



AGENDA

BOARD OF DIRECTORS REGULAR BOARD MEETING

January 8, 2020 4:30pm

Chico Country Day School – Room 4 (Middle School Campus)
102 West 11th Street/1054 Broadway, Chico, CA 95928

Mission Statement

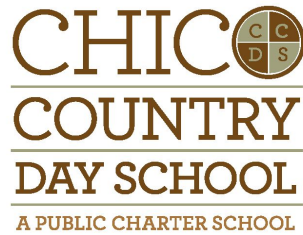
Chico Country Day School provides a safe, joyful environment where all learners are inspired to achieve their personal best.

2019-20 CCDS Board Members:

Jessika Lawrence, Chair
Chris Constantin, Vice Chair
Michele Mittman, Treasurer
Fawn Ruby, Secretary
Jamie Clyde, Member
Thang Ho, Member
Nicole Plottel, Member

1. **CALL TO ORDER & ROLL CALL (4:30pm)**
2. **CLOSED SESSION (Closed Session will take place in Room 4)**
 - 2.1 **Public Employee Evaluation**
Per Government Code §54957
Title: Director of Education, Dean of Students, Special Education Director, Chief Business Officer

If Closed Session is not complete by 6:00pm, it will resume immediately following the regular meeting
3. **REGULAR SESSION (6pm – Room 4)**
 - 3.1 Approval of Regular Agenda
 - 3.2 Report from Closed Session
4. **PUBLIC COMMENTS CONCERNING ITEMS NOT ON THE AGENDA**
5. **CONSENT AGENDA**
 - 5.1 Minutes from Regular Meeting of 12/11/19
 - 5.2 2018-19 Audit
 - 5.3 2018-19 School Accountability Report Card (SARC)
 - 5.4 Check Register - December 2019
 - 5.5 P-1 Attendance Report 2019/20
 - 5.6 Comprehensive School Safety Plan 2019/2020
6. **DISCUSSION/ACTION ITEMS**
 - 6.1 LAO Fiscal Report
7. **ADJOURNMENT:** Adjourn; Next Regular Meeting is March 11, 2020



Information, Procedures and Conduct of CCDS Board Meetings:

Student Participation:

At the discretion of the Board Chair, students may be given priority to address items to the Board

Public input on specific agenda items and those items not on the agenda:

The CCDS Board of Directors welcomes and encourages public comments. Any person of the public desiring to speak shall be allowed to speak during public comment time and has the option of speaking once on any agenda item when it is being discussed. Speaking time shall generally be limited to three minutes, unless a longer period is permitted by the Board Chair. In the case of numerous requests to address the same item, the Board may select representatives to speak on each side of the item. Each person who addresses the Board must be first recognized by the presiding officer and give his or her name. Comments must be directed to the Board as a whole and not to individual board members or employees. The Board shall not take action or enter into discussion or dialog on any matter that is not on the meeting agenda, except as allowed by law. Items brought forth at this part of the meeting may be referred to the Administration or the Board may take the item under advisement. The matter may be placed on the agenda of a subsequent meeting for discussion or action by the Board.

Special Needs: If you have special needs because of a disability or you require assistance or auxiliary aids to participate in the meeting, please contact the CCDS office at 530.895.2650. CCDS will attempt to accommodate your disability.

Copies of Agendas and Related Materials: Materials are available at the meeting, on the website at www.chicocountryday.org, or in the Main office prior to the meeting @ 102 W. 11th Street, Chico, CA 95928.



Minutes

CCDS Board of Directors Regular Meeting

Date: Wednesday, December 11, 2019

Time: 4:30 p.m.

Location: CCDS Middle School

1054 Broadway Campus, Room 4

- 1. CALL TO ORDER & ROLL CALL:** Lawrence called meeting to order at 4:30 p.m. Attendees: Jessica Lawrence, Michele Mittman, Chris Constantin, Thang Ho, Fawn Ruby, Jamie Clyde, Nicole Plottel
- 2. CLOSED SESSION**
 - 2.1 Conference with Legal Counsel-Existing Litigation**
Per Government Code §54956.9
Superior Court of California, County of Butte
Case Number 19CV02508
- 3. REGULAR SESSION**
 - 3.1 Approval of Regular Agenda** – Constantin/Mittman to approve. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0).
 - 3.2 Report from closed session** – No reportable action
- 4. PUBLIC COMMENTS CONCERNING ITEMS NOT ON THE AGENDA** –None
- 5. CONSENT AGENDA** – Constantin/Plottel to approve items 5.1, 5.2, 5.4, 5.6. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0) 5.3 and 5.5 moved to Discussion.
 - 5.1 Minutes from Regular Meeting of 10/9/19**
 - 5.2 Leadership Team Board Report**
 - 5.3 2018-19 Audit** – Item has been tabled until January
 - 5.4 2020-21 & 2021-22 School Calendar**
 - 5.5 Comprehensive School Safety Plan 2019/2020** – Board would like to discuss means to communicate with parents that restorative practices are the adopted policies of CCDS in the event that student behavior necessitates discussion and potential consequences. Suggested to add additional information where elements have not been discussed (i.e. flooding, trauma, unlawful demonstrations etc). Safety plan will be revisited and move to approval at January meeting.
 - 5.6 CAASPP Scores 2018-19**

6. DISCUSSION/ACTION ITEMS

- 6.1 **Plan for Increasing Diversity** – discussed change in lottery from geographical to free and reduced lunch weighting in an effort to comply with CUSD’s expectations that CCDS diversity will more closely match CUSD’s population. Constantin/Plottel to approve with amendments to Subcommittee name changed from Diversity to Outreach. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0).
- 6.2 **LCAP Proposed Goals/Local Indicators** – Administration presented LCAP goals and noted that goals have also been presented to CCDS staff. Next step will be to present goals to parent community. No action required.
- 6.3 **Job Description: Community Engagement Specialist** – Outreach Committee worked with administration to develop position. Position is in conjunction with CCDS’ plan for increasing diversity. Position will be advertised on EdJoin, LinkedIn and Indeed to reach most qualified applicants. Constantin/Mittman to approve. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0).
- 6.4 **Job Descriptions: Director of Student Affairs** – Administration team worked to review Fischer’s position in preparation for her resignation at end of the year. Position will be renamed Director of Students Affairs. Board requested the addition of the following qualifications: Admin credential preferred and willingness to work with diverse populations. Plottel/Constantin to approve. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0).
- 6.5 **2019-20 1st Interim Budget Presentation & Revision** – Reece presented interim budget, there were no areas of concerns noted by board. Plottel/Constantin to approve. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0).
- 6.6 **Excess Vacation Accrual Liability Payments: Audit Report Request** – Board questioned if audit findings for significant deficiency is the auditor’s opinion and not material based on size of CCDS and available reserves. Administration is seeking Board approval to pay out vacation accrual in order to reduce liability. Board recommends that auditor be contacted and request that finding be reconsidered. Vacation liability policy to be added to agenda for next meeting.
- 6.7 **Update on Measure K Project-Temporary Housing Plan, Draft Construction Schedule** – Timeline presented for construction plan to renovate kindergarten, preschool and office wings of campus. Projected completion date is summer 2021. Anticipated budget is \$5.2 million. No action required.

7. ADJOURNMENT: Lawrence adjourned at 8 pm. Constantin/Mittman to approve. All in favor: Lawrence, Mittman, Constantin, Ruby, Ho, Clyde, Plottel (7-0). Next regular meeting is December 11, 2019.

Respectively Submitted,
Fawn Ruby

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

Stephen Roatch - President
Habbas Nassar - Vice President

December 13, 2019

To the Governing Board
Chico Country Day Charter School
Chico, California

We have audited the financial statements of Chico Country Day Charter School, a California non-profit public benefit corporation, for the year ended June 30, 2019, and have issued our report thereon dated December 13, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our annual engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Chico Country Day Charter School are described in Note 1 to the financial statements. As described in Note 1B to the financial statements, the Charter School adopted the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*, in fiscal year 2018-19. Accordingly, the cumulative effect of the financial reporting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the Charter School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Governing Board
Chico Country Day Charter School
Page two of three

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The material misstatements detected as a result of audit procedures that were corrected by management, are summarized in your Charter School's 2018-19 audit report in the Supplementary Information Section on the Reconciliation of Annual Financial Report with Audited Financial Statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 13, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Charter School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Charter School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Governing Board
Chico Country Day Charter School
Page three of three

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Governing Board and management of Chico Country Day Charter School and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Habbas Nassar

Habbas Nassar, Certified Public Accountant
Vice President

**CHICO COUNTRY DAY CHARTER SCHOOL
CHARTER # 0112**

**(A CALIFORNIA NON-PROFIT
PUBLIC BENEFIT CORPORATION)**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

JUNE 30, 2019

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chico Country Day Charter School
Chico, California

Report on the Financial Statements

We have audited the accompanying financial statements of Chico Country Day Charter School, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chico Country Day Charter School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1B to the financial statements, in fiscal year 2018-19, the Charter School adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of Chico Country Day Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chico Country Day Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chico Country Day Charter School's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current:

Cash and Cash Equivalents (Note 2)	\$ 1,678,591
Accounts Receivable (Note 3)	1,377,327
Prepaid Expenses (Note 1H)	52,258
Total Current Assets	<u>3,108,176</u>

Long-Term:

Property and Equipment: (Note 4)	
Land	186,105
Buildings and Improvements	9,963,378
Leasehold Improvements	55,501
Equipment	6,114
Construction-in-Progress	15,500
Less: Accumulated Depreciation	<u>(1,352,727)</u>
Total Long-Term Assets	<u>8,873,871</u>

Total Assets	<u><u>\$ 11,982,047</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Current:

Accounts Payable	\$ 1,225,666
Deferred Revenue (Note 1J)	1,825
Compensated Absences (Note 1K)	120,400

Long-Term:

Portion Due or Payable Within One Year:

Capital Lease (Note 6)	<u>114,938</u>
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Total Current Liabilities	1,462,829
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Portion Due or Payable After One Year:

Capital Lease (Note 6)	<u>3,478,148</u>
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Total Liabilities	<u><u>4,940,977</u></u>
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NET ASSETS

Net Assets Without Donor Restrictions:

Invested in Property and Equipment, net of Related Debt	5,280,785
Board Designated (Note 9)	1,593,491
Undesignated	<u>166,794</u>

Total Net Assets	<u>7,041,070</u>
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Total Liabilities and Net Assets	<u><u>\$ 11,982,047</u></u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

REVENUES	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTALS
LCFF Sources:			
State Aid	\$ 2,353,617		\$ 2,353,617
Education Protection Account	857,156		857,156
In-Lieu of Property Taxes	1,249,623		1,249,623
Federal Revenues:			
Special Education - Local Assistance	63,832		63,832
Medi-Cal Billing Option	7,284		7,284
Medi-Cal Administrative Activities	7,163		7,163
State Revenues:			
Special Education	188,760		188,760
Lottery	134,817		134,817
Mandated Costs	108,018		108,018
Other State	59,958		59,958
Local Revenues:			
Interest	10,948		10,948
Preschool and Afterschool Programs	271,924		271,924
Donations and Fundraising	131,356		131,356
Camp Fire Related	712,807		712,807
Other Local	77,220		77,220
Total Revenues	6,234,483	\$ 0	6,234,483
EXPENSES			
Program:			
Educational Programs	3,059,697		3,059,697
Supporting Services:			
General and Administrative	3,048,267		3,048,267
Total Expenses	6,107,964	0	6,107,964
Changes in Net Assets	126,519	0	126,519
Net Assets - Beginning of Year	6,817,464	97,087	6,914,551
Reclassifications (Note 1B)	97,087	(97,087)	0
Net Assets - End of Year	\$ 7,041,070	\$ 0	\$ 7,041,070

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Program Services <u>Educational Programs</u>	Supporting Services <u>General and Administrative</u>	Total Expenses
Teachers' Salaries	\$ 1,818,317		\$ 1,818,317
Supervisor's and Administrator's Salary		\$ 467,834	467,834
Instructional Aides' Salaries	198,261	378,004	576,265
Clerical and Support Salaries		247,505	247,505
Employee Benefits	754,236	393,153	1,147,389
Books and Supplies	116,557	53,885	170,442
Services and Other Operating Expenses:			
Travel and Conferences	28,199	7,428	35,627
Dues and Memberships		12,924	12,924
Special Education Contribution	15,771		15,771
Staff Development	23,061		23,061
Insurance		63,649	63,649
Advertising		18,440	18,440
Computer Related Services	70,573	62,914	133,487
Professional Services	26,097	747,342	773,439
Communications		14,219	14,219
Copy Machine Related Services		30,607	30,607
Utilities and Housekeeping Services		87,825	87,825
Repairs and Maintenance		108,359	108,359
Miscellaneous		2,677	2,677
Furniture and Equipment	8,625	6,829	15,454
Debt Service - Interest and Fiscal Charges		62,378	62,378
Oversight Fee		44,944	44,944
Depreciation		237,351	237,351
Total Expenses	<u>\$ 3,059,697</u>	<u>\$ 3,048,267</u>	<u>\$ 6,107,964</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 126,519
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	237,351
(Increase) Decrease in Assets:	
Accounts Receivable	(826,405)
Prepaid Expenses	22,192
Increase (Decrease) in Liabilities:	
Accounts Payable	773,028
Deferred Revenue	<u>(1,399)</u>
Net Cash Provided by Operating Activities	<u>331,286</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Land	(186,105)
Leasehold Improvements	(5,750)
Construction-in-Progress	<u>(15,500)</u>
Net Cash Used by Investing Activities	<u>(207,355)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on Capital Lease	<u>(112,674)</u>
Net Increase in Cash and Cash Equivalents	11,257
Cash and Cash Equivalents, Beginning of Year	<u>1,667,334</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,678,591</u>

SUPPLEMENTAL DISCLOSURES:

Cash Paid for Interest	<u>\$ 62,378</u>
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Chico Country Day Charter School (Charter School), a California non-profit public benefit corporation, was formed to manage, operate, guide, direct and promote the Chico Country Day Charter School, a California Public School. The charter was originally approved by Chico Unified School District in 1996 and renewed in July 2004, and was granted tax exempt status by the State of California on June 4, 2004. The Charter School is funded principally through State of California public education monies received through the California Department of Education and Chico Unified School District (the District). The Charter School is governed by a seven (7) member Governing Board.

The District renewed the charter through June 30, 2020. The charter may be revoked by the District for material violations of the charter, failure to meet student outcomes identified in the charter, failure to meet generally accepted standards of fiscal management, or for any violation of any provision of the law.

B. Implementation of New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 (ASU 2016-14), *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*, with required implementation for the Charter School during the fiscal year ended June 30, 2019. The primary objective of this statement is to improve the presentation of information communicated in not-for-profit financial statements, in particular net assets, liquidity, financial performance, and cash flows. Due to the adoption of ASU 2016-14, net assets presented as unrestricted as of June 30, 2018 have been reclassified from \$6,817,464 to \$6,914,551 (net assets without donor restrictions) and net assets presented as temporarily restricted as of June 30, 2018 have been reclassified from \$97,087 to \$0 (net assets with donor restrictions).

C. Basis of Presentation

The Charter School's financial statements presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, which provides guidance for the classification of net assets. The amounts for the two classes of net assets are based on the existence or absence of donor-imposed restrictions. Net assets consist of the following:

Net Assets Without Donor Restrictions - All resources over which the Governing Board has discretionary control to use in carrying on the general operations of the Charter School. This portion of net assets is not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - These net assets are subject to donor-imposed restrictions to be used for specific purposes. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. At that time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. The Charter School had no net assets with donor restrictions as of June 30, 2019.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The Charter School uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the accounting period in which the liability is incurred.

E. Revenue Recognition

Contributions and grants are recognized when the donor/grantor makes an unconditional promise to give to the Charter School or when received, whichever occurs first. Donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. At that time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Government grants are recognized as revenue in accordance with the terms of the applicable grant agreement, which is generally upon the incurrence of expenses related to the required services. Per-pupil funding from the California Department of Education is recognized as revenue by the Charter School based on the average daily attendance (ADA) of students.

F. Cash, Cash Equivalents and Concentration of Credit Risk

The Charter School maintains cash in commercial bank accounts that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). For purposes of the statement of cash flows, the Charter School considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

G. Accounts Receivable

The Charter School considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

H. Prepaid Expenses

Prepaid expenses reflect payments made in the current fiscal year for expenses related to future periods.

I. Property and Equipment

All acquisitions or improvements of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments exceeding \$5,000 that materially prolong the useful lives of assets are capitalized. All capital assets are capitalized at cost, or in the case of donated equipment, fair market value on the date of receipt, and depreciated using the straight-line method over their estimated useful lives of 3 to 50 years.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenses have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenses.

K. Compensated Absences

Compensated absences balance represents vacation pay earned but unpaid as of June 30 of the fiscal year.

L. Donated Materials, Services, and Facilities

In-kind contributions are recorded at their estimated fair values at the date of donation. Donated services are recorded when they create or enhance non-financial assets or require a specialized skill that the Charter School would otherwise need to purchase.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

N. Income Taxes

Chico Country Day Charter School has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. There is no unrelated taxable income and, accordingly, no provision for income taxes has been reflected in these financial statements.

O. Oversight

The Chico Unified School District receives 1% of the Charter School's annual revenues from LCFF sources for monitoring and supervisory responsibility.

P. Functional Classification of Expenses

The costs of the program and supporting services have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. The Charter School classifies its expenses based on the following categories:

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

O. Functional Classification of Expenses (Concluded)

Program Services

- Instruction and instructional related programs
- Special education
- Field trips

Supporting Activities

- Administration and business office staff
- Professional services
- Insurance

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on Hand and in Banks	<u>\$ 1,678,591</u>
---------------------------	---------------------

Cash on Hand and in Banks

Cash on hand and in banks consists of all cash held by the Charter School and all cash maintained in commercial FDIC insured bank accounts within various financial institutions.

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2019 consist of the following:

Federal Government	\$ 6,570
State Government	568,384
Local Governments	146,434
Miscellaneous	<u>655,939</u>
Total	<u>\$ 1,377,327</u>

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 - PROPERTY AND EQUIPMENT (CONCLUDED)

Property and equipment activity for the year ended June 30, 2019, is shown below:

	Balances July 1, 2018	Additions	Deletions	Balances June 30, 2019
Land	\$ 0	\$ 186,105		\$ 186,105
Buildings and Improvements	9,963,378			9,963,378
Leasehold Improvements	49,751	5,750		55,501
Equipment	6,114			6,114
Construction-in-Progress	0	15,500		15,500
Totals at Historical Cost	<u>10,019,243</u>	<u>207,355</u>	<u>\$ 0</u>	<u>10,226,598</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	1,094,796	234,863		1,329,659
Leasehold Improvements	14,466	2,488		16,954
Equipment	6,114			6,114
Total Accumulated Depreciation	<u>1,115,376</u>	<u>237,351</u>	<u>0</u>	<u>1,352,727</u>
Property and Equipment, net	<u>\$ 8,903,867</u>	<u>\$ (29,996)</u>	<u>\$ 0</u>	<u>\$ 8,873,871</u>

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Charter School has \$3,055,918 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$1,678,591 and accounts receivable of \$1,377,327. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

The Charter School has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$575,000. The Charter School has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Charter School invests cash in excess of daily requirements in various short-term investments, including certificate of deposits.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 6 - CAPITAL LEASE

On April 13, 2011, the Charter School entered into a Charter School Facilities Program (CSFP) funding agreement with the State Allocation Board and the California School Finance Authority. Under the terms of the agreement, the California School Finance Authority agreed to provide financing to cover the Charter School's fifty percent (50%) local matching share of approved project costs related to the construction and acquisition of certain Charter School facilities. During 2013-14, the Charter School received \$3,977,825 from the California School Finance Authority in the form of lease proceeds.

In accordance with the terms of the agreement, the Charter School was not required to make lease payments until after the final terms of the lease were determined. The final terms of the agreement were finalized at an interest rate of 2% in the 2015-16 fiscal year. Future minimum lease payments are as follows:

Year Ended June 30	Principal	Interest	Totals
2020	\$ 114,938	\$ 71,290	\$ 186,228
2021	117,248	68,980	186,228
2022	119,605	66,623	186,228
2023	122,009	64,219	186,228
2024	124,461	61,767	186,228
2025-2029	660,852	270,288	931,140
2030-2034	729,992	201,148	931,140
2035-2039	806,366	124,774	931,140
2040-2044	797,615	40,408	838,023
Totals	<u>\$ 3,593,086</u>	<u>\$ 969,497</u>	<u>\$ 4,562,583</u>

The cost of the facilities was \$7,830,542, and accumulated depreciation was \$783,054 as of June 30, 2019, resulting in a net book value of \$7,047,488.

NOTE 7 - OPERATING LEASES

The Charter School has entered into various operating lease agreements for copiers, computers, and a server with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the Charter School will cancel any of the agreements prior to the expiration dates.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members first hired on or before December 31, 2012, are required to contribute 10.25% of their salary, and members first hired on or after January 1, 2013, are required to contribute 10.205% of their salary, and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2018-19 was 16.28% of annual payroll. The contribution requirements of the plan members are established by State statute. The Charter School's contributions to CalSTRS for the fiscal years ended June 30, 2019, 2018, and 2017 were \$329,677, \$286,339, and \$244,059, respectively, and equal 100% of the required contributions for each year.

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The Charter School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95811.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS) (Concluded)

Funding Policy

Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary. The California Public Employee's Pension Reform Act (PEPRA) specifies that new members entering the plan on or after January 1, 2013, shall pay the higher of 50.0% of normal costs or 7.0% of their salary, and the Charter School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2018-19 was 18.062%. The contribution requirements of the plan members are established by State statute. The Charter School's contributions to CalPERS for the fiscal years ended June 30, 2019, 2018, and 2017 were \$121,818, \$103,605, and \$92,874, respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The Charter School has elected to use Social Security as its alternative plan. Contributions made by the Charter School and an employee vest immediately. Both the Charter School and participating employees were required to contribute 6.2% of an employee's gross earnings, up to the annual limit.

NOTE 9 - BOARD DESIGNATED NET ASSETS

As of June 30, 2019, the Board designated net assets were for the following purposes:

Fiscal Cash Liquidity	\$ 475,000
STRS and Special Education Reserve	270,000
Economic Uncertainties	475,000
Proposition 1D 10% Retention	198,623
Restricted Programs	174,868
Total	<u>\$ 1,593,491</u>

NOTE 10 - RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Charter School has purchased, through the Charter Safe JPA, various insurance policies for property and liability and workers' compensation insurance coverage. There were no significant reductions in coverage during the year.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

The Charter School has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expense disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

B. Litigation

The Charter School is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Charter School.

NOTE 12 - ECONOMIC DEPENDENCY

The Charter School received \$75,000 from the Parent Teacher Partnership. These donations are subject to voluntary public contributions, and were used to support various programs within the Charter School.

NOTE 13 - SUBSEQUENT EVENTS

The Charter School's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 13, 2019, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

SUPPLEMENTARY INFORMATION SECTION

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
ORGANIZATION/BOARD OF DIRECTORS/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

ORGANIZATION

The Chico Country Day Charter School was established in June 1996 through authority established in Education Code Section 47600, and became an independent 501(c)(3) organization in 2004. The Charter School is located in Chico, California. The Charter School currently operates a K-8 elementary school and is sponsored by the Chico Unified School District.

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jessika Lawrence	Chair	2019
Vacant	Vice Chair	2019
Chris Constantin	Secretary	2019
Michele Mittman	Treasurer	2019
Charles Thompson	Member	2019
Suzanne Zivnuska	Member	2020
Brian Ausland	Member	2019

ADMINISTRATION

Margaret Reece
Chief Business Officer

Wendy Fairon
Director of Education

Colly Fischer
Dean of Students

Amie Parent
Director of Special Education

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Grade Level</u>	<u>P-2 Report</u>		<u>Annual Report</u>	
	<u>Classroom- Based</u>	<u>Totals</u>	<u>Classroom- Based</u>	<u>Totals</u>
TK / K - 3	239.76	241.89	240.03	241.93
Grades 4-6	179.99	181.47	180.04	181.46
Grades 7-8	116.93	117.52	116.14	116.65
Totals	<u>536.68</u>	<u>540.88</u>	<u>536.21</u>	<u>540.04</u>

SEE NOTES TO SUPPLEMENTARY INFORMATION

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Grade Level</u>	<u>Minutes Required</u>	<u>2018-19 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	36,000	50,230	177	N/A	In Compliance
Grade 1	50,400	53,570	177	N/A	In Compliance
Grade 2	50,400	53,570	177	N/A	In Compliance
Grade 3	50,400	53,570	177	N/A	In Compliance
Grade 4	54,000	56,375	177	N/A	In Compliance
Grade 5	54,000	56,375	177	N/A	In Compliance
Grade 6	54,000	58,880	177	N/A	In Compliance
Grade 7	54,000	58,880	177	N/A	In Compliance
Grade 8	54,000	58,880	177	N/A	In Compliance

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Charter Schools Enterprise Fund
Annual Financial Report Net Assets - June 30, 2019	<u>\$ 7,104,151</u>
Adjustments Increasing (Decreasing) Net Assets:	
Overstatement of Employee Benefits Expenses	25,319
Understatement of Classified Salaries	(120,400)
Overstatement of Professional Services Expenses	<u>32,000</u>
Net Adjustments	<u>(63,081)</u>
Audited Financial Statement Net Assets - June 30, 2019	<u><u>\$ 7,041,070</u></u>

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the Charter School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of classroom-based and non-classroom-based students reported by grade span.

B. Schedule of Instructional Time

Education Code Section 47612.5 requires classroom-based charter schools to offer a minimum number of minutes of instruction. This schedule presents information on the amount of instructional time offered by the Charter School and whether the Charter School complied with the provisions of Education Code Section 47612.5(a)(1).

C. Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets as reported in the Annual Financial Report to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Chico Country Day Charter School
Chico, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Chico Country Day Charter School, a California non-profit public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chico Country Day Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chico Country Day Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency, as noted in **Finding 2019-001**.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chico Country Day Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Charter School's Response to Finding

Chico Country Day Charter School's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Chico Country Day Charter School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Directors
Chico Country Day Charter School
Chico, California

Report on State Compliance

We have audited Chico Country Day Charter School's compliance with the types of compliance requirements described in the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Charter School's state programs identified on the following page for the fiscal year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Charter School's state programs occurred. An audit includes examining, on a test basis, evidence about Chico Country Day Charter School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. Our audit does not provide a legal determination of Chico Country Day Charter School's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine Chico Country Day Charter School's compliance with state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Local Education Agencies Other Than Charter Schools:	
Attendance	Not Applicable
Teacher Certification and Misassignments	Not Applicable
Kindergarten Continuance	Not Applicable
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Not Applicable
Ratios of Administrative Employees to Teachers	Not Applicable
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Not Applicable
School Accountability Report Card	Not Applicable
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Not Applicable
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	No (see below)
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No (see below)
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the California Clean Energy Jobs Act because the Charter School did not expend any program funding or have any other reporting requirements during fiscal year 2018-19.

We did not perform procedures for the nonclassroom-based instruction/independent study for charter schools because the ADA claimed by the Charter School did not exceed the threshold that requires testing.

Opinion on State Compliance

In our opinion, Chico Country Day Charter School complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2019.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2018-19 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 13, 2019

FINDINGS AND QUESTIONED COSTS SECTION

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

☐ Yes ☒ No

Significant deficiencies identified not considered
to be material weaknesses?

☒ Yes ☐ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

State Awards

Any audit findings required to be reported in accordance
with the *2018-19 Guide for Annual Audits of K-12 Local
Educational Agencies and State Compliance Reporting?*

☐ Yes ☒ No

Type of auditor's report issued on compliance for
state programs:

Unmodified

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019 - 001 / 30000

SIGNIFICANT DEFICIENCY

VACATION CARRYOVER

<u>Criteria:</u>	The Charter School's vacation policy should encourage employees to use accrued vacation in a timely manner, and prevent excess accumulations that can have an adverse fiscal impact on the Charter School when employees leave.
<u>Condition:</u>	Prior to implementing a policy limiting the amount of vacation time that employees may accumulate, two Charter School employees had accumulated 292 and 1,192 vacation hours, respectively.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	As of June 30, 2019, two employees had vacation balances that exceeded the Charter School's maximum accrual allowance, which is based on years of service.
<u>Effect:</u>	Employees are not receiving the rest and rejuvenation that vacation benefits are intended to provide, and the Charter School's liability for paying off unused vacation hours, for employees terminating employment, continues to increase each time salary increases are granted.
<u>Cause:</u>	Limiting vacation carryover balances has not been a priority of the Charter School.
<u>Recommendation:</u>	<p>The Charter School should consider paying off the two employees the value of excess vacation accumulated prior to implementing the vacation policy.</p> <p>In addition, the Charter School should encourage employees to use the excess accumulated vacation time by the end of each fiscal year. The Charter School should also consider paying off employee(s) for the value of any excess vacation not taken by the end of the fiscal year.</p>
<u>Charter Response:</u>	Chico Country Day School has established procedures that ensures appropriate monitoring of vacation time and accruals occur within the updated software system. CCDS will reduce the past vacation accruals during the 2019-2020 fiscal year. CCDS will also reduce vacation accruals as needed prior to June 30 to ensure employees stay within the policy issued by the board.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2019.

CHICO COUNTRY DAY CHARTER SCHOOL
(A California Non-Profit Public Benefit Corporation)

STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
2018 - 001 / 10000		
<u>MODE OF INSTRUCTION</u>		
The Charter School should develop and utilize a credential tracking system to verify credential renewal dates for their teachers on an annual basis.	Implemented	

2019 SARC Input Form

THIS IS NOT THE FULL SARC TEMPLATE. DO NOT POST TO YOUR WEBSITE.

This template is provided as a tool to update your SARC and contains only a list of required reporting components that our team isn't able to retrieve from public sources (i.e., Dataquest and SARC data files). Please review and complete each section of this template for completeness and accuracy. DTS will import publicly available data as it becomes available.

This template provides guidance in each section to assist you through the update process. You can also click on the section title for any of the sections to review detailed guidance from CDE regarding the reporting requirements. A full version of CDE's data elements document can be downloaded by [clicking here](#).

A list of answers to frequently asked questions can be reviewed by [clicking here](#). Please feel free to contact the DTS Support Team by [clicking here](#).

School Contact Information (School Year 2019-20)

Please review and complete the information below as needed. This section should include **current** School Contact Information for your school.

School Name	Chico Country Day Charter School
Street	102 West 11th Street
City, State, Zip	Chico
Phone Number	5308952650
Principal	Colly Fischer
E-mail Address	cfischer@chicocountryday.org
School Website	www.chicocountryday.org
CDS Code	04614246113773

District Contact Information (School Year 2019-20)

Please review and complete the information below as needed. This section should include **current** District Contact Information for your district.

District Name	Chico Country Day School
Street	1163 East Seventh Street
City, State, Zip	Chico, CA 95928
Phone Number	530-891-3000
Superintendent	Kelly Staley
Web Site	www.chicousd.org
E-mail Address	kstaley@chicousd.org

School Description and Mission Statement (School Year 2019-20)

Please review and complete the information below as needed. This section should include information about your school, its programs and its goals. This section should be kept to 2-3 paragraphs.

The mission of Chico Country Day School (CCDS) is to provide a safe, joyful environment where all learners are inspired to achieve their personal best.

Our Core Purpose is to educate students toward becoming engaged and thriving learners.

What we mean by educate is that our job is to teach the knowledge, skills and values that come with academic rigor and developing character. We are accountable for ensuring that students meet competency standards for their grade level.

What we mean by engaged is that learning should be interesting, challenging and joyful. Learners should see the value of what is being taught and be active participants.

What we mean by thriving is that students are able to start where they are and do their best, know that they matter as individuals, and feel safe so that they are free to be their best selves.

We embrace the following core values:

1. Collaboration – We believe that people have a voice and that collaboration between teachers, parents, students and staff will produce the best results for our students
2. Deeper Learning –We believe in utilizing Innovative Educational Practices to deepen learning because we want students to learn how to learn. Our teaching styles are driven by current educational research. We foster an environment where both students and teachers are committed to high expectations for quality work and character/citizenship.
3. Joyful learning. We value joy in our learning environment and it starts with our staff being joyful learners. Students can only catch the “joy of learning” from how we lead and teach.
4. Responsiveness - We value responsiveness as an organization. Our goal is to shift and change as quickly as we can when we face challenges or find opportunities to change for the better
5. Community connection We value connection to each other to the broader community of Chico, and to the world.

In 2019, Chico Country Day School was awarded a six year WASC Accreditation. Grades offered include Kindergarten through eighth grade.

Opportunities for Parental Involvement (School Year 2019-20)

Please review and complete the information below as needed. This section should include information on how parents can become involved in school activities, including contact information pertaining to organized opportunities for parental involvement. This section should be kept to 1-2 paragraphs.

When parents or family members are involved at school in the education of their child, the child’s success in school dramatically increases. Just as we view each child as a unique individual, so we see each family as a unique partner in the child’s education. Just as each child has his or her strengths and challenges, so does each family. With this belief, CCDS has several ways for families to be involved.

CCDS parents pledge to:

Provide Home Academic Support by

Ensuring my child comes to school ready to learn.

Reading with my child(ren) every night and/or providing a quiet place to work,

Following through with school recommended actions.

Provide School Support by

Sending my child to school on time and ensuring my child is not absent from school unnecessarily.

Supporting and adhering to the School Discipline policies.

Participate by

Attending school exhibitions of student work.

Attending school PTP meetings, LCAP/WASWC stakeholder meetings or Board of Director meetings.

Actively collaborating and communicating with teachers to meet my child's learning needs.

Using and reinforcing the CCDS Lifelong Guidelines and Lifeskills.

Making positive contributions to the school community.

Being an active member of the community by working to continuously improve CCDS for all students.

School Safety Plan (School Year 2019-20)

Please review and complete the information below as needed. This section should include information about the school's comprehensive safety plan, including the dates on which the safety plan was last annually reviewed, updated, and discussed with school faculty and a student representative, as well as a brief description of the key elements of the plan (do not paste your entire safety plan in this field). This section should be kept to 1-2 paragraphs.

The CCDS Safe Schools Plan was reviewed and revised in the 19/20 school year by a Safety Committee comprised of parents, staff, board members and administration. The Comprehensive School Safety Plan was presented to the Board of Directors and staff. Key components of the plan include:

Child Abuse Reporting Procedures

Disaster Procedures

School Suspension/Expulsion Guidelines

Procedures to Notify Teachers of Dangerous Pupils

Sexual Harassment Policies

Dress Code

Procedures for Safe Ingress and Egress of Pupils, Parents and Staff

Safe and Orderly School Environment Conducive to Learning

School Discipline Rules and Consequences

Hate Crime Reporting Procedures and Policies

School Facility Conditions and Planned Improvements (School Year 2019-20)

Please review and complete the information below as needed. This section should include information from the most recently collected Facility Inspection Tool (FIT) data (or equivalent), including:

- Description of the safety, cleanliness, and adequacy of the school facility
- Description of any planned or recently completed facility improvements
- Description of any needed maintenance to ensure good repair

FIT tools completed using CDE's MS Excel format (only) can be submitted to DTS for import by [clicking here](#). To see an example of the CDE FIT Tool, [click here](#). Requests for multiple schools should be sent in one email. Otherwise, please review and complete the information below as needed.

Year and month of the most recent FIT report: October 2018

This section should be kept to 1-2 paragraphs.

The school facility is safe, clean and completely renovated. Facility improvements began in October 2013 and included routine maintenance and repairs over the summer of 2013, and the remodel of the Middle School building which became the middle school campus in March 2014. The entire school campus was renovated beginning in March 2014 under the Rehabilitation program of Proposition 1D. New classrooms and bathrooms were added and students and teachers moved in at the beginning of the school year 2014. The new gym was completed in January 2015. This campus houses grades K-5 and the project was complete in March 2015.

School Facility Good Repair Status (School Year 2019-20)

Using the most recently collected **Facility Inspection Tool (FIT)** data (or equivalent), provide a summary statement of the condition of the school facility, as required by Education Code sections 17014, 17032.5, 17070.75(a), and 17089(b), including:

- Determination of repair status for systems listed
- Description of any needed maintenance to ensure good repair
- The year and month in which the data were collected
- The rate for each system inspected
- The overall rating

This data should match the most recent inspection/FIT report for your school.

System Inspected	Repair Status (the marks should match your most recent inspection)	Repair Needed and Action Taken or Planned
Systems: Gas Leaks, Mechanical/HVAC, Sewer	Good	
Interior: Interior Surfaces	Good	

System Inspected	Repair Status (the marks should match your most recent inspection)	Repair Needed and Action Taken or Planned
Cleanliness: Overall Cleanliness, Pest/ Vermin Infestation	Good	
Electrical: Electrical	Good	
Restrooms/Fountains: Restrooms, Sinks/ Fountains	Good	
Safety: Fire Safety, Hazardous Materials	Good	
Structural: Structural Damage, Roofs	Fair	The roof of the oldest modular on campus needs to be repaired or replaced. This houses the preschool program, the RTI program and a staff room as well as an office. This building will be repaired and refurbished in 2021-22.
External: Playground/School Grounds, Windows/ Doors/Gates/Fences	Good	
Overall Rating:	Exemplary	

Teacher Credentials

Please review and complete the information below as needed. This section should include the number of teachers that fall into each category listed for the year indicated.

Teachers at this School	School 2017-18	School 2018-19	School 2019-20	District 2019-20
With Full Credential	28	28	28	
Without Full Credential Without a full credential (includes LEA and university internships, pre-internships, emergency or other permits, and waivers)	1	1	1	
Teaching Outside Subject Area of Competence CDE does not collect data on the number of teachers teaching outside their subject area of competence (with full credential). Teaching outside subject area data should be available in the LEA's personnel office. In most instances, teaching outside subject area is a subset of total teacher misassignments (see data definition for Teacher Misassignments).	0	0	0	

Teacher Misassignments and Vacant Teacher Positions

Please review and complete the information below as needed. This section should include the number of teachers that fall into each category listed for the year indicated.

Indicator	2017-18	2018-19	2019-20
Misassignments of Teachers of English Learners 'Misassignments' refers to the number of positions filled by teachers who lack legal authorization to teach that grade level, subject area, student group, etc.	0	0	0
Total Teacher Misassignments 'Misassignments' refers to the number of positions filled by teachers who lack legal authorization to teach that grade level, subject area, student group, etc. Total Teacher Misassignments includes the number of Misassignments of Teachers of English Learners.	0	0	0
Vacant Teacher Positions 'Vacant Teacher Positions' refer to positions not filled by a single designated teacher assigned to teach the entire course at the beginning of the school year or semester.	0	0	0

Textbooks and Instructional Materials (School Year 2019-20)

This section describes 1) whether the textbooks and instructional materials used at the school are from the most recent adoption, 2) whether there are sufficient textbooks and instructional materials for each student 3) and information about the school's use of any supplemental curriculum or non-adopted textbooks or instructional materials.

List all textbooks and instructional materials used in the school in **core subjects** (reading/language arts, math, science, and history-social science), including:

- Year they were adopted
- Whether they were selected from the most recent list of standards-based materials adopted by the State Board of Education (SBE) or local governing board
- Percent of students who lack their own assigned textbooks and/or instructional materials*
- For kindergarten through grade 8 (K-8), include any supplemental curriculum adopted by local governing board

If an insufficiency exists, the description must identify the percent of students who lack sufficient textbooks and instructional materials. Be sure to use the most recent available data collected by the LEA and note the year and month in which the data were collected.

This data should match the most recent adoption of textbooks for your LEA.

Year and month in which the data were collected: Oct. 2019

This section should be kept to 1-2 paragraphs.

Core Curriculum Area	Textbooks and Instructional Materials/ Year of Adoption	From Most Recent Adoption?	Percent of Students Lacking Own Assigned Copy
Reading/Language Arts	Expeditionary Learning ELA curriculum Grades K-5 Digital and Supplementary materials used grades 6-8 supporting Project Based Learning	Yes	0
Mathematics	K-5: Go Math! 6-8: CPM	Yes	0
Science	Digital and Supplementary materials used at all grade levels supporting Project Based Learning	Yes	0
History-Social Science	Digital and Supplementary materials used at all grade levels supporting Project Based Learning	Yes	0
Foreign Language	N/A		

Core Curriculum Area	Textbooks and Instructional Materials/ Year of Adoption	From Most Recent Adoption?	Percent of Students Lacking Own Assigned Copy
Health	Digital and Supplementary materials used at all grade levels supporting Project Based Learning	Yes	0
Visual and Performing Arts	Digital and Supplementary materials used at all grade levels supporting Project Based Learning	Yes	0
Science Laboratory Equipment (grades 9-12 schools only)	N/A		

♦ means data is not required. The fields are intentionally not provided.

Expenditures per Pupil and School Site Teacher Salaries (Fiscal Year 2017-18)

Please review and complete the information below as needed.

- The fields that are highlighted yellow are populated for you with data provided by CDE.
- Percent differences, highlighted light-blue, are calculated by this form.
- The remaining data was copied over from last year's SARC and should be reviewed/updated, with data from FY 17-18.

The most recent data available from CDE is for fiscal year 2017-18. For comparison purposes, data for the same fiscal year is requested from the school.

As this template is thoroughly reviewed each year, please note that the year listed, fiscal year 17-18, is correct.

Level	Total Expenditures Per Pupil	Expenditures Per Pupil (Restricted)	Expenditures Per Pupil (Unrestricted)	Average Teacher Salary
School Site	9137.75	1530.13	7607.62	67608.13
District	♦	♦	7474.20	\$68,670.00
Percent Difference: School Site and District	♦	♦	1.8	-1.6
State	♦	♦	\$7,506.64	\$82,031.00
Percent Difference: School Site and State	♦	♦	1.3	-19.3

♦ means data is not required. The fields are intentionally not provided.

Restricted expenditures come from money whose use is controlled by law or by a donor. Money that is designated for specific purposes by the district or governing board is not considered restricted.

Unrestricted expenditures are from money whose use, except for general guidelines, is not controlled by law or by a donor.

Types of Services Funded (Fiscal Year 2018-19)

Please review and complete the information below as needed. This section should include specific information about the types of programs and services available at the school that support and assists students. For example, this narrative may include information about supplemental educational services.

As this template is thoroughly reviewed each year, please note that the year listed, fiscal year 18-19, is correct.

In addition to general funding, CCDS received funding for specific purposes including restricted Special Education funds from the state and federal government, lottery, local fundraising revenue, and other federal funds. These funds were spent on Special Education services, curriculum, study trips, technology, staff development, and textbooks.

Professional Development (2017-18, 2018-19 and 2019-20)

Please review and complete the information below as needed. This section should include the number of days provided for professional development and continuous professional growth in 2017-18, 2018-19 and 2019-20.

Measure	2017-18	2018-19	2019-20
Number of school days dedicated to Staff Development and Continuous Improvement	5	5	4

Optionally, use this space to share information on the annual number of days provided for professional development and continuous professional growth for the school years 2017-18, 2018-19 and 2019-20.

Questions that may be answered include:

- What are the primary/major areas of focus for staff development and specifically how were they selected? For example, were student achievement data used to determine the need for professional development in reading instruction?
- What are the methods by which professional development is delivered (e.g., after school workshops, conference attendance, individual mentoring, etc.)?
- How are teachers supported during implementation (e.g., through in-class coaching, teacher-principal meetings, student performance data reporting, etc.)?

This section should be kept to 1-2 paragraphs.

A number of factors play a role in the Professional Development (PD) and Professional Learning that is offered to our staff which include furthering our practice in Project-based Learning, implementing Common Core State Standards and Next Generation Science Standards. We review student assessment data, staff professional learning needs survey results, student learning surveys results and our charter guidelines when outlining professional development that is offered throughout the year. In addition, our WASC and LCAP goals are considered when choosing Professional Development.

Professional Learning is provided through conferences, mentoring, workshops, and on site professional development. The staff has, on the average, five professional learning full days as well as eight minimum days through the year. There are a number of opportunities that have been on and off site for professional development:

- Project Based Learning- Continuous staff training in the practice of deeper learning and project design components.
- K-5 grade teachers attended Expeditionary Learning Conference for successful implementation of the curriculum in the 2018/29 school year

- Universal Design for Learning, Visualizing and Verbalizing, Seeing Stars, and Social Thinking and autism training and Behavioral Intervention training for special education and resource staff
- Staff trained in CPI, First Aid and CPR, trauma informed practices
- Staff visited successful project-based schools (High Tech High and Expeditionary Learning) and collaborated with their staff on teaching strategies, methods and programs.
- Staff participated in grant programs including I-STEM (NGSS), NGSS CA Rollout, and Math Project, and Cohort 1 of the Multi- Tiered Systems of Support (MTSS)
- Training for programs used on site; Lexia, Mathletics, Go Math
- Reading strategies webinar series for all interested teachers

Teachers are supported a number of different ways during implementation of new curriculum and/or methods. Teachers have collaborative meetings during the professional development days to support one another with implementation of new practices, allow time to review student data and create plans to address student needs. The Director of Education meets with individual teachers, grade level teams, and groups of teachers on frequent basis to provide professional support. Staff participates in assessment of current practices, review of student performance data/ artifacts and vertical alignment twice a year. Teachers are provided time and support to observe in other classrooms and co-teach. Weekly collaboration time is built into the schedule so that staff is provided with regular time to meet and assist one another with implementation of PD.

School Completion and Postsecondary Preparation

This section applies to schools serving grades 9-12 only.

**If your school does not serve grades 9-12, simply skip and leave this section blank.
It will not be included in the full SARC.**

Career Technical Education Programs (School Year 2018-19)

Please review and complete the information below as needed. This section should include information about Career Technical Education (CTE) programs as follows:

- A list of programs offered by the school district in which pupils at the school may participate and that are aligned to the model curriculum standards adopted pursuant to Education Code Section 51226; and
- A list of program sequences offered by the school district. The list should identify courses conducted by a regional occupational center or program, and those conducted directly by the school district; and
- A listing of the primary representative of the district's CTE advisory committee and the industries represented on the committee.

As this template is thoroughly reviewed each year, please note that the year listed, 18-19, is correct. This section should be kept to 1-2 paragraphs.

Checks Dated 12/01/2019 through 12/31/2019				Board Meeting Date 1/8/20		
Check Number	Check Date	Pay to the Order of	Fd-Objt	Expensed Amount	Check Amount	
0017864	12/02/2019	AFLAC	01-9587		695.54	
0017865	12/02/2019	Employment Development Dept	01-9515	202.73		
			01-9516	1,351.79		
			01-9518	3,183.57		
			01-9521	124.81	4,862.90	
0017866	12/02/2019	Internal Revenue Service	01-9513	4,687.72		
			01-9517	9,797.42		
			01-9519	3,938.48	18,423.62	
0017867	12/02/2019	Shasta County Office of Education	01-5710		664.00	
0017868	12/02/2019	TASC Client Invoices	01-9525		1,433.31	
0017869	12/02/2019	The TDS Group	01-9580		2,647.50	
0017870	12/04/2019	Amazon Capital Services, Inc	01-4350	68.69		
			01-4413	269.80	338.49	
0017871	12/04/2019	AT & T	01-5912		183.12	
0017872	12/04/2019	Butte County Tax Collector	01-5899		41.38	
0017873	12/04/2019	Butte Schools Self Funded Programs	01-9514	52,859.73		
			01-9586	99.62	52,959.35	
0017874	12/04/2019	CA Water Service Company	01-5530		695.87	
0017875	12/04/2019	Cherry, Angela J	01-4329		47.07	
0017876	12/04/2019	Chico Unified School District Nutrition Services	01-4396		228.75	
0017877	12/04/2019	Citi Cards	01-5300	25.00		
			01-5852	293.77	318.77	
0017878	12/04/2019	Covert Window Tinting	01-5635		2,538.00	
0017879	12/04/2019	CSU Chico	01-5862		20.00	
0017880	12/04/2019	Greenfield, Theodore	01-4317		130.00	
0017881	12/04/2019	Home Depot	01-4380		467.62	
0017882	12/04/2019	Mission Linen and Uniform	01-5550		194.10	
0017883	12/04/2019	Office Depot	01-4310	51.24		
			01-4350	17.27	68.51	
0017884	12/04/2019	Oriental Trading Company, Inc.	01-5720		153.73	
0017885	12/04/2019	PG &E	01-5510	258.48		
			01-5520	3,950.85	4,209.33	
0017888	12/05/2019	CalPERS	01-9550		16,258.37	
0017889	12/06/2019	Affordable Office Furniture and Supplies	01-4352		474.58	
0017890	12/06/2019	Amazon Capital Services, Inc	01-5720		281.16	
0017891	12/06/2019	Dell Financial Services Payment Processing Center	01-4410	2,551.85		
			01-4440	3,000.00	5,551.85	
0017892	12/06/2019	Hayden Fire Protection	01-5634		382.18	
0017893	12/06/2019	Stephen Roatch Accountancy Corporation	01-5821		3,245.00	
0017894	12/06/2019	Turtle Bay Exploration Park	01-5720		468.00	
0017903	12/12/2019	Amanda Knutson	01-5832		64.00	
0017904	12/12/2019	Amazon Capital Services, Inc	01-4310	78.81		
			01-4313	73.30		

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

SCHOOLABILITY

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Checks Dated 12/01/2019 through 12/31/2019				Board Meeting Date 1/8/20	
Check Number	Check Date	Pay to the Order of	Fd-Objt	Expensed Amount	Check Amount
0017904	12/12/2019	Amazon Capital Services, Inc	01-4316	17.14	169.25
0017905	12/12/2019	Andres Sandoval	01-5832		64.00
0017906	12/12/2019	Awards Company	01-5832		34.11
0017907	12/12/2019	CASBO	01-5863		445.00
0017908	12/12/2019	Cherry, Angela J	01-4329		124.91
0017910	12/12/2019	Department of Justice	01-5862		202.00
0017911	12/12/2019	Employment Development Dept	01-9515	353.33	
			01-9516	1,397.73	
			01-9518	3,257.48	
			01-9521	132.42	5,140.96
0017912	12/12/2019	Internal Revenue Service	01-9513	5,667.48	
			01-9517	10,031.77	
			01-9519	4,120.58	19,819.83
0017913	12/12/2019	Jackson, Andrea L	01-4313		165.91
0017914	12/12/2019	Jason McLaughlin	01-5832		64.00
0017915	12/12/2019	Landon Williams	01-5832		64.00
0017917	12/12/2019	Owen, Stacey E	01-4313		25.25
0017918	12/12/2019	Ray Morgan Company	01-5612		8,035.77
0017919	12/12/2019	School Services of California	01-5300		305.00
0017920	12/12/2019	Sequoiah Burlison	01-5832		64.00
0017921	12/12/2019	TASC Client Invoices	01-9525		1,433.31
0017922	12/12/2019	The TDS Group	01-9580		3,150.00
0017923	12/12/2019	Tucker Pest Control	01-5570		240.00
0017924	12/12/2019	Verizon Wireless	01-5912		77.25
0017925	12/12/2019	Walker Doucette	01-5832		64.00
0017926	12/12/2019	TASC Client Invoices	01-3411	72.00	
			01-3412	459.75	531.75
0017927	12/18/2019	Access Information Protected	01-4350		75.32
0017928	12/18/2019	Amazon Capital Services, Inc	01-4310	48.25	
			01-4350	106.82	155.07
0017929	12/18/2019	American Express	01-4310	49.95	
			01-4313	7.50	
			01-4327	46.83	
			01-4341	755.00	
			01-4350	33.39	
			01-5220	478.17	1,370.84
0017930	12/18/2019	Bad Wolf Press	01-4313		45.00
0017931	12/18/2019	Bower, Susan	01-4313		137.91
0017932	12/18/2019	Buhring, Jenna E	01-5212	201.84	
			01-5220	129.55	331.39
0017933	12/18/2019	Cooley, Kerri	01-4327		114.74
0017934	12/18/2019	Dewald Parent, Amie L	01-5212	100.10	
			01-5220	9.00	109.10
0017935	12/18/2019	Evergreen Janitorial Supply, Inc.	01-4370		950.49
0017936	12/18/2019	Friends of Sutters Fort ELP Coordinator	01-5720		90.00
0017937	12/18/2019	High Tech High	01-5220		3,200.00

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

SCHOOLABILITY

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Checks Dated 12/01/2019 through 12/31/2019				Board Meeting Date 1/8/20	
Check Number	Check Date	Pay to the Order of	Fd-Objt	Expensed Amount	Check Amount
0017938	12/18/2019	Hoppe, Lisa	01-4350		119.40
0017939	12/18/2019	Jackson, Andrea L	01-5220		25.98
0017940	12/18/2019	Jeb Beaver DBA Eden's Border	01-5631		835.00
0017941	12/18/2019	John Sclare	01-5887		4,000.00
0017942	12/18/2019	Norcal Food Equipment	01-5615		73.94
0017943	12/18/2019	Pete Pembroke	01-9555		37.13
0017944	12/18/2019	Peterson, Sarah	01-4310	143.75	
			01-5212	51.44	195.19
0017945	12/18/2019	Procopio, Cory, Hargreaves & Savitch, LLP	01-5820		925.96
0017946	12/18/2019	Reece, Margaret E	01-5220		62.00
0017947	12/18/2019	Scott, Jamie N	01-5212		141.52
0017948	12/18/2019	Thomas Barbera	01-9555		6.84
0017949	12/18/2019	Top Hand Ranch	01-5720		450.00
0017950	12/18/2019	Truck-A-Roni	01-4396		334.08
0017951	12/18/2019	Zuris, Alison C	01-5212		91.16
Total Number of Checks			76		<u><u>172,144.46</u></u>

Fund Recap

Fund	Description	Check Count	Expensed Amount
01	General Fund	76	172,144.46
	Total Number of Checks	76	172,144.46
	Less Unpaid Tax Liability		.00
	Net (Check Amount)		<u><u>172,144.46</u></u>

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

2019-20 Period Attendance Report: Month 5 (P1 Report)

In District				
	Regular	ST IS	LT IS	CLASSROOM ADA TOTALS
K to 3	237.11	0.81	0	236.3
4 to 6	174.17	2.49	0	171.68
7 to 8	102.88	0.89	0	101.99

Out of District				
	Regular	ST IS	LT IS	CLASSROOM ADA TOTALS
K to 3	2.94	0.00	0.00	2.94
4 to 6	5.78	0.00	0.00	5.78
7 to 8	14.37	0.00	0.00	14.37

TOTAL ADA					
	Classroom-based	Total ADA	Independent Study	ENROLLMENT	ADA PERCENTAGE
K to 3	239.24	240.05	0.81	248	96.79%
4 to 6	177.46	179.95	2.49	186	96.75%
7 to 8	116.36	117.25	0.89	122	96.11%
TOTAL	533.06	537.25	4.19	556	96.63%

Certification

County: Butte	Fiscal Year: 2019-20
District: Chico Unified	Chico Country Day P-1
CDS CODE 04 61424 6113773	7260DC7E

Charter Status

I hereby certify that, to the best of my knowledge, all data have been compiled and reported in accordance with all applicable laws, regulations and instructions.

Responsible Charter School Official: Margaret Reece Date: 1/2/20

School District Superintendent: _____ Date: _____

County Superintendent of Schools: _____ Date: _____

Any inquiries concerning this report should be directed to:

CONTACT NAME Margaret Reece
PHONE (530)895-2650 * 204
FAX (530)895-2646
E-Mail margaret@chicocountryday.org

Certification

County: Butte	Fiscal Year: 2019-20
District: Chico Unified	Chico Country Day P-1
CDS CODE 04 61424 6113773	2795A7E0

Attendance Charter School

I hereby certify that, to the best of my knowledge, all data have been compiled and reported in accordance with all applicable laws, regulations and instructions.

Responsible Charter School Official: Margaret Reece Date: 1/2/20

School District Superintendent: _____ Date: _____

County Superintendent of Schools: _____ Date: _____

Any inquiries concerning this report should be directed to:

CONTACT NAME Margaret Reece
PHONE (530) 895-2650 * 204
FAX (530) 895-2646
E-Mail margaret@chicocountryday.org

Certification

County: Butte	Fiscal Year: 2019-20
District: Chico Unified	Chico Country Day P-1
CDS CODE 04 61424 6113773	7A335A80

Charter School Physical Location

I hereby certify that, to the best of my knowledge, all data have been compiled and reported in accordance with all applicable laws, regulations and instructions.

Responsible Charter School Official: Margaret Reece Date: 1/2/20

School District Superintendent: _____ Date: _____

County Superintendent of Schools: _____ Date: _____

Any inquiries concerning this report should be directed to:

CONTACT NAME Margaret Reece
PHONE (530) 895-2650 * 204
FAX (530) 895-2646
E-Mail margaret@chicocountryday.org

Charter Status

County: Butte

Fiscal Year: 2019-20

District: Chico Unified : Chico Country Day

P-1

CDS CODE 04 61424 6113773 0112

Certificate Number: 7260DC7E

Did the charter school cease operation during the current fiscal year? No

Is this charter school in its first year of operation? No

Enter Date (month, day, year) that instruction commenced __/__/__

Does this charter school operate multiple instructional tracks? No

Single Track Days of Operation 0

What is the site type of the charter school? Site-based

Attendance Charter School

County: Butte	Fiscal Year: 2019-20
District: Chico Unified : Chico Country Day	P-1
CDS CODE 04 61424 6113773 0112	Certificate Number: 2795A7E0

Did the charter school cease operation during the current fiscal year? No

Is this charter school in its first year of operation? No

Enter Date (month, day, year) that instruction commenced __/__/__

Does this charter school operate multiple instructional tracks? No

Single Track Days of Operation 0

What is the site type of the charter school? Site-based

Regular ADA

	TK/K-3	Grades 4-6	Grades 7-8	Grades 9-12	Total
Regular ADA	A-1 240.05	179.95	117.25	0.00	537.25
Classroom-based ADA included in A-1	A-2 239.24	177.46	116.36	0.00	533.06
Extended Year Special Education [EC 56345(b)(3)] (Divisor 175)	A-3 0.00	0.00	0.00	0.00	0.00
Classroom-based ADA included in A-3	A-4 0.00	0.00	0.00	0.00	0.00
Special Education - Nonpublic, Nonsectarian Schools [EC 56366(a)(7)] and/or Nonpublic, Nonsectarian Schools - Licensed Children's Institutions	A-5 0.00	0.00	0.00	0.00	0.00
Classroom-based ADA included in A-5	A-6 0.00	0.00	0.00	0.00	0.00
Extended Year Special Education - Nonpublic, Nonsectarian Schools [EC 56366(a)(7)] and/or Nonpublic, Nonsectarian Schools - Licensed Children's Institutions (Divisor 175)	A-7 0.00	0.00	0.00	0.00	0.00

Attendance Charter School

County: Butte
 District: Chico Unified : Chico Country Day
 CDS CODE 04 61424 6113773 0112
 Fiscal Year: 2019-20
 P-1
 Certificate Number: 2795A7E0

Classroom-based ADA included in A-7	A-8	0.00	0.00	0.00	0.00	0.00	0.00
ADA Totals (Sum of A-1 through A-7 excluding classroom-based ADA)	A-9	240.05	179.95	117.25	0.00	537.25	
Classroom-based ADA Totals (Sum of A-2 through A-8 including only classroom-based ADA)	A-10	239.24	177.46	116.36	0.00	533.06	
Non classroom-based ADA Totals (Difference of A-9 and A-10)	A-11	0.81	2.49	0.89	0.00	4.19	

Other

ADA for Students in Transitional Kindergarten pursuant to EC 46300 included in Section A (Lines A-1, A-3, A-5 and A-7, TK/K-3 Column, First Year ADA Only)	B-1	0.00				0.00	
Non classroom-based ADA not eligible for funding pursuant to EC 47612.5(b) and 51745.6 and not included in A-11	B-2	0.00	0.00	0.00	0.00	0.00	0.00
Course Based Independent Study ADA, pursuant to EC 51749.5, included in A-11	B-3	0.00	0.00	0.00	0.00	0.00	0.00
Course Based Independent Study ADA not eligible for funding, pursuant to EC 47612.5(b) and 51745.6, included in B-2	B-4	0.00	0.00	0.00	0.00	0.00	0.00

Charter School Physical Location

County: Butte	Fiscal Year: 2019-20
District: Chico Unified : Chico Country Day	P-1
CDS CODE 04 61424 6113773 0112	Certificate Number: 7A335A80

A-1	A-2
County	School District
04 Butte	61424 Chico Unified

Comprehensive School Safety Plan SB 187 Compliance Document

**2019-20
School Year**

School: Chico Country Day Charter School:
CDS Code: 04614246113773
District: Chico Country Day School
Address: 102 West 11th Street
Chico
Date of Adoption:

Approved by:

Name	Title	Signature	Date
Jessica Lawrence	Chair, Chico Country Day Board of Directors		
Chris Constantin	Vice Chair, Chico Country Day Board of Directors		
Michele Mittman	Treasurer, Chico Country Day Board of Directors		
Fawn Ruby	Secretary, Chico Country Day Board of Directors		
Jamie Clyde	Member, Chico Country Day Board of Directors		
Thang Ho	Member, Chico Country Day Board of Directors		
Nicole Plottel	Member, Chico Country Day Board of Directors		

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Senate Bill 187: Comprehensive School Safety Plan Purpose

The California Education Code (sections 32280-32288) outlines the requirements of all schools operating any kindergarten and any grades 1 to 12, inclusive, to write and develop a school safety plan relevant to the needs and resources of that particular school.

In 2004, the Legislature and Governor recast and renumbered the Comprehensive School Safety Plan provisions in SB 719 and AB 115. It is the intent of the Legislature in enacting the provisions to support California public schools as they develop their mandated comprehensive safety plans that are the result of a systematic planning process, that include strategies aimed at the prevention of, and education about, potential incidents involving crime and violence on school campuses.

The historical requirement of the Comprehensive School Safety Plan was presented in Senate Bill 187, which was approved by the Governor and chaptered in 1997. This legislation contained a sunset clause that stated that this legislation would remain in effect only until January 1, 2000. Senate Bill 334 was approved and chaptered in 1999 and perpetuated this legislation under the requirement of the initial legislation.

Comprehensive School Safety Plans are required under SB 719 & AB 115 and contains the following elements:

Assessment of school crime committed on school campuses and at school-related functions

- Child abuse reporting procedures
- Disaster procedures
- Suspension and expulsion policies
- Procedures to notify teachers of dangerous pupils
- Discrimination and harassment policies
- School wide dress code policies
- Procedures for safe ingress and egress
- Policies enacted to maintain a safe and orderly environment
- Rules and procedures on school discipline
- Hate crime reporting procedures

The Comprehensive School Safety Plan will be reviewed and updated by March 1st every year. In July of every year, the school will report on the status of its school safety plan including a description of its key elements in the annual school accountability report card.

A copy of the Comprehensive School Safety Plan is available for review at www.chicocountryday.org.

Safety Plan Vision

The mission of Chico Country Day School is to provide a safe, joyful community where all learners are inspired to achieve their personal best. Our core purpose is to educate student toward becoming engaged and thriving learners. CCDS has developed this Comprehensive School Safety Plan (CSSP) to ensure a safe learning

environment and site based emergency preparedness for all students, faculty and staff. Chico Country Day School (CCDS), a public charter school, was established in 1996 by local teachers, parents, and community members. CCDS was unanimously re-approved by the Chico Unified School District September, 2019.

Components of the Comprehensive School Safety Plan (EC 32281)

Chico Country Day Charter School: Safety Committee

Colly Fischer (administrator), Margaret Reece (administrator)

Anne- Marie Chik (staff), Debbie Hardesty (staff), Jamie Saderup (staff), Lisa Hoppe (staff), Pamela Wilson (staff), Stacy Ferguson (staff), Stuart Langford (staff)

Michele Mittman (parent/board member), Zach Plottel (parent), Nick, Bauer (parent), Irene Henkens (staff), Emily MacGibbon (staff), Wendy Fairon (administrator), Amie Parent (administrator)

Assessment of School Safety

School safety data sources include:

Attendance Rates, Suspension/Expulsion Rates, Office Referrals, Student and Parent Surveys, Local Law Enforcement data, and anecdotal evidence

Strategies and Programs to Provide and Maintain a High Level of Safety (EC 32281(a)1, items A-J)

Chico Country Day School developed and implements a safety program that encompasses school emergencies, disaster procedures, crisis response, student safety, discipline and well-being. Students' best interests are at the core of all decisions we make and our purpose is to educate students toward becoming engaged and thriving learners. Our staff is trained in mandated reporting, first aid/cpr, CPI, yard supervision, and school norms and best practices for ingress and egress of the students. In addition, we have an incident team that has proven successful in all emergency situations. Each year, the safety committee meets to review and/or update our school plan. CCDS has implemented multi-tiered supports for student well-being and success. The components of all safety response include prevention, protection, mitigation, response and recovery. These include positive behavior supports, academic support, and social-emotional curriculum K-8.

(A) Child Abuse Reporting Procedures (EC 35294.2 [a] [2]; PC 11166)

California Penal Code section 11166 requires any teacher or child care custodian who has knowledge of, or observes, a child in his or her professional capacity or within the scope of his or her employment whom he or she knows or reasonably suspects has been the victim of child abuse to report the known or suspected instance of child abuse to a child protective agency immediately, or as soon as practically possible, by telephone and to prepare and send a written report thereof within thirty-six (36) hours of receiving the information concerning the incident.

Employees may, but are not required, to report such incidents to the Administrator. Reporting such incidents to the Administrator does not relieve the Employee of responsibility to also immediately report such incidents to the appropriate child protective agency by telephone and to send a written report thereof within thirty-six (36) hours. Child protective agencies are the police, sheriff, probation, child protective services/welfare department.

Child abuse is broadly defined as "a physical injury that is inflicted by other than accidental means on a child by another person" and includes:

1. Physical abuse resulting in a non-accidental physical injury;
2. Physical neglect, including both severe and general neglect, resulting in negligent treatment or maltreatment of a child;
3. Sexual abuse including both sexual assault and sexual exploitation; and
4. Emotional abuse and emotional deprivation including willful cruelty or unjustifiable punishment

There is no duty for the reporter to contact the child's parents. In fact, if a child is released to a peace officer or a child protective agency agent, the reporter shall not notify the parent as required in other instances of removal.

When two or more persons who are required to report jointly have knowledge of or suspect an instance of child abuse, and when there is agreement among them, the telephone report may be made by any one of them who is selected by mutual agreement, and a single report may be made and signed by the person selected. However, if any person who knows or should know that the person designated to report failed to do so, that person then has a duty to make the report.

The duty to report child abuse is an individual duty and no supervisor or administrator may impede or inhibit such reporting duties.

(B) Disaster Procedures (EC 35295-35297; GC 8607 and 3100)

Disaster Plan (See Appendix C-F)

FIRE DRILL and SCHOOL-WIDE EMERGENCY PLANS:

The CCDS Earthquake Plan, Fire Drill and School-Wide Emergency Plan are included in this Safe School Plan. These procedures and assignments are updated on an annual basis or whenever necessary as a result of events or training, or best practices.

School Wide Emergency Plans:

When dialing 9-1-1 from campus phones, dial 9-9-1-1

Fire Evacuation Procedures:

- Sound the school alarm
- Teachers and staff will
- Bring the emergency binder.
- Using your emergency door exits, clear rooms silently and close doors, leaving them unlocked.
- Evacuate to the designated area on the field. Students walk to the fence (middle school students cross the street) and turn to face the middle of the field.
- Maintain control of students at a safe distance from fire, fire personnel, and equipment.
- Conduct roll call and display GREEN card if all students are accounted for or RED card if student(s) are missing. This includes students in special services. Administrator will clarify that students are accounted for when evacuation is complete. (When in doubt, put red out.)
- An ALL CLEAR signal will be given indicating that conditions are safe to return to classrooms

Earthquake Procedures:

- Earthquakes strike without warning. Students and staff are to DROP, COVER, AND HOLD when inside building and DROP when outside buildings.
- Inside School Building: Staff in charge implements DROP, COVER and HOLD. All students and staff should immediately turn and/or move away from glass areas and place themselves under tables and desks until shaking subsides.
- Outside School Building: Staff in charge implements DROP. Move away from potential falling objects and into the open if possible. Drop and hold until shaking subsides.
- The administrator or office staff will announce "Evacuate to the fire drill location" over the PA. Staff in charge will bring emergency binders, evacuate students, and close doors. Special consideration should be given to exit routes to ensure safety.
- Take roll at the fire drill location and display RED or GREEN cards.

Evacuation:

- Alert: Administration or office staff will announce to staff "This is an evacuation to ..." by PA.
- Staff and students will immediately vacate the buildings in an orderly fashion utilizing the evacuation routes. Take emergency binders and walkie talkies.
- Follow directions from Incident Command Team. Maintain radio contact.
- All staff will stay with students at the relocation site and take roll. If students are to be released to parents/guardians, the Family Reunification Process will ensue.
- If the relocation site is unsafe, wait for the Incident Commander's instructions.
- An "ALL CLEAR" signal indicates conditions are safe for returning to buildings.
- Assist persons who may need assistance and render first aid as necessary.

Student Runaway Procedure

- Keep the student in your sight at all times.
- Follow student but do not chase
- Communicate with main office through your walkie talkie
- Contact police
- Continue visual contact and remain on scene until police and parents are present and situation is under control

Security Alert (Code Yellow)

- Alert (provided twice in two separate announcements): Administrator or office staff will announce to “Check email and monitor walkie talkies for a security alert” by PA. Runners will notify substitute teachers.
- This is a precautionary alert where teaching day continues
- Students stay in class, recess and dismissal may be altered or withheld depending on direction from law enforcement
- Blinds closed, doors locked, gates locked
- No entry or exit from campus until situation is resolved
- Administrator or office staff will notify staff by PA to check email and monitor walkie talkies. Runners will notify substitute teachers.
- If you are in the gym, use the access keys (hide-a-keys) to lock the doors from the interior.

Lockdown Procedure (Code Red)

- Alert (provided twice in two separate announcements): Administrator or office staff will announce “Lockdown. We are in lockdown with an outside threat. Staff and students in classrooms, lock doors, turn off lights, get low to the ground.”

All Staff will:

- Lock doors, turn off lights, close blinds, and account for students. Students will remain quiet
- Immediately email lockdown@chicocountryday.org with “all present”/“students missing”/or “extra adults” in subject line. Do not call the office unless it is absolutely necessary. If you do not have email capability, the office will contact you via phone or walkie talkie.
- Playground: Hurry to the closest building
- Staff in Gym: lock doors
- Lunch area: hurry to closest classroom or gym
- Restrooms: If students are in the restroom, they must remain there.
- NO STAFF or STUDENTS ALLOWED OUT UNDER ANY CIRCUMSTANCES.
- Call 911 and notify administration if there are injuries
- Administration will provide updates based on direction from law enforcement. Utilize the emergency buckets in the classroom for bathroom use.
- Law enforcement will take charge of the situation and direct activities and procedures
- Do not open the door until the ALL CLEAR signal is given.
- If you are in the gym, use the access keys (hide-a-keys) to lock the doors from the interior.

Evacuation site is Boys and Girls Club

601 Wall Street

Chico, CA

95928

Public Agency Use of School Buildings for Emergency Shelters

(C) School Suspension, Expulsion and Mandatory Expulsion Guidelines

Suspension and Expulsion as Disciplinary Actions

CCDS will regard suspension and expulsion as a last resort. Criteria for suspension and expulsion of students will be consistent with all applicable federal and state statutes and constitutional provisions. Students will be afforded due process, including a hearing and right of appeal, as described below. A student identified as an individual with disabilities or for whom there is a basis of knowledge of a suspected disability pursuant to the Individuals with Disabilities Act ("IDEA") or who is qualified for services under Section 504 of the Rehabilitation Act of 1973 ("Section 504") is subject to the same grounds for suspension and expulsion and is accorded the same due process procedures applicable to regular education students except when federal law or special education local plan area ("SELPA") policies require additional or different procedures.

The grounds for mandatory and discretionary suspension and expulsion are as follows:

1. Mandatory Suspension. A student shall be suspended with a mandatory recommendation for expulsion where he/she is found to have:

a. Possessed, sold, or otherwise furnished any firearm, explosive, or other dangerous object.

2. Discretionary Suspension. A student may be suspended for any of the following offenses:

a. Possession, use, offering, arranging and/or negotiating to sell or provide of a knife, imitation firearm, other weapon, or item that could be construed and/or used as a weapon.

b. Possession, use, being under the influence of, offering, arranging and/or negotiating to sell tobacco, alcohol, drugs, other controlled substances, or intoxicants of any kind, including, but not limited to over-the-counter medication and/or prescription drugs.

c. Theft of property including, but not limited to attempting to steal and/or receive stolen property and/or aiding or abetting in the same.

d. Physical assault including, but not limited to aiding or abetting in the same.

e. Damage to school or private property including, but not limited to attempted or caused damage.

f. Sexual harassment.

g. Threatening, harassing, bullying, and/or attempting to intimidate other members of the community including, but not limited to acts of "cyber-bullying."

h. Obscenity/Profanity/Vulgarity, including the commission of an obscene act and/or engagement in habitual profanity/vulgarity.

i. Disruption and/or defiance, including, but not limited to disruption of school activities and/or willful defiance of the authority of school personnel.

j. Violations of CCDS academic policies, including, but not limited to plagiarism and/or cheating.

k. Violations of CCDS Internet Use and BYOD policies, including, but not limited to transmitting computer viruses, using or attempting to use other's accounts, trespassing in another's portfolio, folders or files, concealing or misrepresenting one's identity while using the IT system.

3. Mandatory Expulsion. A student shall be expelled when it is determined that the student:

a. Possessed, sold, or otherwise furnished any firearm, explosive, or other dangerous object.

4. Discretionary Expulsion. A student may be expelled for any of the following offenses:

a. Possession, use, offering, arranging and/or negotiating to sell or provide a knife, imitation firearm, other weapon, or item that could be construed and/or used as a weapon.

b. Possession, use, being under the influence of, offering, arranging and/or negotiating to sell tobacco, alcohol, drugs, other controlled substances, or intoxicants of any kind, including, but not limited to over-the-counter medication and/or prescription drugs.

c. Theft of property including, but not limited to attempting to steal and/or receive stolen property and/or aiding or abetting in the same.

d. Physical assault including, but not limited to aiding or abetting in the same.

e. Damage to school or private property including, but not limited to attempted or caused damage.

f. Sexual harassment.

g. Threatening, harassing, bullying, and/or attempting to intimidate other members of the community including, but not limited to acts of "cyber-bullying."

h. Obscenity/Profanity/Vulgarity, including the commission of an obscene act and/or engagement in habitual profanity/vulgarity.

i. Disruption and/or defiance, including, but not limited to disruption of school activities and/or willful defiance of the authority of school personnel.

j. Violations of CCDS academic policies, including, but not limited to plagiarism and/or cheating.

k. Violations of CCDS Internet Use and BYOD policies, including, but not limited to transmitting computer viruses, using or attempting to use other's accounts, trespassing in another's portfolio, folders or files, concealing or misrepresenting one's identity while using the IT system.

Authority to Impose Discipline

The Dean of Students (or his/her designee) may conduct an investigation of the facts and circumstances presented in case of a disciplinary offense or infraction. The investigation may include search(es), a review of evidence, consulting the student and interviewing affected parties, and potential witnesses as well as the involvement of authorities.

The Dean of Students (or his/her designee) may consider the various disciplinary options available in any given set of circumstances, including whether alternatives to suspension or expulsion may be appropriate.

The Dean of Students (or his/her designee) has the authority to determine whether or not to impose a suspension under this policy. Suspensions may be imposed: (1) Pending an investigation to determine whether further discipline, including the possibility of an expulsion hearing is warranted; or, (2) Companion to setting an expulsion hearing. The Dean of Students (or their designees) have the discretion to determine which form of suspension may be imposed.

If a student matter proceeds to an expulsion hearing, the Dean of Students (or his/her designee) shall have the authority to hear the matter and to determine whether or not to impose an expulsion. The decision of whether or not to expel a student remains at the sole discretion of the Dean of Students (or his/her designee).

Suspensions

Suspension Pending Investigation

The Dean of Students (or his/her designee) has the discretion to and may impose a suspension directly if s/he determines it is appropriate. If the Dean of Students (or his/her designee) determines that a student is to be suspended, the Dean of Students (or his/her designee) shall provide written notice to the student's parents and/or guardians of the suspension in writing, including reasons for the suspension and the time period for the suspension ("Suspension Notice"). Academic make-up work is required during suspension. Return to school may be contingent upon submission of a written essay addressing the issue at hand and stating how the student intends to move forward or some other form of restorative process as the School may determine in its sole discretion.

Suspension Pending Expulsion Hearing

If the Dean of Students (or his/her designee) determines at the outset that an expulsion hearing is warranted, the Dean of Students (or his/her designee) may impose a suspension pending an expulsion hearing. The Dean of Students (or his/her designee) shall provide written notice to the student's parents and/or guardians of the suspension, the reasons for the suspension and the expulsion hearing, give notice of the expulsion hearing and provide information regarding CCDS expulsion procedures ("Suspension Pending Expulsion Hearing Notice").

Discipline Review Meeting

If a student is placed on a suspension of any form, the school may call for a Discipline Review Meeting with the parents and/or guardians. During the course of the Discipline Review Meeting, the Dean of Students (or his/her designee) will discuss with the parents and/or guardians the: (1) nature of the offense; (2) the information and evidence gathered to date; and, (3) next steps. If the Dean of Students (or his/her designee) determines that the school will move forward to an expulsion hearing, and the school has not yet given formal notice of an expulsion hearing, the Dean of Students (or his/her designee) will provide the parents and/or guardians with a Suspension Pending Expulsion Hearing Notice.

Expulsions

Expulsion Hearings

If the Dean of Students (or his/her designee) determines that consideration of expulsion is warranted, the Dean of Students will hold an expulsion hearing where the Dean of Students shall serve as the hearing officer. The student shall have the right to representation and the right to present evidence at the expulsion hearing. The Dean of Students will consider evidence and/or testimony as appropriate and will render a decision that shall be in the best interests of the student and CCDS. If a Dean of Students determines that a student is to be expelled, the Dean of Students shall inform the student's parents and/or guardians of his/her determination in writing including the reasons for expulsion ("Expulsion Determination Letter"). The Dean of Students written notification to the parents/guardians shall also include information about the appeal and due process rights in regard to the Dean of Students determination.

Right to Appeal Dean of Student's Determination

The parents and/or guardians shall have ten (10) days from the Dean of Students Expulsion Determination Letter to submit a written request of appeal to the Director of Education of Chico Country Day School ("Written Appeal Request"). In response to the Written Appeal Request, the Director of Education of CCDS shall convene a committee consisting of one member of the CCDS Board of Directors, Special Education Director and the CBO of CCDS or his/her designee. The committee members appointed will be knowledgeable about CCDS basis for expulsion and the procedures regarding expulsion. The committee shall have the right to rescind or modify the expulsion. The committee shall convene a hearing on the appeal within fifteen (15) days of receipt of a timely written request for an appeal. At the hearing on the appeal, the student shall have the right to counsel and the right to present evidence. The committee will consider evidence and/or testimony as appropriate and will render a written decision that shall be in the best interests of the student and CCDS. That decision shall be final.

(D) Procedures to Notify Teachers of Dangerous Pupils (EC 49079)

To notify teachers of suspensions as they occur during the school year, the following process is used: After reviewing the cum folder of newly enrolled students, the site administrator will advise unit members at that site of documented incidents which, if repeated, could pose a threat to unit members, other students or employees. Unit members shall be responsible for maintaining confidentiality on a need to know basis.

When a child is suspended from school, copies of the suspension are placed in the student cum folder. Notification of suspensions are given to: parent/guardian, teacher, Dean of Students, Director of Special Education (if applicable).

(E) Sexual Harassment Policies (EC 212.6 [b])

Student Sexual Harassment Policy:

CCDS is committed to maintaining a learning environment that is free from sexual harassment. Sexual harassment is a form of gender discrimination in that it constitutes differential treatment on the basis of gender, gender identity or expression, or sexual orientation, and, for that reason, is a violation of state and federal laws and a violation of this policy.

Any student who believes that she or he has been a victim of sexual harassment should bring the problem to the attention of the Dean of Students and/or Director of Education so that appropriate action may be taken to resolve the problem. CCDS prohibits retaliatory behavior against anyone who files a sexual harassment complaint or any participant in the complaint investigation process. Any such complainant is further advised that civil law remedies may also be available to them. Complaints will be promptly investigated in a way that respects the privacy of the parties concerned. Complaints alleging unlawful discrimination, harassment, intimidation or bullying based on gender, sex, gender identity or expression, or sexual orientation are eligible to be investigated pursuant to the CCDS' Uniform Complaint Procedure.

The California Education Code Section 212.5 defines sexual harassment as any unwelcome sexual advances, requests for sexual advances, requests for sexual favors, or other verbal, visual, or physical conduct of a sexual nature made by someone from or in the work or educational setting, under the following conditions:

* Submission to the conduct is explicitly or implicitly made a term or a condition of an individual's employment, academic status, or progress.

- * Submission to, or rejection of the conduct by the individual is used as the basis of employment or academic decisions affecting the individual.
- * The conduct has the purpose or effect of having a negative impact upon the individual's work or academic performance, or of creating an intimidating, hostile, or offensive work or educational environment.
- * Submission to, or rejection of, the conduct by the individual is used as the basis for any decisions affecting the individual regarding benefits and services, honors, programs, or activities available at or through the educational institution.

Sexual harassment may include, but is not limited to:

- * Unwelcome verbal conduct such as suggestive, derogatory comments, sexual innuendos, slurs, or unwanted sexual advances, invitations, or comments; pestering for dates; making threats; or spreading rumors about or rating others as to sexual activity or performance.
- * Unwelcome visual conduct such as displays of sexually suggestive objects, pictures, posters, written material, cartoons, or drawings; graffiti of a sexual nature; or use of obscene gestures.
- * Unwelcome physical conduct such as unwanted touching, pinching, kissing, patting, hugging, blocking of normal movement, assault; or interference with work or study directed at an individual because of the individual's sex, sexual orientation, or gender.
- * Threats and demands or pressure to submit to sexual requests in order to keep a job or academic standing or to avoid other loss, and offers of benefits in return for sexual favors.

(F) School-wide Dress Code Relating to Gang-Related Apparel (EC 35183)

Objective: To promote a professional and respectful learning environment and readiness for the world of work.

Clothing must cover the body with no undergarments exposed.

No exposed midriff and/or cleavage.

No backless, strapless, tube tops and/or halter tops. Please note a bandeau is considered an undergarment.

Shorts must have a two-inch inseam/skirts must be longer than the student's thumb when arms are straightened.

Shoes or sandals must be worn at all times. All shoes must have a backs on them, no backless flip-flops or slides. Slippers and heelys (shoes with wheels) are not acceptable. Closed-toed shoes must be in student's possession daily for required P.E, walking field trips, and some electives.

Any clothing or accessories that display or promote the use of alcohol, tobacco, drugs, racial or ethnic slurs, gang affiliation or identity, violence, sexually suggestive or profane content are not allowed.

If a student comes to school in clothing that does not adhere to the above dress code, parents will be contacted and asked to either take your child home or bring a change of clothes for him/her. The student will be provided with appropriate clothing until the parent arrives.

(G) Procedure for Safe Ingress and Egress of Pupils, Parents, and Staff to and from School (EC 35294.2)

Students can arrive at school no earlier than 7:45 a.m. and should be dropped off on the Main Campus (K-5 side.) Upon arrival, your child must remain in supervised areas on campus. Students may be dropped off in the Middle School Building at 8:25 AM. Please make sure that your child enters the school safely and that he or she is supervised as he/she is crossing streets, etc. Do not drop your child off in the parking lot.

Kindergarten students MUST be picked up at their classroom at 2:30 p.m by a parent or other authorized individual.

All students MUST be picked up by 2:40 PM (grades 1-3), 2:55 PM (grades 4-8) at the curb. On minimum days, all students MUST be picked up by 12:30 PM. Students are not allowed to wait in front of the building without supervision.

DROP OFF AND PICK UP OF STUDENTS & PARKING

Introduction: The safe arrival and departure of students is of paramount concern to the Charter School. The Charter School has promulgated the following policy and requests that students and parents adhere to its procedures in order to ensure the safety of all students and staff.

In addition, the Charter School desires to be a good neighbor to the residents surrounding the Charter School premises. Parents can help the Charter School to be a good neighbor by following the rules of the road and exercising courtesy to neighborhood residents.

General Guidelines

All visitors to the Charter School are expected to adhere to the rules of the road when driving on or around the Charter School premises. All visitors are expected to drive slowly when students are present.

Motor vehicles of any kind, including but not limited to, motorcycles, motor scooters, and motorized skateboards, are not allowed on the Charter School premises in any area except the parking lot or designated drop-off and pick-up areas.

Arrival and Departure of Charter School Students

Parents are requested to adhere to the following rules:

1. Drive slowly through the school zone.
2. Pay close attention to the directions of any crossing guard at any crosswalk or traffic light. He or she is trying to help get students to school safely.
3. When approaching the area designated for student pick-up and drop-off, remain patient and stay to the right side of the area. There shall be no passing around other vehicles.
4. Enter the parking lot only if you plan to get out and walk your child to school. Otherwise, the parking lot is not a safe drop-off and pick-up area.
5. When you pull to the curb of the designated pick-up and drop-off area, the first car should pull as far forward as possible allowing others to pull in behind.
6. When leaving, pull out slowly and look carefully for students and other cars.
7. For afternoon pick-ups, if you arrive early, circle the block until students are released. The curb is designated for 3 Minute Loading Zones. After the children are dismissed, the first car should pull forward as far as possible to wait for his or her child.
8. Treat other drivers with respect.

Procedures

Students to be picked-up and dropped-off must report to the designated area when they are dismissed from class.

Parking

Parking spaces designated for employee use and visitor use shall be utilized accordingly.

(H) A Safe and Orderly School Environment Conducive to Learning (EC 35294.2)

Component:

Universal Expectations

Be Safe

Be Respectful

Be Responsible

All Classrooms and Common Areas: Keep your hands, feet and objects to self. Walk to the right at all times. Use equipment and materials appropriately. Use appropriate language and voice level. Clean up after self. Take proper care of all school equipment. Leave toys or other personal belongings at home.

Arrival and Dismissal: Arrive on time. When you arrive, put backpack in your designated area. At dismissal, stay in the pick up zone on the campus side of the sidewalks. Be an active listener. Hands and feet to self. Be in class line by the second bell.

Bathrooms: Walk. Report unsafe conditions. Use appropriate language and voice level. Respect the privacy of others. Use the bathroom for its intended purpose.

Cafeteria/Lunch Area: Keep your hands and feet to self. Eat only your food. Playground equipment is not permitted in eating areas. Use appropriate language and voice level. Listen and follow adult directions. Remain seated until signal for dismissal. Clean up trash and belongings. Pack it in, pack it out!

Gym: Keep your hands and feet to self. Use playground equipment how and where it is intended. Use appropriate language and voice level. Listen and follow adult directions. Return equipment.

Passing Periods: Keep your hands, feet and objects to self. Walk to the right at all times. Listen and follow directions the first time. Help others. Stay with your group or class when traveling together. Travel on pathways destination to destination.

Recess: Keep your hands and feet to self. Use playground equipment how and where it is intended Stay in assigned areas. Be an active listener. Freeze at the bell and return to class. Return equipment.

Accident Protocol

If there is a medical emergency on campus requiring assessment or treatment beyond what staff can or should do, staff should immediately call an ambulance or paramedics (9-911), then call the parent/guardian.

Paramedics will assess and evaluate the need for transportation. Usually the parent/guardian show up during this time. If not, and the paramedics decide to transport, provide them with a copy of the treatment authorization (emergency card) to take along. If the parent is not present, a staff member will accompany the student.

Finances do not play a part in this protocol. Paramedics can asses and decide not to transport; there is no cost involved in calling them to the school. Decision to transport is theirs as well as the liability for course of treatment at that point.

The school is not responsible for the medical costs incurred unless found at fault (possible negligence, safety issues, etc.)

Element:

Opportunity for Improvement:

Objectives	Action Steps	Resources	Lead Person	Evaluation
Training for all staff and students regarding school universal and expectations.	PBIS rotations, staff expectations, refine referral process for MS staff.		Dean of Students	ongoing
Track referrals year to year	Reports run quarterly. Final report in June. Provide comparisons year to year to staff and board.	Student information system	Dean of Students	ongoing

Component:

Safe Schools Partnership:

A safe school is a shared responsibility between school staff, students and parents.

STAFF:

- Park and lock your car in well-lit non-isolated areas
- Use the buddy system whenever possible when entering or leaving the campus at night
- Secure purses and valuable while on campus
- Monitor the school campuses. Be aware
- Notify the administration or Chico PD immediately when you observe trespassers on campus
- Do not return to campus during non-school hours without permission of the administration and making the required notification
- Know the emergency numbers for Chico Police Department. Notify other staff members when remaining on campus after school hours. Campus is to be cleared by 6pm unless permission to remain has been given.
- Know the alarm code, placement of key pads on campus and how to activate and deactivate alarms
- Develop a system of rumor control relative to activities that occur on campus
- Be aware of safety concerns in the community surrounding the school

STUDENTS:

- Report violence, bullying or criminal activity immediately to an adult
- Be aware of your surroundings
- Avoid isolation and unsupervised activities and areas on campus
- Stay on campus during school hours

PARENTS:

- Talk to students about what to do if confronted with violence, bullying, or anything else that is prohibited at our school
- Be aware of the route the children take to school
- Be familiar with whom your children socialize
- Discuss your child's activities at school
- Share with your children the importance of remaining on campus during the day
- Attend or chaperone school events when possible
- Help supervise the campus when you are there

Element:

Opportunity for Improvement:

Objectives	Action Steps	Resources	Lead Person	Evaluation

Component:

School Safety - Conditions for Classroom and School Visitation:

While CCDS encourages parents/guardians and interested members of the community to visit the Charter School and view the educational program, CCDS also endeavors to create a safe environment for students and staff. As such, parents and other visitors must adhere to the following policy in order to maximize the safety of the students and minimize the disruption to the education environment. If a parent or guardian wishes to visit CCDS to view the education program, assist teachers, or conduct school business, the visitor must follow the following procedures, which have been developed to ensure the safety of students and staff as well as to minimize interruption of the instructional program, pursuant to California Penal Code Sections 627, et. seq:

1. If a conference is desired, an appointment should be set with the teacher during non-instructional time in advance. Parents seeking to visit a classroom during school hours must first obtain the approval of the classroom teacher.

2. All visitors shall register with the front office immediately upon entering any school building or grounds during regular school hours. When registering, the visitor is required to provide his/her name, address, age (if under 21), his/her purpose for entering school grounds in a sign-in book. For purposes of school safety and security, a visitor's badge must be worn.
3. The Administrator, or designee, may refuse to register an outsider if he or she has a reasonable basis for concluding that the visitor's presence or acts would disrupt the school, its students, its teachers, or its other employees; would result in damage to property; or would result in the distribution or use of unlawful or controlled substances.
4. The Administrator or designee may withdraw consent to be on campus even if the visitor has a right to be on campus whenever there is reasonable basis for concluding that the visitor presence on school grounds would interfere or is interfering with the peaceful conduct of the activities of the school, or would disrupt or is disrupting the school, its students, its teachers, or its other employees.
5. The Administrator or designee may request that a visitor who has failed to register, or whose registration privileges have been denied or revoked, promptly leave school grounds. When a visitor is directed to leave, the Administrator or designee shall inform the visitor that if he/she reenters the school without following the posted requirements he/she will be guilty of a misdemeanor.
6. Any visitor that is denied registration or has his/her registration revoked may request a hearing before the Administrator or the Board on the propriety of the denial or revocation. The request shall be in writing, shall state why the denial or revocation was improper, shall give the address to which notice of hearing is to be sent, and shall be delivered to either the Administrator or the Board Chair within five days after the denial or revocation. The Administrator or Board Chair shall promptly mail a written notice of the date, time, and place of the hearing to the person who requested the hearing. A hearing before the Administrator shall be held within seven days after the Administrator receives the request. A hearing before the Board shall be held at the next regularly scheduled Board meeting after the Chair receives the request.
7. The Administrator or designee shall seek the assistance of the police in dealing with or reporting any visitor in violation of this policy.
8. No electronic listening, photographic, or recording devices may be used by students or visitors on school grounds or on school sponsored field trips and other school activities without the teacher's and/or Administrator's permission. Exception: Parents/guardians of currently enrolled CCDS students who have signed the "Conditions under which students may be photographed/filmed" section of the CCDS Student-Parent Handbook.
9. Visitors should only come onto campus for the purpose(s) they designate in the sign-in logbook. Visitors shall not get involved in situations which are the responsibilities of CCDS staff, such as directing other students and intervening in discipline situations. Visitors shall not share confidential information or student information with individuals who are not CCDS staff members.
10. Visitors shall not interfere with, disrupt, or in any way prevent or hinder a CCDS staff member in the performance of his/her job duties.
11. School age children shall not visit CCDS during regular CCDS school hours without prior permission from the school administration.

Penalties

1. Pursuant to the California Penal Code, if a visitor does not leave after being asked or if the visitor returns without following the posted requirements after being directed to leave, he/she will be guilty of a crime as specified which is punishable by a fine of up to \$500.00 or imprisonment in the County jail for a period of up to six (6) months or both.
2. Further conduct of this nature by the visitor may lead to the School's pursuit of a restraining order against such visitor that would prohibit him/her from coming onto school grounds or attending School activities for any purpose for a period of three (3) years.

Element:

Opportunity for Improvement:

Objectives	Action Steps	Resources	Lead Person	Evaluation

(I) School Discipline Rules and Consequences (EC 35291 and EC 35291.5)

Chico Country Day Charter School: Student Conduct Code

Conduct Code Procedures

Behavior at Chico Country Day School

In order to ensure a quality learning environment, we feel each student is entitled to a safe and respectful school environment. CCDS has implemented a Positive Behavior Intervention Support Program which provide clear behavior expectations and Restorative Practices which promotes positive behaviors focused on understanding conflict and how to repair harm. We believe that all our students can behave in a manner appropriate to school and that each student can be held accountable for their behavior. CCDS strives to build a community based on cooperation, trust and respect. The universal behavior norms are to be safe, respectful and responsible.

General rules for behavior and safety are:

- Use equipment for the intended use.
- Use appropriate language.
- Follow staff directions.
- Rough play is not allowed.
- Treat others with respect.

Restorative practices provide students a chance to learn about consequences of their actions, develop empathy, and figure out ways to repair relationships that may have been damaged. The process also addresses the needs of those who have been harmed. During a restorative dialogue, students are asked:

- To reflect on the conflict or problem (What happened? What were you feeling at the time?)
- To identify their needs and interests (What do you need in order for this class to go well? How do you want things to change?)
- To make a plan (What needs to happen to make things right? What is our plan for the future?)

Positive reinforcements may include:

- Eagle Eyes are given to students who demonstrate our universal behaviors. Students may turn these in for special drawings.
- Individual classroom incentives.

Discipline may include any one, a combination and/or all of the following depending on the circumstances, and at the school administration's sole discretion.

- Verbal and/or written warning given to the student.
- Loss of privilege. (Referral sent home)
- Restorative conversations and/or task to address the behavior (i.e. pick-up trash, clean lunch tables)
- Written commitment by student to improve his/her behavior and/or performance. (Think Sheet)
- Detention (Referral sent home)
- Parent /guardian notification (Referral sent home)
- Conference with Dean, Director or other faculty (Referral sent home)
- Suspension
- Expulsion
- Other forms of discipline that the school may determine appropriate

Any student who is in possession of any weapon will be recommended for expulsion from the school. (Education Code 48915).

Behavioral plan will apply to students (EC 48900) while on school grounds, while going to and from school, during any school-sponsored activity, on field trips, and during any other school related event.

Universal Expectations

Bullying Prevention Policy:

CCDS will not tolerate bullying or any behavior that infringes on the safety of any student. A student shall not intimidate or harass another student through words or actions for any reason including race, religion, personal appearance, and sexual preference such that the actions substantially interfere with a student's educational experience; creates an intimidating or threatening educational environment; or disrupts the orderly operation of the school, and/or the overall educational environment.

Definition: Bullying can be defined as aggressive behavior that involves an imbalance of real or perceived physical or psychological power among those involved. Typically the behavior is repeated over time and includes the use of hurtful words and/or acts.

Indicators of Bullying Behavior: Bullying behaviors may include, but are not necessarily limited to, the following:

>Verbal – Hurtful name-calling, teasing, gossiping, making threats, making rude noises, or spreading hurtful rumors.

>Nonverbal – Posturing, making gang signs, leering, staring, stalking, excluding, destroying property, using graffiti or graphic images, or exhibiting inappropriate and/or threatening gestures or actions. P Physical – Hitting, >Punching, pushing, shoving, poking, kicking, tripping, strangling, hair pulling, fighting, beating, biting, spitting, or destroying property.

>Emotional/Psychological – Rejecting, terrorizing, extorting, defaming, intimidating, humiliating, blackmailing, manipulating friendships, isolating, ostracizing, using peer pressure, or rating or ranking personal characteristics.

>Cyber Bullying – Any bullying, harassment or intimidation when such is accomplished utilizing electronic communication media or electronic signaling devices. Such media includes, but shall not be limited to, e-mail messages, text messages, instant messages, social networking sites; internet based video sites and postings of blogs. See below for the CCDS' Cyberbullying Policy.

CCDS reserves the right to regulate, review, investigate and discipline students for bullying, harassment, intimidation and/or cyberbullying, or any other disciplinary violations when such activities threaten violence against another student, are related to school activities, or otherwise disrupt the learning environment or orderly conduct of the school, school business or school activities even if such activities occur after school hours and/or off campus.

CCDS expects student and/or staff to immediately report incidents of bullying to a teacher, Dean of Students, or Director of Education. Students may also request that their name be kept in confidence to the extent allowed by law. Staff members are expected to immediately intervene when they see a bullying incident occur. Each complaint of bullying should be promptly investigated and resolved in accordance with school policy.

To prevent bullying on campus, CCDS implements restorative practices and provides intervention strategies to staff and students. CCDS may provide students with instruction in the classroom or other school settings that promotes communication, social skills, and assertiveness skills – aligned with the CCDS Life Skills.

Cyberbullying Policy:

CCDS will not tolerate behavior that infringes on the safety of any student, including the bullying, harassment, intimidation, and cyberbullying of any student. Students who engage in cyberbullying may be subject to disciplinary action up to and including suspension and expulsion.

What is Cyberbullying?

Cyberbullying is bullying that takes place using electronic communication technology such as cell phones, computers, and tablets, as well as communication tools including social media sites, e-mail, web applications, and text messages. In some cases, cyberbullying is a single child sending a hurtful text to another child. But it can also be a group of students posting hurtful things about another student on a social media website. Examples of cyberbullying include:

>Sending mean emails, texts or instant messages to students.

>Threatening or intimidating another student online or in a text message.

- >Posting hurtful statements about a student on social media platforms.
- >Pretending to be another person by creating a fake online profile.
- >Taking an embarrassing or sexually explicit photo of a student and/or sharing it without permission.
- >Sending repetitive neutral messages to a student in a harassing manner.

Victims of cyberbullying may experience many of the same effects as children who are bullied in person, such as impacted academic performance, low self-esteem, or depression. However cyberbullying can seem more extreme to its victims for several reasons:

- >Cyberbullying can be harsher. Often kids say things online that they wouldn't say in person.
- >Cyberbullying can have a greater impact on children as they can receive bullying communications at home. Being bullied at home can take away the place children feel most safe.
- >Cyberbullying's impact can be devastating due to how easy it is to share bullying communications. Children are able to send emails or make posts on social media about a student and it can be easily shared with classmates and a larger public audience. The student who is targeted may feel publically humiliated since the viewing audience is virtually limitless.

CCDS can discipline students for any acts that occur on-campus (e.g., student sends bullying texts to another student during school hours). A student may also be disciplined for off-campus cyberbullying if it meets the definition of bullying above and substantially disrupts another student's instructional environment.

For example, a student who uses a home computer to post insulting statements about another student on a social media website is engaging in cyberbullying. As a result, the target student may be subject to additional harassment at school, making it more difficult for him/her to participate in educational activities. Any student who makes that kind of post will be subject to disciplinary action, as well as any other students who are responsible for harassing the target student.

CCDS staff recognizes students' First Amendment rights and will consult with legal counsel if they have questions about the school's ability to discipline a student for actions conducted off-campus.

(J) Hate Crime Reporting Procedures and Policies

For purposes of this Guide, the term "hate or bias crime" is used to describe an offense against persons or property motivated by hate or bias against a victim based on race, ethnicity, national origin, religion, sex disability, or sexual orientation. Violence motivated by such factors seriously threatens the values of the school and the larger community and the physical safety and mental well-being of all of those affected. Examples of hate-motivated crime include threatening phone calls, defacing or destroying personal property or buildings, hate mail, bomb threats, other threats of physical harm and intimidation, physical assault, arson, vandalism, cross-burnings, and destruction of religious symbols. Other incidents of harassment, such as racial epithets or graffiti, that occur at school, are also of interest to law enforcement agencies, as well as to school officials, because of their potential for causing dangerous confrontation, disruption of order and public safety, and violent retaliation outside of school property or school hours. Contact the site administrator if you feel your child may have been a victim of a hate crime.

Safety Plan Review, Evaluation and Amendment Procedures

Plan will be reviewed by the CCDS Safety Committee each year. The committee will evaluate and amend the Comprehensive School Safety Plan. Subsequently, the plan will be reviewed by the CCDS Board of Directors.

Safety Plan Appendices

Emergency Contact Numbers

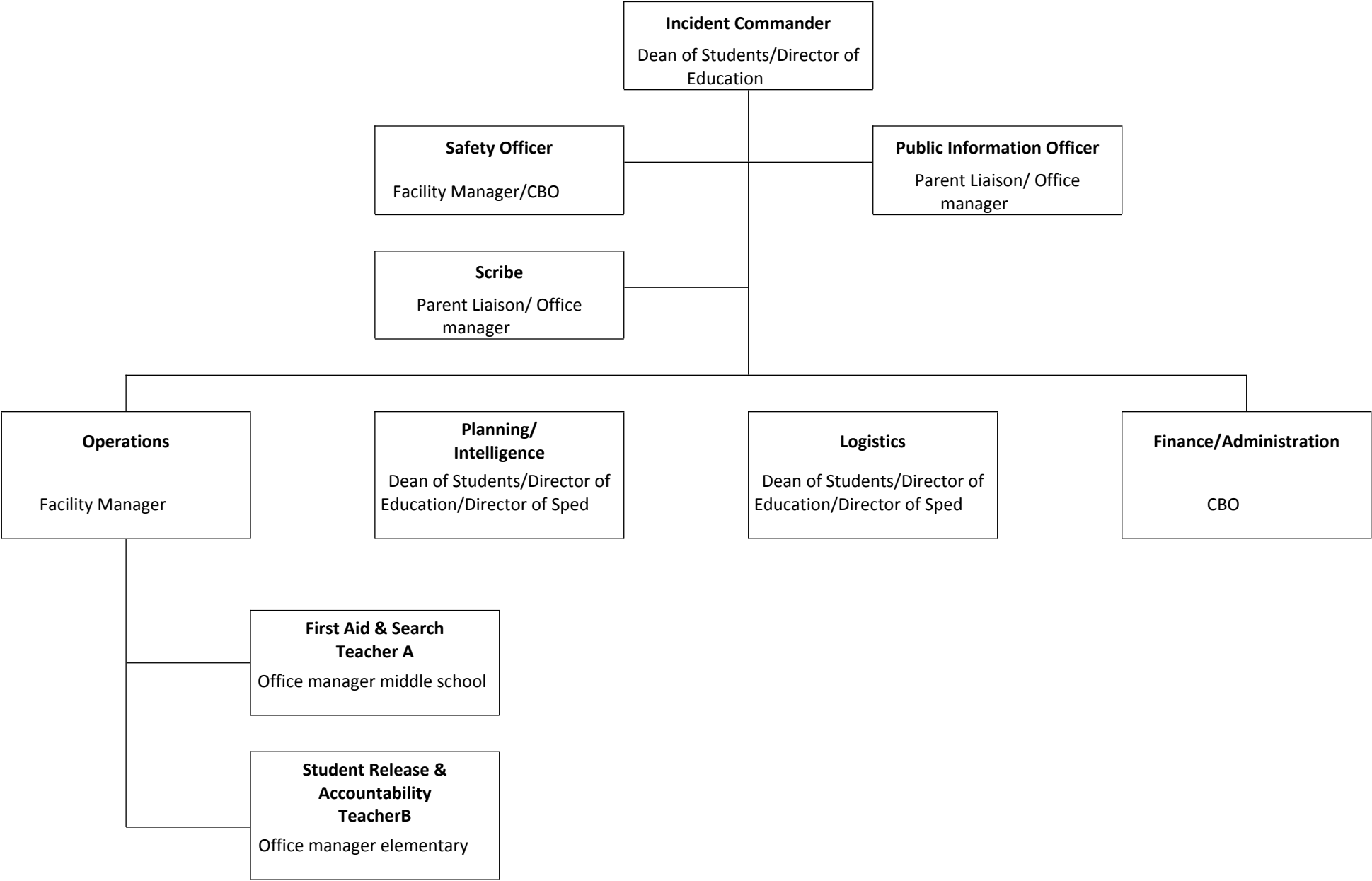
Utilities, Responders and Communication Resources

Type	Vendor	Number	Comments
Law Enforcement/Fire/Paramedic	Chico PD	897-4900	
Law Enforcement/Fire/Paramedic	Chico Fire	897-3400	
Local Hospitals	Enloe	332-7300	
School District	Chico Unified	891-3000	
Public Utilities	PG&E	743-5000	
City Services	City of Chico	896-7200	
Other	Chico Country Day School	895-2650	
Law Enforcement/Fire/Paramedic	Officer Mark Hoffman	518-8767	

Safety Plan Review, Evaluation and Amendment Procedures

Activity Description (i.e. review steps, meetings conducted, approvals, etc)	Date and Time	Attached Document (description and location)
Committee Review of plan	November 14, 2019	Chico Country Day School
Board Review	December 11, 2019	Chico Country Day School
Board Approval	January 8, 2020	Chico Country Day School

Chico Country Day Charter School: Incident Command System



Incident Command Team Responsibilities

Standardized Emergency Response Management System Overview

The California Standardized Emergency Management System (SEMS) is designed to centralize and coordinate emergency response through the use of standardized terminology and processes. This greatly facilitates the flow of information and resources among the agencies participating in response to an emergency. SEMS consists of five functions:

Management

During an emergency, the Incident Commander directs response actions from a designated Command Post. To effectively do this, the Incident Commander must constantly assess the situation, and develop and implement appropriate strategies. The Incident Commander must be familiar with the available resources, accurately document all response actions, and effectively communicate response strategies to others participating in the response. This function is typically filled by the school principal. The principal is assisted in carrying out this function by a Public Information & Liaison Officer and Safety Officer.

Planning & Intelligence

Planning and Intelligence involves the use of various methods to efficiently gather information, weigh and document the information for significance, and actively assess the status of the emergency. This understanding and knowledge about the situation at hand is vital to the effective management of a response. These activities are performed by a single person who reports directly to the Incident Commander.

Operations

All response actions are implemented under by Operations. This includes staff performing first aid, crisis intervention, search and rescue, site security, damage assessment, evacuations, and the release of students.

Logistics

Logistics supports the response by coordinating personnel; assembling and deploying volunteers; providing supplies, equipment, and services; and facilitating communications among emergency responders.

Finance & Administration

Finance & Administration involves the purchasing of all necessary materials, tracking financial records, timekeeping for emergency responders, and recovering school records following an emergency. These activities are performed by a single person who reports directly to the Incident Commander.

Emergency Response Guidelines

Step One: Identify the Type of Emergency

Incident Commander will be notified of the emergency.

Step Two: Identify the Level of Emergency

Incident Team will identify the appropriate emergency response.

Step Three: Determine the Immediate Response Action

Incident Team will initiate the appropriate emergency response.

Step Four: Communicate the Appropriate Response Action

Incident Team will communicate the response to stakeholders as needed.

Types of Emergencies & Specific Procedures

Aircraft Crash

Evacuation

Alert: Administration or office staff will announce to staff "This is an evacuation to ..." by PA.

Staff and students will immediately vacate the buildings in an orderly fashion utilizing the evacuation routes. Take emergency binders and walkie talkies.

Follow directions from Incident Command Team. Maintain radio contact.

All staff will stay with students at the relocation site and take roll. If students are to be released to parents/guardians, the Family Reunification Process will ensue.

If the relocation site is unsafe, wait for the Incident Commander's instructions.

An "ALL CLEAR" signal indicates conditions are safe for returning to buildings.

Assist persons who may need assistance and render first aid as necessary.

Animal Disturbance

Alert: The first person to note indication of an animal disturbance, as soon as it is safe, should call animal control. All are authorized to alert the campus by any means.

Security Alert (Code Yellow) will be implemented.

- Alert (provided twice in two separate announcements): Administrator or office staff will announce to "Check email and monitor walkie talkies for a security alert" by PA. Runners will notify substitute teachers.
- This is a precautionary alert where teaching day continues
- Students stay in class, recess and dismissal may be altered or withheld depending on direction from law enforcement
- If you are in the gym, use the access keys (hide-a-keys) to lock the doors from the interior.

Incident commander will announce an "All clear" message once the animal is removed.

Armed Assault on Campus

Active Shooter/Armed Intruder

An active shooter or armed intruder on school property involves one or more individual's intent on causing physical harm to students and staff. Such intruders may possess a gun, knife, or other harmful device. An active shooter or armed intruder will result in law enforcement and other emergency services responding as quickly as possible. It is critical to follow the instructions of and cooperate with law enforcement officers. Once law enforcement arrives, the School Incident Commander will be relieved by a law enforcement officer as quickly as possible.

If in close proximity to the danger, assess the situation for the best survival option. Make the decision on what is the best option at the pivotal time. The following are guidelines.

- Alert: The first person to note indication of an active shooter or armed intruder, as soon as it is safe, should call 911. All are authorized to alert the campus by any means using "Armed Intruder."
- Lockdown: Lockdown your room in any way possible if evacuation is not safe. Make use of barricades and any exits.
- Inform: Use technology to provide information to the School Incident Commander. If it is safe, use the lockdown email procedures. Upon arrival, law enforcement will commence communication through the School Incident Commander.
- Counter: If you are in immediate danger, you have the option to use whatever counter strategies necessary. This may include any and all forms of resistance to the threat.
- Evacuate: In the event of an intruder, the priority should be to safely leave the area as quickly as possible. If there is no safe manner, lockdown. Once evacuated, meet at the reunification site.
- Unless evacuating, rooms in lockdown shall remain secured until given the "ALL CLEAR" by the Incident Commander/law enforcement.
- Once the intruder is subdued, the Incident Commander in consultation with law enforcement will announce an "Evacuation" and relocation to the alternate site for the Family Reunification Process.

Biological or Chemical Release

Evacuation

Alert: Administration or office staff will announce to staff "This is an evacuation to ..." by PA.

Staff and students will immediately vacate the buildings in an orderly fashion utilizing the evacuation routes. Take emergency binders and walkie talkies.

Follow directions from Incident Command Team. Maintain radio contact.

All staff will stay with students at the relocation site and take roll. If students are to be released to parents/guardians, the Family Reunification Process will ensue.

If the relocation site is unsafe, wait for the Incident Commander's instructions.

An "ALL CLEAR" signal indicates conditions are safe for returning to buildings.

Assist persons who may need assistance and render first aid as necessary.

Bomb Threat/ Threat Of violence

Bomb Threat Procedure:

Bomb Threat: A suspected bomb or explosive has been reported but not located. All threats toward the school are taken seriously. The administrator will contact law enforcement and initiate next steps.

- Alert: Administrator or office staff will announce "This is an evacuation to ..." over the PA
- Do not handle or move the suspected device.
- Call 911 and alert administration
- Staff will move students in an orderly way to the opposite campus from the suspected bomb and account for their students.
- Be aware of a potential second device. Open areas are best locations for gathering.
- Return to buildings only when the ALL CLEAR signal is given.

Bus Disaster

Not applicable

Disorderly Conduct

CCDS expects that parents/guardians will communicate with CCDS staff in a respectful and nonharassing manner. If parents/guardians direct harassing, malicious, obscene, threatening, or intimidating communications towards any member of the CCDS community (e.g., staff, parents, and students), they may have their electronic and/or telephonic access to school staff and CCDS social media accounts (e.g., Facebook groups and pages) restricted at the discretion of the Director of Education or designee.

CCDS staff will report any disorderly conduct of the community to the Chico Police Department and may contact our outreach officer directly.

Earthquake

Earthquake Procedures

Earthquakes strike without warning. Students and staff are to DROP, COVER, AND HOLD when inside building and DROP when outside buildings.

1. Inside School Building: Staff in charge implements DROP, COVER and HOLD. All students and staff should immediately turn and/or move away from glass areas and place themselves under tables and desks until shaking subsides.
2. Outside School Building: Staff in charge implements DROP. Move away from potential falling objects and into the open if possible. Drop and hold until shaking subsides.
3. The administrator or office staff will announce "Evacuate to the fire drill location" over the PA. Staff in charge will bring emergency binders, evacuate students, and close doors. Special consideration should be given to exit routes to ensure safety.
4. Take roll at the fire drill location and display RED or GREEN cards.

Explosion or Risk Of Explosion

Evacuation

Alert: Administration or office staff will announce to staff "This is an evacuation to ..." by PA.

Staff and students will immediately vacate the buildings in an orderly fashion utilizing the evacuation routes. Take emergency binders and walkie talkies.

Follow directions from Incident Command Team. Maintain radio contact.

All staff will stay with students at the relocation site and take roll. If students are to be released to parents/guardians, the Family Reunification Process will ensue.

If the relocation site is unsafe, wait for the Incident Commander's instructions.

An "ALL CLEAR" signal indicates conditions are safe for returning to buildings.

Assist persons who may need assistance and render first aid as necessary.

Fire in Surrounding Area

Evacuation

Alert: Administration or office staff will announce to staff "This is an evacuation to ..." by PA.

Staff and students will immediately vacate the buildings in an orderly fashion utilizing the evacuation routes. Take emergency binders and walkie talkies.

Follow directions from Incident Command Team. Maintain radio contact.

All staff will stay with students at the relocation site and take roll. If students are to be released to parents/guardians, the Family Reunification Process will ensue.

If the relocation site is unsafe, wait for the Incident Commander's instructions.

An "ALL CLEAR" signal indicates conditions are safe for returning to buildings.

Assist persons who may need assistance and render first aid as necessary.

Fire on School Grounds

Fire Evacuation Procedures

1. Sound the school alarm

2. Teachers and staff will

Bring the emergency binder.

Using your emergency door exits, clear rooms silently and close doors, leaving them unlocked.

Evacuate to the designated area on the field. Students walk to the fence (middle school students cross the street) and turn to face the middle of the field.

Maintain control of students at a safe distance from fire, fire personnel, and equipment.

Conduct roll call and display GREEN card if all students are accounted for or RED card if student(s) are missing. This includes students in special services. Administrator will clarify that students are accounted for when evacuation is complete. (When in doubt, put red out.)

3. An ALL CLEAR signal will be given indicating that conditions are safe to return to classrooms

Flooding

Incident Command Team will determine the level of response. Evacuation process may occur if it is within school hours. School closure may occur if the event is outside school hours.

Loss or Failure Of Utilities

Incident Command Team will determine the level of response. Continuation of the school day will occur if it is within school hours. School closure may occur if the event is outside school hours.

Motor Vehicle Crash

Incident Command Team will be immediately alerted and determine the appropriate response. If the occurrence is during a school field trip, this may include cancelling the trip, communicating with law enforcement, and families.

Psychological Trauma

Incident Command Team will be immediately alerted and determine the appropriate response. This may include gathering outside trauma professionals to help students, communicating with families and any other supports as available.

Suspected Contamination of Food or Water

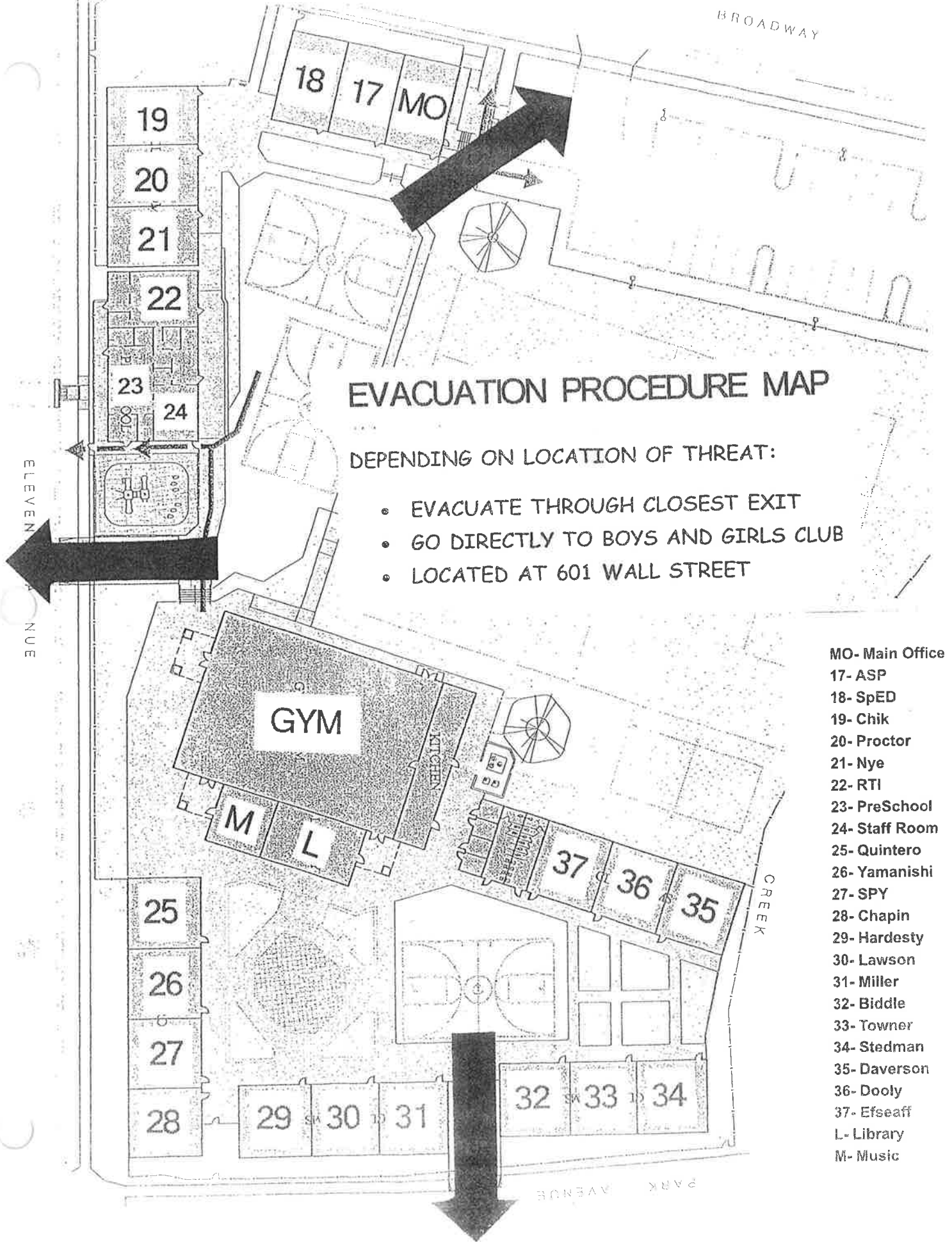
Incident Command Team will be immediately alerted and determine the appropriate response. Incident Command Team will determine the level of response. Continuation of the school day may occur if it is within school hours. School closure may occur if the occurrence is outside school hours. Communication with public officials and families will occur.

Unlawful Demonstration or Walkout

Not applicable

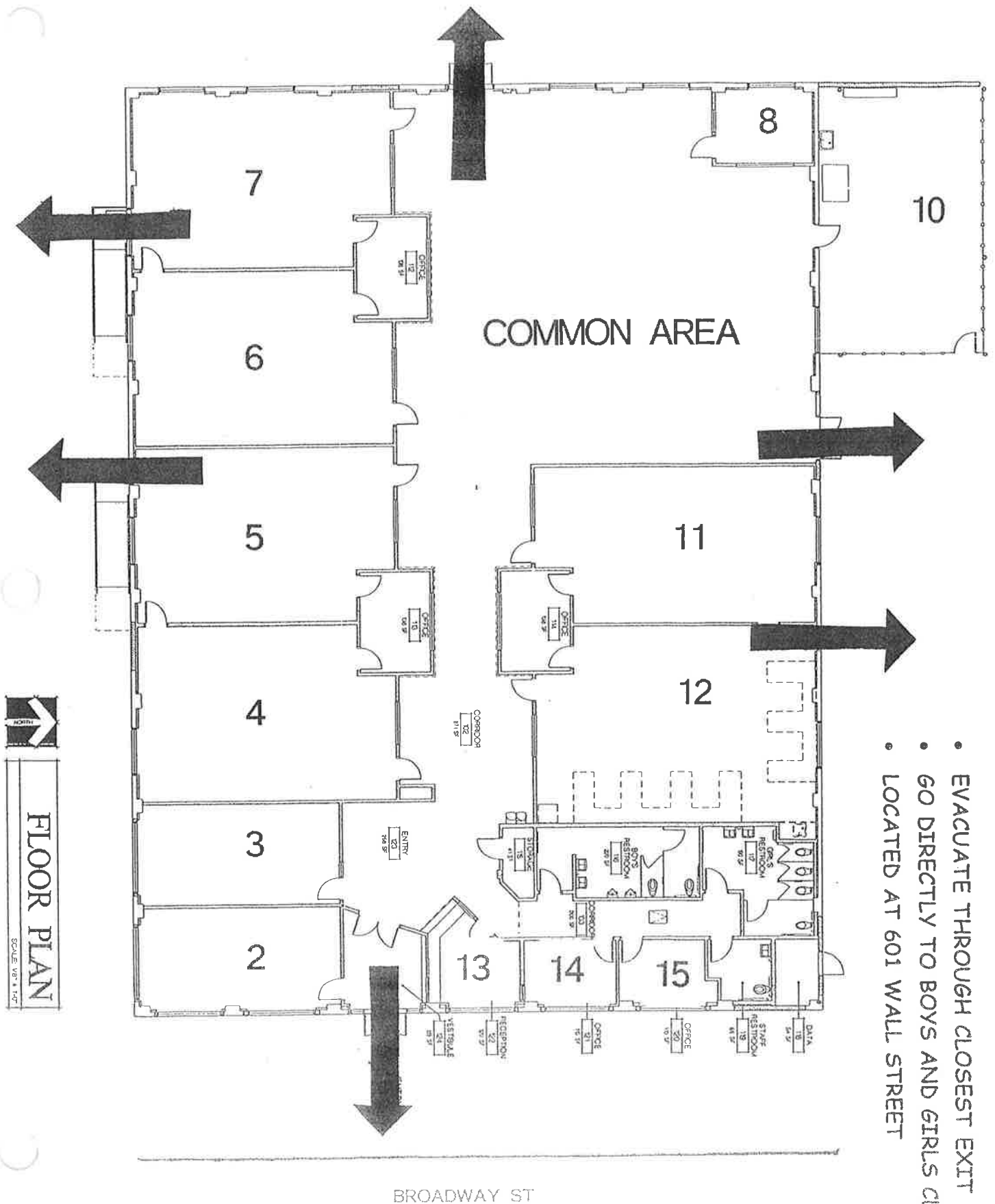
Emergency Evacuation Map

CCDS ELEMENTARY CAMPUS



EVACUATION PROCEDURE MAP

CCDS MIDDLE SCHOOL



DEPENDING ON LOCATION OF THREAT:

- EVACUATE THROUGH CLOSEST EXIT
- GO DIRECTLY TO BOYS AND GIRLS CLUB
- LOCATED AT 601 WALL STREET

FISCAL REPORT

PUBLICATION DATE: DECEMBER 6, 2019

Legislative Analyst Issues Positive But Cautious Outlook

**BY PATTI F. HERRERA, EDD**

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posted November 21, 2019

In its annual [Fiscal Outlook](#) released on November 20, 2019, the Legislative Analyst's Office (LAO) reports that the condition of the California economy and budget are stable, but cautions that the state may face headwinds in the near future.

Consistent with its recent approaches to forecasting California's economy, the LAO looks at the state's outlook through two lenses—a growth lens and a recession lens. Under an economic growth scenario, the LAO estimates state revenues to grow from \$146 billion in 2019–20 to \$167 billion in 2023–24. Conversely, in a recession scenario, the LAO predicts that the state could lose roughly \$50 billion in revenue over the forecast period; due largely to declines in revenue generated by the personal income tax, which yields the lion's share of revenue from the state's "Big Three" taxes. Even in the face of significant revenue losses, the LAO estimates that reduced spending obligations in education and debt payments could save the state roughly \$27 billion. The state could manage the remaining budget deficit and weather a recession by tapping into what is expected to be a \$23 billion state reserve.

Noting that much of the risks to the state economy and budget are outside the control of state lawmakers, the LAO urges the Legislature to make judicious spending choices in the coming year. Though Analyst Gabriel Petek (Analyst) predicts that the state will enjoy a \$7 billion surplus going into fiscal year 2020–21, he cautions lawmakers against committing more than \$1 billion of the surplus to expanding programs or services and instead using it for one-time purposes.

Proposition 98: The Education Outlook

The LAO projects that the Proposition 98 minimum guarantee for 2020–21 will grow by \$3.4 billion (nearly \$2 billion from the General Fund and \$1.4 billion from local property taxes) for a total of \$84.3 billion. The Analyst also predicts that an additional \$206 million will be available due to the expiration of one-time funded activities. Moreover, the LAO's revised estimates for fiscal year 2018–19 and the current year show that the state's obligated spending levels are \$511 million below the minimum guarantee, requiring a Proposition 98 settle-up payment that can be used for one-time spending purposes. After accounting for ongoing obligations between the K–12 and community college systems, like the cost-of-living adjustment (COLA) discussed later and a \$350 million required deposit into the Proposition 98 rainy day fund, there will be approximately \$2.1 billion for lawmakers to spend.

Budget Year 2020–21

While this may seem plentiful, the LAO notes that its revised estimate for the statutory COLA of 1.79% for 2020–21 is relatively low compared to the growing cost pressures districts face. Just over five months ago, the statutory COLA for 2020–21 was predicted to be 3.00%. A 1.79% COLA would yield \$123 less on a per average daily attendance basis under the Local Control Funding Formula (LCFF) than a 3% COLA would have. This significant change in a key component of multi-year budgeting can have magnitudinous local impacts. Consequently, the LAO suggests that the Legislature may want to consider funding a higher COLA than is statutorily required, stating that a 0.5% increase to the COLA will cost the state \$300 million for the LCFF and \$38 million for community college apportionments. Other, more targeted investments that help districts defray costs to their general funds is another way to help districts manage their growing cost pressures such as paying down pension obligations that yield long-term returns or increasing special education funding for historically low-funded regions. Finally, the LAO advises the Legislature that investing in one-time activities provides latitude and helps to avoid future spending cuts in the event of an economic down turn.

Beyond the Budget Year

Like its broader report, the LAO forecasts Proposition 98 under a growth and recession scenario. As was alluded to previously, if the state were to fall into a recession, its education spending obligations would diminish significantly under Proposition 98. The LAO predicts that the minimum guarantee could fall by as much as \$20 billion over the forecast period. Chillingly, the LAO warns that “the state not only would be unable to provide the COLA in 2021–22 and 2022–23, it would need to reduce spending, assuming it funds at the lower minimum guarantee.” Furthermore, the Analyst further suggests that the state could open its old recession toolbox and that the “Legislature could [reduce spending] by making reductions to ongoing programs, deferring school and college payments, or exploring possible fund swaps.”

For those of us who lived in the trenches of the Great Recession, terms like “deferrals” and program “reductions” are enough to have us running for the hills. Thus, we would hope that lawmakers would consider using other tools to mitigate the impacts of an economic downturn on our students, including using a portion of the state’s reserve to avoid such draconian reductions to education spending.

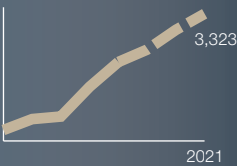
Governor Gavin Newsom will issue his 2020–21 proposed State Budget on or by January 10, 2020. We look forward to seeing all of you at our [Governor’s Budget Workshops!](#)

The 2020-21 Budget: California's Fiscal Outlook

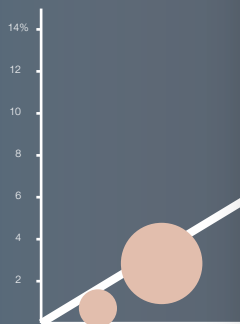
Payroll Jobs
Annual Growth



S&P 500 Index
Annual Growth

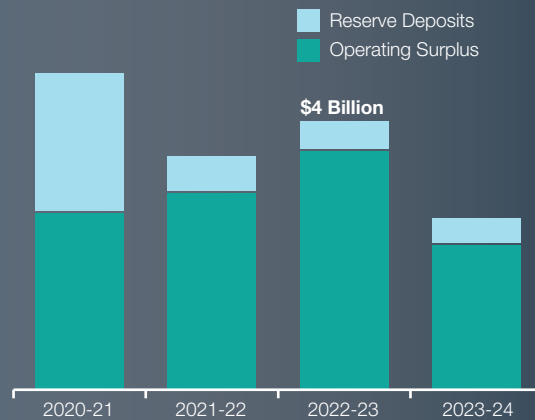


Projected Annual Growth

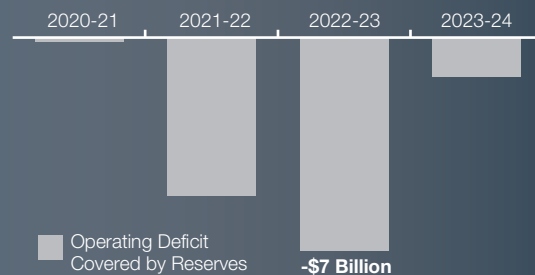


Projected Annual Growth for Major Revenue Sources

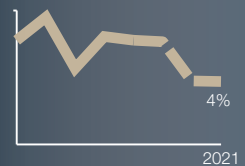
Growth Scenario



Recession Scenario



Wages and Salaries
Annual Growth



Home Prices
Annual Growth



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Executive Summary

Does the State Have Enough Resources to Pay for Next Year's Commitments?

The first aim of the *Fiscal Outlook* is to answer whether the state will have sufficient resources to pay for its existing commitments in the upcoming budget year (in this case, 2020-21). As has been the case in recent years, the answer to this question is yes. Moreover, we find that the budget has an estimated, additional \$7 billion surplus available in 2020-21. (We use the term “surplus” to mean the amount of revenues that exceeds spending under current law and policy.) In the upcoming budget season, the Legislature will allocate this amount between making new budget commitments (like spending increases or tax reductions), paying down debts, and building more reserves.

Does the State Have Capacity to Take on New, Ongoing Commitments?

Second, the report addresses what share of the \$7 billion surplus in 2020-21 is available to be allocated to *ongoing* purposes (meaning amounts that occur annually) versus *one-time* purposes (meaning amounts that are spent or saved only in 2020-21). To address this question, we look at two different expenditure scenarios. We find the state has:

- **Ongoing Surplus of \$3 Billion Under Baseline Expenditure Scenario.** In our baseline expenditure scenario, we find the state has an ongoing surplus of around \$3 billion. Importantly, this scenario assumes the federal government approves the managed care organization (MCO) tax and the state faces no major disasters over the next few years. (The MCO tax offsets General Fund costs in Medi-Cal but it requires federal approval.)
- **Ongoing Surplus Drops Below \$1 Billion in Alternative Expenditure Scenario.** There are a number of risks to the baseline expenditure scenario—including, for example, that the federal government might not approve the MCO tax. In our alternative expenditure scenario, where this and other similarly plausible events—outside the Legislature’s control—occur, we find the state has an ongoing surplus of less than \$1 billion.

Consequently, assuming the economy continues to grow, the state has capacity to take on new, ongoing commitments. The extent of that capacity depends on how the Legislature views possible risks to the budget like those in our alternative expenditure scenario.

If a Recession Begins, Does the State Have Enough Reserves to Cover Revenue Shortfalls?

Finally, the *Fiscal Outlook* assesses whether the state has enough savings—or budget reserves—to cover revenue shortfalls in a recession. We find that the state now is in good shape to weather a recession typical of the post-World War II era. This shows the significant progress California has made in preparing for a downturn. It does not mean, however, that the state is prepared to weather any possible recession. In fact, many of the nation’s post-war recessions

were milder than more recent recessions have been. Moreover, a recession of similar economic size but with more significant stock market drops would have much larger impacts on the state budget.

Comments and Recommendations

Budget Is in Good Condition. California's budget continues to be in a good position. We estimate the Legislature will have a \$7 billion surplus available to allocate in the upcoming budget process, and in addition, will build an \$18.3 billion balance in the state's rainy day fund by the end of 2020-21. With more than a decade of economic expansion, coupled with deliberate legislative action to put the budget on better footing, the California budget is in good condition.

Suggest Caution in Allocating Available Surplus. We think there are reasons for the Legislature to be cautious in allocating the estimated \$7 billion surplus. Given the findings of our alternative expenditure scenario—which reflects possible costs to the budget outside of the Legislature's control—we recommend the Legislature initially plan to dedicate no more than \$1 billion of the estimated \$7 billion surplus to ongoing purposes in 2020-21. Moreover, because there are signals suggesting the potential for weaker economic performance than our outlook currently assumes, we suggest the Legislature allocate a significant portion of the surplus toward building reserves and paying down debt. For the remaining surplus, we recommend the Legislature focus on one-time, flexible commitments that can be changed mid-year if economic conditions change.

INTRODUCTION

Each year, our office publishes the *Fiscal Outlook* in anticipation of the upcoming state budget process. In this report, we aim to answer three questions for lawmakers:

- Does the budget have enough resources available to fund its current commitments in the upcoming fiscal year? In recent years, with an expanding economy and growing revenues, the answer to this question has been yes.
- Over the longer term, does the budget have capacity to take on new commitments, such as spending increases or tax reductions (and if so, how much)? Similarly, in general, our recent *Fiscal Outlooks* have identified some capacity for new commitments.
- In the event of a recession, would reserves be sufficient to cover revenue shortfalls? Increasingly, we have found the state to be more prepared as it has increased reserve levels.

Our answers to these questions rely on specific assumptions about the future of the state economy, its revenues, and its expenditures. Consequently, our answers are not definitive, but rather reflect our best guidance to the Legislature based on our professional assessments.

Near-Term Outlook. “Chapter 1” of this report provides our assessment of the budget in the near term (through 2020-21). In this chapter, we give our assessment of the current condition of the state’s economy and provide our estimates of the budget’s condition under these economic projections. We find that the Legislature would have a nearly \$7 billion surplus to allocate in 2020-21 under our economic and revenue assumptions. However, we also have concluded that budgetary risks—from both economic and other sources—are higher this year compared to the recent past. As such, we think there are reasons for the Legislature to be cautious in allocating these funds.

Longer-Term Outlook. “Chapter 2” gives our longer-term outlook (through 2023-24) for the state budget. In this chapter, we address trends in revenues and expenditures over this multiyear period and give our assessment of the budget’s condition under alternative revenue and expenditure scenarios. We find that, in an economic growth scenario, the state has capacity to cover its current commitments and is in good shape to weather a recession typical of the post World War II era. Based on this analysis, we recommend the Legislature plan to dedicate a sizable portion of the \$7 billion surplus toward building more reserves and paying down debts, no more than \$1 billion to ongoing commitments, and focus the remainder on one-time flexible commitments that can be changed midyear if needed.

Chapter 1

This chapter mainly focuses on answering the first question posed in the Introduction: “Does the budget have capacity to fund its current commitments?” The chapter has three parts. First, we describe the economic assumptions that underpin our revenue projections through 2020-21.

Next, we describe new budgetary developments for the current fiscal year (2019-20) that have occurred since the Legislature passed the budget in June. Finally, we show our estimate of the condition of the 2020-21 budget, including various near-term revenue and expenditure trends.

ECONOMY

Economists Anticipate Continued Growth . . .

The consensus among professional economists (according to a collection of forecasts compiled by Moody’s Analytics) is that the U.S. economy will continue to grow in the coming years, although at a somewhat slower pace than in recent years. Based on these expectations, we project continued modestly paced growth of the California economy. California is expected to continue to add jobs, but more slowly than in recent years. After slumping through much of 2019, California’s housing markets are expected to rebound somewhat, largely in response to falling mortgage interest rates.

Figure 1 (see next page) displays key assumptions of our economic outlook.

. . . But Risks of a Slowdown Are Higher Than Normal. Uncertainty is inherent to every economic forecast. The state’s economy is complex and major events that shift the economy—such

as drops in stock market and real estate prices or changes in relations with trade partners—can be difficult to foresee. That being said, risk to this year’s economic outlook has increased compared to other recent years. Certain economic data points that previously have been key indicators of the state’s economic health have weakened in 2019. Specifically—as discussed in the box on page 7—weakening can be seen in data on housing markets, trade activity, new car sales, and business startup funding. This does not necessarily mean a broader economic slowdown is imminent in the near term. The Federal Reserve recently took actions to stimulate the economy by reducing borrowing costs for consumers and businesses. These actions could help improve the trajectory of the economy. Nonetheless, there likely is greater risk in the economic outlook for 2020-21 than in previous budget cycles.

UPDATES TO THE 2019-20 BUDGET

This report focuses on the 2020-21 budget, which the Legislature will pass in June of 2020. To assess the condition of the 2020-21 budget, however, we first examine budgetary changes for 2018-19 and 2019-20 that have occurred since the Legislature passed the *2019-20 Budget Act*. As of this writing, we are now nearly halfway through the 2019-20 budget. With new information about

revenue and expenditure developments, this section provides an update on the budget situation for the current year.

Somewhat Higher Revenues. Relative to the budget act, we estimate revenues are \$1.6 billion higher across 2018-19 and 2019-20 after accounting for mandatory Budget Stabilization Account (BSA) reserve deposits (under the rules of

Proposition 2 [2014]). These increased revenues largely are due to higher personal income tax (PIT) collections. (In addition, our estimates of required BSA deposits are lower than those assumed at the budget act due to lower estimates of capital gains revenues.) Of this amount, roughly \$250 million is required to be spent on schools and community colleges (under the rules of Proposition 98 [1988]). On net, these factors mean the Legislature has

\$1.3 billion more in discretionary General Fund resources to allocate.

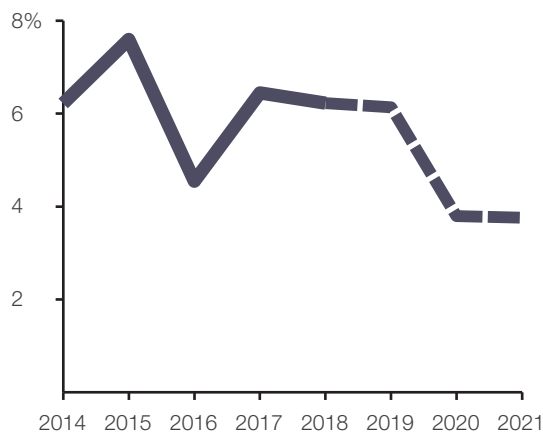
Assume That Reauthorization of the Managed Care Organization (MCO) Tax Provides Nearly \$900 Million in General Fund Benefit. After enacting the 2019-20 budget in June, the Legislature reauthorized the MCO tax in September. The MCO tax generates General Fund benefit by taxing enrollment in managed care organizations and using that revenue to offset General Fund

Figure 1

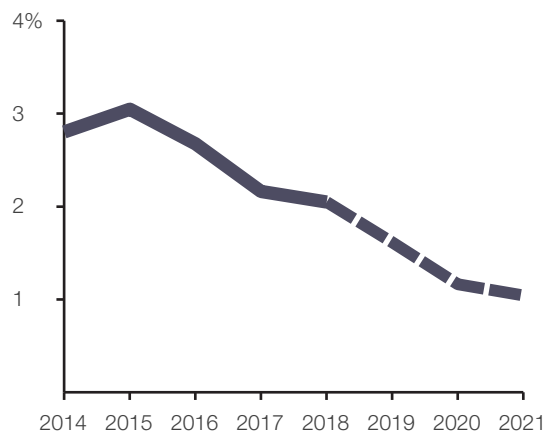
Projections of Key Economic Variables

Annual Growth, Except S&P 500 Index

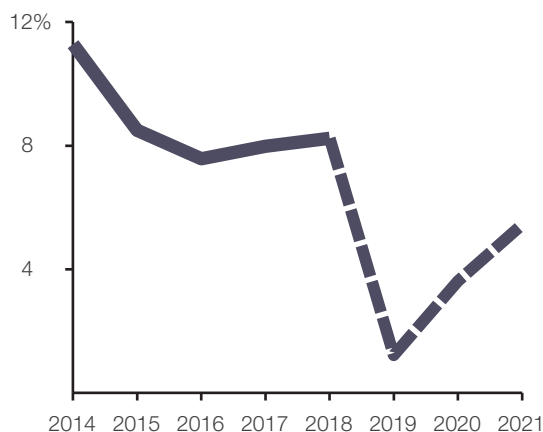
Wages and Salaries



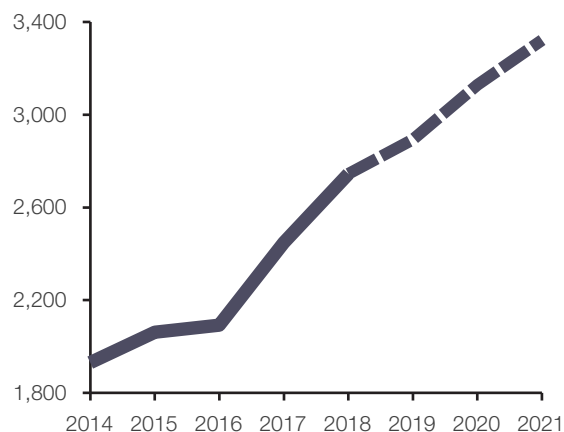
Payroll Jobs



Home Prices



S&P 500 Index



LAO

costs in Medi-Cal. MCOs are reimbursed—in large part—for this higher tax liability by both the federal and state governments. This mechanism only works, however, with federal approval. Our outlook assumes the federal government *does* approve the MCO tax, improving the budget's bottom line condition in 2019-20 by an additional nearly \$900 million. While the federal government

recently released draft guidance that would disallow California's MCO tax, the proposed tax could still gain approval under the existing regulations. We expect a federal decision on this matter is likely in the coming months.

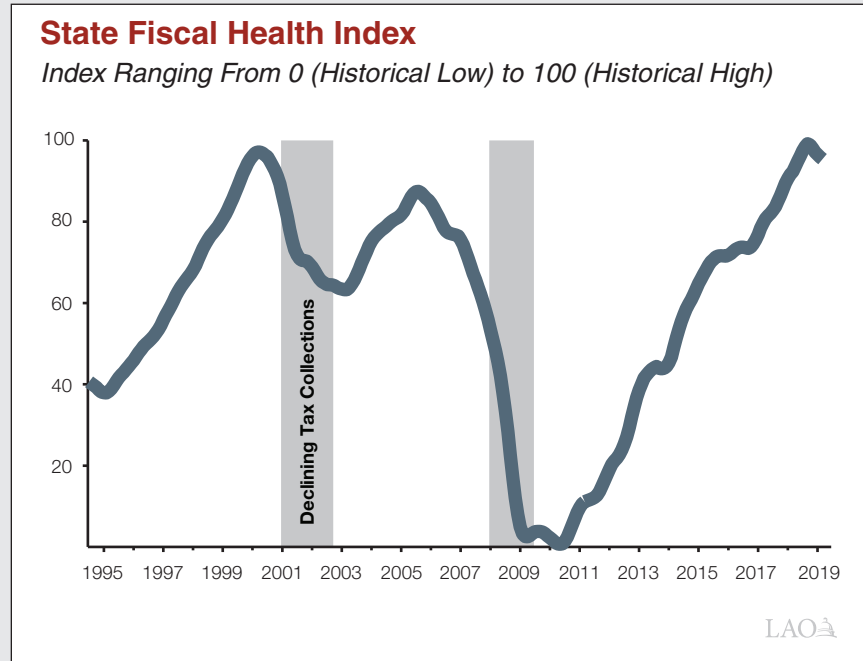
A Few Programs Are Projected to Exhibit Lower Caseload Than Initially Anticipated. Costs associated with some state programs are driven

State Fiscal Health Index

We created the State Fiscal Health Index to track the strength of economic conditions relevant to the state's fiscal health. The index combines ten key data points: home prices, home sales, residential and commercial building permits, the S&P 500 stock market index, venture capital funding, unemployment insurance claims, CalFresh claims, port traffic, and new car sales. The index ranges from 0 (representing the lowest level in the last 25 years) to 100 (representing the highest level in the last 25 years). Both the level of the index and changes in the index from month to month offer information about the state's fiscal health. When the index is high, revenues tend to be high compared to historical norms. Similarly, when the index is increasing, state revenues are likely to increase over the next 6 to 12 months. On the flipside, a consistent decline in the index over a few months has typically signaled that the state is entering an extended period of revenue weakness.

The figure shows the index through September 2019. The index remained relatively high in September, above 95 percent of months in our historical record. Although the index remains high, it has declined for six straight months. Declines of this duration and magnitude have not been observed since the last recession. Weakening has occurred in housing, trade activity (port traffic), consumer spending (new car sales), and business startup funding (venture capital). Most other indicators, while not outright declining, have stagnated.

More information about the index, as well as monthly updates, can be found on our California Economy & Taxes blog (<https://lao.ca.gov/LAOEconTax>).



at least in part by caseload (program participants). For these programs, the June budget includes an assumption of how many people will participate in the coming year. If actual caseload turns out to be higher (or lower) than initially anticipated, state costs will be higher (or lower). Using recent information from state departments, our *Fiscal Outlook* examines trends in caseload for various programs relative to budget assumptions. In the case of three programs, updated data indicate lower annual caseload than the budget anticipated. These programs—Medi-Cal (the state’s Medicaid program), Cal Grants (financial aid to certain eligible students), and California Work Opportunity

and Responsibility to Kids (CalWORKs, cash assistance for low-income families)—together represent just over \$24 billion in General Fund spending in 2019-20. Across these three programs, we estimate that if current trends continue, costs would be lower by around \$450 million in 2019-20 relative to the June budget assumptions.

Net Improvement of \$2.6 Billion in Budget Bottom Line Condition. On net, the factors described in this section (coupled with some other smaller changes) result in an improved budgetary condition of roughly \$2.6 billion in 2019-20 relative to what was assumed in the June budget package.

THE 2020-21 BUDGET

This section summarizes our projections of revenue and expenditure trends from 2019-20 to 2020-21. We then discuss the budget’s overall condition in 2020-21 under these estimates. As is always the case for all of our estimates in this chapter, actual conditions could differ significantly from what we show here.

Major Revenue and Expenditure Trends

Continued, but Slower, Growth in General Fund Revenues. We are projecting revenues to continue to grow from 2019-20 to 2020-21, but we expect growth in revenues to slow compared to recent years. Year over year, we expect growth in the state’s three major General Fund revenue sources—PIT, corporation tax, and sales and use tax—to be \$5 billion, representing a growth rate of 3.5 percent. This is somewhat slower than growth from these revenues in other recent years, largely as a result of slowing growth in the PIT—consistent with our projections of slower growth in the state economy in 2020-21.

Figure 2 shows our near-term outlook for state revenues.

Moderate Growth in General Fund Spending on Schools and Community Colleges. General Fund spending on schools and community colleges is determined mainly by a set of constitutional formulas outlined in Proposition 98. These formulas establish a minimum funding requirement for K-14 education, commonly known as the minimum guarantee. The state meets the guarantee through a combination of General Fund and local property tax revenue. Under our outlook, the state would allocate about 40 percent of General Fund revenue toward meeting the guarantee each year of the period. With General Fund tax revenue estimated to increase nearly \$5.3 billion from 2019-20 to

Figure 2

LAO Near-Term Revenue Outlook

General Fund (In Millions)

	2018-19	2019-20	2020-21
Personal income tax	\$99,048	\$102,288	\$105,902
Sales and use tax	26,127	27,108	27,961
Corporation tax	13,938	13,550	14,134
Subtotals, “Big Three” Revenues	(\$139,113)	(\$142,946)	(\$147,997)
Insurance tax	\$2,721	\$2,955	\$3,051
Other revenues	2,092	2,159	2,534
BSA transfer	-3,329	-2,050	-2,137
Other transfers	-1,315	-1,851	-78
Totals, Revenues and Transfers	\$139,281	\$144,158	\$151,367

BSA = Budget Stabilization Account.

2020-21, our estimate of required General Fund spending on schools and community colleges correspondingly increases by \$2 billion. In the nearby box, we provide more information on changes in the minimum guarantee and the implications for K-14 funding.

Overall Budget Condition

We Currently Estimate a Nearly \$7 Billion Surplus Will Be Available in 2020-21. Our analysis of trends in revenues and expenditures suggests that the Legislature will have a nearly \$7 billion General Fund surplus available to allocate in the 2020-21 budget process. (The box on page 10 describes what we mean when we use the term “surplus” in the *Fiscal Outlook*.) This surplus largely is the result of a number of factors: (1) the reauthorization—and assumed approval—of the MCO tax; (2) continued moderate growth in

revenues offset only partially by higher required spending on schools and community colleges; and (3) low growth in overall expenditures, resulting from roughly \$5 billion in one-time programmatic spending amounts in 2019-20 that do not continue in 2020-21. If the federal government did not approve the MCO tax, we estimate the available surplus in 2020-21 would be about \$4 billion.

Figure 3 (see next page) shows the General Fund near-term condition under our assumptions and estimates.

BSA Balance Reaches \$18.3 Billion in 2020-21. The state’s largest reserve account is the BSA. It is governed by the rules of Proposition 2. When revenues are growing, the state must annually set aside funds in the BSA until those deposits reach a threshold of 10 percent of General Fund taxes. In addition to these required deposits, in recent years, the Legislature has

School and Community College Spending in 2020-21

Under Near-Term Outlook, Proposition 98 Guarantee Grows \$3.4 Billion. Our estimate of the minimum guarantee in 2020-21 is \$84.3 billion, an increase of \$3.4 billion (4.2 percent) over the revised 2019-20 level (see figure below). The majority of this increase is attributable to growth in General Fund revenue, with the remainder attributable to growth in local property tax revenue.

\$2.1 Billion Available After Covering Cost-of-Living Adjustment (COLA) and Reserve Deposit. When the minimum guarantee is growing, the state typically funds a statutory COLA for certain school and community college programs. Providing the COLA (estimated at 1.79 percent) and adjusting for changes in enrollment would cost \$1.1 billion. Under our outlook, formulas in the California Constitution also would require the state to deposit \$350 million into the Proposition 98 (1988) reserve. After accounting for these actions and backing out various one-time costs and savings related to 2019-20, \$2.1 billion would remain for other spending priorities in the upcoming budget.

Additional \$500 Million Available From One-Time Funds. Separate from the increase in the 2020-21 guarantee, we estimate the state has about \$500 million available in one-time funds.

These funds result from revisions to 2018-19 and 2019-20 that require the state to provide additional one-time payments to meet the guarantee in those years. The Legislature could allocate these funds for any of its one-time K-14 priorities.

Proposition 98 Minimum Guarantee Grows Steadily Under LAO Outlook Estimates (Dollars in Millions)

	2018-19	2019-20	2020-21	Change From 2019-20	
				Amount	Percent
General Fund	\$54,617	\$55,985	\$57,963	\$1,978	3.5%
Local property tax	23,723	24,886	26,306	1,420	5.7
Total Guarantee	\$78,340	\$80,871	\$84,269	\$3,398	4.2%

What Do We Mean by “Surplus” in the *Fiscal Outlook*?

One of the goals of the November *Fiscal Outlook* is to assess how much capacity the budget has to pay for existing and—potentially—new commitments. To answer this question, we compare our projections of revenues to spending under current law and policy. When projected revenues exceed these baseline expenditures, we use the term surplus to describe the difference. (If, instead, we found spending under current law was higher than projected revenues, we would use the phrase “deficit” or “budget problem” to describe the difference.) This surplus is reflected in the 2020-21 ending balance in the Special Fund for Economic Uncertainties (SFEU), shown in figure 3. (Balances in other state reserves are not included in the surplus because the Legislature—and State Constitution—have already dedicated those funds to that purpose.) Importantly, this balance does not assume how the Legislature might allocate any surplus among other reserve accounts, new one-time or ongoing program commitments, or tax reductions. Once the Legislature does make these allocations, the SFEU balance will change.

deposited funds into the BSA on an optional basis. We estimate that, under our revenue estimates and current policy, the BSA would reach \$18.3 billion by the end of 2020-21 (see Figure 3). Of this total, we estimate \$15.2 billion is the “mandatory” portion, deposited subject to the rules of Proposition 2, and \$3.1 billion is the “optional” balance, over which the Legislature has more control. Under our estimates, in 2020-21, the mandatory portion of the BSA is very close to reaching the 10 percent threshold referenced earlier.

Figure 3

LAO Estimate of Near-Term Budget Condition

General Fund (In Millions)

	2018-19	2019-20	2020-21
Prior-year fund balance	\$11,155	\$7,748	\$5,378
Revenues and transfers	139,281	144,158	151,367
Expenditures	142,688	146,529	148,628
Ending fund balance	\$7,748	\$5,378	\$8,116
Encumbrances	\$1,385	\$1,385	\$1,385
SFEU balance	\$6,363	\$3,993	\$6,731
Reserves			
BSA	\$14,136	\$16,186	\$18,323
SFEU	6,363	3,993	6,731
Safety net	900	900	900
Total Reserves	\$21,399	\$21,079	\$25,954

Note: Amounts in this table reflect current law and policy.

SFEU = Special Fund for Economic Uncertainties and BSA = Budget Stabilization Account.

LAO COMMENTS

Budget Is in Good Condition. Under our estimates of the condition of the budget for 2020-21, the state has sufficient resources to fund its current commitments. In fact, these estimates suggest the budget has a nearly \$7 billion surplus for the Legislature to allocate in the upcoming budget process. While this is not insignificant, it

is smaller than the surpluses allocated by the two most recent budgets. (For comparison, our office estimated the 2018-19 budget allocated a surplus of \$10 billion and the 2019-20 budget allocated a surplus of nearly \$22 billion). In addition, under our estimates, the state would build an \$18.3 billion balance in the BSA by the end of 2020-21. With

more than a decade of economic expansion, coupled with deliberate legislative action to put the budget on better footing, the California budget is in good condition.

Suggest Caution in Allocating Surplus. The Legislature will soon begin deliberating about how to allocate the state's surplus between building more reserves and one-time and ongoing budgetary commitments. Our estimates currently suggest there will be a \$7 billion surplus available for these purposes. (This amount will change in January with the Governor's budget proposal and more available

information.) A cautious approach to allocating this surplus would be to dedicate most—or all—of it to reserve deposits and one-time purposes. We think there are reasons to be more cautious this year. There are signals suggesting the economy could be weaker than our 2020-21 outlook currently assumes. Moreover, as we will discuss in "Chapter 2," the budget's capacity for more ongoing commitments depends—in large part—on a number of factors that are outside of the Legislature's control.

Chapter 2

This chapter focuses on answering two questions posed in the introduction: “What capacity does the state have to take on new budgetary commitments?” and “Does the state have sufficient reserves to weather a recession?” We answer these questions by assessing the budget’s condition through 2023-24 under economic growth and recession scenarios. We examine two economic scenarios because California’s revenue performance depends, in large part, on how the

economy and stock market are performing. Yet anticipating the health of the state’s economy (and the level of the stock market) is increasingly difficult the further into the future we look. Revenues can be higher or lower by tens of billions of dollars depending on these factors. This report reflects our best guidance to the Legislature at this time, but the state economy and budget could be very different by 2023-24 than what we have presented here.

ECONOMIC GROWTH SCENARIO

Assumes Continued, Though Slower, Economic Growth. In our economic growth scenario, we assume job growth continues but at a somewhat slower pace than in recent years. Wage growth overall also slows, but remains above average in some high-wage industries, such as professional and technical services (for example, lawyers, engineers, and computer programmers) and in the technology sector (for example, software development and data processing). This scenario assumes a relatively flat stock market.

Two Expenditure Scenarios Displayed in This Section. Economic changes and their ensuing revenue implications are not the only source of uncertainty for the Legislature as it considers the longer-term condition of the state budget. Other sources of uncertainty include decisions by the voters and federal government, which could leave the budget in better or worse condition by billions of dollars over the multiyear period. To illustrate some of this uncertainty within our economic growth scenario, we show two different expenditure scenarios: (1) our typical baseline expenditure projections and (2) an alternative scenario that quantifies some risks to state expenditures outside of the Legislature’s control.

Organization of This Section. In the remainder of this section we describe: (1) our revenue estimates under this economic growth scenario, (2) our baseline expenditure scenario, (3) our alternative expenditure scenario, and (4) the budget’s bottom line condition under these different estimates.

REVENUES

Revenue Growth Averages 3.4 Percent Over the Period. Under our growth scenario, General Fund revenues (excluding constitutionally required transfers into the state’s reserves) grow from \$146 billion in 2019-20 to \$167 billion in 2023-24. This represents a modest 3.4 percent average annual growth rate over the period. The state’s three largest tax revenue sources—the PIT, sales and use tax, and corporation tax—collectively are responsible for the vast majority of the overall growth.

Our Projections of Revenue Growth—Particularly in PIT—Have Declined. **Figure 4** (see next page) compares our projected growth of the three largest taxes from this outlook to our projections from the *Fiscal Outlook* published in November 2017. (In both cases, the growth rates

reflect our projections for the upcoming budget year and two subsequent years.) All three revenue sources in the figure are below the line—meaning that we are now projecting those revenues to grow more slowly than we did two years ago. Growth in PIT, the state's largest General Fund revenue source, has declined most noticeably. This decline largely reflects our assumptions of lower growth in wages and salaries. However, in November 2017, we reflected stock market growth of 1 percent from 2018 through 2022. We now assume stock market growth of 3 percent from 2020 to 2024.

BASELINE EXPENDITURE SCENARIO

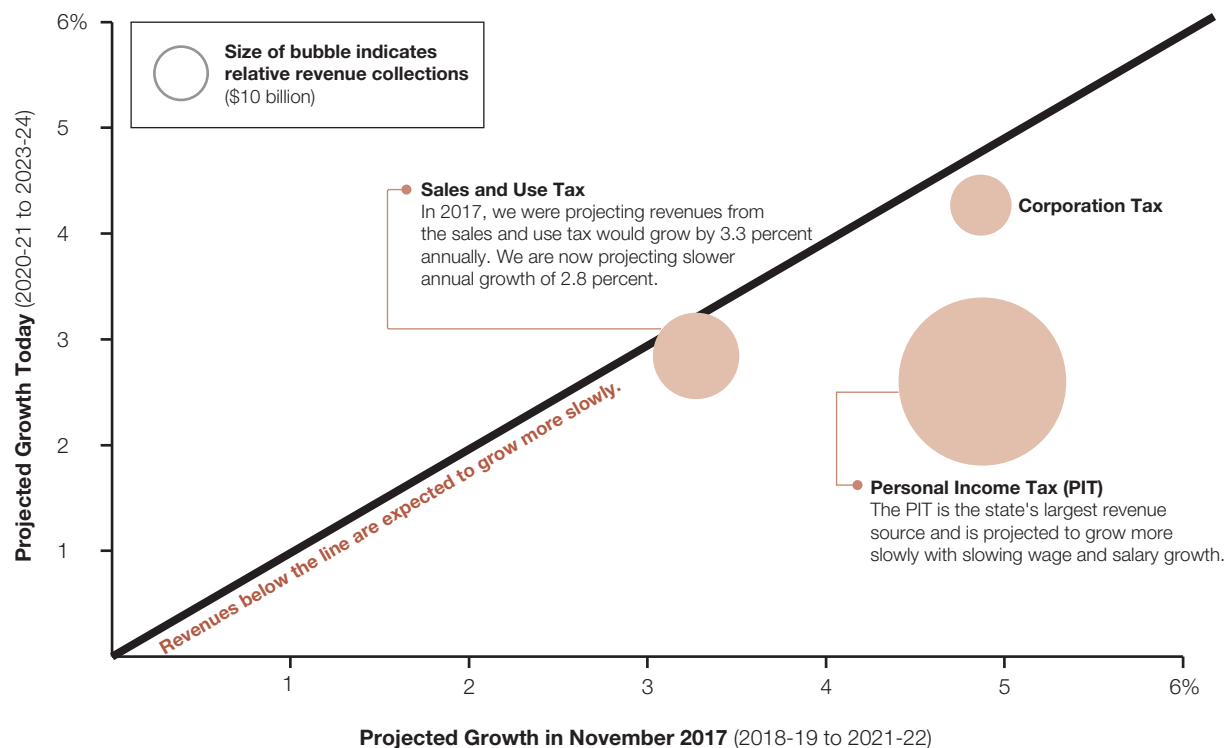
In the baseline expenditure scenario, we make assumptions typical to our *Fiscal Outlook* historically. In particular, this scenario assumes that current state and federal laws and policies

remain in place. Our expenditure projections also provide adjustments to address the impact of inflation with the aim of maintaining the purchasing power of current legislative commitments. Finally, this scenario does not include any potential—but unpredictable—events with significant costs to the state, such as an extraordinarily bad wildfire season (similar to ones the state has experienced in recent years).

Overall General Fund Spending Grows Nearly \$18 Billion (2.9 Percent) Over the Period. If current law and policies were to stay in place, we project General Fund spending would increase \$18 billion from 2019-20 to 2023-24 (representing average annual growth of 2.9 percent). The largest single contributor to this increase is constitutionally required spending on schools and community colleges (under the formulas set forth in Proposition 98). In total, K-14 education accounts for \$7.1 billion of the increase.

Figure 4

Projected Growth for Major Revenue Sources Has Slowed Average Annual Growth



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Our Projections of Annual Spending Growth Also Have Declined Noticeably. Similar to Figure 4, **Figure 5** shows how our projections of growth in major state programs has changed in the last two years. Circles below the line have lower projected growth now relative to 2017. (The figure includes programs with more than \$2 billion in General Fund expenditures, but excludes those large programs with increases driven mostly by discretionary choices, like the University of California and the California State University.) As the figure shows, in nearly all cases, our projections of spending growth in these areas has slowed. This is not the result of one single trend, but rather a variety of demographic, economic, and policy factors. The box on pages 16 and 17 describes these trends in greater detail for each of the areas shown in the figure.

Slowing Expenditure Growth Improves Budget's Condition. Relative to our estimates

in 2017, our projections of future annual General Fund cost growth have slowed from 4.6 percent to 3.4 percent. Comparing our current projections to prior projections allows us to identify changes in the *underlying* trends in program growth. This allows us to isolate different causes of changes in the budget's condition. In this case, slower projected growth in General Fund expenditures means the budget's condition is significantly improved over the multiyear period despite slowing revenue growth.

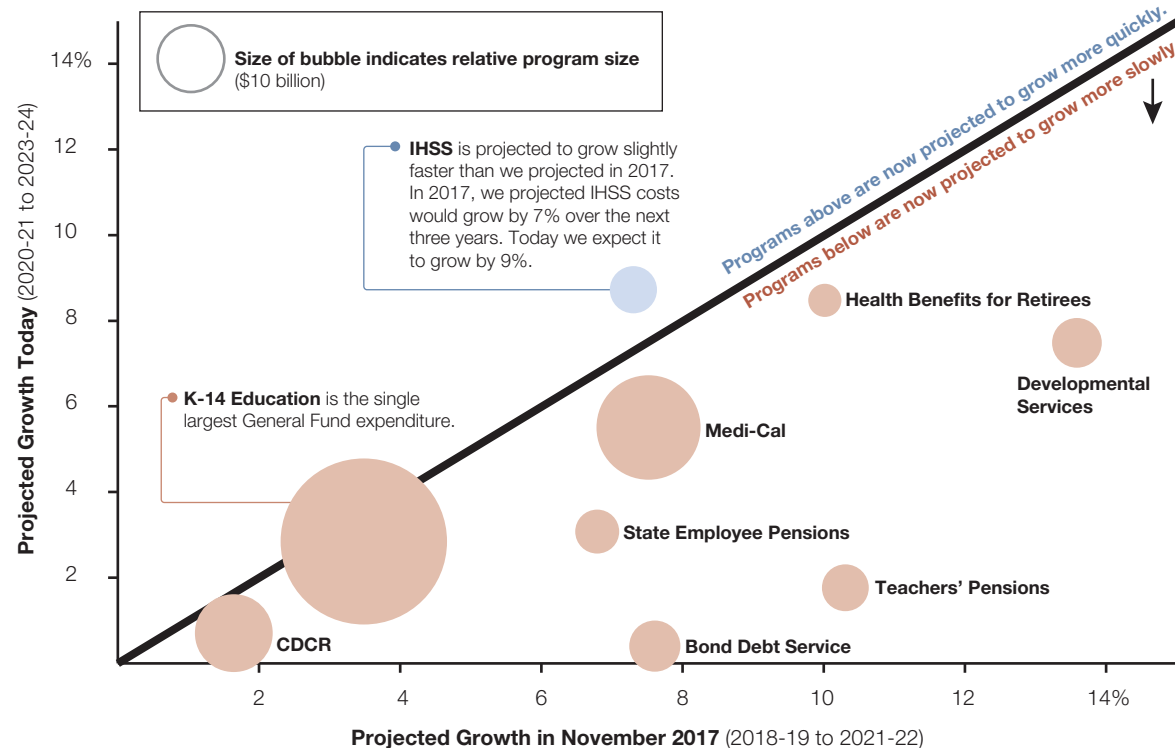
ALTERNATIVE EXPENDITURE SCENARIO

The alternative expenditure scenario described in this section begins with the same estimates regarding program cost growth as the baseline scenario, but makes four different assumptions as described below. Importantly, these four assumptions reflect possible costs to the state

Figure 5

Projected Growth in Most Large State Programs Has Slowed

Average Annual Growth



CDCR = California Department of Corrections and Rehabilitation and IHSS = In-Home Supportive Services.

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outside of the Legislature's control. While this scenario is meant to be illustrative, we believe it is plausible.

MCO Tax Not Approved by Federal

Government. Our baseline expenditure scenario assumes the federal government approves the MCO tax, as described earlier in "Chapter 1". Under

recently released draft regulations, California's MCO tax would not be approved, although the state could still get approval before the regulations are finalized. This would mean the state would get some or even all of the General Fund benefit assumed in our baseline expenditure scenario. If the federal government does not approve the tax, however, General Fund Medi-Cal costs would

Trends in Projected Cost Growth of Major General Fund Programs

School and Community College General Fund Spending Growth Declines Slightly.

General Fund spending on schools and community colleges mainly is determined by a set of constitutional formulas established by Proposition 98 (1988). These formulas have a number of inputs, including changes in General Fund revenue, per capita personal income, and student attendance. Compared to November 2017, our projection of out-year annual General Fund cost growth for schools and community colleges has slowed from 3.5 percent to 2.8 percent. This decrease mainly reflects our lower General Fund revenue projections. While these changes might not seem substantial, even relatively small shifts in these growth rates can have noticeable implications for the state budget because K-14 education represents a significant share of General Fund spending.

Medi-Cal Growth Declines Somewhat. Our projection of annual growth in costs for Medi-Cal, the state's Medicaid program, slowed from 7.5 percent in 2017 to 5.5 percent today. This largely results from three factors. First, pursuant to federal law, the state's share of cost for major Medi-Cal populations was scheduled to gradually increase before reaching stable levels 2021-22. Because the vast majority of this increase in state costs has already taken place, remaining associated cost growth in Medi-Cal is lower going forward. Second, our previous projections did not assume reauthorization of the state's managed care organization (MCO) tax (consistent with then current law), whereas our current projections do. (As explained in "Chapter 1," the MCO tax reduces General Fund costs for Medi-Cal.) Third, our previous projections assumed significantly higher Medi-Cal caseload than our current projections, which capture recent downward trends in the caseload.

CDCR Cost Growth Has Declined Slightly. Cost growth for the California Department of Corrections and Rehabilitation (CDCR) is primarily the net result of two opposing factors. On the one hand, a decline in the inmate population as a result of sentencing changes is lowering state costs by reducing the number of inmates that must be housed in contract prisons. On the other hand, employee compensation costs are growing as the state has approved new labor agreements that increase CDCR employees' salaries and other elements of compensation.

Bond Debt Service Cost Growth Has Declined Substantially. Our projections of growth in General Fund costs for bond debt service has slowed substantially compared to recent projections. One key reason is that we now are assuming a lower interest rate than we have in the last few years on recently issued debt. Facing a consistently low interest rate environment for many years, the State Treasurer has been able to refinance much of the state's bond debt. Consequently, much of the state's outstanding debt now carries a lower interest rate resulting in lower annual costs.

be higher by nearly \$7 billion across the entire outlook period. As such, lack of approval of the tax presents a significant risk to the state's budget condition.

State Faces at Least One Major Natural Disaster. In recent years, the state has experienced major wildfires that have caused historically

significant losses of life and property damage. Our baseline scenario accounts for higher costs associated with fighting forest fires as the state's fire season has become longer and more severe. However, the baseline scenario does not attempt to predict the occurrence of more major fires, for example, ones involving significant destruction of many buildings and other structures. To address

Developmental Services Growth Has Declined Somewhat. The Department of Developmental Services (DDS) provides individuals with qualifying developmental disabilities with services to meet their needs. For a few years, a major driver of our projected cost growth for DDS has been scheduled increases in minimum wage under state law, which affect a large segment of direct service providers. Because minimum wage increases are scheduled to slow significantly after 2022, annual cost growth in DDS also slows.

In-Home Supportive Services (IHSS) Growth Has Increased Slightly. The IHSS program provides personal care and domestic services to low-income individuals to help them remain safely in their own homes and communities. The increase in average annual growth in state IHSS costs between our 2017 and 2019 estimates is largely attributed to policy changes enacted in the 2019-20 budget. For example, the 2019-20 budget continues to fund a restoration of IHSS service hours, which in 2017 we assumed would end in 2019-20 consistent with state law. Additionally, the 2019-20 budget shifted what we assumed to be county costs in 2017 to the state General Fund.

California State Teachers' Retirement System Growth Has Declined Substantially. We expect slower growth in state costs associated with teachers' pensions for two reasons. One, compensation grew more slowly than we expected over the past few years, consequently, we lowered our estimate for salary growth. Two, the supplemental payments provided by the 2019-20 budget package reduce what the state is required to pay over the next few years.

CalPERS Growth Has Declined Substantially. In our prior forecasts, there were two significant factors resulting in substantial increases to state pension contribution rates: (1) in some recent years, actual investment returns were lower than assumed, and (2) the California Public Employees' Retirement System (CalPERS) board adopted new actuarial assumptions about future investment returns and mortality rates. Both of these factors increased state costs in the near term. Because these factors have been phased in, increases in CalPERS' projections of state contributions have slowed. Additionally, the state's supplemental payments—payments above what is required by CalPERS—approved in recent budgets have lowered the state's contribution rates from what they otherwise were projected to be.

Costs of Health Benefits for Retirees Largely Similar. The amount of money the state pays each year toward retired state employees' health benefits depends on (1) CalPERS health premiums and (2) the number of people receiving the benefit. Because the year-to-year growth in health premiums and enrollment cannot be easily predicted, we rely on past average growth of premiums and enrollment to project costs in the outlook. Our assumptions of future growth have not changed substantially in the past few years.

the uncertainty associated with these unforeseen, but plausible, events, this alternative scenario assumes the state faces at least one major natural disaster—like a significant wildfire—during the outlook period.

Education Bond Approved by Voters. In September, the Legislature passed a measure to place a \$15 billion education facilities bond on the 2020 primary ballot. Our baseline expenditure scenario does not include the out-year General Fund costs to pay debt service on any bond debt issued under this measure because it still requires voter approval. If approved, the bond would result in increased General Fund costs of around \$500 million in the last year of our outlook.

Federal Government Delays Cut to Hospitals Serving Higher Shares of Medi-Cal and Uninsured Patients. Currently, hospitals that serve a disproportionate share of Medi-Cal and uninsured patients receive supplemental payments funded from dedicated federal funding that is matched by state and local funds. Under current federal law, the amount of federal funding for these payments is scheduled to be reduced, triggering reductions in the required amount of state and local matching funds. Our baseline scenario reflects this current law. However, if Congress delays the federal reductions—as it has already done in the recent past—state costs would remain higher. As such,

our alternative scenario assumes the scheduled federal reductions do not occur in the multiyear period, leading to around \$200 million per year in additional state costs.

Alternative Scenario Excludes Risks That Involve Legislative Decisions. This alternative scenario excludes changes in the state budget that would require a new law or policy by the Legislature. We also exclude higher or lower costs resulting from the Legislature addressing the current issues faced by the state. For example, this alternative scenario excludes any potential changes in state policy related to the state’s energy grid or PG&E bankruptcy proceedings.

GENERAL FUND CONDITION

Surpluses Average Around \$3 Billion Under Baseline Expenditure Scenario. Figure 6 displays our estimates of the budget’s capacity for new commitments, assuming the economy continues to grow. As the left side of the figure shows, under our baseline expenditure scenario, the state has operating surpluses averaging around \$3 billion over the period. (The nearby box describes what we mean by the term “operating surplus” in the *Fiscal Outlook*.) The key reason the state has relatively substantial operating surpluses under this scenario—despite the fact that projected revenue growth has slowed compared to recent outlooks—

What Do We Mean by “Operating Surplus” and “Operating Deficit” in the *Fiscal Outlook*?

In contrast to the term “surplus” we described in “Chapter 1” (see page 10), which is the amount available to allocate *in the budget year* (2020-21), an operating surplus reflects resources available *over time*. An operating surplus occurs when annual revenues exceed expenditures under current law and policy, resulting in an increase to the Special Fund for Economic Uncertainties (SFEU). An operating deficit occurs when the reverse is true and annual expenditures exceed revenues, causing a decline in the SFEU. When we show operating surpluses under our economic growth scenario it suggests the budget has capacity to take on new *ongoing* commitments, such as multiyear program expansions or tax reductions. By contrast, our recession scenarios typically display operating deficits. When an operating deficit appears in a recession scenario, the key test of the budget’s fiscal health is whether the state has sufficient reserves to cover these deficits. If not, the Legislature would need to make difficult choices—such as raising taxes; reducing spending; or shifting costs, for instance, to local governments—to balance the budget.

Figure 6

Ongoing Surpluses Average Around \$3 Billion Under Economic Growth Baseline Scenario . . .

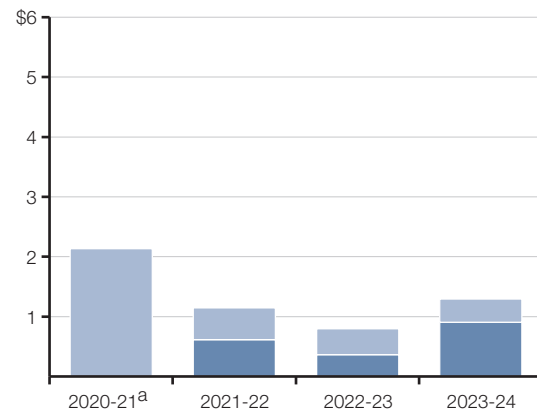
(In Billions)



Key Assumptions

- ↗ Economy continues to grow.
- ↑ MCO tax is approved by federal government.
- ↑ State faces no major disasters.

. . . But Surpluses Decline to Less Than \$1 Billion Under Alternative Expenditure Scenario



Key Assumptions

- ↗ Economy continues to grow.
- ↓ MCO tax is not approved by federal government.
- ↓ State faces at least one major disaster.

^a In the alternative growth scenario there is a small operating deficit in 2020-21.

BSA = Budget Stabilization Account and MCO = managed care organization.

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is that we are also projecting slower expenditure growth in a variety of programs (as discussed earlier).

Surpluses Decline Below \$1 Billion Under Alternative Expenditure Scenario. The right side of Figure 6 shows how the budget's condition would change under the alternative expenditure scenario described earlier. This scenario is the same as our baseline scenario, but assumes:

(1) the MCO tax is not approved by the federal government, (2) the state faces at least one major natural disaster over the multiyear period, (3) the education bond is approved by voters, and (4) the federal government delays the cut to hospitals serving higher shares of Medi-Cal and uninsured patients. As the figure shows, operating surpluses would still be positive, but would decline below \$1 billion over the multiyear period.

RECESSION SCENARIO

Scenario Assumes California Enters Recession in January 2021. This section examines whether there would be sufficient reserves to address revenue shortfalls if the state experienced a typical post World War II (WWII)

recession starting in January 2021. If this occurred, the Legislature likely would have passed the 2020-21 budget (in June 2020) without realizing a recession was coming. In this case, the \$7 billion surplus anticipated in our growth scenario would

fail to materialize. Consequently, beginning in early 2021, the Legislature would be revising the 2020-21 budget and trying to anticipate the emerging shortfall for 2021-22.

Organization of this Section. The remainder of this section describes how such a scenario would play out over the multiyear period. First, we describe the economic conditions assumed in our recession scenario and our estimates of its revenue implications. Second, we describe how constitutionally driven expenditure programs would be affected by those revenue changes. Finally, we show the budget's bottom line condition under these assumptions.

ECONOMY AND REVENUES

Recession Scenario Represents an Average of Post-WWII Recessions. The recession scenario displayed in this section roughly averages the severity of the historical changes in the economic conditions that occurred in the dozen recessions following WWII. (These recessions varied substantially in length and severity.) Our recession scenario assumes that the unemployment rate in California begins to rise in January 2021, eventually peaking at 8 percent, and begins to decline in 2022. Over the course of the recession, the lowest rate of growth in gross domestic product (GDP) is -0.6 percent and the S&P 500 loses about 30 percent of its value, dropping to a low of 2200.

Recession Scenario Results in a Roughly \$50 Billion Revenue Loss. Under the recession scenario, revenue growth would slow in 2020-21 and then decline year over year by close to \$8 billion in 2021-22. Compared to the economic growth scenario, the total revenue loss would be just over \$50 billion over the outlook period. Much of these reductions would be driven by declines in the PIT. Under our assumption that the economy starts to recover in 2022, revenues grow slowly in 2022-23 and more robustly in 2023-24.

Unique Conditions of Future Recession Will Result in Different Revenue Implications. In general, more severe recessions have greater fiscal implications for the state, but this relationship is

not perfect. Recessions with similar job losses and GDP declines can have different effects on the state budget depending on their underlying causes and the sectors of the economy that are impacted. For example, our recession scenario generally is similar in severity to the early 2000s recession. The early 2000s recession, however, was especially bad for stock prices, which dropped by about one-half compared to about 30 percent in our recession scenario. Stock price fluctuations have an outsized impact on state revenues because a large portion of PIT is collected from higher-income earners who tend to earn significant income from these sources. As a result, the early 2000s recession had a greater impact on state revenue than what we show in our recession scenario.

EXPENDITURES

Lower Spending on Schools and Community Colleges Offsets \$20 Billion of Revenue Losses.

The formulas determining school and community college funding tend to result in lower spending when revenues and personal income are declining and higher spending when the opposite is true. In our recession scenario, in which revenues decline, the minimum funding level for K-14 education also declines. We assume the Legislature funds schools and community colleges at this lower level (as has occurred in past recessions). As a result, General Fund spending on K-14 education declines by a few billions of dollars year over year in 2021-22. Over the course of the recession, required spending on schools and community colleges is lower—relative to the growth scenario—by \$20 billion, offsetting revenue losses by a corresponding amount.

Lower Debt and Infrastructure Spending Requirements Offset Additional \$7 Billion of Revenue Losses. Proposition 2 (2014) requires the state to make annual deposits into reserves, additional payments toward certain state debts, and—under certain conditions—spend more funds on infrastructure. In the recession scenario, we assume the state suspends required deposits into reserves and stops making infrastructure payments (under the Constitution's budget emergency rules).

We also assume the state's required debt payments decline consistent with the constitutional formulas. As a result, relative to the growth scenario, the state's revenue losses are offset by nearly \$7 billion in lower Proposition 2 requirements over the period.

GENERAL FUND CONDITION

In the Recession Scenario, Reserves Are Sufficient to Cover Deficits. Figure 7 displays the budget's condition under our recession scenario. These estimates assume a number of automatic program expenditure suspensions are not operative. (These suspensions are discussed more later.) The left side of the figure shows the annual operating deficits in the recession scenario. (Refer to the box on page 18 for more information on how we use the term "operating deficit.") The right side of the figure shows how much in total reserves remain at the end of each year in the scenario. As the figure shows, the state enters the recession with nearly \$23 billion in reserves and uses most of the balance to cover billions of dollars of operating deficits. At the end of 2023-24, the state still could have about \$5 billion in reserves remaining.

Reserves Would Be Nearly Sufficient to Hold School and Community College General Fund Spending Flat. In our *Fiscal Outlook* publications, we assume the state funds schools and community

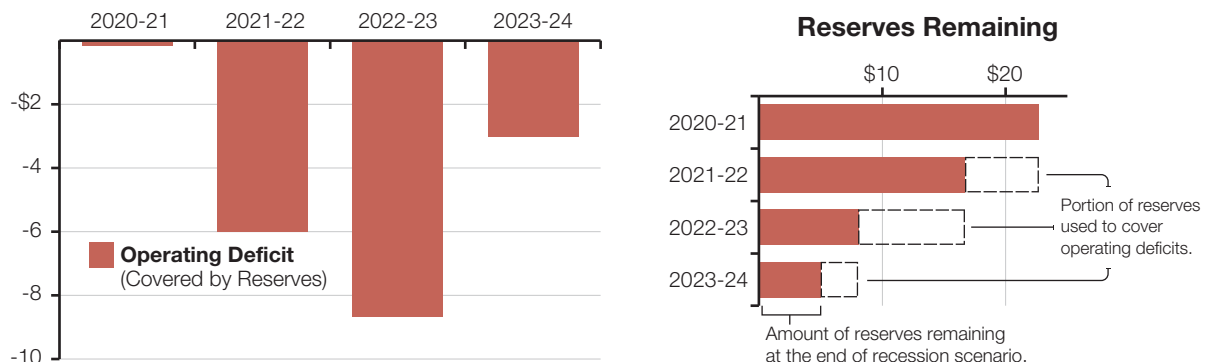
colleges at their constitutional minimum level. More explicitly, this means, under our assumptions, General Fund spending on K-14 education declines even as the state maintains other programmatic spending using reserves. This assumption is consistent with the publication's aim to show spending under current law and policies, which generally has been to fund schools and community colleges at the minimum required funding level. If instead the Legislature wanted to mitigate the impact on schools and spend above the minimum level, the state's operating deficits would be larger. In this recession scenario, however, there would be nearly enough reserves to hold spending on schools and community colleges flat from 2020-21 to 2022-23. In 2023-24, General Fund spending on schools and community colleges would begin to grow again under the constitutional funding formulas.

More Reserves Available With Suspensions.

The 2019-20 budget package made a number of ongoing program augmentations subject to suspension on December 31, 2021 if the budget is not projected to collect sufficient revenues to fund them. (These suspensions are described in more detail in the box on page 22.) Under current law, the suspensions would be operative in our recession scenario, meaning expenditures would be lower by nearly \$1 billion in 2021-22

Figure 7

Without Significant New Spending, California Could Weather a Typical Post-WWII Recession Scenario Assumes Automatic Program Suspensions Are Not Operative (In Billions)



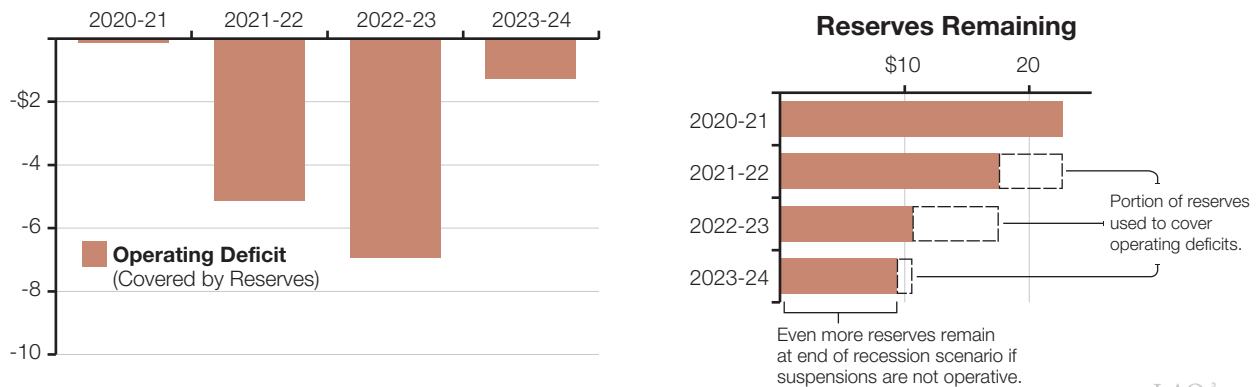
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and nearly \$2 billion in 2022-23. (We assume the same language is operative for 2023-24, although the law does not state this.) **Figure 8** shows the implications for the budget: operating deficits would

be lower than we showed in Figure 7 and the state would have over \$9 billion in reserves remaining at the end of 2023-24.

Figure 8

If Program Suspensions Are Operative, Even More Reserves Would Remain in 2023-24
Scenario Assumes Automatic Program Suspensions Are Operative (In Billions)



Some Expenditure Amounts Are Subject to Suspension

Suspension Language in State Law. The 2019-20 budget package made a number of ongoing expenditures subject to suspension on December 31, 2021. In these cases, statute directs the Department of Finance (DOF) to calculate whether General Fund revenues will exceed General Fund expenditures—without suspensions—in 2021-22 and 2022-23. If DOF determines revenues *do* exceed expenditures, then the programs' ongoing expenses will continue. If not, expenditures across nearly a dozen different programs are automatically suspended. The cost of not suspending these augmentations is \$850 million in 2021-22 (a half-year effect) and \$1.7 billion in 2022-23.

Suspensions Cannot Be Partially Operative Under Current Law. Under the statute, if the budget does not have sufficient resources to pay for all expenditures without suspensions, the suspensions become operative for all affected programs. This means that, even if the budget has the capacity to pay for some of the affected programs, under current law, none of those expenditures would continue.

Calculation Excludes Entering Fund Balance. In some cases, the budget might have sufficient resources to pay for the expenditures subject to suspension (without using dedicated reserves), but the suspensions would still be operative. That is because the calculation considers only projected revenues from each individual fiscal year and not resources carried over from prior years (in the entering fund balance).

LAO COMMENTS

California Is in Good Shape to Weather a Recession Typical of Post-WWII Era. This report assess whether the budget has sufficient reserves to cover revenue shortfalls in the event of a typical post-WWII recession. We found the state has sufficient reserves to cover operating deficits under such a recession, even assuming the downturn began midway through the budget year. This is an important marker of budgetary strength and shows the significant progress California has made in preparing for a recession. The state now is in good shape to weather a recession typical of the post-WWII era. This does not mean, however, that the state is prepared to weather any possible recession. In fact, many of the nation's post-WWII recessions were milder than more recent recessions have been. Moreover, a recession of similar economic size but with more significant stock market drops would have much larger impacts on the state budget.

Economic Growth Scenario Shows State Has Capacity for New Commitments . . .

In “Chapter 1” we estimated that the budget has \$7 billion to allocate in 2020-21, indicative of a good budget condition. In “Chapter 2,” we assessed how much of that \$7 billion surplus would be available for ongoing purposes under two expenditure scenarios. In our baseline expenditure

scenario, the state has \$3 billion for new ongoing commitments. Importantly, this scenario assumes the federal government approves the MCO tax and the state faces no major disasters over the next few years. In a plausible alternative expenditure scenario, where these conditions do not hold, the state has less than \$1 billion for new ongoing commitments.

. . . But Recommend Caution in Allocating Surplus. Given the findings of our alternative expenditure scenario—which reflects possible costs to the budget outside of the Legislature’s control—we recommend the Legislature initially plan to dedicate no more than \$1 billion of the estimated \$7 billion surplus to ongoing purposes in 2020-21. (Later in the budget season, when there is additional information about federal and voter decisions, there could be more ongoing capacity available.) Moreover, because there are signals suggesting the potential for weaker economic performance than our outlook currently assumes, we suggest the Legislature allocate a significant portion of the surplus toward building reserves and paying down debt. For the remaining surplus, we recommend the Legislature focus on one-time, flexible commitments that can be changed midyear if economic conditions change for the worse.

APPENDIX

Appendix Figure 1
LAO November 2019 Revenue Outlook
General Fund (In Millions)

Growth Scenario	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Personal income tax	\$99,048	\$102,288	\$105,902	\$109,378	\$112,031	\$114,383
Sales and use tax	26,127	27,108	27,961	28,849	29,714	30,414
Corporation tax	13,938	13,550	14,134	14,660	15,292	16,022
Subtotals, "Big Three" Revenues	(\$139,113)	(\$142,946)	(\$147,997)	(\$152,886)	(\$157,038)	(\$160,819)
Insurance tax	\$2,721	\$2,955	\$3,051	\$3,152	\$3,251	\$3,330
Other revenues	2,092	2,159	2,534	2,601	2,642	2,678
BSA transfer	-3,329	-2,050	-2,137	-531	-429	-389
Other transfers	-1,315	-1,851	-78	276	288	291
Totals, Revenues and Transfers	\$139,281	\$144,158	\$151,367	\$158,385	\$162,790	\$166,730
Recession Scenario	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Personal income tax	\$99,048	\$102,288	\$101,840	\$94,139	\$95,300	\$106,267
Sales and use tax	26,127	27,108	27,805	27,360	27,846	29,657
Corporation tax	13,938	13,550	13,899	13,619	13,089	15,111
Subtotals, "Big Three" Revenues	(\$139,113)	(\$142,946)	(\$143,544)	(\$135,119)	(\$136,235)	(\$151,035)
Insurance tax	\$2,721	\$2,955	\$3,051	\$3,152	\$3,251	\$3,330
Other revenues	2,092	2,159	2,534	2,601	2,642	2,678
BSA Transfer	-3,329	-2,050	-1,641	—	—	—
Other transfers	-1,315	-1,851	-78	276	288	291
Totals, Revenues and Transfers	\$139,281	\$144,158	\$147,410	\$141,148	\$142,417	\$157,334

BSA = Budget Stabilization Account.

Appendix Figure 2**Spending Through 2020-21***LAO Baseline Expenditure Estimates (In Millions)*

	Estimates		Outlook	
	2018-19	2019-20	2020-21	Change From 2019-20
Major Education Programs				
Schools and community colleges ^a	\$54,617	\$55,985	\$57,963	3.5%
University of California	3,743	3,938	3,955	0.4
California State University	3,811	4,302	4,188	-2.7
Financial aid	1,198	1,602	1,535	-4.2
Child care	1,370	2,042	1,997	-2.2
Major Health and Human Services Programs				
Medi-Cal	\$19,680	\$22,015	\$23,532	6.9%
Department of Developmental Services	4,487	5,031	5,561	10.5
In-Home Supportive Services	3,777	4,493	5,116	13.9
SSI/SSP	2,760	2,733	2,730	-0.1
Department of State Hospitals	1,727	1,770	1,808	2.1
CalWORKs	298	453	577	27.4
Major Criminal Justice Programs				
Corrections and Rehabilitation	\$11,821	\$12,223	\$12,147	-0.6%
Judiciary	1,928	2,161	2,183	1.0
Debt service on state bonds	\$5,358	\$5,313	\$5,742	8.1
Other programs	\$26,111	\$22,466	\$19,593	-12.8
Totals	\$142,688	\$146,529	\$148,628	1.4%

^a Reflects the General Fund component of the Proposition 98 minimum guarantee.
 SSI/SSP = Supplemental Security Income/State Supplementary Payment.

Appendix Figure 3

Spending by Major Area Through 2023-24*LAO Growth Scenario, Baseline Expenditure Estimates (In Millions)*

	Estimates		Outlook				Average Annual Growth ^a
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
Education Programs							
Schools and community colleges ^b	\$54.6	\$56.0	\$58.0	\$59.9	\$61.5	\$63.1	3.0%
Other major education programs	10.1	11.9	11.7	12.4	13.0	13.7	3.5
Health and Human Services	32.7	36.5	39.3	40.9	43.1	46.0	6.0
Criminal Justice	13.7	14.4	14.3	14.4	14.6	14.9	0.8
Debt service on state bonds	5.4	5.3	5.7	6.0	5.7	5.8	2.4
Other programs	26.1	22.5	19.6	21.8	21.1	21.0	-1.6
Totals	\$142.7	\$146.5	\$148.6	\$155.3	\$159.1	\$164.5	2.9%
Percent Change		2.7%	1.4%	4.5%	2.4%	3.4%	

^a From 2019-20 to 2023-24.^b Reflects General Fund component of the Proposition 98 minimum guarantee.

Note: Program groups are defined to include departments listed in Appendix Figure 2.

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