



**Sonoma County**

Office of Education

# Bellevue's Fiscal Recovery Plan and Financial Status

*November 19, 2024*

# Fiscal Crisis and Management Assistance (FCMAT)

Created by Assembly Bill 1200 (AB 1200)

- Help local educational agencies meet and sustain their financial obligations and maintain fiscal solvency
- Independent/external agency of the state designed to provide proactive and preventive fiscal, business and management services that help LEAs comply with fiscal accountability standards, incorporate best practices, and manage their operations

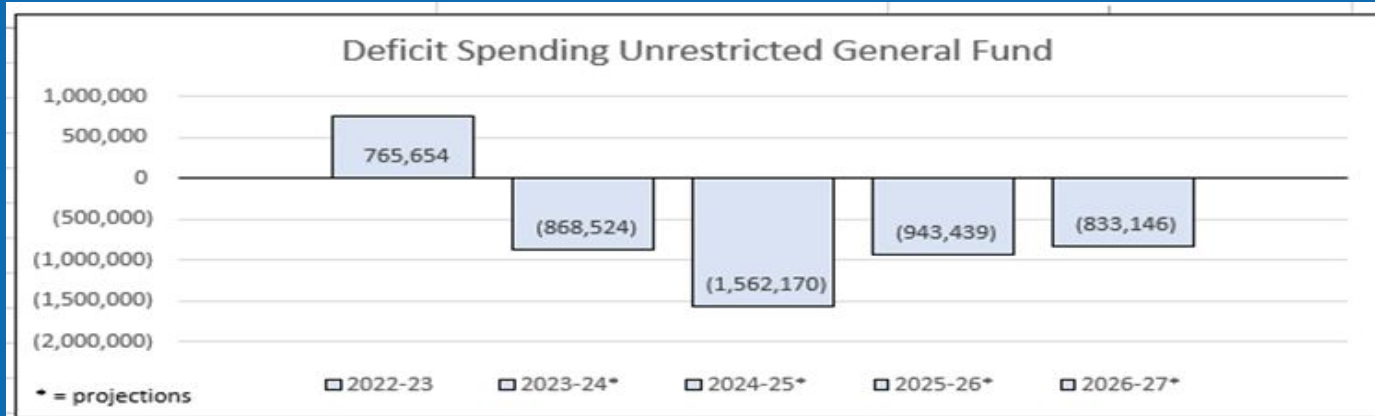
# County Office's Responsibilities Under AB 1200

The County Office's financial oversight includes review and approval of

- School districts' budgets and LCAPs
- Review of unaudited actuals financial statements
- First and second interim reporting periods
- Review of collective bargaining agreement disclosures and non-voter-approved debt
- Intervention on behalf of financial troubled districts

# Bellevue's Current Financial Position (2024-25's Adopted Budget)

The district projected unrestricted deficit spending in the current fiscal year and two subsequent fiscal years.



As result of the deficit spending, the Adopted Budget Multi-Year Projections showed that the District would not meet the Reserve for Economic Uncertainty of 3% in 2025-26 or 2026-27 without expenditure reductions in 2025-26.

# District's Next Reporting: First Interim Report

With each interim report the district must certify in writing whether the district is able to meet its financial obligations for the remainder of fiscal year and for the subsequent two fiscal years

- Bellevue USD must be at 3% Reserve for Economic Uncertainty

## Three Possible Certifications at Interim Reporting

- **Positive** - The district will be able to meet its financial obligation for the current fiscal year and subsequent two fiscal years.
- **Qualified** - The district may not be able to meet its financial obligation for the current fiscal year and subsequent two fiscal years.
- **Negative** - The district will be unable to meet its financial obligation for the current fiscal year and subsequent two fiscal years.

# County Office's Oversight Responsibilities at Each Interim Reporting

## Review & Certification:

- Determine whether the LEA can meet its financial obligations for the current and two subsequent years.
- Assess the LEA's self-certified status: Positive, Qualified, or Negative.

## Fiscal Analysis:

- Review budgets, cash flow, and reserves.
- Verify assumptions for revenue and expenditure projections.

## Provide Support:

- Technical assistance for LEAs facing fiscal challenges.
- Recommend adjustments if necessary.

## Oversight:

- Approve, conditionally approve, or disapprove reports.

# Fiscal Recovery Plan Requirement:

The County reminds very concerned with the deterioration of the District's fund balance and deficit spending; therefore, the County requires **the governing board** to adopt and implement a Fiscal Recovery Plan that **includes detailed reductions**, addresses the deficit spending, and assures minimum reserve levels can be met by December 15, 2024, to avoid a negative or qualified certification at the 2024-25 First Interim reporting.

## Impact if the Fiscal Recovery Plan is not ready and/or board approved:

- If the governing board does not adopt and implement a Fiscal Recovery Plan that includes the detail reductions addressing the deficit spending and the unidentified reductions, the district must self-certify as qualified or negative at the 2024-25 First Interim reporting.
- The district must complete the Fiscal Recovery Plan before a positive certification can be attained at first interim report and before the district's fiscal status deteriorates further resulting in fiscal insolvency or lack of going concern.

## Next steps:

- Complete the 2024-25 First Interim Report due December 15th
- Continue developing the Fiscal Recovery Plan and board approve the plan on before First (Dec. 15) or Second Interim (March 15)
- Plan for the 2025-26 school year, which includes consideration of March 15 layoff deadlines if necessary for fiscal solvency