

# SONOMA COUNTY OFFICE OF EDUCATION



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**Bulletin No. 18-08**

**November 2017**

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November 16, 2017

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

## **State of the State**

The State Controller's Office has reported that total October 2017 revenues of \$6.74 billion was \$38.7 million shy of expectations, even with two of the state's biggest revenue sources missing the mark. A strong month of retail sales made up for most of the shortfall. For this first four months of the 2017-18 fiscal year, total revenues of \$32.65 billion are outpacing budget projections by \$544.8 million, or 1.7 percent, with all of the "big three" – personal income, retail sales and use, and corporation taxes – in the black.

- ✚ *Personal income tax (PIT)* ~ Personal income tax receipts for October totaled \$5.38 billion falling \$49.8 short of budget estimates. For the fiscal year to date, total PIT receipts of \$22.97 billion are \$166 Million above assumptions in the 2017-18 Budget Act.
- ✚ *Corporation tax receipts* ~ October corporation tax receipts of \$285.6 million were \$78.1 million below projections – or 21.5 percent – after beating expectations for three consecutive months. For the fiscal year, corporation tax receipts of \$1.81 billion are outpacing budget projections by 8.6 percent.
- ✚ *Retail sales and use tax receipts* ~ Sales tax receipts of \$936.1 million for October were \$45.0 million higher than anticipated in the budget. For the fiscal year, sales tax receipts of \$6.86 billion are \$195.3 million above budget estimates.

## **J13A waivers for closed days**

It's time to think about completing the J13A waiver for the days districts and charters were closed due to the fires in October. After board approvals of the waivers and all original signatures have been obtained, a single copy of the waiver should be sent to your SCOE Accountant. Charters need an original signature from their authorizing LEA in addition to board member signatures.

SCOE will review, fill in the affidavit of the County Superintendent of Schools then forward to CDE for final approval by the California State Board of Education (SBE). You will be notified when approved. The SBE meets six times per year and upcoming meeting dates are January 18-19, 2018; March 14-15, 2018; May 9-10, 2018. P-2 attendance should be submitted with a reduced divisor only after the waiver approval is received.

The forms and an advisory can be found on the CDE web page at <https://www.cde.ca.gov/fg/aa/pa/j13a.asp> . Please fill out one form for District schools and one form for Charters, as each type of school requires a different certification form. If you would like SCOE to review your J13A waiver prior to board approval please contact your SCOE accountant.

### **2016-17 Audit Report and Audit Findings**

Audit findings and resolution of such findings are the responsibility of the school districts. The County Office of Education is responsible for reviewing audit findings related to specific areas. The County Office must determine whether the exceptions have been corrected or have an acceptable plan of correction. On November 7, 2017 SCOE BIZ bulletin 18-07 was emailed out to all district and charter CBO's. The bulletin included certification forms and specific directions and due dates. A written request for an **audit report filing extension is due to SCOE before November 23, 2017**. Charters requesting an extension must contact their sponsoring district. **2016-17 audit reports must be filed with the SCO, CDE, and SCOE**. A copy of the management letter, if issued, must be submitted along with the LEA's annual report is **due on December 15, 2017**.

### **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 = XYZUnifiedRpt17.pdf
- ✚ Revisions = XYZUnifiedRevision17.pdf
- ✚ Revised Report = XYZUnifiedRevisedRpt17.pdf
- ✚ Management Letter Report = XYZUnifiedMgtLtr17.pdf
- ✚ Corrective Action Plan = XYZUnifiedCAP17.pdf

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

CDE is accepting only electronic versions of the FY 2016-17 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:

<https://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.

### **Filing of FEMA Forms and Reimbursement Claims related to the fires in October 2017**

SCOE has contracted with David Mathe, Emergency Leadership and Preparedness Advisor, to assist districts close to burn zones with the filing of FEMA forms and reimbursement claims related to the fires in October 2017. Please see attached letter sent to all Districts on November 7, 2017 for more details. He can be reached at [dmathe@scoe.org](mailto:dmathe@scoe.org). For forms or resources related to claims please contact Bonnie Tanner at [btanner@scoe.org](mailto:btanner@scoe.org).

### **Reporting Local Indicators in the California School Dashboard**

As part of California's new accountability system, LEA's are required to report on the status of their local indicators in the Dashboard. LEAs that anticipate using the alternative accountability system scheduled for release in fall 2018 are also required to report on the status of their local indicators in the *Fall 2017 Dashboard*. The deadline for reporting on the status of local indicators is concurrent with the release date of the *Fall 2017 Dashboard*, anticipated to be December 1, 2017. Additional information regarding local indicators is available on the CDE Local Indicators Web page at <https://www.cde.ca.gov/ta/ac/cm/localindicators.asp>.

### **CDE Posts 2017-18 Proposition 39 (2012) Clean Energy Funding Allocations**

The California Department of Education has posted the Proposition 39 funding allocations for 2017-18. This is the final allocation for the five-year program. The posting is located at <https://www.cde.ca.gov/fg/aa/ca/prop39ccejaa.asp>. February 28, 2018 is the last day to submit an energy expenditure plan for the use of these funds. You can also find revised guidelines for the 2017 Program Implementation on the California Energy Commission (CEC) web page <http://www.energy.ca.gov/efficiency/proposition39/index.html>

### **Fiscal Health Risk Analysis – Key Fiscal Indicators**

The Fiscal Crisis and Management Assistance Team (FCMAT) has developed the Fiscal Health Risk Analysis as a management tool to evaluate key fiscal indicators that may help measure a school district's risk of insolvency in the current and two subsequent fiscal years. SCOE asks for this analysis to be completed by Districts with new CBOs or new Superintendents and turned in with the First Interim report. This valuable analysis can be done by any district and will provide CBOs and Superintendents with great information. There are many facets to what makes a district financially sound. This Analysis provides an independent view of a district's financial strength. It is intended that by reviewing this document with your Superintendent, possibly new insights will present themselves and a greater understanding will be attained. The Analysis can be found at [www.fcmat.org](http://www.fcmat.org) in the right column under the "Latest Updates" heading approximately 2/3rds of the way down.

### **Project SERV – Possible Federal funding due to wildfires (repeat from SCOE Biz 18-06)**

Project SERV (School Emergency Response to Violence) is a federal grant available through the U.S. Department of Education that the CDE will be applying for on behalf of impacted LEAs. Similar funding was granted to Louisiana last year after the hurricanes and flooding, and to New York after Hurricane Sandy. The funding can be used for short term expenses to get students back in the classroom, for example mental health services, rental of temporary classrooms, rental of vans to transport students back to school, substitute teachers and temporary staff.

The **LEA Needs Assessment form** for Project SERV **must be filed by December 1, 2017**. The LEA Needs Assessment form and information regarding this funding can be found at:

<http://www.scoe.org/pub/htdocs/fiscal-dbug.html> or <https://www.cde.ca.gov/lr/fa/sf/statewidewildfires2017.asp>

### **Organizations/Resources for California Wildfires (summary repeat from SCOE Biz 18-06)**

On October 20, 2017, Tom Torlakson, State Superintendent of Public Instruction, issued a letter identifying federal and state level programs which would be helpful in regards to the recent wildfires. The CDE created a website for those schools that have been impacted by the recent wildfires. Please go to: <https://www.cde.ca.gov/lr/fa/sf/whatsnew.asp>

FEMA ~ Federal Emergency Management Agency

California Office of Emergency Services (CalOES)

Safe Schools Planning

### **National School Lunch Program (NSLP ~ Application for Meal Reimbursement During Disaster (repeat from SCOE Biz 18-06)**

Please see attached form for possible additional disaster relief payments related to the recent firestorm. This form will also be put on the Firestorm Disaster Documents webpage which is noted on the last page of this SCOE Biz Bulletin.

**Annual Accounting for School Developer Fees ~ Fund 25, Object 8681 (repeat from SCOE Biz 18-06)**

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, 2017, 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 more detail information, please see School & College Legal Services of California's Legal Update *Annual Development Fee Accounting #34-2017*.

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".

**Dates to Remember:**

- 11/23-24/2017 Thanksgiving Holiday
- 11/28/2017 Fiscal Aspects of Negotiations – presented by SSC
- 11/29/2017 CALPADS Fall 1 for Administrators
- 11/29/2017 CALPADS Aeries User Group
- 11/30/2017 School Wise User Group
- 12/06/2017 Advanced Collective Bargaining – presented by SSC
- 12/15/2017 Fall 1 CalPads certification deadline
- 12/12/2017 2017 W2 Workshop – ESCAPE details presented by SCOE IT
- 12/12/2017 2017 ACA Workshop – ESCAPE details presented by SCOE IT
- 12/14/2017 2017 1099 Workshop – ESCAPE details presented by SCOE IT
- 12/15/2017 Open Lab
- 1/26/2018 DBUG
- 1/26/2018 Fall 1 CalPads end of amendment window

**NOTE:**

Documents presented at **DBUG** and **Firestorm Disaster Documents** may be found at <http://www.scoe.org/pub/htdocs/fiscal-dbug.html>

**Workshop manuals** and **Fiscal Services/IT forms** may be found at <http://www.scoe.org/escape> under the heading of Resources on the left side of the page.