

This document was provided, as is, to the California Department of Education (CDE) by the following districts:

- **Alvina Elementary**
- **Kingsburg Elementary Charter**
- **Island Union Elementary**
- **Kings River-Hardwick Union Elementary**
- **Pioneer Union Elementary**
- **Ackerman Charter**
- **Hickman Community Charter**

This document is posted to the CDE website to meet the legal requirements of California *Education Code* Section 33009.5.

For more information regarding the content of this material, please contact the Charter Schools Division by phone at 916-322-6029 or by email at [charters@cde.ca.gov](mailto:charters@cde.ca.gov).



**Jim A. Yovino**  
Superintendent

## fresno county superintendent of schools

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April 16, 2020

Mr. Richard Gonzales  
Board President  
Alvina Elementary School District  
295 W. Saginaw  
Caruthers, CA 93609

Subject: 2019-20 Second Interim Report Certification

Dear Mr. Gonzales:

The Fresno County Superintendent of Schools' (County Superintendent's) District Financial Services Department has reviewed the Alvina Elementary School District's (District's) 2019-20 *Second Interim Report* in accordance with State Criteria and Standards and has reported its findings to the County Superintendent. Based upon this review, the County Superintendent has concurred with the District's **POSITIVE CERTIFICATION**<sup>1</sup> and has reported his findings to the California Department of Education and the State Controller's Office. A "Positive Certification" indicates that, based on current projections, the District "will meet its financial obligations for the current fiscal year and subsequent two fiscal years" (Education Code Section [ECS] 42131(a)(1)). The County Superintendent's concurrence with the District's Positive Certification is based on the information available at the time the District certified its Second Interim Report and may not be indicative of the District's current fiscal position.

The current economic outlook is likely very different from what was envisioned at the January 31st projection period. The COVID-19 worldwide pandemic has created much uncertainty and we wait for the May Revise and final Adopted Budget with a wary view toward the future. With a proposed COLA of 2.29%, down from the projection of 3% at Budget Adoption, districts were already preparing to struggle to cover the costs associated with step and column, minimum wage, STRS and PERS contributions and other increases to utilities and services based on the consumer price index. The May Revise could include a 0% COLA in the proposal which would only exacerbate this situation. Each LEA faces its own particular set of financial risk factors based on current reserve levels, enrollment trends, bargaining agreements, degree of revenue volatility and various other local and statewide factors. LEAs should plan for the aforementioned possibilities by controlling expenses as much as possible through an evaluative process and preparing for cash flow and revenue fluctuations as we enter the anticipated economic downturn.

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<sup>1</sup> A "Positive" certification indicates that a district will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A "Qualified" certification indicates that a district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A "Negative" certification will be assigned to any district that will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year (ECS 42131(a)(1)).

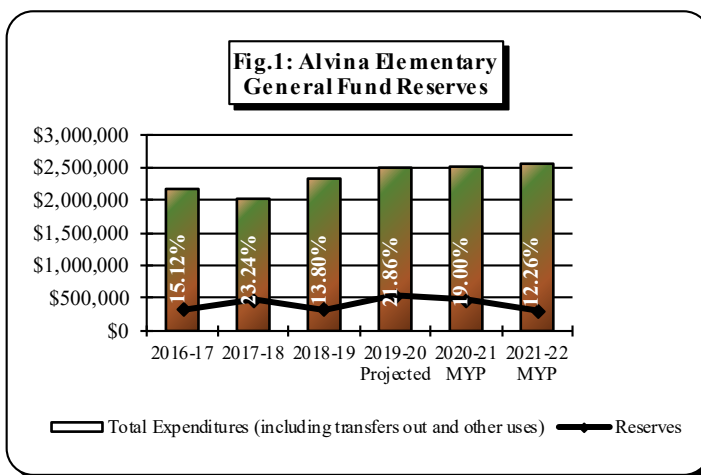
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Additional information regarding 2020-21 Budgets, Local Control and Accountability Plans, cash management, non-voter-approved debt, and collective bargaining is provided below.

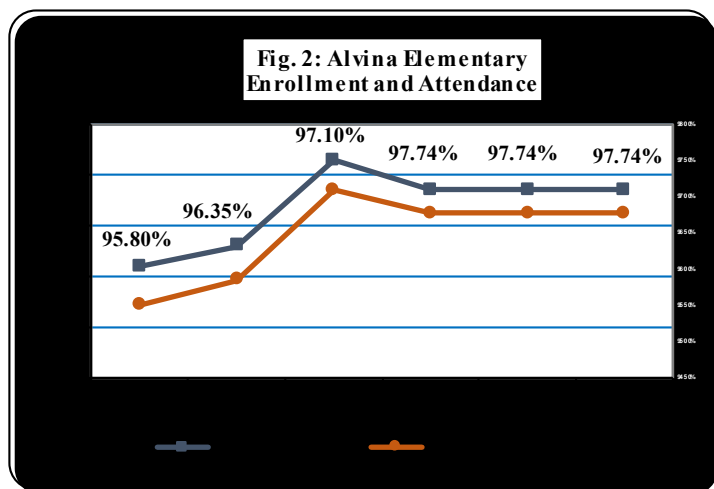
**I. ALVINA ELEMENTARY CHARTER SCHOOL DISTRICT’S FISCAL POSITION AS OF JANUARY 31, 2020**

**A. Reserves**

The District certified its Second Interim Report as “Positive”, based on its anticipated ability to meet its financial obligations and the minimum 5% Reserve for Economic Uncertainties (Reserve) standard in the current and subsequent two years. As shown on the General Fund Reserves graph (Fig. 1), the District’s reserve levels are projected to be 21.86% (June 30, 2020), 19.00% (June 30, 2021) and 12.26% (June 30, 2022). These figures include the District’s balance in Fund 17 of approximately \$110,000 in 2021 and 2022.



**B. Enrollment and ADA**



School district funding is driven primarily by its enrollment and corresponding Average Daily Attendance (ADA). As shown on the Enrollment and Attendance graph, (Fig. 2) the District’s enrollment has started to decline and estimated to remain flat in the subsequent years. The District’s Second Interim Report states the District’s enrollment has decreased from 203 to 197 in the current year and in the subsequent years. The average daily attendance (ADA) declined from 197.11 to 192.55 respectively.

**C. Alvina Elementary Charter School District’s 2018-19 Annual Audit**

The District’s June 30, 2019 Audit Report did not have a fiscally related finding. There were no prior year findings.

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## **II. 2020-21 BUDGETS – REMINDER REGARDING DISCLOSURE REQUIREMENTS AT BUDGET PUBLIC HEARING**

Senate Bill 858 (June 2014) included language that affects annual disclosure of district reserves greater than the minimum standard and also requires caps on reserves the year after the state makes a deposit into the state school reserve established by Proposition 2. Senate Bill 751 (October 2017) amended the law to activate the reserve cap in the fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of General Fund revenues. While it may be some time before the reserve cap portion of the law is triggered, the requirement to disclose information regarding reserves greater than the minimum standard is applicable for the 2020-21 budget adoption hearings. Education Code section 42127(a)(2)(B) states that:

*Commencing with budgets adopted for the 2015–16 fiscal year, the governing board of a school district that proposes to adopt a budget, or revise a budget pursuant to subdivision (e), that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties adopted by the state board pursuant to subdivision (a) of Section 33128, shall, **at the public hearing held** pursuant to paragraph (1), provide all of the following for public review and discussion:*

- (i) The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.*
- (ii) The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.*
- (iii) A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties, as identified pursuant to clause (ii).*

We have posted a “Sample Template for Statement of Reasons for Excess Reserves” form on our website (<http://dfs.fcoe.org/resources>) **for your use in making the necessary disclosures at your budget adoption public hearing**, if applicable. Please contact your District Financial Services Supervisor at (559) 265-3021 if you have any questions about these new disclosure requirements.

We will provide additional information related to 2020-21 Budget development once the Governor’s May Revision becomes available in mid-May.

## **III. 2020-21 LOCAL CONTROL AND ACCOUNTABILITY PLANS**

School district budgets have always reflected a district’s goals and priorities, but implementation of the Local Control Funding Formula (LCFF) formalized the alignment of a spending plan and resources to support that plan through development of Local Control and Accountability Plans (LCAPs). As you work on your 2020-21 LCAP, we encourage you to review the County Superintendent’s LCAP website

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(<http://lcap.fcoe.org/>), the current “Common Message” (<http://dfs.fcoe.org/resources>), and CDE’s LCAP page (<http://www.cde.ca.gov/re/lc/>) as needed for support.

Guidance from the Governor and/or CDE regarding the current LCAP landscape, regulations and timelines is expected soon. You may also contact Marvin Baker, Director of LCAP & Compliance, at (559) 265-4045 or [mbaker@fcoe.org](mailto:mbaker@fcoe.org).

#### IV. CASH MANAGEMENT

Cash management is a critical component of financial planning in a school district. Since implementation of the LCFF, cash flow has become more favorable for school districts. However, districts with healthy fund balances and reserves may experience periodic operating cash shortages. The District should monitor its cash flow continually and plan for short-term interfund or other borrowing options if necessary to meet operational needs. The District should also ensure that any temporary interfund loans are repaid in accordance with ECS 42603.

#### V. NON-VOTER APPROVED DEBT

Pursuant to ECS 17150.1, school districts must disclose information related to non-voter approved debt when that debt is secured by real property. The disclosure must be made to the County Superintendent and the County Auditor at least 30 days prior to Board approval of the debt.

The County Superintendent has prepared a “Disclosure of Non-Voter Approved Debt” form to assist you in meeting the disclosure requirements. The “Disclosure” form, as well as an Excel workbook prepared by the Fiscal Crisis & Management Assistance Team (FCMAT), have been posted here: <http://dfs.fcoe.org/resources>. If your District plans to issue non-voter approved debt (including Bond-Anticipation Notes or “BANs”), please submit the County Superintendent’s disclosure form to this Office and to the County Auditor. (The FCMAT worksheet may be helpful to you, but is optional.)

#### VI. COLLECTIVE BARGAINING

Government Code Section [GCS] 3547.5 requires public disclosure of fiscal information related to a collective bargaining agreement, **before a district enters into the agreement**. This disclosure includes, but is not limited to, **the costs that would be incurred by the district under the agreement for the current and subsequent fiscal years**. This requirement applies whether a district is negotiating for salary and benefit increases or concessions.

GCS 3547.5 also requires the **district superintendent and the chief business officer to certify that the costs incurred by the district can be met during the complete term of the agreement**. The certification must include any budget revisions necessary to meet the cost of the agreement in each year of its term. The code further specifies that if the budget revisions are not made, the County Superintendent is required to declare the district as qualified or negative at the next interim reporting period.

Per ECS 42142, within 45 days of adopting a collective bargaining agreement, the superintendent of the school district shall forward to the county superintendent of schools any revisions to the district’s current year budget that are necessary to fulfill the terms of that agreement. Any additional costs that may result from the agreement must also be reflected in the district’s interim fiscal reports and multiyear fiscal projections.

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If you have settled with your bargaining units since the Second Interim reporting period, please submit the Disclosure of Collective Bargaining Agreement worksheet (available for download at <http://dfs.fcoe.org/resources>) to our office, along with supporting documents (e.g., copies of Board approval documents showing key terms of the agreement(s) or similar documents) that can be used in our analysis of the fiscal impact of the agreements. Any necessary budget revisions should also be submitted.

## **VII. CHARTER OVERSIGHT**

If your district has authorized charter schools to operate within your district boundaries, you are obligated by Education Code Section 47604.32 to, among other things, monitor the charter school's fiscal condition, and promptly notify the CDE and County Office of any change in its status.

Thank you for your consideration of this information. Please feel free to contact the District Financial Services team at (559) 265-3021 if you have any questions regarding this letter or if we may assist you with any finance-related matter.

Sincerely,

Gabriel Halls, Senior Director  
District Financial Services

c: Jim A Yovino, Superintendent, FCSS  
Kevin Otto, Deputy Superintendent/CFO, FCSS  
Mike Iribarren, Superintendent, AESD  
Kathy Bagwell, Finance Officer, AESD



**Jim A. Yovino**  
Superintendent

## fresno county superintendent of schools

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July 2, 2020

Ms. Connie Lunge  
Board President  
Kingsburg Elementary Charter School District  
1310 Stroud Avenue  
Kingsburg, CA 93631

Subject: 2019-20 Second Interim Report Certification

Dear Ms. Lunge:

The Fresno County Superintendent of Schools' (County Superintendent's) District Financial Services Department has reviewed the Kingsburg Elementary Charter School District's (District's) 2019-20 *Second Interim Report* in accordance with State Criteria and Standards and has reported its findings to the County Superintendent. Based upon this review, the County Superintendent has concurred with the District's **POSITIVE CERTIFICATION**<sup>1</sup> and has reported his findings to the California Department of Education and the State Controller's Office. A "Positive Certification" indicates that, based on current projections, the District "will meet its financial obligations for the current fiscal year and subsequent two fiscal years" (Education Code Section [ECS] 42131(a)(1)). The County Superintendent's concurrence with the District's Positive Certification is based on the information available at the time the District certified its Second Interim Report and may not be indicative of the District's current fiscal position.

The current economic outlook is likely very different from what was envisioned at the January 31st projection period. The COVID-19 worldwide pandemic has created much uncertainty and we wait for the May Revise and final Adopted Budget with a wary view toward the future. With a proposed COLA of 2.29%, down from the projection of 3% at Budget Adoption, districts were already preparing to struggle to cover the costs associated with step and column, minimum wage, STRS and PERS contributions and other increases to utilities and services based on the consumer price index. The May Revise could include a 0% COLA in the proposal which would only exacerbate this situation. Each LEA faces its own particular set of financial risk factors based on current reserve levels, enrollment trends, bargaining agreements, degree of revenue volatility and various other local and statewide factors. LEAs should plan for the aforementioned possibilities by controlling expenses as much as possible through an evaluative process and preparing for cash flow and revenue fluctuations as we enter the anticipated economic downturn.

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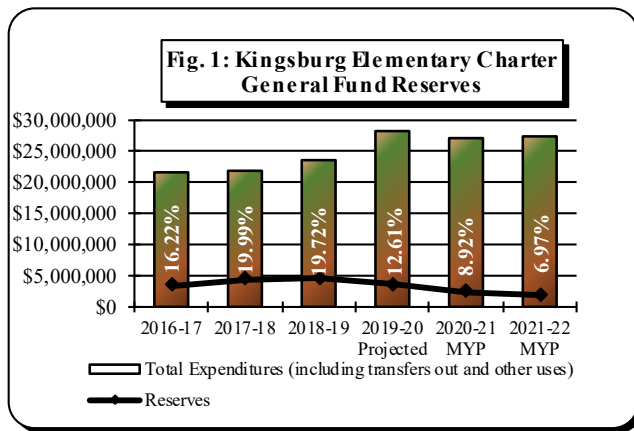
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Additional information regarding 2020-21 Budgets, Local Control and Accountability Plans, cash management, non-voter-approved debt, and collective bargaining is provided below.

**I. KINGSBURG ELEMENTARY CHARTER SCHOOL DISTRICT’S FISCAL POSITION AS OF JANUARY 31, 2020**

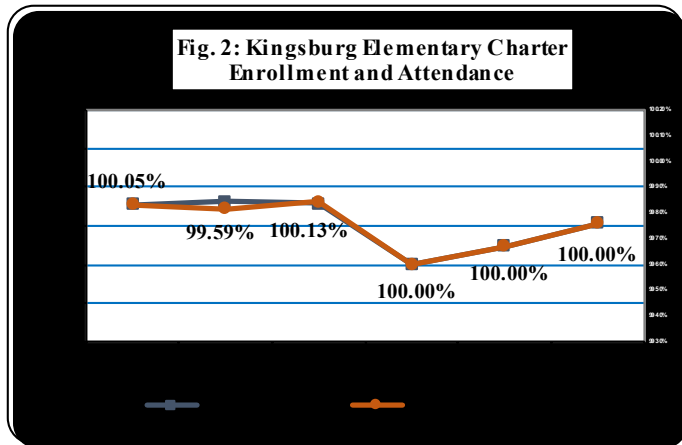
**A. Reserves**

The District certified its Second Interim Report as “Positive”, based on its anticipated ability to meet its financial obligations and the minimum 3% Reserve for Economic Uncertainties (Reserve) standard in the current and subsequent two years. As shown on the General Fund Reserves graph (Fig. 1), the District’s reserve levels are projected to be 12.61% (June 30, 2020), 8.92% (June 30, 2021) and 6.97% (June 30, 2022). These reserve amounts are dependent on the district anticipating an increase of average daily attendance (ADA) and enrollment due to a new housing development in the surrounding area. However, the district’s current ADA and enrollment trends do not appear to reflect such growth. In fact, ADA has declined as of 2019-20 P-1 when compared to 2018-19 P-2 by approximately 84.7.



Actual enrollment has declined for Kingsburg Elementary Charter in four out of the last five years including an average decline of 1.6% since 2014-15. The one year of positive enrollment growth was 2017-18 with an increase of five students. The County Office created an alternative LCFF Calculator to reflect what the reserves may look like should the ADA/Enrollment remain the same in 2019-20 through 2021-22. Given **FLAT ENROLLMENT** for the projection period, (and all other factors remaining the same) reserve levels in the third year could be **0.51%** (June 30, 2022), falling well below the state requirement.

**B. Enrollment and ADA**



School district funding is driven primarily by its enrollment and corresponding Average Daily Attendance (ADA). As shown on the Enrollment and Attendance graph, (Fig. 2) the District’s enrollment has been declining for four of the last five years. The district’s estimated increases in the subsequent years, while based on housing developments, may appear risky given the district’s recent *actual* declines. The District’s Second Interim Report states its enrollment decreased from 2,229 (2018-19) to 2,150 in the current year, but then optimistically expects increases of about 1% annually. Please provide the County Office with the data that supports such estimated increases.

about 1% annually. Please provide the County Office with the data that supports such estimated increases.



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### C. Kingsburg Elementary Charter School District's 2018-19 Annual Audit

The District's June 30, 2019 Audit Report did not have a fiscally related finding. There were no prior year findings. Several audit adjustments were entered to correct revenue and resource entries amongst others but did not have a negative impact to the ending fund balance.

## II. 2020-21 BUDGETS – REMINDER REGARDING DISCLOSURE REQUIREMENTS AT BUDGET PUBLIC HEARING

Senate Bill 858 (June 2014) included language that affects annual disclosure of district reserves greater than the minimum standard and also requires caps on reserves the year after the state makes a deposit into the state school reserve established by Proposition 2. Senate Bill 751 (October 2017) amended the law to activate the reserve cap in the fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of General Fund revenues. While it may be some time before the reserve cap portion of the law is triggered, the requirement to disclose information regarding reserves greater than the minimum standard is applicable for the 2020-21 budget adoption hearings. Education Code section 42127(a)(2)(B) states that:

*Commencing with budgets adopted for the 2015–16 fiscal year, the governing board of a school district that proposes to adopt a budget, or revise a budget pursuant to subdivision (e), that includes a combined assigned and unassigned ending fund balance in excess of the minimum recommended reserve for economic uncertainties adopted by the state board pursuant to subdivision (a) of Section 33128, shall, **at the public hearing held** pursuant to paragraph (1), provide all of the following for public review and discussion:*

*(i) The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.*

*(ii) The combined assigned and unassigned ending fund balances that are in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.*

*(iii) A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties, as identified pursuant to clause (ii).*

We have posted a “Sample Template for Statement of Reasons for Excess Reserves” form on our website (<http://dfs.fcoe.org/resources>) **for your use in making the necessary disclosures at your budget adoption public hearing**, if applicable. Please contact your District Financial Services Supervisor at (559) 265-3021 if you have any questions about these new disclosure requirements.

Ms. Connie Lunge  
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We will provide additional information related to 2020-21 Budget development once the Governor's May Revision becomes available in mid-May.

### **III. 2020-21 LOCAL CONTROL AND ACCOUNTABILITY PLANS**

School district budgets have always reflected a district's goals and priorities, but implementation of the Local Control Funding Formula (LCFF) formalized the alignment of a spending plan and resources to support that plan through development of Local Control and Accountability Plans (LCAPs). As you work on your 2020-21 LCAP, we encourage you to review the County Superintendent's LCAP website (<http://lcap.fcoe.org/>), the current "Common Message" (<http://dfs.fcoe.org/resources>), and CDE's LCAP page (<http://www.cde.ca.gov/re/lc/>) as needed for support.

Guidance from the Governor and/or CDE regarding the current LCAP landscape, regulations and timelines is expected soon. You may also contact Marvin Baker, Director of LCAP & Compliance, at (559) 265-4045 or [mbaker@fcoe.org](mailto:mbaker@fcoe.org).

### **IV. CASH MANAGEMENT**

Cash management is a critical component of financial planning in a school district. Since implementation of the LCFF, cash flow has become more favorable for school districts. However, districts with healthy fund balances and reserves may experience periodic operating cash shortages. The District should monitor its cash flow continually and plan for short-term interfund or other borrowing options if necessary to meet operational needs. The District should also ensure that any temporary interfund loans are repaid in accordance with ECS 42603.

### **V. NON-VOTER APPROVED DEBT**

Pursuant to ECS 17150.1, school districts must disclose information related to non-voter approved debt when that debt is secured by real property. The disclosure must be made to the County Superintendent and the County Auditor at least 30 days prior to Board approval of the debt.

The County Superintendent has prepared a "Disclosure of Non-Voter Approved Debt" form to assist you in meeting the disclosure requirements. The "Disclosure" form, as well as an Excel workbook prepared by the Fiscal Crisis & Management Assistance Team (FCMAT), have been posted here: <http://dfs.fcoe.org/resources>. If your District plans to issue non-voter approved debt (including Bond-Anticipation Notes or "BANs"), please submit the County Superintendent's disclosure form to this Office and to the County Auditor. (The FCMAT worksheet may be helpful to you, but is optional.)

### **VI. COLLECTIVE BARGAINING**

Government Code Section [GCS] 3547.5 requires public disclosure of fiscal information related to a collective bargaining agreement, **before a district enters into the agreement**. This disclosure includes, but is not limited to, the costs that would be incurred by the district under the agreement for the current and subsequent fiscal years. This requirement applies whether a district is negotiating for salary and benefit increases or concessions.

GCS 3547.5 also requires the district superintendent and the chief business officer to certify that the costs incurred by the district can be met during the complete term of the agreement. The certification must

Ms. Connie Lunge  
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include any budget revisions necessary to meet the cost of the agreement in each year of its term. The code further specifies that if the budget revisions are not made, the County Superintendent is required to declare the district as qualified or negative at the next interim reporting period.

Per ECS 42142, within 45 days of adopting a collective bargaining agreement, the superintendent of the school district shall forward to the county superintendent of schools any revisions to the district's current year budget that are necessary to fulfill the terms of that agreement. Any additional costs that may result from the agreement must also be reflected in the district's interim fiscal reports and multiyear fiscal projections.

If you have settled with your bargaining units since the Second Interim reporting period, please submit the Disclosure of Collective Bargaining Agreement worksheet (available for download at <http://dfs.fcoe.org/resources>) to our office, along with supporting documents (e.g., copies of Board approval documents showing key terms of the agreement(s) or similar documents) that can be used in our analysis of the fiscal impact of the agreements. Any necessary budget revisions should also be submitted.

## **VII. CHARTER OVERSIGHT**

If your district has authorized charter schools to operate within your district boundaries, you are obligated by Education Code Section 47604.32 to, among other things, monitor the charter school's fiscal condition, and promptly notify the CDE and County Office of any change in its status.

Thank you for your consideration of this information. Please feel free to contact the District Financial Services team at (559) 265-3021 if you have any questions regarding this letter or if we may assist you with any finance-related matter.

Sincerely,

Gabriel Halls, Senior Director  
District Financial Services

c: Jim A Yovino, Superintendent, FCSS  
Kevin Otto, Deputy Superintendent/CFO, FCSS  
Wesley Sever, Ed.D., Superintendent, KECS  
Nick Taylor, Ed.D., CBO, KECS

April 15, 2020

Mrs. Kellee Wheatley, Board President  
Island Elementary School District  
7799 21st Ave.  
Lemoore, CA 93245

Dear Mrs. Wheatley:

Reporting Requirements

Pursuant to the reports required by Section 42130, the governing board of each school district shall certify, in writing, within 45 days after the close of the period being reported, whether or not the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. These certifications shall be based upon the board's assessment, on the basis of standards and criteria for fiscal stability adopted by the State Board of Education pursuant to Section 33127, of the district budget, as revised to reflect current information regarding the adopted state budget, district property tax revenues pursuant to Sections 95 to 100, inclusive, of the Revenue and Taxation Code, and ending balances for the preceding fiscal year as reported pursuant to Section 42100. The certifications shall be classified as positive, qualified, or negative, as prescribed by the Superintendent of Public Instruction for the purposes of determining subsequent actions by the Superintendent of Public Instruction, the Controller, or the county superintendent of schools.

Within 75 days after the close of each reporting period, each county superintendent of schools shall report to the Controller and the Superintendent of Public Instruction as to whether the governing board of each of the school districts under his or her jurisdiction has submitted the certification. That report shall indicate the type of certification filed by each district.

Analysis of District's Fiscal Position

The Kings County Office of Education has reviewed the Second Interim Financial Report submitted by the Island Elementary School District for the period ending January 31, 2020. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance and multiyear financial projections. *The following are our notes:*

- **Revenue/Expenditure Projections:** The district is projecting expenditures to exceed revenues based on the general fund unrestricted/restricted multi-year projections for all three budget years. The district is projected to deficit spend in fiscal year 2019-20 by \$581,049, in fiscal year 2020-21 by \$224,040 and in fiscal year 2021-22 by \$136,353. Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

Island Elementary School District  
Second Interim Financial Report  
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- **ADA Estimations:** The district is projecting K-8 ADA at 380 for the current fiscal year which is an decrease of roughly 43 ADA from prior year P-2 ADA. The decrease in ADA is due to resident students moving out of district and non-resident students failing to comply with the charter compact and not returning. The district is projecting a declining enrollment subsequent fiscal years according to the general fund unrestricted/restricted multi-year projections. Our office recommends that the district continue to review and monitor the ADA budgeted and revise the budget accordingly. The District, as a charter district, is reliant on non-resident ADA. If a drop in non-resident ADA occurs, there is no prior year P-2 protection.
- **Impact of Negotiations:** The district has indicated that negotiations have been finalized with the certificated and classified bargaining unit as of the 2<sup>nd</sup> interim reporting period.
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2020-21 and 2021-22, it is important that the district's governing board and administration closely monitor and manage the district's financial resources, including monthly cash flow reviews, to assure maintenance of a positive financial condition. It remains essential for each school district to maintain the required state minimum unrestricted reserves throughout the current fiscal year and to budget at least the state minimum required reserves in each future year due to the uncertainty of ongoing funding levels at the state or federal levels.

#### Conclusion

Based on our analysis, the data provided supports the board's *positive certification* of the district's financial condition and ability to meet its financial obligations. The district's unrestricted reserve balances meet the minimum state criteria and standards of 4% for the current and two subsequent years.

This certification is not a guarantee of future positive certifications. Circumstances do change and this opinion does not guarantee financial stability for the next two years. Your financial position is the result of management decisions and other issues, such as attendance, state and federal revenue funding, bargaining unit pressures, and price inflators for supplies and services.

#### Future Concerns

We recognize that district's second interim budget and multi-year projections were developed using the January 2020 Governor's budget proposal, which was the best available information at that time. Given the uncertain economic times we are facing due to COVID-19, those budget projections are optimistic at best, and we anticipate an unknown level of reduced revenue projections for the 2020-21 budget. The May Revise will bring adjustments for 2020-21 fiscal year but the true budget levels are not likely to be known until at least August as both the Governor and our Legislative leaders have indicated the June budget will be subject to revision later in the summer when tax data is known.

Island Elementary School District  
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Districts should be planning for the possibility of zero COLA for fiscal year 2020-21 and evaluate their current budget and multi-year financial projections. All additional funding anticipated for special education, early childhood education services, and new categorical programs should not be considered during 2020-21 budget development. It is also imperative that districts closely monitor their cash flow during this time with the possibility of apportionment deferrals. Each district faces its own unique set of financial risks based on available reserves, declining enrollment, bargaining unit agreements, degree of revenue volatility and should plan conservatively as we enter this time of economic downturn.

Finally, please be advised of the following requirements resulting from the enactment of AB2756 (June 21, 2004):

- 1) AB2756 now requires the district to update and certify multiyear financial projections reflecting the impact of any salary negotiations on the current and two subsequent fiscal years prior to board approval. Please send a copy of the updated multiyear financial projections with the submission of the AB1200 Salary settlement disclosure documents to our office 5 days prior to board action.
- 2) AB2756 expanded the responsibilities of the county superintendent in reviewing school district budgets and in monitoring fiscal solvency. Education Code Section 42127.6 (a)(1) now states, “A school district shall provide the county superintendent of schools with a copy of a study, report, evaluation, or audit that was commissioned by the district, the county superintendent, the Superintendent of Public Instruction, and state control agencies and that contains evidence that the school district is showing fiscal distress under the standards and criteria adopted in Section 33127, or a report on the school district by the County Office Fiscal Crisis and Management Assistance Team or any regional team created pursuant to subdivision (i) of Section 42127.8.” If the district commissions such a study, please submit a copy to our office to the attention of Maria Contreras.

If you have any questions concerning the review of the district’s 2019-20 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial  
Assistant Superintendent, Business Services

CC: Todd Barlow, Superintendent  
Charlotte Hines, District Superintendent  
Diane Augusto, Chief Business Officer

April 15, 2020

Mrs. Donna Sheldon, Board President  
Kings River-Hardwick School District  
10300 Excelsior Avenue  
Hanford, CA 93230

Dear Mrs. Sheldon:

Reporting Requirements

Pursuant to the reports required by Section 42130, the governing board of each school district shall certify, in writing, within 45 days after the close of the period being reported, whether or not the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. These certifications shall be based upon the board's assessment, on the basis of standards and criteria for fiscal stability adopted by the State Board of Education pursuant to Section 33127, of the district budget, as revised to reflect current information regarding the adopted state budget, district property tax revenues pursuant to Sections 95 to 100, inclusive, of the Revenue and Taxation Code, and ending balances for the preceding fiscal year as reported pursuant to Section 42100. The certifications shall be classified as positive, qualified, or negative, as prescribed by the Superintendent of Public Instruction for the purposes of determining subsequent actions by the Superintendent of Public Instruction, the Controller, or the county superintendent of schools.

Within 75 days after the close of each reporting period, each county superintendent of schools shall report to the Controller and the Superintendent of Public Instruction as to whether the governing board of each of the school districts under his or her jurisdiction has submitted the certification. That report shall indicate the type of certification filed by each district.

Analysis of District's Fiscal Position

The Kings County Office of Education has reviewed the Second Interim Financial Report submitted by the Kings River-Hardwick School District for the period ending January 31, 2020. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance and multiyear financial projections. *The following are our notes:*

- **Revenue/Expenditure Projections:** The district is projecting expenditures to exceed revenues based on the general fund unrestricted/restricted multi-year projections for all three budget years. The district is projected to deficit spend in fiscal year 2019-20 by \$64,741, in fiscal year 2020-21 by \$259,204 and in fiscal year 2021-22 by \$189,361. Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

Kings River-Hardwick School District  
Second Interim Financial Report  
Page ~ 2 ~

- **ADA Estimations:** The district is projecting K-8 ADA at 766.01 for the current fiscal year which is an decrease of roughly 27 ADA from prior year P-2 attendance reporting. Per inquiry with the district, ADA is projected conservatively at budget development and revised throughout the year. The district's ADA is projected to remain static in the following two subsequent fiscal years. While the ADA projections appear reasonable based on the district's historic trends, our office recommends that the district continue to review and monitor the ADA budgeted and revise the budget accordingly. The District, as a charter district, is reliant on non-resident ADA. If a drop in non-resident ADA occurs, there is no prior year P-2 protection.
- **Impact of Negotiations:** The district has indicated that negotiations have been finalized with the certificated and classified bargaining unit as of the 2<sup>nd</sup> interim reporting period.
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2020-21 and 2021-22, it is important that the district's governing board and administration closely monitor and manage the district's financial resources, including monthly cash flow reviews, to assure maintenance of a positive financial condition. It remains essential for each school district to maintain the required state minimum unrestricted reserves throughout the current fiscal year and to budget at least the state minimum required reserves in each future year due to the uncertainty of ongoing funding levels at the state or federal levels.

#### Conclusion

Based on our analysis, the data provided supports the board's *positive certification* of the district's financial condition and ability to meet its financial obligations. The district's unrestricted reserve balances meet the minimum state criteria and standards of 4% for the current and two subsequent years.

This certification is not a guarantee of future positive certifications. Circumstances do change and this opinion does not guarantee financial stability for the next two years. Your financial position is the result of management decisions and other issues, such as attendance, state and federal revenue funding, bargaining unit pressures, and price inflators for supplies and services.

#### Future Concerns

We recognize that district's second interim budget and multi-year projections were developed using the January 2020 Governor's budget proposal, which was the best available information at that time. Given the uncertain economic times we are facing due to COVID-19, those budget projections are optimistic at best, and we anticipate an unknown level of reduced revenue projections for the 2020-21 budget. The May Revise will bring adjustments for 2020-21 fiscal year but the true budget levels are not likely to be known until at least August as both the Governor and our Legislative leaders have indicated the June budget will be subject to revision later in the summer when tax data is known.



Kings River-Hardwick School District  
Second Interim Financial Report  
Page ~ 3 ~

Districts should be planning for the possibility of zero COLA for fiscal year 2020-21 and evaluate their current budget and multi-year financial projections. All additional funding anticipated for special education, early childhood education services, and new categorical programs should not be considered during 2020-21 budget development. It is also imperative that districts closely monitor their cash flow during this time with the possibility of apportionment deferrals. Each district faces its own unique set of financial risks based on available reserves, declining enrollment, bargaining unit agreements, degree of revenue volatility and should plan conservatively as we enter this time of economic downturn.

Finally, please be advised of the following requirements resulting from the enactment of AB2756 (June 21, 2004):

- 1) AB2756 now requires the district to update and certify multiyear financial projections reflecting the impact of any salary negotiations on the current and two subsequent fiscal years prior to board approval. Please send a copy of the updated multiyear financial projections with the submission of the AB1200 Salary settlement disclosure documents to our office 5 days prior to board action.
- 2) AB2756 expanded the responsibilities of the county superintendent in reviewing school district budgets and in monitoring fiscal solvency. Education Code Section 42127.6 (a)(1) now states, “A school district shall provide the county superintendent of schools with a copy of a study, report, evaluation, or audit that was commissioned by the district, the county superintendent, the Superintendent of Public Instruction, and state control agencies and that contains evidence that the school district is showing fiscal distress under the standards and criteria adopted in Section 33127, or a report on the school district by the County Office Fiscal Crisis and Management Assistance Team or any regional team created pursuant to subdivision (i) of Section 42127.8.” If the district commissions such a study, please submit a copy to our office to the attention of Maria Contreras.

If you have any questions concerning the review of the district’s 2019-20 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial  
Assistant Superintendent, Business Services

CC: Todd Barlow, Superintendent  
Cathlene Anderson, District Superintendent  
Trish Singh, Director

April 15, 2020

Mrs. Denise Peters, Board President  
Pioneer Union Elementary School District  
1888 N. Mustang Dr.  
Hanford, CA 93230

Dear Mrs. Peters:

Reporting Requirements

Pursuant to the reports required by Section 42130, the governing board of each school district shall certify, in writing, within 45 days after the close of the period being reported, whether or not the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. These certifications shall be based upon the board's assessment, on the basis of standards and criteria for fiscal stability adopted by the State Board of Education pursuant to Section 33127, of the district budget, as revised to reflect current information regarding the adopted state budget, district property tax revenues pursuant to Sections 95 to 100, inclusive, of the Revenue and Taxation Code, and ending balances for the preceding fiscal year as reported pursuant to Section 42100. The certifications shall be classified as positive, qualified, or negative, as prescribed by the Superintendent of Public Instruction for the purposes of determining subsequent actions by the Superintendent of Public Instruction, the Controller, or the county superintendent of schools.

Within 75 days after the close of each reporting period, each county superintendent of schools shall report to the Controller and the Superintendent of Public Instruction as to whether the governing board of each of the school districts under his or her jurisdiction has submitted the certification. That report shall indicate the type of certification filed by each district.

Analysis of District's Fiscal Position

The Kings County Office of Education has reviewed the Second Interim Financial Report submitted by the Pioneer Union Elementary School District for the period ending January 31, 2020. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance and multiyear financial projections. *The following are our notes:*

- **Revenue/Expenditure Projections:** The district is projecting expenditures to exceed revenues based on the general fund unrestricted/restricted multi-year projections for all three budget years. The district is projected to deficit spend in fiscal year 2019-20 by \$362,167, in fiscal year 2020-21 by \$284,270 and in fiscal year 2021-22 by \$81,060. Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

Pioneer Union Elementary School District  
Second Interim Financial Report  
Page ~ 2 ~

- **ADA Estimations:** The district is projecting K-8 ADA at 1,524.07 for the current fiscal year which is a decrease of roughly 7 ADA from prior year P-2 attendance reporting. The district is projecting no change in ADA in the two subsequent fiscal years. Our office recommends that the district continue to review and monitor the ADA budgeted and revise the budget accordingly. The District, as a charter district, is reliant on non-resident ADA. If a drop in non-resident ADA occurs, there is no prior year P-2 protection.
- **Impact of Negotiations:** The district has indicated that negotiations have been finalized with the classified and certificated bargaining unit as of the 2<sup>nd</sup> interim reporting period.
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2020-21 and 2021-22, it is important that the district's governing board and administration closely monitor and manage the district's financial resources, including monthly cash flow reviews, to assure maintenance of a positive financial condition. It remains essential for each school district to maintain the required state minimum unrestricted reserves throughout the current fiscal year and to budget at least the state minimum required reserves in each future year due to the uncertainty of ongoing funding levels at the state or federal levels.

#### Conclusion

Based on our analysis, the data provided supports the board's **positive certification** of the district's financial condition and ability to meet its financial obligations. The district's unrestricted reserve balances meet the minimum state criteria and standards of 3% for the current and two subsequent years.

This certification is not a guarantee of future positive certifications. Circumstances do change and this opinion does not guarantee financial stability for the next two years. Your financial position is the result of management decisions and other issues, such as attendance, state and federal revenue funding, bargaining unit pressures, and price inflators for supplies and services.

#### Future Concerns

We recognize that district's second interim budget and multi-year projections were developed using the January 2020 Governor's budget proposal, which was the best available information at that time. Given the uncertain economic times we are facing due to COVID-19, those budget projections are optimistic at best, and we anticipate an unknown level of reduced revenue projections for the 2020-21 budget. The May Revise will bring adjustments for 2020-21 fiscal year but the true budget levels are not likely to be known until at least August as both the Governor and our Legislative leaders have indicated the June budget will be subject to revision later in the summer when tax data is known.

Pioneer Union Elementary School District  
Second Interim Financial Report  
Page ~ 3 ~

Districts should be planning for the possibility of zero COLA for fiscal year 2020-21 and evaluate their current budget and multi-year financial projections. All additional funding anticipated for special education, early childhood education services, and new categorical programs should not be considered during 2020-21 budget development. It is also imperative that districts closely monitor their cash flow during this time with the possibility of apportionment deferrals. Each district faces its own unique set of financial risks based on available reserves, declining enrollment, bargaining unit agreements, degree of revenue volatility and should plan conservatively as we enter this time of economic downturn.

Finally, please be advised of the following requirements resulting from the enactment of AB2756 (June 21, 2004):

- 1) AB2756 now requires the district to update and certify multiyear financial projections reflecting the impact of any salary negotiations on the current and two subsequent fiscal years prior to board approval. Please send a copy of the updated multiyear financial projections with the submission of the AB1200 Salary settlement disclosure documents to our office 5 days prior to board action.
- 2) AB2756 expanded the responsibilities of the county superintendent in reviewing school district budgets and in monitoring fiscal solvency. Education Code Section 42127.6 (a)(1) now states, “A school district shall provide the county superintendent of schools with a copy of a study, report, evaluation, or audit that was commissioned by the district, the county superintendent, the Superintendent of Public Instruction, and state control agencies and that contains evidence that the school district is showing fiscal distress under the standards and criteria adopted in Section 33127, or a report on the school district by the County Office Fiscal Crisis and Management Assistance Team or any regional team created pursuant to subdivision (i) of Section 42127.8.” If the district commissions such a study, please submit a copy to our office to the attention of Maria Contreras.

If you have any questions concerning the review of the district’s 2019-20 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial  
Assistant Superintendent, Business Services

CC: Todd Barlow, County Superintendent  
Paul van Loon, District Superintendent  
Julie Semas-Tellian, Assistant Superintendent, Business Services



GOLD IN EDUCATION

**Gayle Garbolino-Mojica**

*County Superintendent of Schools*

**Board of Education**  
**Susan Goto**  
*Area 1*

**Suzanne Jones**  
*Area 1*

**Robert Tomasini**  
*Area 1*

**Kelli Gnile**  
*Area 2*

**David Patterson, Ed.D.**  
*Area 3*

**Lynn Oliver**  
*Area 4*

**E. Ken Tokutomi**  
*Area 4*

**Superintendent's Cabinet**

**Phillip J. Williams**  
*Deputy Superintendent*  
*Educational Services*

**Martin Fregoso**  
*Associate Superintendent*  
*Business Services*

**Catherine M. Goins**  
*Assistant Superintendent*  
*Early Childhood Education*

**Jennifer Hicks**  
*Assistant Superintendent*  
*Curriculum & Instruction*

**Colleen Slattery**  
*Assistant Superintendent*  
*Human Resources*

**Michelle Eklund**  
*Chief Communications Officer*  
*Superintendent's Office*

**James L. Anderberg**  
*Chief Operations Officer*  
*Administrative Services*

**Troy Tickle**  
*Executive Director*  
*SELPA*

April 15, 2020

Mr. Robert Kanngiesser, President  
Ackerman Charter District Board of Trustees  
10785 Matson Drive  
Auburn, CA 95603

RE: Fiscal Year 2019-2020 Second Interim

Dear Mr. Kannigiesser,

In accordance with the provisions of Education Code Section 42131, a review of the Ackerman Charter District's Second Interim Report for fiscal year 2019-20 has been completed by the Placer County Office of Education (PCOE). The District filed a Second Interim Report with a positive certification. Our analysis of the data provided indicates the District should be able to meet its financial obligations for the current and two subsequent years. We therefore concur with the District's positive certification and offer the following comments:

**Multi Year Expenditures Exceed Income (Deficit Spending)**

The District is projecting unrestricted deficit spending of (\$52,716) in FY 2019-20, (\$73,008) in FY 2020-21 and (\$39,295) in FY 2021-22. We recommend the District continue to monitor its budget deficit and adjust its future spending plans to maintain positive fund balances and adequate reserves to account for increasing costs and enrollment changes.

**Enrollment**

The District is projecting attendance rates for both current and subsequent years at a higher level than its historical average. The District has indicated that this is due to specific efforts to increase student attendance. We recommend that the district continue to closely monitor its attendance trends in order to make any budget adjustments necessary in the event the projected attendance levels do not materialize as anticipated.

**Negotiations**

According to the information provided in the District's Second interim budget, certificated and classified labor contract negotiations for FY 2019-20 remain unsettled and potential increases have not been incorporated into budgeted salary and benefit expenditures. Because labor costs make up a large portion of the District's budget, any salary and benefit increases paid from reserves or other one-time resources could adversely impact the fiscal condition of the District. This letter is a reminder that the Criteria and Standards specify that, upon settlement of a labor contract, the District

Mr. Robert Kanngiesser  
April 15, 2020  
Page 2

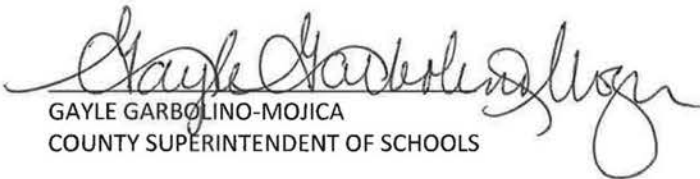
must provide the county office of education with a disclosure of the settlement including its current and ongoing fiscal impact on the District.

**Future Planning**

The State anticipates dramatic drops in revenue due to the COVID-19 pandemic and districts should prepare to be impacted by that decrease. PCOE expects that the Governor's May Budget revision will present some budget challenges and encourages districts to begin planning for possible reductions.

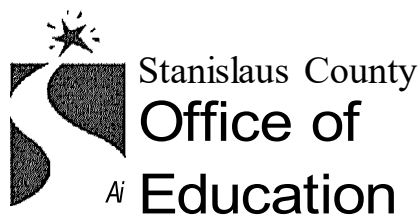
We appreciate the efforts of the District staff in preparing and submitting the Second Interim Report. A duplicate original of this letter is being sent to the Superintendent. Please feel free to contact me or Martin Fregoso at (530) 889-5920 should you have any questions or concerns about PCOE's review of the District's interim report.

Yours in education,



GAYLE GARBOLINO-MOJICA  
COUNTY SUPERINTENDENT OF SCHOOLS

GGM/jk  
C: Ann Corcoran




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 Scott Kuykendall, Superintendent

1100 H Street • Modesto, CA 95354 • (209) 238-1700 • FAX (209) 238-4201

April 14, 2020

Hickman Community Charter Board of Trustees  
 C/o Hickman Community Charter School District  
 13306-A 4<sup>th</sup> Street  
 Hickman, CA 95323

Dear Board of Trustees:

In accordance with the provisions of Education Code (E.C.) Section 42131, Stanislaus County Superintendent of Schools (County Superintendent) reviewed the Hickman Community Charter School District's (District) Second Interim Report for fiscal year 2019-20. Based on the financial statements, multiyear projections and assumptions provided by the District, with data current as of January 31, 2020, it appears that the District should be able to meet its financial obligations for the current and two subsequent fiscal years. **At this time, we concur with the district finding of positive certification, with the following caveat.**

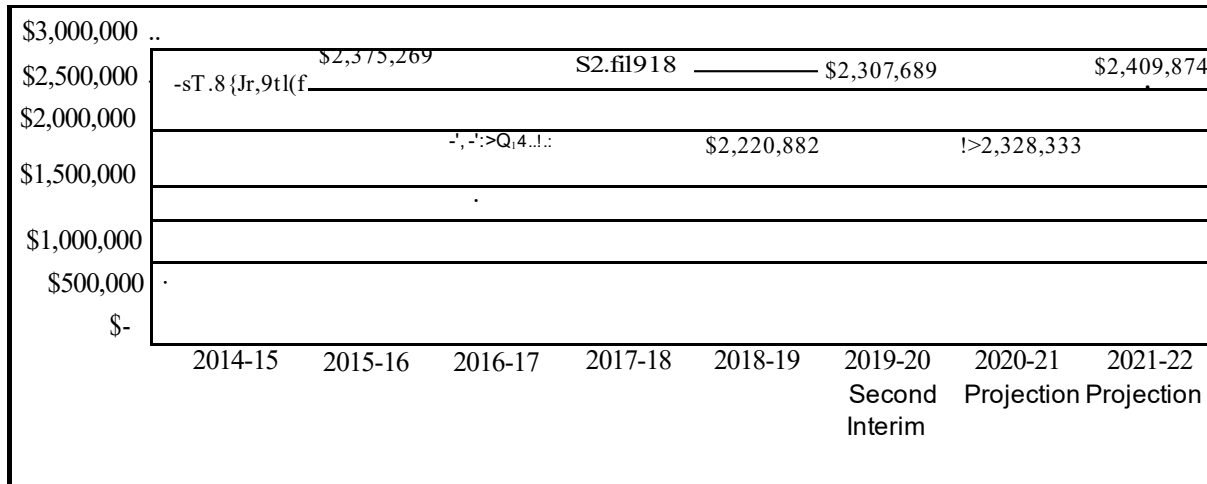
We recognize that the district's second interim budget and multi-year projections were developed using the January 2020 Governor's budget proposal, which was the best available information at that time. Given the uncertain economic times we are facing surrounding the COVID 19 pandemic, those budget projections are optimistic at best, and we anticipate an unknown level of reduced revenue projections for the 2020-21 budget. The Governor's May revise budget projection will provide districts with more realistic budget projections, and we anticipate those will be reflected in the district June budget adaption.

County Office staff review several components of the District's 2019-20 Second Interim report and corresponding supplemental information provided by the District. Reserves, enrollment, multiyear projections, change in fund balance and status of labor negotiations highlight a few of the items reviewed.

#### **Change in Fund Balance**

We note the Unrestricted General Fund is projecting an increase of \$86,807. This increases the projected ending fund balance \$2,307,689 or 22.25% of the total General Fund's budgeted expenditures and transfers out.

The following chart depicts the District's historical and projected unrestricted ending fund balances.



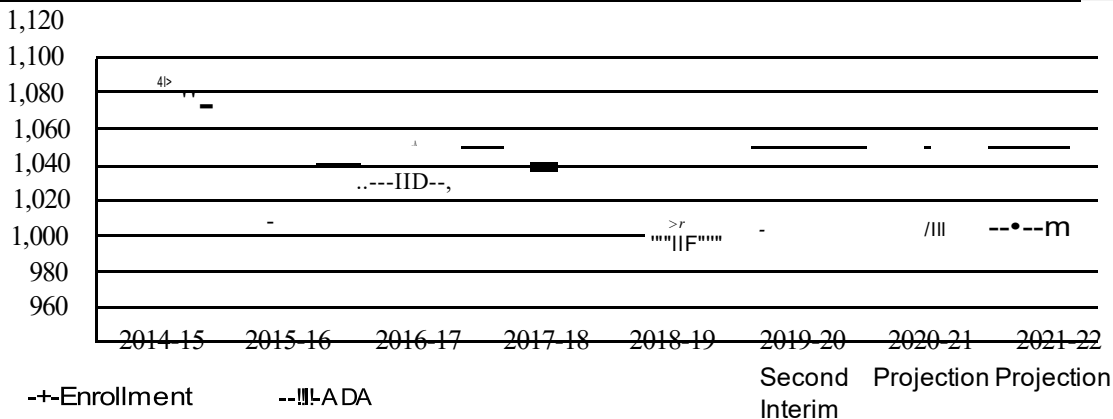
**Reserves and Multiyear Projections**

The minimum reserve level under the State Criteria and Standards is 3%. Review of the District's multiyear projections, inclusive of Fund 17 and after assignments, indicates reserve levels of 22.22% for 2019-20, 22.16% for 2020-21, and 22.48% for 2021-22.

**Enrollment and ADA**

The following charts depict the District CBEDS enrollment, ADA historical trends and estimated projections.

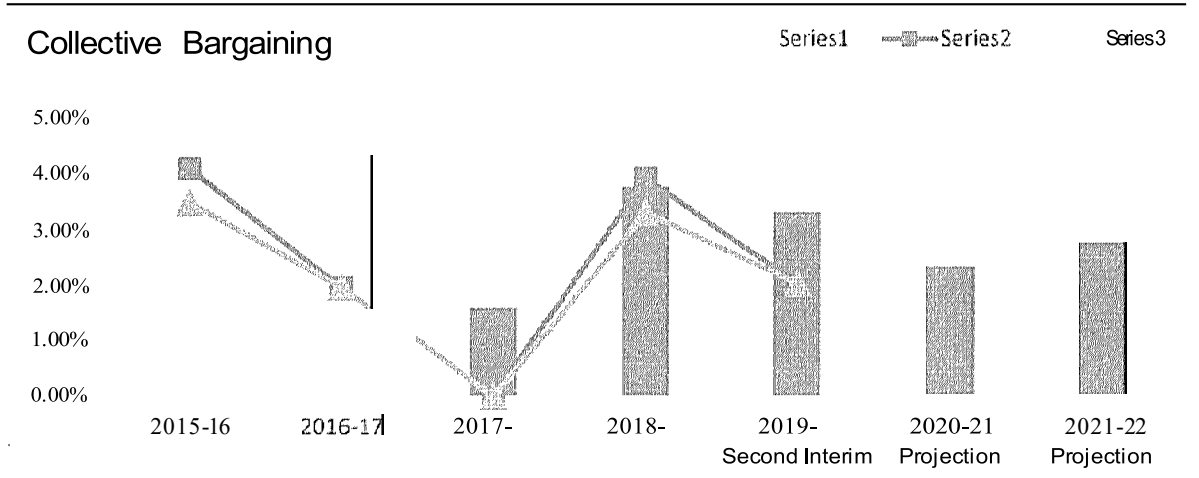
| ENROLLMENT AND ADA |            |          |        |
|--------------------|------------|----------|--------|
| Year               | Enrollment | ADA      | %      |
| 2014-15            | 1,104      | 1,074.04 | 97.29% |
| 2015-16            | 1,061      | 1,040.76 | 98.09% |
| 2016-17            | 1,071      | 1,047.76 | 97.83% |
| 2017-18            | 1,052      | 1,035.16 | 98.40% |
| 2018-19 U.A        | 1,030      | 1,016.88 | 98.73% |
| 2019-20 Interim    | 1,041      | 1,024.53 | 98.42% |
| 2020-21 projection | 1,041      | 1,024.53 | 98.42% |
| 2021-22 projection | 1,041      | 1,024.53 | 98.42% |





**Status of Labor Negotiations and Pension Expenditures**

Information reflected in the District's interim report indicates the certificated and classified collective bargaining agreements are settled for 2019w20.



**Debt Issuance**

This letter also serves as a reminder of the statutory requirements placed on debt issuance by school districts with qualified interim report certifications. E.C. Section 42133(a) specifically addresses these requirements.

**Submission of Studies, Reports, Evaluations and/or Audits**

We remind the District that E.C. Sections 42127 and 42127.6 require the County Office be sent copies of any studies, reports, evaluations, or audits performed of the district that contain evidence that the district is showing fiscal distress.

**Conclusion**

We are aware that the information provided reflects the District's financial position and assumptions to date. It is our strong recommendation that all districts be mindful of its own particular set of financial risk factors based on current reserve levels, enrollment trends, bargaining agreements, degree of revenue volatility and various other local and statewide factors. We will continue to work with our partners across the state to bring the most up-to-date information to Superintendents and Chief Business Officials as the situation evolves.

We wish to express our appreciation to Ms. Thomasson and her staff for their cooperation during the preparation and review of the District's Second Interim report for fiscal year 2019-20. If our office can be of further assistance, please contact me at (209) 238-1937.

Sincerely,

Julie Betschart  
Senior Director, External Business Services  
Stanislaus County Office of Education

Cc: Mr. Paul Gardner, Superintendent  
Ms. Cathy Thomasson, Business Manager  
Ms. Kathleen Young, Director I, Business Services, Stanislaus County Office of Ed