



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

June 17, 2025



San Ramon Valley Unified School District

Michael H. Fine
Chief Executive Officer

June 17, 2025

CJ Cammack, Superintendent
San Ramon Valley Unified School District
699 Old Orchard Drive
Danville, CA 94526

Dear Superintendent Cammack:

In April 2025, the San Ramon Valley Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

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

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

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

Sincerely,



Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

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

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

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

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

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

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

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

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

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

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

History

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

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

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

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

Introduction

Background

The San Ramon Valley Unified School District is governed by a five-member board. The district is located in Contra Costa County and serves the communities of Alamo, Danville, Blackhawk, Diablo and San Ramon. The district serves 28,615 students from transitional kindergarten through grade 12. The district operates two state preschool programs, 22 elementary schools, eight middle schools, four high schools and one alternative education/continuation school.

As of the 2024-25 first principal apportionment period (the most recent data available), 10.89% of the district's students were identified as English learners, foster youth, or eligible for free or reduced-price meals.

In March 2025, the district certified its 2024-25 second interim financial report as positive; however, the Contra Costa County superintendent of schools downgraded the certification to qualified because \$13.7 million in planned budget reductions had not yet been finalized. A qualified certification indicates that the district may be unable to meet its financial obligations for either the current fiscal year or the two subsequent fiscal years.

FCMAT performed a fiscal health risk analysis to determine the level of the district's risk of insolvency, using the financial data from the district's 2024-25 second interim financial report as the basis for the analysis.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the San Ramon Valley Unified School District on April 25, 2025, and a study team visited the district on May 19-22, 2025 to conduct interviews, collect data and review documents. After fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's findings and conclusions from those activities.

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

Study Team

The team was composed of the following members:

Jennifer Noga, CFE
FCMAT Intervention Specialist

Erin Lillibridge, 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

Date(s) of fieldwork: May 19–22, 2025

School District: San Ramon Valley Unified School District

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Summary

In May 2025, FCMAT conducted a Fiscal Health Risk Analysis (FHRA) for the San Ramon Valley Unified School District. Although the district has adopted a comprehensive budget reduction plan, it continues to face significant fiscal risk due to declining enrollment, structural deficit spending, limited reserves, and reliance on unstable revenue sources.

The Contra Costa County superintendent of schools reviewed and confirmed the district's positive certification of its 2024-25 first interim financial report, but did so with "significant caution," citing concerns about fiscal solvency. In March 2025, the county downgraded the district's second interim certification from positive to qualified because \$13.7 million in required budget reductions had not been finalized at the time of submission. This downgrade reflects ongoing concern about the district's structural financial imbalance and its dependence on multiyear projections that assume the successful implementation of significant expenditure reductions.

To address its structural deficit, the district adopted a \$26 million budget reduction plan in January 2025. Although this plan exceeds the county's required minimum of \$24 million in expenditure reductions for 2025-26, many of the reductions are one-time in nature and will need to be sustained or replaced in future years to maintain fiscal solvency. The district's multiyear financial projection shows unrestricted general fund reserves that remain just above the state-required minimum, leaving little flexibility for less-than-expected savings or new obligations.

The district's fiscal challenges are compounded by persistent declining enrollment and limited state funding. The district has experienced steady enrollment declines over most of the last decade, from 32,504 students in 2017-18 to 28,615 in 2024-25, and projections indicate a continued decline to 27,119 students by 2026-27. Under California's Local Control Funding Formula (LCFF), funding is based largely on average daily attendance (ADA), which is directly affected by enrollment. As enrollment declines, so does the district's revenue. In addition, the district has one of the lowest percentages of unduplicated pupils (those who are English learners, foster youth, or qualify for free or reduced-price meals) in the state—approximately 10.89% in 2024-25, with a projected increase to only 12% by 2026-27. Because the district's unduplicated pupil percentage (UPP) remains well below 55%, it does not qualify for concentration grant funding and receives only minimal supplemental grant funding. This severely limits the district's revenue compared to districts with higher unduplicated pupil counts, necessitating greater reliance on local revenue sources.

In addition to state and federal revenue, the district relies heavily on the San Ramon Valley Education Foundation (SRVEF) and its affiliated school-level education foundations, which contribute substantial annual funding to support school personnel. Although commitment letters from these foundations are used to confirm funding for the upcoming school year, they mainly serve to verify whether donation-funded positions at each school will continue at the same level or require adjustments. If the commitment letter indicates a reduction in funding from the prior year, the district's Human Resources Department initiates the layoff process in accordance with statutory timelines. To accommodate these requirements, the district has established an internal procedure requiring each foundation to submit their commitment letters by January.

Although this process supports short-term personnel planning, the donations represent a fiscal risk because they are not guaranteed beyond the current year and are not supported by a formal policy or multiyear evaluation process. In addition, although the foundations commit to covering the cost of specific positions, the district bears the up-front financial obligation to pay these employees and receives reimbursement from the foundations every two months. This arrangement strains cash flow and increases the district's exposure if pledged donations are delayed or not fully realized. A more formal policy that addresses both the multiyear financial impact and the cash flow implications of donation-funded staffing would help mitigate this risk.

The district is not fiscally independent; rather it is a fiscally accountable district as described in Education Code (EC) 42650. However, the district does maintain its fiscal processing structure independent of the county office of education. The district uses the Quintessential School Systems (QSS) financial system and processes and signs its own warrants, separate from the county office, which uses Munis. This arrangement provides the district with operational independence, but it also creates oversight challenges. There is no automated interface between the two systems, and the county office does not have direct access to the district's financial records, limiting its ability to efficiently provide review, support and oversight.

The FCMAT team found that although the district is actively engaged in budget stabilization efforts, it remains at fiscal risk due to structural imbalances, reliance on unpredictable funding sources, and notable weaknesses in several core operational areas. The sections of the FHRA in which the district had the highest risk were budget monitoring, cash management, deficit spending (unrestricted general fund), internal controls and fraud prevention, general fund – current year, and collective bargaining agreements, all of which represent key fiscal oversight and management concerns. The district's overall score was 38.7%, indicating a moderate level of fiscal risk. However, because the analysis also includes “no” answers to questions that indicate material weakness and the review followed a county downgrade of the district's second interim certification, the district's overall risk level is rated as high rather than moderate.

Subsequent Event: Material Information

Following the submission of its 2024-25 second interim report, the district adopted two resolutions on May 9, 2025 to finalize certificated and classified staffing reductions aligned with its budget reduction plan. These board actions resolved the Contra Costa County superintendent of schools' concern regarding the \$13.7 million in expenditure reductions that had not been finalized at the time of the second interim submission and that contributed to the downgrade to a qualified certification. Although these reductions support the district's ability to meet reserve requirements and maintain fiscal solvency through 2025-26, the multi-year financial projection included in the second interim report still shows unrestricted general fund deficit spending of \$219,092 in 2026-27. This indicates that additional ongoing reductions may be necessary to fully restore structural balance in the out years.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

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

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

Areas of High Risk

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

Budget and Fiscal Status: Is the district currently *without* the following?

	Yes	No
Disapproved budget	✓	☐
Negative interim report certification	✓	☐
Three consecutive qualified interim report certifications.	✓	☐
Downgrade of an interim certification by the county superintendent	☐	✓
"Lack of going concern" designation.	✓	☐

Material Weakness Questions

	Yes	No	N/A
2.5 Has the district's budget been approved unconditionally by September 15 th by the county superintendent of schools in the current and two prior fiscal years	✓	☐	☐

3.4	Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?	✓	☐	☐
3.6	Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?	☐	✓	☐
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	☐	✓	☐
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?	☐	✓	☐
5.2	Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?	☐	☐	✓
5.3	Are all charters authorized by the district going concerns and not in fiscal distress? . . .	☐	☐	✓
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?	☐	✓	☐
6.4	Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?	☐	✓	☐
7.2	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?	☐	☐	✓
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	☐	✓	☐
10.5	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?	✓	☐	☐
11.2	Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?	✓	☐	☐
12.1	Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the <u>State Standards and Criteria for Fiscal Solvency</u> ?	✓	☐	☐
12.2	Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?	☐	✓	☐
12.3	If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve?	✓	☐	☐
19.1	Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?	✓	☐	☐

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.3%
2.	Budget Development and Adoption	0.8%
3.	Budget Monitoring and Updates	4.0%
4.	Cash Management	3.6%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	3.2%
7.	Contributions and Transfers	0.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	1.2%
10.	Enrollment and Attendance	2.0%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	2.0%
13.	General Fund - Current Year	3.4%
14.	Information Systems and Data Management	1.8%
15.	Internal Controls and Fraud Prevention	3.6%
16.	Leadership and Stability	3.0%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	1.6%
19.	Position Control	2.0%
20.	Special Education	0.4%
Score		38.7%

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

	Yes	No	N/A
1.1 Has the district recorded findings from the most recent and prior two years' audits without negatively affecting its fiscal health?	✓	☐	☐
1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline per Education Code (EC) 41020?	☐	✓	☐
The audit report for the 2023-24 fiscal year was completed on December 16, 2024, one day after the statutory deadline of December 15. The report was presented to the board on January 14, 2025. The district also failed to meet the statutory deadline in the two preceding years: the 2022-23 audit report was completed on May 21, 2024, and the 2021-22 audit report was completed on January 23, 2023.			
1.3 Were the district's most recent and prior two audit reports free of findings of material weakness?	☐	✓	☐
Both the 2021-22 and 2022-23 audit reports identified material weaknesses in the district's financial statements and in compliance with state regulations. The 2021-22 financial statements included a restatement and material adjustment related to the district's 2020 refunding bond and other post-employment benefits (OPEB) liabilities. Additionally, the audit identified inaccurate reporting to the state of special education nonpublic school average daily attendance (ADA) for the annual reporting period. The 2022-23 audit identified a material weakness in internal controls over financial reporting related to OPEB. And state compliance issues were noted in the calculation of the Gann Limit and in student immunization requirements.			
1.4 Has the district corrected all audit findings from the most recent and prior two audits? . . .	✓	☐	☐

2. Budget Development and Adoption

	Yes	No	N/A
2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated?	✓	☐	☐
2.2 Does the district use a budget development method other than a prior-year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses?	✓	☐	☐
2.3 Does the district use position control data for budget development?	✓	☐	☐
2.4 Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly? . . .	✓	☐	☐
2.5 Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?	✓	☐	☐

- | | | | | |
|------|---|--------------------------|--------------------------|--------------------------|
| 2.6 | Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . . | ✓ | ☐ | ☐ |
| 2.7 | Does the district budget and expend restricted funds before unrestricted funds? | ✓ | ☐ | ☐ |
| 2.8 | Have the district's Local Control and Accountability Plan (LCAP) and budget been adopted within the statutory timelines established by EC 42103 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and prior fiscal year? | ✓ | ☐ | ☐ |
| 2.9 | Has the district refrained from including carryover funds in its adopted budget? | ✓ | ☐ | ☐ |
| 2.10 | Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget? | ✓ | ☐ | ☐ |
| 2.11 | Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund? | ☐ | ✓ | ☐ |

The district does not have a board policy or documented administrative procedure for evaluating the acceptance of grants or other restricted funds, nor does it have a process to assess the potential multiyear impact of these on the unrestricted general fund. Although school-level education foundations are required to submit commitment letters to confirm continued funding of personnel, this procedure is internal, informal, and applies only to foundation donations. It is not codified in board policy or any broader framework for risk assessment or sustainability planning.

Interviewees indicated that the district is in the early stages of forming a districtwide grant committee. However, there are no adopted guidelines, board policies, or evaluation criteria in place to govern the acceptance or review of new grant-funded programs. As a result, the district lacks a comprehensive, documented process to evaluate how restricted revenue—whether from grants or local donations—may affect future obligations or create risk for the general fund.

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

The district does not have a detailed budget calendar to effectively organize and guide its budget development. The calendars provided to FCMAT include general topics by month but do not specify key tasks, responsible staff member or department, or corresponding deadlines. In addition, the calendar emphasizes Local Control and Accountability Plan (LCAP) committee meetings more than the specific tasks and deadlines associated with developing, reviewing, and adopting the district's budget.

Although the calendar is posted on the district's website, interviewees indicated that staff members with budget-related responsibilities were unaware of its existence and had not received or used the calendar as part of their regular planning processes. As a result, the district is not using the calendar as an effective management or communication tool.

3. Budget Monitoring and Updates

	Yes	No	N/A
3.1 Are actual revenues and expenses consistent with the most current budget?	☐	☒	☐
Although the district's overall budget appeared aligned, a review of the financial system report with account line details for the current year revealed several instances of negative balances, indicating that budgeted amounts were insufficient based on actual expenditures to date. These overages, identified with two months remaining in the fiscal year, suggest a need to strengthen the accuracy of expenditure projections and improve ongoing budget monitoring practices.			
3.2 Are budget revisions posted in the financial system at each interim reporting period, at a minimum?	☒	☐	☐
3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim reporting period, at a minimum?	☒	☐	☐
3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?	☒	☐	☐
3.5 Do the district's responses fully explain the variances identified in the SACS Criteria and Standards Review form?	☒	☐	☐
3.6 Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?	☐	☒	☐
According to the county office of education, no significant deficiencies were identified in oversight letters issued before the 2024-25 second interim report. The March 2025 letter from the county office downgraded the district's second interim certification from positive to qualified, citing the district's failure to finalize \$13.7 million in required expenditure reductions. This was identified as a significant deficiency. Although the district adopted a \$26 million reduction plan in January 2025, lack of finalization of \$13.7 million in reductions at the time of the second interim financial report submission indicates that the district had not fully addressed the issue.			
3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?	☐	☒	☐
Although the district uses a system feature referred to as a "budget blocker" to prevent requisitions or purchase orders when budgeted funds are insufficient, the control is not active throughout the fiscal year. Because there is no established timeline for when the budget blocker is enabled, the district does not consistently prohibit processing of requisitions or purchase orders when the budget cannot support the expenditure.			
3.8 Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?	☒	☐	☐
3.9 For the most recent and two prior fiscal years, have the district's interim financial reports and unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?	☐	☒	☐
According to the district's board meeting agendas, the following reports were not filed by their respective deadlines:			

- 2021-22 Unaudited Actuals: due September 15, 2023; adopted September 20, 2022.
- 2024-25 Second Interim Financial Report: due March 15, 2025; adopted March 18, 2025.

4. Cash Management

	Yes	No	N/A
4.1 Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly?	✓	☐	☐
4.2 Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?	☐	✓	☐
The district maintains more than 50 bank accounts, and although a standard reconciliation form appears to be used across the accounts, the documentation does not include the date the reconciliation was completed. The absence of this information limits the ability to verify whether reconciliations are occurring in a timely manner, which is required for sound internal control and fiscal oversight of these accounts by business services.			
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 prepares and updates its cash flow projection as part of the financial reporting process, but the projection is limited to the current fiscal year. Because it does not project future-year cash needs, the district may be unprepared for changes in expenditure patterns or timing issues related to revenue collection. This deficiency is especially significant given the district's reliance on education foundations to fund school staffing. Although the foundation commits to reimbursing the district, the district bears the up-front costs and receives reimbursement only every two months. This arrangement can create a strain on the general fund's cash position. The absence of a multiyear cash flow projection also limits the district's ability to anticipate future cash shortfalls far enough in advance to take timely action. If the district needs to issue tax and revenue anticipation notes (TRANS) or arrange short-term borrowing, it will need time to plan, obtain board approval, and coordinate with external agencies. Without early identification of potential cash shortfalls, the district may not have enough time to secure the financing needed to meet its obligations.			
4.4 If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?	☐	✓	☐
The cash flow projection included with the district's 2024-25 second interim financial report shows negative ending cash balances in four months of the fiscal year. However, the projection does not identify any interfund borrowing, transfers, or other planned actions to address these shortfalls. According to the county office of education, the county allows funds to show negative balances temporarily as long as the total cash across all district funds remains positive. County office personnel stated that the county office provides districts with monthly cash reconciliations that summarize cash by fund and month. Although this			

practice is permitted at the county level, it is not aligned with guidance from the California School Accounting Manual (CSAM), which emphasizes the importance of maintaining fund-level fiscal accountability. Relying on aggregated cash balances without documented plans can result in reduced transparency and weaken internal control over fund-specific cash flow management.

Without a clearly documented plan for addressing general fund shortfalls, the district's cash flow forecast does not meet the fundamental requirement that it demonstrate how obligations will be met in both the current and subsequent fiscal years.

- 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?** ☒ ☐ ☐
- 4.6 If the district uses interfund borrowing, is it complying with EC 42603?** ☐ ☒ ☐
- The district's cash flow worksheet, submitted with its 2024-25 second interim financial report (dated March 2025), reflects actuals through January and shows a balance in both the Due To and Due From accounts as of July 2024. However, there is no indication in the projection that this interfund borrowing will be repaid within the fiscal year. Because the borrowing occurred at the very beginning of the fiscal year and no repayment is shown through June 2025, this raises concerns about compliance with Education Code 42603, which requires repayment within the same fiscal year unless the borrowing occurs within the final 120 days of a fiscal year. Without a documented repayment plan, the borrowing does not meet statutory requirements for temporary fund transfers.
- 4.7 If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?** ☐ ☐ ☒

5. Charter Schools

- | | Yes | No | N/A |
|--|--------------------------|--------------------------|-------------------------------------|
| 5.1 Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight? | ☐ | ☐ | ☒ |
| 5.2 Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32? | ☐ | ☐ | ☒ |
| 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . . | ☐ | ☐ | ☒ |
| 5.4 Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? | ☐ | ☐ | ☒ |
| 5.5 Does the district monitor charter school audits for timeliness, completeness, and exceptions? | ☐ | ☐ | ☒ |

6. Collective Bargaining Agreements

- | | Yes | No | N/A |
|--|-------------------------------------|--------------------------|--------------------------|
| 6.1 Has the district settled with all its bargaining units for the past two fiscal years? | ☒ | ☐ | ☐ |

- 6.2 Has the district settled with all its bargaining units for the current year?** ☐ ☒ ☐
- At the time of FCMAT's fieldwork, the district was negotiating with all bargaining units for the current year.
- 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?** ☐ ☒ ☐
- The district's 2023-24 unaudited actuals report indicated that unrestricted salaries and benefits were approximately \$3.2 million higher than projected in the June 2024 estimated actuals. According to staff, this variance was partly due to an error in calculating the cost of the 2023-24 salary increase.
- 6.4 Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?** ☐ ☒ ☐
- According to the district's February and May 2024 disclosure documents, the 2023-24 settlements, which increased salary schedules and provided a one-time payment, were funded with one-time revenue sources, assigned fund balance, and additional unspecified ongoing expenditure reductions totaling \$10.0 million in 2024-25.
- 6.5 In the current and prior two fiscal years, has the total cost of the district's bargaining agreement settlements, including step-and-column increases, been at or under the funded cost-of-living adjustment (COLA)?** ☐ ☒ ☐
- The district has not yet finalized the total cost of collective bargaining for the current fiscal year. At the time of FCMAT's fieldwork, the district was finalizing necessary concessions to generate salary savings and achieve expenditure reductions required for 2025-26.
- In 2023-24, the district negotiated a 6.0% salary schedule increase and a one-time payment of 1.0% for all employee collective bargaining units. When step-and-column advancements and increased health and welfare contributions are included, the total cost of the 2023-24 settlement exceeded the district's funded cost-of-living adjustment (COLA). The statutory COLA for that year was 8.22%.
- The district's collective bargaining agreements include provisions for a soft cap on health benefits, under which the district fully covers the cost of Kaiser health plan premiums for all full-time employees. Consequently, the district absorbs the full cost of any premium increases, which have averaged 6.3% annually since 2022.
- 6.6 If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?** ☐ ☐ ☒
- 6.7 Did the district comply with public disclosure requirements under Government Codes 3540.2 and 3547.5, and EC 42142?** ☒ ☐ ☐
- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?** ☒ ☐ ☐

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

7. Contributions and Transfers

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

8. Deficit Spending (Unrestricted General Fund)

- | | Yes | No | N/A |
|--|--------------------------|----|--------------------------|
| 8.1 Is the district avoiding deficit spending in the current fiscal year? | ☐ | ✓ | ☐ |
| Based on the district's 2024-25 second interim financial report, the district is projecting deficit spending of \$18,302,949 in the unrestricted general fund in the current fiscal year. | | | |
| 8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? | ☐ | ✓ | ☐ |
| Based on the district's 2024-25 second interim financial report, the district is not projecting to deficit spend in fiscal year 2025-26 but is projecting to deficit spend \$219,092 in 2026-27. Although the district shows a positive ending balance in 2025-26, this is largely due to the assumptions of \$13.5 million in certificated salary reductions and \$3.0 million in classified salary reductions that have been built into the budget. However, some of these reductions have not yet been implemented, creating a risk that the projected savings may not fully materialize. | | | |
| 8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency? | ☐ | ✓ | ☐ |
| The district's 2024-25 second interim financial report projects deficit spending of \$219,092 in 2026-27. To address its structural imbalance, the board adopted a \$26 million budget reduction plan in January 2025, which includes significant certificated and classified staffing reductions to align with projected enrollment declines. Although the district has approved staffing reductions aligned with enrollment trends, including more than \$2.4 million in certificated salary reductions planned for 2026-27 from a reduction of 27 full-time equivalent positions (FTEs), not all planned reductions have been implemented. As a result, there remains some risk that projected savings may not fully materialize, and deficit spending could persist. | | | |

- 8.4 Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports?** ☐ ☒ ☐

The district did not decrease deficit spending over the past two fiscal years. The 2022-23 unaudited actuals show a net increase in fund balance of \$5,130,038, but the 2023-24 unaudited actuals report a net decrease in fund balance of \$6,502,357. In addition, the district is projecting a significantly larger net decrease of more than \$18 million in its 2024-25 second interim financial report, indicating a worsening fiscal trend and continued pattern of deficit spending.

9. Employee Benefits

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)? | ☒ | ☐ | ☐ |
| 9.2 Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district's unrestricted general fund revenues? | ☒ | ☐ | ☐ |
| 9.3 Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents? | ☐ | ☒ | ☐ |
| The district has not conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents within the last five years. | | | |
| 9.4 Does the district track, reconcile and report employees' compensated leave balances? . . . | ☒ | ☐ | ☐ |
| 9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances? | ☐ | ☒ | ☐ |
| The district has not consistently followed its policy or language in its collectively bargained agreement to limit vacation balances. Although the caps of 240 hours for classified employees and 44 days for management were lifted temporarily during the COVID-19 pandemic, the district did not reinstate or enforce them until this year. Employees have now been directed to reduce excess balances and come into compliance by September 30, 2025. | | | |

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? | ☐ | ☒ | ☐ |
| The district's enrollment was 29,680 in 2021-22, 29,235 in 2022-23 and 28,615 in 2024-25. According to DataQuest, the district's enrollment has declined by an average of 1.8% per year since 2017-18, for a total decline of 12%, from 32,504 in 2017-18 to 28,615 in 2024-25. | | | |

10.2	Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?	✓	☐	☐
10.3	Does the district track historical enrollment and ADA data to project future trends?	✓	☐	☐
10.4	Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?	✓	☐	☐
10.5	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?	✓	☐	☐
10.6	Has the district planned for enrollment losses to any charter schools?	✓	☐	☐
10.7	Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?	☐	✓	☐
	Some schools and departments review and correct CALPADS data (mostly in response to system-generated errors), but the district lacks a consistent, documented process to ensure all schools and departments verify their data. The district reports that it is developing a formal procedure to improve data quality assurance and support timely, accurate report submissions.			
10.8	Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?	✓	☐	☐
10.9	Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?	✓	☐	☐
10.10	Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?	✓	☐	☐

11. Facilities

		Yes	No	N/A
11.1	If the district participates in the state's School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account?	✓	☐	☐
11.2	Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?	✓	☐	☐
11.3	Does the district properly track and account for facility-related projects?	✓	☐	☐
11.4	Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction's loading standards?	☐	✓	☐
	The district is experiencing declining enrollment as well as changes in its student population, which have resulted in a handful of elementary and middle school sites operating at a low capacity (i.e., at or below 70% capacity).			
11.5	Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?	✓	☐	☐
11.6	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	✓	☐	☐
11.7	If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?	✓	☐	☐

- 11.8 Does the district have a board-approved long-range facilities master plan completed within the last five years that reflects its current and projected facility needs? ✓ ☐ ☐

12. Fund Balance and Reserve for Economic Uncertainties

- | | Yes | No | N/A |
|--|--------------------------|--------------------------|--------------------------|
| 12.1 Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the <u>State Standards and Criteria for Fiscal Solvency</u> ? | ✓ | ☐ | ☐ |
| 12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? | ☐ | ✓ | ☐ |
| <p>Based on the district's 2024-25 second interim multiyear financial projection, its unrestricted general fund balance remains critically low in the two subsequent years. The reserve for economic uncertainties is projected to remain above the state-required 3% minimum only if the district fully implements the planned expenditure reductions in both subsequent fiscal years. At the time of the second interim report, many of these reductions had not yet been finalized or implemented. The district's reliance on expenditure reductions that have not yet been fully implemented presents a fiscal risk and creates some uncertainty about its ability to maintain the 3% minimum reserve in the second subsequent year, 2026-27.</p> | | | |
| 12.3 If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve? | ✓ | ☐ | ☐ |
| 12.4 Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions? | ☐ | ✓ | ☐ |
| <p>The district's unrestricted general fund balance is projected to drop from \$19.3 million to just over \$1.0 million by the end of 2024-25 and remain critically low in both subsequent years. The 2024-25 second interim multiyear financial projection shows a net increase of \$801,126 in 2025-26, followed by a new decrease of \$219,092 in 2026-27. Despite a modest increase in the first subsequent fiscal year, this pattern does not indicate a stable or increasing fund balance over time.</p> <p>Additionally, the projection assumes \$13.5 million in certificated salary reductions and \$3.0 million in classified salary reductions in 2025-26, some of which have not yet been implemented. This reliance on expenditure reductions that have yet to be implemented introduces risk and undermines the stability of the projected fund balance over time.</p> | | | |
| 12.5 If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level to cover these costs? | ☐ | ☐ | ✓ |

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? . . . | ☐ | ✓ | ☐ |

Interviewees indicated that the district is using one-time funding from various programs for ongoing staff salaries in the current fiscal year.

- 13.2 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the prior year statewide average?** ☐ ☒ ☐

As of the district's 2024-25 second interim financial report, 92.5% of its general fund unrestricted expenditure budget is allocated to salaries and benefits, exceeding the statewide average of 86.0% as of 2023-24.

- 13.3 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below that of the prior two years?** ☐ ☒ ☐

As of the district's 2024-25 second interim financial report, its unrestricted salaries and benefits were 92.5% of unrestricted expenditures. In 2022-23 and 2023-24, unrestricted salaries and benefits were 91.0% and 92.3% of unrestricted expenditures, respectively.

- 13.4 If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)?** ☐ ☐ ☒

- 13.5 For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds?** ☒ ☐ ☐

- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?** ☐ ☒ ☐

Interviewees indicated that the district may need to return a portion of its Expanded Learning Opportunities Program funding, because it has struggled to fully expend the allocation within the required timeline. District staff attributed this difficulty to the district's low unduplicated pupil count, which reduces the number of students needing the services the program provides.

- 13.7 Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?** ☐ ☒ ☐

According to the district's 2024-25 second interim financial report, the district does not charge full indirect costs to some of its restricted programs, such as special education, A-G Learning Loss Mitigation Grant, routine restricted maintenance account, and child nutrition programs. Charging the maximum allowable rate to all restricted programs would allow the district to track the full actual cost of each program.

- 13.8 Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?** ☒ ☐ ☐

14. Information Systems and Data Management

- | | Yes | No | N/A |
|---|-------------------------------------|--------------------------|--------------------------|
| 14.1 Does the district use an integrated financial and human resources system? | ☒ | ☐ | ☐ |
| 14.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? | ☒ | ☐ | ☐ |
| 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . | ☒ | ☐ | ☐ |

- 14.4 Is the district using the same financial system as its COE?** ☐ ☒ ☐
- According to interviewees, the district and its county office of education use different financial systems: the district uses QSS, while the county office uses Munis.
- 14.5 If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems?** ☐ ☒ ☐
- Interviewees indicated that no automated interface exists to allow real-time sharing between the district and the county office.
- 14.6 If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance?** ☐ ☒ ☐
- According to interviewees, the county office does not have direct access to the district's financial system, which limits its ability to efficiently provide oversight, review and assistance. It is a best practice to ensure that a county office has read-only access to a district's financial system.

15. Internal Controls and Fraud Prevention

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization? | ☒ | ☐ | ☐ |
| 15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually? | ☐ | ☒ | ☐ |
| Access and authorization controls for the district's financial system are reviewed and updated in response to individual employment actions, but no regularly scheduled review and updating is performed. | | | |
| 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?: | | | |
| • Accounts payable (AP). | ☐ | ☒ | ☐ |
| During interviews, FCMAT heard inconsistent information regarding access to vendor information from staff involved in accounts payable. Some individuals reported having access to enter vendor information, while others stated they did not. This inconsistency suggest that duties related to accounts payable may not be properly segregated and that access controls may not be consistently implemented or clearly understood. | | | |
| • Accounts receivable (AR). | ☐ | ☒ | ☐ |
| Although the district has established procedures to ensure cash counts are performed and verified by two individuals, interviewees indicated that some schools and departments may not follow them consistently, suggesting a lack of oversight in accounts receivable processes. In addition, bank reconciliations are not completed or reviewed in a timely manner, further weakening oversight and internal control in this area. | | | |
| • Purchasing and contracts. | ☒ | ☐ | ☐ |

	• Payroll..	✓	☐	☐
	• Human resources (i.e., duties related to position control and payroll processes).	✓	☐	☐
15.4	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?.	✓	☐	☐
15.5	Does the district review and work to clear prior year accruals throughout the year?.	✓	☐	☐
15.6	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?	✓	☐	☐
15.7	Does the district have processes and procedures to discourage and detect fraud?	☐	✓	☐
	Interviewees indicated that staff were not aware of any processes or procedures to discourage and detect fraud.			
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 lacks a process for collecting reports of possible fraud and for following up on such reports.			
15.9	Does the district have an internal audit process?	☐	✓	☐
	The district has some limited internal practices to audit both accounts payable and payroll transactions, but it does not have a formal internal audit process.			

16. Leadership and Stability

		Yes	No	N/A
16.1	Does the district have a chief business official who has been in this position with the district for more than two years?	☐	✓	☐
	The district's chief business official (CBO) has held the position since November 2024. He previously served as the district's assistant superintendent of business operations and facilities and recently returned after serving as the CBO in another district.			
16.2	Does the district have a superintendent who has been in this position with the district for more than two years?	☐	✓	☐
	The superintendent began in his role in July 2024. He previously served as the district's assistant superintendent of human resources and returned after eight years as superintendent in other districts.			
16.3	Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?	✓	☐	☐
16.4	Is training on financial management and budget provided to school and department administrators who are responsible for budget management?	☐	✓	☐
	In interviews, staff indicated that the district does not have a formal process for providing training on financial management and budgeting to school and department administrators who are responsible for managing budgets.			
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	✓	☐	☐
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?	✓	☐	☐

16.7	Do all board members attend training on the budget and governance at least every two years?	✓	☐	☐
16.8	Is the superintendent's evaluation performed according to the terms of the contract? . . .	✓	☐	☐
16.9	Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities?	✓	☐	☐

17. Multiyear Projections

		Yes	No	N/A
17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	✓	☐	☐
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?	✓	☐	☐
17.3	Does the district use its most current multiyear projection when making financial decisions?	☐	✓	☐
	Although the district prepares and updates multiyear projections (MYPs), it has not effectively used projections to guide its recent financial decisions. Over the past three years, the district's unrestricted general fund balance has declined steadily, from \$28.2 million at the start of 2021-22 to an estimated \$1.0 million at the close of 2024-25, due to ongoing deficit spending. Despite the fact that its MYPs clearly showed this downward trend, the district continued to approve increased ongoing obligations without taking action to address the structural deficit. This approach suggests that financial decisions were made without much regard for the district's projected financial position.			
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?	☐	✓	☐

The district's 2024-25 adopted budget included adjustments in Form MYP, specifically in lines B1d, B2d, and B10. However, a detailed list of the items constituting these adjustments was not provided. The budget document referenced an attachment, with a note stating, "see attached," but no such attachment was included. In its 2024-25 second interim financial report, the district did include explanations for the unrestricted general fund adjustments in lines B1d and B2d, but no explanation was provided for the restricted general fund adjustments; again, an attachment was referenced but not included.

18. Non-Voter-Approved Debt and Risk Management

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

The district issued qualified school construction bonds (QSCB) in 2010 and entered into a lease financing agreement in 2015 for various solar and security projects. Although payments are made from the Special Reserve Fund for Capital Outlay Projects (Fund 40), the district has been transferring certain facilities use revenues annually from the unrestricted general fund into Fund 40 to help meet these obligations. As a result, the debt service is ultimately payable from the unrestricted general fund. The total payment due for the 2024-25 fiscal year is \$3,192,046.

- 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?** ☐ ☒ ☐

The district's credit rating was downgraded by S&G Global Ratings on February 21, 2025, with a negative outlook. The general obligation debt was lowered from AA+ to AA, and lease revenue bonds were lowered from AA to AA-. The downgrade was attributed to the district's structural deficit and declining reserves. The negative outlook indicates the possibility of further downgrades during the outlook period.

- 18.3 If the district is self-insured, has it completed an actuarial valuation as required and does it have a plan to pay for any unfunded liabilities?** ☒ ☐ ☐

- 18.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues?** ☒ ☐ ☐

19. Position Control

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 19.1 Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control? | ☒ | ☐ | ☐ |
| 19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . . | ☒ | ☐ | ☐ |
| 19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods? | ☐ | ☒ | ☐ |
| A review of the district's 2023-24 and 2024-25 interim financial reports, along with staff interviews, indicates that the district does not have a process for regularly reconciling budget, payroll, and position control data during the interim financial reporting periods. For example, the 2023-24 second interim report included no adjustments to certain salary accounts (e.g., 1200, 1300, and 1900), indicating the district did not reconcile the budget with position control and payroll. | | | |
| 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 at least monthly to discuss issues and improve processes? | ☐ | ☒ | ☐ |

The district does not hold regularly scheduled meetings among staff responsible for human resources, payroll, and budget functions to discuss issues and improve processes.

20. Special Education

	Yes	No	N/A
20.1 For special education classrooms and support services, does the district use staffing ratios that align with statutory requirements and industry standards, and are students' support needs also considered? If so, are those needs documented and evaluated at each budget cycle?	✓	☐	☐
20.2 Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?	✓	☐	☐
20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	✓	☐	☐
20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?	☐	✓	☐
According to the unaudited actuals reports for 2021-22, 2022-23, and 2023-24, the district does not apply indirect costs to all special education resources. As a result, the true cost of the program is understated.			
20.5 Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?	✓	☐	☐
20.6 Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates?	✓	☐	☐
20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?	✓	☐	☐
Risk Score, 20 numbered sections only:			38.7%

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

Appendix

Study Agreement



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

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

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the Contra Costa County Superintendent of Schools downgraded the Client's 2024-2025 second interim financial report from positive to qualified in accordance with EC 42131.

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

FCMAT will notify the county superintendent of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

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

B. Services and Products to be Provided

1. Orientation Meeting

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

2. Fieldwork

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

3. Exit Meeting

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

4. Exit Letter

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

5. Draft Report

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

6. Final Report

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

7. Board Presentation

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

3. PROJECT PERSONNEL

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

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

4. PROJECT COSTS

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

5. RESPONSIBILITIES OF THE CLIENT

- A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

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

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

- E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.
- F. Facilitate access to requested board members, officers and staff for interviews.
- G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report's data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.
- I. Return the requested evaluation survey to FCMAT as described below.

6. PROJECT SCHEDULE

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

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

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

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

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

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

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

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

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

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

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

12. HOLD HARMLESS

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

13. PUBLIC SAFETY CONSIDERATIONS

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

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

14. FORCE MAJEURE

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

15. EVALUATION

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

16. CLIENT CONTACT PERSON

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

Name: Daniel Hillman, Assistant Superintendent

Telephone: (925) 552-5500

Email: dhillman@srvusd.net

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:

Daniel Hillman  Digitally signed by Daniel Hillman
Date: 2025.04.25 12:59:31 -07'00'

Daniel Hillman, Assistant Superintendent
San Ramon Valley Unified School District

Date

For FCMAT:

Michael H. Fine  Digitally signed by Michael H. Fine
Date: 2025.04.25 15:04:36 -07'00'

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

Date