

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 17-11

April 2017

April 28, 2017

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

State of the State

The State Controller's Office reported that California revenues of \$7.63 billion for March beat projections in the governor's proposed 2017-18 budget by \$1.73 billion, or 29.2 percent, but were just \$56.5 million above estimates in the 2016-17 Budget Act signed last summer. For the first nine months of the 2016-17 fiscal year that began in July, total revenues of \$80.91 billion are \$607.3 million below last summer's budget estimates, but \$837.1 million ahead of January's revised fiscal year-to-date predictions.

- + *Personal income tax (PIT) receipts* of \$3.9 billion topped the governor's proposed budget by nearly \$1.1 billion or 38.2%. As for year to date, PIT receipts of \$54.9 billion are 1.1% higher than January's revised estimate..
- + *Corporation tax receipts* of \$1.37 billion for March were 29.1 percent higher than assumptions in the proposed 2017-18 budget. Fiscal year-to-date corporation tax receipts of \$5.19 billion are 9.0 percent above projections in the proposed budget.
- + *Retail sales and use tax receipts* of almost \$2.00 billion exceeded expectations in the governor's proposed 2017-18 budget by \$266.8 million, or 15.4 percent. For the fiscal year to date, sales tax receipts of \$18.29 billion are \$346.7 million below the revised estimates released in January.

2016-17 audit guidelines/reminders

As part of the annual audit, there are procedures which relate to the LCAP or approved annual update. These annual audit procedures require the auditor to:

- + **Obtain a copy** of the approved LCAP or approved annual update.
- + **Select a sample of actions** and/or services in the **Annual Update section that have expenditures**, and review supporting documentation to determine whether the expenditures were consistent with the actions and/or services.
- + **Review supporting documentation to verify** the following:
 - o LCAP or approved annual update was **presented to** the parent advisory committee and English learner parent advisory committee (Education Code [E.C.]52062[a][1-2] or 52068[a][1-2])
 - o **Notification** was made to members of the public for an opportunity to comment on specific actions and expenditures (E.C. 52062[a][3] or 52068[a][3])
 - o LCAP or approved annual update was **presented in at least one public hearing** (E.C. 52062[b][1] or 52068[b][1])
 - o LCAP or approved annual update was **adopted in a public meeting** (E.C. 52062[b][2] or 52068[b][2])

If any of the above did not occur, or was not properly supported, a finding will be included in the annual audit report. In addition, please see the attached for some additional audit reminders regarding state and federal compliance.

Alternative Education - Change in Rates

Alternative Education will be raising their rates in 2017-18. The per ADA rate will increase from \$7,000 to \$7,500 and the Alt Ed/Special Ed daily rate will increase from \$29 per day to \$40 per day.

2017-18 Annual Notice to Parents

School College and Legal Services issued Memo No. 15-2017 that discusses the changes in the Notice to Parents applicable to the 2017-18 school year, such as: Scoliosis Screening Notice; Multilingual Education; Tobacco Free Schools; District of Choice; Other Interdistrict Transfers; Excused Absences; Bullying; Photographs – Directory Information; High School Exit Examination as well as other information about additional documents that must be included in the Annual Notice to Parents.

A printable version of Memo No. 15-2017 can be located at their website: <http://www.sclscal.org/>.

Bond Oversight ~ An Evaluation Process Timeline

The California League of Bond Oversight Committee's (CalBOC) is an organization whose mission is to promote school district accountability by **improving the training and resources available to California's Prop 39 (55%) school bond oversight committees**, educating the state legislature, local school boards, and the public about the oversight and reporting power these Citizens' Bond Oversight Committees (CBOCs) have, and to advocate on a state level, where appropriate, on issues of common concern to all CBOCs. CalBOC's website is <http://www.calboc.com/home-1.html> and has concise, instructive training information on Performance Audits, Education Code, Proposition 39 (includes Prop 39 requirements, purpose of the bond oversight committees, meeting procedures requirements and more) and The Brown Act.

Attached is a bond evaluation timeline that was created by Kern County Taxpayers Association, KernTax, that you may find insightful.

Indirect Cost Rates

The 2017-18 indirect cost rates for district and charters are posted on the CDE Indirect Cost Rate (ICR) web page at <http://www.cde.ca.gov/fg/ac/ic/index.asp>. EC Section 38101(c) limits food service program indirect costs to amounts derived using the *lesser of* a district's approved indirect cost rate or the statewide average indirect cost rate. Each district should compare to determine the lesser rate for use with this program.

The 2017–18 statewide average indirect cost rate is 5.25 percent.

CALPADS Update

CALPADS Snapshot Collection Windows and Certification Deadlines (EOY= End of Year)

CALPADS Submission	Census Day	Primary Data Submitted	Official Submission Window	Certification Deadline	Amendment Window
EOY 1	N/A	Course completion for grades 7–12 CTE participants, concentrators, completers	May 15, 2017 to July 31, 2017	July 31, 2017	August 1, 2017 to August 11, 2017
EOY 2	N/A	Program Eligibility/Participation Homeless Students	May 23, 2016 to July 15, 2016	July 31, 2017	August 1, 2017 to August 11, 2017
EOY 3	N/A	Student Discipline Student Absence Summary	May 23, 2016 to July 15, 2016	July 31, 2017	August 1, 2017 to August 11, 2017

Have you performed the following annually required Public Disclosures?

Education Protection Act (EPA) ~ Resource 1400

Proposition 30 requires an LEA's **governing board to make spending determinations for EPA funds at an open public meeting**. Proposition 30 language does not specify that the open public meeting has to be a separately held meeting only for the discussion of EPA funding. Therefore, this requirement may be satisfied at a regularly scheduled meeting.

LEAs must **report on their Web sites** an accounting of how much money was received from the EPA and how that money was spent. LEAs **may not use EPA funds for administrative costs**.

For additional information on EPA calculations, payment schedules, spending restrictions, SACS financial reporting and more, please go to frequently asked questions posted on the CDE Web site at <http://www.cde.ca.gov/fg/aa/pa/epa.asp>.

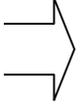
Reserve TRANSPARENCY disclosure at the Public Hearing

EC 42127 (a)(2)(B) requires a district's public hearing must provide all the following for public review and discussion:

- 1) The minimum recommended reserve for economic uncertainties (REU) for each fiscal year identified in the budget.
- 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.
- 3) 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.

EC 42127 (d) states the County cannot approve a District's budget unless the aforementioned reserve transparency disclosures have been made.

To ensure each district has performed the aforementioned disclosure at the *Public Hearing*, please:

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- Note the *Reserve Transparency disclosure* as a *line item* on the Agenda of the *Public Hearing*.**
 - In the minutes of the meeting, report that reserves were reviewed and discussed in accordance with EC Section 42127 (a)(2)(B).**

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

- 1) Add the Reserve Transparency disclosure to the Agenda of the public hearing.
- 2) Determine the applicable District ADA.
- 3) Calculate minimum REU as determined by the State board.
- 4) Commit reserves as you deem applicable, discuss with auditors if you have concerns.
- 5) Identify the assigned and unassigned (includes REU) fund balance amounts.
- 6) 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.
- 7) An Excel spreadsheet titled 17-11b Template_Statement_of_Reasons_for_Excess_Reserves.xlsx is at the following SCOE website under April 28, 2017: <http://fb.scoe.org/default.asp?W66>
- 8) Be able to articulate why the reasons are relevant and necessary.
- 9) Be ready to present at your public hearing date, which is earlier than your budget adoption date.
- 10) Make sure the minutes of the public hearing note that reserves were reviewed and discussed in accordance with EC42127 (a)(2)(B).

Other Reminders:

Notice of Public Hearing for 2017-18 Budget ~ Please make sure to check the newspaper to ensure your LEA's Notice of Public Hearing has been correctly published. Copy and save for our auditors.

Federal Cash Management Data Collection

The 4th quarter reporting period deadline ends April 30, 2017.

Sports Equity

Education Code section 221.9 requires schools/district to publish on its website separately *for each individual school*:

1. Total school enrollment, classified by gender.
2. Total number of students who participate in athletics, classified by gender.
3. Total number of school athletic teams, classified by gender, sport, and competition level.

The law first became effective for the 2015-16 school year. Annual postings are required by June 30th. The numbers reported should reflect the total number of players on a team roster "on the official first day of competition.

Dates to Remember:

05/01/2017 Reviewing Financial Audits ~ presented by Government Financial Strategies – free to LEAs in Sonoma County

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Don't forget to bring your audit!

05/12/2017

Open Lab

05/17/2017

Next Fiscal Year Workshop

05/18/2017

2017-18 May Revise Workshop @ SCOE ~ by School Services of California

05/22/2016

2017-18 May Revision Workshop @ SCOE ~ by Capitol Advisors ~ free

05/25/2017

Year End Close Workshop

05/25/2017

DEBUG

05/29/2017

Holiday ~ Memorial Day

06/23/2017

Prior Year corrections to 2015-16 P-2 & Annual

06/23/2017

2015-16 Audit Adjustments to CALPADS data (auditor concurrence required)

06/23/2017

Annual Attendance due to SCOE

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