

Sacramento City Unified School District
 Business Services Division
 FCMAT Update **3/16/23**

No.	FCMAT Finding	Status	District Response	Progress
1.	Are clear processes and policies in place to ensure that the district’s Local Control and Accountability Plan (LCAP) and budget are aligned with one another? (part 2)	In Progress	<p>Board policies (BPs) and administrative regulations (ARs) adopted by the district related to the LCAP included the following: AR 1220 – Citizen Advisory Committee, BP/AR 1312.3 – Uniform Complaint Procedure, BP 6173.1 – Foster Youth.</p> <p>The California School Boards Association’s online board policy service, known as GAMUT, has one main LCAP/Budget alignment policy, BP/AR 0460, which many districts have adopted. Although the district has a subscription to GAMUT, it has not adopted this policy.</p>	<p><u>3/16/23 Update: Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability.</u></p> <p><u>12/15/22 Update:</u> Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability.</p> <p><u>3/17/22 Update:</u> Staff continue to work collaboratively to ensure that processes and planning align efforts across Business Services and Continuous Improvement and Accountability. Recent efforts include the completion of the LCAP Mid-year report and the one-time supplement to the Annual Update. These processes required collaborative development of estimated actual expenditures for LCAP actions and reporting on the ESSER III Expenditure plan actions. The latter have involved a wider collaborative with program staff to understand the implementation status of various personnel-related actions and maintaining ongoing progress monitoring to</p>

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				<p>ensure that unspent funds can be reallocated to already identified actions and open consideration for new actions. Additional collaboration has occurred to ensure that the standard LCAP development is on pace, with advance planning for the 2022-23 projected expenditures occurring as an outgrowth of the mid-year report efforts.</p> <p><u>12/16/21 Update:</u> Staff continue to work collaboratively to ensure that processes and policies are in place to align key planning efforts to the budget. A recent example is the ESSER III expenditure plan development. Business Services and Continuous Improvement and Accountability (CIA) staff collaboratively developed a Request for Funding process that was used by departments. This required departmental staff to describe their proposal in detail including, but not limited to, their intended use of funding, scope across the three-year timeline, and per year and total funding amounts requested. Business services and CIA staff further collaborated to facilitate executive leadership’s prioritization process, review proposed expenditures in relation to other CARES funding uses, and ensure that proposed amounts were accurate to staffing amounts requested. The ESSER III plan is closely aligned to the LCAP and other recent</p>

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				<p>district plans, making this collaboration a key step in the 2021-22 development of the 2022-23 LCAP.</p> <p><u>9/16/21 Update:</u> Throughout 2019-20 and 2020-21 staff in Business Services and State and Federal Programs have developed processes to increase alignment between budget and LCAP. These include program coding for funds allocated to school sites to more accurately account for planned expenditures in the LCAP, realignment of resource coding for LCFF S&C funds, and development of shared tools to prepare projected and estimated actual expenditures. These efforts have been supported by regular meetings between Business Services and LCAP staff with the explicit goal of increasing LCAP-budget alignment. Business Services staff have also collaborated on multiple LCAP presentations to the Board of Education.</p> <p><u>11/30/20 Update:</u> Board Policy Staff have developed an initial draft of BP 0460: Local Control and Accountability Plan. BP 0460 was initially provided to the Board Policy Committee on 5/24/19.</p> <p>Board Policy Staff are in the process of developing an initial draft of BP 0460: Local Control and Accountability Plan. BP 0460 was initially provided to the Board Policy Committee on 5/24/19 and will be scheduled</p>

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				<p>for a detailed review by the Board Policy Committee and full Board action at a later date. On 11/19/19 the topic of Budget/LCAP/SPSA policy efforts was included on the Policy Committee agenda but no recommendation was made. The policy will be scheduled for a subsequent review by the Board Policy Committee and full Board action at a later date.</p>
2.	<p>Has the district addressed any deficiencies the county office of education has identified in its oversight letters? (part 1)</p>	Complete	<p>Since 2006, the county office of education has identified the need for the district to develop a viable plan to fund its long-term other post-employment benefits (OPEB) liability, which has not been measurably addressed.</p>	<p><u>12/15/22 Update:</u> The district has made progress towards funding at the Actuarially Determined Contribution (ADC) level and for the 2021-22 fiscal year funded at 100%. Funding at the ADC to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level allowed for a change in the actuarial methodology that</p>

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				<p>contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>9/16/21 Update:</u> The District is expecting to receive an updated actuarial report in the next few weeks which will provide the status of the OPEB liability.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019.</p> <p>The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million. This is a result of lower than projected</p>

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				<p>medical premium growth and increased interest rates. While a portion of the change in interest rates is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability.</p> <p>The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability.</p> <p>This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it. 11/30/20 Update: On September 2, 2020 the District received its updated Other Post Employment (OPEB) liability amount in the recent GASB 75 actuarial report for the fiscal year ended June 30, 2020. The key points are:</p> <ul style="list-style-type: none"> • The District's Net OPEB liability increased by \$41.7M year over year from \$526M FYE 2019 to \$568M FYE 2020.

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				<ul style="list-style-type: none"> • The increase is due to annual costs and a decrease in the discount rate assumption from 4.25% to 3.90% • The Actuarially Determined Contribution (ADC) is \$30.8M. The district contributed \$26.7M in 19-20, leaving a contribution deficit of \$4.1M. • If the District were to increase its contribution to the ADC amount it would help in two ways: <ul style="list-style-type: none"> • Fund the Net OPEB liability • Per GASB 75, allow the actuary to gradually increase the discount rate used (3.90%) to the asset return rate used (7.0%) in between 1-5 years' time. In dollars, if all else is equal, the Total OPEB liability would be closer to \$430M instead of the \$654M projected currently. <p>The District has made some progress but due to changes in assumptions, the Net OPEB liability has increased. To maximize progress, the district would need to contribute the full ADC amount each year.</p>
3.	Has the district addressed any deficiencies the county office of education has identified in its oversight letters? (part 2)	In Progress	In letters dated December 7, 2017, January 16, 2018, and April 16, 2018, the county office discussed and outlined its concerns with the district's ongoing structural deficit, and the need for the district to submit a board-approved budget reduction plan to reverse the deficit spending trend.	<p><u>3/16/23 Update: As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23,</p>

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			<p>On August 22, 2018, the county office disapproved the district’s 2018-19 adopted budget, and the district was instructed to revise its 2018-19 budget and submit a balanced budget plan that supports ongoing expenditures from ongoing revenue sources, and that has a timeline showing when and how adjustments would be implemented no later than October 8, 2018. On October 11, 2018, the county office notified the district that its revised adopted budget was also disapproved based on their review. That budget showed that the district’s unrestricted general fund balance would decrease by approximately \$34 million in 2018-19, approximately \$43 million in 2019-20 and \$66.5 million in 2020-21. The district was instructed to develop a viable board-approved budget and multiyear expenditure plan that would reverse the deficit spending trend, and to submit this plan with its 2018-19 first interim report, which is due December 14, 2018.</p>	<p>\$23.3M unrestricted surplus in 2023-24 and unrestricted surplus \$7.6 M in 2024-25. <u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24. <u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted deficit of (\$16.5M) in 2022-23 and (\$23.2M) in 2023-24. <u>5/1/21 Update:</u> As of the 2020-2021 2nd Interim financial report, the District is projecting an unrestricted deficit spend of (\$11.2M) in 2021-22 and (\$26.4M) in 2022-23. <u>3/1/21 Update:</u> On the February 4, 2021 Board meeting, the Board approved a reduction of approximately \$4.5M. <u>11/30/20 Update:</u> Over the past two years, the District has identified and implemented more than \$50 million in on-going non-negotiable budget reductions. However, these reductions have not been sufficient to address the structural deficit. As of the 2020-2021 1st Interim financial report, the District is projecting a \$56 million budget deficit and must implement an on-going solution to achieve fiscal solvency and avoid a State Loan. At the December 10, 2020 Board Meeting the Board will consider a Fiscal</p>

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				<p>Recovery Plan to address some of the deficit but this plan alone will not be sufficient to resolve the projected \$56M deficit.</p> <p><u>5/12/20 Update:</u> At the April 2, 2020 Board Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. At the May 7, 2020 Board Meeting, a State Budget update and impact on the District's finances using 3 LCFF COLA scenarios was presented to assess the impact on the District's revenue and cash flow for the 2020-21 and 2021-22 fiscal years. Under any of the 3 scenarios, the District's fiscal condition is worse and the cash challenges are projected to accelerate by a few months.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. A negotiated solution will be required to address the District's \$27M shortfall. The Fiscal Recovery Plan was presented at the February 6, 2020 Board Meeting and included proposals to achieve the \$27M solution. These proposals require negotiations.</p> <p><u>6/13/19 Update:</u> District has made approximately \$45 million in adjustments through the 2019/20 Proposed Budget. Additional adjustments of \$26 million are needed through negotiations. As of the 2019-20 Revised Adopted Budget the District has</p>

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				<p>implemented \$50.2M in ongoing budget adjustments and \$12.1M in one-time budget adjustments. These adjustments were made during the period of December 2018 through September 2019 and are not in addition to the previous adjustments listed above. Additional adjustments of \$27M are still needed to eliminate the deficit and achieve fiscal solvency. This information can be found in the Revised Adopted Budget 2019-20 presented at the October 3, 2019 Board Meeting.</p> <p>Update: Working towards a balanced budget. Student Centered Fiscal Recovery Plan presented to Board and adopted at the <u>3/27/19 Update</u>: Reductions in central staff and non-negotiable items have resulted in over \$20m in savings and as a result at 2nd interim: \$2.2m (19/20) and \$50m (20/21).</p>
4.	Are all balance sheet accounts in the general ledger reconciled, at a minimum, at each interim report?	In Progress	Although balance sheet accounts are reconciled multiple times each fiscal year, a reconciliation is not done at each interim.	<p><u>3/16/23 Update: Staff have begun preliminary reconciliation of balance sheet items and a plan is in development to reconcile balance sheet items on a regular basis.</u></p> <p><u>12/15/22 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>3/17/22 Update:</u> Staff have begun preliminary reconciliation of balance sheet items and a</p>

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				<p>plan is in development to reconcile balance sheet items on a regular basis.</p> <p><u>12/16/21 Update:</u> Staff have been assigned to reconcile balance sheet items and a plan is in development to reconcile balance sheet items on an interim basis.</p> <p><u>5/1/21 Update:</u> Staff are developing a plan to reconcile remaining balance sheet items on an interim basis.</p> <p><u>5/8/20 Update:</u> This item remains outstanding and staff have been assigned some balance sheets to reconcile.</p> <p>In 2019-20, staff will reconcile at each interim report period.</p>
5.	Does the district have sufficient cash resources in its other funds to support its current and projected obligations?	Complete	During FCMAT's fieldwork, the district was projected to be cash insolvent as early as October 2019 if budget reductions are not made. A more recent cash flow projection prepared by the district at the 2018-19 first interim shows the cash insolvency date as November 2019 without budget reductions.	<p><u>3/17/22 Update:</u> The 2021-22 Second Interim Report projects a positive cash balance in 2021-22, 2022-23 and 2023-24 fiscal years. Based on 2021-22 Second Interim data, the District has sufficient cash resources to support its current and projected obligations and has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim report projects a positive cash balance in 2021-22, 2022-23 and 2023-24 fiscal years.</p> <p><u>5/1/21 Update:</u> Due to one-time savings as a result of the COVID-19 pandemic and approval for cash deferral exemptions from CDE, the 2020-21 Second Interim Cash Flow Report</p>

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				<p>projects a positive cash balance for the 2020-21, 2021-22 and 2022-23 fiscal years.</p> <p><u>3/1/21 Update:</u> The 2020-21 First Interim Report projects that the district is able to meet its 2020-21 and 2021-22 obligations but is projecting that it will not satisfy the 3rd year 2022-23 obligations. The 2020-21 First Interim Cash Flow Report projects major cash challenges beginning in May 2021 unless further budget adjustments are made.</p> <p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District is able to satisfy the current year 2020-21 and 2021-2022 obligations but is projecting that it will not satisfy the 3rd year 2022-23 obligations.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting states that major cash challenges start in October 2021 unless further budget adjustments are made.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Report presented at the December 19, 2019 Board Meeting states that major cash challenges start in November 2021 unless further budget adjustments are made. The Third Interim and 2019-20 Proposed Budget Cash Flow reports were completed.</p>

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				Both reports showed an improved cash position due to the budget adjustments. The District projects a positive cash balance through October 2020.
6.	Are all charters authorized by the district going concerns? (part 1)	In Progress	The district has transferred funds to some of its authorized charter schools when those schools were in financial need. In 2017-18, the district transferred a total of \$239,697.59 to charter schools, and it is projecting a transfer of \$300,000 in 2018-19.	<p><u>3/16/23 Update: The 2022-23 Second Interim report projects a \$125K contribution to the Charter fund for New Joseph Bonnheim. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</u></p> <p><u>12/15/22 Update:</u> For fiscal year 2021-22, the district transferred \$1,081,471 to the charter fund. \$918K of this transfer was to offset the estimated loss of LCFF revenue as a result of the loss of instructional days during the 21-22 school year. The remaining \$163K was a contribution to New Joseph Bonnheim. The 2022-23 First Interim budget projects a \$116K contribution to the charter fund. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>3/17/22 Update:</u> The 2021-22 Second Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial</p>

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				<p>health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> No projected changes at this time.</p> <p><u>11/30/20 Update:</u> The Revised Adopted Budget for 2020-2021 projects that two dependent charters will require a contribution: 1. New Tech \$521K and 2. George Washington</p>

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				<p>Carver \$315K. The District is assisting both schools to identify solutions to resolve the budget issues.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report was presented at the April 2, 2020 Board Meeting reported a decrease of \$218,466 in general fund transfers to the 3 charter schools.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment decline.</p> <p><u>7/23/19 Update:</u> During budget development, the fiscal consultant analyzed the five dependent charter schools who are governed by the SCUSD Board of trustees noting overspending in several of the schools. Contributions from the District's general fund are budgeted in both the budget year and continuing in the MYP. During the fiscal year, continued analysis and budget-balancing by staff will be needed to remove the general fund contribution to the charter school fund.</p>

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				Update: SCOE Fiscal Expert currently conducting analysis on all charter schools. Due 6/30/2019.
7.	Are all charters authorized by the district going concerns? (part 2)	In Progress	<p>Of most concern is the district’s ongoing support of the Sacramento New Technology Charter School for several years. Because this is an ongoing fiscal burden on the district, it needs to be discussed and remedied.</p> <p>The district has also given financial assistance in the past to George Washington Carver Charter School, though not every year. The district also needs to further study Sacramento Charter High School operated by St. Hope Public Schools to determine whether it is a going concern.</p> <p>The district’s charter schools are dependent from the standpoint of governance because they are part of the district and are under the authority of the district’s governing board. However, charter schools are not intended to have budget deficits that make them dependent on a district financially. Under California Code of Regulations (CCR), Section 11967.5.1(c)(3)(A), a charter school must have a realistic financial and operational plan. Part of that includes having a balanced budget and</p>	<p><u>3/16/23 Update: The 2022-23 Second Interim report projects a \$125K contribution to the Charter fund for New Joseph Bonnheim. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</u></p> <p><u>12/15/22 Update:</u> For fiscal year 2021-22, the district transferred \$1,081,471 to the charter fund. \$918K of this transfer was to offset the estimated loss of LCFF revenue as a result of the loss of instructional days during the 21-22 school year. The remaining \$163K was a contribution to New Joseph Bonnheim. The 2022-23 First Interim budget projects a \$116K contribution to the charter fund. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>3/17/22 Update:</u> The 2021-22 Second Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each</p>

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			<p>financial plan. The district should take steps to ensure that approved charter schools do not require assistance from the district to stay solvent.</p>	<p>makes the required reserve for economic uncertainty.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School.</p> <p><u>9/16/21 Update:</u> With the 2020-21 Year End closing process, only \$245,201 contribution was made to the New Tech Charter School and no contribution was made to the George Washington Carver School.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim Adjustments.</p> <p><u>11/30/20 Update:</u> The Revised Adopted Budget for 2020-2021 projects that two</p>

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				<p>dependent charters will require a contribution: 1. New Tech \$521K and 2. George Washington Carver \$315K. The District is assisting both schools to identify solutions to resolve the budget issues.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting reported a decrease of \$218,466 in general fund transfers to the 3 charter schools.</p> <p><u>3/10/2020 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment decline.</p> <p><u>7/23/19 Update:</u> Over the next several months, SCOE's fiscal advisor is performing a comprehensive review of the processes and documentation of the District's authorized charter schools, focusing on the ten independent charter schools operating in the District as direct funded charter schools with their own boards and separate financial system and audit reports. As of the 2019-20 Revised Adopted Budget, four dependent</p>

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				<p>charters schools were projected to need financial assistance from the District in future years. The District has since met with each school to address the fiscal issues and three of the four have revised their budgets or are working on a plan that will remedy their deficit. New Technology Charter (New Tech) remains a concern. Over the years, New Tech has experienced an ongoing enrollment decline which has reduced the revenue and although expenditures have been reduced, the deficit is projected to persist. The Cabinet will continue to work with New Tech. The remaining work to be finalized is the comprehensive review of the processes and documentation of the ten independent charter schools. This work is being completed by the SCOE Fiscal Advisor.</p> <p>Update: SCOE Fiscal Expert currently conducting analysis on all charter schools. Due 6/30/2019.</p>
8.	Did the district conduct a pre settlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step and column salary increases), for the current and subsequent years, and did it	In Progress	The district entered into a multiyear agreement with the Sacramento City Teachers Association (SCTA) on December 7, 2017. The agreement granted salary increases of 2.5% effective July 1, 2016, an additional 2.5% effective July 1, 2017, and an additional 6.0% (2.5% and an additional 3.5% to restructure	<p><u>3/16/23 Update: As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23, \$23.3M unrestricted surplus in 2023-24 and</p>

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	<p>identify ongoing revenue sources or expenditure reductions to support the agreement?</p>		<p>the salary schedule) effective July 1, 2018. Based on multiyear financial projections prepared at the time of the collective bargaining disclosure, it appeared that the district would be able to meet its required reserve for economic uncertainties in fiscal years 2017-18 and 2018-19 but would need to make budget reductions of approximately \$15.6 million to meet the minimum reserve requirement for fiscal year 2019-20. At that time, the district estimated that its unrestricted ending fund balance would decrease from \$73 million on July 1, 2017 to negative \$4 million on June 30, 2018 if no budget reductions were made. A budget reduction plan was not submitted with the collective bargaining disclosure.</p> <p>All of this information, including the fact that the increase was not affordable as agreed to without identified budget reductions, was communicated by the county office to the district in a letter dated December 7, 2017 and stated publicly at a district board meeting.</p>	<p>unrestricted surplus \$7.6 M in 2024-25.</p> <p><u>11/30/2020 Update:</u> The District is now in the process of determining appropriate budget reductions to address its ongoing deficit. See the FRP presented on November 19, 2020, and scheduled for Board Action on December 10, 2020.</p> <p>The FRP includes proposals made to SCTA to bring healthcare premium contributions in line with industry standards that would save an estimated approximate \$17 Million annually.</p> <p><u>5/8/2020 Update:</u> The 2019-20 Second Interim Report presented at the April 2, 2020 Board Meeting reported that salary and benefit negotiations have not been settled for all bargaining units.</p> <p><u>3/10/2020 Update:</u> The California State Auditor conducted an audit of Sacramento City USD which was presented at the February 6, 2020 Board Meeting. Proposals and illustrations were presented on cost savings that could be achieved to resolve the fiscal distress. All proposals shared require negotiations with the District's 5 bargaining units: SCTA, SEIU, UPE, TCS and Teamsters Local 150.</p> <p><u>7/22/19 Update:</u> The District and SCTA have been meeting on the new salary schedules. Draft salary schedules have been shared with</p>

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				SCTA.
9.	Has the district settled the total cost of the bargaining agreements at or under the funded cost of living adjustment (COLA), and under gap funding if applicable?	Complete	The district entered into a multiyear agreement with the SCTA on December 7, 2017. The agreement granted salary increases of 2.5% effective July 1, 2016, an additional 2.5% effective July 1, 2017, and an additional 6.0% (i.e. 2.5% and additional 3.5% to restructure the salary schedule) effective July 1, 2018. The district and the SCTA disagree on the implementation date of the additional 3.5%, and the matter is being pursued in superior court. If the additional 3.5% is implemented on the date SCTA interprets as correct, it would result in a fiscal impact in 2018-19 of close to 7% for salary rescheduling rather than the 3.5% the district agreed to.	<p><u>3/1/21 Update:</u> SCTA Retros paid. No outstanding COLAs.</p> <p><u>3/10/20 Update:</u> The SCTA Retros have been issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019.</p> <p><u>7/22/19 Update:</u> No new agreements at this time. District currently reviewing impact of contribution decision for 2019-20 and future years. The 2018-19 retro is planned for September 2019.</p>
10.	Does the district have a plan to reduce and/or eliminate any increasing contributions from the general fund to other resources?	In Progress	Most of the district's general fund contributions are to special education programs and to the routine repair and maintenance account. Total contributions increased from \$62,581,129 in 2015-16 to \$67,759,639 in 2016-17 and to \$77,505,592 in 2017-18. The district's 2018-19 through 2020-21 budgets include continuing contributions for a total of \$89,134,727 in 2018-19, \$96,425,490 in 2019-20, and \$104,000,050 in 2020-21.	<p><u>3/16/23 Update: The 2022-23 Second Interim Report projects a \$125K contribution to the charter fund.</u></p> <p><u>12/15/22 Update:</u> The 2022-23 First Interim Report projects a \$116K contribution to the charter fund.</p> <p><u>3/17/22 Update:</u> The 2021-22 Second Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff continues to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each</p>

No.	FCMAT Finding	Status	District Response	Progress
			<p>FCMAT was not able to obtain an approved plan to reduce and/or eliminate increasing contributions from the general fund to other resources. The district did present an updated plan dated October 4, 2018 to reduce the district's overall deficit, but details were not found specific to reducing contributions to restricted programs.</p>	<p>makes the required reserve for economic uncertainty.</p> <p><u>12/16/21 Update:</u> The 2021-22 First Interim financial report is projecting a contribution of \$266,000 for George Washington Carver. District staff will continue to monitor the financial health of the dependent charters by utilizing multi year projections to make sure each makes the required reserve for economic uncertainty.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected a lower contribution for New Tech at \$392,960 and no contribution for George Washington Carver due to staff adjusting each of the charter schools LCFF funding.</p> <p><u>3/1/21 Update:</u> The District projected a contribution for fiscal year 2020-21 of \$314,819 for George Washington Carver and \$521,079 for New Tech Charter School.</p> <p><u>3/10/2020 Update:</u> The 2019-20 First Interim Report provided the update on District staff meeting with Charter school administration to address the projected transfers from the District. 3 of the 4 schools have implemented the necessary adjustments to eliminate or reduce the need for a transfer. New Tech Charter School will require a transfer to support operations due to ongoing enrollment</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>decline.</p> <p>Update: Program analysis was conducted and completed by SCOE Expert. The District has worked with the dependent charter schools to address the financial assistance projected during the 2019-20 Adopted Budget and has reduced the contribution for two of the four schools. The District is working with the remaining two schools to address the deficits.</p>
11.	<p>Is the district avoiding a structural deficit in the current and two subsequent fiscal years? (A structural deficit is when ongoing unrestricted expenditures and contributions exceed ongoing unrestricted revenues.)</p>	In Progress	<p>Structural deficit spending is projected in 2018-19, 2019-20 and 2020-21 due to negotiated agreements settled in 2017-18 without corresponding budget adjustments to offset these ongoing increased costs.</p>	<p><u>3/16/23 Update: As of the 2022-23 Second Interim Report the district is projecting an unrestricted surplus of \$39.2M in 2022-23, 24.6M in 2023-24 and \$1M in 2024-25.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim Report the district is projecting an unrestricted surplus of \$30.5M in 2022-23, \$23.3M unrestricted surplus in 2023-24 and unrestricted surplus \$7.6 M in 2024-25.</p> <p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted surplus of \$12.9M in the current year and a projected deficit of</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>(\$16.5M) in 2022-23 and (\$23.2M) in 2023-24.</p> <p>5/1/21 Update: The 20-21 2nd Interim financial report projected an unrestricted deficit spend of (\$11.2M) in 21-22 and (\$26.4M) in 22-23.</p> <p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Financial Report and FCMAT Update was presented at the April 2, 2020 Board Meeting. The District's \$27M shortfall will not be resolved without a negotiated solution.</p> <p><u>3/10/20 Update:</u> The Fiscal Recovery Plan was presented at the February 6, 2020 Board Meeting and included proposals to achieve the \$27M solution. These proposals require negotiations.</p>

No.	FCMAT Finding	Status	District Response	Progress
12.	Is the district avoiding deficit spending in the current fiscal year? Is the district projected to avoid deficit spending in the two subsequent fiscal years? 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? Has the district decreased deficit spending over the past two fiscal years?	Complete	Based on the revised 2018-19 adopted budget, the district's deficit spending is projected to be \$ 35,950,457.05 in total unrestricted and restricted funds. The district's total deficit, including unrestricted and restricted funds, is projected to be \$52,563,654.00 in 2019-20 and \$49,923,727.28 in 2020-21. As part of the district's revised 2018-19 adopted budget, the board approved a plan to reduce deficit spending; however, the plan does not reduce or eliminate deficit spending to an amount sufficient to sustain solvency. Additional significant reductions are needed. The total plan brought to the board on October 4, 2018 was for \$11,483,500 in reductions to the unrestricted general fund. FCMAT's review of the past two fiscal years shows that the district did not start deficit spending until 2017-18; the deficit for that fiscal year was \$10,966,055.80. In 2016-17, the district had a surplus of \$5,747,472.67.	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District is projecting an unrestricted surplus of \$19.86M in the current year, an unrestricted surplus of \$10.45M in 2022-23 and projected unrestricted deficit of (\$6.17M) in 2023-24. On December 17, 2021 the District presented and approved a fiscal recovery plan to help address a portion of the structural deficit. Based on the 2021-22 Second Interim data, historical trend data, and the FRP plans approved in February 2021 and December 2021, the District has addressed the identified deficiencies.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted surplus of \$12.9M in the current year and a projected deficit of (\$16.5M) in 2022-23 and (\$23.2M) in 2023-24. The District is working on presenting a fiscal recovery plan to address the \$23.2M projected deficit for 2023-24 to the Board for approval.</p> <p><u>5/1/21 Update:</u> The 20-21 2nd Interim financial report projected an unrestricted deficit spend of (\$11.2M) in 21-22 and (\$26.4M) in 22-23.</p> <p><u>3/1/21 Update:</u> The 2020-21 1st Interim Budget presented at the December 17, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>years (2020-2021 thru 2022-2023). The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p>11/30/2020 Update: The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency.</p> <p><u>5/8/20 Update:</u> The 2019-20 Second Interim Financial Report and FCMAT Update was presented at the April 2, 2020 Board Meeting with projected deficit spending for 2020-21 of \$32M and \$30M for 2021-22.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The District has implemented most of the non-negotiable items. The District estimates deficit spending during 2020-21 in the amount of \$28.6M resulting in unrestricted ending General Fund balance of approximately</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>\$30.5M. The estimate for 2021-22 deficit spending is \$29.8M resulting in an unrestricted General Fund balance of approximately \$695K. A negotiated solution will be required to address the District's \$27M shortfall. Update: District Recommended Plan will correct deficit spending. However, adjustments do require negotiated savings. As of the 2019-20 Revised Adopted Budget the District has implemented \$50.2M in ongoing budget adjustments and \$12.1M in one-time budget adjustments during the period of December 2018 through September 2019. Although these adjustments did not eliminate the deficit, the District's financial position was improved as follows: 2018-2019 actual deficit was \$171K in total unrestricted and restricted funds and the District's total deficit, including unrestricted and restricted funds, is projected to be \$18,706,878 in 2019-20, \$28,123,536 in 2020-21 and \$30,977,139 in 2021-22. In order to eliminate the deficit and maintain sufficient reserves to satisfy the 2% required for economic uncertainties, the District will need to adopt \$27M in ongoing solutions. The District will continue to research opportunities to mitigate the deficit but major adjustments will require a negotiated solution. This information can be found in the Revised</p>

No.	FCMAT Finding	Status	District Response	Progress
				Adopted Budget 2019-20 presented at the October 3, 2019 Board Meeting.
13.	Does the district have a plan to fund its liabilities for retiree benefits?	In Progress	<p>The district commissioned an actuarial valuation dated June 30, 2016, in accordance with Governmental Accounting Standards Board (GASB) Statement 75, Actuarial Report of OPEB Liabilities.</p> <p>The actuarial report estimates the district's total other post-employment benefits (OPEB) liability to be \$780,518,410 for the fiscal year ending June 30, 2018, and its net OPEB liability (i.e., factoring in employer contributions to the trust, net investment income, benefit payments, and administrative expenses) to be \$725,760,458 for the same period.</p> <p>The district has established an irrevocable OPEB trust with assets dedicated toward paying future retiree medical benefits. GASB 75 allows pre funded plans to use a discount rate that reflects the expected earning on trust assets. However, the actuarial report states:</p> <p>. . . the district expects to yield 7.25% per year over the long term, based on information published by CalPERS as of the June 30, 2016</p>	<p><u>3/16/23 Update: The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2022-23 fiscal year to continue its progress towards funding the OPEB liability.</u></p> <p><u>12/15/22 Update:</u> The district has made progress towards fully funding at the Actuarially Determined Contribution level and for the 2021-22 fiscal year funded at 100.10%. The increase in funding to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level allowed</p>

No.	FCMAT Finding	Status	District Response	Progress
			<p>actuarial valuation date. However, total net contributions to the trust have averaged 31% of the amount that would have been needed to be deposited to the OPEB trust so that total OPEB contributions would equal the actuarially defined contribution.</p>	<p>for a change in the actuarial methodology that contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019.</p> <p>The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million.</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>This is a result of lower than projected medical premium growth and increased interest rates. While a portion of the change in interest rates is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability.</p> <p>The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability.</p> <p>This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it.</p> <p>The Superintendent plans to establish an OPEB commission to further address the outstanding liability once a balanced budget is adopted.</p>

No.	FCMAT Finding	Status	District Response	Progress
14.	Has the district developed measures to mitigate the effect of student transfers out of the district?	Complete	The district authorizes all interdistrict transfers out of the district and does not require the parents of students who receive interdistrict transfer permits to reapply annually.	<p><u>12/15/22 Update:</u> The district has partnered with SchoolMint to help support the Intra/Inter district permit process. This process will allow us to inform our community on how our Intra/Inter permit process is structured.</p> <p>Currently, we have extended our evaluation process for the inter district permit requesting to leave SCUSD. We required documentation from the parent to support the reason(s) for the request to leave SCUSD. If these requests do not meet certain criteria they will be denied. If parents want to appeal any denials, they will have 30 days to support the appeal in writing. Appeals are reviewed with CSO department, the EC director, and the IAS.</p> <p><u>3/17/22 Update:</u> Currently working to provide our current School Board with the necessary information to support a decision on moving forward with a third party vendor to support the Inter and Intra district permit process.</p> <p><u>12/16/21 Update:</u> Currently looking at third party vendors that support a robust online Inter and Intra district permit submission and tracking system. This will help support our Data tracking needs. The creation of an in-district Intra/Inter district permit appeal process is still in development.</p> <p><u>5/1/21 Update:</u> Initiated a requirement to attach documentation pertaining to the reason</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>for any ITP request. Documentation will not be processed without supporting documents.</p> <p><u>11/30/20 Update:</u> Staff is currently reviewing the development of an internal program in “Infinite Campus” that will be used to track inter-district permits so that our data set will contain more information such as reason for the transfer; how many requests have been made for this student etc.</p> <p>We are looking to develop a process where inter-district permits are vetted, but currently do not have the capacity and will need to look at the possibility of creating a position just for Inter district permits.</p> <p><u>5/8/20 Update:</u> In Progress, delayed due to COVID-19 pandemic.</p> <p><u>3/10/20 Update:</u> Staff is currently in the process of interviewing nearby districts to see what their process is as it relates to interdistrict permits requesting to leave their districts. The end result will be a proposal identifying the pros and cons for SCUSD to be submitted in the coming weeks.</p>
15.	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	Complete	The district will fall short of its 2019-20 and 2020-21 minimum reserve requirement based on its revised (October 4, 2018) adopted 2018-19 budget projections, which show unrestricted ending fund balances of (\$17,491,788.17) in 2019-20 and	<u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34 that provides reserves to meet the minimum required reserve for economic

No.	FCMAT Finding	Status	District Response	Progress
			(\$66,494,314.95) in 2020-21.	<p>uncertainty. Based on the 2021-22 Second Interim data, the district has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24 that provides reserves to meet the minimum required reserve for economic uncertainty.</p> <p><u>5/1/21 Update:</u> At the March 18, 2021 Board Meeting, the 20-21 2nd Interim financial report was approved by the Board with a qualified certification. The 20-21 Unrestricted General Fund balance presented is \$89.5M for 20-21, \$78.3M for 21-22 and \$51.9M for 22-23.</p> <p><u>3/1/21 Update:</u> At the December 10, 2020 Board Meeting, the 2020-21 First Interim Report was approved with a negative certification. The 2020-21 Unrestricted General Fund balance presented at First Interim is \$62.5 M for 20-21, \$24.3 for 21-22, and (\$31.3 M) for 22-23.</p> <p><u>11/30/20 Update:</u> The 2020-21 Revised Adopted Budget presented at the October 1, 2020 Board Meeting projects that the District has not resolved the structural deficit in all three years (2020-2021 thru 2022-2023). The</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>District is projected to meet the minimum required reserve in 2020-2021 and 2021-2022 but will not meet the required reserve in 2022-2023. The District has implemented over \$50M in expense reductions over the past 2 years but still requires a multi-million solution to eliminate the deficit and achieve fiscal solvency. Please see #16 below.</p> <p><u>5/8/20 Update:</u> At the April 2, 2020 Board Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. The unrestricted general fund balance at the 2019-20 Second Interim is as follows: *2019-20: \$58,556,959 *2020-21: \$26,956,247 and *2021-22: - \$2,043,174. The District may not meet the minimum required 2% reserve in Fiscal Year 2021-22.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The 2019-20 General Fund Balance presented at First Interim is \$59,146,111 for FY 19-20, and projected at \$30,523,941 in FY 2020-21 and \$695,344 in FY 2021-22.</p> <p>Update The 2019/20 Proposed Budget shows the District will have their minimum reserve</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>for the 19/20 and 20/21 fiscal year. However, if no adjustments are made the 21/22 fiscal year the district will have a negative reserve. District is working on a negotiated solution. Although the District has made significant budget adjustments in the amount of \$50.2M in ongoing and \$12.1M in one-time resulting in improving the unrestricted fund balances to \$51.6M in 2019-20 and \$23.5M in 2010-21, the third year 2021-22 remains a challenge without a \$27M solution. The fund balances for the third year 2021-22 are projected at (\$7.5M).</p>

No.	FCMAT Finding	Status	District Response	Progress
16.	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?	Complete	The district does not have a board-approved plan sufficient to restore the reserve at the time of this Fiscal Health Risk Analysis.	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34 that provides reserves to meet the minimum required reserve for economic uncertainty. Based on the 2021-22 Second Interim data, the District has addressed the identified deficiency.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24 that provides reserves to meet the minimum required reserve for economic uncertainty.</p> <p><u>3/1/21 Update:</u> The MYP will include ongoing reductions of \$4.5M approved by the Board at the February 4th, 2021 Board Meeting. Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>5/8/2020 Update:</u> The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion.</p> <p><u>Update 11/30/2020:</u> A Fiscal Recovery Plan (FRP) was presented at the November 19, 2020</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>Board Meeting and included negotiable and non-negotiable solutions to achieve fiscal solvency. The FRP will be considered at the December 10, 2020 Board Meeting for implementation. Revised drafts of BP 3100 will be presented at a Board Meeting not later than January 2021.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional Operations which include the increase of the general fund expenditure reserve from the minimum 2% to a 5% reserve level. BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading.</p> <p>Update: The District continues to work on a negotiated solution. The status remains unchanged, the District needs a negotiated solution to address the deficit and achieve fiscal solvency.</p>

17.	Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?	Complete	<p>The district's unrestricted general fund balance is projected to decrease significantly in 2019-20 and 2020-21 compared to its 2018-19 budgeted amount:</p> <ul style="list-style-type: none"> * 2018-19: \$25,926,177.49 * 2019-20: (\$17,491,788.17) * 2020-21: (\$66,494,314.95) 	<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim Report, the District is projecting an unrestricted general fund balance of \$123.5M in 2021-22, \$134M in 2022-23, and \$127.8M in 2023-34. Based on the 2021-22 Second Interim Data, the District's unrestricted fund balance is stable and identified deficiency has been addressed.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District is projecting an unrestricted general fund balance of \$116.6M in 2021-22, \$100.2M in 2022-23 and \$77.0M in 2023-24; therefore, it is decreasing year over year.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's unrestricted fund balance is projected to decline from the 20-21 fiscal year to the two subsequent years as follows: 2020-21 = \$89.5M, 2021-22 = \$78.3M, 2022-23 = \$51.9M.</p> <p><u>11/30/20 Update:</u> As of 2020-2021 1st Interim financial report the District's unrestricted fund balance is projected to decline from the 2020-2021 to the two subsequent fiscal years as follows: 2020-2021 = \$62M 2021-2022 = \$24M 2022-2023 = -\$31M</p> <p>3/1/21 Update: Pending 20-21 2nd Interim final numbers.</p>
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			<p><u>5/8/20 Update:</u> At the April 2, 2020 Board Meeting, the 2019-20 Second Interim Financial Report was approved with a negative certification and an update on the FCMAT matrix was also presented. The unrestricted general fund balance is decreasing in the subsequent fiscal years and at the 2019-20 Second Interim is as follows: *2019-20: \$58,556,959 *2020-21: \$26,956,247 and *2021-22: -\$2,043,174.</p> <p><u>3/10/20 Update:</u> The 2019-20 First Interim Financial Report and FCMAT Update was presented at the December 19, 2019 Board Meeting with a negative certification. The unrestricted general fund balance at the 2019-20 First Interim is as follows: *2019-20: \$59,146,111 *2020-21: \$30,523,941 and *2021-22: 695,344.</p> <p>Update: While the District has made progress, the District continues to work on a negotiated solution. Although the District still needs a \$27M solution to achieve fiscal solvency, the adjustments implemented in the last year have improved the unrestricted general fund balance as follows: * 2018-19: \$61,133,835 *2019-20: \$51,622,467.60 *2020-21: \$23,498,932 and *2021-22: (\$7,478,207).</p>
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No.	FCMAT Finding	Status	District Response	Progress
18.	If the district has unfunded or contingent liabilities or one-time costs, does the unrestricted fund balance include any assigned or committed reserves above the recommended reserve level?	In Progress	<p>The district's unrestricted ending fund balance does not include amounts for the following liabilities:</p> <ul style="list-style-type: none"> * Because the district and the SCTA disagree on the implementation date of a 3.5% increase included in the December 7, 2017 negotiated agreement, * There is a potential fiscal impact for 2019-20 and beyond of a 7% increase related to salary schedule restructuring rather than the 3.5% stated in the agreement. * The district's net contributions to the irrevocable OPEB trust established to pay future retiree medical benefits have averaged 31% of the amount that will be needed to ensure that total OPEB contributions equal the actuarially- defined contribution. The area of retirement benefits is a liability that the district will need to face because the costs are outpacing contributions. 	<p><u>3/16/23 Update: The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2022-23 fiscal year to continue its progress towards funding the OPEB liability.</u></p> <p><u>12/15/22 Update</u> The district has made progress towards fully funding at the Actuarially Determined Contribution level and for the 2021-22 fiscal year funded at 100.10%. The increase in funding to the OPEB trust has resulted in the District's net OPEB liability decreasing from \$567M as of June 30, 2020 down to \$308M as of June 30, 2022. The District plans to continue funding at the actuarially determined contribution level.</p> <p><u>3/17/22 Update:</u> The District is continuing to review options to fully fund at the Actuarially Determined Contribution level for the 2021-22 fiscal year to continue its progress towards funding the OPEB liability.</p> <p><u>12/16/21 Update:</u> On November 2nd, 2021 the District received an updated actuarial study that reflects an improvement in the District's total OPEB liability. Due to increased contributions in FY 2021, the District funded 97.6% of its Actuarially Determined Contribution. The higher funding level allowed for a change in the actuarial methodology that contributed to a decrease in total OPEB liability from \$654M as of June 30, 2020 to \$415M as</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>of June 30, 2021, or a 44% decrease. To continue to maximize progress, the district plans on fully funding at the Actuarially Determined Contribution level for the 2021-22 fiscal year.</p> <p><u>5/1/21 Update:</u> The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/1/21 Update:</u> The District realized excess savings in its Dental and Vision funds and applied the savings towards its OPEB contribution. The District is continuing to review options and develop a plan to fully fund at the ADC level which, over a five-year span, will substantially decrease the Net OPEB liability.</p> <p><u>3/10/20 Update:</u> On October 25, 2019 the District received its updated Other Post Employment Benefit (OPEB) liability amount in our latest GASB 75 actuarial report for fiscal year ended June 30, 2019.</p> <p>The latest valuation reports the District's Total OPEB Liability at \$599 million, a \$181 million decrease from the prior report of \$780 million. This is a result of lower than projected medical premium growth and increased interest rates. While a portion of the change in interest rates</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>is market-based, being able to maintain the higher interest (discount) rates is contingent upon sustained and/or increasing contributions to the OPEB trust. Failure to do so would likely result in a reduction to these rates in the future and revert to a higher Total OPEB Liability.</p> <p>The Net OPEB Liability decreased by \$199 million from the prior report to \$526 million. The decrease is a result of the continued funding of the District's OPEB irrevocable trust fund in addition to the decreases noted above. In other words, these continued contributions to the OPEB trust help not only in increasing the trust assets, but also in stabilizing or improving the discount rate used to calculate the Total OPEB Liability.</p> <p>This is a significant improvement, but the liability will continue to grow without continued efforts to decrease it.</p> <p>In Progress: Superintendent to establish commission to further address the outstanding liability once a balanced budget is adopted.</p>

No.	FCMAT Finding	Status	District Response	Progress
19.	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or under the statewide average for the current year?	In Progress	The statewide average for unified school districts as of 2016-17 (the latest data available) is 84.63%. At the 2018-19 first interim, the district is exceeding the statewide average by 6.37%.	<p><u>3/16/23 Update: As of the 2022-23 Second Interim Report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 67% of the combined general fund.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 68% of the combined general fund.</p> <p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District's Salaries and Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 68% of the combined General Fund.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District's Salaries & Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 69% of the combined General Fund.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's Salaries & Benefits comprised 89% of the Unrestricted General Fund projected expenditures and 75% of the combined General Fund.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim final numbers.</p> <p><u>11/30/20 Update:</u> As of the Revised Adopted Budget for 2020-2021, the District's Salaries and Benefits comprise approximately 71% of</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>the General Fund and 90% of the Unrestricted General Fund balance.</p> <p><u>5/8/20 Update:</u> At the 19-20 Second Interim, the District's Salaries and Benefits was at 93.7% which does not fall within the standard percentage of 87.5%-93.5%. The District does not meet the status and is exceeding the statewide average by .5%.</p> <p><u>3/10/20 Update:</u> The SCTA Retros have been issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019. At the 2019-20 First Interim, the District's Salaries and Benefits was at 92.6% which falls within the standard percentage of 87.5%-93.5%.</p> <p>In Progress: Once the final calculations are determined for the second retro payment, this can then be determined.</p>
20.	Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or below the statewide average for the three prior years?	In Progress	The district exceeds the statewide average in this area for all three prior years, with its highest percentage in 2015-16 at 6.93% higher than the state average.	<p><u>3/16/23 Update: As of the 2022-23 Second Interim Report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 67% of the combined general fund.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the District's Salaries and Benefits comprise 89% of the unrestricted general fund projected expenditures and 68% of the combined general fund.</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p><u>3/17/22 Update:</u> As of the 2021-22 Second Interim report the District's Salaries and Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 68% of the combined General Fund.</p> <p><u>12/16/21 Update:</u> As of the 2021-22 First Interim financial report the District's Salaries & Benefits comprised 90% of the Unrestricted General Fund projected expenditures and 69% of the combined General Fund.</p> <p><u>5/1/21 Update:</u> As of the 20-21 2nd Interim financial report the District's Salaries & Benefits comprised 89% of the Unrestricted General Fund projected expenditures and 75% of the combined General Fund.</p> <p><u>11/30/20 Update:</u> As of the Revised Adopted Budget for 2020-2021, the District's Salaries and Benefits comprise approximately 71% of the General Fund and 90% of the Unrestricted General Fund balance.</p> <p><u>3/1/21 Update:</u> Pending 2020-21 2nd Interim final numbers.</p> <p><u>5/8/20 Update:</u> At the 19-20 Second Interim, the District's Salaries and Benefits was at 93.7% which does not fall within the standard percentage of 87.5%-93.5%. The District does not meet the status and is exceeding the statewide average by .5%.</p> <p><u>3/10/20 Update:</u> The SCTA Retros have been</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>issued. The first SCTA Retro was paid on October 11, 2019 and the second SCTA Retro was paid on November 25, 2019. At the 2019-20 First Interim, the District's Salaries and Benefits was at 92.6% which falls within the standard percentage of 87.5%-93.5%. In Progress: Once the final calculations are determined for the second retro payment, this can then be determined.</p>
21.	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	In Progress	The district has seen a 129% increase in its total restricted ending fund balance from 2014-15 to 2017-18. This increase indicates that the district is not fully expending its restricted funding allocations. In addition, staff stated that some federal funds have gone unspent and have been returned to the federal government.	<p><u>3/16/23 Update:As of the 2022-23 Second Interim Report, the district projects a restricted ending balance of \$86.3M primarily due to the addition of two restricted one time grant funding sources including the Learning Recovery Emergency Block Grant and Music Arts Grant. Staff continues to work with sites and departments to encumber and expend restricted funds in compliance with requirements and expiration dates.</u></p> <p><u>12/15/22 Update:</u> As of the 2022-23 First Interim report, the district projects a restricted ending fund balance of \$94M primarily due to the addition of two restricted grant funding sources, the Learning Recovery Block Grant and Music Arts Grant. Staff continues to work with sites and departments to encumber restricted programs to ensure restricted funds are spent according to funding requirements including the expiration date.</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p><u>3/17/22 Update:</u> Staff continues to work with sites and departments to encumber and spend restricted programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p><u>12/16/21 Update:</u> Staff continues to work with sites and departments to encumber and spend restricted programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p><u>5/1/21 Update:</u> Staff is working with sites and departments to encumber and spend SIG, CSI and carryover Title funded programs to ensure these funds are not lost, also when needed the District will file for extension waivers.</p> <p>Update: For the 2019-20 budget, most of the title type current year allocations for the year have been programmed for the upcoming year. This includes Title I and Title II. Some Title III funds still need to be programmed and team members are working on this matter. Title IV first year allocations have been programmed. Title IV second year has not been allocated at this time. While Title I funds have been allocated, the multi-year conservatively assumes \$1.5 million in Title I funds will not be spent by June 30 and utilized in 2020-21. Medi-Cal has a \$1.4 million carryover that needs to be programmed. SIG carryover of \$4 million</p>

No.	FCMAT Finding	Status	District Response	Progress
				will be spent over 2019-20 and 2020-21. These funds require discussions with the consortium as to the best option on spending carryover funds. Staff will monitor projected restricted carryover, so that plans can be developed to utilize these one-time carryover funds appropriately.
22.	Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (i.e. resignations, terminations, promotions or demotions) and at least annually?	Complete	The district does not regularly update authorization controls, and discrepancies based on changes in positions are often found many months later. The district relies on a digital change form that requires manual signatures, which slows the process or results in lost forms. The district should move to a digital form process to increase efficiency.	<p><u>12/15/22 Update:</u> A new Palo Alto (PAN) firewall has been installed. Staff requiring remote access via VPN are being moved to the PAN after manager approval and Multi-Factor Authentication (MFA). All tech staff now have MFA enabled and new staff are added daily. All Escape backups are now immutable with offsite backups to Wasabi cloud storage. Staff password requirements are now 12 characters requiring complex characters with all passwords checked against the Microsoft password dictionary. Only U.S. logins are allowed. In addition, access to the network is ended automatically on the ending of employment status in our HR System. When an employee is terminated, their access is terminated.</p> <p><u>3/17/22 Update:</u> HR annually conducts a review of personnel transactions to ensure accurate staffing. The Information Technology Department is in the process of implementing a computer system (UMRA) to</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>perform this task electronically. The District is about to implement a process in Escape that will allow for automatic and timed employment status changes when folks are hired and when they are separated. This change should allow a clear delineation of the automated network access process through UMRA, allowing for automatic network access/denial for those whose status changes. The Palo Alto firewall installation continues to move forward with a mid-April go live.</p> <p><u>12/16/21 Update:</u> The district completed a network security audit in June, 2021, that included a review of the Escape servers. We are currently using Illumio software on the Escape servers to monitor how the servers are accessed and by whom. Once the review is complete, Escape servers will be locked down to restrict access. The district is moving Infinite Campus, the Student Information System, to the cloud over the Winter break to increase security. The recent move from an on-premises Exchange email server to the cloud-based O365 is also part of the security move to mitigate phishing attempts and data loss. A new Palo Alto 5260 firewall, with threat prevention and zero-day attack virus detection, has been approved with matching E-Rate funds, ordered the first week of November. We are still working on cleaning</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>up data in our Escape system to allow for UMRA account creation to take place. We are meeting this month to make refinements to our script and process to bring this about quicker. We are also working with a newly hired Escape contractor/developer to automate our onboarding and separation processes. This will improve our data quality.</p> <p><u>9/16/21 Update:</u> We continue to work on data clean up so that we can turn on UMRA for the creation of accounts. UMRA is being used to disable staff accounts as soon as their employment status shows that they should no longer have access. We should be ready for full deployment by the end of the year.</p> <p><u>5/1/21 Update:</u> Progress has been made on the data clean up and we are seeing positive test results in our test data pulls. We will have this done very soon. We have also seen a significant switch in changes in the initial data entry causing fewer data issues. HR has made changes in the way data is entered and made it operational.</p> <p><u>3/1/21 Update:</u> UMRA was enabled on 2/11/21 to manage the deactivation of active directory accounts. Creation of accounts has been put on pause while data issues are addressed within the system of record, Escape.</p> <p><u>11/30/20 Update:</u> The first phase of the rollout</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>will be implemented by mid-January. Phase 1 – Active Directory: email account creation/deactivation. Subsequent phases would use UMRA to create user accounts for primary programs like Escape, Infinite Campus.</p> <p><u>3/11/20 Update:</u> The implementation will continue after the new Chief Information Officer is hired.</p>
23.	<p>Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored? • Accounts payable (AP)</p>	In Progress	<p>Although the accounts payable process appears properly supervised and monitored, the printing of the warrants is completed in the business department rather than in a separate department, such as technology, which would improve segregation of duties. One department should input the information and a different department should print warrants</p>	<p><u>3/16/23 Update: The AP warrant process includes several layers of review and approval which provide a sufficient segregation of duties.</u></p> <p><u>12/15/22 Update:</u> The AP warrant process includes several layers of review and approval which provide a sufficient segregation of duties.</p> <p><u>3/17/22 Update:</u> The AP warrant process includes several layers of review and approval which provide a sufficient segregation of duties.</p> <p><u>5/1/21 Update:</u> The AP warrant process includes each AP team member inputting data. Once input, the data is then reviewed and cross-checked by a different AP team member. Once the review is complete, the AP batch is forwarded to the Lead AP for audit. Upon audit completion the AP batch is reviewed and approved by the Director of Accounting. The</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>AP Batch is then printed by the Lead AP for distribution. With the multi-levels of review and audit in place for each AP batch, the district has ensured that duties are sufficiently segregated, supervised and monitored.</p> <p><u>3/1/21 Update:</u> IDT meetings ongoing, no process change at this time.</p> <p><u>11/30/20 Update:</u> Interdepartmental Team (IDT) meetings established between Human Resources, Business Services, Technology, and Continuous Improvement Departments. The first meeting took place on November 4, 2020. The next meeting is scheduled for November 18, 2020, meetings will be held every other week.</p> <p>Update: Staff to review technology, and conduct Cabinet to Cabinet discussion on implementation. No target date has been set. The status remains unchanged. The Business Office and Technology will continue reviewing options for addressing the segregation of duties. However, due to the reductions in personnel, appropriately adhering to segregation of duties will be a challenge.</p>

No.	FCMAT Finding	Status	District Response	Progress
24.	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored? • Payroll	In Progress	The payroll process appears properly supervised and monitored; however, the business department prints the warrants rather than having a separate department, such as technology, do so to ensure separation of duties. One department should input the information and a different department should print warrants.	<p><u>3/16/23 Update: The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</u></p> <p><u>12/15/22 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>3/17/22 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>12/16/21 Update:</u> The District has moved to an online paystub portal for employees that has eliminated a significant portion of the printing and mailing of District payroll warrants. No process change has occurred for the remaining warrants that are printed at this time.</p> <p><u>5/1/21 Update:</u> The payroll process begins with a fiscal technician inputting payroll data and submitting to their Payroll Lead to review</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>and initial the reports. The initial report is then provided to the payroll Supervisor for an additional layer of review and final approval. Once approved, the payroll is locked within the financial system. To finish the process, a separate fiscal technician and Payroll Lead review the check batch and reconciles the check numbers to the payroll. With the multi-levels of review and approval in place, the payroll department ensures the process is segregated, supervised and monitored.</p> <p><u>3/1/21 Update:</u> IDT meetings ongoing, no process change at this time.</p> <p><u>11/30/20 Update:</u> Interdepartmental Team (IDT) meetings established between Human Resources, Business Services, Technology, and Continuous Improvement Departments. The first meeting took place on November 4, 2020. The next meeting is scheduled for November 18, 2020, meetings will be held every other week.</p> <p>Update: Staff to review technology, and conduct Cabinet to Cabinet discussion on implementation. No target date has been set. The status remains unchanged. The Business Office and Technology will continue reviewing options for addressing the segregation of duties. However, due to the reductions in personnel, appropriately adhering to</p>

No.	FCMAT Finding	Status	District Response	Progress
				segregation of duties will be a challenge.
25.	Is training on financial management and budget offered to site and department administrators who are responsible for budget management?	Complete	<p>There has been little or no budget and fiscal training for site and department administrators who are responsible for budget management. Training is done informally and as needed or requested rather than on a regular schedule.</p> <p>The amount of expertise, access to and knowledge of the financial system vary by site and department.</p>	<p><u>12/16/21 Update:</u> Trainings continue to be offered upon request or when new employees start working for sites and departments.</p> <p><u>5/1/21 Update:</u> Currently, trainings are provided upon request.</p> <p><u>3/1/21 Update:</u> Currently, trainings are provided upon request.</p> <p>Update: The District's Business Office scheduled a budget/fiscal training on January 8th, 2020 from 8:30 to 9:30am for all site administrators at the Priority Initiative Meeting (Principal's Meeting). This session covered the following 3 topics: 1. how to access and understand a site budget 2. how to check on the status of a submitted requisition 3. the workflow for contracts and travel requisitions from creating a requisition to approval. The District's Business Office intends to provide regular budget/fiscal sessions at the Priority Initiative Meetings. Escape training offered monthly to all staff.</p>
26.	Does the governing board adopt and revise policies and administrative regulations annually?	Complete	Although board policies and administrative regulations are brought to the board sporadically for revision and/or adoption, there was no evidence of an intent to review the information annually or to ensure that it is a priority to communicate the permissions,	<p><u>3/1/21 Update:</u> Updated Bylaw Exhibit regarding process for approving and disseminating/communicating regarding updated policies and regulations. Memorandum regarding such circulated to staff – regarding the need for departments to</p>

No.	FCMAT Finding	Status	District Response	Progress
			limitations and standards of the board.	<p>follow this procedure, as well as periodically review their department related policies and regulations and work with the Legal Services Department to update existing or adopt new policies.</p> <p>Finally, the above is evidenced by the recent adoption of two polices and companion regulation, and the dissemination of each to staff (BP Lactation Accommodation; BP/AR Homeless Students). Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> The District plans to periodically bring forward a package of policies and regulations that should be adopted or revised. The next package of new/revised policies is planned for bringing forward to the Board early in the new year.</p> <p>Concerning the need to communicate out new/revised - See red-line Exhibit attached. This could be easily implemented by Cabinet promptly and without requiring Board Approval. The District has updated and formalized its process to disseminate and communicate new or revised policies and administrative regulations. The process also includes providing any training required as a result of a new or revised policy or regulation. See attached revised Exhibit Form.</p> <p><u>5/8/20 Update:</u> The proposed policy BP 3100</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional Operations which include: 1. The increase of the general fund expenditure reserve from the minimum 2% to a 5% reserve level. 2. One-Time funding should be used for one-time expenditures and shall only be used for an on-going expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses. BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading.</p> <p>Update: Staff, in conjunction with the Board Policy Committee, has begun developing structures to ensure new and current BPs/ARs are systematically reviewed, revised, and readopted as needed.</p>

No.	FCMAT Finding	Status	District Response	Progress
27.	Are newly adopted or revised policies and administrative regulations communicated to staff and implemented?	Complete	When it brings policies to the board for revision or adoption, the district has no process for communicating the information to staff or implementing the policies in detail. A communication is sent to staff after each board meeting that summarizes the meeting, but for staff to fully understand changes in board policy and administrative regulations, further detail and instructions are needed.	<p><u>3/1/21 Update:</u> Updated Bylaw Exhibit regarding process for approving and disseminating/communicating regarding updated policies and regulations. Memorandum regarding such circulated to staff – regarding the need for departments to follow this procedure, as well as periodically review their department related policies and regulations and work with the Legal Services Department to update existing or adopt new policies.</p> <p>Finally, the above is evidenced by the recent adoption of two polices and companion regulation, and the dissemination of each to staff (BP Lactation Accommodation; BP/AR Homeless Students). Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> The District plans to periodically bring forward a package of policies and regulations that should be adopted or revised. The next package of new/revised policies is planned for bringing forward to the Board early in the new year.</p> <p>Concerning the need to communicate out new/revised - See red-line Exhibit attached. This could be easily implemented by Cabinet promptly and without requiring Board Approval. The District has updated and formalized its process to disseminate and</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>communicate new or revised policies and administrative regulations. The process also includes providing any training required as a result of a new or revised policy or regulation. See attached revised Exhibit Form.</p> <p><u>5/8/20 Update:</u> At the upcoming board meeting in June, the District will adopt a new process for implementing new or revised policies on a regular and ongoing basis. The process will include steps for dissemination to the impacted staff, departments, and schools through appropriate memorandum, meetings, or trainings.</p> <p><u>3/11/20 Update:</u> Staff is finalizing guidance regarding the process for adopting and implementing new or revised policies on a regular basis. Following cabinet and Board approval, the process will include steps for dissemination to the impacted staff, departments, and schools through appropriate memorandum, meetings, or trainings.</p> <p>Update: Staff will develop a structure to ensure adoptions and revisions to policies and administrative regulations are communicated to staff once a system is in place to ensure BPs/ARs are reviewed, revised, and adopted on a regular basis.</p>

No.	FCMAT Finding	Status	District Response	Progress
28.	Does the district have board-adopted staffing ratios for certificated, classified and administrative positions?	Complete	Staffing ratios, where documented, appear to be a result of terms in the collective bargaining agreement rather than board-adopted.	<p><u>12/16/21 Update:</u> The staffing ratios were part of the 2021-22 Adopted Budget board item and this was approved at the June 24, 2021 Board Meeting. The District continues to include staffing ratios within the public hearing and subsequent adoption of the budget for each fiscal year.</p> <p><u>9/16/21 Update:</u> The staffing ratios were part of the 2021-22 Adopted Budget board item and this was approved at the June 24, 2021 Board Meeting.</p> <p><u>5/1/21 Update:</u> The staffing ratios for fiscal year 2021-22 were completed in preparation for Budget Development meetings conducted in January and February 2021. The staffing ratios will be approved in June 2021 when the Budget for 2021-22 is approved.</p> <p><u>5/8/20 Update:</u> The staffing ratios for fiscal year 2020-21 were completed in preparation for One Stop staffing in January 2020 which is part of the budget development process. The staffing ratios will be approved in June 2020 when the Budget for 2020-21 is approved.</p> <p>Update: The District presented staffing ratios to the Board in May. These staffing ratios were used in the development of the 2019-20 budget. Further refinements for future years will be presented to the Board. Target 10/30/2019. Update 11/19/19: In Progress:</p>

No.	FCMAT Finding	Status	District Response	Progress
				Board-adopted staffing ratios for certificated, classified, and administrative positions are being updated and additionally defined.
29.	Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?	Complete	Although the district has a 24-to-1 student-to-staff ratio for K-3, and follows the class size standards in its collective bargaining agreement with SCTA for the other grade levels, its facilities department estimates that the district has approximately 20% more capacity than needed for its current student enrollment. The district closed six schools in the last seven years and reopened one.	<p><u>12/16/21 Update:</u> The Board approved the Facilities Master Plan on October 21, 2021.</p> <p><u>9/16/21 Update:</u> The FMP was completed August 2021, Board Approval expected in the Fall 2021.</p> <p><u>5/1/21 Update:</u> Completion date is Summer 2021.</p> <p><u>3/1/21 Update:</u> New completion date is Summer 2021.</p> <p><u>11/30/20 Update:</u> New completion date is Spring 2021.</p> <p><u>5/8/20 Update:</u> The assessments were delayed due to the closure of schools. Staff has been in communication with DLR to discuss progress with completion of the assessments and developing a revised timeline.</p> <p>Update: A contract for Facilities Master Planning services was Board approved on June 20, 2019 and will incorporate an analysis of District capacity. The contract was awarded to DLR Group, commenced on July 1, 2019 and will be completed Spring of 2020.</p>

No.	FCMAT Finding	Status	District Response	Progress
30.	Does the district have an up-to-date long-range facilities master plan?	Complete	The district's facilities master plan was prepared by MTD Architecture in 2012 and has not been updated since.	<p><u>12/16/21 Update:</u> The Board approved the Facilities Master Plan on October 21, 2021.</p> <p><u>9/16/21 Update:</u> The FMP was completed August 2021, Board Approval expected in the Fall 2021.</p> <p><u>5/1/21 Update:</u> Completion date is Summer 2021.</p> <p><u>3/1/21 Update:</u> New completion date is Summer 2021.</p> <p>Update: The current facilities master plan was prepared by MTD Architecture in 2012. An RFQ was submitted. A contract for the development of a new Facilities Master Plan (FMP) was Board approved on June 20, 2019 and will incorporate an analysis of District capacity. The contract was awarded to DLR Group, commenced on July 1, 2019 and will be completed Spring of 2020.</p> <p><u>11/30/20 Update:</u> New completion date is Spring 2021.</p> <p><u>5/8/20 Update:</u> The facility assessments are approximately 80% complete and will progress with a revised timeline. The completion of the assessments has been delayed due to the school closures.</p>

No.	FCMAT Finding	Status	District Response	Progress
31.	Does the district account correctly for all costs related to special education (e.g., transportation, indirect costs, service providers)?	Complete	Not all appropriate costs related to special education are charged to the program, including legal fees and the full allowable indirect costs.	<p><u>Update:</u> Program analysis was conducted and completed by SCOE Expert.</p> <p><u>11/30/2020 Update:</u> Staff have confirmed that appropriate costs related to special education are charged to the program including indirect costs.</p>
32.	Is the district's contribution rate to special education at or below the statewide average contribution rate?	Complete	The district's 2018-19 budget plan indicates that its general fund contribution to special education will be \$73,590,731 and that its total special education expenditures will be \$107,398,026, which means that its contribution will equal 68.52% of total expenditures for the program. The statewide average contribution rate is 64.5% as of 2016-17.	<p><u>12/15/22 Update:</u> The Special Education department continues to collaborate with the Business department to monitor and accurately report on the Special Education budget. The 21-22 local contribution rate is 42.36% which is below the statewide average referenced.</p> <p><u>3/17/22 Update:</u> The Special Education department has worked with the Business department to monitor and accurately report on the Special Education budget. Aside from hiring for a Budget Analyst, the department has also hired a fund specialist to support greater capacity and expertise to the day-to-day operations of the Special Education budget. The team of Special Education and Business Services continues to meet and collaborate on a regular basis. Part of this partnership included the review and development of the SCUSD SELPA Local Plan which showed the local contribution rate to be 64.39% which is slightly under the statewide average referenced above.</p> <p>Over the past couple of months, the focus of</p>

No.	FCMAT Finding	Status	District Response	Progress																
				<p>the partnership has been on budget development for the 2022-2023 school year.</p> <p><u>12/16/21 Update:</u> The Special Education department is working closely with the Business Department to ensure accurate reporting of the Special Education budget. With the support of the Business Department, we have secured a Budget Analyst position dedicated to the Special Education department and are working on building even greater capacity in ensuring fiscally responsible decisions and reporting. The team has also collaborated to implement monthly and quarterly check-ins to review the special education budget throughout the year.</p> <p><u>3/1/21 Update:</u> Special Education Department completed an analysis of the historical MOE Data. The data highlights that Sacramento City Unified has consistently been below the statewide average, which is in the range of 65%. This was a result of a miscalculation of the local contribution and total expenditures as noted in the 1.2 grid provided.</p> <p><u>Sacramento City Unified MOE 2017-18 2018-19 2019-20</u></p> <table border="1"> <tr> <td>Federal</td> <td>10,046,238</td> <td>10,317,456</td> <td>10,296,631</td> </tr> <tr> <td>State</td> <td>41,487,253</td> <td>46,582,841</td> <td>47,634,332</td> </tr> <tr> <td>Local</td> <td>12,115,380</td> <td>11,274,010</td> <td>10,015,491</td> </tr> <tr> <td>Local Contribution</td> <td>64,868,198</td> <td>70,705,641</td> <td>69,911,735</td> </tr> </table>	Federal	10,046,238	10,317,456	10,296,631	State	41,487,253	46,582,841	47,634,332	Local	12,115,380	11,274,010	10,015,491	Local Contribution	64,868,198	70,705,641	69,911,735
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No.	FCMAT Finding	Status	District Response	Progress
				<p>Total SpEd Expenditures 128,517,069 138,879,948 137,858,189 Local Contribution as % of Total Expenditures 50% 51% 51% Funding Source as % of Total Expenditures Federal % 8% 7% 7% State % 32% 34% 35% Local % 900% 8% 7% Local Contribution as % of Total 50% 51% 51% Total SpEd Expenditures 100% 100% 100%</p> <p>3/10/2020 Update: The 2019-20 First Interim indicates \$82,559,549 of General Fund contribution towards the Special Education restricted program. This is a percentage increase in contribution of 12%. At the January 19, 2020 Board Meeting, staff shared the work underway with special education programs and services and the implementation of the multi-tiered system of support (MTSS).</p> <p><u>11/30/20 Update:</u> Program analysis was conducted by SCOE experts, and draft findings submitted to SCOE in 2019. The Special Education department has recently undergone a reorg. There are no additional changes at this time.</p> <p>Update: Program analysis was conducted and completed by SCOE Expert. Will be reviewed and shared by 4/30/19. 6/5/19 Update: Final report has not been received from SCOE Expert.</p>

No.	FCMAT Finding	Status	District Response	Progress
33.	Is the district's rate of identification of students as eligible for special education comparable with countywide and statewide average rates?	Complete	The district has an identification rate of 14.5%, while the statewide average identification rate is 11.5% and the countywide identification rate is 12.3%.	<p><u>3/16/23 Update:</u> SCUSD will continue to monitor the district's identification rate and compare it to the statewide and countywide average, noting the impact that the COVID pandemic has had on district referral and identification rates.</p> <p><u>12/15/22 Update:</u> SCUSD's current rate of identification is 16.78% and continues to be above the statewide and countywide average rates. This will continue to be an area of focus for the district including collaboration mentioned in the 3/17/22 update regarding academic office initiatives.</p> <p><u>3/17/22 Update:</u> The District's current rate of identification continues to be 16.5% and continues to be an area of focus through the District's Significant Disproportionality Plan and initiative of MTSS. The department is also working with the Academic Office in ways it can better systematize and communicate pre-referral processes and interventions across the District.</p> <p><u>12/16/21 Update:</u> The District's current rate of identification is 16.5%. This is an area of focus through the District's Significant Disproportionality Plan and initiative of MTSS. Update: Program analysis was conducted and completed by SCOE Expert.</p> <p><u>3/1/21 Update:</u> The Fall 1 reporting window</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>highlights that the District’s current rate of identification of students as eligible for special education is 16.3%.</p> <p><u>11/30/20 Update:</u> Program analysis was conducted by SCOE expert, and draft findings submitted to SCOE in 2019. The Special Education department has recently undergone a reorg. There are no additional changes at this time.</p>
34.	Does the district analyze and plan for the costs of due process hearings?	Complete	The district analyzes the incidence and cost of due process hearings. Employees interviewed stated that the current budgeted amount for due process hearings is insufficient and that the district would be increasing the shortfall during the next budget cycle. The average cost of a due process settlement has doubled in the last five years.	<p><u>3/16/23 Update:</u> SCUSD will continue to refine and utilize the system created for tracking, analyzing, and planning for the legal costs of formal and informal special education dispute resolutions.</p> <p><u>12/15/22 Update:</u> The Special Education department has established a system and process for tracking, analyzing, and planning for the costs of due process hearings. This includes development and implementation of Alternative Dispute Resolution (ADR) efforts which promote dispute resolution at the local level.</p> <p><u>3/17/22 Update:</u> The Special Education department has now begun implementing the comprehensive system for tracking special education conflicts. Additionally, our Alternative Dispute Resolution (ADR) efforts are taking off with more families participating in lower level conflict resolution practices.</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>Additionally, the department has provided ADR training to other members of the Academic Office as a way to build greater capacity across the system.</p> <p><u>12/16/21 Update:</u> The Special Education Department has collaborated with its legal partners to develop a comprehensive system of tracking for special education conflicts. This includes settlement tracking, comprehensive invoice reviews, quarterly check-ins with department administrators to review what has been/ has not been used. Additionally, the department is focusing on building up and implementing Alternative Dispute Resolution strategies and processes to support resolving conflicts at a lower level prior to due process filings.</p> <p><u>3/1/21 Update:</u> The Special Education Department has designed an online tracking system for evaluating costs and management of current legal matters, including due process and settlement agreement management. The Department is in the process of collaborating with other departments, legal and fiscal to populate the system.</p> <p><u>11/30/20 Update:</u> Program analysis was conducted by SCOE expert, and draft findings submitted to SCOE in 2019. The Special Education department has recently undergone a reorg. There are no additional changes at this</p>

No.	FCMAT Finding	Status	District Response	Progress
				time. Update: Program analysis was conducted and completed by SCOE Expert.
35.	Has the district corrected all audit findings?	Complete	The district has only partially implemented the findings related to student body funds and student attendance from the 2015, 2016 and 2017 audits. Student body findings identified in the 2015 audit have been reported as partially implemented through the 2017 audit; student attendance findings, identified in 2016, have not been implemented as of the 2017 audit.	<p><u>5/12/20 Update:</u> The District did not have any student body funds or attendance audit findings in the 2018-19 audit report. The student body funds and attendance findings included from the 2015, 2016, and 2017 audit reports were updated in the 2018-19 audit report as implemented.</p> <p>Update: The District has partially implemented corrective actions for the student body fund findings identified beginning with the 2015 audit and the student attendance findings identified beginning with the 2016 audit. Findings have occurred each fiscal year since there is a rotation of school sites audited each fiscal year as well as turnover in site staff. Training is provided directly to school sites with findings. Also, ongoing trainings to all sites are provided throughout the fiscal year at both school sites and the district office to assist staff.</p>
36.	Is the superintendent's evaluation performed according to the terms of the contract	Complete	FCMAT was not able to obtain evidence that the superintendent has received any evaluations since he was hired. His contract states:	The current superintendent has been provided with evaluations as outlined in his contract.

No.	FCMAT Finding	Status	District Response	Progress
			<p>The Board shall evaluate the Superintendent in writing each year of this agreement. The evaluation shall be based on this agreement, the duties of the position, the 2016-2021 Strategic Plan, policy goals for the District, and other goals and objectives through a collaborative process with the Superintendent. The Superintendent and a committee of the Board will develop the evaluation instrument upon which the superintendent shall be evaluated. The Board shall approve the evaluation instrument and metrics by which to evaluate the Superintendent. The annual evaluation shall be completed based on a timeline determined by the Board.</p> <p>Subsequent to fieldwork, FCMAT was notified that the superintendent's initial evaluation was to be voted on by the governing board on December 6, 2018.</p>	
37.	Does the district include facility needs when adopting a budget?	Complete	The district discusses districtwide facility needs whenever it sells general obligation bonds, which occurs approximately every two years; this does not occur on the same cycle as budget adoption.	The district discusses districtwide facility needs whenever it sells general obligation bonds, which occurs approximately every two years; this does not occur on the same cycle as budget adoption, but the district does allocate 3 percent of general fund expenditures to the Routine Repair and Maintenance account to address facility maintenance needs.

No.	FCMAT Finding	Status	District Response	Progress
38.	Is the district using the same financial system as its county office of education?	Complete	The county office of education uses Quintessential Control Center (QCC) (part of the Quintessential School Systems financial system) and the district uses Escape.	SCOE staff were trained by District staff on accessing data, data entry, and how to run reports. SCOE is currently working in ESCAPE for our District.
39.	If the district is using a separate financial system from its county office of education and is not fiscally independent, is there an automated interface with the financial system used by the county office of education?	Complete	There is no automated interface between the two systems. When the district processes payroll and accounts payable warrants, information related to these transactions is uploaded to the county via a file transfer protocol (FTP). This process is started manually once payroll and accounts payable warrant processing is complete. No other electronic interface exists between the two systems.	SCOE is currently working in Escape for District oversight and data entry.
40.	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?	Complete	The county office of education has not been able to access the district's Escape system online, but conversations continue between the two agencies about how this will be accomplished. The software needed to access the Escape system has been installed on some systems at the county office, but there has been no training. The county office has had to create a second set of books for the district in its QCC system so it can attempt to monitor financial transactions and balances at the major object level. This requires much manual entry by county office staff since the district sends the county office only limited data	SCOE now has access to and training in Escape and is working in the system. SCOE and District staff are developing the process of reconciling in Escape.

No.	FCMAT Finding	Status	District Response	Progress
			related to warrant processing.	
41.	Does the district account for all positions and costs?	Complete	<p>The district must improve its position control process. The district currently uses the same position control number for multiple positions, and for full-time equivalent (FTE) positions that have the same title, instead of creating a unique position control number for each board-approved position or FTE. The district's current practice leads to lack of clarity about which positions are being filled and about the site to which each belongs, because the same position number can exist at multiple sites if the same title is assigned. The district needs to use a unique identifier, or position control number, for each board-authorized position.</p> <p>Another area to improve on in the position control process involves the ramifications of the one-stop process, because confusion often arises when employees are transferred between sites and departments without a paperwork trail since the information was input directly into the system and the typical forms are not used during one-stop meetings. In addition, as employee transfers and changes are discussed and made later in the year, position control system information about which positions are open and about</p>	<p><u>Update 7/22/19:</u> Position Control conversion completed. Although the Position Control (PC) conversion has been completed, the District is continuing to implement additional PC features and provide staff training on these features. Recent progress includes using Escape to analyze the changes in FTE from a past reporting period to the current reporting period; this was implemented November 15, 2019 with the assistance of the SCOE fiscal advisor. The next Escape tool to be implemented is budgeting for vacancies. The SCOE fiscal advisor introduced this feature to District staff on November 15, 2019 and the plan is to have this implemented for use by 2nd Interim. Escape's budgeting for vacancies feature will improve the accuracy and efficiency.</p> <p>Update: Staff has negotiated with Escape to receive no-cost support to expedite implementation of the position control changes recommended by FCMAT. To be completed by 7/1/2019. 6/12/19 Update: Interdepartmental project team has concluded extensive testing of the technical solution and obtained approval from the Executive Cabinet to proceed with implementation in the</p>

No.	FCMAT Finding	Status	District Response	Progress
			employees' work locations is often found to be inaccurate. Because paperwork is not generated during one-stop meetings, it is often more difficult to determine the history and details of past decisions.	production environment. Roll-out of new position control system planned for the week of June 17, 2019.
42.	Does the district use a budget development method other than a 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? (part 1)	Complete /Ongoing	Although the district uses a one-stop method for budget development rather than a rollover budget, it appears that the primary driving force behind this method is to develop a list of employees who will receive a preliminary layoff notice on March 15 rather than to truly develop a reliable budget. The budget development process needs to be further refined so that all revenues and expenditures are reviewed and adjusted, not only those budgets with larger staffing allocations. A comprehensive budget development process is needed for the entire budget to ensure all revenues and expenditures are understood and used according to the district's goals and objectives.	Monthly reviews are conducted of the District's Revenues and Expenditures. 3/23/2020 Update: The District will be utilizing budget models in Escape for budget development. Budget staff will analyze the budget and compare it to prior year estimated actuals by major object. One time revenue and expenses will be removed during this process.
43.	Does the district use a budget development method other than a 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	Complete	The district uses its one-stop method in January and February. During that time, site administrators and department managers are scheduled to meet in a district office conference room on days set aside for that specific site or department. The site administrators and department managers are	Ongoing: Personnel Requisitions are now required for all changes, signed off by the Business Office and submitted to H.R. for processing.

No.	FCMAT Finding	Status	District Response	Progress
	and expenses? (part 2)		<p>provided a funding estimate from the business department, then work collaboratively with the business and human resources staff (using updated staffing costs) to determine staffing and other expenditure levels for the upcoming budget year. All information is input into the financial system during the meeting, and because appropriate approval authorities are physically in the conference room, approvals are obtained and actual staffing is determined for the next fiscal year. This is a more expedited process than the typical routing of position change forms between departments to obtain various approvals, and it ensures that staffing decisions, and thus layoff notices for the next school year, are determined by the March 15 deadline.</p> <p>The above process is efficient for meeting the March 15 deadline. However, not all budgets are assessed using this method. As additional staffing decisions are made during other one-stop meetings, or even after budget development ends, confusion can arise when employees are transferred between sites and departments without a paperwork trail since the information was input directly into the system and the typical forms are not used at the one-stop meetings.</p>	

No.	FCMAT Finding	Status	District Response	Progress
44.	Has the district's budget been approved unconditionally by its county office of education in the current and two prior fiscal years?	Complete	Although the district's budgets were approved by the county office in 2016-17 and 2017-18, the district's 2018-19 adopted budget was not approved. The district submitted a revised budget dated October 4, 2018, which the county office disapproved on October 11, 2018.	Fiscal Recovery Plan submitted with Second Interim and presented at the March 21 Board Meeting. SCOE Vetted.
45.	Are clear processes and policies in place to ensure that the district's Local Control and Accountability Plan (LCAP) and budget are aligned with one another? (part 1)	Complete	No evidence was provided that the LCAP and the budget are aligned with one another. Information obtained during interviews indicates that the business department has not been engaged in the LCAP process in the past, although the current administration plans to work with teams to integrate the work more closely.	<p><u>7/23/19 Update:</u></p> <ol style="list-style-type: none"> The budget office and LCAP staff worked closely in developing the public hearing and board adoption documents for both the June 6th and June 20th board meetings. There was an intentional effort to make sure numbers tied in both the LCAP and budget presentations. A cross department group of staff from State and Federal, LCAP, school leadership and fiscal met June 27-28 to debrief and identify lessons learned in the LCAP, Budget, SPSA and continuous improvement process integration effort. The goal is to apply these learnings for the 2020-2021 budget, LCAP and SPSA processes with a focus on continuous improvement. <p><u>6/5/19 Update:</u></p> <ol style="list-style-type: none"> LCAP/Budget staff schedule quarterly meetings to review milestones and project

No.	FCMAT Finding	Status	District Response	Progress
				<p>goals. (Dates: 9/24/18, 12/19/18, 4/5/19, 4/16/19)</p> <p>2. School site budgets are now aligned to the LCAP goals and state priorities in the California School Dashboard as part of the One-Stop Staffing process.</p>
46.	Does the district develop and use written budget assumptions and projections that are reasonable, are aligned with the Common Message or county office of education instructions, and have been clearly articulated?	Complete	<p>Guidance provided in the May Revision Common Message stated that districts were “not to balance their budgets based on one-time revenues.” The narrative included with the district’s 2018-19 budget presented to its governing board on June 21, 2018 states that the district is using “\$13.2 million of one-time funds to meet the increase of labor contract negotiations.” The district cited and used appropriate assumptions related to percentages and amounts per unit of average daily attendance (ADA); however, the district did not follow the guidance included in the Common Message, the governor’s statement about one-time funds, or other industry-standard guidance, which expressly state not to budget one-time funding for ongoing costs. That one-time funding was an estimated \$344 per ADA at that time. The approved state budget enacted subsequent to the May Revision decreased the one-time per-ADA funding amount from an estimated \$344 per</p>	<p><u>3/1/21 Update:</u> Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p>Update 11/30/2020: BP 3100 was presented at the June 18, 2020 and June 25, 2020 Board Meeting as a Second Reading. Revised drafts will be presented at a Board Meeting not later than January 2021.</p> <p><u>3/10/20 Update:</u> In order to maintain fiscal solvency, restore stability and address the long term financial issues, the District presented for consideration revisions to Board Policy (BP) 3100: Business and Noninstructional Operations which include: 1. The increase of the general fund expenditure reserve from the minimum 2% to a 5% reserve level. 2. One-Time funding should be used for one-time expenditures and shall only be used for an ongoing expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses. BP 3100 was presented to</p>

No.	FCMAT Finding	Status	District Response	Progress
			<p>ADA to \$185 per ADA, which created an approximately \$7.4 million deficit in the district's 2018-19 budget due to the district's action to fully commit the one-time funds to ongoing costs. This action will also have severe impacts on future years because the one-time funding will likely be unavailable to the district, leaving a \$13.2 million deficit moving forward.</p>	<p>the Board at the February 6, 2020 Board Meeting as a First Reading. 5/8/2020 Update: The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a First Reading for further review and discussion.</p> <p>Update: This is no longer the philosophy of the Superintendent or Board beginning July 1, 2018. The revised adopted budget was taken to the Board in October 2018.</p>
47.	<p>When appropriate, does the district budget and expend restricted funds before unrestricted funds?</p>	Complete	<p>The district's restricted general fund ending fund balance increased from \$4,456,029 in 2014-15 to \$10,224,117 in 2017-18. This indicates unrestricted funds are being expended before restricted funds, which creates a potential liability because the district may be required to return unspent restricted funds to the grantor.</p>	Ongoing: Monthly monitoring
48.	<p>Does the district forecast its cash receipts and disbursements at least 18 months out, updating the actuals and reconciling the remaining months to the budget monthly to ensure cash flow</p>	Complete	<p>During interviews, staff indicated that the accountant prepares the cash flow for a 24-month period. However, it was not being relied on because major concerns had been expressed regarding the accuracy of the information. During FCMAT's visit a separate</p>	<p>SCOE and staff have agreed on cash flow methodologies. SCOE will continue to do a secondary review.</p>

No.	FCMAT Finding	Status	District Response	Progress
	needs are known?		cash calculation and projection was prepared by the county office's fiscal advisor that concluded that the district will become cash insolvent in October 2019 based on current budget projections. This projection was different and showed more cash deficiency than the district-prepared cash flow projection. A more recent cash flow projection prepared by the district for 2018-19 first interim shows the cash insolvency date as November 2019, one month later than the projection prepared during FCMAT's fieldwork.	
49.	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the general fund to cover the deficit spending?	Complete	<p>Although the district's multiyear financial projection includes transfers from the general fund to cover deficit spending in other funds, FCMAT believes that those transfers are inadequate based on prior year deficits. Without a specific plan to reduce deficit spending, specifically in the child development fund, the budgeted transfers are likely inadequate to cover the increasing costs of salaries and benefits.</p> <p>Based on unaudited actuals data, the following transfers were made from the general fund to the child development fund: 2015-16: \$1,500,000</p>	Board took action to reduce the size of the Child Development program by returning slots to the grantor (SETA) and thus the contribution to the Child Development program.

No.	FCMAT Finding	Status	District Response	Progress
			<p>2016-17: \$322,344 2017-18: \$502,296</p> <p>Based on 2018-19 Standardized Account Code Structure (SACS) data, transfers to the child development fund are projected to be as follows: 2018-19: \$2,345,207 2019-20: \$382,178 2020-21: \$382,178</p> <p>Assuming revenue and spending patterns remain the same, even if the current projected transfers of \$382,178 in 2019-20 and 2020-21 are included, the district's shortfall in cash would be as follows: 2019-20: (\$791,940.93) 2020-21: (\$2,754,969.93)</p> <p>The district must develop a plan to ensure its expenditures are equal to or less than expected revenues, but until that time it must ensure that its budget is revised to include adequate transfers to all funds, including the child development fund, so they have adequate cash to close the fiscal year. Unless an approved plan to reduce spending, or increase revenues, is implemented in 2018-19, these shortfalls in 2019- 20 and 2020-21 will</p>	

No.	FCMAT Finding	Status	District Response	Progress
			increase the district's liabilities and further increase its projected general fund deficits. If this increased deficit is not remedied in 2018-19, it could cause the district to become cash insolvent prior to November 2019, based on current budget projections.	
50.	Has the district's enrollment been increasing or stable for the current and three prior years?	Complete	The district's enrollment has been declining for the last 15 years.	Adopted FCMAT recommendation of using Cohort Survival Method for staffing and enrollment purposes.
51.	Are the district's enrollment projection and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	Complete	<p>The district tracked the number of children who enter kindergarten as a percentage of countywide live births five years earlier to project kindergarten enrollment for the 2018-19 school year.</p> <p>However, to project enrollment in grades one through 12 for the same period, it used simple grade level progression rather than the more commonly used cohort survival method.</p> <p>The cohort survival method groups students by grade level upon entry and tracks them through each year they stay in school. This method evaluates the longitudinal relationship of the number of students passing from one grade to the next in a subsequent year. This method more closely accounts for retention,</p>	Adopted FCMAT recommendation of using Cohort Survival Method for staffing and enrollment purposes.

No.	FCMAT Finding	Status	District Response	Progress
			<p>dropouts and students transferring to and from a school or district by grade. Although other enrollment forecasting techniques are available, the cohort survival method usually is the best choice for local education agencies because of its sensitivity to incremental changes to several key variables including:</p> <ul style="list-style-type: none"> * Birth rates and trends. * The historical ratio of enrollment progression between grade levels. Changes in educational programs. * Migration patterns. * Changes in local and regional demographics. 	
52.	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	Complete	<p>As mentioned in the budget development section of this analysis, the district stated in its 2018-19 budget narrative that one-time funding was used to pay for salary increases. This action will also have severe effects on the budget in future years because the one-time funding will likely not be available to the district, leaving a \$13.2 million deficit moving forward.</p>	<p><u>3/1/21 Update:</u> Revised BP 3100 adopted at 3/4/21 Board Meeting.</p> <p><u>11/30/20 Update:</u> BP 3100 was presented at the June 18, 2020 and June 25, 2020 Board Meeting as a Second Reading. Revised drafts will be presented at a future Board Meeting not later than January 2021.</p> <p><u>5/8/20 Update:</u> The proposed policy BP 3100 was scheduled for further Board review and discussion in March or April 2020 Board meetings but this was delayed due to the impact of the COVID-19 pandemic on District operations. BP 3100 will be presented to the Board at the May 21, 2020 Board Meeting as a</p>

No.	FCMAT Finding	Status	District Response	Progress
				<p>First Reading for further review and discussion. <u>3/10/20 Update:</u> BP 3100 was presented to the Board at the February 6, 2020 Board Meeting as a First Reading. One-Time funding should be used for one-time expenditures and shall only be used for an on-going expenditure as a last resort. As part of the approval of the annual budget, the Board shall consider any proposed use of One-Time funding and shall take separate action to approve such uses.</p>
53.	Does the district consistently account for all program costs, including allowable indirect costs, for each restricted resource?	Complete	<p>The district does not charge allowable indirect costs to special education, and as a result there is underreporting of the total cost of the program. If the indirect cost rate of 4.21% for 2018-19 were applied to the district's 2018-19 annual special education expenditures of \$107,398,026, the resulting allowable indirect cost would be \$4,521,457. The district's total actual indirect charge for special education has been approximately \$100,000 per year. The industry-standard practice is to consistently account for indirect costs in all restricted resources, including special education. The district is not correctly identifying the true cost of its special education programs.</p>	<p>The 2019/20 Proposed Budget includes charging indirect to all appropriate grants.</p>

No.	FCMAT Finding	Status	District Response	Progress
54.	Is training on the budget and governance provided to board members at least every two years?	Complete	There was no evidence that budget or governance training is provided to board members regularly.	The Superintendent has been conducting Board Learning Sessions. Board governance trainings has been an ongoing and regular practice for the Board of Education for the past two years. Budget trainings have not previously been provided outside of the regular meeting setting over the past couple of years, but will begin with the 2019-20 academic year.
55.	Does the district use its most current multiyear projection when making financial decisions?	Complete	It appears that the district used multiyear projections when making financial decisions until the 2017-18 fiscal year, but that this practice ceased in that year, during which it also entered into a multiyear agreement with the SCTA (December 7, 2017) that granted ongoing salary increases without a budget reduction plan to maintain minimum reserves through 2020-21.	Current budget philosophy is to understand fourth year budget implications of financial decisions.
56.	Are the sources of repayment for non-voter-approved debt stable {such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others}, predictable, and other than unrestricted general fund?	Complete	The district has \$67,920,000 in outstanding lease revenue bonds. The annual debt service payment is approximately \$5,400,000 and continues through fiscal year 2025-26. The annual debt service payments are made from a combination of unrestricted general fund revenue and developer fees.	Debt payment transferred outside of the General Fund to Mello Roos tax collections.

No.	FCMAT Finding	Status	District Response	Progress
57.	Does the district analyze and adjust staffing based on staffing ratios and enrollment?	Complete	<p>The district did not provide evidence that regular analysis of staffing ratios is compared with actual enrollment or that adjustments are made in accordance with sites' or departments' needs after the one-stop budget and staffing process occurs in January or February of each year during the budget development process. During one-stop, because the primary purpose appears to be developing the March 15 notice list, staffing ratios are compared against enrollment projections, and staffing is scheduled accordingly.</p> <p>Although this process is efficient for meeting the March 15 deadline as well as initial budget development projections, the decisions made during one-stop need to be reassessed as the year proceeds and actual enrollment numbers are known.</p>	Yes. Allocations to staffing are based on contract class size ratios and adopted Cohort Survival Method for enrollment projections.
58.	Does the district reconcile budget, payroll and position control regularly, meaning at least at budget adoption and interim reporting periods?	Complete	It is best practice to have a position control system that is integrated with, or at least reconciled with, budget, payroll and human resources records. The district does not reconcile these records regularly to ensure that its budget represents the amount the district should set aside for such costs. In interviews, employees indicated that the	Position Control true-up conducted with the support of SCOE fiscal experts. Regular bi-weekly meetings are now being conducted to ensure position control is reconciled.

No.	FCMAT Finding	Status	District Response	Progress
			<p>number of open positions shown in financial reports is usually inflated.</p> <p>At interim reporting times, the district identifies variances between budgeted and actual amounts, and salary and benefit budgets are often revised based on that analysis. By contrast, standard industry practice is to reconcile actual human resources and payroll records to ensure that only open, authorized positions are shown as such in the budget; if an open position exists that should be closed, the appropriate paperwork is completed to do so, and the budget is updated.</p>	
59.	Does the governing board approve all new positions before positions are posted?	Complete	The governing board approves new positions after employees have been hired rather than when the position is vacant or posted.	New process established: Cabinet Member to bring forth new positions to the Cabinet meeting for review and discussion. If allowed, the new position moves forward to Deputy and Superintendent for approval. Approved position is then submitted to the Budget department for assignment of position control identifying number. Budget then sends completed position requisition to H.R. for posting (Business Process Map was created for this new process and is currently being revised).

No.	FCMAT Finding	Status	District Response	Progress
60.	Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes?	Complete	Staff indicated that those responsible for human resources, payroll and budget meet two times per year. Scheduled meetings should be conducted at least monthly to resolve ongoing issues and problems, as well as improve processes, between the departments.	H.R. and Business Services now meet bi-monthly.