

# FCMAT's FISCAL HEALTH RISK ANALYSIS

## Key Survival Questions

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- 1. Deficit Spending • Is this area acceptable?** ..... **Yes • No**
- Is the district spending within their budget in the current year? (Yes / No)
  - Has the district controlled deficit spending over multiple years? (Yes / No)
  - Is the deficit spending addressed by fund balance, ongoing revenues, or expenditure reductions? (Yes / No)
- 2. Fund Balance • Is this area acceptable?** ..... **Yes • No**
- Is the district's fund balance consistently increasing? (Yes / No)
  - Is the fund balance increasing due to on-going revenues and/or expenditure reductions? (Yes / No)
- 3. Reserve for Economic Uncertainty • Is this area acceptable?** ..... **Yes • No**
- Is the district able to maintain its reserve for economic uncertainty in the current and two subsequent years based on current revenue and expenditure trends? (Yes / No)
  - Was the district able to maintain its reserve in 2003-04, 2004-05 without using the state flexibility? (Yes / No)
  - Is the district aware that the reserves must be restored with the 2005-06 budget? (Yes / No)
  - Is there a plan to restore the 2005-06 reserve for economic uncertainty? (Yes / No)
- 4. Enrollment • Is this area acceptable?** ..... **Yes • No**
- Has the district's enrollment been increasing or stable for multiple years? (Yes / No)
  - Is the district's enrollment projection updated at least semiannually? (Yes / No)
  - Are staffing adjustments consistent with the enrollment trends? (Yes / No)
  - Does the district analyze enrollment and average daily attendance (ADA) data? (Yes / No)
  - Does the district track historical data to establish future trends between P-1 and P-2 for projection purposes? (Yes / No)
- 5. Unrestricted or Undesignated Balance • Is this area acceptable?** ..... **Yes • No**
- Is the district's unrestricted or free balance maintained throughout the year? (Yes / No)
  - Does the district consistently have fund balance above the required reserve? (Yes / No)
- 6. Interfund Borrowing • Is this area acceptable?** ..... **Yes • No**
- Can the district manage its cash flow without interfund borrowing? (Yes / No)
  - Is the district repaying the funds within the statutory period? (Yes / No)
- 7. Bargaining Agreements • Is this area acceptable?** ..... **Yes • No**
- Has the district settled bargaining agreements at or under COLA during the past three years? (Yes / No)
  - Did the district conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement? (Yes / No)
  - Did the district correctly identify the related costs above the COLA? (Yes / No)
  - Did the district address budget reductions necessary to sustain the total compensation increase? (Yes / No)
  - Did the Superintendent and CBO certify the agreement prior to ratification? (Yes / No)
  - Is the governing board's action consistent with the superintendent's/CBO's certification? (Yes / No)
- 8. General Fund • Is this area acceptable?** ..... **Yes • No**
- Is the percentage of the district's general fund unrestricted budget allocated to salaries and benefits at or under the statewide average? (Yes / No)
  - Is the district making sure that only authorized restricted dollars pay for permanent staff? (Yes / No)
- 9. Encroachment • Is this area acceptable?** ..... **Yes • No**
- Is the district aware of the "Contributions to Restricted Programs" in the current year? (Identify cost, programs and funds) (Yes / No)
  - Does the district have a reasonable plan to address increased encroachment trends? (Yes / No)
  - Does the district manage its encroachment from other funds such as Special Education, Adult, Cafeteria, Child Development, etc.? (Yes / No)

- 10. Management Information Systems • Is this area acceptable?** ..... **Yes • No**
- Is the district data accurate and timely? (Yes / No)
  - Are the county and state reports filed in a timely manner? (Yes / No)
  - Are key fiscal reports readily available and understandable? (Yes / No)
  - Is the district on the same financial system as the county? (Yes / No)
- 11. Position Control • Is this area acceptable?** ..... **Yes • No**
- Is position control integrated with payroll? (Yes / No)
  - Does the district control unauthorized hiring? (Yes / No)
- 12. Budget Monitoring • Is this area acceptable?** ..... **Yes • No**
- Is there sufficient consideration to the budget, related to long-term bargaining agreements? (Yes / No)
  - Are budget revisions completed in a timely manner? (Yes / No)
  - Does the district openly discuss the impact of budget revisions at the board level? (Yes / No)
  - Are budget revisions made or confirmed by the board at the same time the collective bargaining agreement is ratified? (Yes / No)
  - Has the district's long term debt decreased from the prior fiscal year? (Yes / No)
  - Has the district identified the repayment sources for the long term debt? (Yes / No)
- 13. Retiree Health Benefits • Is this area acceptable?** ..... **Yes • No**
- Has the district completed an actuarial calculation to determine the unfunded liability? (Yes / No)
  - Does the district have a plan for addressing the retiree benefits liabilities? (Yes / No)
  - Has the district conducted a re-enrollment process to identify eligible retirees?
- 14. Leadership/Stability • Is this area acceptable?** ..... **Yes • No**
- Does the district have a Superintendent and/or Chief Business Official that has been with the district over four years? (Yes / No)
  - Does the governing board adopt clear and timely policies and support the administration in their implementation of those? (Yes / No)
  - Does the governing board refrain from micromanaging? (Yes / No)
- 15. District Liability • Is this area acceptable?** ..... **Yes • No**
- Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels? (Yes / No)
  - Has the district set up contingent liabilities for anticipated settlements, legal fees, etc? (Yes / No)
- 16. Charter Schools • Is this area acceptable?** ..... **Yes • No**
- Has the charter school received an independent audit reflecting findings that may impact the fiscal certification of the authorizing agency? (Yes / No)
  - Has the charter school been revoked? (Yes / No)
  - Has an involuntary bankruptcy petition been filed? (Yes / No)
- 17. Audit Report • Is this area acceptable?** ..... **Yes • No**
- Did the district receive an audit report with material findings? (Yes / No)
  - Can the audit findings be addressed without impacting the district's fiscal health? (Yes / No)

**Total "No" Responses**

### RISK ANALYSIS

Total the number of areas that were not acceptable ("No" Responses).  
Use the key below to determine the level of risk to the district's fiscal health.

**0 – 3**  
**Low**

**4 – 6**  
**Moderate**

**7 – 10**  
**High**

**11 – 17**  
**Extremely High**