borrowing between funds, verify the use of appropriate object codes, determine whether due to/due from amounts were cleared, and confirm the district's compliance with applicable Education Code requirements regarding limits and timelines?** The CDE's DBIRT has review tabs for budget and for first and second interim fund summary, on which CDE staff record district-reported transfers in and out of each fund, whether they are temporary (loans) or permanent. This recording is only completed if the district reports interfund transfers in a budget or interim reporting period. The CDE has not historically had access to the district's financial system to check for or verify interfund activity. In CDE review documents and correspondence, references to interfund activities were found only twice: for the 2024-25 first interim, the CDE reviewers documented that there were no interfund transfers budgeted; and subsequently, in the CDE's 2025-26 budget review correspondence with the district, the need for the 2024-25 fiscal year temporary loan repayments to funds 17 and 35 was called out. The CDE should review all budgeted and enacted transfers and determine their appropriateness, including whether they are temporary (loans) or permanent. In addition, the CDE should verify fund activities and balances monthly to ensure interfund borrowing and transfers are known. The CDE's records and correspondence with the district should document this review. To support compliance with this standard, the 2025-26 Budget Review Checklist includes a place to document the monitoring of transfers between funds.	No	No	No	No
31	**Did the CDE verify whether the district reconciles prior year accruals, suspense accounts, and general ledger/balance sheet transactions at each reporting period?** The CDE does not verify whether the district reconciles its accounts properly and in a timely manner. The CDE has not historically had access to the financial systems of any of the LEAs for which it conducts fiscal monitoring, limiting its ability to verify whether the LEA reconciles accounts in a timely manner. Recently, the CDE has obtained access to the Plumas Unified School District's financial system and developed the 2025-26 Budget Review Checklist to include and document its verification of the district's account reconciliations.	No	No	No	No
32	**Did the CDE verify whether the district complies with maintenance of effort requirements for the applicable reporting periods?** FCMAT found no evidence to indicate that the CDE monitors the district's compliance with maintenance of effort requirements. The CDE should include a review of maintenance of effort requirements at each reporting period.	N/A	N/A	N/A	No

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
33	**Did the CDE verify whether the district complies with current expense of education requirements for the applicable reporting periods?** FCMAT found no evidence that the CDE monitors compliance with current expense of education requirements. The CDE records audit findings, including noncompliance with the current expense of education, at actuals (SACS form CEA). The CDE should include a review of compliance as reported on SACS form CEA at unaudited actuals reporting.	N/A	N/A	N/A	No
34	**If the district is deficit spending, did the CDE note the levels of deficit spending and communicate their concerns to the district governing board through the budget and/or interim report letters?** The CDE's DBIRT includes extensive analysis and notes on the district's revenues and expenditures, including any deficit spending. FCMAT's review of CDE correspondence to the district at budget and interim periods from fiscal year 2021-22 through 2024-25 budget found no communication or concern regarding deficit spending, though the DBIRTs identified such. The CDE's 2024-25 first interim report letter was the first to identify the district's level of deficit spending. The CDE should continue using the DBIRT and use the 2025-26 Budget Review Checklist to identify and track whether the district is deficit spending. In addition, the CDE should routinely note the levels of deficit spending and any concerns in its correspondence at each review period.	No	No	No	N/A
35	**If the district has contingent liabilities, did the CDE evaluate the district's ability to manage debt service or eliminate the liability? Did the CDE assess impact of these liabilities on the district's ending fund balance?** The CDE's DBIRT includes fields in which to analyze and comment on liabilities. The DBIRT contains comments that the district has not consistently budgeted the actuarially-determined contribution toward its OPEB liability, but it does not make clear how this or the district's other liabilities may impact its ending fund balance. No other liabilities are noted. To support compliance, the 2025-26 Budget Review Checklist actions include a review of liabilities and a place to record the CDE's evaluation of the impact of a district's liabilities on its fund balance. The DBIRT should contain this information as well. In addition, correspondence with the district should include the CDE's assessment of the impact of liabilities.	No	No	No	No

No.	Question	At Budget Period	At First Interim Period	At Second Interim Period	At Unaudited Actuals
36	**If the CDE received disclosures of non-voter-approved debt from the district, did the CDE respond within the statutory timeline?** There is no indication that district has submitted any non-voter-approved debt disclosures. However, annual audits report debt, including $3.57 million in certificates of participation for facility improvements in 2018, $4.47 million in financing bonds for a solar photovoltaic system in 2022, $72,495 in equipment financing in 2024, and $1.81 million in financing bonds for energy conservation improvements in 2021. However, no documentation was provided indicating district disclosures or CDE review. The CDE's 2025-26 Budget Review Checklist actions include a review and statutory response to non-voter-approved debt and will support the CDE's compliance with this standard. The CDE should reconcile debt reported in a timely annual audit with their Budget Review Checklist.	N/A	N/A	N/A	N/A
37	**Is the CDE monitoring and facilitating the training of district administrators who have budget authority and financial management responsibilities?** The CDE does not have processes for or documentation indicating that it facilitates the training of administrators who have financial management responsibilities. According to interviewees, in the future the CDE's 2025-26 Budget Review Checklist will document whether district administrators receive guidance on budget development, SACS reporting, and multiyear projections, and it will maintain a record of fiscal training provided. This will help the CDE comply with this standard in the future.	No	No	No	No

Total "No" Responses **83**

Scale

0 - 27, favorable oversight performance

28 – 54, marginal oversight performance

55+, poor oversight performance

Conclusion

The California Department of Education (CDE) conducted a fiscal oversight process that extended trust to the district and relied on data submitted. They did not cross-verify the data using multiple sources of data to review and validate it, and it is acknowledged that CDE's capacity to do so is more limited than that of a county superintendent's oversight process. FCMAT's evaluation of this oversight using the California Department of Education Oversight Evaluation Tool shows opportunities for enhancement and improvement.

Interviews and document review found that the CDE's fiscal services oversight processes, procedures and culture differ from those of a county office of education in overseeing its school districts, even though the statutorily required oversight is the same. This results in multiple disconnects in the CDE process for fiscal report review and oversight. Interviews revealed that staff assume that LEAs use correct budgeting practices, document actions correctly, and base projections on valid assumptions. CDE staff stated that their inquiries to LEAs typically result in resistance, likely due to the lack of established relationships.

The CDE's tools for oversight continued to evolve over the past several years with its DBIRT and its newly-developed Budget Review Checklist, which will further support its oversight activities. However, to be successful, the CDE should not only improve its systems for validating information at each reporting period, but also improve its processes for inquiry and keeping informed between reporting periods. Recommendations begin with establishing direct access to financial systems (as they have recently done with Plumas Unified School District), regularly reviewing board meetings, and establishing more regular and routine check-ins with the county offices of education and school districts they oversee.

FCMAT will continue to perform an annual review to assess the effectiveness of the CDE's oversight of the district in accordance with Education Code 41326(l) and AB 121.

Appendix

Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
FOR CDE OVERSIGHT EVALUATION

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 California Department of Education, 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 the provisions of Section 98 of Assembly Bill 121 (Chapter 8 / 2025), FCMAT will study the Client's fiscal oversight specific to the Plumas Unified School District receiving an emergency apportionment. FCMAT is required to report its findings to the Legislature and to provide a copy of the report to the Department of Finance, the superintendent of public instruction, and the president of the State Board of Education.

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.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Prepare an initial analysis of the state superintendent of public instruction's fiscal oversight provided to the Plumas Unified School District using FCMAT's County Superintendent of Schools Evaluation Tool, and make recommendations for improvement, if any.

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

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or videoconferencing services, in addition to 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.

3. PROJECT PERSONNEL

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

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

4. PROJECT COSTS

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

5. RESPONSIBILITIES OF THE CLIENT

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

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

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

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

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

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

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

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

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

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

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

6. PROJECT SCHEDULE

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

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

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

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

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

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, and 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 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 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, final report or making 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: Abel Guillen, Deputy Superintendent, Operations and Administration

Telephone: 916-319-0815

Email: aguillen@cde.ca.gov

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:

Abel Guillen Digitally signed by Abel Guillen
Date: 2025.08.04 18:41:40 -07'00'

Abel Guillen Date
Deputy Superintendent, Operations and Administration
California Department of Education

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2025.08.05 10:26:33 -07'00'

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

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