

**California Department of Education / County Office of Education
School Financial Services Subcommittee
NOTES**

1430 N Street, Room 1801
Sacramento, CA

March 5, 2012
10:00 a.m.

Co-Chair: Darren Dang, Region IX – Orange COE - *Present*

Co-Chairs: Peggy O’Guin / Peter Foggiano, California Department of Education - *Present*

Vice Chair: Tommy Welch, Region IV – Solano COE - *Present*

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|--------------------------|-----|-------------|
| Lynette Kerr | I | Humboldt |
| Judy Thomson | I | Sonoma |
| Adrian Barron | II | Butte |
| Deborah Messervey | III | Nevada |
| Kathy Garrison | III | Placer |
| Debbie Holden | III | Sacramento |
| Barbara Henderson | III | Sutter |
| Rhonda Marquette | III | Yuba |
| Jeff Potter | IV | Alameda |
| Sarah Blackstone | IV | Napa |
| Priscilla Aquino-Dichoso | IV | San Mateo |
| Nancy Kohlman | VI | Amador |
| Jeri Blote | VI | San Joaquin |

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|----------------|------|---------------|
| Shirley Buell | VI | Stanislaus |
| Barry Guenther | VII | Fresno |
| Jamie Dial | VII | Kings |
| Ann Peters | VII | Merced |
| John Wilborn | VII | Tulare |
| Paula Driscoll | VIII | Ventura |
| Erin Garcia | IX | Imperial |
| Brent Watson | IX | San Diego |
| Nancy Sheets | X | Riverside |
| Teri Kelly | X | San Bernadino |
| Mel Iizuka | XI | Los Angeles |
| Peter Foggiano | | CDE |
| Kolvira Chheng | V | Santa Clara |

1. CDE Report

a) P-1 certification

- **The question was asked, what if a district owes money due to the recertification? Answer: The apportionment will be negative, which will net against the other amounts in the apportionment. If the negative is larger than the other apportionment amounts or if it exceeds the amount paid in the advance, either of which would cause negative payments at P1, those negatives net against other positive payments at the county level. There is an assumption that the County is pulling those dollars out of the district’s cash in order to give it to the districts that have a positive payment.**

b) Ed Jobs

- **No final calculations yet.**

c) Fund 17, SFSS feedback requested: When an LEA has reserve balances in Fund 17, would it be reasonable to require the LEA to import Fund 17 budget data at Interim Reporting periods as they do at the Budget period, rather than allowing the LEA to input the Fund 17 balances into Form MYP and the Criteria and Standards? Allowing input into these forms at the Interim periods has introduced some minor software issues, so CDE is exploring alternatives.

- **Additional background is that the reason that LEAs have been allowed to input their Fund 17 reserve balances at the Interim periods, rather than having to import the underlying budget data, is that LEAs are not required to submit interim reports for funds other than the general fund. That would not change; those LEAs that have reserve balances in Fund 17 would have to import their Fund 17 budget data to populate the MYP and Criteria and Standards forms, but they would not have to take a Fund 17 interim report to the board.**

- According to the feedback, this would be a welcomed change. The general consensus was that there would be no need to take this to the field and ask the districts.
- This question will be put to COFS this week. This will be put into place unless something comes up at COFS.

d) Object code for RDA excess revenues

- The Object code for the net tax increment is 8047. The character of the additional amounts LEAs will receive is identical to the character of the amounts they receive currently, so a new or separate object code is not needed. There is a separate line item for the additional amounts within the Principal Apportionment software, so the additional amount could be identified should the need ever arise.

e) Charter School Alternative Form – changes to Fund Balance section to conform to GASB 54

- Changes are being made to the fund balance classifications on this report so that it conforms to GASB 54, similar to the changes already made in the SACS software.

f) Form CASH

- Any new changes from the last time we last saw it. It is programmed the way we last saw it. But there were some questions that she wants to pass by Diane once they did a final internal check. Doesn't anticipate that there will be a change to the categories in the column at the right.

g) Fund 09

- In follow-up to last month's discussion, the CDE confirmed that Fund 09, the Charter Schools Special Revenue Fund, will be closed only for those charters that report separately from their authorizing LEAs, in SACS, because separately-reporting charter schools should report their chief operating fund as a general fund, not as a special revenue fund.

2. BASC Reports

- Darren gave a brief report.

3. Redevelopment Agency Dissolutions

a) Follow up from last month regarding DOF request CDE to increase P-1 property tax estimates by RDA.

- Are there anecdotal stories of cash flow impacts that we could share with the group?
 - A sample concern: In Sacramento, many of the districts on the DOF don't receive RDA funds. One district that receives a few hundred RDA dollars a year is being hit for \$5M.
 - Darren asked if people would send in examples of these kinds of things so that we can better present the problem.
- Impact on TRANS sizing or set aside dates/amounts?
 - Some districts already have TRANS and some are in the process of issuing TRANS? One example was given where a district with a negative certification looked like they were able to make their payments. Currently, this issue doesn't seem to be impacting districts' ability to issue TRANS.

b) What will happen at P-2 if excess RDA dollars don't materialize?

- Currently the commitment is that P-2 will use the actual certified tax information. Peter noted that not doing so could have implications on supplemental tax allocations or basic aid fair share cuts. A concern was raised that there could be serious accounting implications as it relates to accruals.

- CDE will extend the tax deadline from April 15 to May 10 in order to provide more time for county auditors to provide an estimate of actual receipts.
- c) Are any COEs providing summaries for oversight boards? Projected pass through amounts? Obligations incurred by the district funded by RDAs?
- In Riverside, the COE provides data to the County for pass through information. As such, they are trying to give everyone that will sit on an RDA oversight board information regarding what they should expect in pass through revenues for each district within that RDA. Some other COE's are doing this as well.
 - A suggestion was made that districts, or the County Superintendent's representative on the oversight board, should ask to see all pass through agreements. In some cases, the districts may have a separate agreement that the COE may not be aware of and so would not be included in the information indicated above.
- d) OCDE Dissolution of Redevelopment Agency Workbook
- The below link is provided to this tool.
<http://ocde.us/LegalServices/Documents/Dissolution%20of%20Redevelopment%20Agencies%20WORKBOOK%20FINAL.pdf>

4. Constitutional advance (Borrowing from county treasury)

- Brent shared with the group what they do in San Diego.
- The County Treasurer allows their districts to borrow for June 30th against their deferrals.
- Their County Treasurer has received several calls from other County Treasurers inquiring about the process. Brent wanted everyone to know that their County Treasurer is more than happy to talk to anyone about their process.
- Brent shared the resolution and documents that the districts need to complete in order to take advantage of this borrowing from the County Treasurer.
- San Diego, Solano, Orange County and Stanislaus have agreements in place that allow borrowing from the county treasury across fiscal years. Placer also has borrowing from the treasury in place but only within the fiscal year.

5. SCA5: Parcel taxes and Real Estate Tax Deduction

https://www.ftb.ca.gov/individuals/Real_Estate_Tax_Deduction/index.shtml

- This is more of an FYI. There was a clarification about what is considered tax deductible. Check out the link. It should be noted that parcel taxes are not considered to be tax deductible. This will present a challenge for those districts that are thinking of going for a parcel tax election.

6. Second Interim Budget Reviews

- Darren shared a sample of the questions that are in addition to their normal checklist that they go through in their review.
- Ann, also shared hers that is in Excel. Darren will be posting this on the website.

7. Updating the COE Manual for this year

- It was suggested that people look at index once they are back in their office and see what they feel they could update. Some suggested areas are:
 - AB 1200
 - Approving District Orders
 - Fiscally Accountable and Independent Districts
 - Disclosures for Salary Agreements (There have been some changes in this area. This may be a good topic to update.)
 - Cal PERS and Cal STRS reporting (It would be helpful to incorporate the changes brought about by the recent conversions, interest and penalty rules, etc.)
 - Attendance Accounting

- **Working with the County**

- It was suggested that we also consider a section on CALPADS. Even though this is not a county office function, it is starting to drive a lot of calculations. It might be a good thing to have a broad outline of report deadlines, when reports are available, etc.
- We need people to start signing on at next month's meeting. The first deadline will be a rough draft to SFSS by the middle of July, then have to FCMAT in Sept then to BASC in Nov. Then FCMAT will put in manual.

8. CALSTRS: possible IRS regulations on charter schools

- Diane shared this as an FYI. The document is on the Orange County web site where the agenda was posted. See the link on the last page under the date for the next meeting.

9. Weighted Student Funding Formula

- No one had an opportunity to figure this out before the meeting.
- At first glance, there are many problems with the current estimates. For example, they didn't include certain property taxes, charters were rolled up to the districts, necessary small schools were sometimes included – rolled up in RL – which are supposed to be excluded.
- It might be useful to have Carol Bingham come to the next meeting and answer questions about what the current legislative discussion is about these topics.

10. Cash Project Update/Discussion

- Brent provided a quick update. BASC liked the presentation.
- Brent thanked everyone that provided examples and feedback.
- They are working on a revised red sheet to make the sheet easier to use. The goal is to make it so that it is useful across the state instead of including issues that are specific to San Diego.
- BASC felt the matrix is something everyone could use but that not everyone may use the red sheet.
- Brent will send a revised sample to the group for our review before it goes back to BASC.

11. Roundtable Discussions

a) SFSS potential name change?

- DFS – District Financial Services
- COED – County Office External Directors
- CODEB – County Office Directors External Business
- CODS – County Office District Services

Based on the people present, it was decided that we would go with School Financial Services (SFS).

Next Meeting April 2, 2012

SFSS materials: <http://www.ocde.us/business/pages/sfss.aspx>