

Fiscal Health Risk Analysis

October 7, 2024



Glendale Unified School District

Michael H. Fine
Chief Executive Officer

October 7, 2024

Darneika Watson, Ph.D., Superintendent
Glendale Unified School District
223 N. Jackson St.
Glendale, CA 91206

Dear Superintendent Watson:

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

The agreement stated that FCMAT would perform the following:

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis and identify the district's specific risk rating for fiscal insolvency.
2. Present the final report to the district's board of trustees at a public meeting following the completion of the review.

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

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

Sincerely,



Michael H. Fine
Chief Executive Officer

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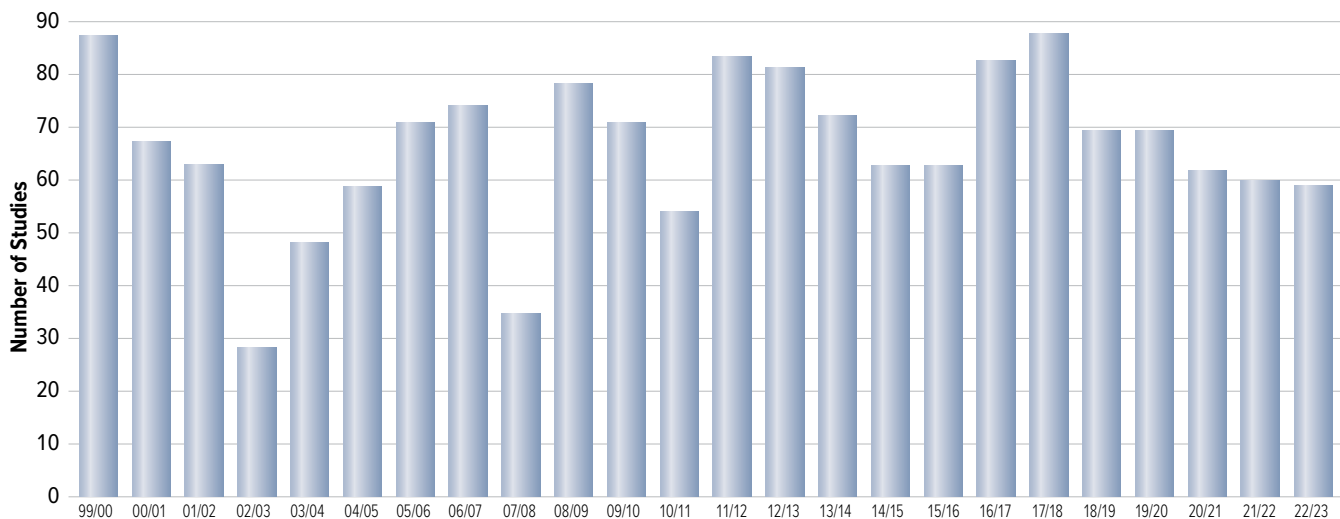
About FCMAT

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

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

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

Studies by Fiscal Year



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

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

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

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

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

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

Introduction

Background

The third largest school district in Los Angeles County, the Glendale Unified School District has a five-member governing board and serves students in preschool through grade 12 in the city of Glendale and certain unincorporated areas of Los Angeles County at 33 locations, where it operates seven preschools, 20 elementary schools, four middle schools, four high schools, one continuation high school, one community day school and one independent student academy. According to [DataQuest](#), for the 2023-24 school year, the district's TK-12 enrollment was 25,049 students. As of the 2023-24 second principal apportionment ([the most recent data available](#)), 55.8% of the district's students were identified as English learners, and/or foster youth, and/or eligible for free or reduced-price meals. In recent years, the district has experienced turnover in its chief business official (CBO) position, with three different individuals holding the role in the past four years. Yet many of the district's financial services staff are longtime employees with a considerable number of years working in the district, the department, and/or their current position.

FCMAT performed a fiscal health risk analysis to determine the district's level of risk for insolvency. The analysis is based primarily on the current year (as of the 2024-25 adopted budget) and where indicated, the three prior fiscal years (i.e., 2021-22, 2022-23, and 2023-24).

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Glendale Unified School District on August 8, 2024, and a FCMAT study team visited the district on September 3-5, 2024, to conduct interviews, collect data and review documents. Following fieldwork, the study team continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The team was composed of the following members:

Erin Lillibridge, CFE
FCMAT Intervention Specialist

Jennifer Nerat, CFE
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

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

Fiscal Health Risk Analysis

For K-12 School Districts



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Date(s) of fieldwork: September 3-5, 2024

District: Glendale Unified School District

Summary

The governing board has a fiduciary responsibility to protect the district's financial health; this means ensuring the district maintains a balanced budget, including adequate reserves. The district's administration is responsible for maintaining the integrity of the district's systems, securing its assets, and providing accurate and reliable information for the board to consider when making decisions to protect the district's fiscal solvency.

In reviewing the district's adopted budgets and interim financial reports for the current and prior three fiscal years and after speaking with district staff, FCMAT identified weaknesses in the district's budget development and monitoring practices; primarily the lack of input in site and department budgets and the district's use of one-time and/or restricted program funds. School site and department managers reported having little to no input in the development of their annual budgets, particularly unrestricted general fund allocations. The district has not consistently expended restricted funds before unrestricted funds and has used one-time revenues to pay for ongoing expenditures, including salaries and benefits, without developing a board-approved plan to fund or eliminate those costs once the funding sources expired.

The district's 2024-25 adopted budget projected deficit spending of \$13.781 million in the unrestricted general fund. The multiyear financial projections assumed that a total of \$2.907 million in estimated salary savings and \$11.0 million in other expenditure reductions would be needed in 2025-26 and 2026-27 to maintain the minimum required 3% reserve for economic uncertainty. At the time of FCMAT's fieldwork, the board had yet to approve and implement a detailed plan to accomplish those reductions. Without these ongoing adjustments, the district's deficit spending will deplete its unrestricted general fund balance in 2026-27. The district does not regularly update its multiyear financial projections or use them when making financial decisions.

At the time of FCMAT's fieldwork, the district was working through the impasse process with its certificated bargaining unit. The district has not settled negotiations with its certificated and classified bargaining units for 2023-24 and 2024-25. In addition, the district continues to negotiate employee compensation articles that were reopened by the certificated bargaining unit for 2022-23. The collective bargaining agreements with both employee groups include an annual 8% increase to the district's maximum contribution toward health insurance premiums. The percentage of the district's unrestricted general fund budget allocated to salaries and benefits exceeded the statewide average in 2021-22 and is expected to do so again in 2023-24 and 2024-25.

The district has not complied with statutory requirements regarding public disclosures of tentative collective bargaining agreements. Government Code 3547.5 requires a school district to disclose at a public meeting the major provisions of a tentative collective bargaining agreement including, but not limited to, the costs incurred under the agreement for the current and subsequent fiscal years, before entering into the agreement. Government Code 3547.5 also requires a district's superintendent and chief business official (CBO) to certify in writing that the costs incurred under a tentative agreement can be met during the term of the agreement. In 2022-23 and 2023-24, the district approved several memorandums of understanding (e.g., extended day kindergarten implementation) without completing a public disclosure and providing for the required superintendent and CBO certifications.

Effective internal controls are the foundation for successful financial operations; they protect the district from material weaknesses, serious errors, and fraud. The district does not adequately segregate, supervise and monitor duties in accounts receivable, payroll, and position control. These deficiencies have led to payroll errors, unreliable financial information, and an increased risk for fraud. For example, due to an ongoing vacancy in the district's payroll supervisor position, no one is actively supervising and reviewing payroll transactions before final processing other than the payroll technicians who process the payroll. The district does not have an effective position control system to ensure that:

- Only board-authorized positions are entered into the system.
- The Human Resources Department hires only employees who have been authorized by the board to fill positions.

- Payroll staff pay only employees who are hired for authorized positions.

The district also lacks a process for collecting and following up on reports of possible fraud.

FCMAT’s analysis for this FHRA determined that the district’s score from the 20 numbered sections is 38.1%, which is moderate. Because FCMAT identified risk relating to certain material weakness questions, the district’s risk level was elevated from moderate to high.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

The greater the number of “no” answers to the questions in the analysis, the greater the potential risk of insolvency or fiscal issues for the district. Not all sections in the analysis and not all questions within each section carry equal weight; some areas carry higher risk and thus count more heavily in calculating a district’s fiscal stability score. To help the district, narratives are included for responses that are marked as a “no” so the district can better understand the reason for the response and actions that may be needed to obtain a “yes” answer.

Identifying issues early is the key to maintaining fiscal health. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency and overall solvency. A district should consider completing the FHRA annually to assess its own fiscal health risk and progress over time.

Areas of High Risk

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

Budget and Fiscal Status

Is the district currently <i>without</i> the following?:	Yes	No
Disapproved budget	✓	<input type="checkbox"/>
Negative interim report certification	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications.	✓	<input type="checkbox"/>
Downgrade of an interim certification by the county superintendent	✓	<input type="checkbox"/>
“Lack of going concern” designation.	✓	<input type="checkbox"/>

Material Weakness Questions

	Yes	No	N/A
2.5 Has the district’s budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142?.	✓	<input type="checkbox"/>	<input type="checkbox"/>
3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	✓	<input type="checkbox"/>	<input type="checkbox"/>
4.4 If the district’s cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	<input type="checkbox"/>	<input type="checkbox"/>	✓
5.2 Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	<input type="checkbox"/>	<input type="checkbox"/>	✓
5.3 Are all charters authorized by the district going concerns and not in fiscal distress? . . .	<input type="checkbox"/>	<input type="checkbox"/>	✓
6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	✓	<input type="checkbox"/>	<input type="checkbox"/>
6.4 Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?.	<input type="checkbox"/>	✓	<input type="checkbox"/>
7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	✓	<input type="checkbox"/>
10.6 Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.2 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	✓	<input type="checkbox"/>	<input type="checkbox"/>
12.1 Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?.	✓	<input type="checkbox"/>	<input type="checkbox"/>
12.2 Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	<input type="checkbox"/>	✓	<input type="checkbox"/>
12.3 If the district is not able to maintain the minimum reserve for economic uncertainty, does the district’s multiyear financial projection include a board-approved plan to restore the reserve?	<input type="checkbox"/>	✓	<input type="checkbox"/>
19.1 Does the district account for all positions and costs?	<input type="checkbox"/>	✓	<input type="checkbox"/>

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.1%
2.	Budget Development and Adoption	3.5%
3.	Budget Monitoring and Updates	3.9%
4.	Cash Management	0.0%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	3.7%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.5%
9.	Employee Benefits	0.8%
10.	Enrollment and Attendance	0.0%
11.	Facilities	0.2%
12.	Fund Balance and Reserve for Economic Uncertainty	3.5%
13.	General Fund - Current Year	3.3%
14.	Information Systems and Data Management	2.0%
15.	Internal Controls and Fraud Prevention	3.7%
16.	Leadership and Stability	2.0%
17.	Multiyear Projections	2.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	3.5%
20.	Special Education	1.4%
Score		38.1%

Fiscal Health Risk Analysis Questions

Budget and Fiscal Status

Is the district currently <i>without</i> the following?:	Yes	No
Disapproved budget	✓	<input type="checkbox"/>
Negative interim report certification	✓	<input type="checkbox"/>
Three consecutive qualified interim report certifications.	✓	<input type="checkbox"/>
Downgrade of an interim certification by the county superintendent	✓	<input type="checkbox"/>
“Lack of going concern” designation.	✓	<input type="checkbox"/>

1. Annual Independent Audit Report

	Yes	No	N/A
1.1 Has the district corrected the most recent and prior two years’ audit findings without affecting its fiscal health?	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller’s Office should be explained.)	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Were the district’s most recent and prior two audit reports free of findings of material weaknesses?	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Has the district corrected all reported audit findings from the most recent and prior two audits?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>The district did not correct its 2021-22 state compliance audit finding regarding its Before/After School Education and Safety program. This finding was repeated in the 2022-23 audit report.</p>			

2. Budget Development and Adoption

	Yes	No	N/A
2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county office of education instructions, and have been clearly articulated?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Does the district use a budget development method other than a prior-year rollover budget, and, if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	✓	<input type="checkbox"/>	<input type="checkbox"/>
2.3 Does the district use position control data for budget development?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<p>As discussed in more detail in section 19 below, the district's position control system lacks the proper controls to ensure that position data used in budget development is complete and accurate.</p>			
2.4 Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly?	✓	<input type="checkbox"/>	<input type="checkbox"/>

- 2.5 Has the district’s budget been approved unconditionally by its county office of education in the current and two prior fiscal years?** ✓
- 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)?** . . . ✓
- The district's 2024-25 Local Control and Accountability Plan proposed workflow and meeting tracking document indicates that input on the plan was obtained from staff, administrators, the governing board and the community.
- In February 2024, the district office hosted all school sites in its annual "Road Show" process, in which school site administrators meet with various support offices (e.g., business, human resources) to provide input on staffing levels and budget allocations for the coming year. However, interviews with staff also indicated that budget development input by other departments has been inconsistent or lacking.
- At the time of FCMAT's fieldwork, the district did not have a budget advisory committee.
- 2.7 Does the district budget and expend restricted funds before unrestricted funds?** ✓
- The district does not consistently expend restricted funds before unrestricted funds. Both the 2021-22 and 2022-23 unaudited actuals showed a remaining balance in special education program funds (i.e., AB 602 funds available for any special education expenditures), even though the district also contributed unrestricted general funds to support the program.
- The district's unrestricted general fund balance decreased from \$40.829 million in 2021-22 to \$19.079 million in 2022-23, while the restricted fund balance increased from \$17.383 million in 2021-22 to \$66.395 million in 2022-23. The district also indicated that some title program funds remained unspent or had significant balances carried forward to the subsequent fiscal year.
- 2.8 Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code Sections 42103 and 52062 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and one prior fiscal year?** ✓
- 2.9 Has the district refrained from including carryover funds in its adopted budget?** ✓
- The 2024-25 adopted budget revenue for certain title programs (e.g., Title II) was materially higher than the 2023-24 allocations, indicating the district included carryover funds in its adopted budget. For example, in the 2024-25 adopted budget, Title II revenues totaled \$1.433 million, but the district's 2023-24 allocation totaled only \$846,704 as of April 2024 (the most current information available from the California Department of Education [CDE] during budget development). The district's 2024-25 preliminary allocation for Title II as posted by the CDE in August 2024 was \$727,161.
- 2.10 Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?** ✓

2.11 Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and the potential multiyear impact on the district’s unrestricted general fund?

Although board policy 3290 includes some procedures for evaluating the proposed acceptance of grants and other types of restricted funds when used to pay for positions, interviews with staff indicated that this policy is not well known or followed in day-to-day practice.

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

The district does not use a budget calendar to organize and direct its budget development.

3. Budget Monitoring and Updates

	Yes	No	N/A
3.1 Are actual revenues and expenses consistent with the most current budget?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

FCMAT reviewed the district's 2023-24 first and second interim reports and found numerous examples of accounts (i.e., object codes) in which the projected year totals did not align with the actual revenues or expenses.

For example, in the 2023-24 second interim report, the following accounts showed actuals to date higher than the projected budget total:

Unrestricted general fund - other employee benefits (object code 3901-3902), approved textbooks and core curricula materials (object code 4100), dues and memberships (object code 5300), buildings and improvements of buildings (object code 6200).

Restricted general fund - special education entitlement (object code 8181), special education discretionary grants (object code 8182), career technical education incentive grant (object code 8590), drug/alcohol/tobacco funds (object code 8590), specialized secondary (object code 8590), community redevelopment funds not subject to LCFF deduction (object code 8625), sales (object codes 8632 and 8634), all other local revenue (object code 8699), approved textbooks and core curricula materials (object code 4100), food (object code 4700), dues and memberships (object code 5300), equipment (object code 6400), debt service (object codes 7438 and 7439).

3.2 Are budget revisions posted in the financial system at each interim report, at a minimum? . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code Section 42142?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3.5 Do the district’s responses fully explain the variances identified in the criteria and standards?

FCMAT noted the following examples in the 2024-25 adopted budget criteria and standards in which the district failed to explain the identified variances:

Enrollment (standard 2A) - no explanation provided for standards not met in a prior year (i.e., 2021-22).

Ratio of ADA to enrollment (standard 3B) - missing enrollment data in the subsequent years resulted in an invalid variance calculation (i.e., 2025-26 and 2026-27).

Unrestricted salaries and benefits (standard 5B) - explanation insufficient to explain variance (i.e., "variance from standard is not significant, less than 1%").

Other revenues and expenditures (standard 6B) - explanation was not detailed enough or did not apply (i.e., "primarily budgeting carryover and one-time grant funds in 2023-24").

Self-insurance programs (standard S7B) - response indicated the district did not operate any self-insurance programs, but staff indicated in interviews that the district is self-funded for dental, vision, and prescription insurance plans.

3.6 Has the district addressed any deficiencies the county office of education has identified in its oversight letters in the most recent and two prior fiscal years?

3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?

The district’s financial system can prohibit the processing of requisitions or purchase orders when the budget is insufficient to support the expenditure. However, district staff indicated in interviews that this feature is not consistently enforced and/or is often overridden.

3.8 Does the district encumber and adjust encumbrances for salaries and benefits?

The district’s financial system does not encumber salaries and benefits.

3.9 Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year end close?

3.10 For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?

4. Cash Management

	Yes	No	N/A
4.1 Are accounts held by the county treasurer reconciled with the district’s and county office of education’s reports monthly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 If the district’s cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?
- 4.6 If interfund borrowing is occurring, does the district comply with Education Code Section 42603?.
- 4.7 If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement? . . .

5. Charter Schools

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

6. Collective Bargaining Agreements

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 6.1 Has the district settled with all its bargaining units for the past two fiscal years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The 2024-25 adopted budget criteria and standards indicated that the district has not settled negotiations with the certificated or classified bargaining units for 2023-24.</p> <p>District staff reported in interviews that shortly after settling the 2020-23 successor agreement terms, the certificated bargaining unit reopened salaries and benefits for the 2022-23 fiscal year. At the time of FCMAT's fieldwork, the district was working through the impasse process with its certificated bargaining unit.</p> | | | |
| 6.2 Has the district settled with all its bargaining units for the current year?. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The 2024-25 adopted budget criteria and standards and staff interviews indicated the district has not settled negotiations with the certificated or classified bargaining units for the current year.</p> | | | |
| 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6.4 Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increase), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The district did not provide evidence that it conducted a presettlement analysis during negotiations to identify related costs or savings and ongoing revenue sources or expenditure reductions to support its most recent agreements.</p> | | | |

- 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step and column increases at or under the funded cost of living adjustment (COLA)?**
- The district has not yet settled the total cost of bargaining for the current and two prior fiscal years. However, the collective bargaining agreements with both employee groups include an annual 8% increase to the district’s maximum contribution toward health insurance premiums.
- 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 Code Sections 3540.2 and 3547.5, and Education Code Section 42142?**
- Government Code Section 3547.5 requires the district to disclose the major provisions of any collectively bargained agreement, including, but not limited to, the costs that would be incurred under the agreement for the current and subsequent fiscal years, at a public meeting prior to entering into the written agreement.
- In 2022-23 and 2023-24, the district entered into several agreements (e.g., memorandums of understanding and side letters) outside of its successor agreements without completing the public disclosures required under Government Code Section 3547.5. For example, in June 2024, the district approved a memorandum of understanding with the certificated bargaining unit regarding the implementation of extended day kindergarten, but did not complete the public disclosure process.
- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to 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 a board-approved plan to eliminate, reduce or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The special education program requires a large contribution from the unrestricted general fund annually due to insufficient funding from federal and state resources. While this condition is present in all school districts, the district does not have a board-approved plan to reduce or control the contribution to the special education program.</p> | | | |
| 7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 7.3 If any contributions/transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?**

8. Deficit Spending (Unrestricted General Fund)

- | | Yes | No | N/A |
|---|--------------------------|-------------------------------------|--------------------------|
| 8.1 Is the district avoiding deficit spending in the current fiscal year? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The 2024-25 adopted budget projected deficit spending of \$13.781 million in the unrestricted general fund. This deficit amount subsequently increased by \$211,614 to \$13.992 million in the district's 45-day budget revision in August 2024.</p> | | | |
| 8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>While the 2024-25 adopted budget multiyear financial projections showed an unrestricted general fund surplus of \$2.826 million in 2025-26 and \$7.674 million in 2026-27, these amounts assume a total of \$2.907 million in estimated salary savings and \$11.0 million in other expenditure reductions still to be implemented in 2025-26 and 2026-27. Without these ongoing adjustments, the district's deficit spending will deplete its unrestricted general fund balance in 2026-27.</p> <p>Furthermore, the district's 45-day budget revision in August 2024 reduced the projected surplus by a net \$1.154 million in 2025-26 and by a net \$2.305 million in 2026-27 to account for certain expenditure adjustments (i.e., health assistant salaries and transportation services increases offset by health and welfare cost decreases).</p> | | | |
| 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? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>In March 2024, the board adopted and implemented resolution No. 25 identifying \$3.07 million in budget reductions for 2024-25; however, the 2024-25 adopted budget multiyear financial projection assumes a total of \$2.907 million in estimated salary savings and \$11.0 million in other expenditure reductions still to be implemented in 2025-26 and 2026-27 to eliminate deficit spending and ensure fiscal solvency. The board has yet to approve and implement a detailed plan for these reductions.</p> | | | |
| 8.4 Has the district decreased deficit spending over the past two fiscal years? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>The district's 2023-24 unaudited actuals report was still in progress at the time of FCMAT's review; however, the unaudited actuals for 2021-22 and 2022-23 fiscal years showed increasing deficit spending in the unrestricted general fund of \$6.509 million and \$21.750 million respectively.</p> | | | |

9. Employee Benefits

- | | Yes | No | N/A |
|--|-------------------------------------|--------------------------|--------------------------|
| 9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- 9.2 Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments no greater than 2% of the district's unrestricted general fund revenues?**
- 9.3 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?**
- The district did not provide FCMAT with a current report detailing employee leave balances to confirm whether it followed the collectively bargained agreement to limit accrued vacation balances to two years of actual earned vacation for its classified staff.
- 9.4 Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?**
- 9.5 Does the district track, reconcile and report employees' compensated leave balances?**
- District staff reported in interviews that leave balances on employee paychecks are inaccurate, as the district transitions to a new leave system. Employees have historically accessed their leave balances through a request to their site/department secretary who has access to the leave balance system. Employee leave requests and usage are submitted by the employee to their site/department supervisor via a paper form and then forwarded to the payroll office after supervisor approval. District staff indicated that balances in the leave system are often inaccurate because the forms are not processed in a timely manner. As a result, staff indicated in interviews that overpayments to employees in the form of compensated leave occur frequently.

10. Enrollment and Attendance

- | | Yes | No | N/A |
|--|-------------------------------------|--------------------------|--------------------------|
| 10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.2 Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P2)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.3 Does the district track historical enrollment and ADA data to establish future trends? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.4 Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.5 Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.6 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.7 Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.8 Has the district planned for enrollment losses to charter schools? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10.9 Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

11. Facilities

	Yes	No	N/A
11.1 If the district participates in the state’s School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.2 Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.3 Does the district properly track and account for facility-related projects?	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.4 Does the district use its facilities fully in accordance with the Office of Public School Construction’s loading standards?	<input type="checkbox"/>	✓	<input type="checkbox"/>
The information provided by the district was insufficient for FCMAT to determine whether its schools are fully used.			
11.5 Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget?	✓	<input type="checkbox"/>	<input type="checkbox"/>
11.6 Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?.	✓	<input type="checkbox"/>	<input type="checkbox"/>
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?	<input type="checkbox"/>	✓	<input type="checkbox"/>
The district has not had an active citizens’ bond oversight committee (CBOC), and an annual report has not been published since the spring of 2022. However, performance audits have been coordinated by the district and conducted by an external independent auditor for the last two fiscal years. On August 13, 2024, the board approved the appointment of nine CBOC members.			
11.8 Does the district have a long-range facilities master plan that reflects its current and projected facility needs?	<input type="checkbox"/>	✓	<input type="checkbox"/>
The district does not have a long-range facilities master plan that reflects its current and projected facility needs.			

12. Fund Balance and Reserve for Economic Uncertainty

	Yes	No	N/A
12.1 Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?	✓	<input type="checkbox"/>	<input type="checkbox"/>
12.2 Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	<input type="checkbox"/>	✓	<input type="checkbox"/>
Without ongoing expenditure reductions (i.e., \$2.907 million in salary savings and \$11.0 million in other expenditures) still to be implemented in 2025-26 and 2026-27, the district will not maintain a 3% minimum reserve for economic uncertainty in the two subsequent fiscal years.			

12.3 If the district is not able to maintain the minimum reserve for economic uncertainty, does the district’s multiyear financial projection include a board-approved plan to restore the reserve?

The 2024-25 adopted budget multiyear financial projection assumes a total of \$2.907 million in estimated salary savings and \$11.0 million in other expenditure reductions still to be implemented in 2025-26 and 2026-27 to maintain the minimum reserve for economic uncertainty. The board has yet to approve and implement a detailed plan to accomplish these reductions.

12.4 Is the district’s projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?

The 2024-25 adopted budget indicated the unrestricted general fund balance will increase in the two subsequent fiscal years to \$19.161 million in 2025-26 and \$26.836 million in 2026-27; however, the projection assumed close to \$14.0 million in expenditure reductions that are yet to be implemented. Without these adjustments, the unrestricted fund balance will decrease over the two subsequent fiscal years.

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?

In interviews, district staff indicated there are potential unfunded liabilities from pending Assembly Bill (AB) 218 claims. Effective January 1, 2020, AB 218 expanded the definition of childhood sexual abuse and extended the statute of limitations for victims to file lawsuits against their abusers. This legislation has exposed school districts to sexual assault claims dating back decades and resulted in significant cost pressures to defend against and resolve these claims.

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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

District staff indicated in interviews that it has used (e.g., COVID relief funds) and proposes to use (e.g., Arts, Music, and Instructional Materials Discretionary Block Grant) one-time revenues to pay for ongoing expenditures, including salaries and benefits. Additionally, the district did not develop a board-approved plan to fund or eliminate these costs when the funding source expired.

13.2 Is the percentage of the district’s general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the current year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The percentage of the unrestricted general fund allocated to salaries and benefits for the 2024-25 adopted budget was 87.2%, which exceeds the statewide average of 86.0% as of 2022-23 ([the latest data available](#)).

13.3 Is the percentage of the district’s general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the two prior years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	-------------------------------------	--------------------------

The district’s 2021-22 unaudited actuals report showed the percentage of the unrestricted general fund allocated to salaries and benefits was 88.3%, which exceeded the statewide average of 86.6%. In the 2022-23 unaudited actuals report, the percentage of the unrestricted general fund allocated to salaries and benefits was 83.9%, which was lower than the statewide average of 86.0%.

At the time of FCMAT’s fieldwork, the district had not completed its 2023-24 unaudited actuals; however, the estimated actuals included in the 2024-25 adopted budget indicated the unrestricted general fund allocated to salaries and benefits would be 88.3% in 2023-24.

- 13.4 If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or two prior years, is the district addressing the complaint(s)?
- 13.5 Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?
- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?

District staff indicated in interviews that certain title program funds (e.g., School Improvement (CSI) funding allocated in 2020-21) were not fully expended within the required time due to lapses in expenditure monitoring resulting from categorical staff turnover and COVID-related school closures.

In addition, the 2022-23 unaudited actuals included an ending fund balance of \$354,292 in California Clean Energy Jobs Act funds in the district's Special Reserve Fund for Capital Outlay Projects (Fund 40). These funds were only available for encumbrance through June 30, 2019, for projects completed by June 30, 2021.

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

The 2021-22 and 2022-23 unaudited actuals reports show that while the district does charge the maximum allowable indirect cost rate for most restricted programs, it does not charge indirect costs to its special education program.

14. Information Systems and Data Management

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 14.1 Does the district use an integrated financial and human resources system? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district’s financial and human resources systems are not integrated; therefore, additional procedures are required to synchronize and reconcile data between the systems to ensure timeliness and accuracy. | | | |
| 4.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| The district does not consistently use financial and human resources systems to support decisions. For example, the human resources staff use multiple spreadsheets within the department that may not reconcile or coordinate with one another or with the Financial Services Department’s information. Staffing decisions are made in the absence of system-generated information. | | | |
| 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.4 Is the district using the same financial system as its county office of education? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 14.5 If the district is using a separate financial system from its county office of education, is there an automated interface with the financial system used by the county office of education? . . . | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

- 14.6** If the district is using a separate financial system from its county office of education, has the district provided the county office with direct access so the county office can provide oversight, review and assistance? ✓

15. Internal Controls and Fraud Prevention

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

One staff member generates invoices, receives payments, prepares deposits and assists in bank reconciliations. To provide for segregation of duties, the individual responsible for generating invoices should not have access to payments received for those invoices, and the individual responsible for preparing/recording deposits should not also prepare the bank reconciliation.

District staff reported that sites and departments forward certain cash receipts (e.g., donations, child development payments) to the district office for deposit in the county treasury. These deposits often include cash, but only one individual in the district office is counting the cash receipts to prepare the deposit. Two people should perform and confirm the count.

Samples of ASB bank account reconciliations indicated that some reconciliations are not reviewed by anyone other than the preparer who does so monthly. The preparer is also often the individual responsible for preparing, recording, and making the ASB deposits.

- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| • Purchasing and contracts. | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| • Payroll | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |

Payroll staff reported entering new employees into the payroll system, establishing positions and pay rates as provided by the Human Resources Department. Duties should be segregated so that the employee who processes payroll does not also add or change employee information in the system.

During FCMAT’s fieldwork, the district’s payroll supervisor position was vacant, and no one was reviewing payroll prior to final processing. Although financial services staff reported auditing payroll after it is paid, the district should ensure that a supervisory employee who is not involved in processing the transactions reviews the payroll prelist before payroll is submitted to the county office.

Payroll warrants are printed at the county office and are collected and distributed by the staff members who processed them. To create a better segregation of duties, the individuals responsible for generating payroll warrants should not have access to them after they are printed.

- **Human resources (i.e., duties relative to position control and payroll processes).** ✓

Staff indicated in interviews that the district does not have adequate supervision over position control, and that new positions are added and filled before board approval.

In addition, as noted previously, payroll rather than human resources staff enter new employee information (i.e., positions and pay rates) into the financial system.

- 15.4 Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?** ✓
- 15.5 Does the district review and work to clear prior year accruals throughout the year?** . . . ✓
- 15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county office of education?** ✓
- 15.7 Does the district have processes and procedures to discourage and detect fraud?** ✓
The district lacks sufficient internal controls to discourage and detect fraud.
- 15.8 Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?** ✓
The district lacks a process for collecting and following up on reports of possible fraud. District staff also indicated in interviews that the district lacks procedures to report fraud.
- 15.9 Does the district have an internal audit process?** ✓

16. Leadership and Stability

- | | Yes | No | N/A |
|--|--------------------------|--------------------------|--------------------------|
| 16.1 Does the district have a chief business official who has been with the district as chief business official for more than two years? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| The district had an interim chief business official and was recruiting to fill the position permanently at the time of FCMAT’s fieldwork. | | | |
| 16.2 Does the district have a superintendent who has been with the district as superintendent for more than two years? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| The board hired the superintendent in October 2023. | | | |
| 16.3 Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.4 Is training on financial management and budget provided to site and department administrators who are responsible for budget management? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.5 Does the governing board adopt and revise policies and administrative regulations annually? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

- 16.7 Do all board members attend training on the budget and governance at least every two years? ✓
- 16.8 Is the superintendent’s evaluation performed according to the terms of the contract? ✓

17. Multiyear Projections

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 17.3 Does the district use its most current multiyear projection in making financial decisions? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |
| <p>The Financial Services Department prepares the district’s multiyear financial projection (MYFP) for inclusion in financial reports requiring board approval and in compliance with statutory requirements. Staff interviews indicated it is not regularly updated or used when making financial decisions.</p> | | | |
| 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? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> |

The 2024-25 adopted budget unrestricted general fund MYFP includes a negative \$11.0 million adjustment that is not explained on line B10 in 2025-26 and 2026-27. In addition, the explanations provided for adjustments on lines B1d and B2d are not detailed or reasonable. For example, in the restricted general fund MYFP, the explanation provided for line B1d is “attrition” suggesting an expenditure reduction, yet the adjustment is a positive \$101,682.

18. Non-Voter-Approved Debt and Risk Management

- | | Yes | No | N/A |
|---|-----|--------------------------|--------------------------|
| 18.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others) stable, predictable, and other than unrestricted general fund? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 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? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |
| 18.3 If the district is self-insured, has the district completed an actuarial valuation as required and have a plan to pay for any unfunded liabilities? | ✓ | <input type="checkbox"/> | <input type="checkbox"/> |

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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The district does not have an effective position control system to ensure all positions are accounted for correctly.

For example, the 2024-25 adopted budget indicated certificated salaries would increase from the prior year by \$12.5 million or 8.9%, yet the corresponding STRS expenditure total decreased by \$514,810 or -1.8%. The criteria and standards showed no change in the number of certificated full-time equivalent positions from 2023-24 to 2024-25, and since the STRS rate for both 2023-24 and 2024-25 was 19.1%, the percent change in the district's projected STRS costs should align to the change in projected certificated salaries.

Staff indicated in interviews that the district does not have adequate supervision over position control and that new positions are added and filled before board approval. The Human Resources and Financial Services departments maintain separate methods for tracking positions, including vacancies, and no formal process exists to reconcile the information between the two departments.

19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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The district does not reconcile budget, payroll and position control regularly, or at least at budget adoption and interim reporting periods.

19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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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.

19.6 Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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Staff interviews indicated 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 Does the district monitor, analyze and adjust staffing ratios, class sizes and caseload sizes to align with statutory requirements and industry standards?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

20.2 Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)? ✓

District staff reported in interviews that it had not accessed all available special education funds, such as extraordinary cost pool funds. In addition, in question 2.7, the 2021-22 and 2022-23 unaudited actuals showed remaining balances in special education program funds (i.e., AB 602 funds available for any special education expenditures).

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)? ✓

While the district has developed tools to help it make informed decisions about the addition of special education services, the district could not provide evidence supporting their use at school sites; in addition, district staff reported having a high number of 1-to-1 aides districtwide.

20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)? ✓

According to the 2021-22 and 2022-23 unaudited actuals reports, the district does not charge indirect costs to all its special education resources. This results in an undervaluation of the true cost of the program.

20.5 Is the district’s contribution rate to special education at or below the statewide average contribution rate? ✓

20.6 Is the district’s rate of identification of students as eligible for special education at or below the countywide and statewide average rates? ✓

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

Financial services and Special Education Department managers and staff do not communicate or collaborate at each interim reporting period to analyze whether the district will meet the maintenance of effort requirement.

Risk Score, 20 numbered sections only **38.1%**

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

Appendix A - Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR MANAGEMENT ASSISTANCE

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

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d). The Client has requested that the FCMAT assign professionals to study specific aspects of the Client's operations. 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

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis, and identify the district's specific risk rating for fiscal insolvency.
2. The Team will present the final report to the district's board of trustees at a public meeting following the completion of the review.

B. Services and Products to be Provided

1. Orientation Meeting
The Team will conduct an orientation session at the Client's location to brief the Client's management and supervisory personnel on the Team's procedures and the purpose and schedule of the study. This orientation meeting is normally held at the beginning of fieldwork for the study.
2. Fieldwork
The Team will conduct fieldwork at the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

3. Exit Meeting

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

4. Exit Letter

Approximately 10 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 are optional and are made at the request of the Client. If a board presentation is requested, it will be noted in the scope and objectives of the study or can be added as a change in scope at a later date.

8. Follow-Up Review

If requested by the Client within six to 12 months after completion of the study, FCMAT, at no additional cost, will assess the Client's progress in implementing the recommendations included in the report. This follow-up support is primarily a document review-based study. Progress in implementing the recommendations will be documented to the Client in a FCMAT management letter. FCMAT will work with the Client on a mutually convenient time to return for follow-up support that is no sooner than eight months and no later than 18 months after the date of the final report.

PROJECT PERSONNEL

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

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

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8(d)(1) and 84041 shall be as follows:

- A. \$1,100 per day for each FCMAT staff member while on site conducting fieldwork. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed. On-site is defined as either 1) physically at the Client's office or school site(s), or 2) in a scheduled virtual meeting with the Client's personnel, representatives or others associated with the scope of work pursuant to Section 13 below.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the study will be added to all costs billed.
- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report or presentation to the Client's board, whichever is later (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be \$14,900.

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE CLIENT

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

requested by FCMAT with the signed copy of this Agreement.

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

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

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

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

6. PROJECT SCHEDULE

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

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

ACTION	TIMELINE
FCMAT provides the Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client’s initial request for services.
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	Draft Agreements are valid for 30 business days.

ACTION	TIMELINE
uploading documents requested by FCMAT.	
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 10 business days of the Client’s receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 10 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 eight weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 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.

Prior to completion of fieldwork and upon written notice to FCMAT, the Client may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to completion of fieldwork, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

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.

8. INDEPENDENT CONTRACTOR

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

9. RECORDS

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

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

10. CONTACT WITH PUPILS

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

11. INSURANCE

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

additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

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

13. PUBLIC SAFETY CONSIDERATIONS

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

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

14. FORCE MAJEURE

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

15. EVALUATION

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

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for

the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the study.

Name: Dr. Kyle Bruich, Assistant Superintendent, Human Resources

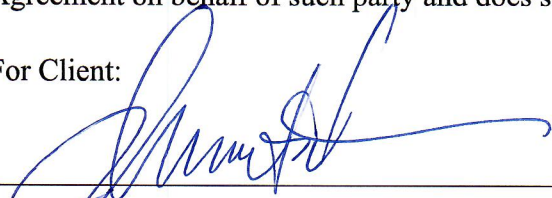
Telephone: (818) 241-3111

Email: kbruich@gusd.net

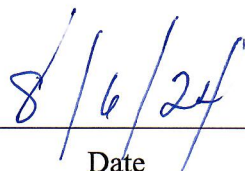
17. SIGNATURES

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:



Darnelka Watson, Ph.D., Superintendent
Glendale Unified School District



Date

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2024.08.08 07:53:37 -07'00'

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