FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Fiscal Health Risk Analysis

February 5, 2025

Yreka Union Elementary School District

Michael H. Fine
Chief Executive Officer

FCMAT FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

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Jami Carver Superintendent
Yreka Union Elementary School District
309 Jackson Street
Yreka, CA 96097-3369

Dear Superintendent Carver:

In October 2024, the Yreka Union Elementary 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 and identify the Client's specific risk rating for fiscal insolvency.

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

FCMAT appreciates the opportunity to assist the Yreka Union Elementary School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Michael H. Fine
Chief Executive Officer

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Contents

About FCMAT

Purpose and Services

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

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county 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, policymakers, 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 Yreka Union Elementary School District is located in the northernmost portion of California, near the Oregon border. It has a five-member board of trustees, and in 2023-24 it served 869 students in transitional kindergarten (TK) through grade 8 at three elementary schools. According to 2023-24 data available through the California Department of Education (CDE), approximately 72.15% of the district's students are socioeconomically disadvantaged, and the district's unduplicated pupil percentage[1] is 71.35% of its student population.

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

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Yreka Union Elementary School District on October 9, 2024, and a study team visited the district on November 13-14, 2024 to conduct interviews, collect data and review documents. After this fieldwork, the study team continued to analyze the gathered documents and data. This report contains 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:

Andrea Ward, CFE FCMAT Intervention Specialist	Jennifer Nerat, 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.

[1] This is the percentage of students who qualify for free or reduced-price meals, are English learners, or are foster youth. Each student is counted only once even if they fall into more than one of these categories. This percentage is a three-year rolling percentage.

Fiscal Health Risk Analysis
For TK-12 School Districts

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Dates of fieldwork: November 13-14, 2024

School District: Yreka Union Elementary School District

Summary

Leading up to the district's 2024-25 adopted budget financial report and the lack of going concern letter issued by the county superintendent on September 9, 2024, the Yreka Union Elementary School District made a series of financial decisions that reduced the unrestricted general fund ending fund balance by 76.8%, from $5.147 million in the 2021-22 unaudited actuals financial report to $1.193 million in the 2023-24 unaudited actuals financial report.

In November 2022, the district negotiated an 8% increase to salary schedules for all employee collective bargaining groups for the 2022-23 fiscal year. This settlement exceeded the state-funded cost-of-living adjustment (COLA) of 6.56% given to schools. Costs for step-and-column movement, statutory benefits related to salary increases, and retirement program rates further increased the district's labor costs in excess of COLA.

In June 2023, the district negotiated an additional 8% increase to salary schedules for all bargaining groups for the 2023-24 fiscal year. Although the state-funded COLA in 2023-24 was 8.22% and so exceeded the negotiated settlement rate, the combined increased costs for salary, step-and-column movement, statutory benefits related to salary changes, and retirement program rate changes increased the district's labor costs more than the state-funded COLA.

In June 2023, the district passed Board Resolution 06-2023 to enter into an energy efficiency construction contract at a cost of $4.481 million. The contract was for the following projects:

- Update facilities by replacing lighting, modernizing heating and cooling units and replacing thermostats.
- Improve energy efficiency by installing solar panels.
- Improve comfort by installing heating and cooling units in cafeteria and multipurpose spaces.

The district planned to fund the project with a zero-interest loan through the Energy Conservation Assistance Act administered by the California Energy Commission, federal Elementary and Secondary School Emergency Relief (ESSER) funding, its routine restricted maintenance account, Inflation Reduction Act tax credits, district capital, and private sector loans. It identified lifecycle savings of $4.617 million to repay the loans. Subsequently, the district was unable to obtain the zero-interest loan because funds were no longer available, and the project proceeded with money from its unrestricted general fund. The district reported as part of its 2024-25 adopted budget financial report that the project was split into multiple phases, and that the first phase, the upgrade of lighting at all sites and heating/cooling units and solar panels at one site, was complete with no further costs projected in the 2024-25 budget. The second phase, the installation of heating/cooling units and solar panels at two sites, was on hold indefinitely.

Evidence indicates that the district projected costs on all three of the major financial decisions described above. However, there is no evidence the district incorporated the costs into its multiyear financial projection to determine their financial impact.

The district certified both its 2023-24 first interim and second interim financial reports as qualified. A qualified certification is assigned when there is concern that a district may not meet its financial obligations for the current or two subsequent fiscal years. Budget projections from the first interim reporting period indicated that the district may not meet its financial obligations in the 2024-25 fiscal year, and projections from the second interim reporting period indicated that the district may not meet its financial obligations in the 2025-26 fiscal year. The county superintendent of schools concurred with these certifications, citing the district's projection that it would significantly deficit spend its unrestricted funds.

The district's 2024-25 adopted budget financial report approved by the governing board in June 2024 projects a significant decrease in general fund deficit spending in the 2024-25 fiscal year. The district originally projected a deficit of $1.323 million in its 2023-24 second interim multiyear projection for 2024-25 but decreased the estimate to a deficit of $160,547.99 in its 2024-25 adopted budget. District staff shared that the assumptions in the adopted budget financial report did not fairly represent the district.

In addition, although the district projects it will not meet the minimum reserve requirements in 2025-26 and 2026-27 and indicates it will need to reduce labor costs in 2025-26, it has continued to fill vacant positions in 2024-25 instead of capturing fiscal savings through attrition.

The district's financial position is further complicated by a lack of timely annual independent audit reports. Adhering to the legally required timelines for annual independent audits helps identify issues before they have multiyear financial impacts. Conversely, delayed audit findings prevent the district from incorporating any negative impacts and developing offsetting solutions as needed in its financial projections in a timely manner.

The district's 2021-22 annual independent audit report was finalized by the auditor on October 3, 2024 and presented to the governing board on November 12, 2024. This report contains numerous audit findings of concern, which have been partially incorporated into financial projections and have the potential to decrease the budgeted unrestricted general fund balance of $1.085 million by $1.092 million, resulting in a negative fund balance. This is without regard to any repayment plan the state may offer the district for what it owes the state as a result of previous incorrect average daily attendance (ADA) reporting. One finding of approximately $1.3 million is due to an accounting error and is not likely to be duplicated in subsequent years. The district has indicated that a second finding with questioned costs totaling $212,876.51 because of inadequate independent study documentation was corrected in the subsequent year and is not likely to be repeated. The district has indicated its intention to appeal this finding. The third finding with questioned costs of $663,665.67 is because of irregularities in attendance recording that caused the district to overstate ADA. The district indicates that this issue was identified and resolved in the 2023-24 fiscal year but will likely result in a repeat audit finding and additional questioned costs in the 2022-23 fiscal year. The district's 2022-23 annual independent audit report is delayed and incomplete, and its 2023-24 annual independent audit report has also been delayed beyond the legally required deadline of December 15, 2024 defined in Education Code (EC) 41020. The county superintendent of schools has granted audit extensions to March 15, 2025 for both the 2022-23 and 2023-24 audit reports. However, the district has a responsibility to ensure a timely audit.

The budget and multiyear financial projections are useful tools for identifying and resolving potential operating cost issues before they become a major concern. The most effective projections are based on industry-standard assumptions and current operational information, and are monitored and updated regularly.

FCMAT's findings include numerous issues and conditions that may indicate or cause the district's budget and projections to be less reliable. For example, the adopted budget projections apply a 0% COLA to Local Control Funding Formula (LCFF) revenues in 2025-26 and 2026-27, understating unrestricted revenues. Further, district enrollment and attendance projection processes do not include monitoring critical data points so that budget projections can be updated accordingly. As a result, the district has overstated enrollment projections in its 2024-25 adopted budget report, which is likely to negatively affect ADA estimates contained in LCFF revenue projections.

In addition, comparison of the district's 2023-24 second interim financial report actuals to date and projected year totals revealed numerous instances in which variances greater than 5% existed. The district's budget is developed by rolling over the prior year activity and eliminating known one-time revenues and costs. However, the budget process is centralized in the district office and does not include input from school or department managers, which limits the information that can be incorporated in the budget.

There is a material relationship between a cash flow projection and a budget and multiyear projection. Although the district's cash flow projection in its 2024-25 adopted budget does not identify a point in time when the district will not have sufficient cash to support operations, the district identified a potential short-term cash flow concern due to inconsistent monthly disbursements from the Siskiyou County Auditor-Controller. At the September 19, 2024 governing board meeting, the district brought forward a proposal to obtain a loan of up to $2 million from the county office of education, if necessary. The district's cash flow projection is only for one year, through June 30, 2025. The industry standard is to develop an 18-month projection at a minimum, and, for a district with cash flow concerns, maintaining a two-year projection is recommended. It is imperative that the district improve the quality of its budget, multiyear financial projection and cash flow projection to determine the following:

1. What is the true operating deficit contained in the budget? What solutions can be used to correct the deficit?
2. What is the projected ending balance for each of the next three years under the best and worst case scenarios? Will the district be able to meet its minimum reserve? If not, what is the amount of budget adjustment needed? What solutions can be implemented sooner to maximize savings in the multiyear projection?
3. If there is a cash flow issue, what is the size and timing of the issue? Will the loan from the county office of education sufficiently address the issue? Will the district be able to realistically pay back the loan within the statutory time frame (EC 42621)?

The district has experienced significant changes in its leadership over the past five years, including multiple changeovers in both the superintendent and chief business official (CBO) positions. The current CBO began serving in the position in June 2023, and the current superintendent began serving the district in July 2024. Although many major financial decisions were developed and applied by individuals previously serving in these positions, it is imperative that the current administration improve business processes and develop more reliable projections so the district can develop budget solutions that allow it to both serve students and reestablish fiscal stability.

Subsequent Event

On December 16, 2024 the district presented its first interim financial report update to its governing board. The update included a negative budget certification, which means that the district believes it will not be able to meet its financial obligations in the current fiscal year or for the subsequent fiscal year. Updated district projections show that it has ongoing deficit spending and that its reserves will fall short of the legally-required minimum amount by $26,289.47 in the 2024-25 fiscal year.

Tables 1 and 2 below summarize major changes since adopted budget, as presented to the district's governing board in the first interim financial report:

Table 1: Reduction in Projected Enrollment and Funded ADA

Fiscal Year	Enrollment			Funded ADA		
	Budget Adoption	First Interim	Change	Budget Adoption	First Interim	Change
2024-25	894	857	-37 or -4.1%	841.24	831.83	-9.41 or -1.1%
2025-26	899	872	27 or -3.0%	845.94	845.94	0.00 or 0.0%
2026-27	888	868	20 or -2.3%	835.59	842.18	6.59 or 0.8%

Table 2: 2024-25 Unrestricted General Fund

Category	Budget Adoption	First Interim	Change	Description
Revenues	$12,345,642.55	$12,127,785.85	($217,856.70) -1.76%	Decrease in LCFF revenue due to update in enrollment and ADA projections, offset by updating the 0% COLA projection to the industry standard.
Salaries and Benefits	9,910,820.94	10,305,356.99	394,536.05 3.98%	Vacancy savings for an assistant principal position not filled in 2024-25. Increased costs for the superintendent position to include payout of a contract to the prior superintendent and contracted salary for the current superintendent Transfer of costs from restricted to unrestricted resources for a clinical counselor, student support, and teacher on special assignment due to supplanting concerns[2].
Books, Supplies, Services and Other Operating	1,882,189.58	1,538,997.47	(343,192.11) -18.23%	No description provided by the district.
Capital Outlay	0.00	429,516.88	429,516.88 --[3]	Invoices received for the energy efficiency project that were budgeted but not paid in the 2023-24 financial records.
Other Outgo	147,303.00	147,303.00	0.00 0.00%	No change.
Other Financing Sources/ Uses	(565,877.02)	(247,472.74)	318,404.28 -56.27%	No description provided by the district.
Net Increase (Decrease) in Fund Balance	(160,547.99)	(540,861.23)	(380,313.24) 236.88%	
Beginning Fund Balance	1,245,522.12	1,193,246.51	(52,275.61) -4.20%	Alignment with calculated balance from Unaudited Actual.
Ending Fund Balance	1,084,974.13	652,385.28	(432,588.85) -39.87%	

The district's first interim financial report also includes a two-year cash flow projection, with no months identified as having cash flow issues.

The criteria and standards form includes the following additional notation:

[2] Supplanting occurs when a local educational agency (LEA) reduces local funds for an activity specifically because state or federal funds are available, or are expected to be available, to fund that same activity.

[3] Percent change is undefinable.

- The 2022-23 audit is listed as a contingent liability.

FCMAT did not evaluate the statements or projections in the first interim report.

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 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 15th 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 State Standards and Criteria for Fiscal Solvency?**	✓	☐	☐
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	0.6%
2.	Budget Development and Adoption	5.4%
3.	Budget Monitoring and Updates	3.0%
4.	Cash Management	3.6%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	2.0%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	2.2%
10.	Enrollment and Attendance	4.8%
11.	Facilities	0.3%
12.	Fund Balance and Reserve for Economic Uncertainty	4.0%
13.	General Fund - Current Year	0.8%
14.	Information Systems and Data Management	0.0%
15.	Internal Controls and Fraud Prevention	3.8%
16.	Leadership and Stability	4.8%
17.	Multiyear Projections	4.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	3.0%
20.	Special Education	1.4%
Score		**48.4%**

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?**	☐	✓	☐

At the time of fieldwork, the district's 2022-23 annual independent audit report had not been completed, so its fiscal effect on the district is unknown. Consequently, in lieu of the 2022-23 audit report, FCMAT reviewed the district's three most recent audit reports available, which were for 2019-20, 2020-21 and 2021-22.

The district's 2019-20 and 2020-21 audit reports contained no audit findings that affected its fiscal health.

The district's 2021-22 audit report contained four audit findings, one regarding an overstatement of $1,500,117 in the unrestricted ending fund balance, and two that questioned costs[4] and so reduce the district's unrestricted ending fund balance by an additional $876,542.18. Together, the three audit findings reduce the unrestricted ending fund balance by a total of $2,376,659.18.

		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 per Education Code (EC) 41020?**	☐	✓	☐

At the time of fieldwork, the district's 2022-23 annual independent audit report had not been completed. The district indicated that documents were recently submitted to the auditor. The district has a responsibility to ensure a timely audit. The county superintendent has granted audit extensions to March 15, 2025 for both the 2022-23 and 2023-24 audit reports.

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

The district's 2019-20 audit report is free of findings of material weakness.

The 2020-21 audit report contains a qualified opinion and finding of material weakness on state program compliance.

The 2021-22 audit report contains an unmodified opinion, one finding of material weakness regarding internal control over financial reports, an adverse opinion, and two findings of material weakness regarding state program compliance.

		Yes	No	N/A
1.4	**Has the district corrected all audit findings from the most recent and prior two audits?**	☐	✓	☐

Audit findings in the 2019-20 and 2020-21 audits were resolved in the 2021-22 audit.

The district provided responses to findings in the 2021-22 audit, which was dated October 3, 2024. In the responses, the district indicated that one issue related to general attendance reporting continued in 2022-23 but was corrected in 2023-24, and a second issue related to independent study documents was resolved in 2022-23. However, independent audits have not been performed for these years to confirm

[4] Title 2, Code of Federal Regulations Section 200.1 defines a "questioned cost" as a cost that is questioned by an auditor because it may not be supported by adequate documentation, does not reflect the actions that a prudent person would take in the circumstance, or may result from a violation or possible violation of the terms and conditions of funding. Questioned costs are not an improper payment until reviewed and confirmed. However, pending questioned costs pose an increased risk to a district's fiscal health until they are verified and corrected.

these statements and determine the potential financial effect on the unrestricted general fund. These findings were not included in the 2024-25 adopted budget because the audit was finalized on October 3, 2024.

No documents were provided that show a review and resolution of 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 superintendent of schools' instructions, and have been clearly articulated?**	☐	✓	☐

The district's use of a 0% COLA assumption for the 2025-26 and 2026-27 fiscal years is not reasonable or in line with industry guidance. The ADA rate of 94.10% assumed in the district's 2024-25 adopted budget is not reasonable; the district's ADA-to-enrollment ratio retention ratio in 2023-24 was 90.83%.

		Yes	No	N/A
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?**	☐	✓	☐

The district uses a rollover method to prepare the subsequent year budget, except for expenditures for capital facility projects.

		Yes	No	N/A
2.3	**Does the district use position control data for budget development?**	☐	✓	☐

The district has not implemented a position control system that can be used for budget development. Although the CBO maintains a detailed spreadsheet that is used for budget development, which includes estimated costs for substitute, overtime, stipends and employer-paid benefits, the spreadsheet lists individuals tied to positions rather than the status of board-approved positions. This makes the spreadsheet a great source of budget information about filled positions; however, it does not provide information about positions that are unfilled but not eliminated and thus available to be filled.

		Yes	No	N/A
2.4	**Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly?**	☐	✓	☐

The district is using a projected COLA of 0% for both the 2025-26 and 2026-27 fiscal years, which is lower than the industry-recommended COLA percentages for these years. The district's LCFF calculation results in lower projected LCFF revenue than may be realized. In addition, an ADA rate of 94.10% is assumed in its 2024-25 adopted budget despite the fact that its historical average P-2-to-enrollment ratio from the most recent fiscal year was 90.83%. Using a higher ADA rate than is reasonable may result in overstated projected LCFF revenue.

		Yes	No	N/A
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)?**	☐	✓	☐

Staff indicated that responsibility for budget development lies mostly with the superintendent, CBO and business office staff. The district is currently seeking community input on the budget because of its recent budget challenges.

		Yes	No	N/A
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's Board Policy 3290 broadly addresses gifts, grants and bequests; however, it does not establish a procedure for staff to follow when evaluating whether to accept funding from grant sources.

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 guide its budget development.

3. Budget Monitoring and Updates

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

FCMAT is unable to perform an analysis based on the 2024-25 adopted budget because it is based on a time period before the start of the fiscal year, so no revenue and expense activity exists.

Instead, FCMAT reviewed the district's 2023-24 second interim financial report actuals to date and projected year totals and found numerous examples of accounts in which the projected year totals differed from actual revenues or expenses by more than 5%. Table 3 shows this data.

Table 3: 2023-24 Second Interim Report Projected vs Actuals, Variances of More Than Five Percent

Restricted General Fund	Projected Year Totals	Actuals to Date	Variance	%
Special Education Discretionary Grants	$18,000.00	$45,000.00	$27,000.00	150.00%
All Other Federal Revenue	2,276,563.95	3,561,933.95	1,285,370.00	56.46%
American Indian Early Childhood Education	53,000.00	57,558.00	4,558.00	8.60%
Certificated Supervisors' and Administrators' Salaries	2,000.00	27,500.00	25,500.00	1,275.00%
Rentals, Leases, Repairs, and Noncapitalized Improvements	19,582.68	48,228.67	28,645.99	146.28%

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?**	☐	✓	☐

FCMAT noted the following instances in the district's 2024-25 adopted budget criteria and standards where the district failed to explain the identified variances:

- Ratio of ADA to enrollment (standard 3C) — narrative is insufficient to explain why a 94.1% ratio was used in the current and two subsequent years.
- LCFF revenue (standard 4C) — narrative is insufficient to explain the variance. For example, the narrative states, "fluctuation of ADA projections as well as projection for 0% COLA in subsequent years."
- Facilities maintenance (standard 7) — narrative is insufficient to explain shortfall in the minimum contribution. For example, the narrative states, "in Fund 01, the district budgeted more than the minimum contribution requirements."
- Deficit spending (standard 8C) — explanation was not detailed enough or realistic. For example, it stated, "we will work hard to try not to deficit spend in the out years but will need to do layoffs in the future."
- Reserves (standard 10D) — explanation was not detailed enough or realistic. For example, it stated, "we will work hard to try not to deficit spend in the out years but will need to do layoffs in the future."
- Contributions (supplemental S5B) — explanation was not detailed enough or realistic. For example, it states, "we will work hard to try not to deficit spend in the out years but will need to do layoffs in the future."

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?**	✓	☐	☐
3.7	**Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?**	✓	☐	☐
3.8	**Does the district encumber 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?.**	☐	✓	☐

Although the governing board signed and approved the district's 2022-23 first interim financial report on December 8, 2022, before the statutory deadline of December 15, the financial report required immaterial technical revisions before it was submitted to the COE on December 20, 2022.

The 2022-23 second interim financial report was to be presented to the governing board on March 14, 2023, ahead of the March 15, 2023 statutory deadline; however, a quorum was not present. Instead, the report was presented to and approved by the board at the April 18, 2023 meeting and submitted to the county office on the same day.

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?**	☐	✓	☐

Staff indicated that they do not have access to the county treasurer's system or monthly reports to perform a reconciliation. The COE has access to the county treasurer's system and reports, but the district could not provide documents to show that the accounts held by the county treasurer are reconciled monthly to the COE's financial system.

		Yes	No	N/A
4.2	**Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner?**	✓	☐	☐
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?**	☐	✓	☐

Interviewees indicated that the district updates the cash flow projections as part of the financial statement process but that these projections are only for one year. At the time of fieldwork, the district secured an arrangement to borrow cash from the COE, if needed. However, staff had not projected if and when the district would need to use the cash loan.

The general fund cash flow projection in the district's 2024-25 budget financial report is based on assumptions that deviate from industry best practice. Instead of reviewing local historical trends to determine books, supplies and services disbursement schedules, the district projects equal monthly disbursements. Assumptions for receipts also deviate from best practice. For example, the federal revenue category projects equal receipts monthly throughout the year even though many federal programs are funded using a quarterly payment system that requires the district to spend the funds first and then be reimbursed. Further, the Assets and Deferred Outflows section contains no beginning balances or activity. These practices will hinder the district's ability to identify the amounts and timing of its cash flow needs.

		Yes	No	N/A
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?**	✓	☐	☐
4.5	**Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?**	☐	✓	☐

Staff reported that the district does not perform cash flow projections for other funds to identify cash flow needs. Other fund forms in the district's 2024-25 budget financial report lack the estimated 2023-24 and projected 2024-25 budget detail needed to reasonably project whether the district will have enough cash to support obligations in other funds in 2024-25.

		Yes	No	N/A
4.6	**If the district uses interfund borrowing, is it complying with EC 42603?**	☐	✓	☐

The district's 2023-24 and 2024-25 account balances indicate that it has not cleared interfund borrowing of $112,301.45 between the general fund and the cafeteria fund that began before July 1, 2023.

		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, 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?.**	✓	☐	☐
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?**	☐	✓	☐

The district did not provide any presettlement analysis documents. In addition, the publicly disclosed tentative settlement documents for salary and benefit negotiations for 2023-24 and 2024-25 lack information about identifying ongoing revenue sources or expenditure reductions to support the agreements in the current or subsequent years.

		Yes	No	N/A
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's collective bargaining agreement settlements in 2022-23 and 2023-24 gave employees an 8% salary increase each year. In 2024-25, the settlement cost to increase the stipend for a master's degree and expand employee eligibility to additional staff positions for the stipend was 0.21%. The total estimated settlement cost for the three years is 16.21%, not including step-and column-costs each year. This is greater than the combined funded COLA of 15.85% during the same three-year period. The actual gap between the two rates is greater than represented because step-and-column costs are excluded.

		Yes	No	N/A
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?**	☐	✓	☐

The district does not have a board-approved plan to eliminate, reduce or control any contributions or transfers from its unrestricted general fund to restricted programs. The district's 2024-25 adopted budget plans for $765,877 in unrestricted contributions to the following:

- Title I, Part A: $163,623.
- Title II, Part A: $53,653.
- Title VI, Part B: $2,701.
- Special education: $108,611.
- Routine restricted maintenance: $403,473.
  Of note, the district is not currently subject to the requirement to make this contribution. However, it is a good practice to identify and budget for facility maintenance. The district budgets to transfer $250,000 of these funds to the deferred maintenance fund, which is also not required by law.
- American Indian Early Childhood Education: $33,762.
- California Adolescent Literacy Initiative Reads (CALIReads): $55.

In addition, the district's 2024-25 adopted budget sets aside unrestricted funds for the following:

- Transportation: $280,000.
- Additional 15% of concentration revenue: $231,110.
- Instructional material funding realignment: $25,000.

		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 sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?**	✓	☐	☐

		Yes	No	N/A
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?**	☐	✓	☐

The district's 2024-25 adopted budget projects deficit spending of $160,548 in the unrestricted general fund in the current year. This amount includes revenue of $200,000 into the unrestricted general fund from an unspecified other financing source.

		Yes	No	N/A
8.2	**Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?**	☐	✓	☐

The district's 2024-25 adopted budget projects deficit spending of $1,139,236 in the unrestricted general fund in 2025-26 and $1,645,485 in 2026-27. These amounts include $200,000 in revenue into the unrestricted general fund from an unspecified other financing source in each fiscal year, which staff acknowledged during interviews would need to be removed at first interim.

		Yes	No	N/A
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?**	☐	✓	☐

As of its 2024-25 budget adoption, the district lacked a board-approved plan to reduce and/or eliminate deficit spending to ensure fiscal solvency. In the 2024-25 budget approval, LCAP approval and lack of going concern letter dated September 9, 2024, the county superintendent of schools required the district to provide the county office with a solvency and fiscal stabilization plan by October 15, 2024. However, at the time of interviews, the district had not developed a board-approved plan. Instead, the district is working with the county-assigned fiscal expert to seek community input and develop a plan for future board approval.

		Yes	No	N/A
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's 2022-23 unaudited actuals report indicated an unrestricted general fund deficit of $1.012 million, and its 2023-24 unaudited actuals report indicated a deficit of $2.941 million.

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)?**	☐	✓	☐

The Governmental Accounting Standards Board requires actuarial valuations at least every three years for OPEB plans with fewer than 200 members. No evidence was provided of an actuarial valuation being completed within the past three years, and the last actuarial date was 6/30/2021 per the district's California Employers' Retirement Benefit Trust Fund Account Update Summary, dated June 30, 2024.

		Yes	No	N/A
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?**	☐	✓	☐

Interviewees indicated that the district has not conducted a benefits eligibility review within the last five years.

		Yes	No	N/A
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's collective bargaining agreement with classified employees contains language allowing employees to accumulate vacation and either use it in the next year or be paid in cash for it, at the district's discretion. It also permits no more than 20 days of vacation to be accumulated at any time. A review of the district's absence tracking report showed that two employees have vacation leave balances of more than 20 days.

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 has declined over the three most recent certified years, as shown in Table 4 below.

Table 4: District Enrollment, 2021-22 through 2023-24

Year	Enrollment
2021-22	951
2022-23	889
2023-24	869

		Yes	No	N/A
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)?**	☐	✓	☐

Staff indicated that there is not currently a process to monitor and compare ADA in one period to ADA in another period or to monitor enrollment during the school year through P-2 as a way to monitor and update ADA projections.

		Yes	No	N/A
10.3	**Does the district track historical enrollment and ADA data to project future trends?**	☐	✓	☐

Per the enrollment projection workbook provided by the district, ADA projections for its 2024-25 budget financial report show a projected ADA-to-enrollment ratio of 94.10%. The district's ADA-to-enrollment ratio in 2023-24 was 90.83%. Overstated ADA projections may result in overestimating revenue projections.

		Yes	No	N/A
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?**	☐	✓	☐

Per the enrollment projection workbook provided by the district, enrollment projections for its 2024-25 budget financial report are based on 100% retention of students between grades, even though the district has experienced declining enrollment during the previous three years. The method used results in an increase in projected enrollment, but a weighted cohort survival method based on three years of known history would project further enrollment decline. Overstated enrollment projections may result in overestimated ADA and revenue projections.

		Yes	No	N/A
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?**	☐	✓	☐

Staff indicated that neither schools nor departments review CALPADS data before the submission deadlines.

		Yes	No	N/A
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?**	☐	✓	☐

The district's Regulation 5117, Interdistrict Attendance, permits the superintendent or their designee to approve interdistrict attendance permits for one or more of several specific reasons listed in the regulation.

Staff indicated that interdistrict transfers are usually approved when received. The district provided documents showing that students have been approved for interdistrict transfers; however, these documents do not include the board-approved reason for the request being approved.

		Yes	No	N/A
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?**	☐	☐	✓

		Yes	No	N/A
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?**	☐	✓	☐

No evidence was provided to show that the district uses its facilities fully in accordance with the Office of Public School Construction's loading standards.

		Yes	No	N/A
11.5	**Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?**	☐	✓	☐

District staff indicated that the budget for facility needs is rolled over from the prior fiscal year and then increased during the year as needed. The district does not use any planning tools, such as a facilities master plan or documented preventive and deferred maintenance schedules, to project its facility needs.

		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 2023-24 but was in the process of completing inspections for 2024-25 during FCMAT's fieldwork.

		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?**	☐	☐	✓
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?**	☐	✓	☐

The district lacks a long-range facilities master plan.

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 State Standards and Criteria for Fiscal Solvency?**	✓	☐	☐
12.2	**Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?**	☐	✓	☐

The district's 2024-25 adopted budget report projects that it will be unable to meet the minimum reserve for economic uncertainties in 2025-26 and 2026-27.

		Yes	No	N/A
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?**	☐	✓	☐

The district does not have a board-approved plan to restore the reserve. The 2024-25 adopted budget board presentation, presented to the governing board on June 18, 2024, notes a classified staff hiring freeze until further notice. However, the district has filled vacant classified positions in 2024-25.

		Yes	No	N/A
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?**	☐	✓	☐

The district projects a negative unrestricted ending fund balance of $54,261.50 in 2025-26 and $1,699,746.15 in 2026-27.

		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 to cover these costs?**	☐	✓	☐

The district's 2021-22 annual independent audit report, dated October 3, 2024, includes multiple material audit adjustments that negatively affect the unrestricted ending fund balance. The 2022-23 audit is yet to be performed and may include additional costly findings. In addition, not receiving this information until October 2024, long after the statutory deadline, means the district cannot quickly identify and resolve underlying issues or prevent them from occurring in subsequent years.

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 prior year statewide average?**	✓	☐	☐
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?**	✓	☐	☐
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?**	☐	✓	☐

The district did not expend or encumber available Expanded Learning Opportunities Program funding allocated in 2021-22 and 2022-23; as a result, $190,568.06 must be returned to the state.

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

The district is not charging the maximum allowable indirect cost rate to the following federal and state special education resource codes: 3310, 3386, 6500 and 6547.

		Yes	No	N/A
13.8	**Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?**	☐	✓	☐

The district's 2021-22 annual independent audit report had an internal control finding corresponding to a $1.96 million overstatement of the ending general fund balance caused by accounting errors and a lack of reconciliation of accounts payable, accounts receivable and unearned revenue.

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?	✓	☐	☐
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?	☐	☐	✓
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?	☐	☐	✓

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?	☐	✓	☐
	Staff report that they have access to areas in the financial system for duties they no longer perform. Security updates occur mainly to add access for additional duties, not remove access for past duties.			
15.3	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:			
	• Accounts payable (AP).	✓	☐	☐
	• Accounts receivable (AR).	✓	☐	☐
	• 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?	☐	✓	☐
	The county office posts beginning balances on behalf of the district. The district does not have a process for reviewing the balances to verify that they have been posted correctly, even though staff report there was an error in posting in a prior year.			
15.5	Does the district review and work to clear prior year accruals throughout the year?	☐	✓	☐

The district does not review and clear accrual balances throughout the year. In the 2023-24 general ledger, accrual balances were cleared in the months at the beginning and end of the year. No evidence was provided that the accruals were reviewed in other months, and no transactions were recorded in the other months.

		Yes	No	N/A
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?**	✓	☐	☐
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 an established process to collect reports of possible fraud or to guide follow-up on such reports.

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

The district lacks 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 in this position with the district for more than two years?**	☐	✓	☐

The board hired the chief business official, who began work in June 2023.

		Yes	No	N/A
16.2	**Does the district have a superintendent who has been in this position with the district for more than two years?**	☐	✓	☐

The board hired the superintendent, who began work July 1, 2024. Four people have served as superintendent since August 1, 2021, with no person serving in the position for more than two years.

		Yes	No	N/A
16.3	**Does the superintendent schedule and hold meetings regularly with all members of t heir administrative cabinet?**	✓	☐	☐
16.4	**Is training on financial management and budget provided to school and department administrators who are responsible for budget management?**	☐	✓	☐

Interviewees indicated that the district's budget is managed entirely by the superintendent and chief business official and that therefore department and school administrators have not received any budget management training.

		Yes	No	N/A
16.5	**Does the governing board adopt and revise policies and administrative regulations annually?.**	☐	✓	☐

The district did not provide evidence that it updates board policies and administrative regulations at regular intervals. FCMAT's review of the district's policies indicates only the following two policies were revised during the current or prior fiscal year:

- BP 5141.21 Administering Medication and Monitoring Health Conditions (rev.6/18/2024).
- BP 6158 Independent Study (rev.9/10/2024).

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

The district did not provide evidence that it communicates board policy and administrative regulation updates to staff.

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

A special board meeting was held in October 2023 at which governance training was provided to board members; however, the district did not provide evidence of board members in attendance at this training or of other past budget and governance trainings.

		Yes	No	N/A
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?**	☐	✓	☐

The district's multiyear projections assume a 0% COLA in the 2025-26 and 2026-27 fiscal years. This is in contrast to industry projections of a 2.93% COLA in 2025-26 and a 3.08% COLA in 2026-27. The district's ADA-to-enrollment ratio was 90.83% in 2023-24; however the district is assuming a 94.1% ADA-to-enrollment rate in the current and two subsequent fiscal years despite a lower historical trend.

		Yes	No	N/A
17.2	**To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations?**	☐	✓	☐

The district provided FCMAT with the source of its LCFF funding calculations; however, the resulting revenue projections generated and used in the budget assumptions section on page 5 of the district's board-approved 2024-25 adopted budget packet are not aligned with the LCFF funding amounts in the district's revenue projections on Form MYP on page 13 and Form 01 on page 20.

		Yes	No	N/A
17.3	**Does the district use its most current multiyear projection when making financial decisions?**	☐	✓	☐

The district projects that it will not meet its minimum reserve requirement in 2025-26 and 2026-27, as indicated in the 2024-25 adopted budget multiyear projection. Despite this, between August and November 2024 the district hired individuals for following positions instead of capturing fiscal savings through attrition:

- 2.4 FTE teachers (replacements).
- 4 FTE paraprofessionals (replacements).
- 1 FTE special education paraprofessional (replacement).
- 1 FTE community connector (grant-funded new position).
- 1 FTE safe site coordinator (replacement).
- 1 FTE custodian (replacement).

In addition, hiring was pending for the following positions at the time of FCMAT's fieldwork:

- 1 FTE special education paraprofessional (new position to continue service previously provided by Siskiyou County Special Schools and Services).
- 1 FTE community connector (grant-funded new position).
- 1 FTE paraprofessional (replacement).
- 1 FTE student support (replacement).

		Yes	No	N/A
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 explanation in its multiyear projection about adjustments on lines B1d and B2d is not detailed. The district's 2024-25 adopted budget multiyear projection for restricted resources shows an adjustment of negative $51,360 (in B1d) and negative $44,212 (in B2d) in 2025-26; however, the explanation is only about the expiration of resource 3228 and summer school salaries. It is not clear whether the salaries are being eliminated or will be paid from the unrestricted general fund.

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?**	☐	☐	✓
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 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?**	☐	✓	☐

Although the district has collectively-bargained class size ranges, FCMAT was not provided with evidence of tools the district uses to analyze and adjust staffing based on 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 financial reporting periods?**	✓	☐	☐
19.4	**Does the district identify a budget source for each new position before the position is authorized by the governing board?**	✓	☐	☐

		Yes	No	N/A
19.5	**Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?**	☐	✓	☐

The district recruits and hires for new positions and extra assignments without first obtaining board approval. The board approves employment actions after individuals are hired and placed in new positions or assignments.

		Yes	No	N/A
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?**	☐	✓	☐

In interviews, staff indicated that the district's human resources/payroll and budget staff do not meet regularly 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)?**	☐	✓	☐

Special education staff indicated that the district uses a structured process to identify and meet student needs; however, no documents were provided to support this assertion.

		Yes	No	N/A
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 is accounting for all costs appropriately, except for indirect costs, which are not being charged at the maximum allowable rate in most cases and not at all to the state and federal resource codes used for special education (i.e., resource codes 3310, 3386, 6500 and 6547).

		Yes	No	N/A
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?**	☐	✓	☐

According to DataQuest, in 2023-24, the district's identification rate was 11.28%, compared to the countywide rate of 10.56%. However, the district's rate is lower than the statewide average rate of 13.7%.

		Yes	No	N/A
20.7	**Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?**	☐	✓	☐

The district does not complete the maintenance of effort form at interim reporting periods, thus does not monitor or analyze it at interim reporting periods.

Risk Score, 20 numbered sections only:	**48.4%**

Key to Risk Score from 20 numbered sections only:

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

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

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

Appendix A — Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

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 Yreka Union School District, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. **BASIS OF AGREEMENT**

   FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the county superintendent of schools designated the Client a lack of going concern in accordance with EC 42127.6].

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

   FCMAT will notify the Client's county superintendent of schools of this Agreement.

2. **SCOPE OF THE WORK**

   A. Scope and Objectives of the Study

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

   B. Services and Products to be Provided

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

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

   3. Exit Meeting
      The Team will hold an exit meeting at the conclusion of the fieldwork to inform the

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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. <u>PROJECT PERSONNEL</u>

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. <u>PROJECT COSTS</u>

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. <u>RESPONSIBILITIES OF THE CLIENT</u>

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:

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

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

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

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

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

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, 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

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$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

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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: Jami Carver, Superintendent

Telephone: (530) 842-1168

Email: jcarver@yrekausd.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:

10-9-24

Jami Carver, Superintendent
Yreka Union School District

Date

For FCMAT:

Michael H. Fine
Digitally signed by Michael H. Fine
Date: 2024.10.09 18:44:02 -07'00'

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

Date

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