

The documents included in this file were provided, as is, to the California Department of Education (CDE) by the following county offices of education:

- **Placer County Office of Education on behalf of Ackerman Charter**
- **Fresno County Superintendent of Schools on behalf of Alvina Elementary**
- **Stanislaus County Superintendent of Schools on behalf of Hickman Community Charter**
- **Kings County Office of Education on behalf of Island Union Elementary**
- **Kings County Office of Education on behalf of Kings River-Hardwick Union Elementary**
- **Fresno County Superintendent of Schools on behalf of Kingsburg Elementary Charter**
- **Kings County Office of Education on behalf of Pioneer Union Elementary**

This document is posted to the CDE website to meet the legal requirements of California *Education Code* Section 33009.5. Minor formatting changes may have occurred during document remediation.

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

# Financial Condition of California State Board of Education-Authorized Districtwide Charters – 2023–24 Second Interim

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## **Ackerman Charter**



**Gayle Garbolino-Mojica**  
*County Superintendent of Schools*

**Board of Education**

April 15, 2024

**Sergey Terebkov**

*Area 1*

**Andrew Tagg**

*Area 2*

**David Patterson, Ed.D.**

*Area 3*

**R. Jan Pinney**

*Area 4*

**Kelli Gnile**

*Area 5*

**Renee Regacho-Anaclerio, Ed.D.**

*Area 6*

**Lynn Oliver**

*Area 7*

Ms. Kristin Wells, Superintendent  
Ackerman Charter District  
13777 Bowman Road  
Auburn, CA 95603

RE: Fiscal Year 2023-2024 Second Interim

Dear Superintendent Wells,

In accordance with the provisions of Education Code Section 42131, a review of the Ackerman Charter District's Second Interim Report for fiscal year 2023-24 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:

**Superintendent's Cabinet**

**Phillip J. Williams**

*Deputy Superintendent*

**Martin Fregoso**

*Associate Superintendent  
Business Services*

**Susan Connolly**

*Assistant Superintendent  
Student Services*

**Jennifer Hicks**

*Assistant Superintendent  
Educational Services*

**Colleen Slattery, Ed.D.**

*Assistant Superintendent  
Human Resources*

**Troy Tickle**

*Assistant Superintendent  
SELPA*

**Michelle Eklund**

*Chief Communications Officer  
Superintendent's Office*

**Negotiations**

According to the information provided in the District's second interim budget, certificated and classified labor contract negotiations for FY 2023-24 were unsettled as of second interim and potential increases were not 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 must provide the county office of education with a disclosure of the settlement including its current and ongoing fiscal impact on the District. Certificated negotiations were settled in March 2024 and a disclosure documenting the fiscal impact of the settlement was submitted to PCOE.

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 Board President. 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  
PLACERCOUNTY SUPERINTENDENT OF SCHOOLS

GGM/jk  
C: Ann Corcoran

## **Alvina Elementary**



# Fresno County Superintendent of Schools

Dr. Michele Cantwell-Copher, Superintendent

April 30, 2024

Ms. Lara Walker-Main  
Board President  
Alvina Elementary School District  
295 W. Saginaw  
Caruthers, CA 93609

Subject: 2023-24 Second Interim Report Certification

Dear Ms. Walker-Main:

The Fresno County Superintendent of Schools' (County Superintendent's) District Financial Services Department has reviewed the Alvina Elementary School District's (District's) 2023-24 *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 her 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.

Additional information regarding 2024-25 Budgets, Local Control and Accountability Plans, cash management, non-voter-approved debt, and collective bargaining, and the COEs oversight responsibilities is provided below.

## **I. THE COUNTY SUPERINTENDENT'S OVERSIGHT RESPONSIBILITIES PURSUANT TO EDUCATION CODE 47605**

The State Board of Education ("SBE") has delegated oversight responsibility for all-charter districts to the local educational agency in the county in which the charter school is located and this designated local educational agency shall have all monitoring and supervising authority, except the power of revocation, which shall remain with the SBE. The SBE has established certain assurances with this oversight agency, one of which is, "Prepare an April Information Memo on the fiscal status of the districtwide charter for the State Board of Education." This Second Interim approval and fiscal analysis letter meets this requirement.

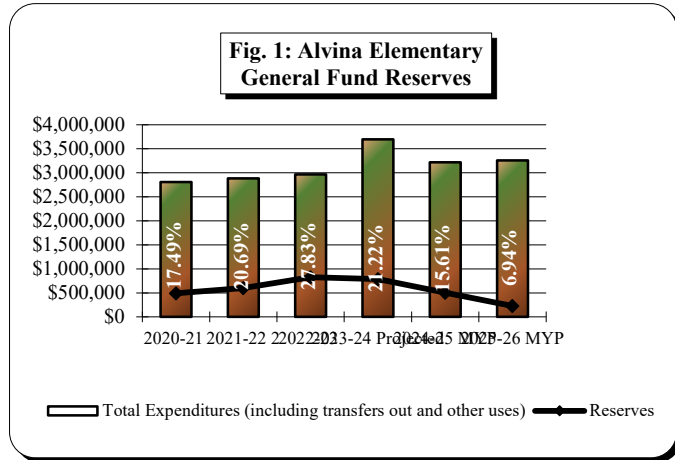
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<sup>1</sup> A "Positive" certification indicates that a district will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A "Qualified" certification indicates that a district may not meet its financial obligations 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)).

**II. ALVINA ELEMENTARY SCHOOL DISTRICT’S FISCAL POSITION AS OF JANUARY 31, 2024**

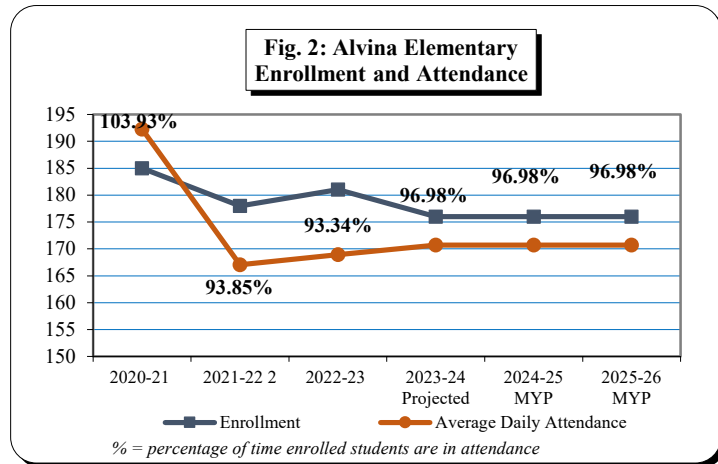
**A. General Fund Reserves**

The district is projecting healthy reserves as of June 30, 2024, of 21.22% and maintaining healthy reserves in 2024-25 at 15.61%. However, in 2025-26 reserves are projected to drop to 6.94%, just above the state minimum requirement of 5%. The district should continue to recognize the challenges associated with the state's current budgetary constraints. In the two subsequent years (2024-25 and 2025-26) the restricted side of the budget appears to increasingly encroach on the general fund, possibly due to the loss of one-time federal revenues, and the district may need to take steps to align the salaries and benefits with the reduced ongoing revenues.



**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 relatively steady for the last several years after a steep drop during the pandemic.



The district’s 2023-24 enrollment numbers have decreased by 5 from the prior year (181 to 176). Projected ADA in the current and two subsequent years is 170.68 but that contrasts with the district’s *actual* 2023-24 P2 numbers of 169.47, a difference of 1.21 ADA. Nonetheless, ADA has shown slight increases in the last two years. The district is prudently using a conservative approach when projecting enrollment and ADA. We recommend the district continue to approach budget

decisions based on enrollment trends and to look for staffing efficiencies where possible.

**III. 2024-25 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 money in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of General Fund revenues. **This law remains triggered for the 2024-25 fiscal year**, which means every district with

ADA greater than 2,500, must limit their Assigned/Unassigned Reserves to no more than 10%. Additionally, the requirement to disclose information regarding reserves greater than the minimum standard remains in effect for the 2024-25 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 2024-25 budget development once the Governor’s May Revision becomes available in mid-May.

#### **IV. 2024-25 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 2024-25 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. You may also contact Marvin Baker, Director of LCAP & Compliance, at (559) 265-4045 or [mbaker@fcoe.org](mailto:mbaker@fcoe.org).



## V. CASH MANAGEMENT

Cash management is a critical component of financial planning in a school district. As the federal relief dollars expire cash flow monitoring will become more critical for school districts. 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.

## VI. 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.)

## VII. 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.

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.

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**

Gabriel Halls, Senior Director  
District Financial Services

c: Dr. Michele Cantwell-Copher, Superintendent, FCSS  
Kevin Otto, Deputy Superintendent/CFO, FCSS  
Mike Iribarren, Superintendent, AESD  
Kathy Bagwell, Finance Officer, AESD

## **Hickman Community Charter**



**Scott Kuykendall, Superintendent**

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

04/23/2024

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

Dear Board of Trustees:

In accordance with the provisions of Education Code (E.C.) Section 42131, a review of the Hickman Community Charter Board of Trustees (District) Second Interim Report for fiscal year 2023-24 has been completed by the Stanislaus County Superintendent of Schools (County Superintendent). Based on the financial statements, multiyear projections and assumptions provided by the District, with data current as of January 31, 2024, it appears that the District should be able to meet its financial obligations for the current and two subsequent fiscal years. **We therefore concur with the District's positive certification with the following comments.**

County Office staff review several components of the District's 2023-24 Second Interim Report and corresponding supplemental information provided by the District. These issues include reserves and multiyear projections, change in fund balance and status of labor negotiations. In addition, we must emphasize that although the projected COLA for 2023-24 is fixed and unchanged at the 8.22%, the decline to the two outyears statutory COLA projections in YR25 and YR26 will have an impact to the budget.

**Change in Fund Balance**

We note, the Unrestricted General Fund is projecting an increase of \$446,236. This increases the projected ending fund balance to \$4,540,649 or 29.54% of the total General Fund's budgeted expenditures and transfers out. In addition, the District's multiyear projections reflect deficits of <\$342,269> for 2024-25 and <\$430,830> for 2025-26.

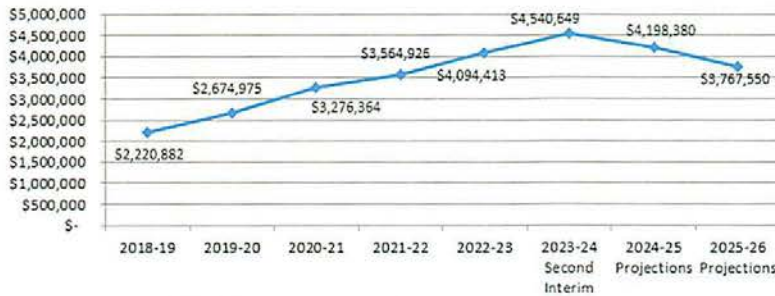
Based upon the data provided by the District, the Unrestricted General Fund multiyear projections reflect both deficit and non-deficit spending. We remind you that continued deficit spending will ultimately diminish fund balance and cash reserves.

We urge the District to monitor the general operating school funds closely to ensure adequate balances are maintained.

The following table depicts Criterion & Standards Deficit Spending Percentage Levels.

Fiscal Year	Unrestricted FB Increase/Decrease	Unrestricted Expenditures	Deficit Spending Level
2023-24	\$446,236	\$11,125,391	N/A
2024-25	<\$342,269>	\$11,947,537	2.9%
2025-26	<\$430,830>	\$12,377,570	3.5%

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



**Reserves and Multiyear Projections**

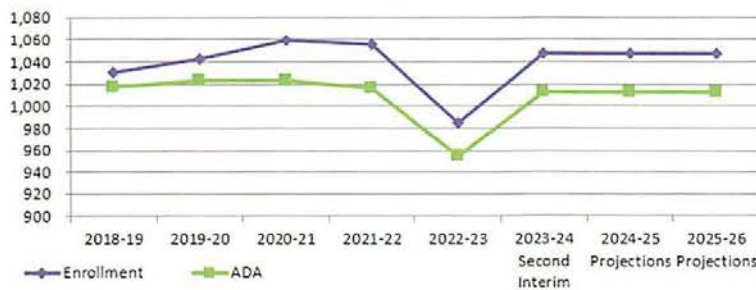
The minimum reserve level under the State Criteria and Standards is 3.0%. Review of the District's multiyear projections, inclusive of Fund 17 and after assignments, indicates reserve levels of 27.89% for 2023-24, 29.29% for 2024-25, and 25.82% for 2025-26.

**Enrollment and ADA**

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

**Enrollment & ADA**

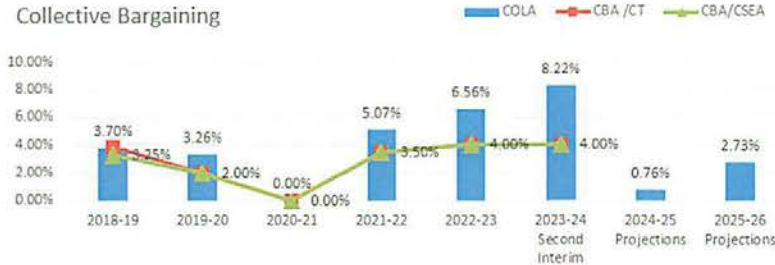
Year	Enrollment	ADA	%
2018-19	1,030	1,016.88	98.73%
2019-20	1,042	1,022.73	98.15%
2020-21	1,059	1,022.73	96.58%
2021-22	1,056	1,015.67	96.18%
2022-23	985	954.79	96.93%
2023-24 Second Interim	1,047	1,012.00	96.66%
2024-25 Projections	1,047	1,012.00	96.66%
2025-26 Projections	1,047	1,012.00	96.66%



**Status of Labor Negotiations and Pension Expenditures**

Information reflected in the District's interim report shows that certificated and classified labor negotiation for 2023-24 are settled; however, **our office has not yet received signed disclosures pursuant to Education Code Section 42142 or Government Code 3547.5.**

Please provide our office with the required disclosures at your earliest convenience.



**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. These requirements are specifically addressed by E.C. Section 42133(a).

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

The annual 2022-23 audit has been received and reviewed by our office. Upon review, we noted audit finding #2023-001 (10000) Independent Study Agreements, which identified that independent study agreements were missing required elements which resulted in a disallowance of ADA for the P-2 and Annual reporting periods.

We encourage the District to implement the recommendation outlined in the section identified.

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, and that further adjustments will be made during the year as additional data becomes available. We hope that these comments will be helpful to the District administration and board as you plan for the remainder of 2023-24 and develop your projections for 2024-25 and beyond.

We wish to express our appreciation to Ms. Purto and her staff for their cooperation during the preparation and review of the District's Second Interim report for fiscal year 2023-24. If our office can be of further assistance, please contact me at (209) 238-1937.

Sincerely,

Nathalie Wells  
 Senior Director, External Business Services  
 Stanislaus County Office of Education

Cc: Mr. Trish Anderson, Superintendent, Hickman Community Charter  
 Ms. Terrie Purto, Business Manager, Hickman Community Charter  
 Ms. Kathleen Young, Director II, Business Services, Stanislaus County Office of Ed

## **Island Union Elementary**



1144 West Lacey Boulevard, Hanford, CA 93230

Telephone: 559.589.1441 Fax: 559.589.7000

April 15, 2024

Natalie Toste, Board President  
Island Union Elementary School District  
7799 21<sup>st</sup> Avenue  
Lemoore, CA 93245

Dear Natalie Toste,

#### 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

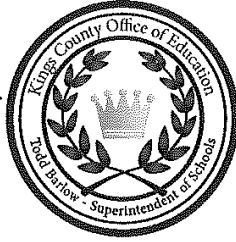
The Kings County Office of Education has reviewed the Second Interim Financial Report submitted by the Island Union Elementary School District for the period ending January 31, 2024. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance, cashflow and multiyear financial projections. *The following are our notes:*

- **ADA Estimations:** As districts are realizing declining enrollment statewide, we recommend districts closely monitor enrollment and attendance projections and be prepared to make necessary adjustments to staffing and budgets. The district projections as of Second Interim are shown below.
  - **23/24 ADA 351.50**
  - **24/25 ADA 346.75**
  - **25/26 ADA 327.75**

*Note: ADA projections listed are for district ADA only and does not include charter projections.*



1144 West Lacey Boulevard, Hanford, CA 93230



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- **Revenue/Expenditure Projections:** Based on the general fund unrestricted/restricted multi-year projection, the district is projecting changes in the ending fund balances in the current and next two years as shown below:
  - 2023-24 INCREASE \$50,151.54
  - 2024-25 DECREASE \$266,447.39
  - 2025-26 DECREASE \$771,502.39

Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

- **Cashflow:** Although district are experience healthy cash flow balances as a result of Covid-19 relief and newly introduced categorical funds, cash flow projections should continue to be monitored regularly to ensure the fiscal health of the district.
- **Impact of Negotiations:** The status of labor negotiations with bargaining units is as shown below. Note: negotiations are considered settled if they are approved in a meeting prior to Second Interim approval.
  - **Classified** – Settled
  - **Certificated** – Not Settled
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2024-25 and 2025-26 it is important that the district's governing board and administration closely monitor and manage the district's financial resources 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.

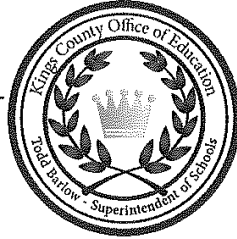
#### Conclusion

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

The Governor's Budget for 2024-25 anticipated a budget shortfall of \$37.9 billion. The governor proposes to preserve its commitment to maintain educational programs however with a lower COLA of 0.76%. This decrease in COLA in combination with inflationary costs and potential declining enrollment should be taken into consideration during future negotiations and budget projections.



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Fiscal year 2024-25 marks the beginning of a new 3-year Local Control Accountability Plan (LCAP). As the districts develop their new LCAP plans, it is important that districts be mindful of any new reporting requirements within the plan. The beginning of a new plan is a good opportunity for the districts to evaluate prior year goals and actions for effectiveness and make any necessary changes in the new plan to ensure that the district is meeting the needs of all of its diverse student population. The districts must also continue to effectively plan for and fully budget its minimum proportionality percentage (MPP) as calculated under Title 5, California Code of Regulations, Section 15496(a).

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

- 1) AB2756 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. As negotiations are settled, the Disclosure of Collective Bargaining Agreement (DCBA), including the multiyear projection should be sent to the County Office ten (10) 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 2023-24 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial

Assistant Superintendent, Business Services

cc: Island Union Elementary School District; Loretta Black, Diane Augusto  
KCOE: Todd Barlow, Maria Contreras

## **Kings River-Hardwick Union Elementary**



1144 West Lacey Boulevard, Hanford, CA 93230

Telephone: 559.589.1441 Fax: 559.589.7000

April 15, 2024

JoAnne Fagundes, Board President  
Kings River-Hardwick School District  
10300 Excelsior Avenue  
Hanford, CA 93230

Dear JoAnne Fagundes,

#### 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.

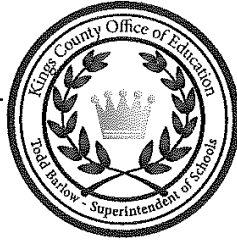
#### Analysis of District's Fiscal Position

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, 2024. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance, cashflow and multiyear financial projections. *The following are our notes:*

- **ADA Estimations:** As districts are realizing declining enrollment statewide, we recommend districts closely monitor enrollment and attendance projections and be prepared to make necessary adjustments to staffing and budgets. The district projections as of Second Interim are shown below.
  - **23/24 ADA 810.00**
  - **24/25 ADA 820.00**
  - **25/26 ADA 830.00**

*Note: ADA projections listed are for district ADA only and does not include charter projections.*

1144 West Lacey Boulevard, Hanford, CA 93230



Telephone: 559.589.1441 Fax: 559.589.7000

- **Revenue/Expenditure Projections:** Based on the general fund unrestricted/restricted multi-year projection, the district is projecting changes in the ending fund balances in the current and next two years as shown below:
  - 2023-24 DECREASE \$4,960,434.28
  - 2024-25 DECREASE \$178,469.61
  - 2025-26 DECREASE \$128,402.61

Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

- **Cashflow:** Although district are experience healthy cash flow balances as a result of Covid-19 relief and newly introduced categorical funds, cash flow projections should continue to be monitored regularly to ensure the fiscal health of the district.
- **Impact of Negotiations:** The status of labor negotiations with bargaining units is as shown below. Note: negotiations are considered settled if they are approved in a meeting prior to Second Interim approval.
  - **Classified** – Settled
  - **Certificated** – Settled
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2024-25 and 2025-26 it is important that the district's governing board and administration closely monitor and manage the district's financial resources 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.

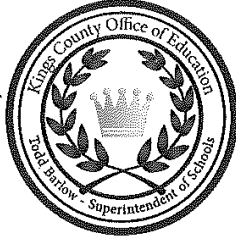
#### Conclusion

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

The Governor's Budget for 2024-25 anticipated a budget shortfall of \$37.9 billion. The governor proposes to preserve its commitment to maintain educational programs however with a lower COLA of 0.76%. This decrease in COLA in combination with inflationary costs and potential declining enrollment should be taken into consideration during future negotiations and budget projections.



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Fiscal year 2024-25 marks the beginning of a new 3-year Local Control Accountability Plan (LCAP). As the districts develop their new LCAP plans, it is important that districts be mindful of any new reporting requirements within the plan. The beginning of a new plan is a good opportunity for the districts to evaluate prior year goals and actions for effectiveness and make any necessary changes in the new plan to ensure that the district is meeting the needs of all of its diverse student population. The districts must also continue to effectively plan for and fully budget its minimum proportionality percentage (MPP) as calculated under Title 5, California Code of Regulations, Section 15496(a).

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

- 1) AB2756 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. As negotiations are settled, the Disclosure of Collective Bargaining Agreement (DCBA), including the multiyear projection should be sent to the County Office ten (10) 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 2023-24 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial  
Assistant Superintendent, Business Services

cc: Kings River-Hardwick School District; Cathlene Anderson, Trish Singh  
KCOE: Todd Barlow, Maria Contreras

## **Kingsburg Elementary Charter**



# Fresno County Superintendent of Schools

Dr. Michele Cantwell-Copher, Superintendent

April 30, 2024

Mr. Frank Yanes  
Board President  
Kingsburg Elementary Charter School District  
1310 Stroud Avenue  
Kingsburg, CA 93631

Subject: 2023-24 Second Interim Report Certification

Dear Mr. Yanes:

The Fresno County Superintendent of Schools' (County Superintendent's) District Financial Services Department has reviewed the Kingsburg Elementary Charter School District's (District's) 2023-24 *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 her 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.

Additional information regarding 2023-24 Budgets, Local Control and Accountability Plans, cash management, non-voter-approved debt, and collective bargaining is provided below.

## **I. THE COUNTY SUPERINTENDENT'S OVERSIGHT RESPONSIBILITIES PURSUANT TO EDUCATION CODE 47605**

The State Board of Education ("SBE") has delegated oversight responsibility for all-charter districts to the local educational agency in the county in which the charter school is located and this designated local educational agency shall have all monitoring and supervising authority, except the power of revocation, which shall remain with the SBE. The SBE has established certain assurances with this oversight agency, one of which is, "Prepare an April Information Memo on the fiscal status of the districtwide charter for the State Board of Education." This Second Interim approval and fiscal analysis letter meets this requirement.

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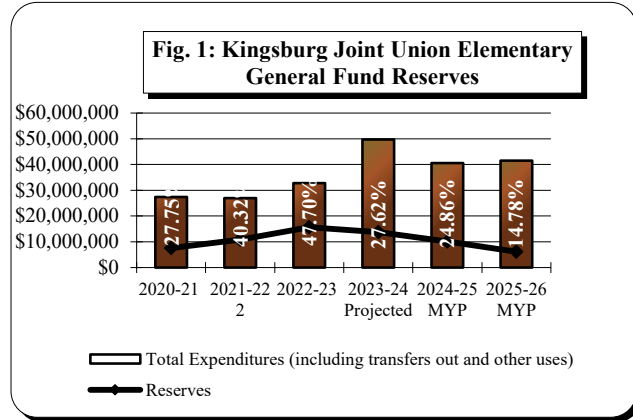
<sup>1</sup> A "Positive" certification indicates that a district will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A "Qualified" certification indicates that a district may not meet its financial obligations for the current fiscal year or two subsequent 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)).



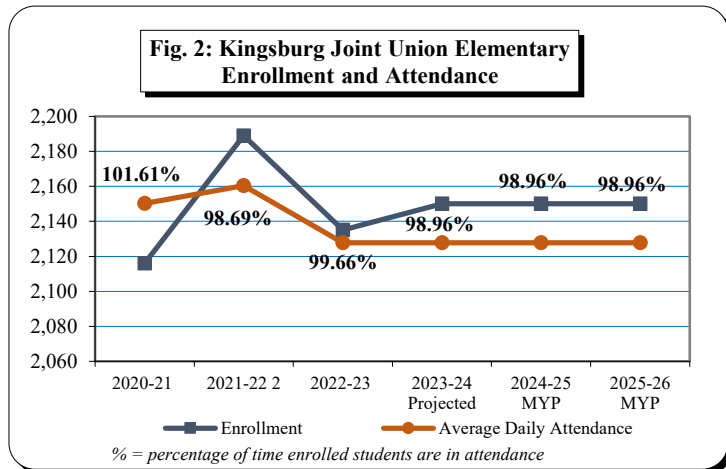
**II. KINGSBURG ELEMENTARY CHARTER DISTRICT’S FISCAL POSITION AS OF JANUARY 31, 2024**

**A. General Fund Reserves**

The district is projecting healthy reserves as of June 30, 2024 of 27.62% and maintaining healthy reserves in the subsequent years with 2024-25 at 24.86% and 2025-26 at 14.78%. Although this is welcome news, the district should continue to recognize the challenges associated with the state’s current budgetary constraints. In the two subsequent years (2024-25 and 2025-26) the restricted side of the budget appears to increasingly encroach on the general fund, possibly due to the loss of one-time federal revenues, and the district may need to take steps to align the salaries and benefits with the reduced ongoing revenues.



**B. Enrollment and ADA**



The district’s 2023-24 enrollment has increased by 15 from the prior year (2,135 to 2,150). Projected ADA in the current and two subsequent years are mirroring 2022-23 P2 of 2,127.74, but the district’s *actual* 2023-24 P2 numbers are 2,146.71, reflecting growth of 18.97 ADA, even outpacing the growth in enrollment. The district is prudently using a conservative approach when projecting enrollment and ADA. We recommend the district continue to approach budget decisions based on enrollment trends and to look for staffing efficiencies where possible.

**III. 2024-25 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. **This law remains triggered for the 2024-25 fiscal year**, which means every district with ADA greater than 2,500, must limit their Assigned/Unassigned Reserves to no more than 10%. Additionally, the requirement to disclose information regarding reserves greater than the minimum standard

remains in effect for the 2024-25 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 2024-25 budget development once the Governor’s May Revision becomes available in mid-May.

#### **IV. 2024-25 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 2024-25 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. You may also contact Marvin Baker, Director of LCAP & Compliance, at (559) 265-4045 or [mbaker@fcoe.org](mailto:mbaker@fcoe.org).

#### **V. CASH MANAGEMENT**

Cash management is a critical component of financial planning in a school district. As the federal relief dollars expire cash flow monitoring will become more critical for school districts. 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.

## **VI. 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.)

## **VII. 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.

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.

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,

A handwritten signature in blue ink that reads "Gabriel Halls". The signature is written in a cursive, flowing style.

Gabriel Halls, Senior Director  
District Financial Services

c: Dr. Michele Cantwell-Copher, Superintendent, FCSS  
Kevin Otto, Deputy Superintendent/CFO, FCSS  
Wesley Sever, Ed.D., Superintendent, KECSO  
Bobby Rodriguez, CBO, KECSO

## **Pioneer Union Elementary**



1144 West Lacey Boulevard, Hanford, CA 93230

Telephone: 559.589.1441 Fax: 559.589.7000

April 15, 2024

Balea Avila, Board President  
Pioneer Union Elementary School District  
1888 N. Mustang Drive  
Hanford, CA 93230

Dear Balea Avila,

#### 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, 2024. Our review included an analysis of the district's estimated average daily attendance (ADA), projected revenues, expenditures, fund balance, cashflow and multiyear financial projections. *The following are our notes:*

- **ADA Estimations:** As districts are realizing declining enrollment statewide, we recommend districts closely monitor enrollment and attendance projections and be prepared to make necessary adjustments to staffing and budgets. The district projections as of Second Interim are shown below.
  - 23/24 ADA 1,572.51
  - 24/25 ADA 1,576.00
  - 25/26 ADA 1,578.00

*Note: ADA projections listed are for district ADA only and does not include charter projections.*

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- **Revenue/Expenditure Projections:** Based on the general fund unrestricted/restricted multi-year projection, the district is projecting changes in the ending fund balances in the current and next two years as shown below:
  - 2023-24 DECREASE \$848,879.19
  - 2024-25 DECREASE \$1,867,596.91
  - 2025-26 DECREASE \$1,562,867.34

Anticipated deficit spending should be for one-time, non-recurring expenditures to avoid depletion of the district's ongoing reserves.

- **Cashflow:** Although district are experience healthy cash flow balances as a result of Covid-19 relief and newly introduced categorical funds, cash flow projections should continue to be monitored regularly to ensure the fiscal health of the district.
- **Impact of Negotiations:** The status of labor negotiations with bargaining units is as shown below. Note: negotiations are considered settled if they are approved in a meeting prior to Second Interim approval.
  - **Classified** – Settled
  - **Certificated** – Settled
- **Multi-year Projections:** With respect to the two subsequent fiscal years 2024-25 and 2025-26 it is important that the district's governing board and administration closely monitor and manage the district's financial resources 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

The Governor's Budget for 2024-25 anticipated a budget shortfall of \$37.9 billion. The governor proposes to preserve its commitment to maintain educational programs however with a lower COLA of 0.76%. This decrease in COLA in combination with inflationary costs and potential declining enrollment should be taken into consideration during future negotiations and budget projections.



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Fiscal year 2024-25 marks the beginning of a new 3-year Local Control Accountability Plan (LCAP). As the districts develop their new LCAP plans, it is important that districts be mindful of any new reporting requirements within the plan. The beginning of a new plan is a good opportunity for the districts to evaluate prior year goals and actions for effectiveness and make any necessary changes in the new plan to ensure that the district is meeting the needs of all of its diverse student population. The districts must also continue to effectively plan for and fully budget its minimum proportionality percentage (MPP) as calculated under Title 5, California Code of Regulations, Section 15496(a).

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

- 1) AB2756 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. As negotiations are settled, the Disclosure of Collective Bargaining Agreement (DCBA), including the multiyear projection should be sent to the County Office ten (10) 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 2023-24 Second Interim Financial Report, please contact the undersigned.

Sincerely,

Jamie Dial  
Assistant Superintendent, Business Services

cc: Pioneer Union Elementary School District; Paul van Loon, Shelley Leal  
KCOE: Todd Barlow, Maria Contreras