FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Health Risk Analysis

November 6, 2023

Lakeside Union Elementary School District

Michael H. Fine
Chief Executive Officer

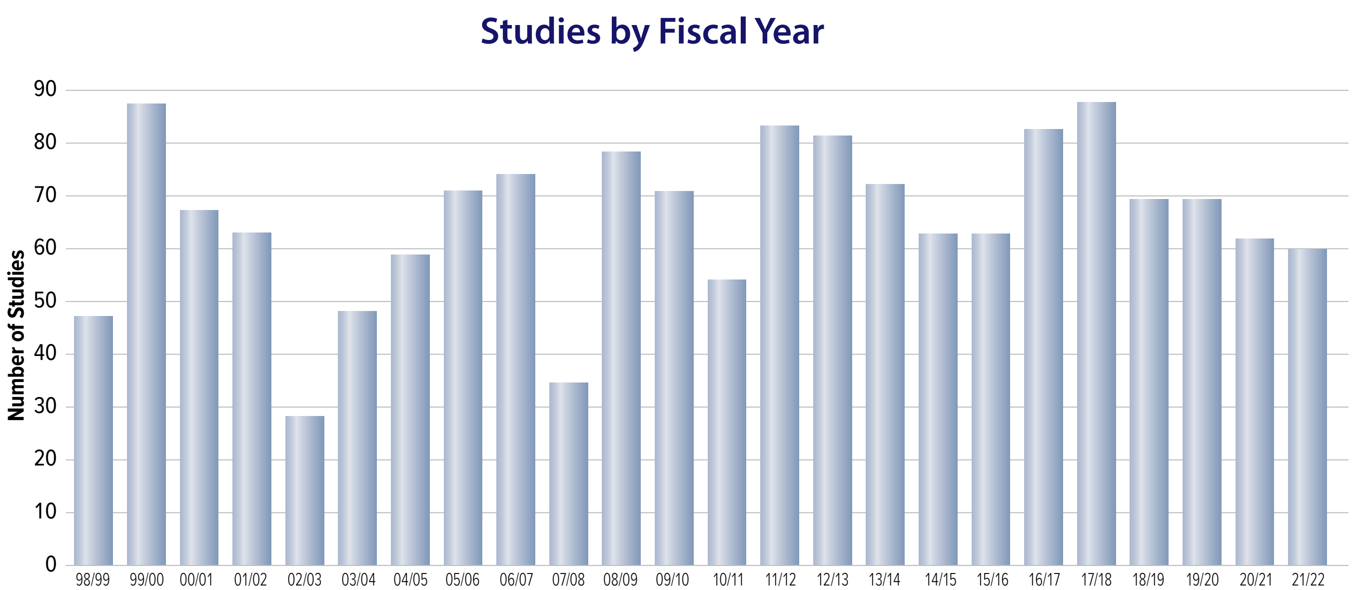
Contents

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.



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

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

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

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

On September 17, 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 of schools 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(s), under which an analysis is required by the 2018-19 State Budget Act.

- "Lack of going concern" designation

Located in Kern County, the Lakeside Union Elementary School District has a five-member governing board and serves approximately 1,570 students in preschool through eighth grade at two schools. According to data from the California Department of Education, student enrollment was 1,374 in 2016-17 and has since remained stable or increased annually. In 2022-23, the district's unduplicated pupil percentage, which includes students who are English learners, and/or foster youth, and/or qualify for free or reduced-price meals, was 69.1%.

The district's 2020-21 and 2021-22 unaudited actuals reports showed a surplus of $778,885 and a deficit of $324,993, respectively, in the unrestricted general fund. The 2022-23 second interim report projected another surplus of $146,417; however, on April 25, 2023, the county superintendent of schools issued a lack of going concern letter for the district, identifying several material instances of unbudgeted revenue and expenditures in the district's 2022-23 second interim report. Specifically, the county superintendent determined that special education program expenditures were underbudgeted by approximately $2.1 million, and unrestricted general fund contributions to the special education program were underbudgeted by approximately $1.8 million. Without adjustments, the county superintendent projected that the district would deficit spend in the unrestricted general fund by $2.4 million in 2022-23, and that it would close the fiscal year with an unrestricted ending fund balance of negative $1.8 million.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk for insolvency. The 2022-23 second interim was used as the financial reporting period for FCMAT's analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Lakeside Union Elementary School District on August 16, 2023, and a study team visited the district on September 14 and 15, 2023, to conduct interviews, collect data and review documents. Following fieldwork, the FCMAT study team continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The team was composed of the following members:

Erin Lillibridge, CFE
FCMAT Intervention Specialist

Robbie Montalbano, CFE
FCMAT Intervention Specialist

John Lotze
FCMAT Technical Writer

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

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Dates of fieldwork: September 14 and 15, 2023

District: Lakeside Union Elementary School District

Summary

The governing board is responsible for the district's budget. Management has the responsibility to maintain the integrity of the district's systems, secure the district's assets, and present sound financial information based on current and accurate data for the board to consider when making decisions to protect the district's fiscal solvency. Concurring with the issues identified in the county superintendent of school's lack of going concern determination, FCMAT's Fiscal Health Risk Analysis (FHRA) identified significant risk factors in the areas of budget development and monitoring.

For example, the district's 2022-23 first and second interim reports, as well as its 2021-22 interim reports, included multiple instances in which actual revenues and expenses for the reporting period differed significantly from the projected totals. Specifically, the 2022-23 second interim report showed a projected total for special education county office-operated programs of $1.516 million in the restricted general fund, which was considerably less than the $2.523 million in actual expenses reported through January 31, 2023. This material discrepancy led to the county superintendent's lack of going concern determination and the requirement that the district prepare and submit to the county office a fiscal stabilization proposal.

The district's small size and limited staffing in its noninstructional and business services appear to be factors contributing to the risk identified in other areas, including internal controls and fraud prevention; cash management; and analysis and disclosure of tentative bargaining agreements. All business and human resources functions are distributed among three district office positions — the superintendent, business manager, and administrative assistant — and the assignment of duties has not provided sufficient internal controls to promote sound financial management.

Internal controls are the foundation for efficient operations, reliable financial information, and legal compliance; they also protect the district from material weaknesses, serious errors, and fraud. The district's lack of processes and procedures to adequately segregate, supervise and monitor duties in accounts payable, accounts receivable, payroll, position control, and human resources has led to errors, omissions, and late reporting. Specifically, its recent audit reports included two findings regarding the district's inability to complete financial reporting on time, which caused a delay in completing the district's 2021-22 audit report and caused a loss of child nutrition program funds estimated at a combined total of more than $800,000 for 2020-21 and 2021-22.

Accurate cash flow projections are essential to ensure a district is aware of the timing of its fiscal obligations and its ability to meet them. FMCAT found that the district's 2022-23 adopted budget did not include a cash flow projection, and its 2022-23 first and second interim reports included only a current year projection. The district does not update and monitor cash flow projections monthly, nor does it reconcile cash and all other general ledger accounts monthly or at the interim reporting periods. For example, the district's 2022-23 general ledger includes interfund borrowing carried forward from the prior year that no longer appears necessary and has not been cleared pursuant to statutory requirements.

The district has also not complied with statutory requirements regarding public disclosures of tentative collective bargaining agreements. Government Code (GC) 3547.5 requires a school district to disclose at a public meeting the major provisions of a tentative collective bargaining agreement, including but not limited to the costs that would be incurred under the agreement for the current and subsequent fiscal years, before entering into the agreement.

Government Code 3547.5 also requires a district's superintendent and chief business official to certify in writing that the costs incurred under a tentative agreement can be met during the term of the agreement. In addition, the certification must itemize any budget revisions needed to meet the costs of the agreement in each year of its term. The district's superintendent and business manager did not certify a public disclosure of the district's collective bargaining agreements in 2022-23 or the prior two fiscal years.

FCMAT's analysis for this FHRA determined that the district's risk score from the 20 numbered sections is 39.7%, which is moderate. The county superintendent of school's lack of going concern determination elevates the district's risk level to high.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

The greater the number of "no" answers to the questions in the analysis, the greater the 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. 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 district currently *without* the following?:	**Yes**	**No**
Disapproved budget	✓	☐
Negative interim report certification	✓	☐
Three consecutive qualified interim report certifications	✓	☐
Downgrade of an interim certification by the county superintendent	✓	☐
"Lack of going concern" designation	☐	✓

Material Weakness Questions		**Yes**	**No**	**N/A**
2.5	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	✓	☐	☐
3.4	Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142?	✓	☐	☐
3.6	Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?	✓	☐	☐
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	☐	✓	☐
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	☐	☐	✓
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	☐	☐	✓

5.3	Are all charters authorized by the district going concerns and not in fiscal distress?	☐	☐	✓
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	☐	✓	☐
6.4	Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?	☐	✓	☐
7.2	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?	☐	☐	✓
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	☐	☐	✓
10.6	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	✓	☐	☐
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	✓	☐	☐
12.1	Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?	✓	☐	☐
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?.	✓	☐	☐
12.3	If the district is not able to maintain the minimum reserve for economic uncertainty, does the district's multiyear financial projection include a board-approved plan to restore the reserve?	☐	☐	✓
19.1	Does the district account for all positions and costs?	☐	✓	☐

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.5%
2.	Budget Development and Adoption	3.3%
3.	Budget Monitoring and Updates	4.9%
4.	Cash Management	3.5%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	4.9%
7.	Contributions and Transfers	2.0%
8.	Deficit Spending (Unrestricted General Fund)	0.6%
9.	Employee Benefits	1.6%
10.	Enrollment and Attendance	1.6%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	1.0%
13.	General Fund - Current Year	1.4%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	8.0%
16.	Leadership and Stability	1.8%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	2.0%
20.	Special Education	0.7%
Score		**39.7%**

Fiscal Health Risk Analysis Questions

Budget and Fiscal Status: Is the district currently *without* the following?:	**Yes**	**No**
Disapproved budget	✓	☐
Negative interim report certification	✓	☐
Three consecutive qualified interim report certifications	✓	☐
Downgrade of an interim certification by the county superintendent	✓	☐
"Lack of going concern" designation	☐	✓

1. Annual Independent Audit Report

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

The district's 2020-21 and 2021-22 audit reports both included a financial statement finding that the district failed to file timely meal reimbursement claims with the state during the 2020-21 and 2021-22 school years, resulting in a material loss of state and federal child nutrition program revenues. The auditor estimated the total funding loss at close to $340,000 for 2020-21 and between $500,000 and $600,000 for 2021-22.

The district's 2019-20, 2020-21 and 2021-22 audit reports included audit adjustments to the Cafeteria Special Revenue Fund (Fund 13) of -$22,742, $168,683 and $405,558, respectively. The district did not book these adjustments in the financial system or show them in its applicable financial reporting.

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

Education Code (EC) 41020(h) requires that the audit for the preceding fiscal year be filed with the county superintendent of schools, the California Department of Education, and the State Controller's Office by December 15 annually. The district's 2021-22 audit report included a finding that the district did not respond on time to the auditor's requests for information. Without the necessary documents, the auditor could not complete the audit procedures in time to meet the December 15 requirement. The county superintendent of schools requested an extension on the district's behalf. The auditor completed the 2021-22 audit report in February 2023, and the governing board approved it in March 2023.

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

As noted above under question 1.1, the 2020-21 and 2021-22 audit reports included a material weakness finding regarding the district's failure to file timely meal reimbursement claims. The district reported that its staff was overwhelmed with workload challenges during the COVID-19 pandemic and was unfamiliar with the Seamless Summer Option (SSO) application and claims process. Historically, the district has not participated in the SSO program, which was the child nutrition program in effect throughout the 2020-21 and 2021-22 school years.

1.4 Has the district corrected all reported audit findings from the most recent and prior two audits? . . . . ☐ ✓ ☐

The district did not correct its 2020-21 federal compliance audit finding regarding its failure to file timely child nutrition program claims, and this finding was repeated in the 2021-22 audit report. The district successfully filed claims for December 2021 and January, April, May and June 2022; however, claims for August, September, October, and November 2021 were not filed on time.

The district is working with the California Department of Education to process its outstanding child nutrition claims for 2020-21 and 2021-22; this requires the district to submit a special late claim request to the United States Department of Agriculture for approval.

Because the district's 2022-23 audit is in progress, FCMAT could not confirm the status of the district's other reported audit findings.

2. Budget Development and Adoption — Yes | No | N/A

2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated? . . . . ☐ ✓ ☐

The district's budget adoption and development materials for 2022-23 and the prior two fiscal years do not include written assumptions regarding significant factors such as enrollment, attendance, fund balance, and multiyear projections.

2.2 Does the district use a budget development method other than a prior-year rollover budget, and, if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses? . . . . ✓ ☐ ☐

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

The district does not use position control data for budget development. Its financial system contains a position control module, but the district indicated it does not have enough staff to implement this function.

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

2.5 Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years? . . . . ✓ ☐ ☐

2.6 Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . . . ✓ ☐ ☐

2.7 Does the district budget and expend restricted funds before unrestricted funds? . . . . ☐ ✓ ☐

The district does not consistently expend restricted funds before unrestricted funds. A review of the district's unaudited actuals reports for 2020-21, 2021-22, and 2022-23 indicated it carried forward the same balances for the restricted programs shown in the table below for multiple years:

Restricted Program Carryover, 2021-22 through 2023-24

Ending Fund Balance (Resource Code)	2020-21	2021-22	2022-23
Classified Employee Professional Development Block Grant (7311)	$7,806.00	$7,806.00	$7,806.00
SB 117 COVID-19 LEA Response Funds (7388)	$23,603.00	$23,603.00	$23,603.00
Low-Performing Students Block Grant (7510)*	$95,149.90	$95,149.90	$95,149.90

*Program funds available for expense only through June 30, 2021.

In addition, although the district budgeted annually to fully expend federal Title I, II, III, and IV program funds in the allocation year, the district's unaudited actuals reports indicated some Title programs remained unspent or had significant balances carried forward to the subsequent fiscal year.

		Yes	No	N/A
2.8	Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and one prior fiscal year?	✓	☐	☐
2.9	Has the district refrained from including carryover funds in its adopted budget?	☐	✓	☐

The district's 2022-23 adopted budget included carryover funds from the prior year for Title II and Title III programs; therefore, its projected revenue for these programs was overstated by approximately $32,000 and $3,000, respectively.

		Yes	No	N/A
2.10	Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?	✓	☐	☐
2.11	Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district's unrestricted general fund?	✓	☐	☐
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?	☐	✓	☐

The district does not use a budget calendar to organize and direct its budget and LCAP development. The best practice is to develop and adhere to a detailed budget calendar that includes due dates, major development tasks, deadlines, and the staff members or departments responsible for their completion.

3. Budget Monitoring and Updates

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

The district's 2022-23 first and second interim reports, as well as its interim reports for 2021-22, included multiple instances in which the actual revenues and expenses for the reporting period differed significantly from projected totals.

For example, the 2022-23 second interim report showed a projected total of $1.516 million for county office-operated special education programs in the restricted general fund, which was considerably less than the actual expense total of $2.523 million reported through January 31, 2023. This material discrepancy led to the county superintendent of school's lack of going concern determination. The county superintendent required the district to prepare and submit to the county office a fiscal stabilization proposal that included budget revisions for the current fiscal year, detailed budget assumptions, and a timeline for aligning actuals to the revised budget.

		Yes	No	N/A
3.2	Are budget revisions posted in the financial system at each interim report, at a minimum?	✓	☐	☐
3.3	Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum?	☐	✓	☐

The district's interim reports for 2022-23 and the prior two fiscal years do not include sufficient written assumptions regarding factors that affect enrollment, attendance, fund balance, and multiyear projections.

		Yes	No	N/A
3.4	Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142?	✓	☐	☐
3.5	Do the district's responses fully explain the variances identified in the criteria and standards?	✓	☐	☐
3.6	Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?	✓	☐	☐
3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?	☐	✓	☐
	The district does not prohibit processing of requisitions or purchase orders when a budget account has insufficient funds for an expenditure.			
3.8	Does the district encumber and adjust encumbrances for salaries and benefits?	☐	✓	☐
	The district does not encumber salary and benefit costs.			
3.9	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close?	☐	✓	☐
	The district did not consistently reconcile balance sheet accounts in 2022-23. As of September 6, 2023, the district's 2022-23 general ledger included several outstanding state and federal accounts receivable balances carried forward from the prior year. Assuming the district completed its restricted program reporting requirements, the state would have paid most of these amounts during 2022-23, and the district should have cleared the balances throughout 2022-23.			
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?.	✓	☐	☐

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?	☐	✓	☐
	The district could not provide evidence that accounts held by the county treasurer are reconciled monthly.			
4.2	Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?	☐	✓	☐
	The reconciliations provided for May, June and July 2023 for all bank accounts were dated more than one month after the statement date, which indicates that the district does not reconcile accounts monthly.			
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	☐	✓	☐
	The district's most recent cash flow projections did not forecast general fund cash activity into the subsequent year. The district is not updating and monitoring its cash flow monthly and has not consistently completed cash management reporting to collect federal Title program funds spent in 2022-23 and the prior two fiscal years.			
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	☐	☐	✓

		Yes	No	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?	✓	☐	☐
4.6	If interfund borrowing is occurring, does the district comply with Education Code Section 42603?.	☐	✓	☐

The district's 2022-23 general ledger includes interfund borrowing transactions dated July 1, 2022 that were not repaid by June 30, 2023. According to EC 42603, the district must repay temporary interfund borrowing in the same fiscal year, unless the transfer occurs during the final 120 days of the fiscal year, in which case the repayment can be made in the following fiscal year.

		Yes	No	N/A
4.7	If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?.	☐	☐	✓

5. Charter Schools

		Yes	No	N/A
5.1	Does the district have a board policy or other written document(s) regarding charter oversight?.	☐	☐	✓
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	☐	☐	✓
5.3	Are all charters authorized by the district going concerns and not in fiscal distress?	☐	☐	✓
5.4	Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools?	☐	☐	✓

6. Collective Bargaining Agreements

		Yes	No	N/A
6.1	Has the district settled with all its bargaining units for the past two fiscal years?	✓	☐	☐
6.2	Has the district settled with all its bargaining units for the current year?	✓	☐	☐
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	☐	✓	☐

FCMAT could not confirm that the district accurately quantified the effects of collective bargaining agreements and included them in its budget and multiyear projections. This was because the district lacked detailed assumptions for its budget development and monitoring as well as public disclosures of the costs of its collective bargaining agreements.

		Yes	No	N/A
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?	☐	✓	☐

The district does not conduct presettlement analyses to identify costs, savings, revenue sources or expenditure reductions for the current and subsequent fiscal years related to its collective bargaining agreements.

		Yes	No	N/A
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)?	✓	☐	☐
6.6	If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?	☐	☐	✓

		Yes	No	N/A
6.7	Did the district comply with public disclosure requirements under Government Code Sections 3540.2 and 3547.5, and Education Code Section 42142?	☐	✓	☐

The district has not complied with public disclosure requirements in the Government and Education codes.

Specifically, the district is not completing public disclosures as specified in GC 3547.5, which requires a school district to disclose at a public meeting the major provisions of a tentative collective bargaining agreement, including but not limited to the costs that would be incurred under the agreement for the current and subsequent fiscal years, before entering into the agreement.

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

The superintendent and CBO did not certify a public disclosure of the district's collective bargaining agreement before board approval in 2022-23 or in the prior two fiscal years.

Government Code 3547.5 requires the superintendent and CBO to certify in writing that the costs the school district will incur under a tentative agreement can be met during the term of the agreement. The certification must also itemize any budget revisions needed to meet the costs of the agreement in each year of its term.

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

FCMAT could not confirm whether the governing board's actions have been consistent with the superintendent's and CBO's certifications, because the district has not complied with statutory public disclosure requirements.

7. Contributions and Transfers

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

At the time of FCMAT's review, the district did not have a board-approved plan to eliminate, reduce or control any contributions or transfers from the unrestricted general fund to restricted programs and funds.

The district's largest contribution from its unrestricted general fund is to the special education program. The district's projected special education contribution was $4.137 million, or 76.3% of the total program expenditures in 2022-23, which is higher than the statewide average contribution rate of 64.3% (as of 2021-22, the latest information available, from School Services of California, Inc.).

Staff reported that the district is implementing measures to reduce special education costs. In 2022-23, the district transferred some special education programs from county office operation back to district operation to better control costs. Even with that transfer, however, as of June 30, 2023, the district's 2022-23 general ledger indicated that the district's expenses for county office-operated programs increased by $943,000 to $4.0 million in 2022-23, and total program expenses increased by $1.7 million to $5.4 million.

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

		Yes	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?	☐	✓	☐

Because its 2022-23 second interim budget projections did not include certain increased special education costs, the district's unrestricted general fund contribution to the special education program was underbudget by a comparable, material amount.

8. Deficit Spending (Unrestricted General Fund)

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

Although the district's 2020-21 unaudited actuals report indicated an unrestricted general fund surplus of $778,885, the 2021-22 unaudited actuals report indicated a deficit of $323,993. The 2022-23 second interim report projected the district would close the 2022-23 fiscal year with an unrestricted general fund surplus.

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)?	☐	✓	☐

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, requires the district to update OPEB actuarial reports every two years. The district's most recent report is dated December 8, 2020 and covers the period from July 1, 2019 to June 30, 2020.

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

Staff reported that the district does not limit accrued vacation balances. The collective bargaining agreement for classified staff limits vacation carryover to a maximum of one year's accrual. If an employee does not take sufficient accrued vacation to meet this requirement, the employee is to be paid for any days in excess of the annual accrual at the end of the fiscal year, or they may request payment for any excess in November (to be paid in December).

		Yes	No	N/A
9.4	Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?	✓	☐	☐
9.5	Does the district track, reconcile and report employees' compensated leave balances?	✓	☐	☐

10. Enrollment and Attendance

		Yes	No	N/A
10.1	Has the district's enrollment been increasing or remained stable for the current and two prior years?	✓	☐	☐
10.2	Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)?	✓	☐	☐
10.3	Does the district track historical enrollment and ADA data to establish future trends?	☐	✓	☐

The district does not have a process for tracking historical enrollment and ADA by grade level and school for use in enrollment projections.

The district's 2022-23 adopted budget's state criteria and standards for fiscal solvency (standard 3B) showed the district carried forward its prior year enrollment into the budget and subsequent years. In interviews, staff indicated that the district did this because it is experiencing modest annual enrollment growth. The district's enrollment increased from 1,374 to 1,570, or 14.3%, from 2016-17 to 2022-23.

		Yes	No	N/A
10.4	Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels?	✓	☐	☐
10.5	Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years?	✓	☐	☐
10.6	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	✓	☐	☐
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?	☐	✓	☐

The district does not have processes and procedures for schools and departments to review and verify their respective CALPADS data and correct it as needed before the report is submitted.

		Yes	No	N/A
10.8	Has the district planned for enrollment losses to charter schools?	☐	☐	✓
10.9	Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?	✓	☐	☐
10.10	Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement?	✓	☐	☐

11. Facilities

		Yes	No	N/A
11.1	If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?	✓	☐	☐
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	✓	☐	☐
11.3	Does the district properly track and account for facility-related projects?	✓	☐	☐
11.4	Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?	✓	☐	☐
11.5	Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget?	✓	☐	☐

		Yes	No	N/A
11.6	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	☐	✓	☐

The district did not complete the required facility inspections for 2021-22 and 2022-23 for all schools, because its director of maintenance, operations, and transportation position was vacant.

		Yes	No	N/A
11.7	If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?	☐	✓	☐

The district has not met the requirements for reporting or for a citizens' bond oversight committee. According to the district's website, the last meeting date for the committee was February 24, 2015.

Staff reported that the COVID-19 pandemic and turnover in the director of maintenance, operations, and transportation position stopped much of its progress on planned facility projects. Therefore, the district reported no expenses in the Building Fund (Fund 21) in 2020-21 and 2021-22. However, the 2022-23 unaudited actuals report included close to $19,000 in Fund 21 expenses. In interviews, district staff indicated that reestablishing the citizens' bond oversight committee is a priority and is underway.

		Yes	No	N/A
11.8	Does the district have a long-range facilities master plan that reflects its current and projected facility needs?	☐	✓	☐

Although the district is paying a consultant to create a new long-range facilities master plan, it does not have a plan that reflects its current and projected facility needs.

12. Fund Balance and Reserve for Economic Uncertainty

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

Although the district's 2022-23 second interim report showed the unrestricted fund balance would increase in the two subsequent fiscal years, the county superintendent of schools' letter dated April 25, 2023 indicated that the district would likely deficit spend in 2023-24 and 2024-25 because of additional special education costs not included in the current year budget or the multiyear financial projections.

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

13. General Fund – Current Year

		Yes	No	N/A
13.1	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	✓	☐	☐
13.2	Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the current year?	✓	☐	☐

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

According to the district's unaudited actuals reports, it allocated to salaries and benefits 90.7% and 92.7% of its general fund unrestricted expenditure budget in 2020-21 and 2021-22, respectively. Both allocations were higher than the statewide average allocations of 89.0% and 87.0% in the same years, respectively.

		Yes	No	N/A
13.4	If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or two prior years, is the district addressing the complaint(s)?	☐	☐	✓
13.5	Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?	✓	☐	☐
13.6	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	☐	✓	☐

The district's 2021-22 unaudited actuals report included an ending fund balance of $95,150 for the Low-Performing Students Block Grant. These funds were available for expenditure or encumbrance only through June 30, 2021 and will need to be returned to the state.

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

The district did not charge indirect costs to any restricted resources or other funds in 2020-21, 2021-22 and 2022-23.

14. Information Systems and Data Management

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

Although the district uses the financial system to help make informed decisions, it does not use the system for position control; rather, it relies on rollover budgeting and payroll actuals to budget employee compensation costs.

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

15. Internal Controls and Fraud Prevention

		Yes	No	N/A
15.1	Does the district have controls that limit access to its financial system and include multiple levels of authorization?	☐	✓	☐

Although only two employees have access to the financial system, the district does not have controls that include multiple levels of authorization.

15.2	Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually?	✓	☐	☐
15.3	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:			
	• Accounts payable (AP)	☐	✓	☐
	The district does not segregate, supervise or monitor duties in the accounts payable process. The administrative assistant is responsible for adding vendors, entering and assigning purchase orders in the financial system, and creating and mailing checks. A signature stamp is used to indicate the superintendent's approval at least half the time. The best practice is to segregate duties so that the employee who creates checks is not able to add or change vendors and does not mail the checks. A signature stamp should not be used; the district should instead designate a secondary approver of warrants who is not connected to the process.			
	• Accounts receivable (AR)	☐	✓	☐
	The district does not segregate, supervise or monitor duties in the accounts receivable process. The business manager is responsible for receipting and depositing checks, and for reconciling bank statements. The best practice is to segregate duties so that the employee who receives funds or makes the deposits does not also reconcile the bank accounts. Samples of bank reconciliations indicated that the district is not reconciling bank accounts monthly, and that the reconciliations are not reviewed by anyone other than the preparer.			
	• Purchasing and contracts	☐	✓	☐
	In interviews, staff clearly communicated an approval process for the district's purchases. However, staff also indicated that purchase orders are not used for all purchases. A best practice is to require purchase orders for all goods and services to ensure that funds are encumbered in the budget and not allocated again to additional purchases. Duties should also be segregated so that the employee who processes purchase orders and adds and changes vendor information does not also have access to make vendor payments.			
	• Payroll	☐	✓	☐
	The district does not segregate, supervise or monitor duties in the payroll process. The administrative assistant is responsible for adding new employees, entering pay information into the financial system, and creating and mailing or distributing checks. Duties should be segregated so that the employee who processes payroll does not also add or change employees in the system and does not distribute or mail paychecks.			
	• Human resources (i.e., duties relative to position control and payroll processes)	☐	✓	☐
	Because the district is small, it does not have a human resources department. Instead, it distributes human resources functions among the business manager, administrative assistant and superintendent. The district does not use position control or segregate, supervise or monitor key duties related to position control and payroll.			
15.4	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?	☐	✓	☐
	The district did not post audit adjustments to beginning balances in 2020-21, 2021-22, or 2022-23.			

		Yes	No	N/A
15.5	Does the district review and work to clear prior year accruals throughout the year?	☐	✓	☐

As of September 6, 2023, the district's 2022-23 general ledger included several outstanding state and federal accounts receivable balances that were carried forward from the prior year.

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

The district has no processes or procedures to discourage and detect fraud.

		Yes	No	N/A
15.8	Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?	☐	✓	☐

The district does not have a process for collecting reports of possible fraud or for following up on such reports.

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

The district does not have an internal audit process.

16. Leadership and Stability

		Yes	No	N/A
16.1	Does the district have a chief business official who has been with the district as chief business official for more than two years?.	✓	☐	☐
16.2	Does the district have a superintendent who has been with the district as superintendent for more than two years?	✓	☐	☐
16.3	Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?	✓	☐	☐
16.4	Is training on financial management and budget provided to site and department administrators who are responsible for budget management?	☐	☐	✓
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	☐	✓	☐

Interviews with staff indicated that the district is renewing its efforts to adopt and revise policies and administrative regulations annually; however, these are not currently up to date.

		Yes	No	N/A
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff?	☐	✓	☐

The district does not have a process to communicate newly adopted or revised policies to staff. Board policies are available for review on the district's website for a limited time as part of the board meeting agendas. The district keeps its board policies in a binder in the superintendent's office. The best practice is to make all board policies and administrative regulations available to staff and the community on the district's website.

		Yes	No	N/A
16.7	Do all board members attend training on the budget and governance at least every two years?	☐	✓	☐

Staff indicated that not all board members have attended training on the budget and governance, and those who have received training have not attended refresher training at least every two years.

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

17. Multiyear Projections

		Yes	No	N/A
17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	☐	✓	☐
	The district's budget adoption, development, and monitoring materials for 2022-23 and the prior two fiscal years do not include written assumptions regarding significant factors such as enrollment, attendance, fund balance, and multiyear projections. *In addition, the county superintendent of schools' letter dated May 30, 2023 indicated that the district had submitted only some budget assumptions when responding to the lack of going concern determination.*			
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?	✓	☐	☐
17.3	Does the district use its most current multiyear projection in making financial decisions?	✓	☐	☐
17.4	If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?	☐	☐	✓

18. Non-Voter-Approved Debt and Risk Management

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

19. Position Control

		Yes	No	N/A
19.1	Does the district account for all positions and costs?	☐	✓	☐
	The district has no position control system to ensure all position costs are captured. The district reported using salaries and benefits costs for October to estimate position costs for the year; however, this practice may not fully account for certain costs that are incurred periodically (e.g., substitute pay, overtime, and stipends). *For example, the 2021-22 unaudited actuals report showed that the district ended the year having spent $5.265 million for certificated teachers' salaries, while the estimated actuals presented to the governing board in June 2022 showed a total expenditure of only $4.824 million for certificated teachers' salaries; this is a 9.1% difference, indicating that the district did not account for all positions and costs.*			
19.2	Does the district analyze and adjust staffing based on staffing ratios and enrollment?	✓	☐	☐

		Yes	No	N/A
19.3	Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?	☐	✓	☐
	The district does not use a position control system and does not reconcile budget, payroll and position control at budget adoption and interim reporting periods.			
19.4	Does the district identify a budget source for each new position before the position is authorized by the governing board?	✓	☐	☐
19.5	Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	✓	☐	☐
19.6	Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?.	✓	☐	☐

20. Special Education

		Yes	No	N/A
20.1	Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards?	✓	☐	☐
20.2	Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)?	✓	☐	☐
20.3	Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	✓	☐	☐
20.4	Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?	☐	✓	☐
	The district does not charge indirect costs to restricted programs, including special education, and it underestimated special education expenses in its 2022-23 second interim report by at least $1.007 million (the difference between its projected total and actual expenses through January 31, 2023 for county office-operated special education programs).			
20.5	Is the district's contribution rate to special education at or below the statewide average contribution rate?	☐	✓	☐
	The district's contribution rate to special education was 76.3% in 2022-23. The statewide average contribution rate as of 2021-22 (the latest information available, from School Services of California, Inc.) was 64.3%.			
20.6	Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates?	✓	☐	☐
20.7	Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?	✓	☐	☐

Risk Score, 20 numbered sections only: **39.7%**

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.)