



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item 9.1

Meeting Date: December 13, 2018

Subject: Receive Information from Fiscal Crisis & Management Assistance Team's (FCMAT) Fiscal Health Risk Analysis Report

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)
- Conference/Action
- Action
- Public Hearing

Division: Business Services

Recommendation: Receive Information from Fiscal Crisis & Management Assistance Team's (FCMAT) Fiscal Health Risk Analysis Report

Background/Rationale: On August 22, 2018, the District received a letter from the Sacramento County Office of Education (SCOE) informing the District that the 2018-19 Budget was disapproved. In accordance with Education Code 42127d, the District was appointed an independent Fiscal Advisor to work with the District in order to address the deficiency in the subsequent year budget.

The budget disapproval also qualified the District to receive independent auditing support from FCMAT at no cost to the District. In October 2018, FCMAT conducted a Fiscal Health Risk Analysis Study of the District. The Fiscal Health Risk Analysis Report contains the findings of their study.

Financial Considerations: None.

LCAP Goal(s): Family and Community Empowerment; Operational Excellence

Documents Attached:

1. Executive Summary
2. FCMAT Fiscal Health Risk Analysis Report (available on 12/13/18)

Estimated Time of Presentation: 10 minutes

Submitted by: Dr. John Quinto, Chief Business Officer

Approved by: Jorge A. Aguilar, Superintendent

Board of Education Executive Summary

Business Services

Fiscal Crisis & Management Assistance Team (FCMAT) Fiscal Health Risk Analysis Report
December 13, 2018

I. OVERVIEW/HISTORY:

On June 21, 2018, the District Adopted the Proposed Fiscal Year 2018-19 Budget. On August 22, 2018, the Sacramento County Office of Education (SCOE) sent a letter notifying the District the 2018-19 Budget was disapproved.

On August 29, 2018, staff met with SCOE and held a conference call with the Fiscal Crisis & Management Assistance Team (FCMAT) to discuss next steps. SCOE assigned an independent Fiscal Advisor to work with the District and set a deadline of October 8, 2018 to submit a revised adopted budget to SCOE for approval.

Staff is working closely with the Fiscal Advisor. On September 6, 2018, staff presented an update on the 2018-19 disapproved budget. On October 4, 2018, staff presented, and the Board approved, the revised adopted budget that contained corrections as well as recommendations from the Fiscal Advisor.

On October 15, 2018, FCMAT began its Fiscal Health Risk Analysis Study of the District to identify the District's specific risk rating for fiscal insolvency. The FCMAT team spent three days at the District office conducting staff interviews and reviewing District financial information.

In 2006, the District previously requested a FCMAT analysis of district budgeting practices and its 2005-06 budget assumptions and projections. The Fiscal Review Report was issued September 21, 2006 and included recommendations for improvement.

II. Driving Governance:

- In accordance with the 2018-19 Budget Act, the FCMAT team was assigned to study the fiscal health of the District due to the SCOE Superintendent disapproving the District's 2018-19 budget.
- The SCOE Superintendent was informed of the agreement between FCMAT and the District, and will receive a copy of the final report. The final report will also be published on the FCMAT website.

III. Budget:

The total District cost of the services provided by FCMAT is \$0.

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IV. Goals, Objectives and Measures:

Receive the Fiscal Health Risk Analysis Report to identify the District's specific risk rating for fiscal insolvency.

V. Major Initiatives:

Work with SCOE Fiscal Advisor and staff to implement FCMAT's recommendations.

VI. Results:

Continued review and updates given to the Board, SCOE, staff, and community will provide information needed to make knowledgeable fiscal decisions and maintain fiscal solvency.

VII. Lessons Learned/Next Steps:

- Continue to monitor district and state fiscal health.
- Identify and review viable options with labor partners and other stakeholders that the District could adopt to achieve additional cost savings and long-term financial sustainability.