Fiscal Practices and Budgetary Conditions Corrective Action Plan Report

October 2026 | Board meeting November 19, 2026

Executive Summary

October work advanced the District's response to Fiscal Watch through monthly reporting, Allovue approval, adoption of the fund balance policy, and preparation of benefits reconciliation and Health Fund recovery measures. Audit completion, deficit reduction, and consistent operation of new controls remain priorities. This report covers October 1–31, 2026, for the November 19 Board meeting. Updates after month-end are identified by date, and next steps describe remaining work. Proposed savings remain subject to verification.

Budget Development and Monitoring

Objective: Improve budget reviews, department accountability, forecasting, and expenditure analysis.

October progress: School and department reviews informed FY 2026–27 projections and deficit-elimination planning. Follow-up to the October 7 Committee on Local Government Finance (CLGF) subcommittee meeting addressed cash deficits, interfund financing, and recovery assumptions. The Board approved Allovue on October 21, and implementation preparation began. Management projections describe expected results and remain separate from the authorized budget.

Next steps: Validate revenue and personnel assumptions, coordinate Allovue data preparation, and prepare for the December FY 2027–28 budget workshop. Identify sustainable reductions and track their effect on recovery.

Financial Reporting and Transparency

Objective: Establish consistent closing procedures and clear, timely financial reports.

October progress: The Board received General Fund, cash, and corrective action reports in October and accepted the first-quarter cash report. Monthly reporting distinguishes actual results, management projections, cash, and fund balance. October financial reports provide the detailed results supporting this update. Reconciliation work continued, including follow-up on posting confirmations and outstanding items.

Update after month-end: The Bank of America main account was reconciled through October 31, 2026. The reconciliation was completed on November 9, 2026.

Next steps: Maintain consistent monthly closing and reporting deadlines, document posting and independent review, and resolve remaining reconciliation items. Explain significant variances and outstanding items in Board reports.

Procurement and Expenditure Controls

Objective: Strengthen purchasing compliance, approval procedures, and vendor management.

October progress: No action was taken on the procurement assessment during October. Finance required funding, pricing, and contract review for a proposed grants-management pilot. Staff were directed to obtain itemized costs and a verified funding plan, and complete required procurement and administrative approvals, before activating services or authorizing billable work.

Next steps: Establish a timetable for advancing the procurement assessment and prioritize improvements to approval authority, documentation, purchasing compliance, and payment timeliness.

Cash Flow and Fund Balance Management

Objective: Improve cash forecasting, manage fund balances, and establish sustainable reserves.

October progress: Cash reporting and reconciliation work addressed fund-level liquidity and interfund support. The Board adopted BP 603, Budget Preparation, Fund Balances, and Reserves, on October 15. BP 624, Cash Management and Interfund Financing, was presented for first reading. Coordination with U.S. Bank, the County Treasurer, and counsel produced debt-service documentation for November Board consideration, including a resolution and agreement ratification.

Next steps: Complete Board and banking steps for direct remittance of restricted debt-service revenues, update cash forecasts, and document authorized interfund financing. Track accumulated deficits and reserve recovery separately from short-term cash availability.

Payroll and Staffing Cost Management

Objective: Improve position control, vacancy monitoring, and personnel cost forecasting.

October progress: BP 622, Position Authorization and Budget Control, and its administrative regulation received first reading October 15 and were distributed to Human Resources for implementation planning. Classified position and pay reviews identified discrepancies requiring follow-up. Staff obtained transportation inputs for the proposed Jacks Valley/Piñon Hills consolidation scenario. Estimated savings require validation of staffing, transition costs, and continuing site costs.

Next steps: Complete position verification and reconcile authorized positions, staffing, payroll, and budget records. Correct identified discrepancies and document budget review before staffing changes. Distinguish actual expenditure reductions from avoided hiring costs when evaluating staff transfers into vacancies.

Internal Controls and Compliance

Objective: Strengthen segregation of duties, documentation, reconciliations, and compliance.

October progress: Draft benefits reconciliation procedures and a workbook were sent to Payroll October 29 to prepare the first reconciliation. Finance sought independent student activity fund oversight after identifying inconsistent school reconciliations. These controls remained in preparation. The Department of Taxation approved the FY 2025–26 audit extension on October 29: submission to the Board is due January 21, 2027, and two copies are due to Taxation by January 31, 2027. Staff used an audit tracker to coordinate outstanding support.

Next steps: Complete initial benefits reconciliations and document independent review. Establish school reconciliation status, evaluate oversight proposals, and complete audit support to meet the approved submission deadlines.

Key Performance Indicators

Objective: Track reporting, control implementation, and financial recovery.

October progress: October 31 total enrollment was 4,684 students; first-quarter Pupil-Centered Funding Plan (PCFP) certified enrollment was 4,545.23. Headcount and certified funding enrollment are reported separately. Audit completion, documented reconciliation review, and consistent use of new controls remain milestones to be verified.

Next steps: Record owners, target and completion dates, and evidence for each action. Report reconciliation review, significant variances, audit issues resolved, and verified financial effects each month.

Risks and Challenges

Objective: Monitor revenue, staffing, benefit costs, and other threats to recovery.

October progress: Enrollment-related revenue pressure, cash deficits, staffing capacity, and Health Fund costs affect recovery. October Health Fund analysis addressed contribution options, dependent costs, peer benchmarks, and a fully insured alternative. BP 623, Health Fund Reserves Funding and Recovery, received first reading October 15. Broker review identified assumptions requiring validation; plan decisions and reserve recovery remained unresolved at month-end.

Next steps: Validate Health Fund revenue, claims, enrollment, and reserve assumptions before relying on projected recovery. Evaluate recurring revenues and savings separately from one-time funding, and assess the effect of any Health Fund support on General Fund recovery.

Conclusion

Fiscal Watch corrective actions remain ongoing. November priorities are policy follow-through, debt-service documentation, position verification, Health Fund decisions, and audit work. Progress will be measured by completed reconciliations, consistent use of controls, and verified improvements in recurring operating results and fund balance.