# Criteria and Standards School District – Interim Reports

A positive certification indicates that, based on current projections, the school district will meet its financial obligations for the current fiscal year and two subsequent fiscal years.

A qualified certification indicates that, based on current projections the school district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

A negative certification indicates that, based on current projections, the school district will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year.

Deviations from the standards must be explained, and may affect the interim certification.

| **Criterion** | **Standard** |
| --- | --- |
| 1. Average Daily Attendance | Projected funded average daily attendance (ADA) for any of the current fiscal year or two subsequent fiscal years has not changed by more than two percent since budget adoption[[1]](#endnote-1). |
| 2. Enrollment | Projected enrollment for any of the current fiscal year or two subsequent fiscal years has not changed by more than two percent since budget adoption1. |
| 3. ADA to Enrollment | Projected second period (P-2) ADA to enrollment ratio for any of the current fiscal year or two subsequent fiscal years has not increased from the historical average ratio from the three prior fiscal years by more than one half of one percent (0.5%). |
| 4. Local Control Funding Formula (LCFF) Revenue | Projected LCFF revenue for any of the current fiscal year or two subsequent fiscal years, has not changed by more than two percent since budget adoption1. |
| 5. Salaries and Benefits | Projected ratio of total unrestricted salaries and benefits to total unrestricted general fund expenditures for any of the current fiscal year or two subsequent fiscal years has not changed from the historical average ratio from the three prior fiscal years by more than the greater of three percent or the district’s required reserves percentage. |
| 6. Other Revenues and Expenditures | Projected operating revenues (including federal, other state and other local) or expenditures (including books and supplies, and services and other operating), for any of the current fiscal year or two subsequent fiscal years, have not changed by more than five percent since budget adoption1.  Changes that exceed five percent in any major object category must be explained. |
| 7. Facilities Maintenance | Identify changes that have occurred since budget adoption1 in the projected contributions for facilities maintenance funding as required pursuant to *Education Code* Section 17070.75, or in how the district is providing to preserve the functionality of its facilities for their normal life in accordance with *Education Code* sections 52060(d)(1) and 17002(d)(1). |
| 8. Deficit Spending | Unrestricted deficit spending (total unrestricted expenditures and other financing uses is greater than total unrestricted revenues and other financing sources) as a percentage of total unrestricted expenditures and other financing uses, has not exceeded one-third of the district’s available reserves[[2]](#endnote-2) as a percentage of total expenditures and other financing uses[[3]](#endnote-3) in any of the current fiscal year or two subsequent fiscal years. |
| 9. Fund and Cash Balances | Projected general fund balances will be positive at the end of the current fiscal year and two subsequent fiscal years and the projected general fund cash balance will be positive at the end of the current fiscal year. |
| 10. Reserves | Available reserves2 for any of the current fiscal year or two subsequent fiscal years are not less than the following percentages or amounts[[4]](#endnote-4) as applied to total expenditures and other financing uses3:   * the greater of 5% or $80,000 for districts with 0 to 300 ADA * the greater of 4% or $80,000 for districts with 301 to 1,000 ADA * 3% for districts with 1,001 to 30,000 ADA * 2% for districts with 30,001 to 250,000 ADA * 1% for districts with 250,001 and over ADA |

Provide methodology and assumptions used to estimate ADA, enrollment, revenues, expenditures, reserves and fund balance, and multiyear commitments (including cost‑of‑living adjustments).

Provide information on additional indicators as requested.

| **Supplemental Information** | **Provide supplemental information as follows:** |
| --- | --- |
| S1. Contingent Liabilities | Identify any known or contingent liabilities from financial or program audits, state compliance reviews, litigation, etc., that have occurred since budget adoption1 that may impact the budget. |
| S2. Use of One-Time Revenues for Ongoing Expenditures | Projected use of one-time revenues for ongoing general fund expenditures has not changed by more than five percent since budget adoption1. |
| S3. Temporary Interfund Borrowings | Identify projected temporary borrowings between funds (refer to *Education Code* Section 42603). |
| S4. Contingent Revenues | Identify projected revenues for the current fiscal year and two subsequent fiscal years that are contingent on reauthorization by the local government, special legislation, or other definitive act (e.g. parcel taxes). If any of these revenues are dedicated for ongoing expenses, explain how the revenues will be replaced or the expenditures reduced. |
| S5. Contributions | Identify projected contributions from unrestricted resources in the general fund to restricted resources in the general fund for the current fiscal year and two subsequent fiscal years. Provide an explanation if contributions have changed by more than $20,000 and more than five percent since budget adoption[[5]](#endnote-5)1.  Identify projected transfers to or from the general fund to cover operating deficits in either the general fund or any other fund for the current fiscal year and two subsequent fiscal years. Provide an explanation if transfers have changed by more than $20,000 and more than five percent since budget adoption1.  Identify capital project cost overruns that have occurred since budget adoption1 that may impact the general fund budget. |
| S6. Long-Term Commitments | Identify all existing and new multiyear commitments[[6]](#endnote-6)2 and their annual required payment for the current fiscal year and two subsequent fiscal years.  Explain how any increase in annual payments will be funded. Also explain how any decrease to funding sources used to pay long-term commitments will be replaced. |
| S7. Unfunded Liabilities | Identify any changes in estimates for unfunded liabilities since budget adoption1, and indicate whether the changes are the result of a new actuarial valuation. |
| S8. Status of Labor Agreements | Analyze the status of all employee labor agreements.  Identify new labor agreements that have been ratified since budget adoption1, as well as new commitments provided as part of previously ratified multiyear agreements; and include all contracts, including all administrator contracts (and including all compensation). For new agreements, indicate the date of the required board meeting.  Compare the increase in new commitments to the projected increase in ongoing revenues and explain how these commitments will be funded in future fiscal years.  If salary and benefit negotiations are not finalized, upon settlement with certificated or classified staff:   * The school district must determine the cost of the settlement, including salaries, benefits, and any other agreements that change costs and provide the county office of education with an analysis of the cost of the settlement and its impact on the operating budget. * The county superintendent shall review the analysis relative to the criteria and standards and may provide written comments to the president of the district governing board and the district superintendent. |
| S9. Status of Other Funds | Analyze the status of other funds that may have negative fund balances at the end of the current fiscal year. If any other fund has a projected negative fund balance, prepare an interim report and multiyear projection for that fund. Explain plans for how and when the negative fund balance will be addressed. |

California Department of Education

Revised January 2024

Revisions effective July 1, 2024

1. First interim reports will be compared to adopted budget. Second interim reports will be compared to first interim projections. [↑](#endnote-ref-1)
2. Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the General Fund [↑](#endnote-ref-2)
3. A school district that is the Administrative Unit of a Special Education Local Plan Area may exclude from its expenditures the distribution of funds to its participating members. [↑](#endnote-ref-3)
4. Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment, as referenced in *Education Code* Section 42238.02, rounded to the nearest thousand. [↑](#endnote-ref-4)
5. 1 First interim reports will be compared to adopted budget. Second interim reports will be compared to first interim projections. [↑](#endnote-ref-5)
6. 2 Include multiyear commitments, multiyear debt agreements, and new programs or contracts that result in long-term obligations. [↑](#endnote-ref-6)