

**COUNTY OFFICE OF EDUCATION
FISCAL ACCOUNTABILITY REPORTING**

Statewide Cost Estimate
Adopted: October 24, 2002

Education Code Sections 1240, subdivision (j), 1240.2, 1620, 1622,
1625, 1628, and 1630

Statutes 1987, Chapters 917 and 1452
Statutes 1988, Chapters 1461 and 1462
Statutes 1990, Chapter 1372
Statutes 1991, Chapter 1213
Statutes 1992, Chapter 323
Statutes 1993, Chapters 923 and 924
Statutes 1994, Chapters 650 and 1002
Statutes 1995, Chapter 525

Mandate Background

The test claim legislation imposes numerous activities upon county offices of education necessary to comply with annual budget reporting requirements.

The Alameda County Office of Education filed the test claim on December 30, 1997. The Commission adopted the Statement of Decision on October 26, 2000, and the Parameters and Guidelines on January 24, 2002. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by August 6, 2002. The SCO provided the unaudited actual claim totals to the Commission on September 12 and October 10, 2002.

Period of Reimbursement

All mandated costs incurred on or after July 1, 1996 are reimbursable.

Eligible Claimants

County superintendents of schools (county offices of education), which incur increased costs as a result of this mandate, are eligible to claim reimbursement.

Reimbursable Activities

For each eligible claimant, the following activities are eligible for reimbursement:

- A. Public Hearing on Proposed Budget
 - Amending the policies and procedures to reflect the earlier deadline of July 1 for holding a public hearing on the proposed county school service fund budget. (One-time activity.)
- B. Annual Statement of Receipts and Expenditures
 - On or before September 15 each year, the county superintendent of schools shall prepare and file with the State Superintendent of Public Instruction, on forms or in a format prescribed by the State Superintendent of Public Instruction, an annual

statement of all receipts and expenditures of the county office of education for the preceding fiscal year.

C. Revised Annual Budget

- On or before September 8, the county board of education shall revise the county office of education budget to reflect changes in projected income or expenditures subsequent to July 1 and to include any response to the recommendations of the State Superintendent of Public Instruction.
- The county office of education shall post the agenda 72 hours prior to holding a second public hearing regarding the budget revisions, including the location where the revised budget and supporting data will be available for public inspection (only when not reimbursable under the Open Meetings Act Parameters and Guidelines).
- The county board of education shall hold a second public hearing prior to finalizing the revised budget.
- The county board of education shall file the adopted revised budget with the State Superintendent of Public Instruction, the county board of supervisors, and the county auditor.

D. Negative Fund or Cash Balances

- When a county office of education reports a negative unrestricted fund balance or a negative cash balance in the annual budget report or in the audited annual financial statements, the county superintendent of schools shall prepare and include with the budget and the financial certifications a statement that identifies the reasons for the negative unrestricted fund balance or negative cash balance and the steps that have been taken to ensure that the negative balance will not occur at the end of the current budget year.

E. Interim Fiscal Report Preparation

- The superintendent of schools of each county shall prepare and submit two reports during the fiscal year to the county board of education. The first report shall cover the financial and budgetary status of the county office of education for the period ending October 31. The second report shall cover the period ending January 31. Both reports shall be reviewed by the county board of education and approved by the county superintendent of schools no later than 45 days after the close of the period being reported. As part of each report, the superintendent shall certify in writing whether or not the county office of education is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for two subsequent fiscal years. The certifications shall be classified as positive, qualified, or negative pursuant to standards prescribed by the State Superintendent of Public Instruction. Copies of each certification, and of the report containing that certification, shall be sent to the State Superintendent of Public Instruction at the time the certification is submitted to the county board of education.

F. Qualified and Negative Interim Fiscal Reports

- Copies of each qualified or negative certification, and of the report containing that certification, shall be sent to the State Controller at the time the certification is

submitted to the county board of education. (Ed. Code, § 1240 subd. (j).) The superintendent of schools of each county who files a qualified or negative certification for the second report required pursuant to Education Code section 1240, subdivision (j), and a county office of education that is classified as qualified or negative by the State Superintendent of Public Instruction, shall prepare and provide to the State Superintendent of Public Instruction and the State Controller, no later than June 1, a financial statement that covers the financial and budgetary status of the county office of education for the period ending April 30 and projects the fund and cash balances of the county office of education as of June 30.

G. Reports by Insolvent COE

- If the State Superintendent of Public Instruction determines that the county office of education may be unable to meet its financial obligations for the current or two subsequent fiscal years, or if the county office of education has a qualified financial certification, the county office of education shall, upon the request of the State Superintendent of Public Instruction;
- Submit a financial projection of all fund and cash balances of the county office of education as of June 30 of the current year and subsequent fiscal years as the State Superintendent of Public Instruction requires;
- Encumber all contracts and other obligations;
- Prepare appropriate cash-flow analyses and monthly or quarterly budget revisions;
- Record, as appropriate, all receivables and payables (Ed. Code, § 1630 (a)(4).); and
- Submit a proposal for addressing the fiscal conditions that resulted in the determination that the county office of education may not be able to meet its financial obligations.

The activities required by Education Code section 1630, subdivision (a)(4), do not include activities performed in the normal course of business. Reimbursement for these activities is limited to situations specified in Education Code section 1630 where the State Superintendent of Public Instruction requires the county office of education to perform the activities specified in Education Code section 1630, subdivision (a)(4).

H. Training

- Train staff on implementing the reimbursable activities listed in section IV, activities A through G. (One-time activity for each employee.)

| Statewide Cost Estimate

Following is a breakdown of estimated total costs per fiscal year:

Fiscal year	# Claims Filed With SCO	Claim Totals
1996-97	30	\$ 223,251
1997-98	29	\$ 241,619

1998-99	29	\$ 235,654
1999-00	31	\$ 260,548
2000-01	31	\$ 299,951
2001-02	29	\$ 282,050
2002-03 (2.2% ¹⁹)	n/a	\$ 288,256
2003-04 (3.2% ²⁰)	n/a	\$ 297,481
Total		\$2,128,810
Statewide Cost Estimate Total (Rounded)		\$2,129,000

Because the reported costs are prior to audit and partially based on estimates, the statewide cost estimate of \$2,128,810 has been rounded to \$2,129,000.

¹⁹ Implicit Price Deflator as forecast by Department of Finance.

²⁰*Ibid.*