

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 16-11

March 2016

March 25, 2016

To: District/Charter Business Services
From: Judy Thomson, Director Fiscal Services

State of the State

According to the State Controller's Office, total revenues for February of \$6.85 billion surpassed projections in the budget for the coming fiscal year, released by Gov. Brown in early January, by 6.8 percent or \$439 million.

- ✚ Personal income tax revenues of \$2.88 billion beat estimates by \$304.7 million, or 11.8 percent.
- ✚ Corporation tax revenues of \$189.5 million were more than 10 times what was expected.
- ✚ Retail sales and use tax underperformed as revenues of \$3.66 billion fell short by \$37.6 million, or 1.0 percent.

For the 2015-16 fiscal year that began July 1, revenues of \$70.96 billion exceeded the governor's budget by \$293.8 million, or 0.4 percent.

Transportation – Members of the JPA

Under LCFF, CDE was required to continue to provide transportation funding to Transportation JPAs for 2013-14 and 2014-15 only. Pursuant to AB 104, these JPAs were allowed to allocate the former transportation funding to member school districts. Beginning 2015-16, these funds are included in the member districts LCFF entitlements.

Account coding guidance ~ A school district should record payment to the JPA for home-to-schools transportation services as a subagreement for services using Function 3600 and Object 5100. The first \$25,000 of the subagreement with the JPA may optionally be coded to Object 5800. JPAs will record its expenditures to Goal 7110, Nonagency, eliminating double counting expenditures in the statewide financial data. CSAM Procedure 805, p. 805-3.

Effective 2015-16 ~ If expenditures have not been coded as mentioned above, please *correct the account coding now rather than it year end*. Doing the necessary entries now will ensure that the correct coding will roll into 2016-17!

Public Hearing and Approval Dates ~ LCAP and Budget... at least two meetings

The LCAP *public hearing* shall be held at the same meeting as the Proposed Adopted Budget public hearing. However, the LCAP *adoption* shall take place in a public meeting, but may not be the same day as the public hearing. This LCAP adoption meeting shall be the same meeting during which the governing board of the school district adopts a budget.

Regulations ~ Regulations require LEAs to estimate their Supplemental and Concentration grant amounts and minimum proportionality percentage for the fiscal year for which the LCAP is adopted using "the most recent [gap closure] percentage calculated by the Department of Finance." (5 CCR 15496(a).) Accordingly, **LEAs must use the percentage provided in the May Revision.**

Timing ~ Based upon the need to accommodate the most recent [gap closure] percentage calculated by the Department of Finance in the LCAP, it is recommended that public hearing dates be *subsequent to the Governor's May Revision, which is currently scheduled to be on May 10, 2016.*

Reminder ~ District Reserves

ELEMENT ONE ~ TRANSPARENCY –

The State establish a minimum recommended reserve for economic uncertainties based on the district's average daily attendance (ADA). Per EC Section 42127 (a)(2)(B) to require a district's public hearing (**note that this takes place at the Public Hearing... not the day of adoption**) for the 2016-17 budget adoption and forward to provide all of the following for public review and discussion:

- 1) The minimum recommended reserve for economic uncertainties (REU) for each fiscal year identified in the budget. The minimum REU calculation adopted by the State **does not** refer to the district's Economic Uncertainty policy and amounts.

Note: Section 10B of the Criteria and Standards determines this percentage (3%, 4% or 5%) and amount. Percentages are based on the number of District ADA. Thus, it is essential that ADA be input properly on SACS 2016 Form A. Districts with internal charters which are included in the general fund for SACS reporting **MUST** report the applicable charter ADA.

- 2) The combined assigned and unassigned ending fund balances that are in excess of minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget. The fund balances include the General Fund and Fund 17, Special Reserve Fund for Other than Capital Outlay. A statement of reasons that substantiate the need for assigned and unassigned fund balance in excess of the minimum recommended reserve for economic uncertainties for each fiscal year.

NOTE: Per EC Section 42127 (d) the County cannot approve a District's budget unless the aforementioned has taken place.

ELEMENT TWO – RESERVE CAPS – Not Applicable for 2016-17 Adopted Budget

SB 858, the education budget trailer bill, also includes reserve caps or limits if certain State revenue conditions are met. The limit only applies in a fiscal year immediately following a fiscal year in which the state makes a deposit of any amount into the state's Public School System Stabilization Account (the Proposition 98 reserve that was created by Proposition 2). A district with an ADA of 400,000 or less would be limited to two times the minimum recommended reserve.

A county superintendent of schools may grant an exemption of this requirement for up to two consecutive fiscal years within a three-year period to any district that documents extraordinary fiscal circumstances that substantiate the need for a reserve in excess of the limit.

What should be done between NOW and your **PUBLIC HEARING....**

- 1) Determine the applicable District ADA.
- 2) Calculate minimum REU as determined by the State board. Please discuss with your accountant.
- 3) Commit reserves as you deem applicable, discuss with auditors if you have concerns.
- 4) Identify the assigned and unassigned (includes REU) fund balance amounts. Yes... you read that correctly, REU is considered "unassigned".
- 5) Determine/create a statement of reason for amount of assigned and unassigned fund balances in excess of State minimum REU, which is supported by your governing board.
- 6) Be able to articulate why the reasons are relevant and necessary.
- 7) Be ready to present at your public hearing date, which is earlier than your budget adoption date.

2015-16 Auditor Selection

If you have not already done so, please return/scan the 2015-16 Auditor Section form to Penny Link (plink@scoe.org) or Judy Thomson (jthomson@scoe.org). Please provide a copy of the auditor's contract as well. Please contact Judy Thomson (524-2635 or jthomson@scoe.org) by April 1, 2016 if you do not have a signed agreement with an auditor for the 2015-16 fiscal year.

Upcoming Due Dates:

CALPADS

Submission	Census Day	Primary Data Submitted	Official Submission Window	Certification Deadline	Amendment Window
Fall 2	October 7, 2015	Student Course Enrollments Teacher Assignments English Learner Education Services	October 7, 2015 to March 4, 2016	Suspended	March 5, 2016 to April 8, 2016

Federal Cash Management Data Collection (CMDC) Schedule

Reporting in Fiscal Year 2015-2016*

Reporting Period	Reporting Start Date	Reporting Deadline
4	04/10/2016	04/30/2016

* Cash balance to be reported regardless of the fiscal year from which the funds originate.

CARS Spring 2016 Data Collections

Targeted Date: May 15, 2016

Due Date: June 30, 2016

Includes: 2014-15 Expenditure Reporting – 24 month reporting

2015-16 Data Collections (End of Year reporting)

2016-17 Application for Funding

Where to find Due Dates...

CARS ~ <http://www.cde.ca.gov/fg/aa/co/carsschedule.asp>

CALPADS ~ <http://www.cde.ca.gov/ds/sp/cl/rptcalendar.asp>

Federal Cash Management ~ <http://www.cde.ca.gov/fg/aa/cm/fcmdcrptdates.asp>

Financial Reporting ~ <http://www.cde.ca.gov/fg/sf/fr/calendar15district.asp>

Dates to Remember:

03/31/2016 LCAP workshop @ SCOE
04/01/2016 15-16 Audit contract for services due to SCOE
04/01/2016 Open Lab
04/08/2016 Hands On Budget Development
04/12/2016 HR/Payroll Concepts
04/15/2016 Open Lab
04/18/2016 P-2 Attendance due to SCOE
04/28/2016 DBUG
05/03/2016 Finance User Group – EOY

NOTE: Documents that are presented at DBUG may be found at dp.scoe.org website under the "DBUG/SCOE Bulletins" tab.