

SCOE BIZ

Business Services Bulletin No. 19-09



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November 16, 2018

To: District and Charter Business Services
From: Shelley Stiles, Director External Fiscal Services
Subject: November 2018 Edition

State of the State

State Controller Betty T. Yee reported the state received \$6.57 billion in revenue in October, falling short of assumptions in the 2018-19 fiscal year budget by 5.9 percent, or \$412.2 million.

For October, sales tax was the only major revenue source to come in higher than projected in the enacted budget. Personal income tax (PIT) and corporation tax — the two other revenue sources in the “big three” — were lower than assumed in the enacted budget.

Four months into FY 2018-19, revenues of \$35.28 billion are 3.0 percent (\$1.02 billion) higher than projected in the budget enacted at the end of June. Total revenues for FY 2018-19 thus far are 8.1 percent (\$2.63 billion) higher than through the first four months of FY 2017-18.

- ✚ Sales tax receipts of \$1.03 billion for October were 8.2 percent (\$77.9 million) more than anticipated in the FY 2018-19 budget.
- ✚ For October, PIT receipts of \$5.13 billion were 8.4 percent (\$472.0 million) less than expected in the FY 2018-19 Budget Act.
- ✚ October corporation taxes of \$254.8 million were 10.9 percent (\$31.1 million) below FY 2018-19 Budget Act estimates.

J13A waivers for 2018-19 closed days

LEAs will need to complete a Form J13A, Request for Allowance of Attendance Because of Emergency Conditions by June 30, 2019. As we learned last year, CDE does want separate waivers for each LEA. This means that District Schools need to be on a separate waiver form and Charter Schools each need their own form. It does not matter if the Charter is a “roll up” school for financial reporting purposes. 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 Advisor. 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.

LEA closure days are non-student attendance days and therefore your student information system will need to be changed to reflect this. If the waiver is not approved, the district will need to revise their student information system and add in additional student day(s) to the calendar. SCOE will advocate on your behalf for approvals of all waivers submitted.

Please remember that the J13A waiver form was revised by CDE and may look different than the waiver filed last fall. 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 each Charter, as each type of LEA requires a different boxes to be checked and signatures on the certification form. If you would like SCOE to review your J13A waiver prior to board approval please contact your SCOE Advisor.

Absence days related to air quality when schools are open

Please see the October 25, 2017 memo (reprinted at the end of this bulletin) and supporting documentation regarding absence reporting and coding in your student information system. This memo can be found on the SCOE web page under DBUG. Scroll down until you find the "Firestorm Disaster Documents" and click on the links below. This information is relevant for 2018-19.

- [Emergency School Closure Attendance Procedures-Aeries \(pdf\)](#)
- [Emergency School Closure Attendance Procedures-SchoolWise \(pdf\)](#)
- [10-25-17 Firestorm Recovery Attendance Accounting memo \(pdf\)](#)

Wildfire Relief – Property tax back fill and ADA loss

Sonoma County Auditor/Tax Collector/Treasurer has responded to questions. These answers were shared in the SCOE Biz E-Blast #19:09 emailed out on October 26, 2018.

The claim form for Basic Aid property tax backfill has been filed by the county auditor. The backfill payment is expected in full and is estimated on column 4 of the memo sent out by Erick Roeser. We are anticipating that this backfill will be received before the end of the fiscal year.

More Fiscal Reporting Requirements Released

Please see the attached School Services of California Fiscal Report for details fiscal reporting requirements related to specific funding sources, including Title IV, Classified School Employee Professional Block Grant and the Low-Performing Students Block Grant.

Title IV – Resource 4127

This funding is provided to increase the capacity of LEAs to meet the goals of ESEA by

1. Providing students with a well-rounded education
2. Supporting safe and healthy students
3. Supporting the effective use of technology in order to improve the academic achievement and digital literacy of all students

The SACS Query Resource detail sheet and preliminary eligibility amounts can be found at <https://www.cde.ca.gov/fg/aa/ca/titleiv.asp>

Classified Employee Summer Assistance Program

If your LEA is considering offering this program please let us know so that we may be of assistance to you in setting up ESCAPE to facilitate your participation.

No new information to share. Last month, two School Services of California Fiscal Reports were included with information about the Classified Employee Summer Assistance Program funding that was included in the 2018-19 State Budget Act. The first deadline is approaching: January 1, 2019 – LEAs need to notify classified employees whether the LEA plans to participate in the Program for the 2019-20 school year.

Low-Performing Students Block Grant – Resource 7510 – RESOURCE NOW available in ESCAPE!

- ✓ You do not need to apply for these funds.
- ✓ 2018–19 Preliminary Entitlements for the Low-Performing Students Block Grant (LPSBG) are now available on the California Department of Education’s (CDE) web page at <https://www.cde.ca.gov/fg/aa/ca/lpsbg.asp>.
- ✓ **\$1976 per eligible student:** \$300 million state-wide on one-time funding will be available state-wide and will be distributed on a per-student basis to LEAs serving low-performing students who do not qualify for supplemental LCFF grants.
- ✓ Grant recipients shall report to the State Superintendent **on or before: March 1, 2019, Required Report Number One** [\(select the hyperlink to access the online reporting tool\)](#), regarding the adopted plan to use the grant funds to increase the academic performance of pupils identified pursuant to [EC Section 41570\(d\)](#); and **November 1, 2021, Required Report Number Two** (hyperlink to the online reporting tool will be provided once it is available), regarding the implementation of the plan, the strategies used, and whether those strategies increased the academic performance of the pupils identified pursuant to [EC Section 41570\(d\)](#).

Classified Professional Development Funds- Resource 7311

- ✓ You do not need to apply for these funds.
- ✓ This block grant will be funded based on the number of classified school employees in 2017-18. Entitlement information is available at <https://www.cde.ca.gov/fg/aa/ca/csepdbg.asp>
- ✓ 100% of the funding is expected to be released in December.
- ✓ The funds, when received, shall be expended with first priority being for professional development for the implementation of school safety plans.

Minimum Wage Increases January 1, 2019

Please see the attached School Services of California Fiscal Report for details on the increase.

LCAP – Thinking now about the 2019-20 LCAP

With the end of calendar year 2018 fast approaching now is the time to think about your LEAs process for developing the 2019-20 LCAP. Attached, developed by School Services of California, is the LCAP Decision-Making Tree. This four part process has valuable information to use in LCAP process.

2017-18 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 6, 2018 SCOE BIZ bulletin 19-08 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 30, 2018**. Charters requesting an extension must contact their sponsoring district. **2017-18 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, 2018**.

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. 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 = XYZUnifiedRpt18.pdf

- ✚ Revisions = XYZUnifiedRevision18.pdf
- ✚ Revised Report = XYZUnifiedRevisedRpt18.pdf
- ✚ Management Letter Report = XYZUnifiedMgtLtr18.pdf
- ✚ Corrective Action Plan = XYZUnifiedCAP18.pdf

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

CDE is accepting only electronic versions of the FY 2017-18 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.

Annual Accounting for School Developer Fees ~ Fund 25, Object 8681 (repeat from SCOE Biz 19-07)

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, 2018, 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*. The 2018 update should be coming soon.

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".

NEW information: Resource 0000 will be no longer be valid with object 8681 in Fund 25.

Background: Any developer fees collected as a condition of approving a development must be deposited in Fund 25, Capital Facilities Fund. Expenditures in Fund 25 are restricted to the purposes

specified in *Government Code* sections 65970-65981 or to the items specified in the agreements with the developer (*Government Code* section 660060). Developer fees deposited in Fund 25 meets the definition of restricted fund balance.

Reminder: GASB 54 requires fund balances to be reporting in applicable classification regardless of the fund in which they are reported. **Since mitigation/developer fees are restricted in regards to what they can be spent on, LEAs should use resource 9010, Other Restricted Local, or a locally-defined resource that rolls up to Resource 9010.** Please contact your SCOE Advisor if you need to set up a locally restricted resource and move all budgets and expenditures from Resource 0000.

REMINDERS:

Performance Based Budgeting

Mark your calendars now for March 13, 2019. Government Finance Officers Association will be here to share a Performance Based Budgeting presentation. The presentation will be geared towards collaboration between Business and Education. We encourage you to mention this workshop and the date to your Superintendent and Educational Support Services. This workshop will be free to all who wish to attend. More information will be coming regarding registration and detailed workshop topics.

SCOE Biz E-Blast Recap – Please email Shelley Stiles @sstiles.scoe.org for duplicate

E-Blast#19-01 through 19-07 were sent out via email in August and September.

E-Blast#19-08: Fire Related ADA losses and 17-18 Property Tax backfill for Basic Aid Districts was emailed out on October 24, 2018.

E-Blast#19-09: SCOE Biz E-Blast#19-09: Answers for Fire Related 7-18 Property Tax backfill for Basic Aid Districts was emailed October 26, 2018

E-Blast#19-10: SCOE Biz E-Blast#19-10: Bulletin No. 19-08 2017-18 Audit Report and Audit Findings was emailed November 6, 2018

Dates to Remember:

11/22 & 23/2018	SCOE Closed for Thanksgiving Break
12/06/2018	ESCAPE 1099 Reporting Workshop
12/07/2018	CalPads Fall 1 Certification Final
12/12/2018	CalPads Fall 2 Training
12/13/2018	ESCAPE ACA Reporting Workshop
12/14/2018	CalPads Fall 2 in Aeries
12/15/2018	1 st Interim Reports due to SCOE
01/04/2019	P-1 Attendance due to SCOE
01/10/2019	CalPads Fall 2 for Administrators
01/11/2019	School Wise User Group Meeting
01/17/2019	Aeries User Group Meeting
01/25/2019	DBUG

NOTE:

- Want to add something to a DBUG Agenda? Want a topic added to SCOE Biz? Contract DBUG Chair Christina Menicucci
- Documents presented at DBUG found posted 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.

Date: October 25, 2017
To: Chief Business Officials/Business Managers
From: Shelley Stiles, Director External Fiscal Services
Judy Thomson, Director External Fiscal Services
Subject: Firestorm Recovery Attendance Accounting

We continue to offer our support to Districts and Charters throughout this period of recovery from the firestorm disaster. The following guidelines for accurate attendance accounting are outlined below and attached.

Emergency Closures

A day on which school was not held due to an emergency condition should be marked “Emergency Closure” days. To calculate the Average Daily Attendance (ADA) for a school site granted an approved emergency closure through the J-13A waiver, the District/Charter should deduct the number of emergency days from the total number of days in the reporting period. This will cause the divisor in the ADA calculation for that school to be smaller and the resultant product to only reflect attendance on the days school was actually in session. If the closure was not district-wide, the affected school should be totaled and calculated separately. This is done by updating the district/school’s attendance calendar.

Please see the attached examples of how to update school calendars for both AERIES and School Wise. For other Student Information System please contact your software provider for support.

Absence days related to fire/air quality after school is open

You should collect attendance for absences after re-opening and record in your student information system per your District/Charter procedures and policies, then clear them as usual. A district/charter may choose to create an absence code to track absences related to the disaster.

- Independent Study:
 - **Student in a district school** must be on independent study a minimum of five consecutive school days in order to receive ADA. If a student’s independent study contract drops below the minimum due to the emergency closure days then the contract is void.
 - **Student in a charter school** should refer to the charter’s procedures and policies as there is no minimum five day rule per the state.
- Material Decrease occurs when the attendance of a school or program is less than 90% of ‘normal’ during, or for a reasonable time after, an emergency event. If a district has suffered a material decrease in attendance, it may apply for the material decrease credit. Instructions on calculating the material decreases are included with the J-13 waiver. Contact your SCOE accountant for individualized help.

J-13A Waiver

It is important to remember that districts will need to complete a Form J-13A, Request for Allowance of Attendance Because of Emergency Conditions by **June 30th, 2018**. Waivers will cover instructional minutes and material decreases in addition to closed days. It is suggested that you hold off on filing the J-13 Waiver until the district/charter has an accurate view of the attendance.

If you have questions, please email the SCOE Help Desk at helpdesk@scoe.org or call your SCOE accountant.

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Reminder: Minimum Wage Increases January 1

Starting January 1, 2019, the state minimum wage increases once again—this time to \$12 per hour for employers with more than 25 employees. Employers with 25 employees or fewer are required to comply with the \$11 per hour minimum wage starting January 1, 2019. An increase in the state minimum wage also increases the minimum salary for employees in certain positions to be exempt from the Fair Labor Standards Act.

Here is the minimum wage implementation schedule, along with the minimum salary for exempt employees:

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$11.00/hour	January 1, 2018	January 1, 2019	\$880	\$3,813	\$45,760
\$12.00/hour	January 1, 2019	January 1, 2020	\$960	\$4,160	\$49,920
\$13.00/hour	January 1, 2020	January 1, 2021	\$1,040	\$4,507	\$54,080
\$14.00/hour	January 1, 2021	January 1, 2022	\$1,120	\$4,853	\$58,240
\$15.00/hour	January 1, 2022	January 1, 2023	\$1,200	\$5,200	\$62,400

Note that, depending on your location, your agency may be required to comply with a higher local minimum wage—there are many cities and counties in California that have an ordinance requiring a higher minimum wage than the state.

Even with the scheduled increases above as specified in statute, state policy makers can choose to suspend the minimum wage increase for any year in which there are concerns about the state's fiscal condition.

—Charlene Quilao and Sheila G. Vickers

posted 11/05/2018

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By the Way . . . More Fiscal Reporting Requirements Released

As part of the 1st interim considerations (see “[2018-19 First Interim Report Considerations](#)” in the November 2, 2018, *Fiscal Report*) a number of categorical programs were referenced that are included as part of the 2018-19 State Budget—or made available from federal resources—but little to no information had been provided. Since the publication of the article, some new information has been released. The table below summarizes fiscal information related to each of the funding sources.

Program	Resource / Object	Funding Amount	More Information
Title IV: Student Support and Academic Enrichment (Competitive)	4128 / 8290	Various	https://www.cde.ca.gov/pd/ps/ssaecgp2018.asp
Immediate Aid to Restart School Operations	5654 / 8290	Various	https://www.cde.ca.gov/ls/fa/sf/restartprogram.asp
Classified School Employee Professional Development Block Grant	7311 / 8590	\$177.19 per Full-Time equivalent classified staff	https://www.cde.ca.gov/fg/fo/profile.asp?id=5261&recID=5261
Low-Performing Students Block Grant	7510 / 8590	\$1,976 per eligible student	https://www.cde.ca.gov/fg/fo/profile.asp?id=5262&recID=5262

Additional information related to allowable resource and object code combinations was released by the California Department of Education on November 9, and can be accessed by clicking [here](#). As more information becomes available, it will be reported through subsequent *Fiscal Report* articles.

posted 11/13/2018