

# SONOMA COUNTY OFFICE OF EDUCATION



**Bulletin No. 17-05**

**November 2016**

November 17, 2016

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

## **State of the State**

According to the State Controller's Office's November 2016 monthly report, California's October revenues of \$6.34 billion missed expectations by \$330 million, or -5.0 percent. Total fiscal year-to-date revenues of \$30.89 billion are -1.1 percent below estimates. Greater detail is below:

- ✚ *Personal income tax (PIT) receipts* of \$5.13 billion in October (\$7.14 billion in September) fell short by \$177 million, or -3.3 percent. For the first four months of the fiscal year, PIT receipts are 1.05 percent higher than expected.
- ✚ *Corporation tax receipts* of \$240 million for October (\$1 Billion in September) came in \$4 million higher than projections. For the fiscal year-to-date, they are -14.3 percent lower than anticipated.
- ✚ *Retail sales and use tax receipts* of \$883 million for October (\$2. billion in September) fell short by \$139 million. For the fiscal year-to-date, sales tax receipts are -2.4 percent lower than expected.

## **2015-16 Audits**

### **Audit extensions**

SCOEBiz Bulletin 17-06 was e-mailed to all business managers on November 03, 2016. The Bulletin discussed the submission and review process for June 30, 2016 audit reports. Audit reports for the year ended June 30, 2016 must be filed with State Controller's Office (SCO), CDE and SCOEB by December 15, 2016. If your district cannot meet this filing deadline, a **written request for an audit report filing extension is due to SCOEB before November 23, 2016**. Charters requesting an extension must contact their sponsoring district.

### **Audit Submissions**

Independent auditors must submit to SCO one copy of the audit report by U.S. Postal Service or private carrier, or via File Transfer Protocol (FTP). See the California State Controller's Office website: [http://sco.ca.gov/aud\\_k12\\_lea.html](http://sco.ca.gov/aud_k12_lea.html). A user name and password will be required for FTP submissions.

Name the electronic report file according to the entity name, the document type, and fiscal year end. For example, for XYZ Unified School District, the following file names would be used:

- ✚ Report = XYZUnifiedRpt16.pdf
- ✚ Revisions = XYZUnifiedRevision16.pdf
- ✚ Revised Report = XYZUnifiedRevisedRpt16.pdf
- ✚ Management Letter Report = XYZUnifiedMgtLtr16.pdf
- ✚ Corrective Action Plan = XYZUnifiedCAP16.pdf

The electronic audit report files should be in **unsecured** PDF file format.

CDE is accepting only electronic versions of the FY 2015-16 audit reports. For instructions on how to submit the annual audit reports to CDE, see <http://www.cde.ca.gov/fg/au/ag/submitauditrpt.asp>

Charter school audit reports must contain on the cover the official name of the charter school according to the charter school agreement and the name in the CDE school directory. If the charter school has another name, both names should appear on the cover to facilitate SCO's processing of the audit report receipt.

***Calculator to Estimate Cost of an Audit Finding***

CDE has a Calculator for Estimating the Cost of an Audit Finding related to LCFF Unduplicated Pupil Counts, K-3 Grade Span Adjustments, and Instructional Time that is located at:

 <http://www.cde.ca.gov/fg/au/ag/documents/auditpenaltycalc15.xls>

 <http://www.cde.ca.gov/fg/au/ag/statecomp.asp>.

The calculator is designed to assist LEAs and auditors in estimating the cost associated with audit findings for school districts and charter schools for the Local Control Funding Formula (LCFF) unduplicated pupil counts, LCFF K-3 grade-span adjustment, and failure to comply with instructional time requirements.

### ***Auditor Rotation Requirements - Reminder***

Education Code 41020(f)(2) makes it unlawful for a public accounting firm to provide audit services to the LEA if the lead audit partner, or coordinating audit partner responsible for the audit or for reviewing the audit, has performed audit services for the LEA in each of the six previous fiscal years. Consequently, a different audit firm and/or audit partners must be used in the seventh year, unless a waiver is obtained from the EAAP.

### ***State Compliance Updates for Fiscal Year 2015-16***

Please see attached for the State Compliance updates for the fiscal year 2015-16.

### **2016-17 Audits**

The Education Audit Appeals Panel (EAAP) has adopted the permanent regulations for the 2016-17 Audit Guide, which is available at [www.eaap.ca.gov](http://www.eaap.ca.gov). These changes will be effective July 1, 2016 for the annual 2016-17 fiscal year audit. The changes to the 2016-17 Audit Guide are as follows:

- **Educator Effectiveness (Resource 6264)**, is amended to add specific years, 2015-16 and 2016-17, to the directive that auditors confirm whether the LEA developed a plan for Educator Effectiveness expenditures. Previously, the step was merely to determine whether the LEA had adopted a plan.
- **Immunizations**, is amended to refer to current medical exemptions and personal beliefs exemptions filed before January 1, 2016, from measles testing; and to delete the personal beliefs exemption as to the T-dap vaccination, in accordance with SB 277.
- **Special Education: Mental Health Services** will be discussed at the next Audit Guide Committee meeting. This bill calls for audit procedures to be included in the audit guide to review whether funding for educationally related mental health services, pursuant to this item, were used by LEAs for the intended purposes in the 2016-17 fiscal year. More details on these procedures will roll out after the committee meets on this matter.

### **Annual Accounting for School Developer Fees ~ Fund 25, Object 8681**

Developer fees are required to be deposited in a separate capital facilities account/fund so that their collection and use is accounted for separately away from the rest of the district's activities. Interest earned must be credited to the same fund and must be used for the same purpose as the fees. Government Code section 66006 requires that within 180 days of the end of the fiscal year, each district that levies developer fees should make the accounting available to the public **by December 26, 2016, which is within 180 days after the last day of the fiscal year as required by statute.** **The governing board must review the information at its next regularly scheduled meeting held *no earlier than 15 days after* the information becomes available to the public.**

Additionally, Government Code section 66001 requires each district that collects developer fees to **make further findings every five years** about any fund in which those fees remained unexpended at the end of the fiscal year. It is recommended that the five year accounting be made in conjunction with the annual accounting for each fund or account. Failing to comply with the statute, results in a refund of fees in question. For greater detail, see: SSC Fiscal Report, *Don't Forget to Complete Your Developer Fee Report* or School & College Legal Services of California's Legal Update *Annual Accounting of School Facilities Fees #23-2016*

Also, Government Code can be found at: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>.

Click on "Government Code" and scroll to the Title containing charter "66001 - 66006".

***College Readiness Block Grant (CRBG) Reporting Template is here!***

The CDE released the online reporting template for the CRBG reporting. Ed Code Section 41580(f) states that *as a condition of apportionment*, LEA grant recipients **shall report by January 1, 2017, how they will measure the impact of the CRBG funds received** on their unduplicated pupils' access and successful matriculation to institutions of higher education, as identified within their local plan. The online template can be found at <http://www.cde.ca.gov/ci/gs/ps/collegereadiness.asp> by clicking on "Link to Submit Report". More detailed information and the additional conditions of apportionment are available on this site as well.

See attached Template and CRBG Summary from the CDE.

**Here are some of the Frequently Asked Questions:**

**Are there conditions placed on LEAs receiving these funds?**

**What are the appropriate uses of the College Readiness Block Grant funds?**

**Does a recipient of funds have to submit its local plan for the College Readiness Block Grant?**

No. However, the local plan for the use of CRBG funds needs to be heard in a public meeting of the governing board before its adoption in a subsequent public meeting.

**Is a template available for the plan LEAs are required to develop and adopt delineating how the CRBG funds will be spent?**

No. Each LEA should develop its own plan. The CDE does not intend to provide a template for the plan.

**How long do I have to spend the funds?**

Funds may be expended anytime during the 2016–17, 2017–18, and 2018–19 fiscal years.

### **Location of Charter School Operations ~ a recent ruling**

Regarding the location of charter school operations, current law states:

47605. (a) (1) ....A petition for the establishment of a charter school shall identify a single charter school that will operate within the geographic boundaries of that school district. A charter school may propose to operate at multiple sites within the school district if each location is identified in the charter school petition.

47605.1 (c) Notwithstanding any other law, a charter school may establish a resource center, meeting space, or other satellite facility located in a county adjacent to that in which the charter school is authorized if the following conditions are met:

1. The facility is used exclusively for the educational support of pupils who are enrolled in nonclassroom-based independent study of the charter school.
2. The charter school provides its primary educational services in, and a majority of the pupils it serves are residents of, the county in which the charter school is authorized.

There was a recent ruling by the California Court of Appeals interpreted the laws as they relate to a charter school's ability to operate programs outside the boundaries of its authorizing district and set forth specific restrictions on where a charter school may locate its programs. **They ruled that a charter school authorized by a school district must be located within the school district's boundaries, unless an express exception applies.**

The exceptions are:

- ✚ **Independent study/Adjacent County exception** ~ A charter school may open a 'resource center' in an adjacent county if the space is to support students enrolled in independent study. However, a majority of the charter students must receive instruction in, and be residents of, the county of the authorizing district (i.e. Sonoma County).
- ✚ **Unavailability exception.** A charter school may open one site outside of its authorizing district's boundaries, but within the same home county, if the charter school has attempted, but is unable, to locate its entire program within the authorizing district because a facility or site is unavailable.
- ✚ **Partnership with certain federal workforce programs / juvenile court schools/ residential facility exception.**

The decision is now subject to reconsideration and/or appeal to the California Supreme Court. **Please contact your legal counsel if you have questions/concerns.**

**Webcast on Equal Employment Opportunity Commission (EEOC) Final Rules on Employer Wellness Programs**

New rules published on May 17, 2016, under the Americans with Disabilities Act (ADA) require employers who offer wellness programs that collect employee health information to provide a notice to employees informing them what information will be collected, how it will be used, who will receive it, and what will be done to keep it confidential. Wellness programs often gather health information through voluntary health risk assessments or voluntary biometric screenings that include medical examinations (such as tests to detect high blood pressure, high cholesterol, or diabetes). The EEOC has published a sample notice to help employers comply with the ADA. EEOC held a webinar on October 19, 2016 to discuss the new rules, and recorded the session.

The webinar and other explanatory information can be found at: [https://www.eeoc.gov/eeoc/events/webcast-wellness.cfm?utm\\_content=&utm\\_medium=email&utm\\_name=&utm\\_source=govdelivery&utm\\_term=](https://www.eeoc.gov/eeoc/events/webcast-wellness.cfm?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=)

**Dates to Remember:**

11/24-25/2016	Holiday ~ Thanksgiving
12/08/2016	W-2/1099 Workshop
12/16/2016	Open Lab
12/23/2016	Holiday
12/26/2016	Holiday
12/30/2016	Holiday
01/13/2017	Open Lab
01/17/2017	HR/Payroll User Group
<b>01/19/2017</b>	<b>General Ledger Clean-Up – Part I ~ 12:30 to 3:00pm</b>
<b>01/19/2017</b>	<b>Capitol Advisors ~ Governor’s Budget Workshop at SCOE ~ 9:00 to 11:30am</b>
01/27/2017	DBUG
01/30/2017	How to Respond to a Public Records Act Request –contact School & College Legal Services

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