

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

October 5, 2023



Cabrillo Unified School District

Michael H. Fine
Chief Executive Officer

October 5, 2023

Sean McPhetridge, Ed.D., Superintendent
Cabrillo Unified School District
498 Kelly Ave.
Half Moon Bay, CA 94019

Dear Superintendent McPhetridge,

In July 2023, the Cabrillo Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a review of the district's fiscal health. The agreement stated that FCMAT would perform the following:

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

This report contains the study team's findings and recommendations.

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

Sincerely,



Michael H. Fine
Chief Executive Officer

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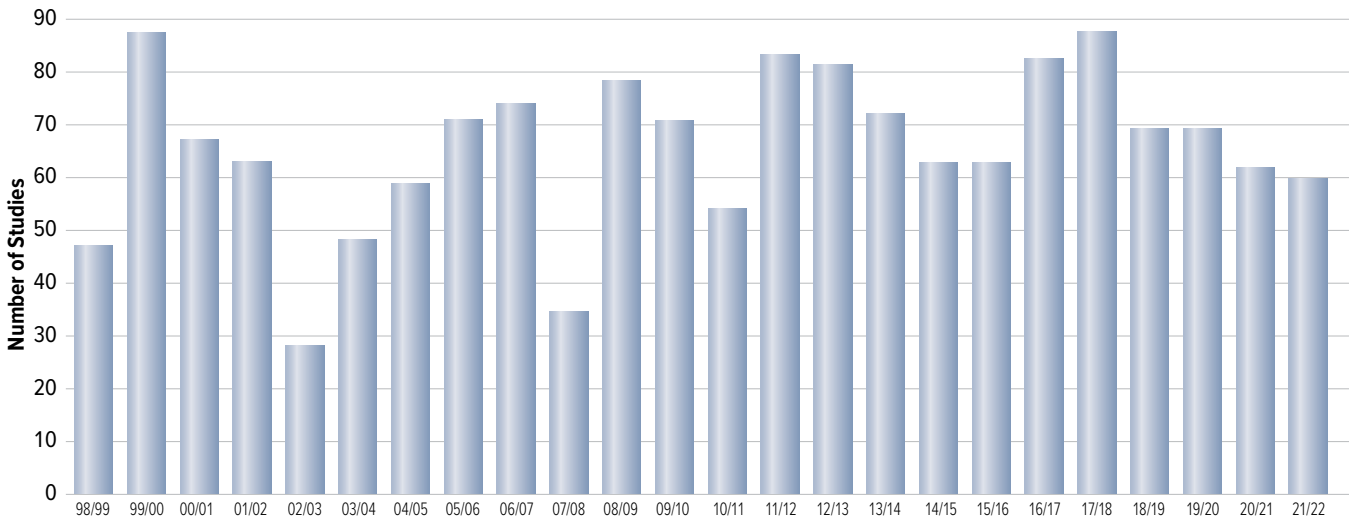
About FCMAT

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

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

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

Studies by Fiscal Year



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

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

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

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

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

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

Introduction

Background

Historically, FCMAT has not engaged directly with school districts showing fiscal distress until it has been invited to do so by the district or the county superintendent. The state's 2018-19 Budget Act provides for FCMAT to offer more proactive and preventive services to fiscally distressed school districts by automatically engaging with a district under the following conditions:

- Disapproved budget
- Negative interim report certification
- Three consecutive qualified interim report certifications
- Downgrade of an interim certification by the county superintendent
- Lack of going concern designation

Under these conditions, FCMAT will perform a fiscal health risk analysis to determine the level of risk for insolvency. FCMAT has updated its Fiscal Health Risk Analysis (FHRA) tool that weights each question based on high, moderate and low risk. The analysis will not be performed more than once in a 12-month period per district, and the engagement will be coordinated with the county superintendent and build on their oversight process and activities already in place per Assembly Bill (AB) 1200. There is no cost to the county superintendent or to the district for the analysis.

This fiscal health risk analysis is being conducted because the district had the following condition, under which an analysis is required by the 2018-19 State Budget Act.

- Lack of going concern designation

The Cabrillo Unified School District, located in Half Moon Bay, California, spans over 135 square miles and serves approximately 2,800 students in transitional kindergarten through grade 12. The district operates four elementary, one middle and two high schools, and is governed by a five-member board of trustees elected by the local community.

In the 2022-23 school year, the district's demographics included significant ethnic diversity, with several groups representing more than 1% of the population: 52.4% Hispanic, 40% white, 1.2% Asian, and 4.9% identifying as multiple ethnicities. Additionally, the district reported a districtwide unduplicated pupil (students who are English learners, foster youth, or qualify for free or reduced-price meals) count of 1,110, accounting for 40.39% of the student body.

The district reported a qualified fiscal status for both 2022-23 interim reports because of cash flow issues and concerns, deficit spending and the inability to meet minimum reserves. The San Mateo County Office of Education issued the district a lack of going concern designation in June 2023.

As a result of this designation, FCMAT engaged and performed a fiscal health risk analysis, primarily using the district's third interim report, to determine the district's level of risk of insolvency.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Cabrillo Unified School District on July 14, 2023, and a study team visited the district on August 29-30, 2023 to conduct interviews, collect data and review documents. Following fieldwork, the FCMAT study team continued to review and analyze documents. This report is the result of those activities.

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

Study Team

The team was composed of the following members:

Tami Montero, CFE, SFO

Carolynne Beno, Ed.D., CFE

FCMAT Chief Analyst

FCMAT Intervention Specialist

Cassady Clifton

FCMAT Technical Writer

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

Fiscal Health Risk Analysis

For TK-12 School Districts



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Dates of fieldwork: August 29-30, 2023

District: Cabrillo Unified School District

Summary

The Cabrillo Unified School District is experiencing fiscal distress. In the 2021-22 fiscal year, there was a \$4.5 million decrease in the district's estimated ending fund balance, which declined from \$9.5 million in its adopted budget to \$5 million in its final 2021-22 unaudited actuals. This decline is attributed primarily to salary settlements that exceeded the increase in revenue the district received. Because a majority of these settlement agreements were ongoing, the budgetary imbalance carried over into the 2022-23 fiscal year and beyond.

In June 2023, the San Mateo County Office of Education issued the district a lack of going concern designation, accompanied by concerns regarding the district's inability to meet statutory reserves in 2023-24 and a projected negative ending fund balance in 2024-25, as indicated in the district's third interim report.

During FCMAT's fieldwork, three key themes emerged that have contributed to the challenges faced by the Cabrillo Unified School District:

1. **Overreliance on a consultant for financial reporting.** The district's consultant prepares all Standardized Account Code Structure (SACS) forms including cash flow and multiyear projections. While it is not unusual for district consultants to perform this work, it is typically done when there is a vacant position and/or staff are unable to do so. The district has staff capable of preparing its financial statements. Relying on outside professionals to prepare such key financial reports poses a risk to the district's financial stability because the district staff is not intimately involved in their preparation.
2. **Lack of a position control system.** The complete absence of a position control system in the district hinders its ability to monitor the number of its employees, track vacant positions, and determine expected costs per program/site. Given that personnel costs are 80-90% of school district general fund expenditures, the lack of a position control system greatly increases the district's risk of budget failure. The district should use the position control module available in the financial system maintained by the county office.
3. **Nonstandard budget development process.** The district deviates from industry standards by not using its financial system's budget development model. Instead, it uses a roll-over budget preparation method, which can lead to inaccurate expenditures being either included in or excluded from the budget. This is further complicated by the district's lack of a position control system, which should inform budget planning related to salary and benefit expenses.

Cabrillo Unified School District is one of the few districts in the state that triggered FCMAT Fiscal Health Risk Analyses in both 2020 and 2023. [Appendix A](#) contains an analysis showing changes in the responses to questions between 2020 and 2023. Cumulatively, the number of "no" responses increased by five in the three years since FCMAT's initial visit. This, in addition to other "no" responses, indicates that the district's processes and procedures have further deteriorated. Moreover, the district's risk percentage grew from 38.7% in 2020 to 40.7% in 2023.

The district should develop a plan that addresses each "no" response in this report. Creating an improvement plan, along with support from the county superintendent, should help improve the district's fiscal position.

District Fiscal Solvency Risk Level: High

About the Analysis

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

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

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

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

Areas of High Risk

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

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

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

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

Score Breakdown by Section

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

1.	Annual Independent Audit Report	0.1%
2.	Budget Development and Adoption	5.5%
3.	Budget Monitoring and Updates	3.9%
4.	Cash Management	1.0%
5.	Charter Schools	0.0%
6.	Collective Bargaining Agreements	3.1%
7.	Contributions and Transfers	1.0%
8.	Deficit Spending (Unrestricted General Fund)	3.5%
9.	Employee Benefits	1.4%
10.	Enrollment and Attendance	2.9%
11.	Facilities	0.2%
12.	Fund Balance and Reserve for Economic Uncertainty	3.9%
13.	General Fund - Current Year	2.2%
14.	Information Systems and Data Management	1.0%
15.	Internal Controls and Fraud Prevention	2.3%
16.	Leadership and Stability	1.6%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	0.0%
19.	Position Control	4.5%
20.	Special Education	1.6%
Score		40.7%

Fiscal Health Risk Analysis Questions

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

1. Annual Independent Audit Report	Yes	No	N/A
1.1 Has the district corrected the most recent and prior two years' audit findings without affecting its fiscal health?	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller's Office should be explained.)	<input type="checkbox"/>	✓	<input type="checkbox"/>
<i>The district's board meeting minutes indicated that the governing board adopted the 2021-22 audit report on January 19, 2023. This adoption occurred after the December 15 deadline specified in California Education Code (EC) 41020(h)(2) for filing audit reports of the preceding year with the county superintendent of schools.</i>			
1.3 Were the district's most recent and prior two audit reports free of findings of material weaknesses?	✓	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Has the district corrected all reported audit findings from the most recent and prior two audits?	✓	<input type="checkbox"/>	<input type="checkbox"/>

2. Budget Development and Adoption	Yes	No	N/A
2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent's instructions, and have been clearly articulated?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<i>The district produces minimal budget assumptions, making it difficult to gauge alignment with county superintendent's instructions. Moreover, FCMAT has concerns about the reasonableness of these budget assumptions (e.g., the amounts budgeted for step-and-column costs have not been compared to their actual costs).</i>			
2.2 Does the district use a budget development method other than a prior-year rollover budget, and, if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	<input type="checkbox"/>	✓	<input type="checkbox"/>
<i>The district does not use a budget development model within its financial system. To align with the industry standard, the district needs to build a budget using a model within its financial system's budget development module. The district's budget-building process entails exporting the prior year actuals, which are then given to the fiscal consultant. This consultant collaborates with the finance department to make modifications and adjustments for expected revenues and expenditures in the upcoming year. In the 2023-24 budget, some one-time expenditures for textbook adoption were</i>			

retained from the previous year. Also, because of the absence of a position control system, the district has insufficient detail about positions and staffing, which poses a risk to the district with regard to staff and benefit costs.

- 2.3 Does the district use position control data for budget development? ✓
To determine salaries and benefits for the budget year, the district uses the prior year actuals to date and makes some modifications for known changes in the upcoming year. A position control module is available in the financial system maintained by the county office, but the district is not using it.
- 2.4 Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly? . . . ✓
- 2.5 Has the district’s budget been approved unconditionally by its county superintendent in the current and two prior fiscal years? ✓
- 2.6 Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . . ✓
There are no meetings with department and school leaders to gather input on budget needs. Two of the five district governing board members participate in the budget development process through the budget advisory committee.
- 2.7 Does the district budget and expend restricted funds before unrestricted funds? ✓
The 2022-23 third interim report shows a large increase in the district’s restricted ending fund balance. Specifically, the restricted ending fund balance is \$3,398,639 compared to the unrestricted ending fund balance of \$711,284. This marks a departure from the balances reported in the prior year unaudited actuals, suggesting that restricted funds were expended before unrestricted funds in previous years.
- 2.8 Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code 42103 and 52062 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and one prior fiscal year? ✓
- 2.9 Has the district refrained from including carryover funds in its adopted budget? ✓
In Criterion 6B of the state report called Criteria and Standards, included as part of the district’s budget and interim financial statements, the district states that carryover balances are included in its 2023-24 adopted budget.
- 2.10 Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the *California School Accounting Manual*, does the district avoid using negative or contra expenditure accounts? ✓
- 2.11 Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and their potential multiyear impact on the district’s unrestricted general fund? ✓
The district lacks a documented policy or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and their potential multiyear impact on the district’s unrestricted general fund.
- 2.12 Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members/departments responsible for completing them? ✓
The district lacks a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members responsible for completing them.

3. Budget Monitoring and Updates		Yes	No	N/A
3.1	Are actual revenues and expenses consistent with the most current budget? <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>The Financial Balances Report dated June 30, 2023 contained several account lines that did not align with the district's revenues and expenditures to date, and several budget lines were found to be overexpended. This indicates that the district did not implement budget revisions before expenditures began to exceed the approved budget.</i>			
3.2	Are budget revisions posted in the financial system at each interim report, at a minimum? . . . <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3	Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum? <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>The presentations made to the district governing board offer only a broad overview of the status of education funding and the district's fiscal status. The level of detail provided is minimal, and few budget assumptions are presented.</i>			
3.4	Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code 42142? <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.5	Do the district's responses fully explain the variances identified in the criteria and standards? . <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6	Has the district addressed any deficiencies the county superintendent has identified in their oversight letters in the most recent and two prior fiscal years? <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>On June 28, 2023, the county superintendent issued a letter designating the district as a lack of going concern and outlined four required actions. One of these actions was the development of a solvency and fiscal stabilization plan by July 31, 2023. On August 23, 2023, the county superintendent issued a follow-up letter indicating that the district had not met the deadline for the solvency and fiscal stabilization plan. This letter imposed a revised deadline, requiring completion of all required actions, including the solvency and fiscal stabilization plan, by September 13, 2023.</i>			
3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? <input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<i>The district's Accounts Payable and Purchasing Manual prohibits the processing of a requisition or purchase order when the budget is insufficient to support the expenditure. However, interviews indicated that the district does not consistently follow this procedure. In addition, the district's Financial Balances Report dated June 30, 2023 shows multiple account lines with expenditures that exceeded budgeted amounts.</i>			
3.8	Does the district encumber and adjust encumbrances for salaries and benefits? <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.9	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year-end close? <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.10	For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code? <input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Cash Management		Yes	No	N/A
4.1	Are accounts held by the county treasurer reconciled with the district's and county office's reports monthly? <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

4.2	Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?	✓	□	□
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	□	✓	□
	<i>The fiscal consultant prepares the cash flow for the district; it is only prepared for the current year.</i>			
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	✓	□	□
4.5	Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?	✓	□	□
4.6	If interfund borrowing is occurring, does the district comply with Education Code 42603? . . .	□	□	✓
4.7	If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?	□	□	✓

5. Charter Schools **Yes** **No** **N/A**

5.1	Does the district have a board policy or other written document(s) regarding charter oversight?	□	□	✓
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code Section 47604.32?	□	□	✓
5.3	Are all charter schools authorized by the district going concerns and not in fiscal distress? . .	□	□	✓
5.4	Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools?	□	□	✓

6. Collective Bargaining Agreements **Yes** **No** **N/A**

6.1	Has the district settled with all its bargaining units for the past two fiscal years?	✓	□	□
6.2	Has the district settled with all its bargaining units for the current year?	□	✓	□
	<i>Interviews and criteria and standards items S8A and S8B in the district's 2022-23 second interim budget report indicated that salary and benefit negotiations with the Cabrillo Unified Teachers Association (CUTA) and the Cabrillo Classified School Employees Association (CCSEA) have not been settled for the 2022-23 fiscal year.</i>			
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	□	□	✓
6.4	Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step-and-column salary increases), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?	□	✓	□
	<i>Interviews and criteria and standards items S8A and S8B in the district's 2022-23 second interim budget report indicated that the district has not identified any ongoing revenue sources or expenditure reductions to fund a salary increase. Furthermore, the projected cost of a salary settlement is not included in the district's third interim report and multiyear projection.</i>			

- 6.5 In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step-and-column increases at or under the funded cost of living adjustment (COLA)?
- Interviews and the district governing board meeting packet dated April 21, 2022 indicated that the district settled with CUTA and CCSEA for a 5.29% ongoing increase and a one-time payment of \$2,000 for the 2021-22 fiscal year, marking the last year the district settled negotiations. In comparison, according to historical data from School Services of California, the funded COLA in 2021-22 was 5.07%.*
- 6.6 If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district’s proposal(s)?
- 6.7 Did the district comply with public disclosure requirements under Government Code 3540.2 and 3547.5, and Education Code 42142?
- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreements prior to board approval?
- The signature lines are blank on the district’s certification of public disclosure for the collective bargaining agreement, which was part of the district governing board meeting packet dated May 12, 2022.*
- 6.9 Is the governing board’s action consistent with the superintendent’s and CBO’s certification?

7. Contributions and Transfers

Yes No N/A

- 7.1 Does the district have a board-approved plan to eliminate, reduce or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds?
- The district lacks a board-approved plan to eliminate, reduce or control any contributions/transfers from the unrestricted general fund to other restricted programs and funds.*
- 7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?
- 7.3 If any contributions/transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?

8. Deficit Spending (Unrestricted General Fund)

Yes No N/A

- 8.1 Is the district avoiding deficit spending in the current fiscal year?
- According to the district’s 2022-23 third interim budget report, the district projects a deficit of \$2,421,030 in its unrestricted general fund for the current year. This is an increase of \$162,655 in unrestricted program deficit spending compared to the 2022-23 second interim budget report.*
- 8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?
- The district’s 2022-23 third interim report multiyear projection shows deficit spending of \$392,857 in unrestricted programs for 2023-24 and \$3,083,277 for 2024-25.*

8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?

On June 28, 2023, the county superintendent issued a letter designating the district as a lack of going concern and outlined four required actions. One of these actions was the development of a solvency and fiscal stabilization plan by July 31, 2023. On August 23, 2023, the county superintendent issued a follow-up letter indicating that the district had not met the deadline for the solvency and fiscal stabilization plan. This letter imposed a revised deadline, requiring completion of all required actions, including the solvency and fiscal stabilization plan, by September 13, 2023. At the time of fieldwork, such a plan had not been developed.

8.4 Has the district decreased deficit spending over the past two fiscal years?

The district did not have deficit spending in 2020-21. However, the district's 2021-22 unaudited actuals show deficit spending of \$2,802,138.40.

9. Employee Benefits **Yes No N/A**

9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?

9.2 Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments (legal, contractual or locally defined such as pay-as-you-go premiums, trust agreement obligations, or board-adopted commitments) no greater than 2% of the district's unrestricted general fund revenues?

9.3 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?

Although the district has a collective bargaining agreement with CCSEA to limit accrued vacation balances, leave balances are an area of concern, with some balances exceeding the prescribed limit. The accuracy of these balances is questionable because some staff members have reported being denied the opportunity to take vacation. In prior years, the district has not followed its own policies and/or the CCSEA bargaining agreement.

9.4 Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?

The district has not conducted a benefit verification and determination of eligibility within the last five years.

9.5 Does the district track, reconcile and report employees' compensated leave balances? . . .

The district is conducting an audit of all compensated leave balances because of inaccuracies stemming from the lack of internal controls in the payroll department.

10. Enrollment and Attendance **Yes No N/A**

10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years?

The district's enrollment declined by 186 students, decreasing from 2,934 students in 2020-21 to 2,748 students in 2022-23.

10.2	Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>Interviews indicated that the district monitors and analyzes enrollment and ADA during budget development but does not conduct such monitoring on a monthly basis.</i>			
10.3	Does the district track historical enrollment and ADA data to establish future trends?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.4	Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.5	Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.6	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>Interviews indicated that the district's enrollment projections and assumptions are based on historical data and demographer reports. However, the district's three-year enrollment projection does not align with the other enrollment data and assumptions provided by the district.</i>			
10.7	Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.8	Has the district planned for enrollment losses to charter schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10.9	Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.10	Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Facilities

Yes No N/A

11.1	If the district participates in the state's School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.3	Does the district properly track and account for facility-related projects?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.4	Does the district use its facilities fully in accordance with the Office of Public School Construction's loading standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>The district failed to provide the information needed to determine whether it complies with Office of Public School Construction loading standards.</i>			
11.5	Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>Staff members reported that facility needs are not considered during budget adoption.</i>			
11.6	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.7	If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11.8 Does the district have a long-range facilities master plan that reflects its current and projected facility needs?

12. Fund Balance and Reserve for Economic Uncertainty **Yes No N/A**

12.1 Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?

The district's 2022-23 third interim report multiyear projection shows an unrestricted/restricted reserve of 1.55%, which does not meet the 3% reserve for economic uncertainties requirement.

12.2 Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?

The district's 2022-23 third interim report multiyear projection shows an unrestricted/restricted reserve of 0.58% in 2023-24 and -6.02% in 2024-25, indicating that it is unable to meet the minimum reserve requirement in the following two years.

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

On June 28, 2023, the county superintendent issued a letter designating the district as a lack of going concern and outlined four required actions. One of these actions was the development of a solvency and fiscal stabilization plan by July 31, 2023. On August 23, 2023, the county superintendent issued a follow-up letter indicating that the district had not met the deadline for the solvency and fiscal stabilization plan. This letter imposed a revised deadline, requiring completion of all required actions, including the solvency and fiscal stabilization plan, by September 13, 2023.

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

The district's 2022-23 third interim report multiyear projection shows a decline in the unrestricted net beginning fund balance, decreasing from \$711,283.65 in 2023-24 to \$318,426.65 in 2024-25.

12.5 If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level?

13. General Fund – Current Year **Yes No N/A**

13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures?

Given the district's budget development process, the district cannot ensure that one-time revenues are not being used to pay for ongoing expenditures.

13.2 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the current year? . . .

13.3 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the two prior years? . .

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

- 13.5 Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?
- Because the district is not using the position control module, it is unable to determine which staff are assigned to restricted programs. This makes it difficult to develop a plan to fund these positions with unrestricted funds when necessary.*
- 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?
- 13.7 Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?
- The district does not consistently charge indirect costs to each restricted resource and other funds. Although some indirect costs were charged to special education, not all resources received such charges. Similar findings were observed in other federal restricted resources.*

14. Information Systems and Data Management **Yes** **No** **N/A**

- 14.1 Does the district use an integrated financial and human resources system?
- 14.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions?
- Interviews indicated that the district uses Financial 2000, the financial system maintained by the county office, to obtain key financial information and related data. However, the district is not yet using Financial 2000 for position control and budget development.*
- 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP?
- 14.4 Is the district using the same financial system as its county office?
- 14.5 If the district is using a separate financial system from its county office, is there an automated interface that allows data to be sent and received by both the district's and county office's financial systems
- 14.6 If the district is using a separate financial system from its county office, has the district provided the county superintendent with direct access so the county superintendent can provide oversight, review and assistance?

15. Internal Controls and Fraud Prevention **Yes** **No** **N/A**

- 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization?
- 15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually?
- 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:
- Accounts payable (AP)
 - Accounts receivable (AR)
 - Purchasing and contracts.

- Payroll ✓
Payroll errors have led to overpayments to staff, and the lack of internal controls in the payroll department has resulted in inaccurate employee leave balances.
- Human resources (i.e., duties relative to position control and payroll processes) ✓
- 15.4 Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year? ✓
- 15.5 Does the district review and work to clear prior year accruals throughout the year? ✓
- 15.6 Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent? ✓
- 15.7 Does the district have processes and procedures to discourage and detect fraud? ✓
The district has established procedures to discourage fraud in most departments. However, evidence was not provided indicating that the district has a process or procedure to detect fraud.
- 15.8 Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports? ✓
When interviewed about the process for collecting reports of possible fraud, employees indicated that they would report possible fraud to their immediate supervisor. However, the district lacks a formal process or an anonymous hotline for reporting fraud.
- 15.9 Does the district have an internal audit process? ✓
The district's Business Services Department was not able to provide evidence of an internal audit process.

16. Leadership and Stability

Yes No N/A

- 16.1 Does the district have a chief business official who has been with the district as chief business official for more than two years? ✓
- 16.2 Does the district have a superintendent who has been with the district as superintendent for more than two years? ✓
- 16.3 Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet? ✓
- 16.4 Is training on financial management and budget provided to site and department administrators who are responsible for budget management? ✓
During interviews, school and department administrators indicated that they do not receive training on financial management and the budget. Additionally, these administrators expressed an interest in having read-only access to the district's financial system.
- 16.5 Does the governing board adopt and revise policies and administrative regulations annually? . ✓
- 16.6 Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff? ✓

16.7	Do all board members attend training on the budget and governance at least every two years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>Records of training for district governing board members indicated that while some training has been provided, not all board members have attended training at least once every two years.</i>			
16.8	Is the superintendent’s evaluation performed according to the terms of their contract?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Multiyear Projections	Yes	No	N/A
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17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>The district’s multiyear projections provide minimal detail regarding their assumptions. The district should provide more details about its assumptions.</i>			
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.3	Does the district use its most current multiyear projection in making financial decisions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17.4	If the district uses a broad adjustment category in its multiyear projection (such as lines B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

18. Non-Voter-Approved Debt and Risk Management	Yes	No	N/A
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18.1	Are the sources of repayment for non-voter-approved debt (such as certificates of participation [COPs], bridge financing, bond anticipation notes [BANS], revenue anticipation notes [RANs] and others) stable, predictable, and other than unrestricted general fund?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18.2	If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18.3	If the district is self-insured, has the district completed an actuarial valuation as required and have a plan to pay for any unfunded liabilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18.4	If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANs and others), is the total of annual debt service payments no greater than 2% of the district’s unrestricted general fund revenues?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

19. Position Control	Yes	No	N/A
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19.1	Does the district account for all positions and costs?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<i>Interviews indicated that a position control function is available in the district’s financial system, but the district reported that it does not use it. A best practice is to always to have some form of position control, even if it is as simple as an Excel spreadsheet to track positions and costs. However, the district lacks any type of working position control system</i>			
19.2	Does the district analyze and adjust staffing based on staffing ratios and enrollment?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?
Interviews indicated that the district lacks a position control system and that it does not use an established, documented process to reconcile position control with budget and payroll.
- 19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?
Interviews indicated that the district does not consistently identify a budget source before its governing board authorizes a new position.
- 19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?
Interviews indicated that the district posts positions in anticipation of district governing board approval and does not seek approval before posting extra assignments (e.g., stipends).
- 19.6 Do managers and staff responsible for the district’s human resources, payroll and budget functions meet regularly to discuss issues and improve processes?.
Although staff reported that collaboration has improved, interviews indicated that staff responsible for the district’s human resources, payroll and budget functions do not hold regular meetings to discuss issues and improve practices.

20. Special Education

Yes No N/A

- 20.1 Does the district monitor, analyze and adjust staffing ratios, class sizes and caseloads to align with statutory requirements and industry standards?.
Interviews indicated that the district monitors and analyzes staffing ratios, class sizes and caseloads to align with statutory requirements and industry standards. However, it does not consistently make staffing adjustments when reductions are necessary.
- 20.2 Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)?
- 20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?
- 20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?
Interviews and the district’s 2021-22 Special Education Maintenance of Effort, Actuals to Actuals comparison (SEMA) form indicated that the district does not charge its allowable indirect cost rate (6.84%) to special education resources.
- 20.5 Is the district’s contribution rate to special education at or below the statewide average contribution rate?
- 20.6 Is the district’s rate of identification of students as eligible for special education at or below the countywide and statewide average rates?
In 2022-23, the district’s rate of identification of students as eligible for special education was 13.97%, exceeding both the countywide average of 12.07% and statewide average of 13.07%.

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

Interviews and the district’s SACS forms indicated that the district does not analyze the maintenance of effort requirement at each interim period.

Risk Score, 20 numbered sections only: **40.7%**

Key to Risk Score from 20 numbered sections only:

- High Risk: 40% or more*
- Moderate Risk: 25-39.9%*
- Low Risk: 24.9% and lower*

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

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

Appendices

Appendix A - Comparison of 2020 FHRA Results to 2023 FHRA Results

Appendix B - Study Agreement

Appendix A - Comparison of 2020 FHRA Results to 2023 FHRA Results

Shading indicates changes in the district’s “No” responses to questions in its 2020 and 2023 FHRAs.

1. Annual Independent Audit Report		2020	2023
1.1	Has the district corrected the most recent and prior two years’ audit findings without affecting its fiscal health?	Yes	Yes
1.2	Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline? (Extensions of the timeline granted by the State Controller’s Office should be explained.)	Yes	No
1.3	Were the district’s most recent and prior two audit reports free of findings of material weaknesses?	Yes	Yes
1.4	Has the district corrected all reported audit findings from the most recent and prior two audits?	Yes	Yes

1. Annual Independent Audit Report			
Response	2020*	2023	Change in Number of “No” Responses
Yes	4	3	Increased by 1
No	0	1	
N/A	0	0	

*In 2020, item 1.5 was included in this section, but it is not part of the 2023 FHRA.

2. Budget Development and Adoption		2020	2023
2.1	Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent’s instructions, and have been clearly articulated?	Yes	No
2.2	Does the district use a budget development method other than a prior-year rollover budget, and, if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	No	No
2.3	Does the district use position control data for budget development?	Yes	No
2.4	Does the district calculate the Local Control Funding Formula (LCFF) revenue correctly?	Yes	Yes
2.5	Has the district’s budget been approved unconditionally by its county superintendent in the current and two prior fiscal years?	No	Yes
2.6	Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)?	No	No
2.7	Does the district budget and expend restricted funds before unrestricted funds?	Yes	No
2.8	Have the Local Control and Accountability Plan (LCAP) and the budget been adopted within statutory timelines established by Education Code 42103 and 52062 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and one prior fiscal year?	Yes	Yes
2.9	Has the district refrained from including carryover funds in its adopted budget?	Yes	No
2.10	Other than objects in the 5700s and 7300s and appropriate abatements in accordance with the California School Accounting Manual, does the district avoid using negative or contra expenditure accounts?	Yes	Yes

2. Budget Development and Adoption		2020	2023
2.11	Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds and their potential multiyear impact on the district's unrestricted general fund?	No	No
2.12	Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members/departments responsible for completing them?	No	No

2. Budget Development and Adoption			
Response	2020	2023	Change in Number of "No" Responses
Yes	7	4	Increased by 3
No	5	8	
N/A	0	0	

3. Budget Monitoring and Updates		2020	2023
3.1	Are actual revenues and expenses consistent with the most current budget?	No	No
3.2	Are budget revisions posted in the financial system at each interim report, at a minimum?	Yes	Yes
3.3	Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim report, at a minimum?	No	No
3.4	Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with Education Code 42142?	Yes	N/A
3.5	Do the district's responses fully explain the variances identified in the criteria and standards?	No	Yes
3.6	Has the district addressed any deficiencies the county superintendent has identified in their oversight letters in the most recent and two prior fiscal years?	Yes	No
3.7	Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?	No	No
3.8	Does the district encumber and adjust encumbrances for salaries and benefits?	Yes	Yes
3.9	Are all balance sheet accounts in the general ledger reconciled at least at each interim report and at year-end close?	Yes	Yes
3.10	For the most recent and two prior fiscal years, have the interim reports and the unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?	Yes	Yes

3. Budget Monitoring and Updates			
Response	2020	2023	Change in Number of "No" Responses
Yes	6	5	No Change
No	4	4	
N/A	0	1	

4. Cash Management		2020	2023
4.1	Are accounts held by the county treasurer reconciled with the district's and county office's reports monthly?	Yes	Yes
4.2	Does the district reconcile all bank (cash and investment) accounts with bank statements monthly?	Yes	Yes
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	No	No
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to address its cash flow needs for the current and subsequent year?	No	Yes
4.5	Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds?	Yes	Yes
4.6	If interfund borrowing is occurring, does the district comply with Education Code 42603?	N/A	N/A
4.7	If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment on the terms of the loan agreement?	N/A	N/A

4. Cash Management			
Response	2020	2023	Change in Number of "No" Responses
Yes	3	4	Decreased by 1
No	2	1	
N/A	2	2	

5. Charter Schools		2020	2023
5.1	Does the district have a board policy or other written document(s) regarding charter oversight?	N/A	N/A
5.2	Has the district fulfilled and does it have evidence showing fulfillment of its oversight responsibilities in accordance with Education Code 47604.32?	N/A	N/A
5.3	Are all charter schools authorized by the district going concerns and not in fiscal distress?	N/A	N/A
5.4	Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools?	N/A	N/A

5. Charter Schools			
Response	2020*	2023	Change in Number of "No" Responses
Yes	0	0	No Change
No	0	0	
N/A	4	4	

*In 2020, item 5.5 was included in this section, but it is not part of the 2023 FHRA.

6. Collective Bargaining Agreements		2020	2023
6.1	Has the district settled with all its bargaining units for the past two fiscal years?	Yes	Yes
6.2	Has the district settled with all its bargaining units for the current year?	No	No
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?	Yes	N/A

6. Collective Bargaining Agreements		2020	2023
6.4	Did the district conduct a presettlement analysis and identify related costs or savings, if any (e.g., statutory benefits, and step-and-column salary increases), for the current and subsequent years, and did it identify ongoing revenue sources or expenditure reductions to support the agreement?	No	No
6.5	In the current and prior two fiscal years, has the district settled the total cost of the bargaining agreements including step-and-column increases at or under the funded cost of living adjustment (COLA)?	No	No
6.6	If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district’s proposal(s)?	No	N/A
6.7	Did the district comply with public disclosure requirements under Government Code 3540.2 and 3547.5, and Education Code 42142?	Yes	Yes
6.8	Did the superintendent and CBO certify the public disclosure of collective bargaining agreement prior to board approval?	Yes	No*
6.9	Is the governing board’s action consistent with the superintendent’s and CBO’s certification?	Yes	N/A

6. Collective Bargaining Agreements			
Response	2020	2023	Change in Number of “No” Responses
Yes	5	2	No Change*
No	4	4	
N/A	0	3	

*Despite the score indicating “No Change” in the number of “No” responses, the change from a “yes” to a “no” response in item 6.8 should be considered an increase in the number of “No” responses. This development should be a concern for the district.

7. Contributions and Transfers		2020	2023
7.1	Does the district have a board-approved plan to eliminate, reduce or control any contributions/ transfers from the unrestricted general fund to other restricted programs and funds?	No	No
7.2	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection any transfers from the unrestricted general fund to cover any projected negative fund balance?	No	Yes
7.3	If any contributions/transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels?	Yes	Yes

7. Contributions and Transfers			
Response	2020	2023	Change in Number of “No” Responses
Yes	1	2	Decreased by 1
No	2	1	
N/A	0	0	

8. Deficit Spending (Unrestricted General Fund)		2020	2023
8.1	Is the district avoiding deficit spending in the current fiscal year?	No	No
8.2	Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?	No	No
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	No	No
8.4	Has the district decreased deficit spending over the past two fiscal years?	Yes	No

8. Deficit Spending			
Response	2020	2023	Change in Number of “No” Responses
Yes	1	0	Increased by 1
No	3	4	
N/A	0	0	

9. Employee Benefits		2020	2023
9.1	Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board (GASB) requirements to determine its unfunded liability for other post-employment benefits (OPEB)?	Yes	N/A
9.2	Does the district have a plan to fund its liabilities for retiree health and welfare benefits with the total of annual required service payments (legal, contractual or locally defined such as pay-as-you-go premiums, trust agreement obligations, or board adopted commitments) no greater than 2% of the district’s unrestricted general fund revenues?	Yes	N/A
9.3	Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?	No	No
9.4	Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?	Yes	No
9.5	Does the district track, reconcile and report employees’ compensated leave balances?	Yes	No

9. Employee Benefits			
Response	2020	2023	Change in Number of “No” Responses
Yes	4	0	Increased by 2
No	1	3	
N/A	0	2	

10. Enrollment and Attendance		2020	2023
10.1	Has the district’s enrollment been increasing or remained stable for the current and two prior years?	No	No
10.2	Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?	Yes	No
10.3	Does the district track historical enrollment and ADA data to establish future trends?	Yes	Yes
10.4	Do school sites maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the site and district levels?	Yes	Yes

10. Enrollment and Attendance		2020	2023
10.5	Has the district certified its California Longitudinal Pupil Achievement Data System (CALPADS) data by the required deadlines (Fall 1, Fall 2, EOY) for the current and two prior years?	Yes	Yes
10.6	Are the district’s enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable considerations?	Yes	No
10.7	Do all applicable sites and departments review and verify their respective CALPADS data and correct it as needed before the report submission deadlines?	No	Yes
10.8	Has the district planned for enrollment losses to charter schools?	N/A	N/A
10.9	Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?	No	Yes
10.10	Does the district meet the student-to-teacher ratio requirement of no more than 24-to-1 for each school in grades TK-3 classes, or, if not, does it have and adhere to an alternative collectively bargained agreement?	Yes	Yes

10. Enrollment and Attendance			
Response	2020	2023	Change in Number of “No” Responses
Yes	6	6	No Change
No	3	3	
N/A	1	1	

11. Facilities		2020	2023
11.1	If the district participates in the state’s School Facilities Program, has it met the required contribution for the Routine Restricted Maintenance Account?	Yes	Yes
11.2	Does the district have sufficient and available capital outlay and/or bond funds to cover all contracted obligations for capital facilities projects?	Yes	Yes
11.3	Does the district properly track and account for facility-related projects?	Yes	Yes
11.4	Does the district use its facilities fully in accordance with the Office of Public School Construction’s loading standards?	No	No
11.5	Does the district include facility needs (maintenance, repair and operating requirements) when adopting a budget?	No	No
11.6	Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?	Yes	Yes
11.7	If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens’ bond oversight committee?	Yes	Yes
11.8	Does the district have a long-range facilities master plan that reflects its current and projected facility needs?	No	Yes

11. Facilities			
Response	2020	2023	Change in Number of “No” Responses
Yes	5	6	Decreased by 1
No	3	2	
N/A	0	0	

12. Fund Balance and Reserve for Economic Uncertainty **2020 2023**

12.1	Is the district able to maintain the minimum reserve for economic uncertainty in the current year (including Fund 01 and Fund 17) as defined by criteria and standards?	Yes	No
12.2	Is the district able to maintain the minimum reserve for economic uncertainty in the two subsequent years?	No	No
12.3	If the district is not able to maintain the minimum reserve for economic uncertainty, does the district’s multiyear financial projection include a board-approved plan to restore the reserve?	No	No
12.4	Is the district’s projected unrestricted fund balance stable or increasing in the two subsequent fiscal years?	No	No
12.5	If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level?	N/A	N/A

12. Fund Balance and Reserve for Economic Uncertainty			
Response	2020	2023	Change in Number of “No” Responses
Yes	1	0	Increased by 1
No	3	4	
N/A	1	1	

13. General Fund – Current Year **2020 2023**

13.1	Does the district ensure that one-time revenues do not pay for ongoing expenditures?	Yes	No
13.2	Is the percentage of the district’s general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the current year?	No	Yes
13.3	Is the percentage of the district’s general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the statewide average for the two prior years?	No	Yes
13.4	If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or two prior years, is the district addressing the complaint(s)?	N/A	Yes
13.5	Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?	Yes	No
13.6	Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	No	Yes
13.7	Does the district account for program costs, including the maximum allowable indirect costs, for each restricted resource and other funds?	No	No

13. General Fund – Current Year			
Response	2020	2023	Change in Number of “No” Responses
Yes	2	4	Decreased by 1
No	4	3	
N/A	1	0	

14. Information Systems and Data Management		2020	2023
14.1	Does the district use an integrated financial and human resources system?	Yes	Yes
14.2	Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions?	No	No
14.3	Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP?	Yes	Yes
14.4	Is the district using the same financial system as its county office?	Yes	Yes
14.5	If the district is using a separate financial system from its county office, is there an automated interface that allows data to be sent and received by both the district’s and county office’s systems?	N/A	N/A
14.6	If the district is using a separate financial system from its county office, has the district provided the county superintendent with direct access so the county superintendent can provide oversight, review and assistance?	N/A	N/A

14. Information Systems and Data Management			
Response	2020	2023	Change in Number of “No” Responses
Yes	3	3	No Change
No	1	1	
N/A	2	2	

15. Internal Controls and Fraud Prevention		2020	2023
15.1	Does the district have controls that limit access to its financial system and include multiple levels of authorization?	Yes	Yes
15.2	Are the district’s financial system’s access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions or demotions) and at least annually?	Yes	Yes
15.3	Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?:		
	• Accounts payable (AP)	Yes	Yes
	• Accounts receivable (AR)	Yes	Yes
	• Purchasing and contracts	No	Yes
	• Payroll	No	No
	• Human resources (i.e., duties relative to position control and payroll processes)	No	Yes
15.4	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?	Yes	Yes
15.5	Does the district review and work to clear prior year accruals throughout the year?	Yes	Yes
15.6	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent?	Yes	Yes
15.7	Does the district have processes and procedures to discourage and detect fraud?	Yes	No
15.8	Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?	No	No
15.9	Does the district have an internal audit process?	No	No

15. Internal Controls and Fraud Prevention			
Response	2020*	2023	Change in Number of “No” Responses
Yes**	8	9	Decreased by 1
No	5	4	
N/A	0	0	

*In 2020, items 15.10 and 15.11 were included in this section, but they are not part of the 2023 FHRA.

**Item 15.3 includes subitems so the total number of possible “yes,” “no” or “N/A” responses is greater than the number of section items.

16. Leadership and Stability		2020	2023
16.1	Does the district have a chief business official who has been with the district as chief business official for more than two years?	No	Yes
16.2	Does the district have a superintendent who has been with the district as superintendent for more than two years?	No	Yes
16.3	Does the superintendent meet on a scheduled and regular basis with all members of their administrative cabinet?	Yes	Yes
16.4	Is training on financial management and budget provided to site and department administrators who are responsible for budget management?	No	No
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	Yes	Yes
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated and available to staff?	Yes	Yes
16.7	Do all board members attend training on the budget and governance at least every two years?	No	No
16.8	Is the superintendent’s evaluation performed according to the terms of their contract?	No	Yes

16. Leadership and Stability			
Response	2020	2023	Change in Number of “No” Responses
Yes	3	6	Decreased by 3
No	5	2	
N/A	0	0	

17. Multiyear Projections		2020	2023
17.1	Has the district developed multiyear projections that include detailed assumptions aligned with industry standards?	Yes	No
17.2	To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation with multiyear considerations?	Yes	Yes
17.3	Does the district use its most current multiyear projection in making financial decisions?	Yes	Yes
17.4	If the district uses a broad adjustment category in its multiyear projection (such as lines B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable?	N/A	N/A

17. Multiyear Projections			
Response	2020	2023	Change in Number of “No” Responses
Yes	3	2	Increased by 1
No	0	1	
N/A	1	1	

18. Non-Voter-Approved Debt and Risk Management	2020	2023
18.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation [COPs], bridge financing, bond anticipation notes [BANs], revenue anticipation notes [RANs] and others) stable, predictable, and other than unrestricted general fund?	N/A	N/A
18.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years?	N/A	N/A
18.3 If the district is self-insured, has the district completed an actuarial valuation as required and have a plan to pay for any unfunded liabilities?	N/A	N/A
18.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANs, RANs and others), is the total of annual debt service payments no greater than 2% of the district’s unrestricted general fund revenues?	N/A	N/A

18. Non-Voter-Approved Debt and Risk Management			
Response	2020	2023	Change in Number of “No” Responses
Yes	0	0	No Change
No	0	0	
N/A	4	4	

19. Position Control	2020	2023
19.1 Does the district account for all positions and costs?	No	No
19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment?	Yes	Yes
19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim reporting periods?	No	No
19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?	No	No
19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	No	No
19.6 Do managers and staff responsible for the district’s human resources, payroll and budget functions meet regularly to discuss issues and improve processes?	No	No

19. Position Control			
Response	2020	2023	Change in Number of “No” Responses
Yes	1	1	No Change
No	5	5	
N/A	0	0	

*In 2020, item 19.7 was included in this section, but it is not part of the 2023 FHRA.

20. Special Education		2020	2023
20.1	Does the district monitor, analyze and adjust staffing ratios, class sizes and caseloads to align with statutory requirements and industry standards?	Yes	No
20.2	Does the district access available funding sources for costs related to special education (e.g., excess cost pool, legal fees, mental health)?	Yes	Yes
20.3	Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	Yes	Yes
20.4	Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?	Yes	No
20.5	Is the district’s contribution rate to special education at or below the statewide average contribution rate?	Yes	Yes
20.6	Is the district’s rate of identification of students as eligible for special education at or below the countywide and statewide average rates?	No	No
20.7	Does the district analyze whether it will meet the maintenance of effort requirement at each interim reporting period?	Yes	No

20. Special Education			
Response	2020	2023	Change in Number of “No” Responses
Yes	6	3	Increased by 3
No	1	4	
N/A	0	0	

Appendix B - Study Agreement



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT July 11, 2023

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Cabrillo Unified School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). In accordance with the 2018-19 Budget Act, the team has been assigned to study the district's fiscal health because it received a lack of going concern designation from the county superintendent of schools. The team may include staff from FCMAT, county offices of education, the California Department of Education, other school districts, or private contractors. All work shall be performed in accordance with the terms, standards and conditions of this agreement.

The county superintendent will be notified of this agreement between the district and FCMAT and will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

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

B. Services and Products to be Provided

1. Orientation Meeting – If on-site review is needed, the team will conduct an orientation session at the district to brief district management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review – The team will conduct an on-site review at the district office and at school sites if necessary.
3. Draft Report – Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
4. Final Report – Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.
5. Board Presentation – The team will make a presentation regarding the final report at a district board meeting.

3. PROJECT PERSONNEL

The FCMAT study team may include:

- A. To be determined* *FCMAT Staff*
- B. To be determined* *FCMAT Staff*

4. PROJECT COSTS

Pursuant to the 2018-19 Budget Act, costs for the study shall be as follows:

- A. All staff member and consultant daily rates and expenses will be covered by a specific state apportionment for this purpose.
- B. Based on the elements noted in section 2A, the total cost of the services is \$0.**

5. RESPONSIBILITIES OF THE DISTRICT

- A. The district will provide office and conference room space during on-site reviews.
- B. The district will provide the following items:
 - 1. Current or proposed detailed organizational charts.
 - 2. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the district and sent to FCMAT in electronic format.
 - 3. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT’s online SharePoint document repository, where the district will upload all requested documents.
- C. The district’s administration will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report. All such comments should be provided to the team within five working days after receipt of the draft.

Pursuant to Education Code (EC) 45125.1(c), representatives of FCMAT will have limited contact with pupils. The district shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

The schedule of services will be determined jointly by FCMAT and the district.

7. COMMENCEMENT AND COMPLETION OF WORK

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. The district understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the district shall not request that it do so.

8. INDEPENDENT CONTRACTOR

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

9. INSURANCE

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

10. HOLD HARMLESS

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

11. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-at-home orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the District (Sections I, IV and V herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

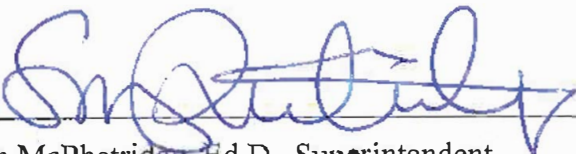
- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally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

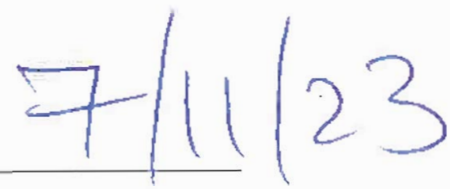
12. FORCE MAJEURE

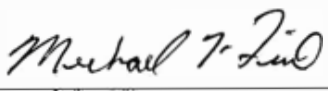
Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. CONTACT PERSON

Name: Sean McPhetridge, Ed.D.
Telephone: (650) 712-7100
E-Mail: mcphetridges@cabrillo.k12.ca.us


Sean McPhetridge, Ed.D., Superintendent
Cabrillo Unified School District


Date


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

07/14/2023
Date