

BUSINESS SERVICES GUIDE



San Diego County Office of Education

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FOREWORD

The *Business Services Guide* is a compilation of current information and practices related to the operation and governance of school and community college districts in California. The goal of the *Guide* is to support districts by providing useful resources and practical recommendations for conducting standard school business functions.

A primary objective of the *Business Services Guide* is to correlate mandated or authorized business functions with provisions of the law and, through periodic updates, to incorporate changes in relevant laws and regulations. Legal references are, therefore, included throughout the text.

The *Business Services Guide* is published in electronic format to provide convenient access, either directly or through the many Web links at the end of each section, to the latest information on school business operations. We appreciate the opportunity to collaborate with the Fiscal Crisis Management and Assistance Team (FCMAT) to offer the *Business Services Guide* on the FCMAT Web site.

The *Business Services Guide* was prepared under the direction of Lora Duzyk, assistant superintendent, Business Services, and Dr. Carole Parks, consultant, Business Advisory Services; Peg Marks, legal services analyst, coordinated the update process; and Denis Romanov of FCMAT provided technical support. They were assisted by many staff members of the San Diego County Office of Education who contributed their knowledge and experience to this undertaking. Their efforts are greatly appreciated.

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ABBREVIATIONS OF LEGAL REFERENCES

Federal Law

| | |
|------------|-----------------------------|
| USC | United States Code |
| CFR | Code of Federal Regulations |

California State Law

| | | | |
|-----------------|-------------------------------|-----------------|-------------------------------|
| B&PC | Business and Professions Code | LC | Labor Code |
| CC | Civil Code | M&VC | Military and Veterans Code |
| CCP | Code of Civil Procedure | PC | Penal Code |
| CaIC | California Constitution | PCC | Public Contract Code |
| EIC | Elections Code | PL | Public Law |
| EvC | Evidence Code | PRC | Public Resources Code |
| FC | Family Code | R&TC | Revenue and Taxation Code |
| F&AC | Food and Agricultural Code | UIC | Unemployment Insurance Code |
| GC | Government Code | VC | Vehicle Code |
| H&SC | Health and Safety Code | WC | Water Code |
| IC | Insurance Code | W&IC | Welfare and Institutions Code |

| | |
|--------------|--|
| 2CCR | Title 2, California Code of Regulations - Administration |
| 5CCR | Title 5, California Code of Regulations - Education |
| 8CCR | Title 8, California Code of Regulations - Industrial Relations |
| 11CCR | Title 11, California Code of Regulations - Law |
| 12CCR | Title 12, California Code of Regulations - Military and Veterans Affairs |
| 13CCR | Title 13, California Code of Regulations - Motor Vehicles |
| 14CCR | Title 14, California Code of Regulations - Natural Resources |
| 19CCR | Title 19, California Code of Regulations - Public Safety |
| 21CCR | Title 21, California Code of Regulations - Public Works |
| 24CCR | Title 24, California Code of Regulations - Building Standards |

This section on accounting is supplemental to the *California School Accounting Manual*, published by the California Department of Education (CDE), which is the required principal accounting guide for school districts. An overview of the procedures and records used in school district accounting is contained in this section. Special aspects of accounting are covered in other sections, such as Commercial School Orders and Child Nutrition. The use of a general ledger for each fund, accounting for revenue, classification of expenditures, and other technical aspects of fund accounting are discussed more completely in the *California School Accounting Manual* and the *California Community Colleges Budget and Accounting Manual* (see Additional Resources). [EC §§ 41010, 84030]

Procedure 910 of the *California School Accounting Manual* contains guidelines for maintaining program cost accounting records and methods for allocating expenditures among programs to determine total program costs. Under the Standardized Account Code Structure (SACS), districts can account for the costs of their programs within the accounting structure itself (see Additional Resources). Program cost records maintained by school districts must be sufficiently detailed to identify all of the costs of each program. Examples of programs requiring the segregation of all costs include instructional programs, special projects, services to school district programs, support service programs, auxiliary programs, and facilities.

All school districts in San Diego County maintain their financial accounting records on computerized systems, either on the San Diego County Office of Education (SDCOE) online financial system or on an in-house computer.

The maintenance of accounting records on any computerized system requires that school districts have at least one employee who is thoroughly knowledgeable about accounting principles as well as computerized accounting systems. It is important that the individual assigned responsibility for the maintenance of the accounting system has the full support and direction of the district superintendent and be able to draw upon other district personnel as necessary.

Small school districts should assess their capabilities in the areas of budgeting, fund and program accounting, and cost allocation to determine whether they have sufficient staff and time scheduled to maintain the complex records needed to meet state reporting requirements. Districts should contact the San Diego County Office of Education for information on the assistance that may be available to help meet these requirements.

FINANCIAL INFORMATION SYSTEM

The Financial Information System (FIS) is an online interactive system designed to fulfill the requirements of school districts and the *California School Accounting Manual*. Input is generated via an online, remote terminal or computer located at each district, with output available through the main computer system at the San Diego County Office of Education. In the discussion that follows, districts using FIS are referred to as online districts. The following information describes the SDCOE Financial Information System.

A complete general ledger system is maintained, including income and expense subsidiary ledgers. All ledgers allow accumulation of transactions according to resource and major objects, both with subcategories, plus location identification and organizational responsibility.

A payroll expense distribution created by the payroll system is automatically entered into the expense ledger. Additionally, all employer-paid benefits are computed and distributed to appropriate accounts for each online district.

Data for other expenditures are entered from purchase orders, identifying the respective vendor and establishing an encumbrance. Invoices authorized at the district level are entered as expenditures, reducing the encumbrances. This process effectively maintains a current financial status for each account. Warrants are produced on a district-determined due date. The commercial warrant audit takes place after the warrants are issued. (See also Commercial School Orders.) Journal entries are automatically generated by input from each subsystem. Online districts have the ability to manually enter adjustments to the financial database as needed. Inquiry capability allows users to determine the status of any object classification.

Off-line districts do not have computer access to the county system and must submit input documents by fund and major object classification to the SDCOE Financial Accounting Unit, which enters the documents into the system (Exhibits 1 - 4).

The Financial Information System is organized to provide standard reports normally required for historical and audit purposes. A variety of other reports are also available to meet individual district needs.

The SDCOE Financial Accounting Unit provides financial reports for online and off-line districts at the end of each month (Exhibits 5 - 8). Districts maintaining separate detailed accounting records should reconcile them to the monthly reports provided by the San Diego County Office of Education.

In addition to providing a detailed accounting system to the majority of school districts in the county, SDCOE maintains summary financial records for all other districts except fiscally independent districts. These records provide information on district revenues that are received directly by the County Treasurer and also enable SDCOE to monitor districts' budgetary control of expenditures by major object.

RECORDING DATA

The record keeping process for all districts, whether online with the SDCOE Financial Information System or on another system, consists of the following:

1. Opening the general ledger
2. Recording the approved budget
3. Recording encumbrances
4. Recording revenues and receipts
5. Recording expenditures and disbursements
6. Recording adjustments
7. Monthly balancing of records
8. Closing the general ledger
9. Allocation of support costs

Records should be produced at the close of each month and should include both transaction journals and reports of ledger balances. The latter should include budgets, encumbrances, expenditures, and available balances for each account at detail and summary levels.

Detailed information on the district general and subsidiary ledgers is contained in Procedures 201, 205, and 210 of the *California School Accounting Manual*. A general explanation follows.

Opening the General Ledger

Opening the general ledger includes both the establishment of the required accounts in the computer file and the posting of general ledger beginning balances at the start of each fiscal year.

Since beginning balances are derived from the previous year's closing balances, it is first necessary to close out prior year records. General ledgers must be established for all funds of a district. Upon completion of this process, a trial balance of each fund should be prepared to ensure that all ledgers are in balance.

Recording the Approved Budget

The annual budget should be entered no later than September. It should be posted in detail to the subsidiary revenue and expenditure ledgers and in total to the general ledger control accounts, unless the latter is automatically posted by the system. The budget should initially be posted as adopted and approved. Subsequent changes should be posted as budget revisions following governing board approval.

Recording Encumbrances

Encumbrances represent a commitment of district funds to pay for salaries, purchases, and other expenditures. They are recorded in detail in the district expenditure ledger and in total in the general ledger. Encumbrances reduce the available balance of budgeted items even though the cash has not been disbursed.

Salary and labor-related cost encumbrances are established at the beginning of the fiscal year to reflect an entire year's compensation as indicated on the payroll records, in which each employee is assigned to one or more resources and objects of expenditure. This information is accumulated and summarized on expense distribution reports produced by the payroll system.

Encumbrances for goods and services are recorded when purchase orders are issued and entered into the system. Before preparing a purchase order, a district should ensure that budgeted funds are available.

Recording Income and Receipts

Receipts are generally recorded from the Collection (deposit) Advice, Form 119 (Exhibit 2). They must be posted to both the subsidiary revenue ledger and to the control account in the general ledger. For each district online with FIS, many revenues are posted to the district's records at the time they are credited to the district's account in

the County Treasury. Districts maintaining their own financial records must post all revenues to their records, although they will also be reported with a county-produced detailed revenue ledger.

Recording Expenditures and Disbursements

Disbursements are recorded when payroll and commercial warrants are issued. Typically, disbursements are made against encumbrances. They affect the available budgeted balance only when differences exist between the amounts encumbered and those disbursed. Under certain conditions it may be necessary to pay for items not previously encumbered, but as a rule, expenditure commitments should be encumbered whenever possible.

The information needed to record payroll and employee benefit expenditures is produced when payroll warrants are issued. For districts on the county financial system, these expenditures are recorded automatically in both the subsidiary expenditure ledger and the general ledger. Other districts must post their financial records from the payroll expense distribution and labor-related cost reports. Salary encumbrances must be reduced accordingly when salary expenditures are posted.

Non-salary expenditures are recorded at the time goods or services are paid. Automated systems will generally liquidate the existing encumbrance at the time the expenditure is recorded and the warrant is drawn.

Recording Adjustments

Adjustments are generally recorded through the use of Form 368, Journal Entry (Exhibit 4), although other documents may also be used. Adjustments may be made to budgets, encumbrances, receipts, and expenditures, and to clear items in suspense accounts. These transactions are addressed in detail in Procedures 420, 551, and 560 of the *California School Accounting Manual*. Budget adjustments should have district governing board approval when major objects of expenditure categories are affected.

Monthly Balancing of Records

A trial balance of accounting records should be prepared each month to ensure all ledgers are in balance. In addition, a cash reconciliation should be prepared to account for any in-transit items. With computerized systems, subsidiary ledger balances are generally in agreement with corresponding control accounts in the general ledger. Balances in question should be verified. Only after all ledgers are in balance should monthly financial reports be produced.

Closing the General Ledger

The process for closing the books at year-end is contained in Procedure 205 of the *California School Accounting Manual*. Included in this operation are:

1. Clearing suspense accounts
2. Adjustment of prior year's accruals
3. Recording of current year's accruals
4. Adjustment of stores and prepaid expense accounts
5. Other adjustments
6. Closing revenue and expenditure accounts

Completion of the closing process should be followed by the preparation of a final trial balance to ensure all ledgers are in balance. The district is then prepared to record the ending balances as beginning balances in the next year's accounting records and to complete the Annual Budget and Financial Report.

Allocation of Support Costs

The allocation of direct support and indirect costs is an ongoing process and is necessary for preparation of the Annual Program Cost Report. This process is covered in Procedure 910 and 915 of the *California School Accounting Manual*. Any portion of this process not completed by June 30 becomes a year-end task.

FUND ACCOUNTING

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, revenues, expenditures, and an available balance that is set aside for the purpose of carrying on specified activities or achieving certain objectives in accordance with regulations, restrictions, or limitations. Funds are established at the discretion of the district governing board to meet legal or other requirements. A separate cash account for each fund is generally maintained in the County Treasury or in a bank.

Funds may be established with the adoption of a resolution of the governing board (Exhibit 9). The original resolution and a copy must be filed with the SDCOE Financial Accounting Unit. The Financial Accounting Unit will forward the original resolution to the

San Diego County Treasury to establish the fund. Upon written authorization from the district, the Financial Accounting Unit will transfer cash into the newly established fund. Additional guidelines for establishing a fund are addressed in Procedure 305 of the *California School Accounting Manual*.

A request for closing or discontinuance of a school district fund maintained in the County Treasury should be submitted to the SDCOE Financial Accounting Unit. A certified excerpt of the governing board action to close the fund should be included with the request.

Various Education Code sections authorize the following school district funds and specify the records necessary to account for their operations:

Adult Education Fund [EC § 52616(b)]

Bond Interest and Redemption Fund (Bond Interest and Sinking Fund) [EC §§ 15146, 81963]

Building Fund [EC § 15146]

Cafeteria Fund or Account [EC §§ 38090, 38093]

Capital Facilities Fund [EC § 17620-6, GC § 65970–81, 66006]

Charter Schools Special Revenue Fund [EC § 47651]

Charter Schools Enterprise Fund [EC §§ 42100(b), 47604.33]

Child Development Fund [EC § 8328]

County School Facilities Fund [EC § 17070.43]

Deferred Maintenance Fund [EC § 17582-7]

Foundation Trust Funds (Foundation Special Revenue Fund, Foundation Permanent Fund, Foundation Private Purpose Trust Fund) [EC § 41031 et seq.]

General Fund [EC § 41002]

Pupil Transportation Equipment Fund [EC § 41852(b)]

Retiree Benefit Fund [EC § 42850]

Revenue Bond Construction Fund (Community College) [EC § 81961]

Revolving Cash Funds [EC §§ 38091, 42800, 42810, 42820]

Self-insurance Funds [EC §§ 17566, 81602]

Special Reserve for Post-employment Benefits [EC § 42840-2]

Special Reserve Fund (K-12) - Capital Projects [EC §§ 17462, 42840]

Special Reserve Fund (K-12) - Other than Capital Projects [EC § 42840]

State School Building Lease-Purchase Fund [EC §§ 16093, 17008]

Building Fund

Districts with voter-approved General Obligation Bonds use the Building Fund to track expenditure of the bond proceeds. Building Fund monies may be used only for the purposes authorized by law. [EC §§ 15100, 15145, 16058]

Deferred Maintenance Fund

The Deferred Maintenance Program is a matching-fund program. Expenditures allowed in the Deferred Maintenance Program involve work necessary to repair or replace damaged plumbing, heating, air conditioning, electrical, roofing, and floor systems of school buildings; exterior and interior painting of school buildings; inspection, sampling, and analysis of building materials to determine the presence of asbestos; encapsulation or removal of asbestos materials; inspection, identification, sampling, and analysis of building materials to determine the presence of lead-containing materials; control, management, and removal of lead-containing materials; and other items of maintenance as approved by the State Allocation Board. This program also allows replacement of those school building systems itemized above that are either worn out or obsolete to the extent that they no longer effectively perform their functions. [EC §§ 17582-92; 2 CCR § 1866 et seq.]

To participate in the program, the district must submit a five-year, board-approved plan to the State Allocation Board. Upon certification by the Superintendent of Public Instruction of a major maintenance effort, the district may take board action to establish a Deferred Maintenance Fund. The district may make a permanent transfer for its share of the funds from the General Fund or another authorized fund to the Deferred Maintenance Fund. The district's deferred maintenance match is calculated as one-half of one percent of total General Fund and adult education fund expenditures and ending

balances, exclusive of capital outlay, debt service, and revenues passed through to other local educational agencies. [EC § 17584] The state funding is budgeted as an accounts receivable. (See also Facilities Planning.)

County School Facilities Fund

The State Allocation Board is responsible for determining the allocation of state funding programs for new construction and modernization of school facilities. The Education Code authorizes the establishment of a State School Facilities Fund in the State Treasury and the transfer of apportionments into the County School Facilities Fund of participating districts. [EC §§ 17070.40, 17070.43]

School building programs are administered by the Office of Public School Construction (OPSC). Detailed information on the School Facility Program, reporting requirements, and necessary forms are available on the OPSC Web site (see Additional Resources). The Department of General Services regulations should be carefully followed to ensure that all expenditures comply with program requirements and are properly reported. (See also Facilities Planning.)

Revolving Cash Funds

The governing board may establish, increase, decrease, or discontinue revolving cash funds for use by the school district. Suggestions for use of revolving cash funds and sample resolutions for governing board action are presented in the Commercial School Orders section. [EC §§ 42800-5, 42820-1]

TEMPORARY LOANS

The Education Code provides authority for a temporary transfer of funds from the San Diego County Treasurer to a school district. A resolution requesting the transfer should be adopted by the governing board and sent to the SDCOE Financial Accounting Unit. The resolution will be forwarded to the San Diego Board of Supervisors, which will be asked to adopt a resolution authorizing the temporary transfer. Forms and instructions are available online from the SDCOE Financial Accounting Unit (see Additional Resources). [EC §§ 42620, 85220]

The temporary transfer of funds may not exceed 85 percent of the amount of money that will accrue to the district and may be used only for current maintenance expenses. It will be repaid by the County Auditor from the taxes apportioned to the district. No loan can be made after the last Monday in April of a school year. The school district will be

notified of the loan transfer by means of a Requisition for Cash Transfer and/or General Journal form (Exhibit 10). The same form will be used to notify the district of repayments.

For emergency cash needs during May and June, a district should consider temporary expenditure cutbacks and/or interfund borrowing.

Small temporary transfers with repayment by June 30 or an apportionment with repayment during the next fiscal year may be made by the county superintendent of schools with the approval of the County Board of Education. [EC §§ 42620-2, 85220-2]

A district may borrow money from a commercial bank by issuing a note. The amount of the note may not exceed 85 percent of the uncollected revenues of the district, and the note shall not bear interest exceeding the maximum established by law. The note may be made payable during the succeeding fiscal year but not later than 15 months after the date of issue. [GC §§ 53850-8]

A district may borrow money from commercial banks by issuing grant anticipation notes to the lender for up to 95 percent of the amount of the grant funds. The note shall not bear interest exceeding the maximum established by law. Repayment of the loan shall be on a specified date within a 36-month period from the date of the note. A grant anticipation note can be issued upon the security of accounts receivable from the state and federal governments including grants, loans, or a combination of both, for which funds have been appropriated and committed to a local agency. [GC § 53859 et seq.]

A district may request an emergency apportionment from the Superintendent of Public Instruction subject to specified requirements and repayment provisions and the appropriation of funds for this purpose. Emergency apportionments are not authorized for the purpose of meeting cash flow requirements pending the receipt of local taxes and other funds. [EC § 41320.2]

TRANSFERS OF SPECIAL OR RESTRICTED FUND MONIES

The governing board may temporarily transfer monies held in any fund or account to another fund to be used for the payment of district obligations. Transfers can be made only when the district will receive sufficient income to repay the amount transferred. The amount transferred shall be repaid in the same fiscal year or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. No more than 75 percent of the maximum monies held in any fund or account during a current fiscal year may be transferred. [EC § 42603]

Education Code authorization for transfers between funds include:

1. To Special Reserve Fund from General Fund [EC § 42841]
2. To General Fund from Special Reserve Fund [EC §§ 42842-3]
3. To Deferred Maintenance Fund from General Fund [EC §§ 17582-92]
4. To State School Building Lease-Purchase Fund from all other district funds [EC § 16095]

The governing board must adopt resolutions authorizing permanent transfers of monies between funds, temporary loans between funds, and the repayment of these loans. A Requisition on County Auditor for Interfund Cash Transfer, Form 290d (Exhibit 11), which indicates the governing board approval date, should be submitted to the SDCOE Financial Accounting Unit for approval. After the transfer is made, a signed copy of this form will be sent to the district. The Requisition on County Auditor for Interfund Cash Transfer form may also be used to authorize repayment of interfund liability.

CASH RECEIPTS

State Apportionment Income

State revenues include apportionments for block grant purposes as well as for special purposes, allowances, and special education funding. [EC §§ 14000-7, 16202, 41330, 41332, 41334-6] (See also Budgets.)

Apportionments are paid by the state directly to the County Treasurer, who notifies the San Diego County Office of Education. Cash is transferred to each district via a Requisition on County Auditor for Interfund Cash Transfer (Exhibit 11). Income is documented on a journal voucher and is input to each district's revenue ledger by the SDCOE Financial Accounting Unit. Copies of this form are sent to each district. State source documents are available online from the California State Controller's Office (see Additional Resources).

Federal Income

Revenue received directly from federal sources is deposited into the financial institution designated by the school district via the Direct Deposit Sign-up Form (Exhibit 12). This form is completed by the district and the financial institution and is submitted to the federal agency providing the funding. Funds are mailed or wired directly to the financial

institution specified on the form. The district should inform the SDCOE Financial Accounting Unit of amounts and anticipated dates of receipt to expedite deposit into its accounts. (See also Budgets.)

Tax Apportionments

Property tax monies are apportioned by the San Diego County Auditor, Property Tax Services. These monies include secured, unsecured, prior years, supplemental, payments in lieu of taxes, homeowner exemption, aircraft, ERAF (Education Revenue Augmentation Fund), and community redevelopment funds. The San Diego County Office of Education is the liaison between school districts and Property Tax Services for forwarding payment schedules and source documents to districts (Exhibits 13 and 14). [EC § 41604; GC § 26912] (See also Budgets.)

Any tax money collected by the end of the fiscal year but not yet apportioned to the various school districts by the County Auditor will be recorded as current revenue in the following fiscal year.

Cash Collections

All cash collections should be controlled through the use of pre-numbered receipt forms. These forms should be used at least in duplicate and should include the name of the school district or the individual schools in the district. Completed duplicates of the receipt forms should be maintained on file for audit purposes.

The cash receipts for each school district must be deposited at least monthly to the County Treasury. San Diego County school districts make deposits via a designated financial institution. For off-line districts, a separate Collection Advice form (Exhibit 2) showing the accounting classifications must be completed and sent to the SDCOE Financial Accounting Unit for each deposit made to the County Treasury. A summary of the cash receipts transmitted should be recorded in the minutes of the governing board.

A validated copy of the Deposit Permit will be returned to the school district by the San Diego County Office of Education (Exhibit 15). Online districts must manually input cash receipts by accounting classification. [EC § 41001]

Receipts from Sale or Lease of Real Property

The governing board may sell or lease real property owned by the school district if it determines that the property is no longer needed for school purposes. [EC §§ 17455 et seq., 17542, 81360] (See also Facilities Planning and Inventory.)

Receipts from the sale of surplus property may be used for capital outlay or for costs of maintenance of school district property that the governing board determines will not recur within a five-year period. Proceeds from a lease of school district property with an option to purchase may be deposited into a restricted fund for the routine repair of district facilities for up to a five-year period. Under specified conditions, the proceeds may be deposited in the General Fund of the district to be used for one-time expenditures or into the Special Reserve Fund for Capital Outlay. Procedure 305 of the *California School Accounting Manual* provides definitions and clarification for the deposit of receipts (see Additional Resources). Use of the proceeds is subject to requirements of Education Code and State Allocation Board regulations (see Additional Resources). [EC §§ 17462, 81363] A Deposit Permit (Exhibit 15) should be used to deposit the funds.

The Collection Advice (Exhibit 2) sent to the SDCOE Financial Accounting Unit by off-line districts must contain a signed certification that the district has complied with all applicable Education Code requirements. Documentation of the district's compliance with required procedures should be kept on file at the district office.

Receipts from Sale of Personal Property

The governing board may sell for cash any personal property belonging to the district if the property is not required for school purposes, or if it should be disposed of for the purpose of replacement, or if it is unsatisfactory or not suitable for school use. [EC §§ 17545(a), 81450(a)] (See also Inventory.)

If personal property, whether one or more items, does not exceed the value of \$2,500 for K-12 school districts and \$5,000 for community college districts, it may be sold at private sale by an authorized employee without advertising. The board shall sell the property to the highest responsible bidder or shall reject all bids. Any item previously offered for sale, but for which no qualified bid was received, may be sold without advertising at private sale by an authorized employee. The governing board may choose to conduct any sale of personal property by means of a public auction. [EC §§ 17545-6, 81450-2)]

A district may sell or lease used personal property to another school district or specified public agency without advertising for bids. [EC § 17542]

A school district may sell, give, or exchange published materials prepared by the district and may license the use of copyrights held by the district. [EC §§ 17553, 81459]

Funds derived from the sale of personal property must be deposited in the fund from which the original purchase was made. When off-line school districts report to the SDCOE Financial Accounting Unit, the collection advice covering amounts received in excess of \$2,500 must contain a signed certification that the sale was held in accordance with the provisions of the Education Code. [EC §§ 17547, 81453]

Receipts from Sale of Personal Property to Students

The charge to a student for personal property of the district that has been fabricated by the student must not exceed the cost of the materials furnished by the district and used therein. [EC §§ 17551, 81457]

The charge for materials sold to persons enrolled in classes for adults and used for making articles in such classes must not be less than the cost thereof to the district. [EC §§ 17552, 81458]

A school district may sell or lease surplus Internet appliances or computers to parents of pupils in the district, at a price not to exceed the original cost to the district, for the purpose of providing access to the district's educational computer network. [EC § 17453.1]

Foreign Tuition

For pupils whose legal residence is in a foreign country adjacent to this state and who commute daily to this state, tuition must be collected in advance of attendance. Tuition collected must be sufficient to reimburse the district for the total cost of educating the pupils. [EC §§ 48051-2]

Rentals

Receipts from school facilities or grounds rented to public groups or churches or religious organizations should be identified on the Collection Advice (Exhibit 2) to distinguish them from receipts for property leases for which certifications must be submitted. [EC §§ 38130 et seq., 82537 et seq.]

Other Cash Receipts

The district may charge for furnishing transcripts or verification of a former pupil's records in excess of two copies. [EC § 49065]

All money collected from pupils due to damage or to a textbook loss must be accounted for as abatements of expenditures. Consult the *California School Accounting Manual*, Procedure 560, for further information (see Additional Resources).

The governing board should adopt rules, regulations, and procedures for determining when instructional materials are obsolete. The board may dispose of surplus instructional materials in accordance with the provisions of the Education Code, including the sale to an organization that agrees to use the materials solely for educational purposes. [EC §§ 60500, 60510, 60510.5, 60511]

A charge not exceeding \$10,000 may be made to parents or guardians of pupils who willfully cut, deface, or otherwise injure real or personal property of the district or who willfully do not return district property upon demand of an authorized district representative. This amount is subject to adjustment by the Implicit Price Deflator, which is published by the United States Department of Commerce. Due process and voluntary work for the minor shall be implemented by rule and regulations of the governing board. [EC § 48904]

EXPENDITURES

All contracts, agreements, and purchase orders should be encumbered in school district records. Encumbrances should be canceled as payments are made.

Wages, salaries, and benefits for food services personnel are generally paid from the General Fund of the school district and charged to the food services expenditure accounts. The governing board then orders reimbursement from the Cafeteria Account/Fund to the General Fund. This reimbursement must be abated to the proper expenditure accounts in the General Fund. Wages, salaries, and benefits for food services personnel may be paid from the Cafeteria Account/Fund at the discretion of the governing board and upon approval of the county superintendent of schools. [EC § 38103] (See also Child Nutrition and Commercial School Orders.)

Districts may charge to the restricted maintenance account the cost of the maintenance staff needed to maintain restrooms in accordance with local hygiene standards as required by the Education Code. Use of restricted maintenance funds for regular operational and maintenance costs of restrooms and other facilities is not authorized. [EC § 17070.75 et seq.] (See also Maintenance and Operations.)

When authorized in the Education Code, transfers are made by SDCOE from the funds of school districts to the County School Service Fund to cover payments on agreements for services and to cover the school districts' share of contributions for retirement, social security, Medicare, unemployment insurance, and workers' compensation insurance.

SDCOE notifies the school districts of these transfers on a Requisition on County Auditor for Interfund Cash Transfer (Exhibit 11), which is the source document for posting to applicable accounts.

When insufficient appropriation is available to cover any encumbrance or expenditure in a major budget classification, the governing board should authorize an intra-budget transfer. An off-line district submits a Budget Data Input form (Exhibit 3) to the SDCOE Financial Accounting Unit. [EC § 42600]

At the close of any school year, a school district may, with the approval of the governing board, identify and request the county superintendent of schools to make the transfers between the designated fund balance or the unappropriated fund balance and any expenditure classification or classifications, or balance any expenditure classifications of the budget of the district for that school year as necessary to permit the payment of obligations of the district incurred during that school year. For elementary school districts with an average daily attendance of 900 or less, high school districts with 300 or less, and unified school districts with 1,500 or less, the county superintendent of schools, with the consent of the governing board of the school district, may identify and make the transfers on Form 162, Intra-Budget Transfer Resolution at the Close of School Year (Exhibit 16). [EC § 42601]

ANNUAL ACCOUNTING OF CURRENT LIABILITIES AND ACCOUNTS RECEIVABLE

At the close of each fiscal year, each district shall account for all receivables and liabilities prior to closing its accounting records.

Amounts to be included as accounts receivable are those that were earned by the close of the fiscal year but were not collected. Any cash collections not transmitted in time to be deposited in the County Treasury by June 30 should also be included in this report.

The accounts receivable and current liabilities posted to the records at the San Diego County Office of Education will appear on the year-end Revised Budget Summary Balances and General Ledger Accounts provided to each district (Exhibits 5 and 6). A district maintaining its own financial records also records these accruals.

Reporting Fixed Assets

GASB Statement 34 is a reporting model that requires school districts to provide government-wide financial statements showing current and long-term assets and liabilities. This does not change the regular accounting used by school districts on a day

to day basis that shows only current assets and liabilities. For further information, refer to Section 400 of the California School Accounting Manual (see Additional Resources).

Reporting Other Post-Employment Benefits (OPEBs)

Government Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, requires public agencies, including school districts and county offices of education, to report their costs and obligations for post-employment healthcare and other post-employment benefits (OPEBs) during the working years of an employee. In the reporting model established by GASB 45, the actuarially determined annual required contribution is reported in the government-wide financial statements as an expense, and any unfunded amount is recorded as a liability. The requirement is being phased in over three years beginning July 1, 2007 through July 1, 2009, depending on the agency's annual revenues in fiscal year 1998-99. School districts should assess the fiscal impact of the GASB 45 disclosure requirement and explore options for managing this liability in the future (see Additional Resources).

ANNUAL AUDITS

Not later than the first day of April of each fiscal year, the governing board of each school district and charter school must contract for an audit of its books and accounts with a certified public accountant or a public accountant licensed by the State Board of Accountancy. [EC § 41020]

Each school district audit contract shall include the following provisions: [EC §§ 14504-5, 41020.5]

1. Ten percent of the audit fee shall be withheld until the Controller certifies that the audit report conforms to the reporting provisions of the audit guide.
2. Fifty percent of the audit fee for any subsequent year of a multi-year contract shall be withheld if the prior year's audit report by the same firm or individual fails to be certified as conforming to reporting requirements of the audit guide.
3. The contract shall become null and void if the Controller declares the audit firm or individual ineligible to perform LEA audits.
4. The Controller shall have access to audit working papers.

Each audit must include all funds of the district, including the student body and cafeteria fund or accounts and any other funds under the control or jurisdiction of the district; funds of regional occupational centers and programs maintained by the district, or pursuant to a joint powers agreement; funds of charter schools, as applicable. Each audit must also include an audit of attendance procedures. [EC §§ 41020, 47605(m), 84040] (See also Attendance Accounting.)

All school district audit reports shall be developed and reported using the format prescribed by the California State Controller's Office and as presented in *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (see Additional Resources). The board of governors shall develop audit procedures for the community college districts. The cost of the audit provided for by the governing board shall be paid from district funds. [EC §§ 14500 et seq., 84040.5]

In the event the governing board of a school district fails to provide for an audit of the books and accounts of the district by April 1, the county superintendent of schools having jurisdiction over the district shall provide for the audit. [EC § 41020] The cost of the audit provided for by the county superintendent of schools shall be paid from the county school service fund, and the county superintendent of schools shall transfer the pro rata share of the cost chargeable to each district from district funds.

If a governing board or county superintendent of schools fails or is unable to make satisfactory arrangements for an audit of its books and accounts, the Controller will make arrangements for the audit and the cost of such audit will be paid from the district or county school service funds.

In the event the governing board of a community college district fails to provide for an annual audit, the Board of Governors of the California Community Colleges shall provide for the audit at the expense of the district. If the governing board or the Board of Governors fails or is unable to make satisfactory arrangements for the audit, the Department of Finance shall provide for the audit, to be paid from district funds. [EC § 84040]

No later than December 15 for school districts, a report of each audit for the preceding fiscal year must be filed with the county superintendent of schools, the California Department of Education, and the State Controller. Charter schools file with their chartering agencies, the county superintendent of schools of the county in which the charter school is sited, the State Controller, and the California Department of Education. [EC §§ 41020, 47605(m), 84040] (See also Charter Schools.)

If a school district governing board has entered into a contract for an independent audit of its financial statements and the audited financial statements have not been filed with the county superintendent of schools on or before the due date, the county superintendent of schools may investigate the reasons for the delay and may initiate one of the following actions: [EC § 41020.2]

1. With consent, grant appropriate extension for the completion of the audit and filing of audited financial statements.
2. Contract with another auditor to complete the audit and charge the cost of the audit to the school district.
3. Request the Controller's office to investigate the situation and initiate any of the following actions:
 - a. Accept the county superintendent's action with reference to school districts that have not completed the audited annual financial statement.
 - b. Conduct the audit, prepare the auditor's report, and charge the cost of the audit to the next regular apportionment of the school district.
 - c. Contract with any qualified accountant to perform the audit and charge the cost of the audit to the next regular apportionment of the school district.
 - d. Grant a reasonable extension of time to permit the audit report to be filed after the legal deadline.

Not later than January 31 each school district governing board must review the annual audit report at one of its regularly scheduled public meetings. The review must include discussion of any audit exceptions and the recommendations or findings of any management letter issued by the auditor. [EC §§ 35145, 41020.3]

The Superintendent of Public Instruction will make any adjustments necessary in future apportionments of all state funds to correct any audit exceptions revealed by the audit reports. The county superintendent of schools is responsible for the correction of any other exceptions revealed by the audit reports that do not affect state funds and are not corrected by the Superintendent of Public Instruction. [EC §§ 41020, 84040]

Audit Responsibilities of County Superintendent

The county superintendent of schools is responsible for the fiscal oversight of the county school districts and may perform financial services on behalf of community college districts (see Additional Resources). [EC § 1240] The county superintendent is authorized to audit at any time and report on the expenditures and internal controls of a school district and charter school when there is a reason to believe that fraud or misappropriation of funds or other illegal fiscal activities have occurred that merit examination. The county superintendent shall report the findings and recommendations to the governing board of the school district. After review of the audit by the school district governing board, the county superintendent may disapprove an order for payment of funds. If there is substantial evidence of misappropriation of funds or illegal fiscal activities, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney. In the case of a charter school, the county superintendent shall report the findings and recommendations to the governing board of the charter school and provide a copy of the report to the chartering authority. [EC §§ 1241.5, 42127.6, 42638]

Legislation implementing settlement in the case of Williams v. State of California [Super. Ct., San Francisco, No. CGC-00-312236] expanded annual school district audits to include compliance with the reporting requirements for the sufficiency of textbooks or other instructional materials, teacher misassignments, and accuracy of the information reported on the School Accountability Report Card. A district that receives an audit exception in any of these areas, as with other audit exceptions, must correct or create a plan to correct the exception. For remedying instructional materials audit exceptions, action must be taken within the first two months of the school year.

The county superintendent of schools must certify to the Superintendent of Public Instruction and the Controller the action or plan for action on the part of the district to correct audit exceptions. Districts will not be required to repay block grant funding if the county superintendent certifies that the exception was corrected or that an acceptable plan of correction was prepared. [EC §§ 14501, 41020, 41344.4, 60119] Additional information on the Williams Case is available online (see Additional Resources).

ANTIFRAUD PROGRAMS

School districts should acknowledge that fraud risks, including the risk of management override, exist in every entity. Preventing major frauds requires a strong emphasis on creating a positive workplace environment that promotes honesty and ethical behavior, deters wrongdoing, and encourages all employees to communicate any known or suspected wrongdoing to the appropriate person(s) without fear of retribution.

The district superintendent shall be responsible for implementing and improving systems and procedures for the prevention and detection of fraud, financial impropriety or irregularity affecting the school district. Basic internal controls include segregation of employee duties relating to authorization, custody of assets, and recording or reporting of transactions. The district superintendent has primary responsibility for any necessary investigations to resolve concerns.

The chief business official is often responsible for managing all fraud risks within the district. An audit committee, which may include a governing board representative, shall provide overall oversight of fraud risks and the fraud prevention program. The audit committee has the responsibility to oversee the actions of senior management and to consider the risk of fraudulent financial reporting involving override of internal controls through their high level of authority or collusion.

ADDITIONAL RESOURCES

1. American Institute of Certified Public Accountants (AICPA), Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*, and information on other antifraud publications. Available: <<http://www.aicpa.org/pubs/cpaltr/nov2002/fraud.htm>>
2. Association of Certified Fraud Examiners, *Fraud Prevention Check-up*, 2004. Available: <http://www.acfe.com/documents/Fraud_Prev_Checkup_IA.pdf>
3. Association of School Business Officials International, *International School Business Management Professional Standards and Code of Ethics*, 2006. Available: <<http://www.asbointl.org/Index.asp?bid=1068>>
4. California Community Colleges Chancellor's Office, *California Community Colleges Budget and Accounting Manual*, 2000. Available: <http://www.cccco.edu/divisions/cffp/fiscal/standards/budget_and_accounting_page.htm>
5. California Department of Education:

Accounting information and guidance for local educational agencies to use in accounting and financial reporting. Available: <<http://www.cde.ca.gov/fg/ac/>>

California School Accounting Manual, 2008. Available: <<http://www.cde.ca.gov/fg/ac/sa/>>

Financial Reporting for 2008 SACS Software and *SACS Software User Guide*. Available: <<http://www.cde.ca.gov/fg/sf/fr/>>

Standardized Account Code Structure for SACS-related information. Available: <<http://www.cde.ca.gov/fg/ac/ac/>>

6. California School Boards Association for information related to GASB 45 compliance. Available: <<http://www.csba.org/ds/gasb45.htm>>

7. California State Controller's Office:

Apportionment payments to school districts. Available: <<http://www.sco.ca.gov/ard/local/apport/index.shtml>>

Standards and Procedures for Audits of California K-12 Local Educational Agencies, 2007-08, Education Audit Appeals Panel, September 10, 2007. Available: <<http://www.eaap.ca.gov/newwebsite0804/AuditGuide.htm>>

8. County Superintendent of Schools' financial oversight responsibilities as presented in San Diego County Office of Education Administrative Regulation 3460, Financial Accountability of School Districts. Available: <<http://www.sdcoe.net/business2/dfs/legal/ar/3460.pdf> >

9. Financial Accounting Unit, San Diego County Office of Education.

Fund resolutions. Available: <<http://www.sdcoe.net/business2/dfs/?loc=fa-resolutions&m=4&pi=fa>>

Posting documents. Available: <<http://www.sdcoe.net/business2/dfs/?loc=fa-post&m=4&pi=fa>>

Temporary Transfer of Funds, forms and instructions. Available: <<http://www.sdcoe.net/business2/dfs/fa/TempLoanfrCT.pdf>>

10. Fiscal Crisis and Management Assistance Team (FCMAT), *Fiscal Oversight Guide for AB 1200, AB 2756, and Subsequent Related Legislation: A Resource for Educational Agencies*, September 2006. Available: <<http://wwwstatic.kern.org/gems/fcmat/FiscalOversightGuideFINALsm.pdf>>

11. Governmental Accounting Standards Board, Summaries and Status of all GASB Statements and Interpretations. Available: <<http://www.gasb.org/st/index.html>>

12. Government Finance Officers Association recommended practices. Available:
<<http://www.gfoa.org/services/rp/>>
13. Office of Public School Construction, California Department of General Services:

School Facility Programs. Available:
<<http://www.opsc.dgs.ca.gov/Programs/SFPrograms/default.htm>>

Office of Public School Construction Handbooks. Available:
<<http://www.opsc.dgs.ca.gov/Publications/default.htm>>
14. State Allocation Board Regulations. Available:
<<http://www.opsc.dgs.ca.gov/Regulations/Default.htm>>
15. Williams Case:

California Department of Education for current information and sample forms.
Available: <<http://www.cde.ca.gov/eo/ce/wc/index.asp>>

San Diego County Office of Education for Williams Settlement information.
Available: <<http://www.sdcoe.net/williams/>>

LIST OF EXHIBITS

- | | |
|-----------|--|
| Exhibit 1 | Financial Data Input, Form 372, San Diego County Office of Education (SDCOE) |
| Exhibit 2 | Collection Advice, Form 119, SDCOE |
| Exhibit 3 | Budget Data Input, Form 420, SDCOE |
| Exhibit 4 | Journal Entry, Form 368, SDCOE |
| Exhibit 5 | Revised Budget Summary Balances, Sample Report, SDCOE |
| Exhibit 6 | General Ledger Accounts, Sample Report, SDCOE |
| Exhibit 7 | Revised Budget Summary Balances—Income, Sample Report, SDCOE |
| Exhibit 8 | Current Monthly Transactions, Sample Report, SDCOE |
| Exhibit 9 | Resolution Establishing a Deferred Maintenance Fund, Sample, SDCOE |

- Exhibit 10 Requisition for Cash Transfer and/or General Journal, Chief Financial Officer/Auditor and Controller, County of San Diego
- Exhibit 11 Requisition on County Auditor for Interfund Cash Transfer, Form 290d, SDCOE
- Exhibit 12 Direct Deposit Sign-up Form, Government Financial Operations, Treasury Department
- Exhibit 13 County Auditor and Controller Property Tax Services Tentative Apportionment Schedule, Sample, Property Tax Services, County of San Diego
- Exhibit 14 Tax Apportionment Report, Sample, Property Tax Services, County of San Diego
- Exhibit 15 Deposit Permit, SDCOE
- Exhibit 16 Intra-Budget Transfer Resolution at the Close of School Year, Form 162, SDCOE

ATTENTION
ACCOUNTING SECTION

San Diego County Office of Education
FINANCIAL DATA INPUT

Pg _____ of _____

_____ School District

DOCUMENT # _____

DATE _____
(County Office Use Only)

DISTRICT NUMBER _____

The transactions included pertain to: (check only one type per form. More than one fund may be shown for each form.)

- COMMERCIAL EXPENDITURES LISTING SHEET #s _____
- ENCUMBRANCE/ENCUMBRANCE ADJUSTMENTS ACCRUALS

| L I N E | AUDITOR FUND | TRANSACTIONS | | | | | | | | DEBIT | CREDIT |
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PLEASE NOTE: DO NOT EXCEED 8 LINES PER PAGE.

Input Date: _____

I certify that expenditures submitted hereon are charged to the proper account classification and are in agreement with the referenced listing sheet.

Prepared By: _____ Date: _____ Authorized Agent: _____

San Diego County Office of Education
COLLECTION ADVICE

_____ School District

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Date: _____

Authorized Agent: _____

San Diego County Office of Education
BUDGET DATA INPUT

_____ School District

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If additional space is needed, use Continuation Form 420a.

I certify that budget revisions submitted hereon were adopted by the district governing board on the date indicated.

RESOLUTION DATE _____ INPUT DATE _____

Prepared By: _____ Date: _____ Authorized Agent: _____

San Diego County Office of Education
**BUDGET DATA INPUT
 CONTINUATION FORM**

_____ School District

DATE _____
 PAGE ____ of ____

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ATTENTION
ACCOUNTING SECTION
(Posting Document)

San Diego County Office of Education
JOURNAL ENTRY

_____ School District

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Deputy Superintendent of Schools

FISO10: FIS/REVISED/BUDGET/SUMMARY/1
SAN DIEGO COUNTY OFFICE OF EDUCATION

REVISED BUDGET SUMMARY BALANCES
MAJOR OBJECT(1XXX)(T), OBJECT-SUB

YEAR 04-05

PAGE 1
PREPARED ON 5-04-05 AS OF 4-30-05

| FUND 00-00: GENERAL-COMBINED | | EXPENDITURES | | | | | | |
|------------------------------|-------|-------------------------------|-------------|-------------|---------------|--------------|----------------|-------|
| OBJT-SUB | FUND | DESCRIPTION | REV. BUDGET | WKG. BUDGET | ACCUM TRANS. | ENCUMBRANCES | REMAINING BAL. | % REM |
| 1100-000 | 03-00 | TEACHER'S SALARIES | 197,295 | 197,295 | 186,974.47 | 33,970.82 | 23,650.29- | |
| 1100-000 | 06-00 | TEACHER'S SALARIES | 17,948,254 | 18,079,194 | 14,004,671.32 | 3,066,159.66 | 877,423.02 | 4.8 |
| 1100-000 | | | 18,145,549 | 18,276,489 | 14,191,645.79 | 3,100,130.48 | 853,772.73 | 4.7 |
| 1100-010 | 03-00 | TEACHER SUBSTITUTES | 28,600 | 12,600 | 19,557.00 | .00 | 9,043.00 | 31.6 |
| 1100-010 | 06-00 | TEACHER SUBSTITUTES | 1,673,227 | 1,568,979 | 1,019,188.59 | .00 | 654,038.41 | 39.0 |
| 1100-010 | | | 1,701,827 | 1,581,579 | 1,038,745.59 | .00 | 663,081.41 | 38.9 |
| 1100-020 | 06-00 | TEMPORARY TEACHERS | 61,250 | 100,580 | .00 | .00 | 61,250.00 | 100.0 |
| 1100-030 | 03-00 | TEACHER ASSISTANTS | 23,000 | 23,000 | 14,764.59 | .00 | 8,235.41 | 35.8 |
| 1100-030 | 06-00 | TEACHER ASSISTANTS | 2,609,071 | 2,525,918 | 1,770,765.77 | .00 | 838,305.23 | 32.1 |
| 1100-030 | | | 2,632,071 | 2,548,918 | 1,785,530.36 | .00 | 846,540.64 | 32.1 |
| * TOTAL | | 1100 | 22,540,697 | 22,507,566 | 17,015,921.74 | 3,100,130.48 | 2,424,644.78 | 10.7 |
| 1200-000 | 06-00 | CERT PUPIL SUPPORT SALARIES | 788,219 | 727,282 | 588,265.49 | 134,669.24 | 65,284.27 | 8.2 |
| 1200-010 | 06-00 | CERTIF PUPIL SUPP,SUBST | 540 | 8,000 | 2,326.19 | .00 | 1,786.19- | |
| * TOTAL | | 1200 | 788,759 | 735,282 | 590,591.68 | 134,669.24 | 63,498.08 | 8.0 |
| 1300-000 | 03-00 | CERT SUPERV & ADMIN SALARIES | 3,232,482 | 3,268,366 | 2,706,328.58 | 559,729.86 | 33,576.44- | |
| 1300-000 | 06-00 | CERT SUPERV & ADMIN SALARIES | 6,818,124 | 6,100,068 | 4,759,622.47 | 1,014,286.62 | 1,044,214.91 | 15.3 |
| 1300-000 | | | 10,050,606 | 9,368,434 | 7,465,951.05 | 1,574,016.48 | 1,010,638.47 | 10.0 |
| 1300-010 | 03-00 | CERT SUPV/ADM SALARIES, SUBST | 24,923 | 4,500 | 11,148.27 | .00 | 13,774.73 | 55.2 |
| 1300-010 | 06-00 | CERT SUPV/ADM SALARIES, SUBST | 366,059 | 156,600 | 308,798.89 | .00 | 57,260.11 | 15.6 |
| 1300-010 | | | 390,982 | 161,100 | 319,947.16 | .00 | 71,034.84 | 18.1 |
| * TOTAL | | 1300 | 10,441,588 | 9,529,534 | 7,785,898.21 | 1,574,016.48 | 1,081,673.31 | 10.3 |
| 1900-000 | 03-00 | OTHER CERTIFICATED SALARIES | 149,027 | 145,847 | 125,551.38 | 25,110.27 | 1,634.65- | |
| 1900-000 | 06-00 | OTHER CERTIFICATED SALARIES | 3,389,353 | 3,251,043 | 2,802,596.06 | 564,220.23 | 22,536.71 | .6 |
| 1900-000 | | | 3,538,380 | 3,396,890 | 2,928,147.44 | 589,330.50 | 20,902.06 | .5 |
| 1900-010 | 03-00 | OTHER CERTIF, SUBST/TEMP | 44,450 | 0 | 31,140.73 | .00 | 13,309.27 | 29.9 |
| 1900-010 | 06-00 | OTHER CERTIF, SUBST/TEMP | 653,802 | 124,650 | 415,072.84 | .00 | 238,729.16 | 36.5 |
| 1900-010 | | | 698,252 | 124,650 | 446,213.57 | .00 | 252,038.43 | 36.0 |
| * TOTAL | | 1900 | 4,236,632 | 3,521,540 | 3,374,361.01 | 589,330.50 | 272,940.49 | 6.4 |
| ** TOTAL | | 1000 | 38,007,676 | 36,293,922 | 28,766,772.64 | 5,398,146.70 | 3,842,756.66 | 10.1 |
| 2100-000 | 03-00 | INSTRUCTIONAL AIDES' SALARIES | 1,288,788 | 1,288,788 | 897,187.92 | 267,984.84 | 123,615.24 | 9.5 |
| 2100-000 | 06-00 | INSTRUCTIONAL AIDES' SALARIES | 2,608,993 | 2,705,615 | 1,839,297.88 | 424,996.99 | 344,698.13 | 13.2 |
| 2100-000 | | | 3,897,781 | 3,994,403 | 2,736,485.80 | 692,981.83 | 468,313.37 | 12.0 |

FISO10: FIS/GL/ACCOUNTS/2
S. D. COUNTY OFFICE OF EDUC.

GENERAL LEDGER ACCOUNTS

YEAR 04-05 PAGE 1
PREPARED ON 05-04-05 AS OF 04-30-05
THIS COLUMN
DOES NOT
AFFECT
BALANCES

FUND-SUB 00-00: GENERAL/COMBINED

OBJT-SUB DESCRIPTION

| | DEBITS | CREDITS | |
|---------------------------------------|------------------|------------------|---------------|
| 9110-000 CASH IN COUNTY TREASURY | 47,519,188.07 | | |
| 9120-000 CASH IN BANK(S) | 5,156.51 | | |
| 9120-002 CASH IN BANK-EAST SELPA | 200.00 | | |
| 9120-004 CASH IN BANK-NCCSE SELPA | 200.00 | | |
| 9120-006 CASH IN BANK-NISER SELPA | 200.00 | | |
| 9120-410 CIB JCCS WFP 9515-412 | 5,942.44 | | |
| 9120-600 CASH IN BANK-P CARDS | 3,426.64 | CR | |
| 9130-000 REVOLVING CASH ACCOUNT | 800.00 | | |
| 9130-010 REVOLVING CASH-EAST SELPA | 300.00 | | |
| 9130-040 REVOLVING CASH-SOUTH SELPA | 700.00 | | |
| 9201-000 ACCOUNTS RECEIVABLE | 33,624,001.92 | | |
| 9202-000 ACCTS RECEIVABLE COLLECTIONS | 30,377,997.98 | CR | |
| 9330-000 PREPAID EXPENDITURES | 7,425.00 | | |
| 9330-001 PREPAID EXPENDITURE-VEBA | 228,600.00 | | |
| 9330-002 PREPAID EXPENDITURE-PERS | 582,709.28 | | |
| <hr/> | | | |
| TOTAL ASSETS | 51,593,998.60 | | |
| 9510-000 CURRENT LIABILITIES | | 4,455,069.96 | |
| 9510-020 VACATIONS PAYABLE | | 1,425,781.13 | |
| 9511-000 CURRENT LIABILITIES - PMTS | | 4,260,556.48 | DR |
| 9650-000 DEFERRED REVENUE | | 13,047.42 | DR |
| 9910-000 PAYROLL SUSPENSE CLEAR | | 25.32 | DR |
| 9910-311 STRS | | 215,452.33 | |
| 9910-321 PERS | | 469.14 | |
| 9910-331 FICA | | 20.27 | |
| 9910-332 MEDCA | | 7.25 | DR |
| 9910-333 ARS | | 520.20 | |
| 9910-340 H&W | | 170,081.82 | |
| 9910-350 SUI | | 36,782.41 | |
| <hr/> | | | |
| TOTAL LIABILITIES | | 2,030,540.79 | |
| 9791-000 BEGINNING FUND BALANCE | | 21,711,374.04 | |
| 9791-001 BEGIN FUND BAL AUDITED | .00 | .00 | 21,711,374.04 |
| 9791-002 BEGIN FUND BAL NET | .00 | .00 | 21,711,374.04 |
| 9720-000 RESERVE FOR ENCUMBRANCES | | 19,767,380.24 | |
| 9810-000 ESTIMATED REVENUE | 429,288,453.00 | | |
| 9820-000 APPROPRIATIONS | | 436,792,038.00 | |
| 9826-000 BUDGET OFFSET | 7,503,585.00 | | |
| 9830-000 ENCUMBRANCES | 19,767,380.24 | | |
| 9840-000 REVENUE | | 274,781,718.90 | |
| 9850-000 EXPENDITURES | 246,929,635.13 | | |
| 9789-000 END FUND BAL - BUDGET | .00 | .00 | 14,207,789.04 |
| ENDING FUND BAL. ACTUAL | .00 | .00 | 49,563,457.81 |
| 9790-000 UNDESIG/UNAPPROP FD BAL-BDGT | .00 | .00 | 14,207,789.04 |
| UNAPPROP FUND BAL ACTUAL | .00 | .00 | 49,563,457.81 |
| TOTALS | \$755,083,051.97 | \$755,083,051.97 | |

FISO10:FIS/INCOME/SUMMARY/1
S. D. COUNTY OFFICE OF EDUC.

REVISED BUDGET SUMMARY BALANCES
RES-SUB, GOAL, OBJECT(T), OBJECT-SUB

YEAR 04-05
PREPARED ON 05-04-05 PAGE 1
AS OF 04-30-05

FUND/SUB 00/00: GENERAL COMBINED

INCOME

| FD-SUB | RES-SUB | GOAL | OBJT-SUB | PY | RESOURCE | DESC | OBJECT | DESC | REV.BUDGET | WKG.BUDGET | ACCUM.TRANS. | REMAINING BAL. | % REM |
|--------|----------|------|----------|----|-------------------|------|--------------------------|------|-------------|-------------|----------------|----------------|-------|
| 03-00 | 0000-000 | 0000 | 8011-000 | | UNRES.RES. | | ;REV LIMIT STATE AID-CUR | | 2,651,229 | 2,622,229 | 7,307,706.00 | 4,656,477.00- | |
| 03-00 | 0000-000 | 0000 | 8019-000 | | UNRES.RES. | | ;REV LIMIT STATE AID-PRI | | 0 | 0 | 328,370.00- | 328,370.00 | |
| 03-00 | 0000-000 | 0000 | 8021-000 | | UNRES.RES. | | ;HOMEDOWNERS' EXEMPTION | | 680,290 | 677,415 | 339,349.85 | 340,940.15 | 50.1 |
| 03-00 | 0000-000 | 0000 | 8041-000 | | UNRES.RES. | | ;SECURED ROLL TAX | | 50,954,376 | 50,443,413 | 44,276,815.39 | 6,677,560.61 | 13.1 |
| 03-00 | 0000-000 | 0000 | 8042-000 | | UNRES.RES. | | ;UNSECURED ROLL TAXES | | 2,080,751 | 2,183,570 | 2,126,392.51 | 45,641.51- | |
| 03-00 | 0000-000 | 0000 | 8043-000 | | UNRES.RES. | | ;PRIOR YEARS' TAXES | | 0 | 0 | 15,086.75- | 15,086.75 | |
| 03-00 | 0000-000 | 0000 | 8044-000 | | UNRES.RES. | | ;SUPPLEMENTAL TAXES | | 2,359,681 | 2,176,256 | 2,628,715.71 | 269,034.71- | |
| 03-00 | 0000-000 | 0000 | 8045-000 | | UNRES.RES. | | ;ED REVENUE AUGMENT FD (| | 8,274,219 | 8,274,219 | 606,985.41 | 7,667,233.59 | 92.7 |
| 03-00 | 0000-000 | 0000 | 8082-000 | | UNRES.RES. | | ;OTHER IN-LIEU TAXES | | 2,014 | 2,014 | 1,468.16 | 545.84 | 27.1 |
| 03-00 | 0000-000 | 0000 | 8089-000 | | UNRES.RES. | | ;LESS:NON-REV LIMIT (50% | | 1,007- | 1,007- | 734.08- | 272.92- | |
| 06-00 | 6500-080 | 5001 | 8091-000 | | FRIENDSHIP | | ;REVENUE LIMIT TRANSFERS | | 171,112 | 210,044 | .00 | 171,112.00 | 100.0 |
| 06-00 | 6500-261 | 5001 | 8091-000 | | JCCS SPECIAL EDU; | | REVENUE LIMIT TRANSFERS | | 2,355 | 0 | .00 | 2,355.00 | 100.0 |
| 06-00 | 6500-822 | 5001 | 8091-000 | | NCCSE DAY TREATM; | | REVENUE LIMIT TRANSFERS | | 169,467 | 144,104 | .00 | 169,467.00 | 100.0 |
| | *TOTAL | | 8091-000 | | | | | | 342,934 | 354,148 | .00 | 342,934.00 | 100.0 |
| 03-00 | 0000-000 | 0000 | 8091-020 | | UNRES.RES. | | ;JCCS TRNSF-BEG TCHR SAL | | 25,041- | 25,041- | .00 | 25,041.00- | |
| 06-00 | 2410-000 | 0000 | 8091-020 | | JUVENILE COURT | | ;JCCS TRNSF-BEG TCHR SAL | | 90,298 | 25,041 | .00 | 90,298.00 | 100.0 |
| | *TOTAL | | 8091-020 | | | | | | 65,257 | 0 | .00 | 65,257.00 | 100.0 |
| 03-00 | 0000-000 | 0000 | 8091-021 | | UNRES.RES. | | ;ROP TRNSF-BEG TCHR SAL | | 65,257- | 65,257- | .00 | 65,257.00- | |
| 06-00 | 6350-000 | 0000 | 8091-021 | | ROC/P APPORTIONM; | | ROP TRNSF-BEG TCHR SAL | | 0 | 65,257 | .00 | .00 | |
| | *TOTAL | | 8091-021 | | | | | | 65,257- | 0 | .00 | 65,257.00- | |
| 03-00 | 0000-000 | 0000 | 8091-040 | | UNRES.RES. | | ;SP ED REVENUE FRM DIST | | 342,934- | 354,148- | .00 | 342,934.00- | |
| 03-00 | 0000-000 | 0000 | 8091-051 | | UNRES.RES. | | ;JUV CT SCHL ADA XFER-76 | | 13,528,224- | 13,612,514- | 10,190,180.33- | 3,338,043.67- | |
| 06-00 | 2410-000 | 0000 | 8091-051 | | JUVENILE COURT | | ;JUV CT SCHL ADA XFER-76 | | 13,528,224 | 13,612,514 | 10,190,180.33 | 3,338,043.67 | 24.7 |
| | *TOTAL | | 8091-051 | | | | | | 0 | 0 | .00 | .00 | |
| 03-00 | 0000-000 | 0000 | 8091-052 | | UNRES.RES. | | ;COMM SCHL ADA XFER-780 | | 11,870,957- | 11,887,769- | 8,941,838.37- | 2,929,118.63- | |
| 06-00 | 2420-000 | 0000 | 8091-052 | | COUNTY COMMUNITY; | | COMM SCHL ADA XFER-780 | | 11,870,957 | 11,887,769 | 8,941,838.37 | 2,929,118.63 | 24.7 |
| | *TOTAL | | 8091-052 | | | | | | 0 | 0 | .00 | .00 | |
| 03-00 | 0000-000 | 0000 | 8091-053 | | UNRES.RES. | | ;HOMELESS SCHL ADA XFER- | | 310,933- | 307,241- | 234,211.32- | 76,721.68- | |

FISO10:FIS/MONTHLY/TRANS/3/02 MAY
S. D. COUNTY OFFICE OF EDUC.

CURRENT MONTHLY TRANSACTIONS
RESR, RESR-SUB, OBJT, OBJT-SUB

YEAR 04-05
PREPARED ON 6-07-05 PAGE 5
AS OF 5-31-05

FUND-SUB 76-87: STRS TRUST FD 454102

GENERAL LEDGER

| - A C C O U N T I N F O - / - | | | | | | | | | | T R A N S A C T I O N S | | | | | | | |
|----------------------------------|----|----------|-----|---|------|----------|-----|----------|-----|-------------------------|------|-----|----|---|-----------------|------------------|--------------------|
| SCH | RC | RESR | sub | P | GOAL | FUNC | sub | OBJT | sub | SCH | LOC | CST | SC | REFERENCE | DEBIT AMOUNT | CREDIT AMOUNT | ACCOUNT BALANCE |
| | | | | | | | | | | DOCUMENT # | DATE | | | | | | |
| 000 | | 0000-000 | | | 0000 | 0000-000 | | 9110-000 | | 000 | | | | B NO DIVISION | | | |
| CASH IN COUNTY TREASURY | | | | | | | | | | | | | | | | | |
| TOTAL BEGINNING BALANCE | | | | | | | | | | | | | | | | | |
| 10,218,320.16 | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | CASHTR A 4198 05-05-05 5/05 PR TRST FDS | 79,473.07 | | |
| | | | | | | | | | | | | | | CASHTR J 5196 05-05-05 STRS TAX DEF B/B | | 265,528.26 | |
| | | | | | | | | | | | | | | CASHTR J 5197 05-05-05 STRS EST DIST 84 | | 10,200.00 | |
| | | | | | | | | | | | | | | CASHTR J 5197 05-05-05 STRS EST DIST 13 | | 15,600.00 | |
| | | | | | | | | | | | | | | CASHTR J 5197 05-05-05 STRS EST DIST 1-99 | | 20,185,384.83 | |
| | | | | | | | | | | | | | | CASHTR J 5198 05-05-05 STRS EST FD 01 | 9,885,460.40 | | |
| | | | | | | | | | | | | | | CASHTR J 5198 05-05-05 STRS OTH | 362,464.44 | | |
| | | | | | | | | | | | | | | CASHTR A 4421 05-19-05 STRS FINAL 04/05 | 114,658.48 | | |
| | | | | | | | | | | | | | | CASHTR A 4422 05-19-05 REF STRS APR 05 | | 13,361.94 | |
| | | | | | | | | | | | | | | CASHTR A 4423 05-19-05 REF STRS APR 05 | | 17.67 | |
| | | | | | | | | | | | | | | CASHTR J 5420 05-19-05 STRS FIN FD 01 | 85,474.93 | | |
| | | | | | | | | | | | | | | CASHTR J 5421 05-19-05 STRS FIN D 39 | | 111,275.73 | |
| | | | | | | | | | | | | | | CASHTR J 5421 05-19-05 STRS FIN D 85 | | 3,095.31 | |
| | | | | | | | | | | | | | | CASHTR J 5421 05-19-05 STRS FIN D 1-99 | | 151,568.39 | |
| | | | | | | | | | | | | | | CASHTR J 5421 05-19-05 STRS FIN D 84 | | 72.36 | |
| | | | | | | | | | | | | | | CASHTR J 5421 05-19-05 STRS FIN D 13 | | 215.05 | |
| | | | | | | | | | | | | | | CASHTR A 4436 05-20-05 STRS FINAL 04/05 | | .03 | |
| | | | | | | | | | | | | | | CASHTR J 5606 05-27-05 STRS TAX DEF B/B | | 1,585.75 | |
| | | | | | | | | | | | | | | CASHTR A 4576 05-31-05 5/31 PR TRST FDS | 10,360,884.63 | | |
| | | | | | | | | | | | | | | CASHTR A 4577 05-31-05 STRS BB 4/05 | 1,585.75 | | |
| TOTALS | | | | | | | | | | | | | | | | | |
| 20,890,001.70 20,757,905.32 | | | | | | | | | | | | | | | | | |
| TOTAL ENDING BALANCE | | | | | | | | | | | | | | | | | |
| 10,350,416.54 | | | | | | | | | | | | | | | | | |
| 000 | | 0000-000 | | | 0000 | 0000-000 | | 9620-000 | | 000 | | | | B NO DIVISION | | | |
| DUE TO OTHER AGENCIES | | | | | | | | | | | | | | | | | |
| TOTAL BEGINNING BALANCE | | | | | | | | | | | | | | | | | |
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| TOTALS | | | | | | | | | | | | | | | | | |
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| TOTAL ENDING BALANCE | | | | | | | | | | | | | | | | | |
| 0.00 | | | | | | | | | | | | | | | | | |
| 000 | | 0000-000 | | | 0000 | 0000-000 | | 9791-000 | | 000 | | | | B NO DIVISION | | | |
| BEGINNING FUND BALANCE | | | | | | | | | | | | | | | | | |
| TOTAL BEGINNING BALANCE | | | | | | | | | | | | | | | | | |
| 0.00 | | | | | | | | | | | | | | | | | |
| TOTALS | | | | | | | | | | | | | | | | | |
| 0.00 0.00 | | | | | | | | | | | | | | | | | |
| TOTAL ENDING BALANCE | | | | | | | | | | | | | | | | | |
| 0.00 | | | | | | | | | | | | | | | | | |
| 000 | | 0000-000 | | | 0000 | 0000-000 | | 9840-000 | | 000 | | | | B NO DIVISION | | | |
| REVENUE | | | | | | | | | | | | | | | | | |
| TOTAL BEGINNING BALANCE | | | | | | | | | | | | | | | | | |
| 10,218,320.16 | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | CASHTR A 4198 05-05-05 5/05 PR TRST FDS | 79,473.07 | | |

R E S O L U T I O N

_____ School District
Resolution Number _____
Resolution to Establish a Deferred Maintenance Fund

On motion of Member _____, seconded by Member _____, the following resolution is hereby adopted:

WHEREAS, school districts are authorized by Education Code section 17582 to establish a restricted fund known as the Deferred Maintenance Fund; and

WHEREAS, such fund is authorized for the purpose of major repair or replacement of plumbing, heating, air conditioning, electrical, roofing, floor systems, and the exterior and interior painting of school buildings or such other items of maintenance as may be approved by the State Allocation Board; and

WHEREAS, the _____ School District has completed a five-year plan of maintenance needs;

THEREFORE, BE IT RESOLVED, that the Governing Board hereby authorizes the San Diego County auditor and Treasurer to establish a restricted fund to be known as the Deferred Maintenance Fund in accordance with Education Code section 17582 and transfer \$_____ from the District's General Fund to the Deferred Maintenance Fund.

PASSED AND APPROVED by the Governing Board on _____, 20__ by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I, _____, Clerk/Secretary to the Governing Board, do hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the said board at a regularly called and conducted meeting held on said date.

Clerk/Secretary to the Governing Board

REQUISITION FOR CASH TRANSFER AND/OR GENERAL JOURNAL

TO: Auditor and Controller, General Accounting Division, Mail Station #A5

No. T

FROM: _____ Department of District

You are authorized to transfer cash from the trust funds as indicated per G.C. 24351, or requested to record indicated transactions.

Auditor's Date:

| LINE NO. | DESCRIPTION | ENCUMB. REDUCTION DOC. NO. | FUND/ ORG. UNIT | ACCOUNT | TASK | OPT. | ACTIVITY/ WORK AUTH. | DR. AMOUNT | CR. AMOUNT |
|----------|-------------|----------------------------|-----------------|---------|------|------|----------------------|------------|------------|
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| EXPLANATION: | TOTALS | | |
| | | | |

| | | | |
|--|-------|----------------------|--|
| William J. Kelly CHIEF FINANCIAL OFFICER/AUDITOR AND CONTROLLER | | Accepted by: cc: | NAME OF DEPARTMENT AUDITOR AND CONTROLLER - GAD |
| BY | TITLE | AUTHORIZED SIGNATURE | DATE |
| | | AUTHORIZED SIGNATURE | |

Prepared by: _____ Phone _____

COUNTY OFFICE USE ONLY

Auditor Date: _____
 Entered: Date: _____
 Office of Educ. Date: _____
 Reference: **A00**

ATTENTION
ACCOUNTING SECTION

San Diego County Office of Education

**REQUISITION ON COUNTY AUDITOR
FOR INTERFUND CASH TRANSFER**

(Posting Document)

PAGE _____

| COUNTY AUDITOR USE ONLY | | FUND NO. | | 0010 | 0800 | ACCOUNT NUMBER | | | | | | | | |
|-------------------------|-----------------------|----------|------|---------------------------------|-------------|----------------|------------|------|----------|----------|-----|-----|-----|------|
| DIST. NO. | DISTRICT OR FUND NAME | NO. | FUND | DEBIT 9110 CASH (No Post FA) | CREDIT | Fund-Sub | Resrce-Sub | Goal | Func-Sub | Objt-Sub | Sch | Loc | Cst | PjYr |
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EXPLANATION: _____

REF: _____ [max 18 characters]

BY: _____

Requisition Authorized By: _____

PHONE NUMBER: _____ Date: _____

Examined, Approved, and Allowed
 Deputy Superintendent of Schools
 Deputy Auditor and Controller

Standard Form 1199A (EG)
(Rev. June 1987)
Prescribed by Treasury
Department
Treasury Dept. Cir. 1076

DIRECT DEPOSIT SIGN-UP FORM

DIRECTIONS

- To sign up for Direct Deposit, the payee is to read the back of this form and fill in the information requested in Sections 1 and 2. Then take or mail this form to the financial institution. The financial institution will verify the information in Sections 1 and 2, and will complete Section 3. The completed form will be returned to the Government agency identified below.
- A separate form must be completed for each type of payment to be sent by Direct Deposit.
- The claim number and type of payment are printed on Government checks. (See the sample check on the back of this form.) This information is also stated on beneficiary/annuitant award letters and other documents from the Government agency.
- Payees must keep the Government agency informed of any address changes in order to receive important information about benefits and to remain qualified for payments.

SECTION 1 (TO BE COMPLETED BY PAYEE)

| | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|--|--------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| A NAME OF PAYEE (<i>last, first, middle initial</i>) | | D TYPE OF DEPOSITOR ACCOUNT <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS | | | | | | | | | | | | | | | | | | | | | |
| ADDRESS (<i>street, route, P.O. Box, APO/FPO</i>) | | E DEPOSITOR ACCOUNT NUMBER <table style="width: 100%; border: 1px solid black; height: 20px;"> <tr> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> <td style="width: 20px; height: 20px;"></td> </tr> </table> | | | | | | | | | | | | | | | | | | | | | |
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| CITY | STATE | ZIP CODE | | | | | | | | | | | | | | | | | | | | | |
| TELEPHONE NUMBER AREA CODE | | F TYPE OF PAYMENT (<i>Check only one</i>) | | | | | | | | | | | | | | | | | | | | | |
| B NAME OF PERSON(S) ENTITLED TO PAYMENT | | <input type="checkbox"/> Social Security <input type="checkbox"/> Fed. Salary/Mil. Civilian Pay <input type="checkbox"/> Supplemental Security Income <input type="checkbox"/> Mil. Active _____ <input type="checkbox"/> Railroad Retirement <input type="checkbox"/> Mil. Retire. _____ <input type="checkbox"/> Civil Service Retirement (OPM) <input type="checkbox"/> Mil. Survivor _____ <input type="checkbox"/> VA Compensation or Pension <input type="checkbox"/> Other _____ <i>(specify)</i> | | | | | | | | | | | | | | | | | | | | | |
| C CLAIM OR PAYROLL ID NUMBER | | G THIS BOX FOR ALLOTMENT OF PAYMENT ONLY (<i>if applicable</i>) | | | | | | | | | | | | | | | | | | | | | |
| Prefix | Suffix | TYPE | AMOUNT | | | | | | | | | | | | | | | | | | | | |
| PAYEE/JOINT PAYEE CERTIFICATION I certify that I am entitled to the payment identified above, and that I have read and understood the back of this form. In signing this form, I authorize my payment to be sent to the financial institution named below to be deposited to the designated account. | | JOINT ACCOUNT HOLDERS' CERTIFICATION (<i>optional</i>) I certify that I have read and understood the back of this form, including the SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS. | | | | | | | | | | | | | | | | | | | | | |
| SIGNATURE | DATE | SIGNATURE | DATE | | | | | | | | | | | | | | | | | | | | |
| SIGNATURE | DATE | SIGNATURE | DATE | | | | | | | | | | | | | | | | | | | | |

SECTION 2 (TO BE COMPLETED BY PAYEE OR FINANCIAL INSTITUTION)

| | |
|------------------------|---------------------------|
| GOVERNMENT AGENCY NAME | GOVERNMENT AGENCY ADDRESS |
| | |

SECTION 3 (TO BE COMPLETED BY FINANCIAL INSTITUTION)

| | | | | | | | | | | | | | | | |
|---|-----------------------------|---|------|----------------|--|--|--|--|--|--|--|--|--|--|--|
| NAME AND ADDRESS OF FINANCIAL INSTITUTION | | ROUTING NUMBER | | CHECK DIGIT | | | | | | | | | | | |
| | | <table style="width: 100%; border: 1px solid black; height: 30px;"> <tr> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> <td style="width: 20px; height: 30px;"></td> </tr> </table> | | | | | | | | | | | | <table style="width: 100%; border: 1px solid black; height: 30px;"> <tr> <td style="width: 20px; height: 30px;"></td> </tr> </table> | |
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| | | DEPOSITOR ACCOUNT TITLE | | | | | | | | | | | | | |
| FINANCIAL INSTITUTION CERTIFICATION | | | | | | | | | | | | | | | |
| I confirm the identity of the above-named payee(s) and the account number and title. As representative of the above-named financial institution, I certify that the financial institution agrees to receive and deposit the payment identified above in accordance with 31 CFR Parts 240, 209, and 210. | | | | | | | | | | | | | | | |
| PRINT OR TYPE REPRESENTATIVE'S NAME | SIGNATURE OF REPRESENTATIVE | TELEPHONE NUMBER | DATE | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

Financial institutions should refer to the GREEN BOOK for further instructions.
THE FINANCIAL INSTITUTION SHOULD MAIL THE COMPLETED FORM TO THE GOVERNMENT AGENCY IDENTIFIED ABOVE.

BURDEN ESTIMATE STATEMENT

Revised 2007

The estimated average burden associated with this collection of information is 10 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Financial Management Service, Facilities Management Division, Property & Supply Section, Room B-101, 3700 East-West Highway, Hyattsville, MD 20782 or the Office of Management and Budget, Paperwork Reduction Project (1510-0007), Washington, D.C. 20503.

PLEASE READ THIS CAREFULLY

All information on this form, including the individual claim number, is required under 31 USC 3322, 31 CFR 209 and/or 210. The information is confidential and is needed to prove entitlement to payments. The information will be used to process payment data from the Federal agency to the financial institution and/or its agent. Failure to provide the requested information may affect the processing of this form and may delay or prevent the receipt of payments through the Direct Deposit/Electronic Funds Transfer Program.

INFORMATION FOUND ON CHECKS

Most of the information needed to complete boxes A, C, and F in Section 1 is printed on your government check:

- (A) Be sure that payee's name is written exactly as it appears on the check. Be sure current address is shown.
- (C) Claim numbers and suffixes are printed here on checks beneath the date for the type of payment shown here. Check the Green Book for the location of prefixes and suffixes for other types of payments.
- (F) Type of payment is printed to the left of the amount.

| | | | | |
|---|-----|---------------|-----------|--------------------------|
| United States Treasury ¹⁵⁻⁵¹ / ₀₀₀ | | AUSTIN, TEXAS | | Check No. 0000 415785 |
| Month | Day | Year | | |
| 08 | 31 | 84 | | |
| Pay to the order of | | | 00 (C) | 28 28 |
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| | | | DOLLARS | CTS |
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| NOT NEGOTIABLE | | | | |
| ":00000518": 041571926" | | | | |

SPECIAL NOTICE TO JOINT ACCOUNT HOLDERS

Joint account holders should immediately advise both the Government agency and the financial institution of the death of a beneficiary. Funds deposited after the date of death or ineligibility, except for salary payments, are to be returned to the Government agency. The Government agency will then make a determination regarding survivor rights, calculate survivor benefit payments, if any, and begin payments.

CANCELLATION

The agreement represented by this authorization remains in effect until cancelled by the recipient by notice to the Federal agency or by the death or legal incapacity of the recipient. Upon cancellation by the recipient, the recipient should notify the receiving financial institution that he/she is doing so.

The agreement represented by this authorization may be cancelled by the financial institution by providing the recipient a written notice 30 days in advance of the cancellation date. The recipient must immediately advise the Federal agency if the authorization is cancelled by the financial institution. The financial institution cannot cancel the authorization by advice to the Government agency.

CHANGING RECEIVING FINANCIAL INSTITUTIONS

The payee's Direct Deposit will continue to be received by the selected financial institution until the Government agency is notified by the payee that the payee wishes to change the financial institution receiving the Direct Deposit. To effect this change, the payee will complete a new SF 1199A at the newly selected financial institution. It is recommended that the payee maintain accounts at both financial institutions until the transition is complete, i.e. after the new financial institution receives the payee's Direct Deposit payment.

FALSE STATEMENTS OR FRAUDULENT CLAIMS

Federal law provides a fine of not more than \$10,000 or imprisonment for not more than five (5) years or both for presenting a false statement or making a fraudulent claim.

**County Auditor and Controller
Property Tax Services
Tentative Apportionment Schedule
2007/2008**

4/11/2007

| Apport Date | Wire and Warrant Mailed Date | Apport Number | Tax Revenue Categories (Percentage to Date) | | | | | | | Remarks |
|-------------|------------------------------|---------------|--|--|---|---|---|--|---|-------------------------|
| | | | C U R R E N T S E C U R E D | C U R R E N T U N S E C U R E D | D E L I N Q U E R E N T S E C U R E D | D E L I N Q U E R E N T U N S E C U R E D | C U R R E N T S E C U R E D H O U S E | C U R R E N T U N S E C U R E D | C O M M U N I T Y |  | R E D E M P T I O N |
| 8/14 | 8/15 | 1 | | | | | | | | Supplemental Assessment |
| 9/11 | 9/12 | 2 | | 45 | | | | | | |
| 10/9 | 10/10 | 3 | | 80 | 15 | | | | | |
| 11/6 | 11/7 | 4 | 2 | | 20 | | | | 2 | |
| 12/11 | 12/12 | 5 | *40 | 95 | | | 15 | 15 | *40 | Percentage Distribution |
| 1/15 | 1/16 | 6 | 50 | 96 | | | 50 | 50 | 50 | |
| 2/12 | 2/13 | 7 | 55 | 97 | | | | | 55 | |
| 3/11 | 3/12 | 8 | 56 | 97 | 35 | | | | 56 | |
| 4/8 | 4/9 | 9 | *86 | | | | | | *86 | Percentage Distribution |
| 5/6 | 5/7 | 10 | 95 | 97 | | | 85 | 85 | 95 | |
| 5/27 | 5/28 | 11 | 96 | | | | 100 | 100 | 96 | |
| 6/17 | 6/18 | 12 | 98/100 ¹ | 97 | 45 ² | | | | 98 | |
| 7/15 | 7/16 | 13 | x | | | x | x | x | | Clean Up Year End |

¹ Taxing agencies under the alternate method of property tax allocation (Teeter plan) will receive 100% of their current secured and supplemental tax revenues in Tax Apportionment No. 12, June 17, 2008.

² Delinquent secured tax revenue is allocated only to taxing agencies not under the Teeter plan.

Additional Information:

Real Property Transfer Fees is apportioned to the appropriate agencies on a monthly basis.

Supplemental assessment revenue is allocated monthly.

Sales Tax Revenue pursuant to Government Code 30054(b)(3) is apportioned to the appropriate agencies on a monthly basis.

Community Redevelopment Agencies' tax increment allocations are made November through July, one week after the above apportionment date.

1% COUNTY OF SAN DIEGO PAGE 3 OF 410301 (55500) 1% PAGE NO 893
TAX/REVENUE ACCOUNTABILITY APPORT DATE 05/31/05 APPORT NO 11 ACCOUNTABILITY YEAR 2004-05 RUN DATE 05/25/05 REPORT ACAP-232A

REFUND ACCOUNTABILITY

| REFUNDS PROCESSED | CURRENT SECURED 05/25/05 | CUR SEC ST UNITARY 05/25/05 | DLO UNSECURED 05/25/05 | CURRENT SEC SUPP 05/25/05 | DLO UNSEC SUPP 05/25/05 |
|-------------------------|-----------------------------|--------------------------------|---------------------------|------------------------------|----------------------------|
| TAXES PRIOR | 9,867.04- | 2.87- | 5,000.11- | 16.34- | 82.03- |
| PR YR ESC PRIOR | | | | | |
| PEN/INT PRIOR | 468.87- | | | | |
| COSTS PRIOR | | | | | |
| TOTAL PRIOR | 10,335.91- | 2.87- | 5,000.11- | 16.34- | 82.03- |
| TAXES THIS RUN | 482.77- | | 1,491.99- | | |
| PR YR ESC THIS RUN | .21- | | | | |
| PEN/INT THIS RUN | 17.19- | | | | |
| COSTS THIS RUN | | | | | |
| TOTAL THIS RUN | 500.17- | | 1,491.99- | | |
| TOTAL PROCESSED | 10,836.08- | 2.87- | 6,492.10- | 16.34- | 82.03- |
| REFUNDS PENDING | 05/23/05 | 05/21/05 | 05/23/05 | 05/21/05 | 05/21/05 |
| TAXES | | | | | |
| PR YR ESC | | | | | |
| PEN/INT | | | | | |
| COSTS | | | | | |
| TOTAL PENDING | | | | | |
| TOTAL AMOUNT OF REFUNDS | 10,836.08- | 2.87- | 6,492.10- | 16.34- | 82.03- |

| REFUNDS PROCESSED | REFUND SUMMARY |
|-------------------------|----------------|
| TAXES PRIOR | 14,968.39- |
| PR YR ESC PRIOR | |
| PEN/INT PRIOR | 468.87- |
| COSTS PRIOR | |
| TOTAL PRIOR | 15,437.26- |
| TAXES THIS RUN | 1,974.76- |
| PR YR ESC THIS RUN | .21- |
| PEN/INT THIS RUN | 17.19- |
| COSTS THIS RUN | |
| TOTAL THIS RUN | 1,992.16- |
| TOTAL PROCESSED | 17,429.42- |
| REFUNDS PENDING | |
| TAXES | |
| PR YR ESC | |
| PEN/INT | |
| COSTS | |
| TOTAL PENDING | |
| TOTAL AMOUNT OF REFUNDS | 17,429.42- |



SAN DIEGO COUNTY OFFICE OF EDUCATION DEPOSIT PERMIT

Form is due to Financial Accounting no later than 9 a.m. the next business day following a bank deposit.

| Oracle Fund | Oracle Account | Amount | Account Description | SACS Fund |
|-------------|----------------|--------|---------------------|-----------|
| | 80100 | 0.00 | | |
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Total Deposit 0.00

Variance with Bank 0.00 (FOR SDCOE USE ONLY)

Prepared By _____ Date _____ Contact Number _____

Approved by _____ Date _____ Contact Number _____

INTRA-BUDGET TRANSFER RESOLUTION AT THE CLOSE OF SCHOOL YEAR

School Year _____

San Diego County, California School District

ON MOTION of member _____, seconded by member _____

IT IS RESOLVED AND ORDERED by the Governing Board that, pursuant to Education Code Section 42601/85201 the Superintendent of Schools, San Diego County Office of Education, may make such transfers between the undistributed reserve and any expenditure classification or classifications or balance any expenditure classification of the budget of the district for the school year as are necessary to permit the payment of obligations of the district incurred during said school year.

PASSED AND ADOPTED by said Governing Board on _____ by the following vote:
(date)

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA }
COUNTY OF SAN DIEGO } SS

I, _____, Secretary/Clerk of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly passed and adopted by said Board at a regularly called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

RECORD OF INTRA-BUDGET TRANSFERS

From Budget Classification

To Budget Classification

Amount

| ACCOUNT NUMBER | | | | | | | | | ACCOUNT NUMBER | | | | | | | | | | | |
|----------------|------------|------|----------|----------|-----|-----|-----|------|----------------|------------|------|----------|----------|-----|-----|-----|------|--|--|--|
| Fund-Sub | Resrce-Sub | Goal | Func-Sub | Objt-Sub | Sch | Loc | Cst | PjYr | Fund-Sub | Resrce-Sub | Goal | Func-Sub | Objt-Sub | Sch | Loc | Cst | PjYr | | | |
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Instructions: Send one copy to the San Diego County Office of Education. Complete district copy when information is available and file for future reference and audit purposes.

BASIS FOR OPERATION

The main purpose of attendance accounting is to comply with compulsory attendance laws by accounting for pupils at all times when they are under school jurisdiction. [EC § 48200]

The State School Fund gives apportionments to California school districts and charter schools based upon the average daily attendance (ADA) each district or charter has reported during the school year. The state apportionments, which vary from district to district, depend upon the local tax revenue received by the district. Additional apportionments are based upon enrollment in various categorically funded programs, such as class size reduction. (See also Budgets.)

The governing board and administration should develop, maintain, and oversee accurate procedures and records for attendance accounting. These records are subject to a mandated state audit by independent auditors and review by representatives of the California Department of Education (CDE) and the State Controller's office. Employees responsible for supervising and conducting attendance accounting should understand the importance of keeping accurate attendance records that conform to existing state regulations, board policies, and administrative procedures.

LEGAL PROVISIONS

Rules and regulations should be formulated and adopted by the governing board, including, but not limited to, the following:

1. Responsibility for supervising attendance accounting activities and filing attendance reports.
2. Determination of the attendance accounting system used, including approval of the system and procedures by the California Department of Education.
3. Maintenance of complete attendance accounting records in accordance with all legal requirements, including the regulations of the State Board of Education, and support of all regular or special state and federal subventions for which the district qualifies. [EC §§ 46010-4; 5 CCR §§ 420-4]
4. Responsibility for verification of absences.

5. Procedure for obtaining prior approval from the California Department of Education for certain classes or programs, such as continuation high schools, adult education, regional occupational centers/programs, and 150-minute kindergarten.
6. Residency requirements. For districts that accept Title I funds and are subject to the requirements of the No Child Left Behind Act, alternative proofs of residency to be accepted from homeless students should be included. [EC § 48204, 42 USC 11432]

ATTENDANCE SYSTEMS

Separate records of attendance should be kept for each pupil, class, grade level, and program. Education Code section 44809 and Title 5, California Code of Regulations, section 401 require the use of a state school register in elementary schools unless an alternative system is approved by the California Department of Education. Any system(s) used to report attendance for high school, junior high school, and alternative programs (e.g., continuation high, adult education, summer school, etc.) also must be approved by the CDE.

In most districts, the state school register has been superseded by electronic records systems that include the necessary elements of a complete, clear audit trail of pupil attendance for apportionment and compulsory education purposes. Districts must obtain approval from the CDE if a new system is implemented or an existing system is substantially modified. Approval letter(s) should be retained as a permanent record for audit.

Charter schools shall maintain written contemporaneous records that document all pupil attendance and make these records available for audit and inspection. [EC § 47612.5]

Assistance in establishing and revising attendance accounting systems is available from the School Fiscal Services Division, California Department of Education (see Additional Resources).

ATTENDANCE CATEGORIES

The categories of pupil attendance discussed below earn base revenue limit ADA.

Kindergarten

Districts are required to establish and maintain a kindergarten at an elementary school unless there are nine or fewer applicants for kindergarten attendance, subject to the approval of the State Board of Education.

If a district has fewer than 40 pupils in kindergarten, it may request approval of the Superintendent of Public Instruction to maintain two classes. These classes shall be 150 minutes each and shall be taught by the same teacher on the same day. The ADA for such classes shall be adjusted by a factor of 0.500. [EC § 46119]

A separate register shall be used for each kindergarten class. No kindergarten pupil shall be kept in school in any day more than four hours, exclusive of recesses, except for pupils in Early Primary Programs. School districts may offer extended day kindergarten programs at some but not all of the schools in the district. School districts offering extended day kindergarten must have their governing boards adopt the Early Primary Program as defined. [EC §§ 8970-74, 37202, 46111]

A kindergarten pupil in a school operating on a multitrack year-round program may be kept in school on any day for 265 minutes of instruction, exclusive of recesses. This section shall not apply to the Pasadena or San Bernardino Unified School Districts or counties of the third class, as determined pursuant to Government Code section 28024. No ADA shall be credited for attendance in kindergarten if the minimum schoolday of such classes is less than 180 minutes, inclusive of recesses. [EC §§ 8970-74, 46111, 46117]

Existing law requires that a child be admitted to kindergarten at the beginning of a school year, or at any time later in the same year, if the child will have his or her fifth birthday on or before December 2 of that school year.

Regular Day Classes

For apportionment purposes, the minimum schoolday for grades 1, 2, and 3 is 230 minutes, exclusive of recesses. For grades 4, 5, 6, 7, and 8 in elementary schools the minimum day is 240 minutes, exclusive of recesses. The minimum schoolday in any junior high school or regular high school is 240 minutes, including actual and necessary passing time between classes, which cannot exceed ten minutes. Charter schools do not have a minimum day requirement. [EC §§ 46112-3, 46141] (See also Charter Schools.)

Attendance for regular day students participating in a program for pregnant minors should be included with regular day classes.

Special Classes and Programs

For apportionment purposes, the minimum schoolday is 180 minutes for the following special programs:

1. Compulsory continuation schools and classes [EC § 46170]
2. Opportunity schools and classes [EC § 46180]
3. Classes for adults [EC § 46190]

Special Day Classes

For apportionment purposes, minimum day requirements for attendance in special education classes of students assigned by an Individualized Education Program (IEP) are the same as the requirements for regular day classes of the same grade level. However, an IEP may specify a shorter minimum day.

Nonpublic Schools

To qualify for ADA reimbursement, the attendance of individuals with exceptional needs who are placed in special classes in nonpublic schools shall be kept in the same manner as any other special day class. Registers must be maintained to receive entitlements for authorized services.

A local education agency (LEA) may be responsible for payment of services for days on which a pupil's attendance does not qualify for ADA reimbursement under California law, e.g., excused absences. [EC § 48205] Nonpublic school payment information is included in the master contract between the nonpublic school and the LEA.

Extended-Year Special Education Classes

Extended-year special education classes must be held for a minimum of 20 days. The attendance in extended-year special education classes must be kept in an attendance system approved by the California Department of Education. Extended-year attendance data are reported in the school year in which the extended session closes.

Independent Study

Independent study is an optional instructional strategy for achieving curriculum objectives and fulfilling graduation requirements in a setting other than the regular classroom program. Attendance is kept in a separate register. Attendance earned is reported as regular grade level attendance after work is evaluated by the supervising teacher. [EC §§ 46300, 51745 et seq.; 5 CCR § 11700 et seq.] Governing board policies and independent study agreements containing all required elements must be in place prior to commencement of independent study.

Apportionment credit can be claimed only for independent study contracts of five or more consecutive schooldays. If the participating pupil terminates the agreement prior to five days (i.e., returns to the classroom after one to four days), no ADA can be reported. However, if the pupil participates for five or more consecutive days but does not complete five or more days' worth of work, ADA can be claimed based on the value of the pupil's work as evaluated by the certificated teacher who signed the agreement and gave the assignment(s). The district may use independent study for fewer than five days for makeup work for compulsory education as long as no ADA credit is recorded. [EC §§ 46300(e)(1), 51747.5(b); 5 CCR §§ 11700, 11703(b)(3)]

Individual students' programs may consist of part classroom-based study and part independent study. Education Code sections 46110 and 46140 limit elementary and most secondary students to one day of apportionment credit in any calendar day. District procedures must prevent the claiming of any combination of classroom and independent study credits that would exceed one day of apportionment credit per day of instruction in the school's calendar. If a student is scheduled for at least the minimum day of classroom-based study or is assigned at least the minimum day's worth of instruction through independent study, the attendance accounting for apportionment purposes can be determined solely from that predominant instructional setting.

Districts that use independent study to serve pupils are advised to become familiar with the complex requirements of this educational alternative. District compliance is rigorously audited for funding purposes. [EC §§ 14503(a), 41020, 41341(a)(1)] Information on requirements is available from the Educational Options Office of the California Department of Education (see Additional Resources).

Nonclassroom-based Instruction

Charter schools may conduct nonclassroom-based instruction (e.g., independent study, home study, work study, and distance and computer-based education). Charter schools that provide nonclassroom instruction shall comply with Education Code section 51745 et seq. and implementing regulations. [EC §§ 47612.5, 51745; 5 CCR § 11700 et seq., 11963 et seq.] (See also Charter Schools.)

Online Classes

Online curriculum may be presented either in a classroom setting or through independent study. The appropriate method of attendance accounting for such classes is dependent upon the instructional setting utilized, not on the curriculum itself. Many schools provide an online curriculum in a classroom setting similar to all other class periods except that, in some instances, the supervising certificated employee acts as a tutor or facilitator, rather than as an instructor. In this setting, a daily 'period' attendance

form identical to that used in other class periods is the appropriate attendance accounting document. If online curriculum is implemented exclusively through an independent study program, apportionment credit is made on the basis of the student's work or "product" assessed by a competent certificated employee of the district. [EC §§ 46300, 51747 et seq.] Further information and clarification regarding apportionment for online classes is available from CDE's School Fiscal Services Division (see Additional Resources).

Home or Hospital Instruction

Home or hospital instruction is used for students with temporary physical disabilities who will be returning to a regular class.

Attendance for home or hospital instruction shall be kept in a separate register using hourly positive attendance accounting.

Students earn one day of apportionment attendance for each hour of instruction. These students may be credited with as many as five hours of instruction per day, providing the total number of hours per week does not exceed the number of days of instruction in the regular school program.

Hourly Programs (Summer School/Intersessions/Saturday/Before-After School)

Funding is available for hourly programs offered before school, after school, weekends, intersession, and summer. Services must be in addition to the school's regular instructional day. There must be adopted board policies clearly specifying the goals of the programs and how students will be identified and progress evaluated. Students must be individually identified for each class, and the hours must be calculated separately due to different reporting requirements and funding levels.

Student hours for supplemental instruction are reported in the following hourly programs:

1. K-12 Core: An optional program for students in grades K-12 in mathematics, science and other core academic areas. There is a cap on fundable hours. [EC §§ 37253, 42239 et seq.]
2. Grade 2-6 At Risk of Retention or Low STAR Score: An optional program for students in grades 2-6 who have a deficiency in mathematics, reading, or written expression as shown by low STAR test scores or who have been identified as being at risk of retention. There is a cap on fundable hours. [EC §§ 37252.8, 48070.5]

3. Grade 2-9 Recommended for Retention: A mandated program for students in grades 2-9 who have been retained or recommended for retention. Low STAR test results or other evaluative criteria may be used to identify eligible pupils. There is no cap on fundable hours. [EC § 37252.2]
4. Grade 7-12 CAHSEE: A mandated program for students in grades 7-12 who fail to demonstrate sufficient progress toward passing the California High School Exit Exam. There is no cap on fundable hours. [EC §§ 37252, 42239]

A supplemental hourly program may be held during the regular schoolday for students who have failed one or both parts of the CAHSEE. [EC § 37252] Classes may count either toward minimum day offerings or supplemental hourly programs, but not both.

Year-round school intersessions must keep the same requirements as regular summer school sessions. The time intervals for intersessions, which can be used as summer session time, are the only distinctive differences in the year-round programs.

Adult Education

1. Adults Enrolled — An "adult" is a person 18 years of age or older or a person who is not concurrently enrolled in a regular high school program. [EC § 52610]
2. Concurrently Enrolled — A "concurrently enrolled" student is a student enrolled in an adult education class or in an ROC/P class and who is concurrently in attendance for at least the minimum day in a regular day public or nonpublic high school, in a continuation school, or in an opportunity school.

COMPUTATION OF ATTENDANCE

School Year, Day, Month

With specified exceptions, districts are required by law to operate all of their elementary and high schools for an equal length of time during the school year. However, the elementary and high school times do not have to be equal. [EC § 37202]

The governing board of each district has the responsibility to fix by resolution the length of the schoolday for all grades and classes maintained. [EC § 46100]

Minimum School Year and Instructional Minutes

The governing board should adopt a school calendar prior to July 1 of each school year. The San Diego County Office of Education provides a suggested school calendar for use by school districts. Calendars should have extra time built in for extreme weather conditions, e.g., snow days.

Education Code section 37220 specifies school holidays. The governing board, by resolution, may revise the date upon which the schools of the district close in observance of any of the identified holidays, except for Veteran's Day, which must be celebrated on November 11.

For attendance accounting purposes, a school month is 20 days, or four weeks of five days each, including legal holidays but excluding specified weekend makeup classes. For purposes of counting attendance only, in providing a school calendar, the winter recess or any portion thereof may be excluded in the definition of a school month. Any other break scheduled by the district, such as spring recess or an intersession period, must be included in the appropriate four-week school month. A school week is five consecutive days. It begins Monday and ends Friday. [EC § 37201]

Districts must operate 180 days of actual instruction and meet the state minimum required number of annual instructional minutes (or the annual instructional minutes offered for the 1982-1983 school year if greater). The annual instructional minutes must be equal for each grade level at all school sites. [EC §§ 46200-1]

Charter schools must operate 175 days of actual instruction and meet the state minimum required number of annual instructional minutes. [EC §§ 41420, 47612.5-2.6; 5 CCR §§ 11960, 19854]

| <u>State Minimum Requirement</u> | |
|----------------------------------|----------------|
| Kindergarten | 36,000 minutes |
| Grades 1-3 | 50,400 minutes |
| Grades 4-8 | 54,000 minutes |
| Grades 9-12 | 64,800 minutes |

Under limited conditions, districts may operate a multitrack year-round program at one or more schools for as few as 163 days. [EC §§ 37670 et seq., 37680 et seq.] (See also Charter Schools.)

Conditions for Counting Attendance

Absences must be verified for compulsory education purposes. The governing board of a district establishes the method of verifying pupil absences. [EC § 46010 et seq.; 5 CCR §§ 420-4]

The governing board of a school district shall exclude any pupil who has not been immunized properly. The district shall notify the parent or guardian of the pupil that he/she has two weeks to supply evidence that the pupil has been properly immunized, or that the pupil is exempted from the immunization requirement. [EC § 48216; H&SC § 120335 et seq.; 17 CCR § 6000-75]

Attendance shall be counted only while pupils are engaged in educational activities and under the immediate supervision and control of a certificated employee. Attendance is also allowed for independent study programs under the coordination, evaluation, and general, but not immediate, supervision of a certificated teacher employed by the school district. [5 CCR §§ 402, 11700-3]

ADA Computation for Regular Classes

Attendance reported for apportionment purposes in a regular day class from kindergarten through grade 12 is taken daily. Average daily attendance (ADA) is computed by dividing the total number of days of actual pupil attendance by the number of days school was taught.

No pupil may be credited with more than one day of attendance in any one day except for certain programs. No pupil attending kindergarten for more than one year shall be credited with attendance unless a California Department of Education approved form is signed by the parent or guardian and is on file with the district. [EC §§ 46110, 46140, 46300(g)]

Pupils Participating in Special Programs Part of a Day

Some pupils are excused from regular day or special day classes during a part of the schoolday in order to receive supplemental special education, such as Designated Instructional Service and Resource Specialist programs. This attendance may be kept in a J-32R register. The special education teacher records the length of time worked with the pupil. The regular teacher records the attendance of the pupils in regular classes and does not indicate any absence for time spent with the special education teacher. [EC §§ 56362, 56363(a)]

Staff Development Provisions

Under the Instructional Time and Staff Development Reform Program, districts cannot count staff development days for apportionment purposes. Districts are funded per participant for staff development activities for up to three days outside the 180-day (or equivalent) instructional year for certificated classroom teachers and for one day for instructional aides. [5 CCR §§ 6000-1]

Interdistrict Attendance

The governing boards of any two school districts may enter into an agreement, for a term not to exceed five school years, for the interdistrict attendance of pupils who are residents of the districts. An interdistrict attendance agreement defines the terms and conditions of attendance by pupils who reside outside the district. A request for an interdistrict attendance agreement may be appealed to the county board of education within 30 days of the failure or refusal to issue a permit. [EC §§ 46600-1]

If at least one parent or legal guardian of a pupil is physically employed by an employer situated within the boundaries of a school district, that pupil may be deemed to have complied with residency requirements for school attendance in that district without an interdistrict attendance agreement. However, a pupil currently attending a school may not involuntarily be displaced to accommodate another pupil. While the district is not required to admit the pupil, it may not discriminate or arbitrarily deny the request. Once admitted, the pupil does not need to reapply in subsequent school years and shall be allowed to attend through the 12th grade, subject to the continued employment in the district of at least one parent or legal guardian. [EC § 48204]

Governing boards that elected to become “districts of choice” may admit pupils residing in other districts without the approval of the sending district or an interdistrict attendance agreement. However, under specified circumstances, the district of residence may prohibit the transfer. The governing board in a district of choice must determine and adopt the number of transfers it is willing to accept and must select students under a random, unbiased process without regard to academic or athletic abilities. [EC §§ 48300-1, 48314.5]

Average daily attendance for pupils admitted under interdistrict attendance agreements is claimed by the district providing the instruction. The attendance report for a district of choice will include an identification of pupils’ districts of residence. [EC § 48310]

Emergency Conditions - Allowance for Attendance

When one or more schools must be closed because of emergency conditions, a district or charter school shall submit Form J-13A, Request for Allowance of Attendance Because of Emergency Conditions, to the Superintendent of Public Instruction. The form must be submitted through the county superintendent of schools. [EC § 41422]

The district/charter school deducts emergency school closure days from the days in the reporting period divisor. This ensures that the days that school was closed will not reduce the average daily attendance. Approval of the J-13A waiver ensures that the district/charter school will not be penalized for failing to meet the minimum school year and instructional minutes requirements. If different schools are closed for different days, the average daily attendance should be calculated on a school by school basis (using an appropriate divisor for each school). The ADA of all schools is then summed to obtain the district total to be reported to the state. Charter schools must add the approved days to actual days when reporting “days of operation” in the California Department of Education’s Principal Apportionment Attendance Software (see Additional Resources).

A school may have a material decrease in attendance due to extraordinary conditions, such as an epidemic, flood, or declared state of emergency. The average daily attendance for the school month of October or May of the same school year is used as the normal attendance of the school for purposes of calculating material decrease credit. A qualifying district shall file Form J-13A for approval to receive the material decrease allowance. [EC §§ 41422, 46392; 5 CCR § 428] The district is not required to make up instructional time losses, although districts should make every effort to replace instructional time losses and to restore the instructional program as soon as possible.

REPORTS

State Reports

Each school district must submit the following attendance reports to the San Diego County Office of Education using the California Department of Education’s Principal Apportionment Attendance Software (see Additional Resources):

1. Report of Attendance for Pupils Residing in the District [EC §§ 44817, 44818]
2. Report for the Gifted and Talented (GATE) Program (if participating)
3. Report of Regular Day Classes and Enrollment for Kindergarten and Elementary Grades (Class Size Penalties)

For more information regarding this report refer to the discussion of class size averages in this section.

Charter schools must submit the following attendance reports to their chartering agencies and the San Diego County Office of Education using the California Department of Education's Principal Apportionment Attendance Software: (See also Charter Schools.)

1. Attendance Charter School Block Grant
2. Economic Impact Aid Pupil Data (if applicable)

Each school district and charter school participating in the K-3 Class Size Reduction Program must submit the following report to the San Diego County Office of Education: Report of Enrollment for Kindergarten and Grades 1 through 3 for School Districts and Charter Schools Participating in the K-3 Class Size Reduction Program (Form J-7CSR) (see Additional Resources).

The president of each community college must submit the Community College Report of Attendance, Annual (Form CCFS-320) to the district superintendent. The superintendent submits the original Form CCFS-320 to Sacramento; one copy is sent to the San Diego County Office of Education.

Attendance Reporting Periods

First Period Attendance Reports are filed in January for the attendance of the pupils in the district or charter school from the start of the school year through the last full school month ending on or before December 31. An apportionment is made by the California Department of Education by February 20.

Second Period Attendance Reports are filed in May for attendance of the pupils in the district or charter school from the start of the school year through the last full school month ending on or before April 15. An apportionment is made by the California Department of Education in July.

Annual Period Attendance Reports are filed in July for attendance of the pupils in the district or charter school from the start of the school year through June 30. An apportionment is made by the California Department of Education by February 20 of the following year.

Residency

Only the attendance of students who are valid residents of the state is eligible for apportionment purposes. This requirement applies only to the residency status of the student. A student's legal status (citizenship, legality of residence) has no bearing on his/her eligibility for a free public school education in California.

A charter school's attendance boundaries are the entire state. An independent study (nonclassroom-based) charter school may receive funding only for pupils who are residents of the county in which the apportionment is claimed or an immediately adjacent county. [EC §§ 47605, 47612, 51747.3] (See also Charter Schools.)

The federal McKinney-Vento Homeless Assistance Act requires districts to immediately enroll homeless children, including those made homeless by natural disaster, without the normally accepted documentation of residency, immunization records, school records, or legal guardianship papers. [42 USC §§ 11431-5] Alternative proofs of residency that a district may choose to accept from homeless students include a letter from a social service agency, hotel or motel receipts, or an affidavit from the pupil's parent or guardian.

Education Code section 48200 generally requires a student to attend the school district in which the residence of either the parent or legal guardian is located. Section 48204 specifies that the residency requirement has been met by a student who resides in the home of a caregiving adult that is located within the boundaries of a school district. Construing these two sections together in the case of a student residing on property that straddles school district boundary lines, the courts concluded that the student may attend either school district.

All school districts are required to conduct an annual verification of the name and address of parents and the residence of pupils. [5 CCR § 432(b)(1)(F) 2] Verification includes, but is not limited to, reviewing certain documentation such as property tax payment receipts, rent payment receipts, utility service payment receipts or a declaration of residency executed by the parent or guardian of the pupil. [EC §§ 48204.5, 48204.6]

Costs incurred by international border districts to conduct the verification are reimbursable annually through Budget Act funding by submitting a claim under the mandated cost program.

Enrollment Reports

Prior to fiscal year 2006-07, enrollment data was collected by the California Basic Educational Data System (CBEDS). Beginning in fiscal year 2006-07, the CDE is calculating school-level student enrollment counts using data collected through the Annual Statewide Student Identifier (SSID) Maintenance submission. Each local educational agency is required to submit to the California School Information Services (CSIS) an Annual SSID Maintenance, which is a specific set of student-level data for students enrolled within its jurisdiction, and certification.

Data collected from the Annual SSID Maintenance data collection is used as the basis for funding for a number of categorical programs, as well as for enrollment projections used by the Department of Finance for state education funding. Student-level enrollment data will also be used to meet the increasingly complex enrollment reporting requirements of No Child Left Behind (NCLB). Information is available online from CSIS and from the Data and Statistics Office of the California Department of Education (see Additional Resources). [EC §§ 49084, 60900-1]

Class Size Averages

The Report of Regular Day Classes and Enrollment for Kindergarten and Elementary Grades (Class Size Penalties) is filed with the Second Period Reports of Attendance. This report computes the average class size of pupils in the regular school program in kindergarten and grades 1, 2, and 3. It also computes the ratio of pupils to teachers in the regular school programs in grades 4, 5, 6, 7, and 8. This form is used to determine whether penalties will be assessed for excess class enrollment. [EC § 41376]

Class Size Reduction (CSR)

The Report of Enrollment for Kindergarten and Grades 1 through 3 for School Districts and Charter Schools Participating in the K-3 Class Size Reduction Program (Form J-7CSR) is filed in May (see Additional Resources). Districts and charter schools must report CSR counts using daily averages. The calculation should not include students during the time they are absent from the classroom due to independent study.

The J-7CSR is used by the California Department of Education to compute the final apportionment of CSR funds for participating LEAs. A class is eligible for CSR funding if the class average from the first teaching day of the school year through April 15 does not exceed 20.44. Classes that range in size from 20.45 to 21.84 will be funded at a reduced rate. Qualifying small school districts may have class sizes up to 22.4 provided the district-wide average enrollment in all CSR classes does not exceed 20.4. To qualify, a district must have only one school that serves kindergarten through third

grade students and no more than two classes per participating grade level. The governing board must also make a public declaration that all possible alternatives have been exhausted and the district is unable to achieve the 20:1 ratio in a way that is educationally acceptable. [EC § 52120 et seq.; 5 CCR § 15130-3]

The Morgan-Hart Class Size Reduction Program for grade 9 or a continuing program that includes classes in grades 10 to 12 uses “full year equivalent enrollment” to determine funding. Applications and certification documents are filed with the California Department of Education (see Additional Resources). [EC § 52080 et seq.; 5 CCR §§ 15140-1]

REPORTS FILED BY COUNTY OFFICES OF EDUCATION

The county office of education must submit state required attendance reports using the Principal Apportionment Attendance Software (see Additional Resources).

1. County Superintendent's Report of Schools and Classes Maintained
2. Report of Attendance for County Superintendent of Schools for Education of Students in County Operated Community Schools and Special Education Programs
3. Report of Handicapped Pupils attending a Regional Occupational Center/Program

Pupil Count for Federal Impact Aid

Federal Impact Aid, Title VIII of the Elementary and Secondary Education Act of 1965, provides financial assistance to local educational agencies in areas affected by federal activity. A synopsis of Title VIII is available online along with forms for filing applications electronically (see Additional Resources).

Districts must complete an annual survey of their students by January 31 to be eligible for Impact Aid. The required survey shall not be taken prior to the fourth day of the regular school year and must be taken sufficiently in advance of the January 31 deadline to ensure adequate processing time. Only one survey is required during the regular school year. Districts experiencing a large increase in student population after the original survey is conducted may take a second survey by May 14. Applicants having year-round schools with one or more tracks on intersession at the time the survey is conducted should survey those tracks as soon as possible after they are back in session.

Under current law, pupils eligible to be counted include those in kindergarten through grade 12 who reside with a parent either employed and/or living on federal property or with a parent on active duty in the uniformed services. Other eligible pupils are children residing on Indian lands or reservations, children residing in qualified low-rent housing, and handicapped children residing with a parent employed and/or living on federal property. Children of families who have been relocated from residing on federal property due to the construction of military facilities are also eligible to be counted.

The majority of California school districts that are eligible for Impact Aid apply under Section 8003(b), basic support payments. To qualify under this section, districts must have at least 400 federally connected students or at least three percent of the district's average daily attendance (ADA). To receive payments for children who live on federal property or who do not live on federal property but have a parent employed on federal property, districts must have at least 1,000 qualifying children, or at least 10 percent of the district's ADA. [20 USC § 7703]

Regulations governing Impact Aid payments can be found in the Code of Federal Regulations (see Additional Resources). [34 CFR § 222 et seq.] Increased allowances to be used in accordance with IDEA for special education are available for Indian land and military students with disabilities. The U.S. Department of Education provides a payment estimation calculator for basic payments and children with disabilities payments (see Additional Resources). (See also Budget.)

ADDITIONAL RESOURCES

1. California Department of Education:

Attendance accounting for online classes. Available:
<<http://www.cde.ca.gov/fg/sf/aa/onlineclasses.asp>>

California Basic Educational Data System. Available:
<<http://www.cde.ca.gov/ds/sd/cb/>>

Class Size Reduction grades K-3 and high school information and forms.
Available: <<http://www.cde.ca.gov/ls/cs/>>

Data and Statistics Office. Available: <<http://www.cde.ca.gov/ds/>>

Educational Options Office for information on alternative schools and programs, including independent study. Available: <<http://www.cde.ca.gov/sp/eo/>>

Fact Book 2008: Handbook of Education Information. Available:
<<http://www.cde.ca.gov/re/pn/fb/documents/factbook2008.pdf>>

Independent Study Operations Manual, 2000, excerpts, order form, and program information. Available: <<http://www.cde.ca.gov/sp/eo/is/>>

Intradistrict and interdistrict transfers, including district of choice programs. Available: <<http://www.cde.ca.gov/re/lr/sa/>>

Principal Apportionment Attendance Software, documentation, and correspondence. Available: <<http://www.cde.ca.gov/fg/sf/aa/>>

School Attendance Improvement Handbook, 2000. Available:
<<http://www.cde.ca.gov/ls/ai/cw/documents/schoolattendance.pdf>>

School Fiscal Services Division for information related to attendance accounting systems. Available: <<http://www.cde.ca.gov/re/di/or/division.asp?id=sfsd>>

2. California School Information Services (CSIS) for information on Statewide Student Identifier Project.
Available: <<http://www.csis.k12.ca.us/library/statewide-identifier/default.asp>>

3. Impact Aid information:

California Department of Education for letters, notices, and payment schedules. Available: <<http://www.cde.ca.gov/fg/aa/ca/eia.asp>>

Code of Federal Regulations, Title 34, Part 222 – Impact Aid Programs. Available:
<http://www.access.gpo.gov/nara/cfr/waisidx_00/34cfr222_00.html>

Impact Aid Office, U.S. Department of Education, for links to section 8003 program and application information, including eligibility, e-application process, funding status, and FAQs. Available: <<http://www.ed.gov/programs/8003/index.html>>

National Association of Federally Impacted Schools (NAFIS). Available:
<<http://www.nafisdc.org/>>

Office of Elementary and Secondary Education, U.S. Department of Education, for program overview, contact information, and listserv subscription. Available:
<<http://www.ed.gov/about/offices/list/oese/impactaid/index.html>>

Section 8003 resources, including payment estimation calculator and sample survey form, U.S. Department of Education. Available: <<http://www.ed.gov/programs/8003/resources.html>>

4. School Success Begins with Attendance, San Diego County Office of Education. Available: <<http://www.sdcoe.net/attendance.asp>>

The school district budget is an important document that reflects the district's plans and priorities for the fiscal year. California law requires school districts to report financial data four times each year: Adopted Budget, First Interim Report for transactions through October 31, Second Interim Report for transactions through January 31, and Unaudited Actuals for final transactions for the entire fiscal year.

School districts are funded by a variety of funding sources, including federal, state, and local sources. This section discusses how school districts are funded as well as how to conduct the annual budget development process.

INCOME FROM FEDERAL SOURCES

The following are examples of federal revenue sources:

Adult Education

Child Development

Child Nutrition Programs (See also Child Nutrition.)

Elementary and Secondary Education Act (ESEA) of 1965 as amended by the No Child Left Behind Act of 2001 (NCLB)

Federal Emergency Management Agency

Forest Reserve Funds

Special Education (IDEA, Part B)

Carl D. Perkins Vocational–Technical Education Act

Workforce Investment Act (WIA)

Impact Aid, Title VIII of the Elementary and Secondary Education Act (ESEA) of 1965

Federal Impact Aid provides financial assistance to local educational agencies in geographic areas affected by federal activity. The majority of California school districts that are eligible for Impact Aid apply under Section 8003(b), basic support payments. To apply under this section, districts must have at least 400 federally connected students, or at least three percent of the district's average daily attendance (ADA). In addition, to receive a payment for children who live on federal property, or who do not

live on federal property but have a parent employed on federal property, districts must have at least 1,000 qualifying children, or at least 10 percent of the district's ADA. [20 USC § 7703]

Under current law, pupils eligible to be counted include those in kindergarten through grade 12 who reside with a parent either employed and/or living on federal property or with a parent on active duty in the uniformed services. Other eligible pupils include children residing on Indian lands or reservations, children residing in qualified low-rent housing, and handicapped children residing with a parent employed and/or living on federal property. Children of families that have been relocated from residing on federal property due to the construction of military facilities may also be counted.

To apply for funds, districts must submit ED Form 4019 to the U.S. Department of Education. Forms for filing applications electronically and a synopsis of Title VIII are available online (see Additional Resources).

INCOME FROM STATE SOURCES

The State of California supports public education at two funding levels, K-12 and higher education, including community colleges. Most of the support of public schools comes from the state General Fund and local property taxes. School districts calculate individual annual state-aid entitlements using the revenue limit formula established by law. Charter schools receive general purpose block grant amounts by grade levels calculated on a statewide basis.

Revenue Limit

Most of a school district's unrestricted funding is determined by its revenue limit entitlement. The K-12 revenue limit calculation determines the maximum unrestricted revenue a school district may receive from state aid and local property taxes. [EC § 42238] Each district's revenue limit is calculated from a base funding level per Average Daily Attendance (ADA). The figure is adjusted by a process provided by law and amended periodically by major finance bills and the annual State Budget Act.

Adjustments may include:

1. Inflation adjustment [EC § 42238.1]
2. Meals for needy pupils [EC § 42241.2]
3. Beginning teacher salary incentive funding [EC § 45023.1]

4. Increases in unemployment insurance premiums [EC § 42241.7]
5. PERS Reduction [EC § 42238(g)]
6. Supplemental instruction [EC § 42239 et seq.]
7. Annual apprentice hours [EC § 8152]
8. Community day school adjustment [EC § 48664]

School districts receive advance apportionments based on the prior year second principal entitlement plus a state-determined percentage increase. The entitlement is recalculated in February using first period attendance data. The final payment in July is based on a recalculation using actual second period attendance data and other revenue limit adjustments. A final revenue limit computation is done the following February. [EC § 14041]

Basic Aid

A basic aid district is a district in which its share of local property taxes is equal to or greater than its revenue limit entitlement. The state Constitution guarantees districts a minimum level of funding of \$120 per ADA or \$2,400, whichever is greater. [CalC, Art. IX, § 6] Prior to fiscal year 2003-04, this guarantee was satisfied by providing funds through the revenue limit. The revenue limit payment for basic aid districts was eliminated for 2003-04 and future years. The Constitutional requirement will instead be met through existing categorical funding. [EC § 41975]

Special Education Revenue Entitlement

The special education funding model established by AB 602 (Chapter 854, Statutes of 1997) is based on a special education local plan area (SELPA) level funding formula per K-12 ADA. Local special education plans should include specific provisions on how SELPA revenues will be distributed to member school districts. [EC § 56836 et seq.]

Lottery

The California State Lottery was approved by the voters in November 1984 (Proposition 37) and amended in March 2000. The Lottery Act supports the preservation of the rights, liberties, and welfare of the people by providing additional monies to benefit

education without the imposition of additional or increased taxes. Net revenues of the lottery shall not be used as substitute funds but shall supplement the total amount of money allocated for California public education. [GC § 8880 et seq.]

The Lottery Act formula requires that at least 34 percent of the total annual revenues shall be allocated to the benefit of public education. Millions of dollars in annual growth of lottery revenue go to public education specifically for instructional materials. [GC § 8880.4]

On a quarterly basis, revenue earmarked for public education is deposited in the California State Lottery Education Fund. The State Controller's Office issues a warrant to each County Treasurer accompanied by the "Lottery Educational Apportionment System Master Register," which includes average daily attendance, apportionment, adjustments, and net paid amount for each district and county office of education. The county office of education distributes the lottery apportionment to districts based upon the remittance advice.

Categorical Block Grants

Assembly Bill 825 (Chapter 871, Statutes of 2004) combined twenty-four state categorical programs into six thematic block grants for school districts. Information on the programs that rolled in each of the block grants and the calculation and allocation of funding at the LEA level is available on the California Department of Education Web site (see Additional Resources). The six block grants are listed below.

1. Pupil Retention Block Grant [EC § 41505]
2. School Safety Consolidated Competitive Grant [EC § 41510]
3. Teacher Credentialing Block Grant [EC § 41520]
4. Professional Development Block Grant [EC § 41530]
5. Targeted Instructional Improvement Block Grant [EC § 41540]
6. School and Library Improvement Block Grant [EC § 41570]

Districts may transfer funds among the six block grants in a fiscal year subject to specified limitations. The governing board shall discuss transfers at a noticed public meeting. [EC § 41500] School districts should refer to the California Department of Education Web site for current information on permitted transfers (see Additional Resources).

Economic Impact Aid (EIA)

Economic Impact Aid (EIA) is a state categorical program that provides supplemental funds to support programs and activities designed to assist English learners achieve proficiency in the English language and compensatory education to improve the academic achievement of English learners and economically/educationally disadvantaged students in preschool and kindergarten through grade 12. [EC §§ 54422-23] EIA is open to all public school districts and direct-funded charter schools that apply for participation using the annual Consolidated Application (ConApp). LEAs complete and submit the ConApp electronically using the Consolidated Application Data System.

Each district applying for EIA funding is required to adopt an intra-district allocation plan to determine school allocations for limited English proficiency (LEP) and State Compensatory Education (SCE) programs reported in the ConApp, Part II. [EC § 54004.1(a)] Districts that completely and correctly use this modified form will be deemed to have met the requirements for an intra-district allocation plan. Forms and instructions are available online (see Additional Resources). [EC §§ 47634.1, 54004 et seq., 54422-23, 5CCR §§ 4320, 4400]

State Mandated Costs

The state mandated cost program enacted by Senate Bill 90 (Chapter 1406, Statutes of 1972) requires the state to reimburse local government agencies for costs incurred in complying with new state-mandated programs or higher levels of service mandated on existing programs. The filing deadline for ongoing programs is January 15 following the fiscal year in which the costs are incurred. [GC § 17560]

The timing of reimbursement to school districts depends on whether the Legislature includes funding for mandate reimbursement in the state budget. No funds have been appropriated for mandated claims since 2006-07, and none have been included in the Governor's 2008-09 Proposed Budget.

The Commission on State Mandates (COSM) receives and approves test claims for new mandates, adopts parameters and guidelines, hears appeals, and develops cost estimates for funding mandated programs. [GC § 17500 et seq.]

The State Controller issues claiming instructions 60 days after the COSM approves parameters and guidelines for reimbursement to local agencies and school districts. These instructions specify a special filing deadline of 120 days after issuance. This agency is also responsible for processing mandate reimbursements.

The Education Mandated Cost Network (EMCN) is a coalition of school district, community college, and county office representatives that is dedicated to pursuing funding for unfunded state mandates and improving the reimbursement process.

See “Additional Resources” for further information on the State Mandated Cost Program.

INCOME FROM LOCAL SOURCES

The largest source of local revenue is school districts’ share of the one percent maximum property tax rate on both the secured and unsecured rolls. Other sources include penalties and interest on delinquent taxes, supplemental secured taxes, and a few minor state subventions.

Secured Property Taxes

Secured property taxes are taxes assessed against real property, the payment of which is guaranteed by a lien placed on that property. If the taxes remain unpaid after a period of five years, the property may be sold to cover the taxes owed. In California, both land and improvements are included on the secured tax roll. No personal property is included. For agricultural property, trees and vines are taxed with the real estate. [R&TC §§ 4653-3.8]

Unsecured Property Taxes

Unsecured property taxes are taxes on real property for which the value of the lien, in the opinion of the county assessor, is not sufficient to guarantee payment of the tax. [R&TC §§ 4655-5.4]

Educational Revenue Augmentation Fund (ERAF)

In the early 1990s the State shifted partial responsibility for funding K-14 education to local governments (cities, counties, and special districts). The State budget reflected a simultaneous reduction in support for K-14 schools.

Annually, property tax revenues shifted from local government are initially deposited by each county in an Educational Revenue Augmentation Fund (ERAF) to be allocated to K-12 school districts, county offices of education, and community college districts. ERAF revenue is not allocated to basic aid school districts. [R&TC §§ 97-7.2]

Beginning in 2004-05, the State began shifting property tax income from school districts back to local governments. As a result, school districts are generally no longer receiving funds from ERAF. [R&TC § 97.68] The loss of this revenue was backfilled with additional State aid funds directed to schools.

Delinquent Taxes

Any property tax or supplemental tax bill installments that are not received on the due date are delinquent, and penalties are assessed. Ninety percent of California counties have adopted the Alternative Method of Tax Apportionment, referred to as the “Teeter Plan.” The Teeter Plan affects the way the collection of delinquent taxes and penalties is distributed; it has no impact on tax assessments, tax rates, or collection procedures. Under this method, each year a county allocates to all taxing jurisdictions 100 percent of the secured property taxes billed, even if they have not yet been collected. Delinquent secured and unsecured taxes are collected throughout the year, and penalties and interest are accumulated in a county Tax Loss Reserve Fund. The county may transfer to the General Fund any excess over the reserve required by the Board of Supervisors and the State. [R&TC §§ 4701-17]

ANNUAL FINANCIAL AND BUDGET REPORT

School districts are required to develop budgets and manage expenditures in accordance with standards and criteria adopted by the State Board of Education (SBE) [EC § 33129] The county superintendent of schools is required to use the standards and criteria in evaluating district budgets and interim reports. [EC § 42127(c)(1)] (See also Financial Accountability.) These standards and criteria are delineated in Education Code section 33128 and California Code of Regulations, Title 5, section 15440 et seq.

AB 2756 (Chapter 52, Statutes of 2004) mandated significant revisions to the criteria and standards to improve the fiscal monitoring and oversight of school districts. Effective June 2008, Title 5 was further amended to update the formulas and methodologies used by districts in calculating budget projections and to require school districts to provide supplemental information under specified circumstances (see Additional Resources).

User-Friendly Budget Displays Software

School Services of California, Inc. (SSC), the Girard Foundation, and Fiscal Crisis and Management Assistance Team (FCMAT) have collaborated on the design of User-Friendly Budget Displays Software available to all school districts for use in the development and display of school district budgets. The software is updated annually and includes descriptive materials and sample budget displays. The materials are

designed to be customized to fit local district needs. The free User-Friendly Budget Displays Software is available for budget development from the SSC Web site (see Additional Resources).

Budget Requests

For the district's annual budget analysis, budget requests should be uniformly recorded and supported by detailed reports from each school or department. In order to facilitate this process, the following sample forms are provided:

1. Budget Request Form (Exhibit 1)
2. Workload Data Form (Exhibit 2)

Forms such as these should be distributed to all district program managers and site administrators, along with a calendar of deadlines for completion and return. Use of standard forms ensures that the needs of all schools and departments will be considered in preparing the annual budget proposal. The sample calendar of budget and year-end closing dates provided in Exhibit 3 will assist districts in scheduling budget activities.

Supporting Documentation

The reports required by the Standardized Account Code Structure (SACS) Financial Reporting Software include comprehensive financial and budget information. Documents developed by the school district or county office of education, such as collective bargaining agreements, multiyear cash flow projections, annual audits, and actuarial studies, should also be considered in a comprehensive budget process. The proposed State Budget and education trailer bills in the legislative process are also important to include in budget discussions.

Establishment of Assumptions

The California Department of Education (CDE) stresses the importance of developing and documenting assumptions for the preparation of budgets, interim reports, and multiyear projections. This practice facilitates the governing board and county office of education approval and fiscal oversight processes. The CDE's *SACS Software User Guide* for budget and interim reports presents a list of recommended factors to consider for budget development (see Additional Resources). Districts are strongly encouraged to consider, define, and include the following information in preparing assumptions for the budget year and two subsequent fiscal years. Any other unique characteristics of the district relevant to the budget development process should also be addressed.

A. General Fund Revenue

1. Revenue Limit
 - a. Average daily attendance (ADA) and method used for enrollment projections
 - b. Statutory cost-of-living (COLA) adjustments, deficit factors, equalization, and other major components of the revenue limit calculation
 - c. Property tax revenues, projected growth or decline due to real estate cycles and property reassessments

2. Other State Revenues
 - a. Lottery revenue
 - b. Mandated cost revenues
 - c. Special education revenues
 - (1) Material differences from prior-year actuals
 - (2) Statutory COLA and deficit factors
 - (3) Growth
 - d. Categorical program revenues
 - (1) Material differences from prior-year actuals
 - (2) ADA or enrollment used to calculate funding levels
 - (3) Statutory COLA and deficit factors
 - (4) Categorical Education Block Grant funding and flexibility transfers
 - (5) Mega-Item flexibility transfers
 - (6) Contributions to categorical programs for programs that encroach on the General Fund
 - e. Other significant changes in revenues
 - f. One-time revenues
 - g. Appropriation deferrals

3. Federal Revenue
 - a. Material differences from prior-year actuals
 - b. Impact Aid, changes in federal law and funding eligibility

4. Local Revenue
 - a. Interest earnings -- rates and trends used as basis for estimate, cash balances, and changes in distribution and timing of local taxes or other significant funds
 - b. Tax revenue anticipation notes (TRANS) – issue amounts, costs, repayment schedule, and estimated earnings
 - c. Leases of school property
 - d. Fees
 - e. Donations

B. General Fund Expenditures

1. **Certificated and Classified Salaries**
 - a. Status of labor agreements with employee groups
 - b. Multiyear salary and benefits implications
 - c. Assumptions used in calculating the cost of implementing settlement of collective bargaining agreement(s), i.e., step and column, attrition, statutory changes
 - d. Costs of staffing changes and class size adjustments
2. **Employee Benefits**
 - a. Rates used in projecting benefits for STRS, PERS, Social Security, Medicare, Unemployment Insurance, and Workers' Compensation
 - b. Estimated increases in the component costs of health and welfare benefits costs, including self-funded portions, and applicable caps
 - c. Applicable actuarial valuations
3. **Retiree Benefits**
 - a. Governing Board policy and number of retirees covered
 - b. Cost of current benefits: fund(s) and object(s) in which costs are recorded
 - c. Assumptions for cost projections
 - d. Implications for GASB 45 reporting, as well as any decision to fund the GASB 45 OPEB (other post-employment benefits) liability on an annual basis (See also Accounting.)
 - e. Applicable actuarial valuations
 - f. Cost of golden handshake or other retirement incentives, including multiyear costs
4. **Other Significant Expenditures (Account Code Objects 4000 through 7000)**
 - a. One-time expenses, e.g., sizable carryover, one-time capital outlay, new school or facilities improvement
 - b. Major obligations including certificates of participation (COPs), lease-purchases, and bond repayments with amounts due in the budget year
 - c. Routine Restricted Maintenance Account
5. **Transfers between Funds**
 - a. Purpose of major interfund transfers
 - b. Temporary interfund borrowings

C. Projected General Fund Ending Balance

1. Components

- a. Material changes in component amounts from prior-year actuals
- b. Unrestricted Reserve for Economic Uncertainties and other reserves
- c. Other designated amounts

2. Significant Restricted Amounts

D. Other Funds

1. Significant Changes in Revenues, Expenditures, and Transfers

- a. Material differences in component amounts from prior-year actuals
- b. One-time expenses, e.g., sizable carryover, one-time capital outlay, new school or facilities improvement
- c. Major obligations including certificates of participation (COPs), lease-purchases, and bond repayments with amounts due in the budget year
- d. Significant restricted amounts

2. Reserve for Economic Uncertainties and Other Reserves

Budget Transmittal Message

The budget is usually presented to the governing board with an introductory statement that includes the purpose of the budget and significant factors related to the current status and plans of the district. The budget transmittal message might begin with a general comment regarding how the budget aligns with the goals of the governing board.

Statements following the general introduction should summarize material differences from prior-year actual revenues and expenditures and should address significant issues and recommended changes. The impact of pending or enacted legislative mandates for school districts should also be discussed.

The body of the budget presentation should include proposals developed and prioritized during budget development. If the district will be required to develop a plan for budget reduction in response to reduced funding, declining enrollment, or other factors, the topic should be documented and emphasized in all budget-related decision making. The Annual Financial and Budget Report submitted to the governing board should highlight significant budget issues and highlight the conclusions and recommendations of the budget development process. The Board must adopt the annual budget by July 1.

Education Code sections 1240, 1621, and 1628 (for county offices of education) and 42100, 42126, 42130-1 (for school districts) require that budgets, interim reports, and the annual statement of all receipts and expenditures for the preceding fiscal year be prepared in a format or on forms prescribed by the Superintendent of Public Instruction (SPI). The SACS format is the only financial reporting format prescribed by the SPI. Charter schools may use an alternative form for their financial reports; however the unaudited actuals report must be in electronic format. (See also Charter Schools.)

In addition to use of the report forms prescribed by the SPI, the California Department of Education recommends inclusion of the following elements in user-friendly budget presentations:

1. Transmittal letter
2. User guide to help make the budget understandable to the general public
3. Glossary of school finance terms, program definitions, funding, and spending restrictions
4. Separation of detailed budget documents
 - a. Use of colored dividers or tabs to identify major sections
 - b. Table of contents
 - c. Consecutively numbered pages
 - d. Alphabetical index by topic or subject
5. Organization charts
6. Charts and graphs to highlight financial and statistical information
7. Displays including at least three years of financial data (prior, current, and proposed budget)
8. List of long term debt obligations
9. Detail of multiyear financial projections and assumptions

ADDITIONAL RESOURCES

1. California Department of Education:

AB 825, Categorical Education Block Grant "Frequently Asked Questions."
Available: <<http://www.cde.ca.gov/fg/aa/ca/faqgeneralpro05.asp>>

AB 825, Categorical Education Block Grant revised list of programs. Available:
<<http://www.cde.ca.gov/fg/aa/ca/ab825revguide04.asp>>

California School Accounting Manual (CSAM), 2008. Available:
<<http://www.cde.ca.gov/fg/ac/sa/>>

Categorical Programs for descriptions, notices, entitlements, and apportionment schedules. Available: <<http://www.cde.ca.gov/fg/aa/ca/>>

Consolidated Application Programs. Available:
<<http://www.cde.ca.gov/fg/aa/co/ap/conapp-programs.asp>>

Education Budget Act and related legislation. Available:
<<http://www.cde.ca.gov/fg/fr/eb/>>

Economic Impact Aid. Available: <<http://www.cde.ca.gov/fg/aa/ca/eia.asp>>

School Fiscal Services Division. Available:
<<http://www.cde.ca.gov/re/di/or/division.asp?id=sfsd>>

Special Education Division for laws and regulations, searchable databases, software, and resources. Available:
<<http://www.cde.ca.gov/re/di/or/division.asp?id=sed>>

Special education state apportionments. Available:
<<http://www.cde.ca.gov/fg/aa/se/index.asp>>

SACS 2008ALL Budget Software, including the *SACS Software User Guide*, and other software used to prepare interim and year-end reports. Available:
<<http://www.cde.ca.gov/fg/sf/fr/>>

SACS program codes, software information, and "Frequently Asked Questions." Available: <<http://www.cde.ca.gov/fg/ac/ac/>>

Standards and criteria for development and management of annual budgets. Available: <<http://www.cde.ca.gov/fg/fi/ss/>>

Standards and criteria, State Board of Education March 2008 Agenda, Item #25, for summary of revisions effective June 2008. Available:
<<http://www.cde.ca.gov/be/ag/ag/yr08/documents/mar08item25.doc>>

2. California School Finance for information on California school finance system and issues. Available:
<<http://www.californiaschoolfinance.org/Home/tabid/36/Default.aspx>>

3. Financial Accountability of School Districts, Administrative Regulation, San Diego County Office of Education, for fiscal oversight responsibilities of County Superintendent of Schools. Available:
<<http://www.sdcoe.net/business2/dfs/legal/ar/3460.pdf>>

4. Impact Aid information:

Code of Federal Regulations, Title 34, Part 222—Impact Aid Programs. Available:
<http://www.access.gpo.gov/nara/cfr/waisidx_00/34cfr222_00.html>

Impact Aid Office, United States Department of Education, for program and application information, including link to section 8003 application (ED Form 4019). Available: <<http://www.ed.gov/programs/8003/applicant.html>>

Impact Aid payment estimation calculator and sample survey form. Available:
<<http://www.ed.gov/programs/8003/resources.html>>

National Association of Federally Impacted Schools (NAFIS). Available:
<<http://www.nafisdc.org/>>

Office of Elementary and Secondary Education, United States Department of Education, for links to program and grant information and contacts. Available:
<<http://www.ed.gov/about/offices/list/oese/impactaid/index.html>>

5. Mandated costs:

Commission on State Mandates for *Guide to the State Mandate Process* (December 2003), hearing information, reports to the legislature of approved and denied mandates, and Commission hearing agendas. Available:
<<http://www.csm.ca.gov/>>

State Controller's Office for *State Mandated Cost Manual for School Districts* (December 2007) and claiming instructions and forms for state mandated cost programs. Available:
<<http://www.sco.ca.gov/ard/local/locreim/manuals/schooldistricts/index.shtml>>

6. User-Friendly Budget Displays Software, downloadable at no charge from School Services of California, Inc. Available: <<http://www.sscal.com/ufb.htm>>

LIST OF EXHIBITS

- Exhibit 1 Budget Request Form, Sample, San Diego County Office of Education
- Exhibit 2 Workload Data Form, Sample, San Diego County Office of Education
- Exhibit 3 K-12 Single Budget Adoption Districts, Budget Calendar and Year-End Closing Schedule, Sample, San Diego County Office of Education

San Diego County Office of Education
2007-2008 Decision Package
DPB Form 1 - Budget Data

Program Title: _____

Account Number: _____
(FF-FF-RRRR-RRR-GGGG-UUUU- -SSS-P)

Submitted by: _____
(Program Manager)

Approved by: _____
(Assistant Superintendent)

Please review guidelines prior to completion of this form. Insert any needed object code lines. Please provide detail justification where indicated.

| Object | Function | Title | Detail: Justification Needed | Amount |
|----------|----------|---|--|-------------|
| 1300-010 | | Certificated Supervisors Substitutes & Overtime Salary | Detail | |
| 2400-010 | | Classified Clerical Substitutes & Overtime Salary | Detail | |
| 3001-000 | | Benefits - Certificated Sub & Overtime (no health) | Approximately 5% of salary | 0 |
| 3002-000 | | Benefits - Classified Sub & Overtime (no health) | Approximately 10% of salary | 0 |
| 4200-000 | | Books Other Than Textbooks | | |
| 4300-000 | | Supplies | | |
| 4300-011 | | Meeting Expense - Food & Beverage Not Catered Includes plates, cups, napkins, plastic ware | Detail | |
| 4400-000 | | Equipment, Inventory, Non-Capitalized, New & Replace Costs \$500 or more, but less than \$5,000 | Detail | |
| 4400-010 | | Equipment, Non-Inventory, Non-Cap, New & Replace Costs less than \$500 | | |
| 5200-001 | | Mileage Reimbursement - Including Parking | | |
| 5200-002 | | Business Travel | Detail | |
| 5200-004 | | Conference Travel by Formula --> Enter FTE of each type of manager --> including On-Loan managers --> | Assistant Superintendents @ \$1,000 ea. Directors @ \$800 each Managers @ \$500 each | 0 0 0 |
| 5300-000 | | Dues/Memberships: Institutional Only (SDCOE does NOT pay individual memberships) | Detail | |
| 5450-000 | | Fire/Theft Insurance | | |
| 5500-000 | | Utility Expense Includes Housekeeping Services | Detail | |
| 5600-000 | | Rents, Leases, & Repairs | Detail | |
| 5710-203 | | Interprogram Charge, Graphics | | |
| 5710-204 | | Interprogram Charge, Postage | For items mailed through SDCOE mail room | |
| 5710-205 | | Interprogram Charge, Shipping | For items shipped through SDCOE mail room | |
| 5710-207 | | Interprogram Charge, Transportation (Restricted programs only) | | |
| 5710-211 | | Interprogram Charge, Office Systems | | |
| 5800-000 | | Other Contracted Services | Detail | |
| 5800-006 | | Consortium Contracts - District portion of grant | Detail | |
| 5800-007 | | District Contracts NOT on-loan employees, NOT district portion of grant | Detail | |
| 5800-010 | | Consultants - paid on Performance Agreement | | |
| 5800-020 | | Advertising | | |
| 5800-040 | | Legal Services | | |
| 5800-088 | | Carryover Funds - Holding account, not for expenditure | | |
| 5800-110 | | On-Loan Employee Contracts Include estimated COLA | Name Home District Annual Sal & Ben Total | 0 |
| 5800-111 | | Meeting Expense, Contracted: Food & Bev. Catered | Detail | |
| 5900-002 | | Telephone, Cell Phone, Fax, Pager Services NO Equipment purchases from this line NO Phones purchased from this line | Detail | |
| 5900-004 | | Postage (other than mailing or shipping sent through SDCOE mail room) | | |

Input into BPS ONLY

San Diego County Office of Education
2007-2008 Decision Package
DPB Form 1 - Budget Data

Program Title: _____

Account Number: _____
(F F - F F - R R R R - R R R - G G G G - U U U U - - S S S - P)

| | | | |
|--|--|--------|---|
| 6400-000 | Equipment, New, Capitalized Costs more than \$5,000 | Detail | |
| 6500-000 | Equipment, Replacement, Capitalized Costs more than \$5,000 | Detail | |
| | | | |
| 7350-010 | Support, Facility Rent | | |
| 7310-001 | Indirect Cost Rate - Standard Rate is 8.20% | | |
| | | | |
| Sub-Total Program - Total figures on this page | | | 0 |
| Estimated Personnel listing costs | | | |
| TOTAL PROGRAM | | | 0 |

San Diego County Office of Education
2007-2008 DECISION PACKAGE
DPB Form 2 – Workload Data

Continuing

New

Division: _____

Program Title: _____

Account Number: _____

(FF-FF-RRRR-RRR-UUUU-GGGG--SSS-P)

Submitted by: _____

Approved by: _____

(Program Manager)

(Assistant Superintendent)

WORKLOAD DATA: Please use this page to provide quantitative data pertaining to the activities in your program.

K-12 SINGLE BUDGET ADOPTION DISTRICTS
SAN DIEGO COUNTY OFFICE OF EDUCATION
BUSINESS ADVISORY SERVICES

April 2008

2008-2009 BUDGET CALENDAR & YEAR-END CLOSING SCHEDULE

Note: When a statutory deadline falls on a weekend or holiday, the deadline is extended to the next working day.

| DATES | FUNCTION | RESPONSIBILITY |
|--------------------------------|--|-----------------|
| May 15 | Year-End Closing Workshop for New District Employees (Beginners) | County Office |
| 10 to 45 days prior to hearing | Publish Notice of Public Hearing on budget with dates and times of public inspection in newspaper of general circulation for each district E.C.§ 42103** | School District |
| May 25 | Regional Budget/Finance workshops on budget planning | County Office |
| June 4 | File Resolution for Temporary Transfer of Funds | School District |
| June 15 | Respond to County Auditor on Fixed Charge Special Assessment questionnaire | School District |
| 72 hours prior to hearing | Post Public Hearing Agenda for budget adoption E.C.§ 42127(a) (1) | School District |
| On or before July 1 | Public hearing and adoption of final budget after public hearing E.C.§ 42127(i) | School District |
| On or before July 1 | Single budget adoption districts file final budget as adopted (SACS Series Forms) with County Superintendent along with accompanying "Criteria and Standards" E.C.§ 42127(a) (2) | School District |
| On or before July 1 | File preliminary budget with the chartering authority and county office E.C.§ 47604.33(a) (1) | Charter School |
| July 6 | Combined Valuations to County Office | County Auditor |
| July 9 | June financial reports available (without accruals) ON-LINE DISTRICTS | County Office |
| July 11 | June financial reports available (without accruals) OFF-LINE DISTRICTS | County Office |

Note: When a statutory deadline falls on a weekend or holiday, the deadline is extended to the next working day.

| | | |
|---|---|-----------------|
| TBD | Regional Budget/Finance Workshops – State Budget (contingent upon budget adoption) | County Office |
| August 15 | OFF-LINE districts final date for submission of accruals to Financial Accounting | School District |
| August 15 | ON-LINE Districts final day for posting accruals on FIS | School District |
| August 15 | ON-LINE districts final day for posting budget adjustments on FIS | School District |
| On or before August 15 | The County Superintendent shall approve, conditionally approve, or disapprove the adopted final budget and return with appropriate recommendations E.C.§ 42127(d). If disapproved, communicates recommendations and reasons to districts. May assign fiscal advisor | County Office |
| On or before August 15 | File county tax requirements with County Auditor E.C.§ 42127(b) | County Office |
| Within 45 days after the Governor signs the Annual Budget Act | The district may revise its budget to reflect any reduction or increase in income as a result of the State Budget Act E.C.§ 42127(i) (4) | School District |
| On or before September 1 | Finalize tax rate resolution to the Board of Supervisors E.C.§ 42127(b) | County Auditor |
| By September 15 | Approve prior year Unaudited Actual Financial Report (SACS Series Forms) and file with the County Superintendent of Schools E.C.§ 42100 (a) | School District |
| By September 15 | File approved annual statement of receipts and expenditures with authorizing agency E.C.§ 42100(b); File final unaudited financial report with the chartering authority and county office E.C.§ 47604.33(a) (4) | Charter School |
| By September 15 | District adopts Gann Appropriations Limit Resolution E.C.§. 42132 | School District |
| By September 22 | County Office notifies SPI of possible disapproved budgets E.C.§ 42127(i) (2) | County Office |
| September 28 | ON-LINE districts need to have 2008-2009 adopted budget input on FIS | School District |
| September 28 | OFF-LINE districts final day for submission of budget data input documents to FIS on 2008-2009 adopted budget | School District |

Note: When a statutory deadline falls on a weekend or holiday, the deadline is extended to the next working day.

| | | |
|----------------|---|-----------------|
| By October 8 | The County Superintendent shall review responses to a DISAPPROVED BUDGET and approve or disapprove the budget. If disapproved, calls for budget review committee E.C.§ 42127(i) (3), 42127.1 | County Office |
| By October 15 | After verification, transmit prior year unaudited financial statement of the district to the State Department of Education E.C.§ 42100 (a) | County Office |
| By October 31 | Notify County Office of intent to use single budget adoption process for next year E.C.§ 42127(i) | School District |
| By December 15 | File annual audit report with County Office, Department of Education and Controllers Office. No exceptions are authorized unless approved by SPI and State Controllers Office E.C.§ 41020 (h) | School District |
| By December 15 | File annual audit report with chartering agency, county office, Department of Education, and State Controller E.C.§ 47605 (m) | Charter School |
| By December 15 | Final date for submittal of First Period Interim Report to County Office for period ending October 31 E.C.§ 42130 | School District |
| By December 15 | Final date for submittal of First Interim Report to chartering authority and county office for period ending October 31 E.C.§ 47604.33(a) (2) | Charter School |
| By January 15 | The County Office shall report to the SPI and the Controller whether all districts submitted interim report certifications (First Interim Report) E.C.§ 42131(c) | County Office |
| By January 31 | Review annual audit at a governing board meeting E.C.§ 41020.3 | School District |
| By March 15 | Final date for submittal of Second Interim Report to chartering authority and county office for period ending January 31 E.C.§ 47604.33(a) (3) | Charter School |
| March 14 | OFF-LINE districts submit certification that they balanced to FIS | School District |
| By March 17 | Final date for submittal of Second Period Interim Report to County Office for period ending January 31 E.C.§ 42130 | School District |

Note: When a statutory deadline falls on a weekend or holiday, the deadline is extended to the next working day.

| | | |
|-------------|---|-----------------|
| By April 1 | E.C.§ 41020 (b) requires school districts to contract for an audit of their books | School District |
| By April 16 | The County Office shall report to the SPI and the Controller whether all districts submitted interim report certifications (Second Interim Report) E.C.§ 42131(c) | County Office |
| By May 15 | The County Office reviews annual audits and certifies to SPI that exceptions are corrected or acceptable correction plan was submitted. E.C.§ 41020(k), 41020(l) | County Office |
| ** | Districts determine the method, date, time, and location for public inspection. | |
| | Indicates Legal required date | |

The Charter Schools Act of 1992 (Chapter 781, Statutes of 1992) and subsequent amendments were enacted to provide opportunities for students, teachers, parents, and community members to establish and maintain nonsectarian public schools that operate independently from the existing school district structure. The requirements of Proposition 39, approved November 7, 2000, also apply to charter schools. [EC § 47600 et seq.]

A charter school is a public school that is deregulated from most laws and regulations governing traditional public schools in exchange for a performance-based accountability contract. Charter Schools may provide instruction from kindergarten to grade 12. Charter schools, like all public schools, shall not charge tuition, shall not discriminate against any pupil on the basis of the characteristics listed in Education Code section 220. A charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations. [EC §§ 220, 47605(d)(1)]

BASIS FOR OPERATION

The intent of the Legislature in establishing charter schools is to accomplish the following: (a) improve pupil learning; (b) increase learning opportunities for all pupils, with an emphasis on academically low achieving students; (c) encourage different and innovative teaching methods; (d) create new professional opportunities for teachers, including the opportunity to be responsible for the school site learning program; (e) provide expanded educational choices for parents and pupils within the public school system; (f) provide a method to change from a rule-based to a performance-based accountability system linked to measurable pupil outcomes; and (g) provide vigorous competition within the public school system to stimulate continual improvements in all public schools. [EC § 47601]

Charter School Growth

Charter schools are a rapidly growing segment in public education. In the 2007-08 school year, the cap on the number of charter schools authorized to operate in California was 1150. The State is authorized to raise this cap by 100 each successive school year. [EC § 47602 (a)(1)] By January 2008, 692 charter schools were operating in California, of which 73 were in San Diego County.

The State Board of Education (SBE) may count individual charter school sites authorized under a single charter toward the cap for the number of charter schools authorized to operate in California unless these sites share similar educational programs and serve similar pupil populations. [EC § 47602(a)(1)]

Types of Charter Schools

The majority of charter schools are newly created schools, i.e., schools that did not exist prior to the approval of their charters. A charter school, except a countywide charter, may also be converted from an existing public school. [EC § 47605(2)] The Education Code also provides for the establishment of countywide and statewide benefit charter schools, as well as district wide conversion to charter school status. [EC §§ 47605.6, 47605.8, 47606] Private schools are not permitted to convert to a public charter school. [EC § 47602(b)]

A charter school's instructional program may be classroom-based, nonclassroom-based, or a combination of both.

LEGAL PROVISIONS

Except where otherwise specifically required, charter schools in California are generally exempt from state laws governing school districts, whether or not these laws are in the California Education Code. [EC § 47610]

Some of the laws charter schools in California must comply with are:

1. The Constitution of the United States of America
2. The Constitution of the State of California
3. All Federal laws [e.g., special education law (IDEA), Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, Family Education Rights and Privacy Act (FERPA), and the No Child Left Behind Act of 2001]
4. Governmental entity laws not specific to school districts (e.g., open meeting laws, employment laws, contract laws)
5. Laws that are a condition of funding for a specific program in which the charter school chooses to participate (e.g., K-3 Class Size Reduction, English Language Acquisition Program)
6. State criminal background screening for employees. [EC §§ 45122.1(h), 44830.1(j)]
7. State laws establishing minimum annual instructional minutes [EC §§ 46201(3)(a), 47612.5(a)]
8. State laws establishing minimum age for school attendance [EC § 48000]

-
9. State laws governing independent study programs (whether defined as home schooling, distance learning or otherwise)
 10. State pupil testing requirements (API, PSAA, STAR, CAHSEE)
 11. Specific provisions of law related to state teachers' retirement system and Educational Employees Relations Act [EC § 22000 et seq.; GC § 3540 et seq.]
 12. The California Charter Schools Act of 1992 [EC § 47600 et seq.]
 13. Laws governing privacy [e.g., California Civil Code section 1798.82, Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPPA), U.S. Patriot Act, California Education Code sections related to pupil records (EC §§ 49061 et seq., 49073 et seq.)]
 14. State law regarding open meetings [Ralph M. Brown Act (GC § 54950 et seq.)]

Charter schools, through their authorizing agencies or SELPA, may request a waiver of the California Education Code; California Code of Regulations, Title 5; or the Federal No Child Left Behind Program from the State Board of Education. The purpose of a waiver is to provide flexibility without undermining the basic intent of the law. The governing boards of school districts and county offices of education can waive parts of the California Education Code under the SBE's general waiver authority. [EC § 33050 et seq.] Specific waivers under the authority of various Education Code sections are generally more limited in scope.

Charter schools that have opted in under the Williams settlement are bound by the requirements of the implementing sections of the Education Code (see Additional Resources). Charter schools operating grades 10 through 12 are bound by the requirements of the Valenzuela settlement for the California High School Exit Examination (CAHSEE). [EC §§ 35186, 37254]

ESTABLISHING A CHARTER SCHOOL

Charter school founders must use a petition process to establish a charter school. Founders circulate a petition to obtain the required signatures and submit the petition for review and approval to the governing board of the school district in which the proposed charter school intends to operate. A school charter may be authorized by the chartering agency's governing board for a period not to exceed five years. Chartering agencies are usually school districts but may also be county offices of education or the State Board of Education. [EC § 47607(a)(1)]

The chartering agency may not approve a charter petition to serve pupils in a grade level that is not served by the school district unless the petition proposes to serve pupils in all of the grade levels served by the sponsoring school district. [EC § 47605(a)(6)]

Developing the School Charter

The specific goals, operating procedures, and educational philosophy of the charter school are detailed in the school's constitution or "charter." A charter petition must contain specified compliance-based components (see Exhibit 1). The charter must also have reasonably comprehensive descriptions of all the elements described in Education Code section 47605(b)(5), or in the case of countywide charter petitions, Education Code section 47605.6(b)(5) (see Exhibits 2A and 2B). These elements include, but are not limited to: a description of the school's educational program and the student population to be served; the facilities to be used by the school, including where the school intends to locate; clearly defined goals and measurable pupil outcomes; and the governance structure of the charter school. California Code of Regulations, Title 5, section 11967.5.1 conveys the meaning of the elements required for charter approval. All of these elements must be satisfactorily addressed, whether the charter is submitted at the district, county, or state level.

Circulating the Petition

One or more people may circulate a petition to establish a charter school in any school district. A petition for the establishment of a charter school shall identify a single charter school that will operate within the geographic boundaries of the district from which it seeks approval. A charter school may propose to operate at multiple sites within the school district, as long as each location is identified in the charter school petition. [EC § 47605(a)(1)]

The petition shall include a prominent statement that a signature on the petition indicates that the parent or legal guardian is meaningfully interested in having his or her child attend the charter school, or in the case of teacher signatures, that the teacher is meaningfully interested in teaching at the charter school. The proposed charter shall be attached to or incorporated in the petition. [EC § 47605(a)(3)]

Submitting the Petition to the Governing Board

The petition may be submitted to the governing board of the school district for review after either of the following conditions is met:

1. The petition has been signed by a number of parents or legal guardians of pupils that is equivalent to at least 50 percent of the charter school's estimated enrollment in its first year of operation. [EC § 47605(a)(1)(A)]

2. The petition has been signed by at least one-half of the number of teachers that the charter school estimates it will employ in its first year of operation. [EC § 47605 (a)(1)(B)] In the case of a petition that proposes to convert an existing public school, the petition must be signed by at least 50 percent of the permanent status teachers currently employed at the school targeted for conversion. [EC § 47605(a)(2)]

Petitioners for a countywide charter must also provide 30 days notice to each school district of their intent to operate a site in their area before submitting the petition to the county board. [EC § 47605.6(a)(1)(A)]

Upon submission of the charter, petitioners must provide information to the governing board of the school district about the proposed operation and potential effects of the school. Some issues to be addressed are where the school will be located, the facilities it intends to use, the manner in which administrative services are to be provided, and any potential liability effects on the school district. Also required are financial statements that include a proposed first-year operational budget, start-up costs, cash flows, and financial projections for the first three years of operation. [EC § 47605(g)]

A Model Charter School Application has been approved by the State Board of Education and is available on the California Department of Education (CDE) Web site (see Additional Resources). The Model Application assists local education agencies and individuals interested in preparing charters by ensuring that petitions cover all of the minimum elements required by law. It also expedites the process of appeal at the district, county, and State Board levels and provides for uniformity in evaluation among charter authorizers and within the process of appeal. The Model Charter School Application does not create any new requirements, and its use is voluntary.

Public Hearing and Timeline for Board Action

Upon receipt of a complete petition, the governing board of a school district has up to 30 days to hold a public hearing on the charter. If a county board is considering a countywide charter, the governing board has up to 60 days to hold a public hearing. The board shall assess the level of support for the petition by teachers, parents, and the community. Following the public hearing and review of the petition, the governing board has 60 days, or 90 days for a countywide charter, from the time the petition was received to either grant or deny the charter. This time period may be extended an additional 30 days if both parties agree. [EC §§ 47605(b), 47605.6(b)]

Review of the Charter

It is the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged. [EC § 47605(b)]

The governing board shall evaluate whether a proposed charter school's educational programs are consistent with sound educational practice as defined in California Code of Regulations, Title 5, section 11967.5.1. The board should refer to these SBE-adopted criteria for the review and approval of all required elements of charter school petitions and supporting documents. Where the criteria call for judgments to be made, the judgments should be made in such a manner as to be reasonable, rational and fair to the petitioners and other parties potentially affected by the chartering of the school. The board shall be guided by the intent of the Legislature and shall not deny the charter unless it makes written factual findings in the petition that support one or more of the following: [EC § 47605(b), 5 CCR §§ 11967.5, 11967.5.1]

1. The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
2. The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
3. The petition does not contain the number of required signatures.
4. The petition does not contain an affirmation of the compliance-based components (see Exhibit 1).
5. The petition does not contain reasonable descriptions of all the elements prescribed in Education Code sections 47605(b)(5) and 47611.5 (see Exhibit 2A), or in the case of countywide charters, Education Code section 47605.6(b)(5) (see Exhibit 2B).
6. In the case of a countywide charter petition, any other basis that the board finds to justify the denial of the countywide charter petition. [EC § 47605.6(b)(6)]

A county board of education may approve a countywide charter only if it finds that the educational services to be provided by the charter school will offer services to a pupil population that cannot be served as well by a charter school that operates in only one school district in the county. A county board of education may also impose any additional requirements that it considers necessary for the sound operation of a countywide charter school. The county board may, as a condition of approval, contract with a third party, at the expense of the charter school, to oversee and monitor the charter school as prescribed by the county board of education. [EC § 47605.6]

Approval or denial of the charter petition shall not be controlled by the collective bargaining agreements or subject to review or regulation by the Public Employment Relations Board. [EC § 47611.5(e)] The board shall also not deny a petition based on the actual or potential costs of serving individuals with exceptional needs. [EC § 47605.7]

Approval of the Petition

Upon the approval of a petition by the chartering agency, the charter school founders shall provide written notice of that approval, including a copy of the petition, to the applicable county superintendent of schools, the California Department of Education and the State Board of Education. Countywide charters must provide notice to the school districts within the county, the State Superintendent of Public Instruction, and the SBE. [EC §§ 47604.4(b), 47605(i), 47605(j) (6), 47605.6(j)]

The CDE requires that the following documents be submitted along with the approval notification: [EC § 47605(i)]

1. Copy of the charter petition (with appropriate signatures)
2. Copy of the charter narrative (required elements, compliance-based components, etc.)
3. Evidence of governing board public hearing (e.g., certified excerpt of governing board minutes)
4. Evidence of governing board approval of charter (e.g., certified excerpt of governing board minutes)
5. Any information provided to the authorizing entity pursuant to Education Code section 47605.

Denial of the Petition

If a charter school petition is denied by a school district, the petitioners may elect to submit the petition to the county board of education. The county board shall review the petition under the same guidelines as the original school district board, pursuant to Education Code section 47605(b). If a county board of education denies the charter, the petitioners may elect to file the petition with the SBE. However, countywide charter petitions denied by the county board of education may not be appealed to the SBE. [EC §§ 47605(j)(1), 47605.6(k)]

If the county board of education or State Board of Education fails to act on a petition within 120 days of receipt, the decision of the governing board of the school district to deny the petition is subject to judicial review. [EC § 47605(j)(4)]

OPENING A CHARTER SCHOOL

Newly operational charter schools must start the school year within the first three months of the new fiscal year, which begins July 1. Charter schools beginning the school year after September 30 will not be eligible for apportionments for that fiscal year. [EC § 47652(b)] Before the state will fund a newly established charter school, a State Board of Education number and a County-District-School (CDS) Code must be assigned. In addition, a county treasury fund must be set up for deposit of the state funds. The following section describes the required steps for opening a charter school.

State Board of Education Charter School Number and CDS Code

Upon State Board of Education approval of a charter school petition, the SBE assigns a charter school number to locally approved charter schools. An optional Request for Charter School Number form may accompany the charter petition documents submitted to the SBE to expedite the numbering process. State Board of Education meeting dates and the Request for Charter School Number form and application deadlines are available on the CDE Web site (Additional Resources).

The CDS Code is a unique identifier that facilitates data collection and allows schools to be easily tracked. After the SBE has assigned the charter school number, the charter school may apply for a CDS Code. CDS code information and an application, Form TSD-01, can be found on the California Department of Education Web site (see Additional Resources).

New charter schools should establish a CDS Code by August to be eligible to receive the first payment of the Special Advance Apportionment for Newly Operational Charter Schools in September.

County Treasury Fund

Charter schools should contact their chartering authorities to establish a fund at the county treasury. [EC § 47651(a)(1)] Only school districts or county offices of education can initiate this process. A sample fund resolution is available at the San Diego County Office of Education (SDCOE) Financial Accounting Web site (see Exhibit 3A and Additional Resources). For more information on the establishment of county treasury funds, contact the SDCOE Financial Accounting Unit.

Standardized Account Code Structure (SACS) Fund 09 and Fund 62 are available to sponsoring agencies to account for their charter schools' financial activities. Fund 09, the Charter Schools Special Revenue Fund, is used to report a charter school's financial transactions separately from the sponsoring agency's General Fund. Fund 62, the Charter School Enterprise Fund, is available to report the activities of a charter school operating as or by an Internal Revenue Code 501(c)(3) nonprofit public benefit corporation on a full-accrual basis (see Exhibit 3B). [EC § 47651(a)(1)]

Notification of County Superintendent

A charter school shall notify the county superintendent of schools of the location of the charter school, including the location of each site, if applicable, prior to commencing operations. [EC § 47604.4 (b)]

GEOGRAPHIC RESTRICTIONS

As a general rule, classroom-based charter schools may locate school sites only within the geographic boundaries of their chartering agency. For example, charter schools approved by a school district may establish school sites only within the school district's boundaries. Any charter school that receives approval of its petition from a county board of education or from the State Board of Education on appeal shall be subject to the same requirements concerning geographic location that it would otherwise be subject to if it had received approval from the entity to which it originally submitted its petition. [EC § 47605(j)(1)] County board and State Board of Education approved charter schools not previously denied by another entity may operate school sites countywide or statewide respectively. [EC §§ 47605.1(a), 47605.1(f), 47605.6, 47605.8]

AB 1994 (Chapter 1058, Statutes of 2002) established geographic and site limitations that apply to charter schools as follows:

1. All services and operations of charter schools approved after July 1, 2002 [EC § 47605.1(a)(1)]
2. All services and operations of charter schools that were approved prior to July 1, 2002, but did not commence operations before January 1, 2003 [EC § 47605.1(a)(3)]

By the later of June 30, 2005 or the expiration date of their charters, all charter schools will be required to comply with the geographic restrictions established by AB 1994. In some cases, approval of material revisions or a new charter petition will be necessary to comply with these requirements. [EC § 47605.1(e)(3)]

If a charter school is unable to establish a site within its sponsoring school district, it may establish one site outside of the jurisdiction of its sponsoring school district, but within the county within which that school district is located, if either of the following circumstances exists:

1. The school has attempted to find a single site or facility to house the entire program, but such a site or facility is not available in the area in which the school chooses to locate.
2. The site is needed for temporary use during a construction or expansion project.

The school district in which a charter school proposes to establish a site must be notified before the charter petition is approved. The county superintendent of schools and the Superintendent of Public Instruction must be notified of the location of the site before it begins operations. [EC § 47605(a)(5)]

Additional Sites After Charter Approval

A charter school wishing to establish one or more additional sites within the jurisdictional boundaries of its chartering agency must make a material revision to its charter. The charter school must notify the chartering authority of the proposed additional location(s), and a request for approval of the revision to the charter must be submitted to the governing board. The governing board must hold an open, public meeting to consider the revision. County board approved charter schools established under Education Code section 47605.6 must have an open, public meeting no sooner than 30 days following notification of the school districts in which the sites will be located. [EC §§ 47605(a)(4), 47605.6(a)(3)] Sponsoring school districts or county offices of education may wish to establish board policies for considering material revisions to a charter. [EC § 47607]

Nonclassroom-Based Facilities

As a general rule, the geographic requirements for nonclassroom-based programs are governed by the provisions of SB 740 (Chapter 892, Statutes of 2001). Nonclassroom-based charters may establish facilities in counties adjacent to that in which the charter school is authorized if the facility is used exclusively for educational support of pupils enrolled in nonclassroom-based programs and the majority of the pupils enrolled in its primary educational services reside in the county in which the school is authorized. A virtual or on-line charter school may receive state funding only for the instruction of pupils who reside in the county where the school is chartered, or in an adjacent county. [EC §§ 47605.1(c), 47612.5, 51747.3(b), 51865; 5 CCR § 11963 et seq.]

GOVERNANCE STRUCTURE

The organizational and technical designs of the governance structure should reflect a seriousness of purpose to ensure that the charter school will become and remain a viable enterprise and that the educational program will be successful. The governance structure should also ensure the active and effective involvement of parents and other interested stakeholders. [EC § 47605(b)(5)(D), 5 CCR § 11967.5.1(f)(4)]

Clear and comprehensive bylaws should be developed to cover all essential topics including, but not limited to, governing body composition and selection, rules of procedure, offices and officers, and committees. The school's administration and staffing structure should be carefully developed to define how policy is implemented and administrative decisions at the school will be made. These procedures may be included in the school's organizational structure or outlined in the charter.

The charter school's governing board should be composed of individuals who can provide the needed expertise to govern the school. Finance, management, law, curriculum and instruction, and community relations are some areas of competence that the charter school's governing board should encompass. A list of the individuals who will comprise the initial board, terms of office, and the process by which future board members are to be selected should be included in the charter petition.

Charter school governing boards meet on a regular basis, usually once per month, to conduct business. No individual board member has authority over charter policies or employees, and no single member may commit the group. All board meetings shall be open to the public and conducted in accordance with the Ralph M. Brown Act (see Additional Resources). [GC § 54950 et seq.] Charter boards may deliberate or take action on a matter only at a lawful meeting open to the public unless authorized by law to conduct a closed session. [GC § 54952] (See also Governing Board Meetings.)

Conflicts of Interest

The Political Reform Act requires officials and certain employees who serve in positions designated in an agency's conflict of interest code to file a Statement of Economic Interests (Form 700) to disclose assets and income that may be materially affected by their official actions. It is up to the charter governing board to adopt financial disclosure requirements for its officers and employees. Each charter must adopt a conflict of interest code tailoring the disclosure requirements for each position within the agency to the types of governmental decisions a person holding that position would make. [GC §§ 87100 et seq., 87200 et seq., 87301-2]

Nonprofit Public Benefit Corporation

A charter school may elect to be operated as or by a nonprofit public benefit corporation, otherwise known by Internal Revenue Code (IRC) section 501(c)(3). [EC § 47604(a)] Charter school 501(c)(3)s are formed under and governed by Nonprofit Public Benefit Corporation Law, found in section 5110 et seq. of the Corporations Code.

Charter schools that elect to be operated as or by a 501(c)(3) remain under the jurisdiction of the public school system. [EC § 47615]

Charter schools operating as 501(c)(3) nonprofit public benefit corporations may be required to file IRS Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required to File Form 990 or Form 990-EZ* by May 15. The e-Postcard is completed and filed with the IRS on the Internet. Complete details on the annual filing requirement for small exempt organizations are available on the Internal Revenue Service Web site (see Additional Resources). [26 CFR § 6033(a)(1)]

It is the intent of the Legislature to give charter granting agencies protection from the debts or liabilities of their charter schools operated as or by a 501(c)(3). The granting agency will also not be liable for claims arising from the performance of acts, errors, or omissions by the charter school if the granting agency has complied with all oversight responsibilities required by law. [EC § 47604(c)]

Granting agencies that sponsor charter schools established as a 501(c)(3) or operated by a nonprofit public benefit corporation shall be entitled to a single representative on the board of directors of the nonprofit public benefit corporation. [EC § 47604(b)]

CHARTER SCHOOL STAFF

Charter school staff is generally categorized as either teaching personnel or non-teaching, support personnel. This section discusses the requirements for both groups. The No Child Left Behind Act of 2001 (NCLB) imposes additional requirements for charter school teachers and paraprofessionals (see Additional Resources).

Teaching Personnel

Education Code section 47605(l) requires charter school teachers who teach core or college preparatory classes to hold a teacher credential certificate, permit, or equivalent document. These documents must be kept on file at the charter school and are subject to periodic inspection by the chartering authority.

Charter school teachers who teach core academic subjects must also meet the “highly qualified” teacher requirements of the No Child Left Behind Act. [34 CFR §§ 200.56, 300.18] More information on these requirements can be found in *NCLB Teacher Requirement Resource Guide*, which is available online (see Additional Resources).

It is the Legislative intent that charter schools be given staffing flexibility with regard to teachers of noncore, noncollege preparatory courses. The sponsoring school district and charter school developers should come to agreement on the interpretation of these provisions, and this matter should be clarified and defined in the charter document and/or the instructional design of the school.

Paraprofessionals who assist in instruction in Title I, Part A supported programs are subject to the paraprofessional requirements of the No Child Left Behind Act. More information on this requirement can be found at the CDE No Child Left Behind Web site (see Additional Resources).

Non-Teaching Staff

There are no requirements or restrictions specifically stated in charter school law with regard to non-teaching positions. However, it is prudent for charter developers to define the necessary skills, experience, and abilities required to fill each of these positions.

Criminal Background Screening

Public schools are prohibited from hiring any person convicted of a violent or serious felony except as otherwise provided by law. [EC §§ 44830.1, 45122.1] Every employee is required to provide the school with a criminal record summary as described in Education Code sections 44237 and 45125. Fingerprinting requirements also may apply to independent contractors, depending upon the level of contact with pupils. [EC § 45125.1] (See also Human Resources and Purchasing.)

Charter School Management Services

Charter schools may elect to contract all or a portion of their management and operational services to other agencies. Services may include human resources, credentialing, student information, special education, legal, accounts payable and receivable, budgeting, accounting, payroll, retirement reporting, etc. These services may be provided by school districts, county offices of education, private firms, corporations, or individuals.

Charter schools may request the Fiscal Crisis and Management Assistance Team (FCMAT) to provide fiscal management assistance. [EC § 42127.8(d)(1)]

PUPIL ENROLLMENT

Attendance Boundaries

It is important for charter schools to verify the residency of their students upon enrollment and annually thereafter. The state will fund only the average daily attendance (ADA) that is generated by California residents. A pupil attending a classroom-based charter school may reside anywhere in California regardless of the charter school location or sponsorship. [EC § 47612(b)] For charter schools to receive funding for nonclassroom-based ADA, pupils must reside in the county that sponsored the charter or an immediately adjacent county. [EC § 51747.3(b)] No charter school shall receive any public funds for a pupil if the pupil also attends a private school that charges the pupil's family for tuition. [EC § 47602(b)]

Admissions and Enrollment Policies

Charter school law requires that the student body of a charter school be racially and ethnically diverse and/or be reflective of the general population residing within the school district. [EC § 47605(b)(5)(G)] Charter schools must admit all students who wish to attend the school unless there is insufficient capacity to meet demand. [EC § 47605(d)(2)] This requirement includes English language learners and students with exceptional needs.

A charter school may establish admission requirements. However, these requirements must not discriminate and must be applied evenly to all prospective students. [EC §§ 47605(b)(5)(H), 47605(d)]

A charter school should establish an enrollment policy to address issues that may arise when demand exceeds the school's capacity. This policy must be fair, non-discriminatory, and consistent with the law. Preference shall be extended to current enrolled pupils and pupils who reside in the district. The chartering authority may also permit other preferences on an individual school basis if they are consistent with the law. [EC § 47605(d)(2)(B)]

When demand for enrollment exceeds the charter school's capacity, the charter school is required to use a public random drawing for the admission of new students. It is the responsibility of the charter school administration to develop this random selection process. The process should be carefully thought out, bearing in mind the potential for controversy. [EC § 47605(d)(2)(B)]

Conversion charter schools must give preference to students who reside within the attendance area of the former traditional public school. Charter schools with schoolsites located within the attendance boundaries of a traditional public elementary

school in which 50 percent or more of the enrollment qualifies for free or reduced priced meals may give admission preference to students enrolled or residing within the attendance boundaries. [EC § 47605.3]

Age Requirements and Restrictions

Charter schools shall comply with all laws establishing minimum age of public school attendance. [EC §§ 47610(c), 47612(b), 48000 et seq., 48210]

A charter school student over the age of 19 may generate K-12 attendance funding only if the student has been continuously enrolled since his or her 19th birthday, has met the criteria for satisfactory progress as defined in the California Code of Regulations, Title 5, section 11965, and is not over the age of 22 years. [EC §§ 46300.1, 47612(b)]

Work Permits

The chief executive officer, or the equivalent position, or authorized designee, of a charter school that a minor attends may issue work permits to certain minors (see Additional Resources). [EC § 49110 et seq.]

SCHOOL CALENDAR AND ATTENDANCE

Minimum Instructional Minutes and Days

The charter school governing board should adopt a school calendar prior to July 1 of each school year. Charter schools are required to operate for a minimum of 175 days of actual instruction between July 1 and June 30 each fiscal year to receive a full apportionment. Charter schools not fulfilling this requirement will have their apportionment reduced proportionately. [5 CCR § 11960(b)]

A charter school must offer the minimum annual instructional minutes by grade level as prescribed in Education Code section 47612.5, as follows:

| | |
|--------------|----------------|
| Kindergarten | 36,000 minutes |
| Grades 1-3 | 50,400 minutes |
| Grades 4-8 | 54,000 minutes |
| Grades 9-12 | 64,800 minutes |

The annual audit report will show whether the charter school complied with the instructional minutes provisions, or should be penalized due to noncompliance. The charter school's oversight agency should ensure the charter school fulfills the minimum instructional minutes requirement. [EC §§ 47612.5-2.6; 5 CCR § 19854]

Attendance Accounting

Average daily attendance (ADA) for charter schools is calculated by dividing the number of days of pupil attendance by the number of days taught. [5 CCR § 11960(a)] Charter schools must maintain written contemporaneous records that document pupil attendance and make those records available for inspection and audit. [EC § 47612.5(a)(2)] (See also Attendance Accounting.)

Unlike their traditional school counterparts, there is no minimum day requirement for charter schools to claim ADA. ADA may be claimed as long as pupils are engaged in educational activities required of them by their charter schools on days when school is actually taught. Because students are not statutorily required to attend a minimum number of minutes per day, a well-written charter should specify the expectations for pupil attendance for purposes of pupil assessments and meeting grade level standards of academic achievement. Charter schools cannot claim more than one day of ADA per pupil per day, even for pupils who participate in a combination of classroom and nonclassroom-based programs. [EC §§ 46300(e)(2), 47612(b), 47605(c)(1), 47612.5; 5 CCR § 11960(a)]

Charter schools must use CDE Principal Apportionment Attendance Software to report average daily attendance and other related data used to calculate principal apportionments. The current software may be downloaded at the CDE Finance and Grants Web site (see Additional Resources). More information on the software and reporting changes are presented in Exhibit 4.

The designated charter school official responsible for reporting attendance must specifically certify that all of the attendance reported is for pupils whose attendance is eligible for public funding. [EC§ 47602(b), 5 CCR § 11966]

Because of the relationship between attendance and state apportionment, each charter school must develop and maintain accurate, written contemporaneous attendance records that document all pupil attendance reported to the state. Charter schools must meet apportionment conditions established by the Legislature to receive only the public funds to which they are legally entitled. Each charter should establish and maintain an attendance accounting system with a clear, consistent procedure for documenting pupil attendance for state funding and compulsory education purposes. The annual independent audit verifies reported ADA to ensure that applicable state and federal compliance requirements are met. Findings of noncompliance with apportionment-significant conditions may result in reduced funding. Section 19850 et seq. of Title 5, California Code of Regulations of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies* is available online (see Additional Resources).

Multitrack Charter Schools

Charter schools may operate multiple track school calendars. However, Title 5, California Code of Regulations, section 11960 adversely affects the way multiple track charter school ADA is calculated. Multitrack charter schools should request a waiver from the SBE to calculate ADA by individual tracks, as opposed to total number of days offered schoolwide. The “Average Daily Attendance Alternative Calculation Method for Multitrack Charter Schools” can be used for up to five tracks. (See Exhibit 5.)

To be eligible to request a waiver from the State Board of Education, a charter school shall submit its application to its chartering authority. [EC § 33054]

CHARTER SCHOOL FUNDING MODEL

The charter school funding model was created to provide charter schools with an operational funding level equivalent to a similar school district serving a similar pupil population. [EC § 47630(a)] The charter school funding model applies to all charter schools. The funding model is made up of two basic components, the general purpose entitlement and the categorical block grant. Charter school state aid apportionment schedules are provided in Exhibit 6.

General Purpose Entitlement

The general purpose entitlement is usually the largest source of unrestricted charter school revenue. It is ADA formula driven. Charter schools are funded for their current year ADA only and thus have no protection from declining enrollment. Unlike the district revenue limit, the general purpose entitlement is funded as the statewide average amount of general-purpose funding per unit of ADA received by school districts at four different grade levels: K-3, 4-6, 7-8, and 9-12. [EC § 47632]

The general purpose entitlement is similar to revenue limits in that it is funded by a combination of state aid and local funds. The local portion of funds, called the “in-lieu of property tax,” is computed by multiplying the tax dollar amount per ADA of the sponsoring school district by the charter school’s total ADA. The balance of the general purpose entitlement is funded by “state aid.” [EC § 47633] A basic aid district pays either the district’s average property taxes per ADA or the charter general purpose block grant per ADA, whichever is less. [EC § 47663]

The CDE provides worksheets to help local educational agencies (LEAs) compute the state aid and in-lieu of property tax components of a charter school’s general purpose entitlement. “Charter School Block Grant Funding EHS” is the worksheet to be used by charter schools sponsored by a high school or elementary school district (Exhibit 7). Charter schools sponsored by unified districts should use “Charter School Block Grant

Funding Unified” (Exhibit 8). [EC § 47660] Funding exhibits, which show the calculations for general purpose entitlements, are available on the CDE Finance and Grants Web site under “Principal Apportionments” (see Additional Resources).

In-Lieu of Property Tax

The “sponsoring local education agency” must transfer the in-lieu of property tax funds to the charter school by the 15th of each month according to the schedule detailed in Education Code section 47635(b) (Exhibit 6).

The sponsoring local education agency is usually the school district that approved the charter. If the charter school was initially denied by a school district and granted a charter by a county office of education, the sponsoring local education agency is the school district that initially denied the charter. If the charter school is sponsored by the State Board of Education, the sponsoring local education agency is the local education agency designated by the SBE. [EC § 47632(i)]

Categorical Block Grant

The charter school categorical block grant was created to provide charter schools with a flexible source of unrestricted funds consolidated from individual restricted categorical programs. Charter schools are not eligible to apply separately for these programs. The state has established funding levels, based on the programs that comprise the block grant, as \$500 per unit of ADA for 2007-08 and estimated \$468 per unit of ADA for 2008-09. Funding exhibits provided under “Principal Apportionments” on the CDE Web site enable charter schools to calculate categorical block grant funding (Exhibit 9). [EC §§ 47631.1, 47634]

In-Lieu of Economic Aid

Charter schools are granted funding for each economic impact aid-eligible pupil and English learner identified. (See also Budgets.) Students identified as both English learners and economic impact aid-eligible should be counted twice to receive funding for both identifications. These funds are apportioned according to the same schedule as the categorical block grant.

Direct or Local Funding

Charter schools have the choice of receiving funds either directly or through their chartering authority. [EC § 47651(a)] Charter schools make this election annually at the end of May with the electronic submission of a CDE Charter Schools Information Sheet and Funding Survey (see Additional Resources).

Locally funded charter schools are considered part of the chartering authority's fiscal operations, and thus their funds pass through their chartering agencies. [EC § 47651(a)(2)] Locally funded charter schools that wish to participate in programs outside of the charter school categorical block grant must apply through their sponsoring districts.

Funds for direct funded charter schools are deposited directly into a county treasury fund in the county in which the charter school was approved. [EC § 47651(a)(1)] Direct funded charter schools are generally fiscally independent from their sponsoring districts and must apply separately for additional funding.

Special Apportionment of Newly Operational Charter Schools

Start-up charter schools opening by September 30 may be eligible to receive an advance apportionment for newly operational charter schools. The first payment is paid in late September and is equal to 34 percent of the state aid and categorical block grant portions based on the estimated second principal apportionment (P2) ADA projections from the charter school's Information Sheet and Funding Survey. The second payment is scheduled for late November and is equal to 58 percent of the recalculated state aid and categorical block grant portions based on the ADA reported from the first 20 days of operation minus the amount paid in the first payment. The categorical block grant payment will include funding for disadvantaged pupils. [EC § 47652(a)]

Special Apportionment for New Grade Level Expansion

Charter schools in their second or later year of operation may be eligible to receive an advance apportionment for adding a new grade level based upon grade level ADA projections from the charter school's Information Sheet and Funding Survey, and New Grade Level Expansion Charter School Advance Apportionment 20-Day Actual Certification of District Charter School. The ADA funded for a new grade level shall not exceed the portion of the certified P2 ADA for the prior year attributable to the pupils in the highest grade served by the charter school. Additional advance apportionment funding is limited to the general purpose entitlement and per ADA portion of the categorical block grant. [EC § 47652(b)]

Additional Funding Sources

The San Diego County Office of Education has developed a Charter School Financial Planning Matrix to assist charter schools in finding funding sources outside the charter school funding model. The programs in the matrix are not all-inclusive but serve as a good starting point. Charter schools must comply with all laws and regulations of the

programs in which they elect to participate. The Charter School Financial Planning Matrix is available at the SDCOE Charter School Financial Services Web page (see Additional Resources).

OVERSIGHT OF CHARTER SCHOOLS

The chartering agency that grants a school's charter shall be responsible for oversight of the charter school. If the SBE approves the charter, the oversight agency may be a cooperative local education agency in the county where the charter was initially denied. [EC § 47605(k)]

Chartering school districts or county boards of education have the responsibility of monitoring their charter schools to ensure that the schools' activities and goals are consistent with their charters and the law. The cost of these duties shall be funded with the oversight fees collected by the chartering authority. [EC §§ 47604.33(b)-(c), 47613]

Chartering school districts or county boards of education have the responsibility of working with their charter schools in Program Improvement to ensure that each charter has taken the appropriate steps in compliance with NCLB. The chartering authority is responsible in general for holding charters accountable to the Title I, Part A parent involvement provisions and the highly qualified requirements for teachers and other school staff (see Additional Resources).

Assembly Bill 1137 (Chapter 892, Statutes of 2003) expanded oversight responsibilities for chartering authorities. [EC § 47604.32] For each charter school under its authority, the chartering authority shall:

1. Identify at least one staff member as a contact person for the charter school.
2. Visit each charter school at least annually.
3. Ensure that each charter school complies with all reports required of charter schools by law.
4. Monitor the fiscal condition of each charter school.
5. Provide timely notification to the CDE if any of the following circumstances occur or will occur:
 - a) A renewal of the charter is granted or denied.
 - b) The charter is revoked.
 - c) The charter school will cease operation for any reason.

Oversight Fees

A chartering authority may charge up to one percent of the charter school's revenue for the costs of oversight. A chartering authority may charge up to three percent of the charter school's revenue if it provides the charter school substantially rent-free facilities. Charter school revenue for this purpose is defined as the general purpose entitlement and categorical block grant. [EC §§ 47613, 47632]

Policies and Memorandums of Understanding

Districts with a large number of charters have developed charter school policies to act as a framework for the relationship between the district and each of its charter schools. A memorandum of understanding (MOU) between the district and a charter school supplements the charter provisions and should define specific expectations and responsibilities of the two parties. It may address in detail issues such as student performance and expectations of educational programs, special education, frequency of school site visits, financial reporting requirements, and any services that are being provided by the district.

Monitoring and Investigation of Charter Schools

Charter schools shall promptly respond to all reasonable inquiries, including, but not limited to, inquiries regarding financial records, from its chartering authority, the county office of education of their chartering agency, or the Superintendent of Public Instruction and shall consult with their chartering agency, the county office of education, or the Superintendent of Public Instruction regarding any inquiries. [EC § 47604.3]

The chartering authority shall monitor the fiscal condition of each charter school under its authority. The chartering authority may inspect or observe any part of the charter school at any time. [EC §§ 47604.33, 47607(a)(1)]

The county superintendent of schools of the county in which the charter school is located may monitor or conduct an investigation into the operations of a charter school based upon written complaints by parents or other information that justifies such actions. The county office of education shall not incur any liability beyond the cost of the investigation. [EC § 47604.4(a)]

The expenditures and internal controls of a charter school may be reviewed or audited at any time during the fiscal year if the county superintendent of schools has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit shall focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. [EC § 1241.5]

The county superintendent may request the County Office Fiscal Crisis and Management Assistance Team (FCMAT) to review the fiscal or administrative condition of a charter school. [EC§ 42127.8(c)(2)]

Financial Reporting

Education Code section 47604.33 requires charter schools to prepare a series of annual financial reports to be submitted to the chartering authority and the county superintendent of schools of the county in which their sponsoring district is located. Charter schools must provide the following reports to these agencies:

1. On or before July 1, a preliminary budget.
2. On or before December 15, a first interim financial report that reflects changes through October 31.
3. On or before March 15, a second interim financial report that reflects changes through January 31.
4. On or before September 15, a final unaudited report for the full prior year in a format prescribed by the Superintendent of Public Instruction. The format of these statements may be periodically amended by the State Board of Education to accommodate changes in statute or government reporting standards. [EC § 42100]

Charter schools not using a SACS compliant accounting system may use the Charter Schools Unaudited Actuals Financial Report—Alternative Form for these reports available at the CDE Financial Reporting Division Web site (see Additional Resources). [5 CCR § 15071]

By December 15 of each year, charter schools must file copies of their annual independent financial audit reports with their chartering agencies, the county superintendent of schools of the county in which the charter school is sited, the State Controller, and the CDE, unless the charter school is encompassed in the financial audit of its chartering agency. [EC §§ 41020, 47605(m), 5 CCR § 19850 et. seq.]

SPECIAL EDUCATION

Charter schools are not exempt from any Federal laws, including those that govern special education. Charter schools must not discriminate based on disability and must admit special education students. Education Code section 47640 et seq. addresses the topic of special education.

Public School of a Local Education Agency

The chartering authority is responsible for ensuring that Free, Appropriate Public Education (FAPE) special education services are provided to all students attending its charter schools, regardless of the students' places of residence. For purposes of special education, a charter school may be deemed a public school of the local educational agency that granted its charter and may participate in special education funding and services as any other public school of the sponsoring LEA. [EC § 47646]

Local Education Agency in a Special Education Local Planning Area

A charter school may be considered a local educational agency for the purposes of compliance with the Federal Individuals with Disabilities Education Act [20 USC § 1400 et seq.] if written assurances are provided that the charter school has been accepted to participate as a LEA in a special education local planning area (SELPA). Charter schools that are not LEAs of a SELPA will be deemed a public school of the LEA that granted their charters. [EC §§ 47641, 56121, 56123, 56195.1(f), 56195.3(b), 56207.5(a-c)]

Special Education Service Organizations

Some charter schools make arrangements with their chartering authorities to have special education services provided by a private organization in exchange for special education funding that is generated by the charter school's students. The charter school will incur any special education expenses that encroach upon its general funds. However, the chartering agency still has supervisory oversight responsibilities under the provisions of the Charter Schools Act and the Individuals with Disabilities Education Act for ensuring that special education services are provided to pupils who attend the charter school.

INDEPENDENT STUDY

In order to offer independent study (IS), a detailed description of the nonclassroom-based instructional program a charter school will offer must be included in the charter. [EC § 47605(b)(5)(A)] Charter schools are required to meet the same conditions for independent study as traditional schools, as prescribed by Education Code sections 51745 through 51749.3 and Title 5, California Code of Regulations, section 11963 et seq. [EC §§ 47612.5(b), 51865] However, the five-day minimum for independent study under Education Code section 46300(e) does not apply to charter schools (see Exhibit 1).

Nonclassroom-based charter schools must have a school site principally used for classroom instruction and must make the classroom option continuously available in the charter school or school of residency. Charter schools shall not provide funds or other things of value to IS students or their parents that they do not provide to pupils who attend regular classes. Independent study is an optional educational alternative, and participation must be voluntary. [EC § 51747]

To be eligible to receive funding for independent study, a charter school must adopt written board policies and regulations for its independent study program and have a written master agreement for every pupil participating in independent study. IS programs shall comply with all state testing and high school graduation laws. [EC § 51745]

A school is eligible to receive ADA for IS only when a master agreement is signed and dated by the student, parent, supervising teacher, and all other persons responsible for providing assistance to the pupil. A properly credentialed teacher must be assigned the overall responsibility to coordinate, evaluate, and provide general supervision of each pupil's independent study. Independent study agreements shall not be valid for more than one semester, or one-half year for a school on a year-round calendar. Charter schools must also follow the regulations covering records retention under Title 5, California Code of Regulations, section 11703. [EC § 51747, 5 CCR § 11702]

ADA for Nonclassroom-Based Charter Schools

Charter schools may claim apportionment credit for independent study based on the time value of pupil or student work products, as personally judged in each instance by a certificated teacher. [EC § 51747.5(b)] Only pupils who are residents of the county in which an apportionment claim is reported or who are residents of a county immediately adjacent to the county in which the apportionment claim is reported are eligible to generate ADA for a charter school. [EC § 51747.3(b)]

Teacher to ADA Ratio

For nonclassroom-based pupils age 18 years or less, the charter school teacher-to-ADA ratio shall not exceed the teacher-to-ADA ratio of 1:25 or the equivalent ratio of the largest unified school district in the county of sponsorship. No ADA above this ratio will be funded by the state. [EC § 51745.6; 5 CCR § 11704]

SB 740

Senate Bill 740 (Chapter 892, Statutes of 2001) authorized the SBE to establish rules for funding of charter schools for nonclassroom-based ADA. [EC § 47634.2] These criteria are found in Title 5, California Code of Regulations, sections 11963 through

11963.7. Under these regulations, charter schools that do not offer classroom-based instruction for at least 80 percent of the required instructional time are subject to reductions of up to 30 percent of state funding for nonclassroom-based ADA. These reductions will affect the funding of all programs that are ADA formula driven.

All charter schools that offer nonclassroom-based instruction should file a Funding Determination form with the CDE Charter Schools Division. Reductions may be waived if the information provided meets the criteria defined in the Title 5 regulations. Senate Bill 740 forms, information, and regulations are available on the “Nonclassroom-Based Instruction and SB 740” page of the CDE Web site (see Additional Resources).

FACILITIES

Field Act Compliance

California Attorney General Opinion No. 96-1206 confirms that the Field Act does not generally apply to charter schools (see Additional Resources). However, charter school facilities constructed under the Charter School Facilities Program must comply with the Field Act. [EC §§ 17280-317, 17365-74] (See also Facilities Planning.)

California Building Standards Code

With specified exceptions, charter school facilities shall comply with the California Building Standards Code (commencing with section 101 of Title 24 of the California Code of Regulations), as adopted and enforced by the local building enforcement agency with jurisdiction over the area in which the charter school is located. [EC §§ 47610-10.5] (See also Facilities Planning.)

Proposition 39

Proposition 39, passed November 7, 2000, requires school districts, if requested, to provide facilities to charter schools with 80 or more in-district classroom ADA. A facilities request cannot be denied by any district in which the charter school is operating unless: 1) ADA projections are unreasonable, 2) projected ADA is less than 80, or 3) there is some other statutory exception. [EC § 47614] It is important for charter schools and districts to consult Title 5, California Code of Regulations, Facilities for Charter Schools, for clear definitions of Proposition 39 requirements (see Additional Resources). [5 CCR § 11969.1 et seq.]

Charter schools already in operation have until November 1 of each year to submit their requests to school districts to receive facilities for the next fiscal year beginning with the 2010-11 facilities request cycle. New or proposed charter schools must submit their charter petitions before November 1 and must submit their requests for facilities prior to

November 1. The CDE has developed a charter schools facility request form for this purpose (see Additional Resources). When a charter school submits a facilities request, it must make a showing of its enrollment projections with relevant documents.

To allow time for a school district to make a preliminary proposal for facilities by February 1 and a charter school to respond with counterproposals by March 1, constructive negotiations should take place early January. The district has until April 1 to make a final proposal for a school site. The charter school then has the later of 30 days from when the offer was tendered or May 1 to accept or reject the school district's proposal. Disputes may be subject to optional mediation. The district must make the space available to the charter school 10 working days prior to the commencement of instruction.

A charter school must reimburse the school district for over-allocated space if charter ADA projections were overestimated by 10 percent or 25 ADA, whichever is greater, in comparison to their actual P2 ADA. The reimbursement rate will be equal to the statewide average cost avoided due to the operation of year-round schools.

School Facility Program (SFP)

The School Facility Program (SFP) provides State funding assistance for two major types of facility construction projects: new construction and modernization. A charter school may not independently apply for the School Facility Program, but the charter's sponsoring district may do so on behalf and at the request of the charter school. When the project is completed, title to the facility is held in trust by the school district, not the charter school (see Additional Resources). (See also Facilities Planning.)

Charter School Facilities Program (CSFP)

The Charter School Facilities Program (CSFP) was established in 2002 to enable charter schools to construct facilities (see Additional Resources). The CSFP provides state funds on a 50/50 state and local match basis. This program received \$100 million in bond funding from the passage of Proposition 47 in 2002 and \$300 million from the passage of Proposition 55 in 2004. Up to \$500 million in additional funding for charter schools is available for new construction or rehabilitation of specified school facilities from Proposition 1D, the Kindergarten-University Public Education Facilities Bond Act of 2006, approved November 7, 2006. The Office of Public School Construction (OPSC) is the lead agency coordinating the CSFP. [EC §§ 17078.52-8.66]

Charter School Facility Grant Program

The Charter School Facility Grant Program is intended to provide \$18 million annually as assistance with costs associated with facilities rents and leases, as defined in the California School Accounting Manual, for pupils in charter schools. An eligible charter school may apply for \$750 per ADA, not to exceed 75 percent of its annual facilities rent and lease costs. If there are insufficient funds to reimburse all eligible charter schools at the maximum level, the funding will be reduced on a pro-rata basis (see Additional Resources). [EC §§ 47614.5]

Restroom Maintenance

Every public and private school maintaining any combination of classes from kindergarten to grade 12, inclusive, shall maintain clean, fully operational, and well stocked restrooms at all times. The school has up to 30 days after receiving written notice to cure any violation. [EC § 35292.5] The Office of Public School Construction (OPSC) has developed a restroom maintenance complaint form, SAB 892, which is available at the OPSC Web site (see Additional Resources). (See also Facilities Planning and Maintenance and Operations.)

CHARTER RENEWALS

Charters are initially granted for a period not to exceed five years and may be granted one or more subsequent renewals by the granting authority. Renewals of charters are governed by the standards and criteria in Education Code section 47605, [EC §§ 47605(a)(2), 47607] and shall include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

All charter renewals are contingent upon the academic performance of the school as measured by the Academic Performance Index (API) or other means to measure pupil academic performance. After a charter school has been in operation for four years, the charter school shall meet at least one of the following criteria prior to receiving a charter renewal. [EC § 47607(b)]

1. Attain its API growth target in the prior year or in two of the last three years, or in the aggregate for the prior three years.
2. Rank in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.
3. Rank in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.

4. The chartering authority determines that the academic performance of the charter school is equal to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools of the district where the charter is located, taking into account the composition of the pupil population that is served at the charter school. The Superintendent of Public Instruction then shall review the chartering authority's materials for renewal and make recommendations.
5. The charter has qualified for an alternative accountability system pursuant to section 52052(h) of the Education Code.

Charter school renewals shall be for a period of five years. [EC § 47607(a)(1)] A letter from the school district or an excerpt of the minutes of the board meeting certifying that the charter has been renewed should be sent to the Charter Schools Division of the CDE. [EC § 47604.32(e)(1)]

The renewal petition for a charter that was granted through an appeal to the SBE is submitted to the governing board of the school district that initially denied the charter. If the renewal is denied, the school may petition the county office of education for renewal. If the county office denies the renewal, the school may petition the SBE. [EC §§ 47605(k)(3), 47607]

Material Revisions

Any material changes in the provisions of a charter may be made only with the approval of the authority that granted the charter. Any material revisions are governed by the standards and criteria in Education Code sections 47605 and 47607. Adding school sites and converting to a nonprofit public benefit corporation are examples of material changes.

REVOCATION OF CHARTERS

A chartering authority may revoke a charter whenever it finds, through a showing of substantial evidence, that the charter school did any of the following:

1. Committed a material violation of any of the conditions, standards, or procedures set forth in the charter.
2. Failed to meet or pursue any of the pupil outcomes identified in the charter.
3. Failed to meet generally accepted accounting principles or engaged in fiscal mismanagement.

4. Failed to comply with charter provisions.
5. Violated any provision of law.

Prior to revocation, the chartering authority must notify the charter of any violations and give the school a reasonable opportunity to remedy the violation. This notice may be waived if the chartering authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils. [EC §§ 47607(b)-(d)]

Prior to revoking a charter for failure to remedy a violation, and after expiration of the charter's reasonable opportunity to remedy without successfully remedying the violation, the chartering authority shall provide a written notice of intent to revoke and notice of facts in support of revocation to the charter school. Within 30 days after providing the notice of intent to revoke a charter, the chartering authority shall hold a public hearing on the issue of whether evidence exists to revoke the charter.

The chartering authority shall issue a final decision to revoke or decline to revoke the charter within 30 days after the public hearing unless the chartering authority and the charter school agree to extend the issuance of the decision by an additional 30 days. The chartering authority shall not revoke a charter unless it makes written factual findings supported by substantial evidence specific to the charter school that support its findings. [EC § 47607(e)]

APPEALS ON CHARTERS THAT HAVE BEEN REVOKED

If the chartering authority revokes a charter, the charter school may appeal the revocation to the State Board of Education within 30 days following the decision of the chartering authority. The State Board may reverse the revocation decision if the State Board determines that the findings made by the chartering authority under Education Code section 47607(e) are not supported by substantial evidence.

If a school district as the chartering authority revokes a charter, the charter school may appeal the revocation to the county board of education within 30 days following the final decision of the chartering authority.

1. The county board may reverse the revocation decision if the county board determines that the findings made by the chartering authority under Education Code section 47607(e) are not supported by substantial evidence. The school district may appeal the reversal to the State Board of Education.
2. If the county board upholds the revocation, or does not issue a decision on the appeal within 90 days of receipt, the charter school may appeal the revocation to the State Board of Education. [EC §§ 47607(f)]

The State Board may uphold or reverse the revocation decision if the State Board determines that the findings made by the chartering authority are or are not supported by substantial evidence. [EC §§ 47607(g)]

If the revocation decision of the chartering authority is reversed on appeal, the agency that granted the charter shall continue to be regarded as the chartering authority. [EC §§ 47607(h)]

During the pendency of an appeal filed under Education Code section 47607, a charter school whose revocation proceedings are based on Education Code section 47607(c) (1) or (2) shall continue to qualify as a charter school for funding and for all other purposes of the Charter Schools Act, and may continue to hold all existing grants, resources, and facilities, in order to ensure that the education of pupils enrolled in the school is not disrupted. [EC §§ 47607(i)]

Immediately following the decision of the County Board to reverse a decision of a school district to revoke a charter, the following shall apply:

1. The charter school shall qualify as a charter school for funding and for all other purposes of the Charter Schools Act.
2. The charter school may continue to hold all existing grants, resources, and facilities.
3. Any funding, grants, resources, and facilities that had been withheld from the charter school, or that the charter school had otherwise been deprived of use, as a result of the revocation of the charter shall be immediately reinstated or returned.

A final decision of a revocation or appeal of a revocation pursuant to Education Code section 47607(c) shall be reported to the chartering authority, the county board of education, and the California Department of Education.

CLOSURE OF CHARTER SCHOOLS

Charter school petitions must include a description of the procedures to be used if the charter school closes. Minimum procedures established by the State Board of Education require an independent final audit of the charter school to determine all of the school's assets and liabilities. The procedures shall include plans for disposing of any net assets remaining after all liabilities of the charter school have been paid. Provision must be made for the transfer and maintenance of personnel records, all pupil records, all state assessment results, and any special education records to the custody of the entity responsible to conduct closure-related activities. [EC §§ 47605(b)(5)(P), 47605(b)(5)(Q); 5 CCR §§11962-2.1]

The CDE has developed a recommended process for charter school closure in the event that a charter is not renewed or is revoked (see Additional Resources).

Upon termination of the existence of a charter school operating as a nonprofit public benefit corporation, the corporation shall provide notice of termination to the IRS. [26 USC § 6033(i)(2)]

ADDITIONAL RESOURCES

1. *Brown Act, Open Meetings for Local Legislative Bodies*, California Attorney General, 2003. Available:
<http://caag.state.ca.us/publications/2003_Intro_BrownAct.pdf>
2. California Code of Regulations, including Title 5, Education. Available:
<<http://www.calregs.com/linkedslice/default.asp?SP=CCR-1000&Action=HOME/>>
3. California Department of Education:

California School Accounting Manual, 2008. Available:
<<http://www.cde.ca.gov/fg/ac/sa/>>

Charter School Average Daily Attendance: Alternative Calculation Method, July 2000. Available: <<http://www.cde.ca.gov/be/ms/po/policy00-05-jul2000.asp>>

Charter School Facility Grant Request for Application. Available:
<<http://www.cde.ca.gov/sp/cs/as/facgrntoc.asp>>

Charter School Facility Request Form Pursuant to Education Code Section 47614 and California Code of Regulations, Title 5, Sections 11969.1 through 11969.10. Available: <<http://www.cde.ca.gov/sp/cs/as/csfacform.asp>>

Charter School Number Request Form, deadlines, and application checklist. Available: <<http://www.cde.ca.gov/sp/cs/re/cssbenum.asp>>

Charter School Unaudited Actuals Financial Report—Alternative Form 2006-07. Available: <<http://www.cde.ca.gov/fg/sf/fr/csalternative.asp>>

Charter Schools Annual Information Sheet and Funding Survey for 2007-08. Available: <<http://www.cde.ca.gov/sp/cs/ac/csfnsvy0708.asp>>

Charter Schools Division for links to resources and information on funding, starting a charter school, time-sensitive issues and events, laws and regulations, and other key topics. Available: <<http://www.cde.ca.gov/sp/cs/>>

County-District-School (CDS) Codes information and application (Form TSD-01). Available: <<http://www.cde.ca.gov/ds/si/ds/>>

Facilities for Charter Schools (Proposition 39): Title 5 Regulations. Available: <<http://www.cde.ca.gov/be/ag/ag/yr08/documents/jan08item18.doc>>

Finance and Grants for links to accounting, auditing guidelines, financial reporting, fiscal oversight, and funding information. Available: <<http://www.cde.ca.gov/fg/>>

Model Charter School Application. Available: <<http://www.cde.ca.gov/sp/cs/re/documents/modelcsappnov03.doc>>

No Child Left Behind, Impact of Title I Requirements on Charter Schools, California Department of Education, 2005. Available: <<http://www.cde.ca.gov/ta/ac/ti/may31impactltr.asp>>

No Child Left Behind highly qualified teacher and paraprofessional requirements; FAQs; and *NCLB Teacher Requirement Resource Guide*, California Department of Education, 2006. Available: <<http://www.cde.ca.gov/nclb/sr/tq/>>

Nonclassroom-Based Instruction and Senate Bill 740 for regulations and funding determination forms. Available: <<http://www.cde.ca.gov/sp/cs/as/nclrbifunddet.asp>>

Principal Apportionment Attendance Software and Forms. Available: <<http://www.cde.ca.gov/fg/sf/aa/>>

Principal Apportionments for funding exhibits, block grant funding rates, and key deadlines. Available: <<http://www2.cde.ca.gov/principalapp/>>

Proposed Rulemaking & Regulations for notices of proposed actions to adopt, amend, or repeal regulations for the California Department of Education, State Superintendent of Public Instruction, and the California State Board of Education. Available: <<http://www.cde.ca.gov/re/lr/rr>>

Recommended Process for Charter School Closure. Available: <<http://www.cde.ca.gov/sp/cs/lr/csclosurerules.asp>>

Work Permits: Frequently Asked Questions. Available: <<http://www.cde.ca.gov/ci/ct/we/wpfaq.asp>>

4. California Fair Political Practices Commission. Conflicts of Interest, Form 700, Statement of Economic Interests. Available: <<http://www.fppc.ca.gov/?id=6>>
5. California School Boards Association for information on Proposition 39, ordering information for *Charter Schools: Manual for Governance Teams*, and sample board policy and administrative regulation. Available: <<http://www.csba.org/EducationIssues/EducationIssues/CharterSchools.aspx>>
6. California School Finance Authority:

California's School Finance System: Charter Schools. Available: <<http://www.californiaschoolfinance.org/FinanceSystem/CharterSchools/tabid/116/Default.aspx?>>>

State Charter School Facilities Incentive Grants Program. Available: <<http://www.treasurer.ca.gov/csfa/>>
7. EdSource Online for California charter school policy news and data. Available: <http://www.edsource.org/edu_chart.cfm>
8. Internal Revenue Service

Annual Electronic Filing Requirement for Small Exempt Organizations, Form 990-N (e-Postcard). Available: <<http://www.irs.gov/charities/article/0,,id=169250,00.html>>

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code. Available: <<http://www.irs.gov/charities/article/0,,id=96109,00.html>>
9. Office of Public School Construction:

Charter School Facilities Program for application requirements and links to forms. Available: <<http://www.opsc.dgs.ca.gov/Programs/SFPPrograms/CSF.htm>>

Clean restroom legislation and link to Form SAB 892, Restroom Maintenance Complaint. Available: <http://www.opsc.dgs.ca.gov/Programs/SABPrograms/DMP_CR.htm>

School Facility Program Handbook, Office of Public School Construction, May 2008. Available: <http://www.documents.dgs.ca.gov/opsc/Publications/Handbooks/SFP_Hdbk.pdf>

10. San Diego County Office of Education:

Charter School Financial Services for Charter School Financial Planning Matrix, with links to funding sources; San Diego charter schools; and related resources. Available: <http://www.sdcoe.net/business/dist_fin/cs/>

Financial Accounting Unit for fund resolution samples. Available: <<http://www.sdcoe.net/business2/dfs/?loc=fa-resolutions&m=4&pi=fa>>

11. *Standards and Procedures for Audits of California K-12 Local Educational Agencies, 2008-09*, Education Audit Appeals Panel, May 19, 2008. Available: <<http://www.eaap.ca.gov/NewWebSite0804/AuditGuide.htm>>

LIST OF EXHIBITS

- | | |
|------------|--|
| Exhibit 1 | Compliance-based Components of a Charter School Petition, San Diego County Office of Education (SDCOE) |
| Exhibit 2A | Required Elements of a Charter School Petition, SDCOE |
| Exhibit 2B | Required Elements of a Countywide Charter School Petition, SDCOE |
| Exhibit 3A | Resolution to Establish Charter Schools Fund, Sample, SDCOE |
| Exhibit 3B | Resolution to Establish Charter School Enterprise Fund, Sample, SDCOE |
| Exhibit 4 | Principal Apportionment Attendance Software, California Department of Education (CDE) |
| Exhibit 5 | Average Daily Attendance Alternative Calculation Method for Multitrack Charter Schools, CDE |
| Exhibit 6 | Charter School State Aid, In-Lieu of Property Tax and Categorical Block Grant Apportionment Schedules, SDCOE |
| Exhibit 7 | Charter School Block Grant Funding EHS, 2006-07, Sample, CDE |
| Exhibit 8 | Charter School Block Grant Funding Unified, 2006-07, Sample, CDE |
| Exhibit 9 | Charter School Categorical Block Grant Funding Unified, 2006-07, Sample, CDE |

Compliance-based Components of a Charter School Petition

1. **Pupil testing** [EC §§ 47605(c)(1), 47612.5(a)(3)]
The charter school shall meet all statewide standards and conduct pupil assessments pursuant to Education Code §§ 60605 and 60851 and any other mandated statewide standards authorized in statute or pupil assessment applicable to pupils in noncharter public schools. The charter school shall certify that its pupils have participated in the state testing programs specified in Education Code § 60600 et seq., as a condition of apportionment of state funding.
2. **Periodic parent and teacher consultation** [EC § 47605(c)(2)]
The charter school shall consult regularly with its parents and teachers regarding the school's educational program.
3. **Nonsectarian, tuition-free, anti-discrimination affirmation** [EC §§ 220, 47605(d)(1)]
The charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations; shall not charge tuition; and shall not discriminate against any pupil on the basis of the characteristics listed in Education Code section 220.
4. **Minimum instructional minutes** [EC § 47612.5(a)]
The charter school shall offer at least the minimum amount of instructional time at grade levels specified in Education Code section 46201 and shall maintain contemporaneous written records of all pupil attendance that shall be made available for audit and inspection in accordance with law.
5. **Minimum age requirement for public school admission** [EC § 47610(c)]
The charter school shall comply with all laws establishing minimum age requirements for public school attendance.
6. **Admission boundaries eliminated** [EC § 47605(d)(2)]
Admission to a charter school shall not be determined according to the student's place of residence, or that of his/her parent/guardian, within California except that any existing public school converting partially or entirely to a charter school shall adopt and maintain a policy giving admission preference to students who reside with the school's former attendance area except as provided for in Education Code section 47614.5.
7. **Admit all pupils** [EC § 47605(d)(2)]
The charter school shall admit all pupils who wish to attend the charter school except when the number of pupils who wish to attend exceeds the school's capacity.

8. District notification [EC § 47605(d)(3)]

If a pupil is expelled or leaves the charter school without graduating or completing the school year for any reason, the charter school shall notify the superintendent of the school district of the pupil's last known address within 30 days, and shall, upon request, provide that school district with a copy of the cumulative record of the pupil, including a transcript of grades or report card, and health information. This paragraph applies only to pupils subject to compulsory full-time education pursuant to Section 48200.

9. Independent study [EC § 47612.5(b)]

A charter school that provides independent study shall comply with the same statutory requirements as do other public schools. A charter school shall comply with law and implementing regulations for nonclassroom-based instruction [EC § 51745 et seq. and Title 5, California Code of Regulations section 11963 et seq.] Only pupils who are residents of San Diego, Imperial, Orange, or Riverside Counties shall be eligible to participate in a charter school independent study program sponsored by a district in San Diego County. [EC § 51747.3(b)]

A charter school shall not claim state funding for the independent study of a pupil if the school has provided any funds or other things of value to the pupil or his or her parent or guardian that the school does not provide to pupils who attend regular classes or to their parents or guardians. A charter school shall not claim state funding for the independent study of a pupil if the school has provided any funds or other things of value to the pupil or his or her parent or guardian that the chartering authority could not legally provide to a similarly situated pupil in a school within the jurisdiction of the chartering authority. [EC § 51747.3(a)]

10. Information of proposed operation and facilities of the school [EC § 47605(g)]

The petitioner(s) shall provide information regarding the proposed operation and potential effects of the school, including, but not limited to, the facilities to be utilized by the school and its proposed location, the manner in which administrative services of the school are to be provided, and potential civil liability effects, if any, upon the school and the County Office of Education.

11. Financial statements, projections, and proposed budget [EC § 47605(g)]

The petitioner(s) shall provide financial statements that include the proposed first-year operational budget, including start-up costs, cash flow and financial projections for the first three years of operation.

12. Charter school teachers' certification [EC § 47605(l)]

Teachers in the charter school shall be required to hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and shall be subject to periodic inspection by the chartering authority.

13. Annual budget and financial reports [EC § 47604.33]

The following annual budget and financial reports shall be submitted to the chartering authority and the county superintendent of schools or only the county superintendent of schools if the county board of education is the chartering authority:

1. Preliminary annual budget on or before July 1st.
2. First interim financial report on or before December 15th. This report shall reflect changes through October 31st.
3. Second interim financial report on or before March 15th. This report shall reflect changes through January 31st.
4. Final Unaudited report for the full prior year on or before September 15th.

14. Annual independent audit submission [EC § 47605(m)]

Unless the annual audit of a charter school is encompassed in the audit of the chartering entity, the charter school shall transmit a copy of its annual independent financial audit to the chartering authority, all county superintendent of schools and county offices of education in which they operate sites, the State Controller, and the California Department of Education by December 15th.

Required Components of a Charter School Petition

A charter school petition must contain reasonably comprehensive descriptions of all the elements found in Education Code section 47605(b)(5).

(A) Educational program

- (i) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an "educated person" in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.
- (ii) Proposed charter schools serving high school pupils must describe how the school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.

(B) Pupil outcomes

The measurable pupil outcomes identified for use by the charter school. "Pupil outcomes," for purposes of this part, means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge, and attitudes specified as goals in the school's educational program.

(C) Method to measure meeting pupil outcomes

The method by which pupil progress in meeting those pupil outcomes is to be measured.

(D) Governance structure

The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.

(E) Employees' qualifications

The qualifications to be met by individuals to be employed by the school.

(F) Health and safety procedures

The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Education Code section 44237.

(G) Racial and ethnic balance

The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.

(H) Admission requirements

Admission requirements, if applicable.

(I) Annual independent financial audits

The manner in which annual, independent, financial audits shall be conducted, which shall employ generally accepted accounting principles, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority. The charter shall state what specific financial standards the charter school will use. To enable the chartering authority to discharge its fiscal oversight responsibilities, the charter petition shall state what kind of information, in addition to the required annual audit and annual financial reports, will be provided to the chartering authority and at what intervals it will be provided. The charter shall state what insurance or budgeted reserves will be maintained to cover its own potential liabilities. The charter shall state what procedure would be used to resolve disputes regarding a proposed decision to revoke the charter based on fiscal management.

(J) Student suspension and expulsion procedures

The procedures by which pupils can be suspended or expelled.

(K) STRS, PERS, or Social Security coverage for employees

The manner by which staff members of the charter schools will be covered by the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security, and applicants will be notified of retirement system options under Education Code section 47611.

(L) Attendance alternatives

The public school attendance alternatives for pupils residing within the school district who choose not to attend charter schools.

(M) Rights of employees leaving or returning to district

A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.

(N) Dispute resolution

The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.

(O) Exclusive public employer declaration

A declaration whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for the purposes of the Educational Employment Relations Act (Chapter 10.7, commencing with Section 3540, of Division 4 of Title 1 of the Government Code).

(P) School closure procedures

A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities for the charter school, including plans for disposing of any net assets and for the maintenance and transfer of pupil records.

Required Components of a Countywide Charter School Petition

A charter school petition must contain reasonably comprehensive descriptions of all the elements found in Education Code section 47605.6(b)(5).

(A) Educational program

- (i) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an "educated person" in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.
- (ii) Proposed charter schools serving high school pupils must describe how the school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.
- (iii) A description of how the educational services to be provided by the charter school will offer services to a pupil population that will benefit from those services and that cannot be served as well by a charter school that operates in only one school district in the county. [EC § 47605.6(a)(1)]

(B) Pupil outcomes

The measurable pupil outcomes identified for use by the charter school. "Pupil outcomes," for purposes of this part, means the extent to which all pupils of the school demonstrate that they have attained the skills, knowledge, and attitudes specified as goals in the school's educational program.

(C) Method to measure meeting pupil outcomes

The method by which pupil progress in meeting those pupil outcomes is to be measured.

(D) Site Locations

The location of each charter school facility that the petitioner proposes to operate.

(E) Governance structure

The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.

(F) Employees' qualifications

The qualifications to be met by individuals to be employed by the school.

(G) Health and safety procedures

The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Education Code section 44237.

(H) Racial and ethnic balance

The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.

(I) Annual independent financial audits

The manner in which annual, independent, financial audits shall be conducted, which shall employ generally accepted accounting principles, and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority. The charter shall state what specific financial standards the charter school will use. To enable the chartering authority to discharge its fiscal oversight responsibilities, the charter petition shall state what kind of information, in addition to the required annual audit and annual financial reports, will be provided to the chartering authority and at what intervals it will be provided. The charter shall state what insurance or budgeted reserves will be maintained to cover its own potential liabilities. The charter shall state what procedure would be used to resolve disputes regarding a proposed decision to revoke the charter based on fiscal management.

(J) Student suspension and expulsion procedures

The procedures by which pupils can be suspended or expelled.

(K) STRS, PERS, or Social Security coverage for employees

The manner by which staff members of the charter schools will be covered by the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security, and applicants will be notified of retirement system options under Education Code section 47611.

(L) Dispute resolution

The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.

(M) Exclusive public employer declaration

A declaration whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for the purposes of the Educational Employment Relations Act (Chapter 10.7, commencing with Section 3540, of Division 4 of Title 1 of the Government Code).

(N) Admission requirements

Admission requirements, if applicable.

(O) Public school attendance alternatives

The public school attendance alternatives for pupils residing within the county who choose not to attend the charter school.

(P) Rights of employees leaving or returning to the county

A description of the rights of any employee of the county office of education, upon leaving the employment of the county office of education to work in a charter school, and of any rights of return to the county office of education after employment at a charter school.

(Q) School Closure Procedures

A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities for the charter school, including plans for disposing of any net assets and for the maintenance and transfer of pupil records.

RESOLUTION

_____ School District
Resolution Number _____

Resolution to Establish a Special Revenue Fund to be known as the Charter Schools Fund

On motion of Member _____, Seconded by Member
_____, the following resolution is adopted:

WHEREAS, school districts are authorized by Education Code Section 47600 et seq. to establish a special revenue fund to be known as the Charter Schools Fund; and

WHEREAS, such fund is authorized to account for the specific revenue sources and expenditures details for charter schools;

THEREFORE, BE IT RESOLVED, that the Governing Board hereby authorizes the San Diego County Auditor and Treasurer to establish a restricted fund for special revenues to be known as the Charter Schools Fund in accordance with Education Code section 47600 et seq.

PASSED AND ADOPTED by the Governing Board on _____
by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, _____, Clerk/Secretary of the Governing Board, do hereby certify that the foregoing is a full, true and correct copy of the original entered in the minutes of the Governing Board of the _____ School District.

Clerk/Secretary of the Governing Board

RESOLUTION

_____ School District
Resolution Number _____

Resolution to Establish a Charter School Enterprise Fund (62-00)

On motion of Member _____, seconded by Member _____, the following resolution is adopted:

WHEREAS, the _____ School District is the chartering agency for the _____ Charter School that operates as an IRC 501(c)(3) nonprofit public benefit corporation, formed and organized pursuant to the Nonprofit Public Benefit Corporation Law (Corporations Code section 5110 et seq.); and

WHEREAS, charter schools are required to prepare financial reports by Education Code sections 42100(b) and 47604.33 in accordance with the *California School Accounting Manual* (CSAM) and generally Accepted Accounting Principles (GAAP); and

WHEREAS, the _____ Charter School is financed and operated in a manner that is similar to that employed by private business enterprises; and

WHEREAS, the CSAM authorizes the establishment of *Fund 62, Charter School Enterprise Fund*, to account on a full-accrual basis for all revenues and expenses of a charter school;

THEREFORE, BE IT RESOLVED that the Governing Board hereby authorizes the establishment of a restricted fund to be known as the Charter School Enterprise Fund in accordance with Education Code section 42100 for the _____ Charter School.

PASSED AND ADOPTED this ____ day of _____, 20____, by the Governing Board of the _____ School District of San Diego County, California, by the following vote:

AYES: Members

NOES: Members

ABSENT: Members

STATE OF CALIFORNIA)
) SS
COUNTY OF SAN DIEGO)

I, _____, Clerk/Secretary of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of the original entered in the minutes of the Governing Board of the _____ School District.

Clerk/Secretary of the Governing Board

Principal Apportionment Attendance Software

The California Department of Education (CDE) implemented attendance data collection software at the 2002-03 first interim-reporting period (P-1). Paper reports are no longer accepted by the CDE.

The implementation of this software significantly changes the process that charter schools and school districts use to report average daily attendance (ADA) and other related data used to calculate principal apportionments. Once the data is certified by the software, charter schools must export their ADA and Disadvantaged Pupil Count data files to their districts via email or diskette. The data files must be reviewed and certified by the district. Charter schools should contact their chartering agencies to establish a timeline and to determine the best method for submitting attendance data and certification pages.

The following charter school forms have been replaced by the new software:

Charter School Average Daily Attendance Forms (ADA):

| | |
|---------------|--|
| J18/19CH | (Revenue Limit Funded) |
| J18/19CH/BG | (Elementary or High School District Sponsored) |
| J18/19CH/BG/U | (Unified School District Sponsored) |

Charter School Disadvantage Pupil Count (Economic Impact Aid):

| | |
|------------|---|
| J18/19CH/E | (All Charter Schools Excluding Revenue Limit Schools) |
|------------|---|

The software will generate a certification form and number. This form must be signed by a charter school official and the chartering agency's superintendent and then forwarded to the appropriate county office of education for review and signature. Any subsequent revisions to a report will generate a new certification form and number.

Attendance data files are submitted to county offices of education for each reporting period. The certification form is kept on file at the county office of education.

Principal Apportionment Attendance Software is available for download at the CDE's School Fiscal Services Division's (SFSD) Software Website at <www.cde.ca.gov/fg/sf/aa>. It is important to read all instructions before downloading the software.

Ref.: San Diego County Office of Education Bulletin, December 2, 2002:
2002-03 First Period Reports of Attendance, School District Attendance
Data Collection Software

**Average Daily Attendance Alternative Calculation Method
for Multitrack Charter Schools**

A school district operating a multitrack calendar calculates average daily attendance (ADA) by dividing student attendance for each track by the number of school days taught for that track. However, a charter school operating a multitrack calendar must calculate ADA by dividing total student attendance by the total number of school days taught at the charter school, unless it has been granted a waiver that allows the charter school to calculate the ADA in the same manner as a school district.

Below is a simplified illustration of how a district and a charter school would calculate ADA for one track of a multitrack calendar. For the purposes of this illustration, assume 20 school days in each month and perfect attendance for 100 students in each track.

| July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | March | April |
|------|------|-------|------|------|------|------|------|-------|-------|
| A | A | A | A | | A | A | A | A | |
| | B | B | B | B | | B | B | B | B |
| C | | C | C | C | C | | C | C | C |
| D | D | | D | D | D | D | | D | D |

A school district would calculate the ADA at P-2 for Track A by:

Dividing the attendance of 16,000 (8 months x 20 days x 100 pupils) by 160 (8 months x 20 days) to yield an ADA of 100.

A charter school would calculate the ADA at P-2 for Track A by:

Dividing the attendance of 16,000 (8 months x 20 days x 100 pupils) by 200 (10 months x 20 days) to yield an ADA of 80.

In this example, the charter school is dividing the total attendance by 200 since other tracks are operating during the months of November and April (tracks B, C, and D).

In order for charter schools operating multitrack calendars to calculate the ADA in the same manner as a school district, a waiver of Title 5, California Code of regulations section 11960 must be obtained from the California Department of Education (CDE) [Education Code 33050]. Charter schools should contact the Charter Schools Division at (916) 322-6029 and the Waiver Office at (916) 319-0824 to obtain assistance regarding the waiver process. The waiver request should include the following information:

1. Identification of the charter school.
2. A copy of the charter school's calendar for the year(s) for which the waiver is requested.
3. The number of tracks that the school operates.
4. The total number of days school is taught in the charter school.
5. The total number of days school is taught in each track.
6. The reason the school is operation a multitrack calendar.

The waiver request must also provide assurances that the charter school will meet the following terms and conditions of approval of the waiver:

1. If the charter school is a start-up school, it will operate not more than five tracks; if it is a conversion school, it will operate no more than the number of tracks it operated prior to conversion.
2. If the charter school is a start-up school, each track will operate a minimum of 175 days; if it is a conversion school, the school may continue its previous schedule as long as it provides no less than 163 days of instruction in each track.
3. For each track, the charter school will provide the total number of instructional minutes contained in Education code section 46201.5(a)(2).
4. No track will have fewer than 55 percent of its school days prior to April 15.
5. ADA will be calculated separately for each track by the method set forth in title 5, California Code of Regulations section 11960, and then the resulting figures will be totaled.

Ref.: San Diego County Office of Education Bulletin, August 15, 2002:
Charter Schools Operating Multiple Track Calendars

**Charter School State Aid
In-Lieu of Property Tax and Categorical Block Grant Apportionment Schedules**

General Purpose Block Grant Apportionment Schedule

| | | Advance Apportionment | | | | | | | |
|-------------------------|--|-----------------------|--------|-----------|---------|----------|----------|---------|----------|
| | | July | August | September | October | November | December | January | February |
| State Aid | | 6% | 12% | 8% | 8% | 8% | 8% | 8% | |
| In-Lieu of Property Tax | | | 6% | 12% | 8% | 8% | 8% | 8% | 8% |

| | | P1 Apportionment | | | | |
|-------------------------|--|------------------|-------|-------|-----|------|
| | | February | March | April | May | June |
| State Aid | | 1/3 | 1/6 | 1/6 | 1/6 | |
| In-Lieu of Property Tax | | | 1/3 | 1/6 | 1/6 | 1/6 |

*1/3 in February Apportionment = (P1 total - (total received from July to January))/3

*1/6 in March through May = (P1 total - (total received from July to January))/6

| | | P2 Apportionment | |
|-------------------------|--|------------------|---------|
| | | June | July |
| State Aid | | Deferred | Balance |
| In-Lieu of Property Tax | | | Balance |

*The Categorical Block Grant Apportionment uses similar schedule as the State Aid Apportionment. Categorical funding could be delayed due to late adoption of the State Budget for 2008-09. For 2008-09 only, the normal State Aid payment for July will be deferred until September.

Apportionment Example

| | | Advance Apportionment | | | | | | | |
|-------------------------|--|-----------------------|--------|-----------|---------|----------|----------|---------|----------|
| | | July | August | September | October | November | December | January | February |
| State Aid | | 12,000 | 24,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | |
| In-Lieu of Property Tax | | | 9,000 | 18,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |

| | |
|--------------------------------|------------|
| Advance State Aid total = | \$ 200,000 |
| Advance In-Lieu of Prop. tax = | \$ 150,000 |

| | | P1 Apportionment | | | | |
|-------------------------|--|------------------|--------|--------|--------|--------|
| | | February | March | April | May | June |
| State Aid | | 44,667 | 22,333 | 22,333 | 22,333 | |
| In-Lieu of Property Tax | | | 31,000 | 15,500 | 15,500 | 15,500 |

| | |
|---------------------------|------------|
| P1 State Aid total = | \$ 250,000 |
| P1 In-Lieu of Prop. Tax = | \$ 180,000 |

| | | P2 Apportionment | |
|-------------------------|--|------------------|-----------|
| | | June | July |
| State Aid | | | \$ 32,333 |
| In-Lieu of Property Tax | | | \$ 25,500 |

| | |
|---------------------------|------------|
| P2 State Aid total = | \$ 260,000 |
| P2 In-Lieu of Prop. Tax = | \$ 190,000 |

**Charter School State Aid
In-Lieu of Property Tax and Categorical Block Grant Apportionment Schedules**

**General Purpose Block Grant Apportionment Schedule for Newly Operational Charter School
or for Growing Charter School Adding Grade Level(s)**

| | | Special Advance from Annual Information Sheet and Funding Survey and 20-Day Actual Report | | | | | | | |
|-------------------------|--|---|--------|-----------|---------|----------|----------|---------|----------|
| | | July | August | September | October | November | December | January | February |
| State Aid | | 0% | 0% | 42% | 0% | 0% | 16% | 0% | |
| In-Lieu of Property Tax | | | 6% | 12% | 8% | 8% | 8% | 8% | 8% |

| | | P1 Apportionment | | | | |
|-------------------------|--|------------------|-------|-------|-----|------|
| | | February | March | April | May | June |
| State Aid | | 1/3 | 1/6 | 1/6 | 1/6 | |
| In-Lieu of Property Tax | | | 1/3 | 1/6 | 1/6 | 1/6 |

*1/3 in February Apportionment = (P1 total - (total received from July to January))/3
 *1/6 in March through May = (P1 total - (total received from July to January))/6

| | | P2 Apportionment | |
|-------------------------|--|------------------|---------|
| | | June | July |
| State Aid | | Deferred | Balance |
| In-Lieu of Property Tax | | | Balance |

*The Categorical Block Grant Apportionment uses similar schedule as the State Aid Apportionment. Categorical funding could be delayed due to late adoption of the State Budget in 2008-09.

Apportionment Example for Newly Operational Charter School

| | | Advance Apportionment | | | | | | | |
|-------------------------|--|-----------------------|--------|-----------|---------|----------|----------|---------|----------|
| | | July | August | September | October | November | December | January | February |
| State Aid | | - | - | 84,000 | - | - | 32,000 | - | |
| In-Lieu of Property Tax | | | 9,000 | 18,000 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |

| | |
|--------------------------------|------------|
| Advance State Aid total = | \$ 200,000 |
| Advance In-Lieu of Prop. tax = | \$ 150,000 |

| | | P1 Apportionment | | | | |
|-------------------------|--|------------------|--------|--------|--------|--------|
| | | February | March | April | May | June |
| State Aid | | 44,667 | 22,333 | 22,333 | 22,333 | |
| In-Lieu of Property Tax | | | 31,000 | 15,500 | 15,500 | 15,500 |

| | |
|---------------------------|------------|
| P1 State Aid total = | \$ 250,000 |
| P1 In-Lieu of Prop. Tax = | \$ 180,000 |

| | | P2 Apportionment | |
|-------------------------|--|------------------|-----------|
| | | June | July |
| State Aid | | | \$ 32,333 |
| In-Lieu of Property Tax | | | \$ 25,500 |

| | |
|---------------------------|------------|
| P2 State Aid total = | \$ 260,000 |
| P2 In-Lieu of Prop. Tax = | \$ 190,000 |



Charter School Block Grant Funding EHS

County: San Diego

Period: 2006-07 P-1

District:

CDS Code:

LEA:

General Purpose Entitlement

| | | | |
|---|------|------------------------|------|
| Kindergarten and Grades 1-3 Charter ADA | A-1 | <u>446.63</u> | 0247 |
| General Purpose per ADA for Grades K-3 | A-2 | \$ <u>5,348.00</u> | 0248 |
| Total Grades K-3 Funding (A-1 * A-2) | A-3 | \$ <u>2,388,577.24</u> | 0249 |
| Grades 4-6 Charter ADA | A-4 | <u>361.03</u> | 0250 |
| General Purpose Funding per ADA for Grades 4-6 | A-5 | \$ <u>5,428.00</u> | 0251 |
| Total Grades 4-6 Funding (A-4 * A-5) | A-6 | \$ <u>1,959,670.84</u> | 0252 |
| Grades 7-8 ADA | A-7 | <u>0.00</u> | 0253 |
| General Purpose Funding per ADA for Grades 7-8 | A-8 | \$ <u>5,583.00</u> | 0254 |
| Total Grades 7-8 Funding (A-7 * A-8) | A-9 | \$ <u>0.00</u> | 0255 |
| Grades 9-12 Charter ADA | A-10 | <u>0.00</u> | 0256 |
| General Purpose Funding per ADA for Grades 9-12 | A-11 | \$ <u>6,473.00</u> | 0257 |
| Total Grades 9-12 Funding (A-10 * A-11) | A-12 | \$ <u>0.00</u> | 0258 |
| Total General Purpose Entitlement Funding (A-3 + A-6 + A-9 + A-12) | A-13 | \$ <u>4,348,248.00</u> | 0259 |
| Local Revenue (In-Lieu of Property Taxes) | | | |
| Taxes Per ADA | B-1 | \$ <u>2,636.06</u> | 0260 |
| Total Charter ADA | B-2 | \$ <u>807.66</u> | 0261 |

| | | | | |
|---|-----|----|---------------------|------|
| Total In-Lieu of Property Taxes (If A-13 > (B-1 * B-2), (B-1 * B-2); else A-13) | B-3 | \$ | <u>2,129,040.00</u> | 0263 |
| Total In Lieu of Property Taxes Adjustment for Charter Operating less than 175 days | B-4 | \$ | <u>0</u> | 0264 |
| Adjusted Total In Lieu of Property Taxes (B-3 - B-4) | B-5 | \$ | <u>2,129,040</u> | 0514 |
| Total State Aid Portion of General Purpose Entitlement (A-13 - B-3) | C-1 | \$ | <u>2,219,208.00</u> | 0263 |
| Total State Aid for Charter Operating less than 175 days | C-2 | \$ | <u>0.00</u> | 0264 |
| Total Adjusted State Aid (C-1 - C-2) | C-3 | \$ | <u>2,219,208.00</u> | 0265 |



Charter School Block Grant Funding Unified

County: San Diego

Period: 2006-07 P-1

District:

CDS Code:

LEA:

| | | | |
|--|-----|--------------------|------|
| General Purpose Funding per ADA for Grades K - 3 | A-1 | \$ <u>5,348.00</u> | 0218 |
|--|-----|--------------------|------|

| | | | |
|--|-----|--------------------|------|
| General Purpose Funding per ADA for Grades 4 - 6 | A-2 | \$ <u>5,428.00</u> | 0219 |
|--|-----|--------------------|------|

| | | | |
|--|-----|--------------------|------|
| General Purpose Funding per ADA for Grades 7 - 8 | A-3 | \$ <u>5,583.00</u> | 0220 |
|--|-----|--------------------|------|

| | | | |
|---|-----|--------------------|------|
| General Purpose Funding per ADA for Grades 9 - 12 | A-4 | \$ <u>6,473.00</u> | 0221 |
|---|-----|--------------------|------|

General Purpose Entitlement for Resident Pupils

| | | | |
|---|-----|-------------|------|
| Grades Kindergarten and 1 - 3 Charter ADA | B-1 | <u>0.00</u> | 0222 |
|---|-----|-------------|------|

| | | | |
|----------------------------------|-----|----------------|------|
| Grades K - 3 Funding (A-1 * B-1) | B-2 | \$ <u>0.00</u> | 0223 |
|----------------------------------|-----|----------------|------|

| | | | |
|--------------------------|-----|--------------|------|
| Grades 4 - 6 Charter ADA | B-3 | <u>42.94</u> | 0224 |
|--------------------------|-----|--------------|------|

| | | | |
|----------------------------------|-----|----------------------|------|
| Grades 4 - 6 Funding (A-2 * B-3) | B-4 | \$ <u>233,078.32</u> | 0225 |
|----------------------------------|-----|----------------------|------|

| | | | |
|--------------------------|-----|---------------|------|
| Grades 7 - 8 Charter ADA | B-5 | <u>527.28</u> | 0226 |
|--------------------------|-----|---------------|------|

| | | | |
|----------------------------------|-----|------------------------|------|
| Grades 7 - 8 Funding (A-3 * B-5) | B-6 | \$ <u>2,943,804.24</u> | 0227 |
|----------------------------------|-----|------------------------|------|

| | | | |
|---------------------------|-----|---------------|------|
| Grades 9 - 12 Charter ADA | B-7 | <u>180.66</u> | 0228 |
|---------------------------|-----|---------------|------|

| | | | |
|-----------------------------------|-----|------------------------|------|
| Grades 9 - 12 Funding (A-4 * B-7) | B-8 | \$ <u>1,169,412.18</u> | 0229 |
|-----------------------------------|-----|------------------------|------|

| | | | |
|---|-----|------------------------|------|
| Total Block Grant For Resident Pupils (B-2 + B-4 + B-6 + B-8) | B-9 | \$ <u>4,346,295.00</u> | 0230 |
|---|-----|------------------------|------|

General Purpose Entitlement for Non-Resident Pupils

| | | | |
|---|-----|-------------|------|
| Grades Kindergarten and 1 - 3 Charter ADA | C-1 | <u>0.00</u> | 0231 |
|---|-----|-------------|------|

| | | | |
|----------------------------------|-----|----------------|------|
| Grades K - 3 Funding (A-1 * B-1) | C-2 | \$ <u>0.00</u> | 0232 |
|----------------------------------|-----|----------------|------|

| | | | |
|---|--------|---------------------|------|
| Grades 4 - 6 Charter ADA | C-3 | <u>0.00</u> | 0233 |
| Grades 4 - 6 Funding (A-2 * B-3) | C-4 \$ | <u>0.00</u> | 0234 |
| Grades 7 - 8 Charter ADA | C-5 | <u>3.60</u> | 0235 |
| Grades 7 - 8 Funding (A-3 * B-5) | C-6 \$ | <u>20,098.80</u> | 0236 |
| Grades 9 - 12 Charter ADA | C-7 | <u>1.79</u> | 0237 |
| Grades 9 - 12 Funding (A-4 * B-7) | C-8 \$ | <u>11,586.67</u> | 0238 |
| Total Block Grant For Non-Resident Pupils (B-2 + B-4 + B-6 + B-8) | C-9 \$ | <u>31,685.00</u> | 0239 |
| Total General Purpose Entitlement (B-9 + C-9) | D-1 \$ | <u>4,377,980.00</u> | 0240 |
| Local Revenue | | | |
| Taxes Per ADA | E-1 \$ | <u>3,783.48</u> | 0241 |
| Total Charter ADA | E-2 | <u>756.27</u> | 0242 |
| Total In-Lieu of Property Taxes (If D-1 > (E-1 * E-2), (E-1 * E-2); else D-1) | E-3 \$ | <u>2,861,332.00</u> | 0243 |
| Total In Lieu of Property Taxes Adjustment for Charter Operating less than 175 Days | E-4 \$ | <u>0</u> | 0515 |
| Adjusted Total In Lieu of Property Taxes (E-3 - E-4) | E-5 \$ | <u>2,861,332</u> | 0516 |
| Total State Aid Portion of General Purpose Entitlement (D-1 - E-3) | F-1 \$ | <u>1,516,648.00</u> | 0244 |
| Total State Aid for Charter Operating less than 175 days | F-2 \$ | <u>0.00</u> | 0245 |
| Total Adjusted State Aid (F-1 - F-2) | F-3 \$ | <u>1,516,648.00</u> | 0246 |



Charter School Block Grant Funding Unified

County: San Diego

Period: 2006-07 P-1

District:

CDS Code:

LEA:

Categorical per ADA Block Grant Funding

| | | |
|---|--------|---------------|
| Grades K-12 Charter ADA | A-1 | _____ 467.83 |
| Categorical Block Grant Funding per ADA for Grades K-12 | A-2 \$ | _____ 400.00 |
| Total Categorical per ADA Block Grant Funding (A-1 * A-2) | A-3 \$ | _____ 187,132 |

Economic Impact Aid Block Grant (Continuing Charters)

| | | |
|--|---------|---------------|
| Economically disadvantage pupils - CY | B-1 | _____ 412 |
| English learners - PY (Pending Legislation) | B-2 | _____ 286 |
| Pupil enrollment - PY | B-3 | _____ 504 |
| PY pupil enrollment CBEDS (B-3 / 2); (If B-3 = 0 B-4 =0) | B-4 | _____ 252 |
| Weighted pupil concentration calculation ((B-1 + B-2) - B-4) ; (If B-3 = 0 B-5 =0) | B-5 | _____ 446 |
| Weighted pupil concentration factor (If B-5 > 0, B-5 * 0.5; else 0) | B-6 | _____ 223 |
| Total Disadvantaged Pupils (B-1 + B-2 + B-6) | B-7 | _____ 921 |
| Amount per disadvantaged pupils | B-8 \$ | _____ 303 |
| Funding for disadvantaged pupils (B-7 * B-8) | B-9 \$ | _____ 279,063 |
| Minimum Block Grant for disadvantaged Pupils (Pending Legislation) | B-10 \$ | _____ 8,300 |
| Total Economic Impact Aid Block Grant (If B-9>B-10, B-11=B-9; else B-11=B-10) | B-11 \$ | _____ 279,063 |

Economic Impact Aid Block Grant (Newly Operational Charters)

| | | | |
|--|------|---------------------|------|
| Economically disadvantage pupils - CY | C-1 | <u>0</u> | |
| English learners - CY | C-2 | <u>0</u> | |
| Pupil enrollment - CY | C-3 | <u>0</u> | |
| CY pupil enrollment CBEDS (C-3 / 2); (If C-3 = 0, C-4 =0); (If C-3 = 0, C-5 =0) | C-4 | <u>0</u> | |
| Weighted pupil concentration calculation ((C-1 + C-2) - C-4) | C-5 | <u>0</u> | |
| Weighted pupil concentration factor (If C-5 > 0, C-5 * 0.5; else 0) | C-6 | <u>0</u> | |
| Total Disadvantaged Pupils (C-1 + C-2 + C-6) | C-7 | <u>0</u> | |
| Amount per disadvantaged pupils | C-8 | \$ <u>0</u> | |
| Funding for disadvantaged pupils (C-7 * C-8) | C-9 | \$ <u>0</u> | |
| Minimum Block Grant for disadvantaged Pupils (Pending Legislation) | C-10 | \$ <u>0</u> | |
| Total Economic Impact Aid block Grant (If C-9 > C-10, C-11 = C-9; else C-11 = C-10) | C-11 | \$ <u>0</u> | |
| Total Categorical Block Grant (A-3 + B-11 + C-11) | C-12 | \$ <u>466,195</u> | 5021 |
| Total State Aid for Charter Operating less than 175 days | D-1 | \$ <u>0</u> | 5022 |
| Total Categorical Block Grant (C-12 - D-1) | D-2 | \$ <u>466,195</u> | 5023 |
| State Proration Factor | D-3 | <u>0.8208685559</u> | 5024 |
| Adjusted Total Categorical Block Grant (D-2 * D-3) | D-4 | \$ <u>382,685</u> | 5025 |

The federal government provides funding for child nutrition programs through the *National School Lunch Act* and the *Child Nutrition Act*. In addition, the Legislature has established state-sponsored child nutrition programs to augment the basic federal programs.

BASIS FOR OPERATION

A school child nutrition program operates as a business. The primary goals are to provide children with comprehensive nutrition services by serving quality nutritious meals and to educate students about nutrition so they are healthy and ready to learn. Revenues are generated from various sources based on the number of meals served. The child nutrition department should be as completely self-supporting and cost effective as possible to minimize financial impact on the district's General Fund.

The director/supervisor of the child nutrition department must possess strong business and managerial skills as well as a background in nutrition and food services management. Responsibilities include program administration, fiscal management, human resources management, operational management, procurement, and warehousing functions. The director/supervisor must be experienced in communicating budget requirements to the school district administration. Monthly review of financial statements and a cash flow analysis are recommended to monitor the district's cash position.

LEGAL PROVISIONS

The legal references contained in this section relate primarily to the business aspects of child nutrition programs. It is important to keep abreast of other state and local requirements applicable to food handling. This includes being prepared for inspections by the County Department of Environmental Health, Food and Housing Division.

Governing Board Authority

The governing board has the authority to establish child nutrition activities and adopt related board policies. These actions must be recorded in the board minutes. Exhibit 1 presents a sample governing board resolution to establish food services. [EC §§ 38080-3]

Cafeteria funds must be used only for those expenditures authorized by the governing board and defined in the *California School Accounting Manual* or reported on the Annual Program Cost Report, as necessary for the operation of school cafeterias (see Additional Resources). Any charges to, or transfers from, a child nutrition program require accurate, written explanations of the purpose of, and basis for, the expenditures and the dates when charges or transfers are made. Revenue for nutrition programs

comes from federal and state programs as well as from paid lunches. All of this income goes into the Cafeteria Fund/Account, which is restricted. Federal law prohibits diverting any cafeteria funds to other uses. [EC §§ 38091, 38100-1]

The governing board may use cafeteria funds for the lease or purchase of additional cafeteria equipment for the central food processing plant, vending machines, including their installation and housing, and computer equipment and related software. [EC § 38091]

The governing board must establish the prices of servings to patrons at a price that will pay the cost of maintaining the cafeteria, exclusive of the costs that are charged against the General Fund. [EC § 38084]

Food may be sold only to pupils, employees of the school district, and members of the governing board. Individuals and organizations can be exempted from this restriction by formal resolution of the board. [EC § 38082]

Purchase of Food

Perishable foodstuffs and seasonal commodities should be purchased in accordance with rules and regulations adopted by the governing board. Food services purchases are subject to the same legal provisions as other district purchases. (See also Purchasing.) County Counsel has advised that milk and milk products are not perishable foodstuffs or seasonal commodities. [EC § 38083]

The federal “Buy American” provision generally requires schools to buy food produced in the United States when using federal nutrition funds. Certain limited exceptions exist. A school may buy foreign commodities if the recipients’ food preferences can be met only with foreign goods, if the products are not produced within the United States in sufficient quantity and quality, or if the cost of the domestic food product is significantly higher than foreign products. [7 CFR § 250.23]

Contracts for nonnutritious beverages and food are subject to a public hearing and other disclosure requirements. [EC § 35182.5] Districts should be cognizant of nutrition standards for foods and beverages sold to students when negotiating contracts for the sale of foods and beverages in vending machines and should also review existing contracts to ensure that they comply with nutrition standards within the timelines specified in law.

Nutrition Standards for Reimbursable Meals

"School meals" include breakfasts, lunches, and/or snacks served during nutrition periods. The meals may be hot or cold and must contain all components of a nutritionally adequate meal. [EC §§ 49500, 49553]

The United States Department of Agriculture (USDA) regulates the nutrient content of meals sold under its reimbursable meal programs. In addition, USDA requires local agencies to establish rules and regulations that restrict the sale of all foods of minimal nutritional value (FMNV) during meal periods where reimbursable meals are sold or eaten. [7 CFR §§ 210.10, 210.11, 220.8, 220.12] Management Bulletin 05-110, Nutrition Services Division, states that the California Department of Education will monitor school districts for compliance with restrictions on the sale of FMNV (see Additional Resources).

Reimbursable meals must follow the USDA nutritional guidelines or the menu planning options of Shaping Health as Partners in Education (SHAPE California Network) (see Additional Resources). In addition, districts cannot sell or serve any of the following: [EC § 49430.7]

1. A food item that has in any way been deep fried, par fried, or flash fried by a school or school district.
2. A food item containing artificial trans fat. Trans fat is defined as vegetable shortening, margarine, or any kind of hydrogenated or partially hydrogenated vegetable oil, unless the manufacturer's documentation or label lists the trans fat content as less than 0.5 grams per serving.
3. A food item that has been deep fried, par fried, or flash fried in oil as part of the manufacturing process. Prohibited oils and fats include palm, coconut, palm kernel, and lard. Permitted oils include canola, safflower, sunflower, corn, olive, soybean, peanut, or a blend of these oils.

The prohibitions listed above also apply to raw bulk USDA commodity foods that are sent to commercial processors for conversion into ready use products. The rules do not apply to other USDA commodity foods until the 2009 reauthorization of the National School Lunch Program is complete. By June 30, 2008, districts must provide the California Department of Education with a one-time certification of compliance with these requirements. Child development programs are encouraged to follow the same guidelines listed above for meals and food items sold as part of the free and reduced-price meal program. [EC § 49430.7] Management Bulletin NSD-SNP-03-2007 provides information on the new nutrition requirements (see Additional Resources).

Nutrition Standards for Non-Reimbursable Meals

California law regulates nutrition requirements for foods not reimbursed through the federally reimbursable meal programs. Nutrition standards effective July 1, 2007, are summarized below. Management Bulletin 06-110, Nutrition Services Division, discusses the current requirements (see Additional Resources).

The only foods that can be sold to a pupil at an elementary school during the school day are full meals that meet the federal meal pattern requirements for the National School Lunch or Breakfast Program or the SHAPE menu planning options, as well as individually sold portions of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruit, vegetables that have not been deep fried, and legumes. An individually sold dairy or whole grain food item may be sold to pupils at an elementary school if it meets all of the following standards: not more than 35 percent of its total calories from fat; not more than 10 percent of its total calories from saturated fat; not more than 35 percent of its total weight composed of sugar; and not more than 175 calories per individual food item. [EC § 49431]

Entree items sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall contain no more than 400 calories and no more than 4 grams of fat per 100 calories and shall be categorized as entree items in the School Breakfast Program or National School Lunch Program. [EC § 49431.2]

Any snack sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall meet all of the following standards: not more than 35 percent of its calories from fat; not more than 10 percent of its total calories from saturated fat; not more than 35 percent of its total weight composed of sugar; and not more than 250 calories per individual food item. These standards do not apply to the sale of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, or legumes. Exemptions to these requirements are provided for fundraising events held under specified conditions. [EC §§ 49431-1.2] (See also Student Organizations.)

Nutrition requirements for non-reimbursable meals will change in 2009. Effective July 1, 2009, schools cannot use artificial trans fat in the preparation of food items served to pupils in grades K-12 and must limit availability of foods containing artificial trans fat. Specifically, foods with artificial trans fat cannot be sold through a vending machine or school food service during school hours and up to half an hour before and after school. Artificial trans fat is defined as vegetable shortening, margarine, or any kind of partially hydrogenated vegetable oil, unless the manufacturer's documentation or label lists the trans fat content as less than .50 grams of trans fat per serving. [EC § 49431.7]

Nutrition Standards for Beverages

Regardless of the time of day, the only beverages that may be sold to pupils at elementary schools are water, milk with specified fat content, nondairy milk, drinks with at least 50 percent fruit juice, and drinks with at least 50 percent vegetable juice. The same requirements apply to beverages sold at middle and junior high schools from one-half hour prior to the start of school to one-half hour after school. In addition, specified electrolyte replacement drinks may be sold at middle or junior high schools.

Exemptions are provided for fundraising events held under specified conditions. [EC § 49431.5] (See also Student Organizations.)

The nutrition standards for beverages sold at junior high and middle schools are being phased in at the high school level. As of July 1, 2007, at least 50 percent of beverages sold to pupils must meet the new requirements, and beginning July 1, 2009, 100 percent of beverages must meet the requirements. [EC § 49431.5]

Control of Funds

A school district can create a county treasury fund or a bank account to control its cafeteria funds. If a single bank account is established by the governing board for all cafeterias of the district, the name of the account must be "The Cafeteria Account of the (insert name of district) District." If a separate bank account is established by the governing board for each cafeteria, each such account must be known as "The Cafeteria Account of the (insert name of school) School of the (insert name of district) District." The bank should be informed that the account(s) will be for the deposit of public funds. A "Contract for Deposit of Public Agency Funds" should be executed between the bank and the district when the account is opened. [EC § 38093] (See also Commercial School Orders.)

All food services cash collections must be deposited intact in the Cafeteria Fund/Account. [EC §§ 38090, 38093]

The governing board may contract and pay for the expense of transporting money to and from the bank where the cafeteria bank account is maintained. [EC § 41019]

The accounting system used for the Cafeteria Fund/Account must be in accordance with the definitions, instructions, and procedures published in the *California School Accounting Manual* or the *California Community Colleges Budget and Accounting Manual* (see Additional Resources). School Districts can choose to operate the cafeteria fund as either a governmental fund or an enterprise fund. [EC §§ 41010, 84030]

The governing board must designate in its minutes an employee(s) to have custody of the cafeteria bank account. This person shall be responsible for all monies paid into the account and for all expenditures. All employees who handle cafeteria funds must be bonded. [EC §§ 38094, 41021]

The governing board of a district maintaining a Cafeteria Fund may authorize one or more Cafeteria Revolving Accounts. A Cafeteria Revolving Account may be operated in the same manner and for the same purposes as authorized for a Cafeteria Account. Appropriate transfers, replenishments, and deposits between the Cafeteria Fund and Revolving Account may occur as are necessary to comply with accounting requirements. [EC § 38091]

The Cafeteria Fund/Account must be included in the annual audit of the books and accounts under the control or jurisdiction of the district. Financial reports of the Cafeteria Fund/Account are permanent records and must be retained indefinitely in paper, microfilm, electronic, or other format. [EC §§ 41020, 84040(b); 5 CCR § 16023] (See also Records Management.)

Equipment and Facilities

The governing board may make expenditures from the Cafeteria Fund for the construction, alteration, or improvement of a central food processing plant; for the installation of additional cafeteria equipment; and for the lease or purchase of vehicles that will be used primarily in support of the cafeteria. [EC § 38091]

The cost of facilities and initial equipment for cafeterias must be paid from the General Fund, Building Fund, or other fund from which such capital outlay may be legally paid. However, the General Fund or Cafeteria Fund/Account can be used for the lease or purchase of replacement equipment and vending machines. If school district funds are used, the governing board may reimburse school district funds from the Cafeteria Fund/Account at any time within five years. [EC § 38100]

The governing board may establish and maintain a cafeteria reserve for the purchase, lease, maintenance, or replacement of cafeteria equipment. The funds for the reserve would be derived from the cafeteria sale of food. [EC § 38102]

Expenditures

The governing board must employ child nutrition employees as part of the classified service. Salaries and benefits, including employer retirement contributions, shall be paid from the General Fund or from the Cafeteria Fund at the discretion of the governing board and with the approval of the county superintendent of schools, who has responsibility for a countywide payroll/retirement system functioning in accordance

with provisions of the Education Code. The governing board may order reimbursement from the Cafeteria Fund/Account to the General Fund in such amounts as it prescribes, but it shall not exceed actual costs and benefits incurred or anticipated. Any excess reimbursements must be refunded to the Cafeteria Fund/Account not later than the close of the current fiscal year. [EC § 38103]

Expenses in the General Fund classified as food service shall be excluded from the definition of "current expense of education" as defined in Education Code section 41372(b). [EC § 38103]

Reimbursements for salaries and benefits made from the Cafeteria Fund/Account to the General Fund shall be considered expenses of the Cafeteria Fund/Account. Only those payments not reimbursed from the Cafeteria Fund/Account shall be considered expenses of the General Fund. [EC § 38103]

California sales tax is applicable to all cafeteria sales except sales to students. All food sold at a school event where admission is charged is also subject to sales tax. (See also Student Organizations.) A seller's permit is necessary for all sales that are subject to tax. [R&TC § 6363] (See also Commercial School Orders.)

Meals for Needy Pupils

The governing board may provide, without charge or at a reduced price, breakfasts and/or lunches for needy pupils. Additionally, nutrition periods during the school day during which food and/or beverages are served may be provided to any or all pupils without charge or at a reduced price. The governing board may establish rules for determining which pupils are entitled to such servings except for family day care homes, which shall be reimbursed for 75 percent of the meals served. Any pupil meeting the federal eligibility criteria for free and reduced-priced meals shall be deemed needy. Precautions must be taken to prevent overt identification of needy pupils. Pupils not eligible for free meals shall be included in the meal program when their families are rendered homeless and temporarily unable to provide adequate meals due to the effects of a natural disaster. These costs may be paid from the General Fund. [EC §§ 49500 et seq.; 5 CCR §§ 15510, 15550 et seq.]

No public release of information regarding individual pupil participation in any free or reduced-price meal program is permitted. All applications and records made or kept by a school district concerning any individual in connection with free or reduced-price meal eligibility shall be confidential, and shall not be open to examination for any purpose not connected with the meal program. Under specified conditions, free and reduced-price meal data can be used by authorized district employees for the following purposes: the

disaggregation of academic achievement data, and to identify students eligible for public school choice and supplemental services under the No Child Left Behind Act. [EC § 49558]

School districts and county superintendents of schools may notify parents/guardians that a child qualifying for free or reduced-price meals under the National School Lunch Program may be eligible for free or reduced-cost health coverage. With parent/guardian permission, school lunch application information can be provided to the local Medi-Cal office. School districts opting to implement the information sharing process must establish a memorandum of understanding (MOU) with the local Medi-Cal office. [EC §§ 49557.1-7.2]

Districts are encouraged to provide meals during summer school and may claim reimbursement for qualifying meals. If a district is unable to provide meals during summer school, the governing board must submit a waiver request to the State Board of Education (see Additional Resources). [EC §§ 33050-1, 49548]

State and local government agencies responsible for aiding low-income persons may contribute to the cost of meals for needy pupils. [EC § 49504]

Any allocation of matching funds received from the Superintendent of Public Instruction for provision of meals to children from low-income families must be used exclusively for providing free and reduced-price meals for eligible children. These allocations may not be used to reduce the level of district or school expenditures for any existing program of free or reduced-price meals, unless free or reduced-price lunches are provided to each eligible needy pupil. [EC § 49491]

RULES AND REGULATIONS

Rules and regulations relative to child nutrition programs should be formulated and adopted by the governing board. Examples of issues that should be addressed in the rules and regulations include:

1. Integration of child nutrition functions into the total educational program of each school of the district.
2. Operation of child nutrition activities as a nonprofit service available to pupils on a voluntary basis.
3. Emphasis on serving complete and well-balanced school meals for all students.
4. Participation in the National School Lunch Program, School Breakfast Program, and Child Nutrition Commodity Program or the Special Milk Program.

5. Provision of school meals to all pupils at the lowest cost.
6. Creation of an adequate system of cash control.
7. Prohibition of extending credit to any individual.
8. Determination of the extent that student workers are used.
9. Use of food services facilities by organizations or groups for civic purposes. This includes the requirement that a child nutrition employee be on duty if a cafeteria kitchen is used.
10. Prohibition of providing free or reduced-price meals to patrons other than qualified pupils.
11. Disposition of leftover food.
12. Employment, training, and supervision of child nutrition personnel.
13. Provision of custodial services for child nutrition activities.
14. Regulation of the sale of food and beverage items by student organizations in consideration of the school district's nonprofit child nutrition programs and all other programs approved by the governing board. [EC § 48930 et seq; 5 CCR §§ 15500-1] (See also Student Organizations.)

School Wellness Policy

Governing boards of districts and charter schools that participate in the National School Lunch Program, School Breakfast Program, Special Milk Program, and/or Summer Food Service Program are required to have a districtwide school wellness policy. The policy must include the district's plan for complying with the USDA's FMNV requirements and must designate at least one person to oversee implementation of the policy and ensure that schools meet its provisions. Federal law specifies minimum components of the policy (see Additional Resources). [42 USC § 1751(a)]

Food Safety

Laws regarding food safety requirements and the content of food safety inspections are included in the California Retail Food Code (Health and Safety Code sections 113700-114437). School districts and charter schools participating in the National School Lunch or School Breakfast Programs are required to obtain at least two food safety inspections each school year and must make the most recent inspection report

available to the public by posting it in a publicly visible location and providing copies upon request. In addition, schools must develop a food safety system that utilizes Hazard Analysis and Critical Control Point (HAACP) principles to reduce the risk of foodborne hazards (see Additional Resources). [42 USC §§ 1758(h); 7 CFR § 210.13] Any costs incurred in complying with these requirements may be charged to the Cafeteria Fund/Account.

SOURCES OF REVENUE FOR CHILD NUTRITION PROGRAMS

In keeping with the objective of serving school meals to students at the lowest cost, it is imperative that districts identify and explore all possible sources of food services revenue. The following are potential sources:

National School Lunch Program and/or School Breakfast Program

Federal monies are available for districts that provide meals that meet minimum requirements and are made available to all pupils in attendance. Congress establishes funding levels on a yearly basis. Additional information is available from the Nutrition Services Division, California Department of Education, and the U.S. Department of Agriculture (see Additional Resources).

Special Milk Program

Federal cash subsidies for milk are available for districts that do not participate in other child nutrition programs. Information, application forms, and other detailed instructions are available from the Nutrition Services Division, California Department of Education (see Additional Resources).

Child Nutrition Commodity Program

Donated federal commodities are available to child nutrition programs at minimal cost through the Food Distribution Program of the Nutrition Services Division, California Department of Education (see Additional Resources).

State Meal Program

State monies are available to provide meals to needy pupils or families at a funding level established annually by the Legislature. [EC § 49950] The State Meal Program is administered by the Nutrition Services Division, California Department of Education (see Additional Resources).

School Organizations or Community Groups

Groups such as the parent-teachers association may create a revolving petty cash fund that can be used to make loans to students for meals.

Reimbursement from the School District's General Fund

Meals served free or at a reduced-price to needy pupils may be reimbursed by the district's General Fund. [EC §§ 49500-3, 49552]

Allocations for Declared Disasters

Districts may apply to the California Department of Education for temporary funding to provide meals to children temporarily left homeless in a state or federally declared disaster. [EC § 49505]

Daily Sales Receipts

Local monies are collected from cafeteria sales.

Meals for Needy Pupils Revenue Limit Adjustment

Districts that levied a meals for needy pupils permissive override property tax in 1977-78 receive a revenue limit adjustment. The governing board determines whether the unrestricted revenue from this adjustment will be spent on the child nutrition program or other district needs. [EC § 42241.2]

Interest on Deposits

Interest earned on child nutrition funds remains with the Cafeteria Fund/Account for program use.

ACCOUNTING

Double Entry Accounting

The use of a double entry accounting system has the following advantages:

1. This system allows for periodic trial balances as a means of verifying the accuracy of accounting records and facilitates preparation of periodic financial statements.

2. The likelihood of making erroneous or duplicate payments is reduced.
3. Accounting controls are enhanced, and audit discrepancies are minimized.

Accounting Practices

The fiscal year, for purposes of food services accounting, begins on July 1 and ends the following June 30.

Double entry accounting records should include cash receipts, disbursements, and a general ledger. Accounting records and supporting documents should be retained on file for the legally required annual audit. After the audit is completed, these documents must not be destroyed except in accordance with legal record retention provisions. Child Nutrition Program records shall be retained in accordance with USDA requirements. National School Lunch Program records shall be retained for three years after the applicable fiscal year. [7 CFR § 210.23(c); EC § 33421; 5 CCR § 16023] (See also Records Management.)

The bank balance should be carried forward to the most current status in the checkbook or cash disbursement journal.

A monthly trial balance of the general ledger should be prepared and maintained on file.

A general ledger account should be established to reflect the amount of the cash balance. A separate general ledger account should be established to reflect the amount in a petty cash fund.

In school districts having more than one cafeteria, separate income and expense breakdowns for each cafeteria should be maintained. This practice provides the basis for separate operating statements and financial controls for each cafeteria.

A financial statement should be prepared monthly from the double entry system of accounts for presentation to the governing board.

Information from the accounting records should be used to monitor cash flow and to analyze the overall financial status of the child nutrition program.

CONTROL OF CASH RECEIPTS

Methods of Cash Control and Collection Procedures

The cash register or point-of-sale system is considered the basic tool for the control of cafeteria cash receipts. A cash register with recording capability should be provided for each serving line. A cash register should also include a visible total that may be seen by the customer and a sufficient number of symbols for identifying the various types of servings. The cash register record provides an auditable record not only of the amount collected, but also of the number of each type of cafeteria serving, and provides a basic record to support claims made under federal programs.

In some districts, cash collections are handled through the sale of tickets. Where such a system is used, the tickets should be press-numbered to prevent unauthorized use or reuse. The cash register system is generally preferred over the ticket system. The ticket system has several key disadvantages, including difficulty reconciling ticket sales with counts of servings and cash collections and the need for additional personnel hours to sell tickets.

Regardless of the type of collection procedures used by districts, the procedures must contain a system to account for meals served in different eligibility categories.

A procedure should be developed for safely transporting monies to and from the collection point and the district and/or bank destination.

Cash Reports

Daily cash reports should be prepared for all meals served and for all monies received and deposited. Any differences in cash collections reported and actual cash receipts should be entered in the accounting records as "CASH OVER and SHORT." Significant and/or continuing differences should be investigated.

Cash Collections

All monies received should be entered into the accounting journals and ledgers, and a change fund should be established. The daily receipts should be deposited intact. Change should never be made from the previous day's cash receipts. At the end of the school year, funds remaining in the change fund should be re-deposited in the cafeteria's bank account or fund.

California sales tax is applicable to all cafeteria sales except sales to students. Generally, it is impractical to segregate daily sales tax collections from daily taxable sales. Gross daily sales, including sales tax collections, should be credited to the

appropriate income account in the Cash Receipts Journal. In San Diego County, the monthly gross total of taxable sales and sales tax collections can be divided by 1.0775 to determine the amount of state sales tax. A monthly General Journal entry can be made to debit the applicable income account and credit a liability account 7.75 percent of the taxable sales.

Claims for reimbursement are to be prepared from the daily record of meals served in accordance with instructions provided and within the required timelines.

Banking Procedures

The deposit of cash receipts should be made daily. An itemized duplicate deposit slip should be prepared for each bank deposit and kept on file. A bank endorsement stamp should be used on all checks that are received relating to the child nutrition activity.

Some school districts having more than one cafeteria have eliminated work involved in combining all cash receipts into one deposit by making a separate daily deposit for each cafeteria.

A permanent form of bank reconciliation should be prepared each month as soon as the bank statement is received. The reconciliation should be to the amount shown in the "Cash in Bank" general ledger account as well as to the balance shown in the checkbook and/or cash disbursement journal.

Banks ordinarily do not levy service charges on cafeteria bank accounts. However, charges can apply for special services such as printing checks or furnishing endorsement stamps.

CONTROL OF CASH DISBURSEMENTS

Processing Invoices

Any payments should be in the name of the district cafeteria and supported by properly itemized invoices listing the name of the vendor. All available cash discounts should be taken. When necessary, vendors' invoices subject to discount should be processed for payment in advance of invoices not subject to discount.

Before payment is made, school district staff should verify purchase order number, receipt of goods, prices and extensions, and authorization for payment. A rubber stamp providing spaces for verifications, date of payment, and check number can be used for processing invoices.

Districts should use the same care in processing payments from a cafeteria revolving cash account as in processing payments from a General Fund-supported revolving cash fund.

Disbursements by Check

All cash disbursements should be made either by check or through a revolving cash account that has been authorized by the governing board. Checks should be press-numbered and have the legally required name of the cafeteria bank account printed on them. The date and number of each check, including the amount, name of payee, and account distribution, should be recorded in the cafeteria cash disbursement journal.

Checks should not be signed unless drawn on the basis of itemized invoices for approved, legal expenditures relating to goods or services actually received.

Checks reimbursing the General Fund for salaries and benefits should be based upon costs actually incurred and amounts approved by the governing board. Each check should be drawn payable to the district General Fund.

Voided checks should be made nonnegotiable by having the signature space cut out and should be kept on file. In this way, an accounting can be made for each check. The number of each voided check and the fact that it is void should be recorded in the Cash Disbursement Journal. The resources in the cafeteria bank account or the cafeteria revolving cash account should be used only for disbursements relating to the child nutrition program.

CONTROL OF PURCHASES

Press-numbered purchase orders should be used to control all purchases. (See also Purchasing.) These should be signed by the employee designated by the governing board. The minutes of the regular board meeting should indicate the approval of purchase order numbers ____ through ____ for child nutrition each applicable month.

When a centralized system of purchasing is used, requisition forms should be used as the basis for issuing food and supplies from stock or as the basis for preparation of purchase orders. The purchase of perishable commodities delivered by a vendor frequently and on a continuing basis may be controlled through the use of a blanket purchase order covering a specific period of time and designating a specified dollar limit.

Purchasing records should indicate that nutritional standards of the National School Lunch Program are being met.

Orders should be placed promptly when notices of available surplus commodities are received from the California Department of Education. Reordering should be done whenever additional supplies of surplus commodities can be used advantageously.

Items received should be inspected by a person qualified to determine their conformity to the grades and specifications ordered by the school district.

CHILD NUTRITION EMPLOYEES

The job descriptions of all school district employees having any responsibilities relating to the child nutrition program should specify these duties.

The value of meals provided without charge to food services employees should be reflected in the accounting records both as a cost of operation and as income. Unless the governing board has taken action to declare that meals given to child nutrition employees are given as a convenience to the employer (e.g., so employees will be available for possible duty while eating lunches), the value of such meals must be included in computing total earnings and withholding taxes. An alternative to the extra work of accounting for meals provided to child nutrition employees is to have these employees pay for their meals.

Time reports signed by supervisory personnel should be submitted as documentary evidence that each employee was actually on the job during the period covered by the salary payment.

Student employees under the age of 18 who receive money for working in the cafeteria must have work permits. Information relating to work permits is available from school district offices. [EC §§ 49110-0.1]

Auto and travel allowances for child nutrition employees should be authorized by the governing board in the same way that authorization is granted for payments from the General Fund.

The school district's program of inservice training should include adequate training for child nutrition employees. The rules and regulations of the governing board relating to such matters as employee conduct, sick leave, and working conditions should be provided to each employee. (See also Human Resources.) Many school districts also prepare a handbook for student lunchroom employees. Resources on professional development opportunities for child nutrition personnel are available from the California Department of Education (see Additional Resources).

INVENTORIES

Separate inventories of cafeteria food and supplies should be taken at the end of each month on inventory forms that include a description, quantity, cost per unit and total cost, date of inventory, and signature of the person recording the inventory. Detailed inventory information is needed for financial accounting and for review by the California Department of Education, which determines whether nutritional standards have been met.

The costs of handling and shipping should be allocated to surplus food commodities for the purpose of determining inventory values of surplus items. Control over the issuance of food and supplies from the storeroom should prevent waste and the use of items for purposes other than the child nutrition program.

Up to date inventory information should be available to personnel responsible for purchasing to ensure that required supplies will be replenished promptly.

The number of different items and quantities stored may be great enough to require a continuous record of the inventory of food supplies. This can be accomplished by keeping manual or computerized records that track all acquisitions and issuances for each item.

Adequate, secure storage facilities should be provided to permit bulk purchases and to protect supplies against theft.

Frozen surplus commodities and commercial food items require adequate storage. Special care should be taken to observe temperature, humidity, or other requirements. The length of time that foods are stored should be properly limited to avoid spoilage.

INSURANCE

Insurance for child nutrition activities is usually provided under the general insurance program of the school district. The general insurance program coverage should be reviewed periodically to ensure it addresses the needs of child nutrition activities. For example, the district fidelity bond coverage must cover all employees handling cafeteria funds. Cash collections should be insured against theft until deposited in the bank. Liability coverage should include protection against food poisoning hazards. (See also Risk Management & Insurance.)

LEGAL REFERENCES

The full text of regulations issued by the Food and Drug Administration on a variety of topics such as food labeling and dietary supplements is available in the Code of Federal Regulations. "GPO Access," the U.S. Government Printing Office's World Wide Web interface to federal information, is available online (see Additional Resources). This Web site provides easy access to laws, regulations, reports, data and other information published by the United States Government.

The California Department of Education maintains a Web site of school nutrition program management bulletins (see Additional Resources). Information on the California State Board of Education waiver process is also available online (see Additional Resources).

ADDITIONAL RESOURCES

1. *California Community Colleges Budget and Accounting Manual*, Fiscal Standards and Information Section, California Community Colleges, 2000. Available: <<http://www.cccco.edu/SystemOffice/Divisions/FinanceFacilities/FiscalServices/FiscalStandardsInformation/BudgetandAccountingManual/tabid/381/Default.aspx>>

2. California Department of Education:

California School Accounting Manual, 2008. Available: <<http://www.cde.ca.gov/fg/ac/sa/>>

California State Board of Education waiver process. Available: <<http://www.cde.ca.gov/re/lr/wr/>>

Education and Training for information on professional development and standards in nutrition, nutrition education, and food service management. Available: <<http://www.cde.ca.gov/pd/fs/ne/>>

Educational Resources Catalog, 2008. See "Healthy Kids" for publications that support a nutrition curriculum. Available: <<http://www.cde.ca.gov/re/pn/rc/>>

Food Distribution Program for information on U.S. Department of Agriculture Commodities Program, Department of Defense Fresh Fruit and Vegetable Program, and related resources. Available: <<http://www.cde.ca.gov/ls/nu/fd/>>

Healthy Eating and Nutrition Education for food safety, menu planning, nutrition education resources, Farm to School Program, and school wellness policies. Available: <<http://www.cde.ca.gov/ls/nu/he/>>

Management Bulletins, Nutrition Services Division. Available:
<<http://www.cde.ca.gov/ls/nu/sn/mb.asp>>

Nutrition Education and Food Service Training for nutrition safety and education links. Available: <<http://www.cde.ca.gov/ls/nu/ed/>>

Nutrition Services Division for National School Lunch and School Breakfast Programs, Special Milk Program and State Meal Program. Available:
<<http://www.cde.ca.gov/ls/nu/sn/>> or phone (800) 952-5609.

Safety inspection and Hazard Analysis Critical Control Point (HACCP) requirements of the National School Lunch and School Breakfast Programs. Available:
<<http://www.cde.ca.gov/ls/nu/sn/gis15.asp>>

School Nutrition...by Design! Advisory Committee on Nutrition Implementation Strategies, 2006. Available:
<<http://www.cde.ca.gov/re/pn/fd/documents/schnutrtn071206.pdf>>

SHAPE California for information about a network for developing collaborative, positive nutrition policies. Available: <<http://www.cde.ca.gov/ls/nu/he/shape.asp>>

Summer Food Service Program. Available: <<http://www.cde.ca.gov/ls/nu/sf/>>

3. California School Boards Association (CSBA) for information and analysis of nutrition issues and sample policies on nutrition and food safety. Available:
<<http://www.csba.org/Services/Services/PolicyServices/PolicyAdvisoriesBriefs.aspx>>
4. County of San Diego, Department of Environmental Health, Food and Housing Division. Available:
<<http://www.sdcounty.ca.gov/deh/>>
5. GPO Access for laws, regulations, reports, data, and other information published by the United States Government. Available: <<http://www.gpoaccess.gov/index.html>>
6. National School Boards Association School (NSBA) for "101" packets on food safety, healthy eating, wellness policies, and other topics from the School Health Resource Database. Available:
<http://schoolhealth.nsba.org/site/page_schoolhealth.asp?TRACKID=&CID=1115&DID=120212>
7. SHAPE California Network for nutrition education information. Available:
<<http://intergate.ausd.k12.ca.us/shape/>>

8. U.S. Department of Agriculture:

A Biosecurity Checklist for School Foodservice Programs: Developing a Biosecurity Management Plan, March 2004. Available:

<<http://www.opi.state.mt.us/pdf/schoolfood/BiosecurityChecklist.pdf>>

Food and Nutrition Information Center, National Agricultural Library, for nutrition resources. Available: <<http://www.nal.usda.gov/fnic/>>

Food Safety Information Center, USDA/FDA, for foodborne illness prevention information. Available:

<http://foodsafety.nal.usda.gov/nal_display/index.php?info_center=16&tax_level=1&tax_subject=195>

Guidance on Federal meal programs. Available:

<<http://www.fns.usda.gov/cnd/Guidance/>>

Guidance for School Food Authorities: Developing a School Food Safety Program Based on the Process Approach to HACCP Principles, June 2005. Available:

<<http://www.fns.usda.gov/cnd/CNlabeling/Food-Safety/HACCPGuidance.pdf>>

Nutrition Assistance Programs for information on school meal programs, food safety, grants, nutrition education, regulations and policy. Available:

<<http://www.fns.usda.gov/fns/>>

School wellness policy examples, steps for creating and implementing a school wellness policy, funding information, and “Frequently Asked Questions.” Available:

<http://www.fns.usda.gov/tn/Healthy/wellnesspolicy_steps.html>

School wellness policy requirements of school nutrition programs as specified in the Child Nutrition and Women, Infants and Children (WIC) Reauthorization Act of 2004 (PL 108-265, section 204). Available: <<http://www.fns.usda.gov/tn/Healthy/108-265.pdf>>

Team Nutrition for information on training grants, Healthy Meals Resource System for foodservice professionals, and “My Pyramid” food guide. Available:

<<http://www.fns.usda.gov/tn>>

LIST OF EXHIBITS

- Exhibit 1 Resolution Establishing Food Services (Education Code § 38081), Sample, San Diego County Office of Education
- Exhibit 2 Cashier's Daily Cash and Sales Report Form, Sample, San Diego County Office of Education

RESOLUTION ESTABLISHING FOOD SERVICES
(Education Code § 38081)

_____ School District, San Diego County

ON MOTION of Member _____, seconded by Member _____, the following resolution is adopted:

IT IS HEREBY RESOLVED AND ORDERED that:

1. Pursuant to Education Code § 38081, it being advisable in the judgement of this Governing Board, the cafeteria(s) in _____ the school(s) is hereby declared to be established.
2. Pursuant to the provisions of Education Code § 38100, the cost of maintenance of the physical plant used in connection with the cafeteria, the cost of replacement of equipment, and the cost of telephone charges, water, electricity, gas, and garbage disposal shall be and are hereby made a charge against the funds of the school district.
3. Pursuant to the provisions of Education Code § 38103, the costs of wages, salaries and benefits, including district retirement contributions for all child nutrition, shall be paid from the General Fund or the Cafeteria Fund. Wages, salaries, and district retirement contributions paid from the General Fund on behalf of the Cafeteria Fund shall be reimbursed to the General Fund from the Cafeteria Fund.
4. Pursuant to the provisions of Education Code § 38084, the food served shall be sold to patrons of the cafeteria at such prices as will pay the cost of maintaining the cafeteria, exclusive of the costs made a charge against funds of the school district by provision of the Education Code, and items made a charge against the funds of the school district by resolution of the governing board under the authority of provisions of the Education Code. The prices of food sold are hereby set as follows:

| | |
|---------------------------------------|---------|
| Pupil plate lunch, including milk | cents |
| Pupil milk, one-third quart | cents |
| Pupil milk, one-half pint | cents |
| Adult plate lunch, including beverage | dollars |
| Adult milk, one-third quart | cents |
| Adult milk, one-half pint | cents |

5. Pursuant to the provisions of Education Code § 38093, the establishment of a bank account for the cafeteria is hereby authorized. The account shall be known as "The Cafeteria Account of _____ School District." All receipts of the cafeteria shall be deposited in the account and shall be expended only for the maintenance of the cafeteria.

6. Pursuant to the provisions of Education Code § 38094 _____, an employee of the district is hereby designated to have custody of the Cafeteria Account and shall be responsible for the payment into the account of all moneys required to be paid into the account and for all expenditures therefrom.
7. Pursuant to the provisions of Education Code § 38082, the following persons are hereby exempted from the operation of section 38082 and are permitted to use the cafeteria facilities:
 - A. Members of the staff of the California Department of Education and the San Diego County Office of Education.
 - B. Guests of employees.

PASSED AND ADOPTED by the Governing Board on _____ by the following vote:

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I, _____, Clerk/Secretary to the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Governing Board at a regularly called and conducted meeting held on said date.

WITNESS my hand this _____ day of _____, 20 ____.

Clerk/Secretary to the Governing Board

NOTE: Community colleges can establish a cafeteria under Education Code section 70902 and California Constitution, Article 9, Section 14.

| | | | | | |
|---|------------|------------------|----------------------------------|----------|--------|
| ALTA SCHOOL DISTRICT _____ | | | SCHOOL _____ | | |
| CAFETERIA ACCOUNT _____ | | | 20 _____ | | |
| CASHIER'S DAILY CASH AND SALES REPORT | | | | | |
| ANALYSIS OF SERVINGS | | | CASH COUNT | | |
| | Cash Sales | Noncash Servings | Denomination | Amount | Totals |
| | | | | | |
| TYPE A PUPIL LUNCHES: | | | | | |
| ___ Cash Sales | \$..... | xxxxxxx | Currency \$ _____ | \$..... | |
| ___ County Welfare @ | xxxxxxx | ..... | 5.00 | ..... |  |
| ___ Subsidized by _____ @ | xxxxxxx | ..... | 1.00 | _____ | |
| ___ Earned by Student Helpers @ | xxxxxxx | ..... | Total Currency | \$..... | |
| ___ Total Type A Servings | xxxxxxx | xxxxxxx | Coin \$.25 | ..... |  |
| | | | .10 | ..... |  |
| | | | .05 | _____ | |
| | | | .01 | \$..... | |
| | | | Total Coin | \$..... | |
| TYPE C PUPIL MILK: | | | Checks: Bank No. _____ | \$..... | |
| ___ Cash Sales @ | ..... | xxxxxxx | Bank No. _____ | _____ | |
| | | | Total Checks | \$ _____ | |
| OTHER SERVINGS: | | | Total Cash Received | \$..... | |
| ___ Adult Lunches @ | ..... | xxxxxxx | CASH TO BE ACCOUNTED FOR: | _____ | |
| ___ Adult Milk @ | ..... | xxxxxxx | Register Reading - Ending | \$..... | |
| ___ @ _____ | ..... | xxxxxxx | Register Reading - Beginning | ..... |  |
| ___ @ _____ | _____ | xxxxxxx | Total Cash to be Accounted For | _____ | |
| | | | Cash Over (Add) | _____ | |
| | | | Cash Short (Deduct) | \$ _____ | |
| TOTALS: | \$ _____ * | \$ _____ | TOTAL CASH RECEIVED | _____ | |
| *Total Cash Sales must equal Total Cash to be Accounted For | | | | | |

Form No.: xxx

Signed by _____

Cashier

A school order is signed by an authorized person on behalf of the governing board or by a majority of board members ordering a payment to be made from school district funds in the county treasury. The order, after legally required examination and approval by the county superintendent of schools, becomes a school warrant payable out of the county treasury. [GC §§ 53910-4] The warrant is transmitted to the school district for distribution to the payee. School (commercial) orders are referred to as warrants in this section.

Two general types of school warrants are used: payroll and commercial. Payroll warrants are used to make payments for services by employees on an annual contract or on a daily, hourly, or other basis. (See also Payroll.) Commercial warrants are used to make payments to commercial firms and contractors and to make other payments except salaries or wages. The information presented in this section, unless reference to a specific fund is made, applies generally to commercial warrants drawn upon any school district fund in the county treasury.

Detailed procedures for submitting commercial warrants to the San Diego County Office of Education (SDCOE) for audit and approval are contained in a separate *Commercial Warrant Claims Manual* published by the San Diego County Office of Education and available on the Internet (see Additional Resources).

BASIS FOR OPERATION

Purchasing, receiving, and payment functions should be kept separate to ensure strong internal controls, as recommended by independent auditors. To facilitate warrant processing, written business procedures should be developed relating to the purchasing, receiving, and accounting functions.

Employees who process commercial warrants should have the training and background necessary to accurately and efficiently complete the various steps in school warrant processing. Careful attention should be given to the assignment of responsibilities and scheduling of work so that deadlines that ensure prompt payment of school district obligations can be met.

LEGAL PROVISIONS

In approving commercial warrants, the county superintendent of schools must determine that the payment to be made is in accordance with specific legal provisions.

The following Education Code provisions relate to the processing of school warrants:

1. General provisions relating to the issuance and approval of commercial warrants. [EC § 42630]
2. Responsibility of a county superintendent of schools for examination and approval of each warrant as to its propriety, legality of the expenditure, and sufficiency of monies in the fund against which it is drawn. [EC §§ 42636, 85236]
3. Return to the school district of a commercial warrant that is disapproved by the county superintendent of schools with a statement of reason for disapproval. [EC §§ 42638, 85238]
4. Authorization by the governing board of a person or persons to sign commercial warrants. [EC §§ 42632-3, 85232-3]

RULES AND REGULATIONS

The governing board should formulate rules and regulations relating to school warrants, including but not limited to, the following steps:

1. Authorizing a designated employee to sign commercial warrants. [EC §§ 42632-3, 85232-3]
2. Providing for governing board review and approval of commercial warrants issued and for recording the inclusive numbers of commercial warrants in the board minutes.
3. Requiring that commercial warrants have complete documentary support verifying that all goods and services paid for have been delivered or rendered in accordance with the purchase agreements.
4. Processing commercial warrants expeditiously so as to take advantage of all cash discounts.

GENERAL PROCEDURES

Signing of Warrants

The practice of having warrants signed by a majority of board members may cause difficulties in scheduling the preparation and processing of warrants to coincide with board meeting dates. To avoid this problem, the board may adopt a resolution authorizing an officer or employee of the school district to perform this duty. A new

resolution must be adopted and filed with the San Diego County Office of Education following the annual organizational meeting of the board or any time during the year when revisions are required. [EC §§ 42632-3, 85232-3]

Signatures of authorized persons, including board members, must appear on the resolution. An agent of the district may, after filing with the Secretary of State his/her manual signature certified by him/her under oath, authorize his/her facsimile signature to be used in lieu of a manual signature. [GC § 5501]

When completing the resolution, the following should be noted (see Exhibit 1):

1. Facsimile signature, if applicable, as well as the manual signature, must be shown on the resolution.
2. Resolution changes as a result of an addition or deletion should be labeled "Additional" or "Replacement of _____."

Preparation of Warrants

Districts shall submit warrants to the San Diego County Office of Education with warrant registers (listing sheets) in numerical sequence. If the standard form warrant register supplied by the San Diego County Office of Education is not used, the format of the warrant register must be approved by the Commercial Warrant Audit Unit. The following items must appear on the warrant and/or warrant register as indicated below:

| | Warrant | Warrant Register |
|--|------------|------------------|
| 1. Official school district name | x | x |
| 2. Authorized signature | x | |
| 3. Warrant register number | | x |
| 4. Name of fund | x | x |
| 5. Two-digit fund number | | x |
| 6. Two-digit sub fund number | | x |
| 7. Four-digit county auditor identification number | | x |
| 8. Warrant series number | preprinted | x |
| 9. Warrant number | preprinted | x |
| 10. Date | x | x |
| 11. Payee | x | x |
| 12. Amount | x | x |

Minor corrections may be made on items 1 and 3 through 9. Items 2 and 12, the signature and amount, may not be corrected on the warrant.

Warrants and warrant registers are computer-generated at the San Diego County Office of Education for those districts using the online Financial Information System (FIS). In an emergency situation, when an on-line district requires a manual commercial warrant, the Commercial Warrant Unit prepares the warrant and a warrant register that includes only the date, payee, amount, and warrant number.

Vendors' Invoices

Vendors should be required to submit invoices at least in duplicate. The original invoice is the supporting document generally required by the San Diego County Office of Education for the audit of commercial warrants. The duplicate invoice is for the school district file. Districts may require a third copy for another use, such as returning it to the vendor with the payment. [EC §§ 42634, 85234]

Invoices must be itemized showing the separate items and the prices of each. Billing on a flat-rate or job-price basis may be accepted when it is the general practice of vendors to submit their invoices on this basis. Examples of this type of billing include musical instrument repair, equipment overhaul, printing, and some utility installations. If the governing board authorizes obtaining estimates for certain small jobs, such as repairs or painting, the invoice submitted should state that the price is in accordance with the estimate provided.

Invoices must be readable to properly support payments of public funds. Completed invoices should include the following details:

1. Name of firm or person submitting invoices (should match purchase order/contract)
2. Name of school district as addressee (not individual school)
3. Date of invoice
4. Number of school district purchase order or contract
5. Special terms, such as cash discounts
6. Description of each item or service provided
7. Quantity (dozen, gross, pound, etc.)
8. Unit price
9. Extended price for each item
10. Reference to bid title, bid number, and item number for items purchased from educational purchasing consortium bids.
11. Hours and rates for any labor charges
12. Subtotal of amounts subject to sales tax

13. Amount of sales tax, if applicable
14. Total amount of invoice

School districts should take all applicable cash discounts, indicating on the invoice the amount of the cash discount deducted and the net amount to be paid. Because cash discounts are sometimes shown separately in price lists or otherwise do not appear on invoices, special attention should be given to ensure that all discount commitments from vendors are applied.

If an invoice is to be paid from more than one fund, cross-references to the other warrant should be made on the invoice. Prior to processing invoices, the district should verify that cash in the fund(s) and budget is adequate for payment.

When processing commercial warrants to the San Diego County Office of Education, the itemized invoice for materials or services must be made available upon request. Requested supporting documents must be remitted before warrants will be released.

Expenditures in Connection with Federal Programs

Expenditures that are not otherwise specifically authorized by the Education Code may be approved if the invoices contain a signed certification that they were approved in an application for funds of a specific federal program (see sample below). Certification does not exempt a district from following legal procedures when expending federal funds, such as in advertising for bids and employing properly credentialed personnel. [EC §§ 12010, 12220]

I hereby certify that this expenditure was included in our application for federal funds and that documentation is on file in our office.

Signature _____
Authorized School District Official

SAMPLE

Sales Taxes

School districts are exempt from paying excise taxes on materials and communications services, including local telephone service. Federal excise tax exemption certificates should be filed with the provider of the service.

**EXEMPTION CERTIFICATE FOR USE BY STATES OR POLITICAL
SUBDIVISIONS THEREOF**

Vendor's Name _____

Street Address _____ City _____

Date _____

The undersigned hereby certifies that he/she is the _____ (Title)
of _____ School District and that the articles ordered
on official purchase order forms are for the use by the named school district in the
exercise of essential governmental functions.

Signature _____

SAMPLE

Invoices for materials and communication services should show that no federal excise tax is being charged. However, the fact that this tax is not itemized on an invoice does not give positive assurance that it has not been included in the price per item. For this reason, invoice items subject to federal excise tax should be carefully scrutinized. If necessary, additional exemption certificates should be sent to vendors and adjusted invoices obtained (see sample above).

If federal excise tax is assessed on a school district telephone bill, contact the local telephone service representative to ensure the tax is not charged in the future and to begin a refund process. [26 USC § 4253(b)(1); R&TC § 41046] Internal Revenue Service Publication 510, which provides detailed information regarding excise taxes, can be ordered from the IRS or downloaded on the Internet (see Additional Resources).

California state sales tax is applicable to school district purchases. If invoices do not include the applicable sales tax for taxable items, such as may be the case when items are purchased from out-of-state or Internet sources, a record of the purchases must be maintained and reported periodically on the appropriate State Board of Equalization use tax form. When the purchase involves a trade-in, the tax must be computed before the

trade-in allowance is taken. Additional information about sales and use tax can be obtained from the State Board of Equalization Web site (see Additional Resources).

School districts are required to hold a seller's permit and to collect, report, and remit sales tax on sales of meals and food under the following conditions: [R&TC § 6363]

1. Sales to students of edible nonfood products, such as carbonated beverages, unless the products are sold as part of a meal that is served at a time regularly set aside for meals, not at recess or breaks.
2. Sales of food to students and nonstudents in a place where admission is charged, such as athletic events.
3. Sales of meals and food products to nonstudents, including parents.

These rules also apply to vending machine sales at schools. Districts that sell food items under these circumstances can obtain a seller's permit from the California State Board of Equalization (see Additional Resources). (See also Child Nutrition.)

Employment Taxes

Districts are required to report to the Internal Revenue Service on Form 1099-MISC, Miscellaneous Income, payments of \$600 or more for non-employee services, rent, payments to providers of health/medical services, and gross proceeds paid to attorneys. In addition, payments of \$10 or more for interest income, including interest paid on late salary payments to certificated employees, must be reported using Form 1099-INT, Interest Income.

Districts are required to report to the Employment Development Department within 20 days of the earlier of either entering into a contract with an independent contractor that equals or exceeds \$600 or when aggregate payments to an independent contractor equal or exceed \$600. Additional information and Form DE 542, Report of Independent Contractor(s), for filing this report can be accessed online (see Additional Resources).

The Revenue and Taxation Code requires the withholding of seven percent of gross payments of California source income made to nonresident independent contractors when total payments exceed \$1,500 in a calendar year. Exceptions to this requirement may occur if the individual has a permanent place of business in California or if the vendor receives a written authorization from the Franchise Tax Board waiving the withholding. [R&TC § 18662] More information is available from the Franchise Tax Board (see Additional Resources).

Standard School Supply List

Elementary school districts having an average daily attendance (ADA) of less than 2,500 during the preceding school year must purchase supplies from the standard school supply list adopted by the County Board of Education. Purchase orders must show the standard list item number for each item ordered. Invoices should reflect all discounts allowed, as indicated on the price list. If items specified in the standard school supply list are purchased from vendors other than those listed, a valid reason in writing must accompany the warrant when it is submitted to the County Superintendent of Schools for approval. [EC §§ 1275, 38110]

An elementary school district of less than 2,500 ADA may purchase directly from a vendor only if the district is a member of a purchasing cooperative representing a total ADA in excess of 2,500. A membership certificate should be filed with the County Superintendent of Schools. (See also Purchasing.)

Electronic Waste Recycling Fees

Districts must pay an electronic waste recycling fee on purchases of computer monitors, laptop computers, and televisions with screens larger than four inches that contain a cathode ray tube (CRT). Payment of this fee entitles districts to dispose of equipment that contains hazardous waste, CRTs, and liquid crystal displays (LCDs), at no cost in an environmentally sound manner at state-approved computer recycling centers (see Additional Resources). [PRC § 42460 et seq.]

Travel Expense

The sample board policy and administrative regulation presented in Exhibit 2 have been broadly drawn for use by school and community college districts to provide appropriate controls on approval and reimbursement of expenses for official travel. They comply with the *Commercial Warrant Claims Manual* for documentation of commercial claims for travel expenses and meet code requirements discussed below. Sections 17430 to 17436 of the California Code of Regulations, Title 5, which govern travel by county superintendents, are also useful for writing district travel policies.

The governing board must provide for the payment of the actual and necessary travel expenses of any employee when the employee is performing services for the district at the direction of the board. [EC §§ 44032, 87032]

The governing board must authorize travel by board members. The payment of travel expenses incurred by board members, specifically in connection with attendance at meetings and conventions, is provided for in the Education Code. [EC § 35172(f)]

The governing board shall provide for the payment of the travel expenses of any representatives of the board when performing services directed by the board. [EC §§ 35044, 72423] When the governing board directs persons other than employees or board members to travel, specific action must be taken by the governing board to authorize reimbursement of travel expenses. Approval of a travel budget in connection with an application for funds does not constitute an authorization to travel unless the board so stipulates.

No expenses of pupils participating in a field trip or excursion to any other state, the District of Columbia, or a foreign country shall be paid with school district funds. [EC § 35330]

A superintendent may direct an employee to travel. Only the governing board, by action or delegation, may authorize an advance of travel funds to a board member or employee. If a governing board adopts a policy authorizing travel advances, the policy should limit the advances by establishing a per diem rate (exclusive of transportation) or by specifying an amount for each type of expenditure, such as meals, lodging, etc. Revolving cash funds should not be used for travel advances unless there is insufficient time to process a warrant for travel that has prior approval.

Under specified circumstances, advance payment of travel expenses may be made directly to a vendor. The governing board may pay cash deposits when required to guarantee payment for transportation purchased on credit for district employees or other representatives who are directed by the board to travel on district business. [EC § 44038] Advance registration fees or hotel deposits may also be made.

A warrant for reimbursement of travel expenses or advance of travel funds must be accompanied by an invoice or district claim form (see Exhibit 3). The statement must include the name of the employee or board member, the purpose and dates of the trip, and certification of governing board approval. Claims should be submitted promptly upon completion of each trip, and a deadline for filing travel claims should be established by board policy. Receipts for transportation, lodging, registration, and other expenses must be submitted as specified by board policy. Required receipts should be retained in the school district files for auditing purposes. Funds should not be paid to an individual who has neglected to file a claim covering a prior trip or travel advance.

Credit cards obtained in the name of the school district may be used for approved travel and shall be used only by authorized employees and officers. Individuals may charge only those items that are legal expenditures and reimbursable from district funds. The credit card monthly statement should be supported by original receipts, and all charges must be reconciled and approved on a monthly basis by the authorized employee.

Careful consideration should be given to compliance with Internal Revenue Service (IRS) regulations regarding travel advances and accounting for travel expenses, as some amounts may be required to be reported on the employee's W-2. Districts can obtain more information by ordering or downloading from the Internet IRS Publication 463, "Travel, Entertainment, Gifts, and Car Expenses." Current rates for per diem meal allowances are available in IRS Publication 1542, "Per Diem Rates" or online at the U.S. General Services Administration Web site (see Additional Resources).

Cash Deposits and Advance Payments

With the exception of advance payments in connection with approved travel, payments customarily are not made in advance. The governing board may establish conditions for advance payments that include certain utilities; postage; admission tickets; permits and services provided by other governmental agencies; subscriptions to, or purchases or rentals of, newspapers, magazines, periodicals, and other publications; and payments on leases of real property. Payments in advance may also be made for the maintenance of equipment under agreements when advance payment is required or will result in decreased cost to the district. [EC §§ 35160, 70902]

The governing board may pay cash deposits when required to guarantee payment for health plans purchased on credit for district employees. [EC § 44039]

Mileage or Monthly Car Allowance

Employees may be reimbursed for the use of their own cars when performing services for the district. If a mileage reimbursement rate is established by the governing board, an excerpt regarding this authorization must be filed with the San Diego County Office of Education at the beginning of the fiscal year. A statement that provides the employee's name, period covered, miles traveled, rate, and total reimbursement should accompany all warrants for mileage reimbursement. A mileage payment to a board member should be supported by a statement of the dates of board meetings attended, number of miles traveled, and the rate of reimbursement. Reimbursements that exceed the IRS-approved rate and monthly mileage allowance payments must be reported on the employee's W-2 as "other compensation." [EC § 44033]

If a monthly stipend is provided for a car allowance in lieu of reimbursement based on actual miles driven, the amount is subject to payroll taxes and should be made via a payroll warrant. Whether the stipend is made via a payroll or commercial warrant, the entire amount is reportable on the employee's Form W-2. Additional information is available in IRS Publication 463, "Travel, Entertainment, Gift, and Car Expenses" (see Additional Resources).

Membership in Organizations

Memberships in organizations may be purchased for a school district or for a school in the district and may name a district representative. Ownership of the membership is retained by the school district. There is no authority to use district funds to pay membership fees for individuals.

Governing boards may subscribe to membership in any national, state, or local organization of school district governing boards. [EC § 35172(d)]

Purchase of Real Property

Prior to acquiring title to property for a new school site, or an addition to a school site, the following conditions must be met: [EC §§ 17212-5, 81033]

1. Geological and engineering studies and environmental assessment conducted, with copies of findings submitted to State Department of Education.
2. An option to purchase agreement, if any, initiated in accordance with the Education Code.
3. Escrow instructions approved by legal counsel.

An excerpt from minutes of the governing board describing property to be purchased, amount to be paid, and authorization for execution of escrow instructions must be submitted to the San Diego County Office of Education when warrants or wire transfers are processed for the acquisition of real property. (See also Facilities Planning.)

Warrants in payment of condemnation filing fees required in eminent domain proceedings must be accompanied by a resolution of necessity adopted by the governing board. [CCP § 1240.010 et seq.] The same approvals must be on file in the San Diego County Office of Education as are required for the purchase of real property.

CONTRACTS

Contracts Generally

Contracts should be submitted to the SDCOE Commercial Warrant Audit Unit when requested. Contracts will be requested when the following conditions exist:

1. Progress payments will be made.
2. Advance payment is being made.

3. Payment is for rental or lease of equipment or facilities for periods beyond the current month. Approvals from applicable agencies are required if the facilities lease exceeds three years or if the building is purchased.
4. Services are contracted between school districts.
5. Consultant (independent contractor) services are being contracted.

Change orders to construction contracts, amendments, or assignments to contracts on file must also be submitted to the SDCOE Commercial Warrant Audit Unit in the same manner as contracts.

Refer to the *Commercial Warrant Claims Manual*, which is accessible on the Internet, for additional information on processing various types of contracts and the related audit procedures (see Additional Resources).

Personal Services Contracts

School and community college districts must evaluate the costs and benefits of personal services contracts. The legislature has established standards for the use of personal services contracting for all services currently or customarily performed by classified school employees. Districts must be able to show that all of the conditions specified in Education Code section 45103.1 or 88003.1 have been met before contracting out for services. (See also Human Resources.)

Consultants/Independent Contractors

Government Code section 53060 provides that a district may contract with persons for furnishing special services and advice in the following matters: financial, engineering, legal, economic, accounting, and administrative. Such persons must be specially trained, experienced, and competent to perform the special services requested. These are professional contracts and as such are not subject to competitive bidding, regardless of the dollar amount. Facilities funding obtained under Proposition 1A (November 1998) is an exception in that districts are required to use a competitive process for the selection of architects, engineers, landscape architects, and environmental engineers. [GC § 4526] (See also Facilities Planning.)

In determining whether an independent contractor relationship exists, the district must be certain that the individual meets the necessary criteria; if so, he/she should be paid on a commercial warrant. The compensation for an independent contractor should be as a fee for services performed, a report completed and accepted, etc., and should not include any employment-related fringe benefits.

If an employer/employee relationship exists, for federal withholding tax purposes, the individual should be paid on the payroll. The Education Code provides that services by individuals, as specified in sections 44800-45060 and sections 87000-87017, are to be certificated employees, and individuals performing services as specified in sections 45100-45451 and sections 88000-88263 are to be classified employees, not independent contractors. A district employee who agrees to perform additional services is to be treated as an employee for all purposes and is to be paid on the district payroll even if the additional services are not related to his/her regular duties.

Exhibit 4 presents further discussion of the criteria for distinguishing between independent contractors and employees and a list of the 20 common law rules established by the IRS to evaluate the relationship between a district and an individual. These rules are used by the IRS and the Social Security Administration to determine employment status (see Additional Resources).

Construction Contracts

Plan Approval

Districts are required to secure approval of plans for new school construction, reconstruction, addition projects, and factory-built school buildings/relocatable facilities. [EC §§ 17295-7, 17350] Many of the same procedures outlined below for permanent buildings apply to the acquisition of relocatable structures that have been leased or that are under a lease/purchase contract. (See also Facilities Planning.)

Before entering into construction contracts, laws relevant to the audit of commercial warrant expenditures should be reviewed. Approvals from the agencies listed below are usually submitted directly to the Commercial Warrant Audit Unit. Other supporting documents, such as governing board excerpts, should be submitted by the school district when payments are made.

1. Approval of plans for school districts by the California Department of Education. (See Facilities Planning for exceptions.)
2. Approval of plans for community college districts by the Board of Governors if construction exceeds \$150,000. [EC § 81837]
3. Approval of plans for school and community college districts by the Department of General Services, Division of the State Architect (DSA). [EC §§ 17295-7, 81133]

Payment to Architects

Warrants payable to the architect should not be submitted until required documents are on file in the SDCOE Commercial Warrant Audit Unit. Architect and construction contracts are cross-referenced so that approvals applicable to both are adequately documented with one submission to the SDCOE Commercial Warrant Audit Unit.

Payment for completion of preliminary plans requires approval from the following agencies:

1. California Department of Education (school districts only).*
2. Governing board excerpt accepting preliminary plans.*

Payment for completion of working drawings (final plans) requires approvals from:

1. California Department of Education (school districts only).*
2. Board of Governors of the California Community Colleges, if construction exceeds \$150,000 (community college districts only).* [EC § 81837]
3. Department of General Services. [EC § 17297]
4. Governing board excerpt accepting final plans.

*School districts with city boards of education are exempt from approval.

Payment for supervision of construction must be made in accordance with contract provisions. Final payment requires:

1. Division of the State Architect (DSA) approval of construction or release of payment. [21 CCR § 39]
2. Release of claims from architect.
3. Governing board excerpt accepting construction or a copy of the Notice of Completion.

Most contracts state that the final payment shall be made 35 days after acceptance of work by the governing board. Acceptance is made only by an action of the governing board.

Payment on Construction Contracts

The first payment requires:

1. Fully executed contracts filed with the SDCOE Commercial Warrant Audit Unit.
2. California Department of Education approval of final plans (school districts only).*
3. Board of Governors of California Community Colleges approval of final plans (community college districts only) [EC § 81837]
4. Department of General Services approval of plans and specifications. [EC §§ 17297, 17307]
5. Division of the State Architect (DSA) approval of the inspector. [21 CCR § 33(b)]

*School districts with city boards of education are exempt from approval.

Construction contractor invoices must be prepared in accordance with terms of the contract and signed by the contractor, the inspector, the architect, and the district representative. All change orders must be submitted to the SDCOE Commercial Warrant Audit Unit.

Final payment (retention) requires:

1. Division of the State Architect (DSA) approval of construction or release of payment. [21 CCR § 39]
2. A copy of the recorded Notice of Completion.

BIDDING REQUIREMENTS

Payments for materials or services can be processed only if the district has complied with applicable competitive bidding provisions. To protect the district from possible litigation from contractors or bidders and to ensure the district's ability to obtain effective bids in the future, competitive bidding requirements must be met.

Districts are required to competitively bid for equipment, materials, supplies, repairs including maintenance, and services, except construction services, over \$72,400. For a public works project, bids are required on amounts over \$15,000 for labor and/or materials. Applicable sales tax must be included in determining these amounts. Certification of advertising for bids must be noted on invoices that exceed these limits.

Invoices for purchases through the Department of General Services may be coded "Education Code section 17595/Public Contract Code section 20653" if the amounts exceed competitive bidding limitations. [EC § 81641; PCC §§ 20111 et seq., 20651 et seq., 22002] (See also Facilities Planning and Purchasing.)

Public Contract Code section 20116 prohibits the splitting of a contract into smaller contracts to avoid competitive bidding. Any work, project, service, or purchase cannot be separated into smaller work orders or projects without utilizing the bidding process. A project may be split into several trade oriented contracts in order to keep project costs low, but the competitive bidding requirement must be met by going to bid for each of the various trade categories. For example, if a district purchases equipment from one vendor and contracts with another vendor to provide labor for the installation for a total cost in excess of the \$15,000 bid threshold, the project needs to be competitively bid. [PCC §§ 20116, 20118, 20652, 20657]

Supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, or periodicals may be purchased without advertising for bids. [EC § 81651; PCC § 20118.3]

School district construction contract documents have been prepared by legal counsel to SDCOE Facilities Planning Services for use by school districts. Construction Contract Documents 2006 are available on the San Diego County Office of Education Web site (see Additional Resources).

Districts may adopt methods and procedures to receive bids on public works or other contracts over the Internet, but only if no bid can be opened before the bid deadline and all bids can be verified as authentic. [PCC § 1601]

School districts may utilize alternative competitive negotiation methods for procuring computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus. To do so, the governing board must make a finding that the procurement falls within these categories and must authorize the use of competitive negotiation to procure the product. After meeting publishing requirements, a request for proposals (RFP) must be submitted to an adequate number of qualified sources. Award must be made to the qualified bidder and, if not awarded to the bidder whose proposal contains the lowest price, the district must make a finding setting forth the basis for the award. [PC § 20118.2] (See also Purchasing.)

An exception to the competitive bidding process is defined in Public Contract Code section 20118, which authorizes governing boards, under specified conditions, to purchase or lease personal property without advertising for bids. Districts may utilize a California Multiple Award Schedule contract (see below) or cooperatively purchase

through another public agency's competitively bid contract (a "piggyback" bid). However, because this practice has not been thoroughly reviewed in California courts, strict compliance with the terms of section 20118 is recommended.

The current practice of the San Diego County Superintendent of Schools is to permit local flexibility to purchase personal property from other school district contracts, but there is no authority for piggybacking for public works projects. The requirements for approval are available online in the *Commercial Warrant Claims Manual* (see Additional Resources).

The California Attorney General has opined that a school district may not, without advertising for bids, contract with another public agency to acquire factory-built modular building components for installation on a permanent foundation. [Ops.Cal.Atty.Gen. No. 05-405] Additionally, the State Allocation Board will not consider for apportionment any "piggybacked" modular system contracts. (See also Facilities Planning and Purchasing.)

Under specified conditions, a contractor that begins work on a competitively bid contract that is subsequently determined to have been illegally awarded may be compensated for reasonable costs incurred in performing the work. [PCC § 5110]

Emergency Waivers

Districts may award contracts without competitive bidding in specific emergency situations. A 2004 court decision increased the requirements for approval of such contracts by narrowing the definition of an emergency. [Marshall v. Pasadena Unified School Dist., 119 Cal. App. 4th 1241] An emergency is defined as a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. [PCC §§ 1102, 20113, 20654]

In an emergency, when any repairs, alterations, work, or improvement is necessary to any facility of public schools to permit the continuance of existing school classes or to avoid danger to life or property, the board may, by unanimous vote and with the approval of the county superintendent of schools, do either of the following:

1. Make a contract in writing or otherwise on behalf of the district for the performance of labor and furnishing of materials or supplies without advertising for or inviting bids.
2. Notwithstanding Public Contract Code section 20114, authorize the use of day labor or force account.

A sample governing board resolution for an emergency waiver and the process for SDCOE approval of payments under an emergency waiver are presented in the *Commercial Warrant Claims Manual* (see Additional Resources).

An approved emergency request may be submitted as documentation for payment for a contract in excess of the bid limits that was executed without competitive bidding.

California Multiple Award Schedule

School and community college districts may use contracts awarded by the Department of General Services Procurement Division for all types of tangible personal property, including materials, supplies, and equipment. Districts should determine whether the CMAS program is consistent with their own procurement policies and regulations, including ordering limits. In order to use CMAS for public works contracts, the cost of the personal property portion must be segregated from the public works portion. [PCC §§ 10290 et seq., 12100 et seq., 20653] Program guidelines and bulletins are available on the CMAS Web site (see Additional Resources).

California Uniform Public Construction Accounting Act

The California Uniform Public Construction Accounting Act (CUPCAA) allows school districts to elect the provisions provided under Public Contract Code section 22032, which sets force account levels at \$30,000. Informal bidding for public projects of \$125,000 or less was authorized administratively effective July 1, 2005. [PCC § 22000 et seq.]

Implementation requirements include, but are not limited to: governing board adoption of a resolution to become subject to CUPCAA; notifying the State Controller in writing of the election to become subject to CUPCAA; enacting an informal bidding ordinance; and annually developing a qualified bidders list by sending written notices to specified construction trade journals. Information and sample documents are available on the San Diego County Office of Education Web site (see Additional Resources).

The *Cost Accounting Policies and Procedures Manual*, published by the Uniform Public Construction Cost Accounting Commission, contains instructions for districts wishing to elect provisions of CUPCAA (see Additional Resources).

Charter Schools

Because a charter school is generally exempt from the laws governing school districts, it may not be subject to competitive bidding requirements specified in Public Contract Code section 22032 et seq. The sponsoring school district or county board of education

is responsible for ensuring that the charter school has complied with all of the provisions set forth in its charter petition and with generally accepted accounting standards of fiscal management. (See also Charter Schools.)

A charter school district may be required to use competitive bidding by charter provision and local district policy. It is recommended that the school district specify the generally accepted accounting principles of fiscal management in any new charter school petition. As a prudent business practice, charter school bidding and contracting procedures should be developed for inclusion in an existing charter petition when it is revised or renewed or in a memorandum of understanding.

Schools and Libraries Support Mechanism (E-rate)

E-rate is a major Federal Communications Commission (FCC) purchasing procurement program managed by the Schools and Library Division (SLD) of the Universal Service Administrative Company (USAC). School districts and county offices of education may obtain significant discounts on telecommunications services and equipment for their schools. Discounts are determined by percentages of disadvantaged students at schools in an urban or rural area. Further information can be found on the USAC and California Department of Education Web sites (see Additional Resources).

Open and competitive bidding is a critical part of the E-rate program. Federal requirements, as well as California competitive bidding law, apply to E-rate equipment and services. Bid specifications must be posted on the FCC Web site for 28 days before awarding and signing contracts. The standard payment procedure is that the vendor bills the federal government for the approved E-rate discount portion, and the remainder is paid by the local educational agency.

Local educational agencies should retain application-related records for a period of five years and be prepared for beneficiary audits of the E-rate program by the FCC.

PUBLIC WORKS

“Public works contract” refers to an agreement for the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. [LC § 1720; PCC § 22002(c)]

All public works contracts must contain language prohibiting an ineligible contractor or subcontractor from working on a public works project. [PCC § 6109(a)] Any contractor or subcontractor found to have violated public works laws with the intent to defraud may be barred by the Labor Commissioner from bidding on, receiving, or performing work as a subcontractor on a public works contract. [LC § 1777.1] The Labor Commissioner

publishes a list of contractors that are ineligible to bid on or be awarded public works contracts or to perform work as a subcontractor on a public works project.

Contractor License Classification

A public works contract must be awarded to a licensed contractor. All businesses that construct or alter any buildings, road, parking facility, or other structure in California must be licensed by the Contractors State License Board (CSLB) if the total cost (labor and materials) of the project is \$500 or more. If performing work under \$500, unlicensed contractors must provide the purchaser with written disclosure that they are not licensed by the CSLB. [B&PC § 7048]

A contractor must be properly licensed from bid submission through satisfactory completion of the project. Districts are required by law to specify the necessary classification of contractor's license that the successful bidder must hold at the time of award of a contract and must verify the license status of the apparent successful low bidder before award of the contract. Districts may be subject to financial liability and adverse impact on the project if a contract is knowingly awarded to an unlicensed contractor. The CSLB maintains a Contractor License Status Inquiry System online to check contractors' licenses (see Additional Resources).

Progress Payments ("Prompt Pay Act")

School and community college districts are under an affirmative legal obligation to make prompt progress payments to contractors. Districts have a thirty-day period in which to make payment without penalty on undisputed and properly submitted payment requests. If a payment request is determined to be incorrect, districts must return the rejected request to the contractor with a statement of the reasons not later than seven days after receipt. The Prompt Pay Act, or a summary of the Prompt Pay Act, must be incorporated into every contract subject to the Act. [CCP § 685.010; PCC § 20104.50]

Retention

Payments made by a district on any contract for the creation, construction, alteration, repair, or improvement of any public structure, building, road, or other improvement, of any kind costing over five thousand dollars (\$5,000) should be based on estimates of actual work completed that have been approved by the district's governing board. Progress payments may not be made in excess of 95 percent of the actual work completed and may include 95 percent of the value of material delivered or stored but as yet unused. The local agency must withhold at least five percent of the contract price until the final completion and acceptance of the project. However, at any time

after 50 percent of the work has been completed, if the governing board finds that satisfactory progress is being made, it may make any of the remaining progress payments in full for actual work completed. [PCC § 9203]

Stop Notices

Stop notices on a public works contract may be filed with the school district. The district should establish procedures for handling stop notices. Stop notices must be honored and reasonable costs of litigation withheld. The district may satisfy this duty by refusing to release money held in escrow. [CC § 3186]

The following chart is a guide for determining the total amount to be withheld:

| Amount of Claim (Stop Notice) | Recommended Additional Amount To Withhold as Litigation Cost |
|----------------------------------|---|
| \$1,500 or less | \$500 |
| \$1,501 to \$5,000 | \$500 plus 50% of excess over \$1,500 |
| \$5,001 to \$15,000 | \$1,000 plus 20% of excess over \$5,000 |
| \$15,001 and over | \$3,000 plus 15% of excess over \$15,000 |

If the amount withheld for litigation costs exceeds \$5,000, districts may want to seek advice from legal counsel.

Construction claims for public works may be resolved by the district and the contractor through an arbitration or meet and confer process. [PCC §§ 10240, 20104]

The district shall provide the contractor with timely notification of the receipt by the district of any third party claim relating to a contract, and the district may charge back to the contractor the cost of any such notification. [PCC § 9201]

CAFETERIA ACCOUNT

Certain expenditures relating to the operation of cafeterias within a school district may be paid from the General Fund of a school district. (See also Child Nutrition.) When warrants are submitted to pay for the initial purchase of dishes, trays, utensils, flatware, and other necessary cafeteria supplies, a notation should be made on the accompanying invoices that the purchases were made to stock a new cafeteria. Replacement of these supplies may not be charged to the General Fund. [EC § 38093]

REVOLVING CASH FUNDS

In many districts, an increasing volume of purchases is often accompanied by the problem of handling additional requisitions, purchase orders, warrants, and other paperwork. The use of revolving cash accounts for the chief accounting officer or other designated employee(s) to make payments may offer a partial solution for this problem. The information that follows presents good practices for the efficient use of revolving cash funds (RCFs) on a volume basis.

The establishment and maintenance of an RCF should be in accordance with the *California School Accounting Manual* (see Additional Resources). Once an RCF is established, it should be carried indefinitely in the General Ledger as an asset account for the total amount approved for the account, and should be shown in all balance sheets and budgets until it is abolished. The amount recorded will vary only through an increase or decrease in the total amount approved for the account.

The following general considerations apply to all RCFs:

1. Disbursements shall be for clearly legal expenditures; if in doubt, contact the San Diego County Office of Education.
2. Wage payments are not recommended.
3. Each disbursement is a full payment, not a progress payment.
4. Records and receipts are kept for the established retention period.
5. RCF checks are press-numbered and identify the fund and the district.
6. An individual is named as the payee whenever possible.
7. Dual signatures are advisable but are not legally required.

Districts may use one or more of four basic types of RCFs, which are summarized as follows:

1. Standard RCF [EC §§ 42800-5]

| | |
|---------------------|--|
| Purchase Limit: | None |
| Reimbursement: | Draw warrant against General Fund based on periodic "Bill for Reimbursement of RCF" with invoices and receipts |
| Accounting Control: | Commercial Warrant Audit Unit |

2. Prepayment RCF [EC §§ 42820-1]

- Purchase Limit: \$1,000/K-12
Reimbursement: Draw warrant against General Fund based on list of expenditures approved by governing board
Accounting Control: District audit and governing board review of expenditures.

3. Alternative RCF [EC § 42810]

- Purchase Limit: None
Reimbursement: Draw warrant against General Fund based on list of expenditures approved by governing board
Accounting Control: District audit and governing board review of expenditures

4. Cafeteria Revolving Account [EC § 38091]

- Purchase Limit: None
Reimbursement: Draw warrant against Cafeteria Fund based on list of expenditures approved by governing board
Accounting Control: District audit and governing board review of expenditures

The legal requirements and recommended procedures for establishment and use of the four basic types of RCFs are presented below to assist districts in determining which RCF is appropriate for their needs. Sample forms are provided in the referenced exhibits. Establishment of RCFs by community college districts is also discussed.

Standard Revolving Cash Fund [EC §§ 42800-5]*Legal Provisions*

1. The governing board of any school may, with consent of the county superintendent of schools, adopt a resolution establishing an RCF for use by the chief accounting officer in an amount up to two percent of the district's estimated expenditures for the current fiscal year, not to exceed \$75,000 for any elementary or high school district, or \$150,000 for any unified school district. These dollar amount limits may be increased annually thereafter for each individual district by the percentage increase in the district's revenue limit as established by Education Code 42238.

2. The custodian of the RCF must be covered by an individual bond not less than double the amount of the RCF or, pursuant to Education Code section 41021, by a name schedule bond, schedule position bond, or blanket bond. The governing board may, in lieu of an indemnity bond, obtain insurance against loss if it gives the school district the same or greater protection as the indemnity bond. No bond is required for an RCF that does not exceed \$25. [EC §§ 42801-2]
3. The RCF shall be established by submitting to the county superintendent of schools a commercial warrant payable to the officer for whose use the RCF is created, accompanied by the bond and two certified copies of the board resolution. [EC § 42803]
4. Payments from the RCF shall be only for services or materials for which a receipt is obtained setting forth the date, purpose of the expenditure, and amount expended. The governing board may establish an account for the RCF in one or more banks, subject to such regulations as the governing board prescribes. A bill for reimbursement of the RCF shall be submitted at least monthly and supported by required receipts. Upon demand of the county superintendent of schools or county auditor, an accounting of the fund shall be given. [EC § 42804]
5. The RCF may be increased within the limitations specified under item 1 above, or it may be reduced or discontinued. Generally, if the custodian of the RCF is to be changed, the RCF shall be considered as discontinued. For ease of transition between a former and new RCF custodian, a resolution changing the RCF custodian may be adopted by the governing board. If this method is used, it is important that the RCF be fully reconciled and certified as to its accuracy by the new RCF custodian. Upon resolution of the governing board to reduce or discontinue the RCF, the custodian shall redeposit with the county treasury the amount by which the fund is reduced, or if discontinued, the total amount of the RCF. Sample resolutions for increasing, terminating, and changing the RCF are included as Exhibits 5-B, 5-C, and 5-D. [EC § 42805]

Recommended Procedure for Establishment

1. A thorough study of the types of RCFs available to school districts should be made before determining which RCF should be established.

2. Subject to limitations, the amount of the RCF should be set sufficiently high to relieve the commercial warrants process from the writing of numerous small warrants.
3. In order to save the cost and inconvenience of providing an individual bond for the RCF custodian, a position bond or blanket bond may be provided. [EC §§ 42801, 41021]
4. To safeguard resources and to provide an efficient basis for payment, the board resolution establishing the RCF may specify the use of a bank checking account. [EC § 42804]
5. As a guide to appropriate governing board action, a suggested "Resolution Establishing Revolving Cash Fund" pursuant to Education Code §§ 42800-5 is presented as Exhibit 5-A.

Recommended Procedure for Use

1. A general ledger account should be established in the accounting records to reflect the RCF as an asset of the school district.
2. The RCF must be used under the direction of the chief accounting officer of the district. [EC § 42800]
3. Although the Education Code provides legal authority for the expenditure of district funds, use of the RCF may be limited by practical considerations:
 - a. The RCF custodian may become financially liable for any payment that is not reimbursable through the commercial warrants process. All disbursements should be for clearly legal expenditures of district funds and should be supported with documentation similar to that required in the commercial warrant process.
 - b. The RCF should not be used to pay employee wages, since wage payments involve withholding, retirement, and credentials issues. Although use of the RCF to correct payroll errors is permitted under specified circumstances, an alternate procedure involving a typed payroll warrant should be used. [EC §§ 42800, 45167, 88166]
 - c. Each RCF disbursement should be complete in itself as to documentation and should not be a payment applicable to a separately filed document such as a contract.

- d. The checks used should be press-numbered and should be imprinted with "The Revolving Fund Account of __District." Each check should be drawn payable to a named payee and signed on the basis of an itemized receipt for a legal expenditure (see item 3(f) below). Voided checks should be made non-negotiable by obliterating the signatures and should be kept on file to ensure accountability of all checks. The supply of unused checks should be kept in a safe location, accessible only to authorized personnel. [EC § 42804]
- e. Assuming that a bank checking account will be used for the RCF, a small amount of money may be placed in a "petty cash" status by drawing a check payable to the custodian of the RCF. Petty cash payments should be made only for very small disbursements, such as for postage due, when it is impractical to draw an RCF check. At least once per month an RCF check should be drawn to the custodian for the total of the receipts that substantiate the petty cash payments.
- f. For each disbursement from the RCF, a receipt should be prepared in duplicate for the signature of the payee. A suggested "Invoice and Receipt for Payment from Revolving Cash Fund" is presented as Exhibit 6. When an employee is being reimbursed for an expenditure of his/her money, the employee should submit a cash register receipt to be filed with the district's copy of the RCF receipt. The RCF receipt must show the date, purpose of the expenditure, and the total expended, with an appropriate itemization as provided for commercial warrants.
- g. At least monthly, a commercial warrant drawn on the district's General Fund payable to _____, Custodian of Revolving Cash Fund, should be submitted to the SDCOE Commercial Warrant Audit Unit. It should be accompanied by a "Bill for Reimbursement of Revolving Cash Fund" (Exhibit 7), the applicable original "Invoice and Receipt for Payment from Revolving Cash Fund" forms (Exhibit 6) or other acceptable original itemized receipts, and an adding machine tape of the receipts totaling the amount of the commercial warrant.
- h. As an alternate procedure to submitting receipts to the San Diego County Office of Education, a copy of a "Check Remittance Advice" form (Exhibit 8) may be submitted. In lieu of itemization on the copy of the Check Remittance Advice form, a reference may be made on the form to an appropriate attached document, such as a vendor's invoice. In those instances when payment is made to employees for reimbursement, cash register receipts supporting the purchases should be attached to the district's copy of the form rather than to the copy of the form submitted to

the San Diego County Office of Education. The certification of the custodian of the RCF may be printed on the district form or may be placed thereon by rubber stamp. In order to avoid problems regarding payments for travel or automobile allowance, the certification should read as follows:

| |
|---|
| <p>I hereby certify that the endorsed canceled Revolving Cash Fund check for this payment is in the district file and that all applicable requirements of the Education Code have been met for any payment for automobile allowance or travel expense.</p> <p>Signed _____ Custodian of Revolving Cash Fund</p> <p style="text-align: right;">SAMPLE</p> |
|---|

- i. The applicable RCF receipt or Check Remittance Advice form should contain appropriate information as to Standardized Account Code Structure (SACS) classification and legal reference, similar to the supporting information provided with individual commercial warrants, as well as reference to the check number and date of payment.
- j. Amounts received from previous RCF disbursements for such purposes as overpayment and return of unused portions of travel advances should be deposited to the district's General Fund. Form A-119, Collection Advice, should contain appropriate references to the date and check number of the related RCF payment in order to provide a consistent, auditable basis for handling cash collections.
- k. An itemized duplicate deposit slip should be prepared for each bank deposit and kept on file. A permanent form of bank reconciliation should be prepared each month as soon as the bank statement is received. A bank endorsement stamp should be used on all warrants that are received for deposit. Standard bank practice is to make no service charges to school district bank accounts except for special services such as printing checks or furnishing endorsement stamps.

Prepayment Revolving Cash Fund [EC §§ 42820-1]*Legal Provisions*

1. The governing board of any school district may establish an RCF for the purpose of paying bills in any bank whose deposits are insured by the Federal Deposit Insurance Corporation. The maximum amount of the RCF is \$10,000 for school districts with 20,000 ADA or more, \$5,000 for school districts with 5,000 ADA or more but less than 20,000 ADA, \$2,500 for school districts with 500 ADA or more but less than 5,000 ADA, and \$1,000 for school districts with less than 500 ADA. [EC § 42820] A sample resolution for increasing the prepayment RCF is included as Exhibit 9-B.
2. The governing board shall designate the person or persons authorized to make payments by checks drawn on the RCF bank account for purchases not to exceed \$1,000, including tax and freight, for K-12 districts. The check must state on its face that it is not valid for more than \$1,000. [EC § 42821]
3. Upon approval by the governing board of a periodic (at least monthly) list of RCF payments, the RCF shall be reimbursed by drawing a commercial warrant on the district General Fund. The person issuing a check on the RCF bank account shall be personally liable for the amount of the check only if the expenditure is in violation of regulations established by the governing board. [EC § 42821]

Recommended Procedure for Establishment

1. A thorough study of the types of RCFs available to school districts should be made before determining which RCF should be established.
2. Subject to the limitations, the amount of the RCF should be set sufficiently high to relieve the normal commercial warrant process from the writing of numerous small warrants.
3. In determining the person or persons who shall be authorized to make payments from the RCF, consideration should be given to the availability of personnel in situations involving leaves of absence and unavailability for other reasons.
4. A sample "Resolution Establishing Prepayment Revolving Cash Fund" pursuant to Education Code section 42820-1 is included as Exhibit 9-A.

5. The governing board establishes rules and regulations with respect to the RCF. A set of sample rules and regulations is presented as Exhibit 10.

Recommended Procedure for Use

1. Payments by check may be made only by the person or persons authorized by the governing board.
2. Education Code section 42821 authorizes the RCF to be used to pay for "purchases," a relatively broad term to describe expenditures that may be made. Use of the RCF may be limited by practical considerations:
 - a. The person making disbursements from the RCF may become financially liable for any payment that is not reimbursable through the commercial warrant process. All disbursements should be for clearly legal expenditures of district funds, and should be supported with documentation similar to that required in the commercial warrant process.
 - b. The term "purchases" does not include wage payments. Although it could be argued that because of a payroll error, a payment to a classified employee could be made from the RCF in accordance with Education Code sections 45167 and 88166, such payment should be made by an alternate payroll procedure involving a typed payroll warrant.
 - c. Each RCF disbursement should be complete in itself as to documentation and should not be a payment applicable to a separately filed document such as a contract.
3. The use of the RCF should be carefully coordinated with the purchasing function so that efficient, simplified purchasing procedures can be developed. For example, requisitions may be screened to determine which items may be purchased directly through the RCF without involving the issuance of purchase orders.
4. The procedures for use of the RCF may provide not only for emergency payments, such as COD deliveries, but also for occasional payments to vendors not regularly used. The RCF may also be used for recurring monthly payments to regular vendors not in excess of authorized amounts so that the RCF is used efficiently as a timesaving and money saving tool.

5. The checks should be press-numbered and have the authorized name of the RCF bank account printed on them. The maximum legal amount that may be expended should be indicated. Each check should be drawn payable to a named payee and should not be signed unless drawn on the basis of itemized receipts or invoices for a legal expenditure. Voided checks should be made non-negotiable by obliterating the signature and should be kept on file for auditing purposes. The supply of unused checks should be kept in a safe location, accessible only to authorized personnel.
6. A small amount of the RCF may be placed in a petty cash status by drawing a check payable to the person who will be responsible for such petty cash. Petty cash payments should be made only for very small disbursements (such as for postage) when it is impractical to draw an RCF check. An RCF check should be drawn periodically to the person responsible for petty cash for the total of the receipts substantiating petty cash payments.
7. The applicable RCF receipts and/or invoices should contain appropriate information regarding budget classification and legal references, similar to the supporting information provided with individual commercial warrants, as well as the date of payment and check number. The suggested "Invoice and Receipt for Payment from Revolving Cash Fund" form (Exhibit 6) may be used.
8. Do not send invoices to the San Diego County Office of Education; the "Monthly List of Revolving Cash Fund Payments" (Exhibit 11) is sufficient.
9. As RCF checks are written, they should be entered concurrently in a record that provides for check number, date, payee, purpose of payment, amount of check, reimbursement deposits and the balance of the account. Such a record may also distribute payment according to Standardized Account Code Structure (SACS) classifications.
10. Districts are authorized at the time of preparing an order for purchase to make a check payable to the vendor permitting her/him to fill in the amount to be paid upon shipment of the purchases. [EC § 42821]
11. Each check shall be valid only up to the established maximum amount. This method, referred to as "instant cash," should be carefully controlled to avoid abuses. The following controls are appropriate:
 - a. Checks must be imprinted with "NOT TO EXCEED \$1,000" or a lesser maximum amount established by the governing board.

- b. Checks should be imprinted with "VOID 90 DAYS FROM DATE OF CHECK."
 - c. Reverse sides of checks should state "FOR DEPOSIT ONLY TO THE ACCOUNT OF PAYEE STATED ON CHECK FACE."
 - d. Rigid numerically sequential check writing and control procedures are mandatory.
 - e. The name of the payee should always be on the check.
 - f. Checks should always have authorized signatures before being issued.
 - g. The order number should be the same as the check number.
 - h. An instruction sheet should be sent to vendors with initial orders. (Exhibit 12).
12. The following procedures will facilitate internal control:
- a. "Instant money" requisitions should not be initiated by the purchasing section.
 - b. The accountant should not be an authorized agent for signing RCF checks.
 - c. The accounting section should verify and post the check register.
 - d. The party who initiated or approved the requisition should sign the receiving report.
 - e. The accounting section should reconcile the canceled checks received from the bank.

Alternative Revolving Cash Fund [EC § 42810]

Legal Provisions

1. The governing board of any school district may adopt a resolution establishing an RCF for use by school principals or other administrative officials designated by the governing board in an amount not to exceed three percent of the district's current-year instructional supply budget. [EC § 42810]

2. The custodian of the RCF must be covered by an individual bond not less than double the amount of the RCF or, pursuant to Education Code section 41021, by a name schedule bond, schedule position bond, or blanket bond. No bond is required for a Revolving Cash Fund that does not exceed \$25. [EC §§ 42801-2, 42810]
3. Payment from the RCF shall be in accordance with regulations prescribed by the governing board for services and materials related to classroom instruction and for purposes specified in Education Code section 45167 (payroll errors).
4. The principal or administrative official in whose name the RCF is created shall be responsible for all expenditures from the fund, subject to the governing board regulations. [EC § 42810]
5. The governing board shall provide for an audit of the funds on a regular basis. [EC § 42810]

Recommended Procedure for Establishment

1. A thorough study of the types of RCFs available to school districts should be made before determining which RCF should be established. [EC § 42810]
2. Subject to the limitations, the amount of the RCF should be set sufficiently high to relieve the normal commercial warrant writing process from the writing of numerous small warrants.
3. In determining the person or persons who shall be authorized to make the payments from the RCF, consideration should be given to the availability of personnel in situations involving leaves of absence and unavailability for other reasons.
4. In order to save the cost and inconvenience of providing an individual bond for each principal and other administrative official, a position bond or blanket bond may be provided. [EC § 41021]
5. The governing board may establish a checking account in one or more banks for the revolving fund. The account(s) shall be established in the custody of the principal or other administrative official designated by the governing board for whose use the RCF is created.
6. A suggested "Resolution Establishing Alternative Revolving Cash Fund" pursuant to Education Code section 42810 is included as Exhibit 13.

Recommended Procedure for Use

1. Payments by check may be made only by the person or persons authorized by the governing board.
2. The checks should be press-numbered and have the authorized name of the RCF bank account printed on them. Each check should be drawn payable to a named payee and should not be signed unless drawn on the basis of itemized receipts or invoices for a legal expenditure. Voided checks should be made non-negotiable by obliterating the signature and should be kept on file for auditing purposes. The supply of unused checks should be kept in a safe location, accessible only to authorized personnel.
3. A small amount of the RCF may be placed in a petty cash status by drawing a check payable to the person who will be responsible for such petty cash. Petty cash payments should be made only for very small disbursements when it is impractical to draw an RCF check. An RCF check should be drawn periodically to the person responsible for petty cash for the total of the receipts that substantiate the petty cash payments.
4. The applicable RCF receipts and/or invoices should contain appropriate information regarding Standardized Account Code Structure (SACS) classification and legal references similar to the supporting information provided with individual commercial warrants as well as the date of payment and check number. The suggested "Invoice and Receipt for Payment from Revolving Cash Fund" form (Exhibit 6) may be used.
5. Unless specifically requested for audit purposes, invoices should not be sent to the San Diego County Office of Education; the "Monthly List of Revolving Cash Fund Payments" (Exhibit 11) is sufficient.
6. As RCF checks are written, they should be entered concurrently in a record that provides for check number, date, payee, purpose of payment, amount of check, reimbursement deposits, and the balance of the account. Such a record may also distribute payment according to Standardized Account Code Structure (SACS) classifications.
7. At least monthly, a commercial warrant should be drawn on the district General Fund, payable to the school principal or administrative official (e.g., School Principal, RCF, Named School District), accompanied by the list of RCF payments (Exhibit 11), and submitted to the SDCOE Commercial Warrant Audit Unit.

Cafeteria Revolving Cash Account [EC § 38091]*Legal Provisions*

1. The governing board may authorize the establishment of one or more Cafeteria Revolving Accounts. [EC § 38091]
2. The Cafeteria Revolving Account is to be treated as a Revolving Cash Account of the Cafeteria Fund, providing that the receipt of income and expenditures made from the account are recorded as income and expenditures of the Cafeteria Fund.
3. A Cafeteria Revolving Account may receive and expend monies in the same manner and for the same purposes as authorized for a Cafeteria Account.

Recommended Procedure for Establishment

1. In determining the person or persons who shall be authorized to make payments from the Revolving Cash Account, consideration should be given to the availability of personnel in situations involving leaves of absence and unavailability for other reasons.
2. A suggested "Resolution Establishing Cafeteria Revolving Cash Account" pursuant to Education Code section 38091 is included as Exhibit 14.
3. The governing board should adopt appropriate rules and regulations for the use of the Revolving Cash Account.

Recommended Procedure for Use

1. Payments by check may be made only by the person or persons authorized by the governing board.
2. The checks should be press-numbered and have the authorized name of the Revolving Cash Account bank account printed on them. Each check should be drawn payable to the named payee and should not be signed unless drawn on the basis of itemized receipts or invoices for a legal expenditure. Voided checks should be made non-negotiable by obliterating the signature and should be kept on file for auditing purposes. The supply of unused checks should be kept in a safe location, accessible only to authorized personnel.

3. A small amount of the Revolving Cash Account may be placed in a petty cash status by drawing a check payable to the person who will be responsible for such petty cash. Petty cash payments should be made only for very small disbursements when it is impractical to draw a Revolving Cash Account check. A Revolving Cash Account check should be drawn periodically to the person responsible for petty cash for the total of the receipts that substantiate the petty cash payments.
4. The applicable Revolving Cash Account receipts and/or invoices should contain appropriate information regarding budget classification and legal references similar to the supporting information required in the commercial warrant process, as well as the date of payment and check number. The suggested "Invoice and Receipt for Payment from Revolving Cash Fund" form (Exhibit 6) may be used.
5. Unless specifically requested for audit purposes, invoices should not be sent to the San Diego County Office of Education; the "Monthly List of Revolving Cash Fund Payments" (Exhibit 11) is sufficient.
6. As Revolving Cash Account checks are written, they should be concurrently entered in a record that provides for check number, date, payee, purpose of payment, amount of check reimbursement deposits, and the balance of the account. Such a record may also contain columns in which payments are distributed according to budget classifications.
7. At least monthly, a commercial warrant should be drawn on the district's Cafeteria Fund, payable to the authorized individual (e.g., Cafeteria Director, Cafeteria Revolving Cash Account, Named School District) and submitted to the SDCOE Commercial Warrant Audit Unit accompanied by the list of RCF payments (Exhibit 11).

Revolving Cash Funds for Community College Districts

The Legislature has granted substantial fiscal autonomy to community college districts. Numerous provisions of the Education Code authorizing community colleges to conduct various activities were repealed as unnecessary. Former Education Code sections 85400-5, 85420-1, 85410, and 82371 authorized the establishment of the four types of revolving cash funds discussed above. Under the general authority of Section 14 of Article IX of the California Constitution, community college districts shall continue to have the authority provided in the repealed sections. [EC § 70902]

ADDITIONAL RESOURCES

1. California Contractors State License Board, Contractor License Status Inquiry System. Available: <<http://www.cslb.ca.gov/consumers/default.asp>>
2. California Integrated Waste Management Board for information on the Electronic Waste Recycling Act of 2003 and links to approved collectors and recyclers of electronic waste. Available: <<http://www.ciwmb.ca.gov/electronics/Act2003>>
3. California Multiple Award Schedule. Available: <<http://www.pd.dgs.ca.gov/emas/default.htm>>
4. *California School Accounting Manual*, California Department of Education, 2008. Available: <<http://www.cde.ca.gov/fg/ac/sa/>>
5. California State Board of Equalization:

Publication 73, "Your California Seller's Permit," September 2007. Available: <<http://www.boe.ca.gov/pdf/pub73.pdf>>

Publication 18, "Tax Tips for Nonprofit Organizations," April 2005. Available: <<http://www.boe.ca.gov/pdf/pub18.pdf>>

Sales and Use Tax Programs. Available: <<http://www.boe.ca.gov/sutax/sutprograms.htm>>
6. *Cost Accounting Policies and Procedures Manual*, California Uniform Public Construction Cost Accounting Commission, Division of Accounting and Reporting, State of California, 2006. Available: <http://www.sco.ca.gov/ard/local/cuccac/cuccac_man.pdf> or order from:
Office of the State Controller
P.O. Box 942850
Sacramento, CA 94250
(916) 445-2636
7. Employment Development Department. Available: <<http://www.edd.ca.gov/>>

Independent contractor reporting information and forms, including Form DE 542, Report of Independent Contractor(s). Available: <http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm>

8. E-rate funding information:

Universal Service Administrative Company, Schools and Libraries Division.
Available: <<http://www.universalservice.org/sl/>>

California Department of Education. Available:
<<http://www.cde.ca.gov/ls/et/ft/eratemain.asp>>

9. Franchise Tax Board:

Publication 1023, "Nonresident Withholding Independent Contractor Rent and Royalty Guidelines." Available: <<http://www.ftb.ca.gov/forms/misc/1023.pdf>> or phone Withhold-at-Source Unit at (888) 792-4900.

10. Internal Revenue Service:

Forms Distribution Center: (800) 829-3676

Independent Contractors vs. Employees. Available:
<<http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>>

Publications. Available: <<http://www.irs.ustreas.gov/formspubs/index.html>>

Publication 15-A, "Employer's Supplemental Tax Guide, 2—Employee or Independent Contractor." Available: <<http://www.irs.gov/pub/irs-pdf/p15a.pdf>>

Publication 463, "Travel, Entertainment, Gift, and Car Expenses." Available:
<<http://www.irs.gov/pub/irs-pdf/p463.pdf>>

Publication 510, "Excise Taxes." Available: <<http://www.irs.gov/pub/irs-pdf/p510.pdf>>

Publication 1542, "Per Diem Rates." Available:
<<http://www.irs.gov/pub/irs-pdf/p1542.pdf>>

11. San Diego County Office of Education:

California Uniform Public Construction Cost Accounting Act information and sample documents. Available: <<http://www.sdcoe.net/business2/?loc=facilities-cca&m=1&pi=facilities>>

Commercial Warrant Claims Manual, April 2007. Available:
<http://www.sdcoe.net/business2/dfs/cw/com_war_manual.pdf>

Construction Contract Documents, 2006. Available:
<<http://www.sdcoe.net/business2/?loc=facilities-contracts&m=1&pi=facilities>>

12. U.S. General Services Administration for per diem rates. Available:
<<http://www.gsa.gov/Portal/gsa/ep/home.do?tabId=0>>

LIST OF EXHIBITS

- Exhibit 1 Resolution Designating Authorized Agent to Sign School Orders (Commercial Warrants), Sample, San Diego County Office of Education
- Exhibit 2-A Board Policy, Official Travel, Sample, San Diego County Office of Education
- Exhibit 2-B Administrative Regulation, Official Travel, Sample, San Diego County Office of Education
- Exhibit 3 Activity Authorization and Claim Form, San Diego County Office of Education
- Exhibit 4 Independent Contractor or Employee? District Guidelines (*Twenty Common Law Factors*, IRS)
- Exhibit 5-A Resolution Establishing Revolving Cash Fund (Education Code §§ 42800-5), Sample, San Diego County Office of Education
- Exhibit 5-B Resolution Increasing Revolving Cash Fund (Education Code §§ 42800-5), Sample, San Diego County Office of Education
- Exhibit 5-C Resolution Terminating Revolving Cash Fund (Education Code § 42805), Sample, San Diego County Office of Education
- Exhibit 5-D Resolution for Change of Revolving Cash Fund Custodian (Education Code §§ 42800-5), Sample, San Diego County Office of Education
- Exhibit 6 Invoice and Receipt for Payment from Revolving Cash Fund, Sample, San Diego County Office of Education

- Exhibit 7 Bill for Reimbursement of Revolving Cash Fund, Sample, San Diego County Office of Education
- Exhibit 8 Check Remittance Advice Form, Invoice and Receipt for Payment from Revolving Cash Fund, Sample, San Diego County Office of Education
- Exhibit 9-A Resolution Establishing Prepayment Revolving Cash Fund (Education Code § 42820), Sample, San Diego County Office of Education
- Exhibit 9-B Resolution to Increase Prepayment Revolving Cash Fund (Education Code § 42820), Sample, San Diego County Office of Education
- Exhibit 10 Revolving Cash Fund Rules and Regulations (Education Code §§ 42820-1), Sample, San Diego County Office of Education
- Exhibit 11 Monthly List of Revolving Cash Fund Payments, Sample, San Diego County Office of Education
- Exhibit 12 Vendors' Instructions for Completing Invoices, Sample, San Diego County Office of Education
- Exhibit 13 Resolution Establishing Alternative Revolving Cash Fund (Education Code § 42810), Sample, San Diego County Office of Education
- Exhibit 14 Resolution Establishing Cafeteria Revolving Cash Account (Education Code § 38091), Sample, San Diego County Office of Education

SAMPLE BOARD POLICY

_____ School District

OFFICIAL TRAVEL

MANAGEMENT, CONFIDENTIAL, TEACHING, SUPPORT EMPLOYEES, AND BOARD MEMBERS

The Governing Board shall pay all actual and necessary expenses, including travel, incurred by any employee performing authorized services for the District upon submission of required documentation. Travel expenses to be paid to another agency will not be reimbursed. Funds expended shall not exceed those budgeted by the Governing Board for this purpose. The Governing Board may authorize an advance of funds to cover necessary expenses of an officer or an employee when such anticipated expenses exceed \$_____.

The Governing Board shall approve employee requests for travel, meetings, and conferences within the financial limitations set forth in the adopted budget. Annually in advance, individual operating units will plan their total travel expense requirements and will request budgeted funds sufficient to perform necessary and regular travel related to the unit assignments. The Governing Board will approve travel funds during its annual budget adoption process.

The Governing Board shall approve travel not previously budgeted on an individual basis. The Governing Board shall authorize all out-of-state travel on an individual basis. All travel of Governing Board members and the Superintendent shall be approved by the Governing Board. Emergency travel by the Superintendent or a Governing Board member shall be ratified by the Governing Board at its next regular meeting before reimbursement can be authorized.

The Governing Board shall reimburse employees for use of private vehicles in the performance of regularly assigned duties. The Governing Board shall establish an allowance for such use on either a mileage or monthly basis.

Delegation of Authority to Superintendent

The Governing Board, pursuant to the provisions of Education Code § 44032, authorizes the Superintendent to approve employee requests for travel, meetings, and conferences in California within the financial limitations set forth under the annual adopted budget. The Superintendent and his/her designee shall be responsible for making travel arrangements for officers and employees performing authorized services for the District. As provided for by Education Code § 44033, the Superintendent is authorized to reimburse employees for use of personal vehicles in the performance of regularly assigned duties based upon the Board-approved allowance for such use.

Promotional Items Received from Official Travel

Transportation for official business shall not be arranged on a carrier solely to obtain points, free tickets, or any other amenities or gifts. Officers and employees shall be required to account for gifts, gratuities, or other benefits received from private sources such as airlines, car rental agencies, other public carriers.

Use of Credit Card (Optional*)

An authorized officer or employee may use the District credit card to pay for actual and necessary expenses of travel. The credit card must be retained in the District office until it is issued to the traveler for the period of the authorized trip only. The customer copy of the charge receipt shall be retained and submitted to the District with other substantiating documentation for audit of all credit card purchases. Payment for all credit card purchases must be processed in full upon receipt of the monthly invoice. Carrying charges or interest shall not be incurred by the District on a credit card account.

[*The San Diego County Office of Education does not recommend use of credit cards for payment of District travel expenses. In the event the Governing Board desires to provide this flexibility, a policy statement should be developed to cover this important issue.]

Out-of-District (Including In-State and Out-of-State)

Employees are expected to accept out-of-district assignments as deemed necessary to meet the operational needs of the District and to keep abreast of new trends in education. Participation in the educational development work of professional organizations is encouraged and expected.

Release Time Policy

Individual requests for job-associated activities for the benefit of outside organizations only may be authorized on their merits by the Superintendent. Release-time-only activities are those for which an employee does not normally collect a fee or honorarium. The travel expense for such an activity may be paid by either the District or the outside organization. In special cases, the Superintendent may authorize release time for an employee to provide services to an outside organization for a fee or honorarium provided that any payments received from the organization are turned over to the District.

Rules and Regulations

1. The Superintendent shall administer the policy including advance approval of all out-of-district assignments involving employees.

2. Out-of-district activities involving members of the Governing Board shall be approved by the Governing Board.
3. The Superintendent is authorized to travel as specified, with any unusual out-of-state or international travel to be approved by the Governing Board.
4. Payment for expenses is authorized in accordance with provisions of the Education Code. Funds may be advanced in accordance with Education Code § 44032 to cover the actual and necessary expense of Board members or employees for authorized travel. Such advance shall be repaid or adjusted upon the filing of a regular claim for the actual and necessary travel expenses incurred.
5. Job-associated, out-of-district activities involving release time only (no honorarium or payment other than to cover necessary expenses) may be authorized by the Superintendent with each request being considered on its merits.

Official Travel Expense Payments

The Superintendent is authorized to pay actual and necessary expenses incurred by the Governing Board, Superintendent, and District staff in connection with duties and/or functions within the District and out-of-district which have been specifically authorized or approved by the Superintendent or the Governing Board.

The Superintendent shall establish administrative regulations and procedures, including procedures for reimbursements and advance of funds, which provide for:

1. Cost Effectiveness
 - a. Minimum time out of District to complete activity
 - b. Economy class for air travel, other public carriers
 - c. Fleet vehicles, provision of
 - d. Sharing accommodations, fleet vehicle
 - e. Mileage for use of personal vehicle
 - (1) In lieu of air fare
 - (2) Schedule of reimbursement
 - f. Hotel expenses, official conference hotel
 - g. Travel advance
 - h. Pre-registration
2. Per Diem Allowance
 - a. Schedule of reimbursement
 - b. Meals included in conference registration not reimbursable
 - c. Meals included with authorized meeting reimbursed at actual cost

3. Travel Claim
 - a. Time line for submission
 - b. Receipts or vouchers for reimbursement
 - c. Repayment or adjustment of travel advance
 - d. Non-reimbursable charges for spouse/guest included on invoice
4. Responsibility for Travel Scheduled and Not Taken
5. Responsibility for Refund Requests and Follow-up
6. Travel Agent Contract for Services
7. Car Rental
 - a. Prior approval
 - b. Economy vehicle

Adopted:

Amended:

Procedural Reference:

Legal Reference: Education Code §§ 44032, 44033, 87032

SAMPLE ADMINISTRATIVE REGULATION

_____ School District

OFFICIAL TRAVEL

MANAGEMENT, CONFIDENTIAL, TEACHING, AND SUPPORT EMPLOYEES
BOARD MEMBERS

Reimbursement for Travel, Conference, Convention or Meeting Expenses

Staff members shall be reimbursed for actual and necessary expenses, which are incurred as a result of assignment on official business. Such reimbursement for expenses incurred must be within limits set by law and the adopted policies of the Governing Board.

Business Services provides travel coordination in the areas of airline ticketing, hotel reservations, and related services to staff members traveling on official business.

An activity authorization form shall be completed for all out-of-district and in-district activities in which an expense is to be incurred. This authorization shall detail sufficient information to provide a basis for approval.

Out-of-District

1. Time out of the District should be the shortest possible to complete conference or approved activity.
2. Reasonable expenses may be claimed in accordance with established rules and regulations for authorized activities.
3. Cash advance may be authorized when estimated expenses exceed \$250.00.
4. Advance conference registration may be paid by the District when authorized. Reimbursement to the District for nonattendance is the responsibility of the employee.
5. When travel costs relating to a State activity or activity of other agencies are to be reimbursed by that agency, the employee shall use the standard travel forms and shall note the agency to be billed. Business Services will be responsible for obtaining reimbursement from that agency. Any difference between the actual travel cost and the amount reimbursed by the agency will be absorbed by the District.
6. Claims for reimbursement shall be submitted for approval no later than 30 days following the conclusion of the activity. Claims received after 30 days may be denied at the Superintendent's discretion.

In-District

1. Reasonable expenses may be claimed in accordance with established rules and regulations for authorized activities within the District.
2. The cost of meals in connection with authorized activities within the District may be claimed.
3. Claims for reimbursement are to be submitted for approval no later than 30 days following the conclusion of the activity.

Conference Travel -- Specially-funded Projects

This regulation shall apply to conference attendance by personnel whose total salaries are derived from specially funded projects; e.g., federal project funds, state project funds; special contracts with state, federal, other public and private agencies.

Expenses for conference travel shall be paid from the budget of the specially funded project.

When one or more of the following conditions exist, conference attendance for specially-funded personnel may be permitted:

1. The topics covered in the conference have a direct relationship to the completion of the objectives of the project or contract and are relevant to the stage of development of the project or contract.
2. The conference is a requirement of the funding agency.
3. The funding agency sends a strong, written recommendation that conference attendance be permitted.
4. The employee requesting attendance is authorized by the Superintendent to serve in an official capacity in the organization sponsoring the conference and is also fulfilling official duties during the duration of the conference.

Rules and Regulations

1. **Meals:** Reimbursements shall be based upon actual and necessary meal costs. If a meal is not taken, no amount may be claimed. If the actual cost is less than the limitation prescribed herein, only the actual amount may be claimed. If a meal should exceed the limitation, the claimant has the option of claiming the limitation amount, or claiming the actual higher amount with a statement of justification attached to the claim, as well as district authorized signature approval. Gratuities may be paid if the total payment of the meal and gratuity do not exceed the limit for meal reimbursement. Meals included as part of a registration fee or meals provided while in flight are not reimbursable as separate items. No District funds may be expended on the purchase of alcoholic beverages.

The following are approved meal limitations:

| | |
|-----------|----------|
| Breakfast | \$ _____ |
| Lunch | \$ _____ |
| Dinner | \$ _____ |

For pro-rated reimbursement of meals when the employee is on travel status for less than a full 24-hour period:

| <u>If Travel Begins Before</u> | <u>And Travel Ends After</u> | <u>These Meal Allowances May be Claimed</u> |
|--------------------------------|------------------------------|--|
| 6:00 a.m. | 9:00 a.m. | Breakfast (Maximum) \$ _____ |
| 6:00 a.m. | 2:00 p.m. | Breakfast and Lunch (Maximum) \$ _____ |
| 11:00 a.m. | 2:00 p.m. | Lunch (Maximum) \$ _____ |
| 11:00 a.m. | 7:00 p.m. | Lunch and Dinner (Maximum) \$ _____ |
| 5:00 p.m. | 7:00 p.m. | Dinner (Maximum) \$ _____ |
| 7:00 a.m. | 7:00 p.m. | Breakfast, Lunch, and Dinner (Maximum) \$ _____ |

At the discretion of the Superintendent based on location and other cost factors, meal claims that exceed the previous limitations but do not exceed the maximum per day limit of \$ _____ are authorized. Approval of the Superintendent is specifically required. Meal claims exceeding limits previously specified or not approved within the Superintendent's authority, shall be submitted to the Governing Board for specific approval with justification statements attached.

Meals associated with special events such as banquets, luncheon meetings, or which are an official part of a conference and for which there is a prescribed fee, may be reimbursed at actual cost and must be claimed with an actual receipt. *Otherwise, receipts are not required for meal allowances.

**NOTE: THIS APPLIES TO ADMINISTRATIVE REGULATIONS, WHICH INCLUDE PER DIEM AMOUNTS FOR MEALS. IF PER DIEM MEAL ALLOWANCES ARE NOT ESTABLISHED, RECEIPTS FOR MEALS SHOULD BE REQUIRED TO JUSTIFY REIMBURSEMENT.*

2. **Lodging:** Actual expense for lodging is reimbursed with an itemized hotel bill. Personal credit card receipts or canceled checks are not acceptable. Deposits for hotel accommodations shall be the responsibility of the participant. Accommodations should be shared with appropriate personnel whenever possible. If accommodations are shared with a spouse/guest, reimbursement shall not exceed the rate for single occupancy lodging.
3. **Plane Fare:** Considering time factors, air travel is preferred. Airline tickets should be of least cost and are usually purchased directly by the District. First class air fare will be allowed only in emergency situations with prior approval of the Superintendent. If employees must make their own travel arrangements and purchase tickets, prior approval must be obtained from the Superintendent. Airline tickets must be attached to the claim. Amount of an airplane ticket is not to be included on the claim unless the employee purchased it.
4. **Ground Travel:** A District vehicle should be used when ground travel is the most efficient mode of travel. Ground travel should be coordinated to accommodate the most participants with the fewest vehicles.
 - a. Car Allowance: Personal car reimbursement for official travel must have prior approval. Reimbursement is \$.xx per mile or in lieu air fare, whichever is less.
 - b. Car Rental: Car rental must be reasonable and have prior approval. Car rental reservations are made by Business Services.
5. **Registration:** Registration fees are authorized. Receipts are required. Amounts on the claim will be verified against the receipts. If a pre-registration payment is requested, the amount should be recorded on the activity authorization.
6. **Conference Fees:** Conference fees for specific events shall be reimbursed, excepting that costs of conference-sponsored or non-sponsored activities which are essentially entertainment or non-business shall not be reimbursed.

Travel Claims

Whenever travel is properly authorized and costs are incurred, the employee shall be required to prepare a claim, which shows in detail all expenditures incurred. Invoices or proof of payment shall also be provided and attached to the claim for the following:

1. Airfare, Train Fare
2. Lodging
3. Registration
4. Conference Fees
5. Car Rentals, Taxi, Hotel Bus, Limousine
6. Car Storage, Parking
7. Public Transit, Ferry, Bridges
8. Meals in Excess of Per Diem (*or in ALL instances if District regulations do not establish a per diem*)

Travel claims should include only those costs incurred by the individual employee and should not include any expenses for spouses/guests. The practice of including expenses for other District employees (i.e., one individual paying for several meals) on an individual claim is discouraged. If the claim includes expenses for other District employees for the same activity, travel claims for all participants must be submitted together

The claimant shall certify by signature that all amounts claimed were actual and necessary. Documentation must show the inclusive dates of each trip for which allowances are claimed and the times of departure and return. Time of departure and return means the time the employee starts the trip, from office or home, and ends the trip, at office or home.

Delegation of Authority to Superintendent

The authority to authorize employee travel is hereby delegated to the Superintendent. All restrictions and limitations within this policy shall apply. All warrants issued shall be approved by the governing board.

Delegation Limitations

1. Any travel for which the estimated cost per personal will exceed \$ shall be authorized by the governing board.
2. Any out of state travel shall be authorized by the governing board.
3. The Superintendent or designee shall approve employee, board member, or non-employee claims as in accordance with these regulations.

Adopted:

Amended:

Procedural Reference:

Legal Reference: Education Code §§ 32435, 44032, 44033, 87032

Check One:
 In-County Out-of-State
 Out-of-County

EXHIBIT 3
Page 1 of 1
Revised April 2001

San Diego County Office of Education
ACTIVITY AUTHORIZATION
AND CLAIM FORM

Time charged to:
 1. Required for Office of Education Business
 2. Professional Association Conferences
 3. Release Time
 4. Amount to be Reimbursed by Outside Agency

Name _____ Division/Section _____

Proposed Activity _____ Destination _____

Date of Leaving _____ Date of Return _____
 (Please include travel time to and from airport) Hour a.m. p.m. Hour a.m. p.m.

Method of Transportation: Service Car _____ Other _____ Car Rental _____

Estimated Expense to Office of Education \$ _____ Account Number _____
 FF-FF / RRRR-RRR / GGGG / UUUU / OOOO-OOO / SSS / P

REMARKS: _____

| * REGISTRATION | | CLAIM | | DATE | | | | | | | TOTAL |
|---|--|---|---|-----------|--------|---------|-----------|----------|--------|----------|-------|
| (Enter name and address of sponsoring organization below if prepayment is requested.) | | ITEM | | Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | TOTAL |
| | | Meals | If meal is at a scheduled meeting indicate with "M" | Breakfast | | | | | | | |
| | | Lunch | 1 | | | | | | | | |
| | | Dinner | | | | | | | | | |
| TOTAL \$ | | *Lodging | 2 | | | | | | | | |
| | | Plane fare (attach ticket stubs) | 3 | | | | | | | | |
| | | *Taxi, bus, limousine | 4 | | | | | | | | |
| | | *Telephone and fax | 5 | | | | | | | | |
| | | *Car rental, parking | 6 | | | | | | | | |
| | | Car allowance in lieu air fare at 1/2 the approved mileage reimbursement rate | 7 | | | | | | | | |
| | | *Other (specify) | 8 | | | | | | | | |
| | | TOTAL | | | | | | | | | \$ |

ACTIVITY APPROVAL

It is understood that I will be responsible for reimbursing the Office for advance registration in the event I do not attend the conference and a refund is not obtainable.

WARRANT

EXPENDITURE

TRAVEL AUTHORIZATION NO.:

| | | | |
|---|---|---|--|
| T | O | O | |
|---|---|---|--|

Vendor Number

CLAIM APPROVAL

Signature _____ Date _____
 Director _____ Date _____
 Administrator _____ Date _____
 Superintendent (Out of State Travel Only) _____ Date _____

APPROVED _____ Date _____
 Director _____ Date _____
 APPROVED _____ Date _____
 Administrator _____ Date _____

Vendor Number

WARRANT

EXPENDITURE

INDEPENDENT CONTRACTOR OR EMPLOYEE? DISTRICT GUIDELINES

When contracting with an individual for services the district must establish the nature of the employment relationship. This should occur prior to any services being performed and issuance of any payment. Once the legal relationship is determined, the method of payment is prescribed by law. The problem occurs in the area of who is or is not an employee. There is no clear-cut definition of what constitutes an employee. Instead, there are the twenty common law factors that must be analyzed by the district and the district makes the determination.

The IRS has previously determined that certain workers should be classified as employees. These are individuals performing the duties of:

- Administrators
- Athletic Coaches
- Cafeteria Workers
- Clerical Staff
- Counselors
- Examination Monitors
- Individuals "filling in" on an interim basis
- Intern Psychologists
- Librarians
- Nurses
- Proctors
- Psychologists
- School Bus Drivers
- Specialty Teachers (art, poetry, music, etc.)
- Substitutes
- Teachers/Instructors
- Tutors

What the district calls the individual is irrelevant to the analysis of the employment relationship. The IRS looks at the facts and the relationship on a case by case basis.

If the individual in question is **not** in one of the above categories, you may use the following guidelines to analyze the employment relationship between the district and the individual. *We recommend the completed guidelines be kept on file with the district consultant contract for any future IRS inquiries.* Usual common-law rules were considered in the questionnaire.

**INDEPENDENT CONTRACTOR OR EMPLOYEE?
DISTRICT GUIDELINES**

PART I

| | YES | NO |
|---|-----|----|
| <p>1. Has this category of worker already been classified an "employee" by the IRS? <i>Refer to page 1 for individuals identified during the IRS compliance studies in San Diego County.</i></p> | | |
| <p>2. Is the individual working as an employee prescribed by the Education Code? <i>Education Code §§ 45100-45451/88000-88263 define what constitutes classified service and 44800-45060/87000-87333 define certificated service. The IRS predisposes an employer/employee relationship when state law mandates such a relationship.</i></p> | | |
| <p>3. Is the individual already an employee of the district in another capacity?</p> | | |
| <p>4. Has the individual performed substantially the same services for the district as an employee in the past?</p> | | |
| <p>5. Are there currently employees of the district doing substantially the same services as will be required of this individual?</p> | | |
| <p>6. Does the district have the legal right to control the method of performance by this individual? <i>Consider whether the district has to train this individual or give instruction as to when, where, how, and in what order to work. Does the district require the individual to submit reports or perform the services at a district site? These factors would indicate the district maintains control sufficient for an employer/employee relationship. However, it is <u>not necessary</u> that the district <u>exercise</u> this right or have the expertise required to do so. In many cases this would not be practical nor advisable.</i></p> | | |
| <p>7. Are the services, as being provided, an integral part of school operations? <i>Are the services being provided necessary to the operation of the school, program, project, etc.? This indicates the district has an interest in the method of performance and implies the maintenance of legal control.</i></p> | | |

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES",

STOP HERE

Do **not** complete the rest of the questions. The individual is the district's employee and must be paid and reported accordingly.
If all of the above are "**NO**," continue...

**INDEPENDENT CONTRACTOR OR EMPLOYEE?
DISTRICT GUIDELINES**

PART II

| | YES | NO |
|---|-----|----|
| 8. Must the required services be performed by this individual? <i>Consider whether or not the individual may designate someone else to do the work without the district's knowledge or approval.</i> | | |
| 9. Does the district have a continuing relationship with this individual? <i>Is this a "one shot deal" or will the district continue to use this individual in the future? This could be on an infrequent or irregular basis but a continuous relationship exists.</i> | | |
| 10. Can this relationship be terminated without the consent of both parties? | | |

If the answer to questions 8, 9, or 10 is **"YES"**, there is a good possibility that an employment relationship exists. Questions 8 and 9 are indicators of district control that, in conjunction with other factors, imply an employment relationship. Go back to **PART I** and re-evaluate each question. If questions 1-7 are still all **"NO"** continue.

| | YES | NO |
|---|-----|----|
| 11. Does the individual operate an <u>independent</u> trade or business that is available to the general public? <i>A determining factor in judging independence is the performance of services to the general public. In evaluating this criteria, school districts are considered to be separate entities. Keep in mind: if the district is utilizing this individual's services on a full-time basis, the individual is <u>not</u> available to the general public. NOTE: Possession of a business license or incorporation does <u>not</u> automatically satisfy this requirement. The determination <u>must</u> be made on the actual <u>relationship</u> between the district and the individual performing services.</i> | | |
| 12. Does the individual have a substantial investment in his/her business, .i.e., maintains a facility, equipment, etc.? <i>This is indicative of economic risk inherent in business enterprises. An independent contractor must be able to make a profit or sustain a loss.</i> | | |

If either 11 or 12 are **"NO,"** the individual is a district employee -- **STOP HERE** -- and process the individual through payroll.

If 11 and 12 are both **"YES,"** continue...

**INDEPENDENT CONTRACTOR OR EMPLOYEE?
DISTRICT GUIDELINES**

PART II - Continued

| | YES | NO |
|---|-----|----|
| 13. Does the individual provide all materials and support services necessary for the performance of this service? <i>The district should not be providing office space, clerical, secretarial, or any other support for this individual such as materials, xeroxing, printing, office supplies, etc.. Any necessary assistants would be hired by the individual.</i> | | |
| 14. Is this paid by the job or on a commission? | | |
| 15. Does the individual bear the cost of any travel and business expenses incurred to perform this service? <i>Generally, these types of expenses are paid by an employer, however, some contracts provide for payment of airfare, mileage, etc. for consultants.</i> | | |

If 11 and 12 are “**YES**,” 13 through 15 should also be “**YES**” and are items that should be written into the consultant contract. This individual is an independent contractor. A “**YES**” on questions 13 through 15 supports the district’s conclusion and substantiates a “reasonable basis” for treatment as an independent contractor. While there are circumstances where the district might pay contractually provided expenses, these should be kept at a minimum to avoid giving the impression of an employment relationship.

RESOLUTION ESTABLISHING REVOLVING CASH FUND
(Education Code §§ 42800-5)

_____ School District, San Diego County

ON MOTION of Member _____, seconded by Member _____,
the following resolution is adopted:

WHEREAS, the expeditious purchase of services and/or material makes it necessary that a Revolving Cash Fund be established for the use of the chief accounting officer of the District; and

WHEREAS, _____ is the chief accounting officer of said District; and

WHEREAS, the estimated expenditures of said District for the current fiscal year are approximately _____ Dollars (\$_____); NOW THEREFORE

BE IT RESOLVED by the Governing Board of the District that pursuant to Education Code §§ 42800-5, a Revolving Cash Fund in the amount of _____ Dollars (\$_____) for the use of the chief accounting officer is hereby established, subject to the approval of the Superintendent of Schools, San Diego County.

BE IT FURTHER RESOLVED, that a bond shall be furnished and all other conditions shall be complied with as set forth in the Education Code.

PASSED AND ADOPTED by the Governing Board on _____ by the following vote:

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I _____, Clerk/Secretary to the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Governing Board at a regularly called and conducted meeting held on said date.

WITNESS my hand this _____ day of _____, 20_____

Clerk/Secretary to the Governing Board

I hereby approve the establishment of the Revolving Cash Fund as set forth in the foregoing resolution.

Date

Superintendent of Schools, San Diego County

INVOICE AND RECEIPT FOR PAYMENT FROM REVOLVING CASH FUND

_____ **School District, San Diego County**

Date _____

RCF Check # _____

Received from _____ Custodian of Revolving Cash Fund
of _____

_____ School District, the sum of _____

Dollars

\$ _____.

PAYEE: _____

By: _____

Title _____

| Quantity | Unit | For Services or Supplies Listed Below (Attach Receipts) | Unit Price | Amount |
|----------|------|--|------------|--------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Sales Tax \$

TOTAL \$

APPROVED:

Budget Classification:

Authorized Official

\$ _____

\$ _____

BILL FOR REIMBURSEMENT OF REVOLVING CASH FUND

To: General Fund, _____ School District

From: _____, Custodian of Revolving Cash Fund

Pursuant to Education Code § 42804, this bill is submitted for reimbursement of payments made from the Revolving Cash Fund as supported by the accompanying receipts.

Total Amount of Reimbursement Due \$ _____

Signature _____
(Custodian of Revolving Cash Fund)

Date _____

**CHECK REMITTANCE ADVICE FORM
INVOICE AND RECEIPT FOR PAYMENT FROM REVOLVING CASH FUND**

_____ **School District, San Diego County**

Date _____

Received from _____, Custodian of Revolving Cash Fund of
_____ School District, the sum of _____ Dollars \$ _____

PAYEE: _____

By: _____ Title _____

| Quantity | Unit | For Services or Supplies As Listed Below | Unit Price | Amount |
|---|------|---|------------|--------|
| | | | | |
| <p>I hereby certify that this invoice is for: _____ _____</p> <p>and that an itemized list is on file in the district.</p> <p align="right">Sales Tax \$ _____ TOTAL \$ _____</p> | | | | |

APPROVED:

Budget Classification:

Authorized Official

\$ _____
\$ _____

RESOLUTION ESTABLISHING PREPAYMENT REVOLVING CASH FUND
(Education Code § 42820)

_____ **School District, San Diego County**

ON MOTION of Member _____, seconded by Member _____,
the following resolution is adopted:

WHEREAS, the Governing Board desires to provide greater flexibility in the payment of
District obligations; NOW THEREFORE

BE IT RESOLVED pursuant to Education Code § 42820, a Revolving Cash Fund is
established in the _____ Bank in the amount of
_____ Dollars (\$ _____).

BE IT FURTHER RESOLVED, that _____
or _____ is authorized pursuant to Education Code
§ 42821 to make immediate payments by check drawn on the Revolving Cash Fund
bank account in accordance with rules and regulations adopted by this Governing
Board.

PASSED AND ADOPTED by the Governing Board on _____
by the following vote:

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I _____, Clerk/Secretary to the Governing Board, do
hereby certify that the foregoing is a full, true, and correct copy of a resolution passed
and adopted by the Governing Board at a regularly called and conducted meeting held
on said date.

WITNESS my hand this _____ day of _____, 20____

Clerk/Secretary to the Governing Board

RESOLUTION TO INCREASE PREPAYMENT REVOLVING CASH FUND
(Education Code § 42820)

_____ **School District, San Diego County**

ON MOTION of Member _____, seconded by Member _____,
the following resolution is adopted:

WHEREAS, the present Revolving Cash Fund of _____ Dollars
(\$_____) established pursuant to Education Code Section 42820 will not
be sufficient at times to provide the necessary amount of cash on hand, NOW
THEREFORE

BE IT RESOLVED that the Revolving Cash Fund be increased to _____
Dollars (\$_____).

BE IT FURTHER RESOLVED that all other provisions of the resolution establishing the
Revolving Cash Fund shall continue in effect.

PASSED AND ADOPTED by the Governing Board on _____ by the following
vote:

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I _____, Clerk/Secretary to the Governing Board, do hereby certify that
the foregoing is a full, true, and correct copy of a resolution passed and adopted by the
Governing Board at a regularly called and conducted meeting held on said date.

WITNESS my hand this _____ day of _____, 20_____.

Clerk/Secretary to the Governing Board

REVOLVING CASH FUND RULES AND REGULATIONS
(Education Code §§ 42820-1)

_____ **School District, San Diego County**

PURPOSE: To expedite payment for purchases not exceeding \$_____

1. By resolution adopted on _____, the Governing Board established a Revolving Cash Fund, set the amount of said fund, identified the bank in which funds will be deposited, and designated the person(s) authorized to make payments by check drawn on the Revolving Cash Fund bank account.
2. Each designated person shall be authorized to make immediate payment or repayment by check drawn on the Revolving Cash Fund for purchases in an amount not to exceed _____ Dollars (\$_____).
3. A list of Revolving Cash Fund payments shall be submitted to the Governing Board for approval at least monthly.
4. After reviewing the list of Revolving Cash fund payments, the Governing Board shall approve all the expenditures allowed under the California Education Code.
5. Upon approval of the expenditures by the Governing Board, an order shall be drawn against the General Fund of the District to replenish the Revolving Cash Fund.
6. Each designated person shall be personally liable for the amount of any check only if the expenditure is not authorized by the California Education Code and/or district policy.
7. Each designated person shall be covered under the District's employee blanket bond.

MONTHLY LIST OF REVOLVING CASH FUND PAYMENTS

_____ **School District, San Diego County**

For Month of _____ 20__

| Check No. | Expenditure Account | Date | Payee | Purpose | Amount |
|-----------|---------------------|---------|-----------------|-----------------|------------|
| 139 | 4600 | 5-3-00 | A-Z Parts Co. | Water hoses/bus | \$ 47.38 |
| 140 | 4310 | 5-4-00 | Lakeshore | Finger paint | \$ 12.69 |
| 141 | | 5-4-00 | VOID | | |
| | | | | | |
| | | | | | |
| 231 | 4500 | 5-21-00 | Office Depot | Ink Pads | \$ 25.38 |
| 232 | 5200 | 5-28-00 | Robert R. Smith | Conference Reg. | \$ 89.50 |
| TOTAL | | | | | \$1,850.75 |

CERTIFICATION OF APPROVAL OF REVOLVING CASH FUND PAYMENTS

I HEREBY CERTIFY THAT THE GOVERNING BOARD IN ITS MEETING OF _____, 20__, APPROVED THE ATTACHED LIST OF REVOLVING CASH FUND PAYMENTS FOR THE MONTH OF

_____, 20__

Date: _____, 20__

Signature _____

Title: _____

NOTE: The above is not intended for use in preparing a school district form. Rather, it is presented as a guide for a rubber stamp to be placed on the Monthly List of Revolving Cash Fund Payments. (Exhibit 11)

Date: _____

To: Vendor

From: Business Manager
_____ School District

Upon shipment of a complete order:

1. Please complete the details of the invoice section of the purchase order and fill in the amount due on the face of the enclosed Revolving Cash Fund check (include freight charges and/or any other miscellaneous expenses due).
2. Endorse the check on the reverse side and deposit it after the order has been shipped. Send the completed shipping copy with invoice cost details along with your shipment.
3. Deposit the check with your bank (check is void after 90 days).
4. Since no back orders are accepted, please advise us as soon as possible if you are unable to make a complete shipment.
5. Please call or write the person indicated on the purchase order if you encounter any processing difficulties.

RESOLUTION ESTABLISHING CAFETERIA REVOLVING CASH ACCOUNT
(Education Code § 38091)

_____ **School District, San Diego County**

ON MOTION of Member _____, seconded by Member _____,
the following resolution is adopted:

WHEREAS, the Governing Board desires to provide greater flexibility in the payment of
District obligations; NOW THEREFORE

BE IT RESOLVED pursuant to Education Code § 38091, a Cafeteria Revolving Cash
Account is established in the Bank in the amount of _____ Dollars
(\$_____).

BE IT FURTHER RESOLVED, that _____ or _____
is authorized to make immediate payments by check drawn on the Cafeteria Revolving
Cash Account bank account in accordance with rules and regulations adopted by this
Governing Board.

PASSED AND ADOPTED by the Governing Board on _____ by the following
vote:

AYES: Members
NOES: Members
ABSENT: Members

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

I _____, Clerk/Secretary to the Governing Board, do hereby certify that
the foregoing is a full, true, and correct copy of a resolution passed and adopted by the
Governing Board at a regularly called and conducted meeting held on said date.

WITNESS my hand this _____ day of _____, 20_____.

Clerk/Secretary to the Governing Board

The Education Code authorizes district governing boards to order financial elections, such as bond and apportionment elections. After the passage of Proposition 13 on June 6, 1978, which placed a constitutional limitation on the amount of any ad valorem tax on real property at one percent of the full cash value of such property, few school and community college districts held such elections. The passage of Proposition 46 on June 3, 1986, amended the California Constitution to permit bond elections to be held for specified limited purposes. Proposition 39 passed on November 7, 2000, authorized bond elections for school facilities with a 55 percent vote. [EC §§ 15100 et seq., 15120-6, 15264 et seq., 15340, 16527]

The only regularly scheduled school district election is the biennial governing board members' election. The date of this election for districts may vary if specified by city charter or board resolution. Elections may also be held periodically to fill governing board vacancies, to recall governing board members, or to determine issues related to school district organization. These periodic elections are normally scheduled on one of the regular election dates each year and are consolidated with other elections in the same area to reduce election costs for the districts involved. An all-mail ballot is an option for an election to fill a governing board vacancy. [EC §§ 5000 et seq., 5090 et seq., 5320 et seq., 35557-9, 35710, 35756-64; EIC §§ 4004, 9603]

The governing board, the county superintendent of schools, and the county elections official have specific responsibilities for each type of election. The governing board adopts the necessary resolutions for ordering and consolidating an election. The county superintendent of schools calls and conducts most school district elections. The county elections official performs all duties incident to the preparation for and holding of school district elections. County Counsel provides impartial analyses required for district elections. [EC § 1258]

Duties of the Governing Board

1. To order elections as authorized. [EC §§ 5304, 5322]
2. To resolve tie votes in governing board member elections. [EC § 5016]
3. To determine whether a charge will be levied against a candidate for the candidate's statement. [EIC § 13307(e)]

Duties of the County Superintendent of Schools

1. To call elections when ordered. [EC §§ 5302, 5322-5]

2. To prepare recommendations, statements, or arguments for any elections where they are required.
3. To receive petitions as authorized.

Duties of the County Elections Official

1. To perform those duties incident to the preparation for and holding of all district elections. [EC § 5303]
2. To call elections when ordered. [EC §§ 5322, 5325]

The elections official may request the use of school buildings as polling places and a telephone line for Internet access on election day. [EIC § 12283]

School and community college district elections are governed by the Elections Code except as otherwise provided in the Education Code. Many former Education Code sections that related to district elections were repealed and reenacted into the Elections Code. Other Education Code sections have been amended to conform with the Uniform District Election Law (UDEL) contained in the Elections Code. For example, the provisions for recall of local officers, such as governing board members, are now contained in the Elections Code. Some of the pertinent Elections Code provisions that affect school district elections are summarized below. [EC § 5300; EIC § 10500 et seq.]

Ballot Arguments

A written argument for or against any school measure may be filed by [EIC § 9501]:

1. The governing board of a district or member(s) authorized by the board, or
2. Any individual voter who is eligible to vote on the measure, or
3. A bona fide association of citizens, or
4. A combination of such voters and associations.

No argument will exceed 300 words in length. A ballot argument shall be accompanied by the printed name(s) and signature(s) of the person(s) submitting it. One pro argument and one con argument will be printed and mailed to the voters. The arguments' authors in favor and against the measure may prepare and submit rebuttal arguments not exceeding 250 words. [EIC §§ 9501, 9501.5, 9504]

88-Day Notice

The governing board makes a resolution ordering an election and sets forth the specifications on the date and purpose of the election. Conformed copies of the resolution must be delivered to the Registrar of Voters, San Diego County, not less than 88 days prior to the election. [EC § 5322]

Limitation on Length of Ballot Measure Form

Districts anticipating placing a measure on the ballot (e.g., bond election) are reminded that Elections Code section 13247 requires that the statement submitted to the electors will be abbreviated on the ballot. The statement is limited to 75 words or less. [EIC § 13247]

Consolidated Elections

If two or more elections of any type are to be held on the same day in the same territory, or in territory that is in part the same, they may be consolidated. The governing board must request consolidation. Consolidation of a school district election with a statewide election requires approval of the Board of Supervisors, San Diego County. The county superintendent of schools will consolidate governing board elections. [EC §§ 5323, 5342, 15101, 15121; EIC §§ 1302 et seq., 10400 et seq.]

Election Expenses

Various election costs and the public agency that will pay for each type of school or community college district elections are identified in the Education Code. Districts may pay for printing, handling, translating, and mailing candidate statements contained in the voter's pamphlet (see Additional Resources). [85 Ops.Cal.Atty.Gen. 49 (2002)] The governing board may require candidates to pay the cost of candidates' statements printed and mailed to the voters. [EC §§ 5420-6; EIC §§ 3024, 13307(e)]

School or community college district funds, services, supplies, or equipment shall not be used to urge the support or defeat of any ballot measure or candidate. [EC § 7050 et seq.]

Established Election Dates, Statewide Elections

The established election dates in each year are as follows [EIC § 1000]:

1. The second Tuesday of April of each even-numbered year.

-
2. The first Tuesday after the first Monday in March of each odd numbered year.
 3. The first Tuesday after the first Monday in June in each year.
 4. The first Tuesday after the first Monday in November of each year.
 5. The first Tuesday in February of each year evenly divisible by four.

Elections held in June (direct primary) and November (general) of each even-numbered year and held in February (presidential primary) of each year evenly divisible by four will be statewide election dates. [EIC §§ 316, 324, 340, 1001, 1201-2]

Other dates are established on which mail ballot elections may be held. [EIC § 1500]

Special Elections

All school district elections will be held on an established election date, with specified exceptions. No election shall be held on any day other than a Tuesday. No election shall be held the day before, the day of, or the day after a state holiday. [EC §§ 15101, 15266(a), 15340; EIC §§ 1002-3, 1100, 1405]

Special elections may not be held within a 45-day period before or after a statewide election, unless conducted at the same time as the statewide election or on an established election date. This 90-day "blackout" period occurs every two years, when statewide primary and general elections are held. These restrictions apply to all general obligation bonds requiring a two-thirds vote but do not affect 55 percent bonds, which may not be considered at a special election. [EC § 15101]

Financial Elections

School and community college district governing boards may issue general obligation bonds for the acquisition or improvement of real property (land and buildings) by a two-thirds vote of the voters voting on the proposition. General obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, or acquisition or lease of real property for school facilities may be authorized by a 55 percent vote. The bonds may be financed by an increase in the ad valorem tax rate only for these purposes. [CalC, Art. XIII, XIII A; EC §§ 15100 et seq, 15264 et seq.; GC § 53506 et seq.]

The governing board may propose by resolution the adoption of a special tax for a special purpose, not for the general operation of the district. The resolution must include the type and rate of tax to be levied and the method of collection. The California

Constitution prohibits this special tax from being a tax upon the value of real property. It can be a flat tax on all parcels of real property regardless of value or a tax per square footage, for example. The proposition must be approved by a two-thirds vote of the voters voting on the proposition.

Any local special tax or bond measure that is subject to voter approval must include a statement of the specific purposes of the tax or bond. The statement must specify that the proceeds of the tax or bond must be applied to the identified purposes and shall be deposited into an account specifically created for the funds. The chief fiscal officer must provide an annual fiscal report with information on the status of the project and the amounts of collected and expended funds. [GC §§ 50075.1 et seq., 53410 et seq.] Any such resolutions that a school district proposes to adopt should be examined by district counsel prior to adoption, sufficiently in advance of the 88-day deadline for submission of the resolution to the officer conducting the election. [EC § 5322]

No other bond election may be held in any school district for a period of 90 days after such an election was conducted in the same school district. [EC § 15120]

The governing board may propose bonded indebtedness for a school facilities improvement district. After adopting a resolution ordering the formation of a school facilities improvement district, the governing board must submit to the voters a proposition on whether to incur the indebtedness and issue bonds. The governing board may call a special bond election within the district or submit the proposition to the voters at the next statewide election. [EC §§ 15101.75, 15340 et seq.]

Governing Board Member Elections

A governing board member election will be held biennially on the first Tuesday after the first Monday in November of each odd-numbered year. This is in order to fill the offices of members whose terms expire on the first Friday in December next succeeding the election. A school or community college district governing board may adopt a resolution requiring its general election to be held on the June statewide primary or November statewide general election date. Each person elected at the regular biennial governing board member election will hold office for a four-year term. This commences on the first Friday in December next succeeding the person's election. [EC §§ 5000, 5017(a); EIC §§ 1302, 10404.5, 10600 et seq.]

Any vacancy that occurs on a district governing board will be filled by election or appointment. Contact the Superintendent of Schools, San Diego County, for materials to assist the governing board to fill a vacancy. When an election is ordered, it will be held on the next established election date that is not less than 130 days after the order of the election. If the governing board makes a provisional appointment, registered

voters may petition for a special election to be conducted to fill the vacancy. The governing board may adopt a resolution to authorize an all-mail ballot election to fill the vacancy. The Superintendent of Schools, San Diego County, will order a special election that will be conducted no later than the 130th day after the determination of the petition's sufficiency. If an established election date, as defined in Section 1000 of the Elections Code, occurs between the 130th day and the 150th day following the order of the election, the superintendent of schools may call such special election to be conducted on the regular election date. [EC § 5091 et seq.; EIC §§ 1000, 1500, 4004; GC §1770]

A provisional appointment confers all governing board member powers and duties upon the appointee immediately following appointment. A person appointed to a vacancy on a governing board will hold office only until the next regularly scheduled election for governing board members. Then an election is held to fill the vacancy for the remainder of the unexpired term in which the vacancy occurred. [EC § 5091]

If the governing board determines to fill a vacancy at an election, legal counsel should be contacted to prepare the resolutions ordering the election and consolidating the election, if necessary, to be adopted by the governing board. After adoption by the governing board, conformed copies of the resolution(s) are delivered to the Superintendent of Schools, San Diego County, and to the Registrar of Voters, San Diego County.

Governing Board Member Recall Elections

Within 14 days after the regular meeting at which a certificate of sufficiency is received from the registrar of voters for a petition seeking the recall of a governing board member, the governing board of a school or community college district must issue an order stating that a recall election will be held. The election must be held not less than 88 nor more than 125 days after the issuance of the order and must be consolidated with a regular election to be held within this period. The district should consult with the

Registrar of Voters to determine an appropriate date for this election. The district should also contact legal counsel for preparation of the necessary resolutions to order and consolidate the recall election. [EIC §§ 11240-2]

The provisions for recall of local elective officers, including officers appointed to fill vacancies, such as governing board members of school and community college districts, are contained in the Elections Code. Individuals or governing board members who desire information on the recall process should contact the Registrar of Voters for assistance. The Secretary of State prepared an online pamphlet on the procedure for

recalling state and local officials in 2003 (see Additional Resources). The procedure for recalling a local official [EIC § 11000 et seq.], such as a board member, is excerpted below:

1. Registered voters in the school or community college district may seek to recall a governing board member who has held office during the current term for more than 90 days, who has not had a recall election determined in the board member's favor within the last six months, and whose term of office does not end within six months or less. [EIC § 11007]
2. Proponents begin the recall procedure by personal delivery or by certified mailing, filing, and publication or posting according to legal requirements, of a copy of the notice of intention to circulate a recall petition. [EIC §§ 11006, 11020-4]

The notice of intention must contain:

- a. The name and title of the officer to be recalled.
 - b. A statement (200-word maximum) of the reasons for the recall.
 - c. The printed name, signature (10 signatures minimum or higher amount for specific office), and a business or residence address, or alternative mailing address, of each of the proponents of the recall.
 - d. The provisions of Elections Code section 11023.
3. The governing board member sought to be recalled may file a signed answer (200-word maximum), accompanied by the member's printed name and business or residence address, with the Registrar of Voters and shall serve a copy by personal delivery or certified mail on one proponent within seven days of the filing of the notice. [EIC § 11023]
 4. Before the proponents may obtain any signatures on a recall petition, they must file during normal, posted office hours two blank copies of the petition and affidavit of posting or publication with the Registrar of Voters, who determines if the proposed form, printing, and wording meet legal requirements. The required format for the petition may be obtained from the Registrar of Voters or the Secretary of State. The petition shall include a copy of the notice of intention and the answer, if any, of the board member sought to be recalled. The approved petition can be circulated and signed only by registered voters who are qualified to vote for the board member sought to be recalled. [EIC §§ 11040-7]

5. The number of signatures required to qualify a particular recall is based upon a percentage of registered voters in the district. The percentage varies from ten to thirty percent depending upon the total registration in the district as of the time of the last report of registration by the Registrar of Voters to the Secretary of State. The deadline for filing the signed petition with the Registrar of Voters varies from 40 to 160 days after approval of the petition, depending upon the total voter registration in the district. The minimum number of signatures required and the deadline for filing should be determined by the Registrar of Voters when the recall process is initiated. [EIC §§ 11220-1]
6. The Registrar of Voters determines whether the petition and any supplemental petitions were signed by the required number of qualified signatures and, if required, issues a certificate of sufficiency to the governing board, which orders the election. [EIC §§ 11224, 11227]
7. If a majority vote on the question of recall, the governing board member is removed from office and the candidate who received the highest number of votes is the successor. The recalled officer may not be a candidate to succeed himself or herself or any other recalled officer on the same governing board. [EIC § 11381 et seq.]

Reorganization Elections

The county superintendent of schools shall order elections to reorganize school or community college districts as required by action of the county committee on school district organization, the California State Board of Education, or the Board of Governors of the California Community Colleges. Reorganization proposals may include transfers of territory, unification, annexation, and unionization, and may involve election of governing board members for the reorganized district. The election shall be held at the next election of any kind in the area of election, and the cost of the election shall be a charge against the county general fund (County School Service Fund in San Diego County). The area of election may be determined in accordance with applicable Education Code provisions by the type of reorganization proposed, plans and recommendations relating to the reorganization, court decisions on area of interest, or action of the county committee on school district organization, State Board of Education, or Board of Governors. [EC §§ 5425-6, 35710, 35756, 35756.5, 35759, 74230]

A majority vote is required to authorize district reorganization. The reorganization is effective for all purposes on July 1 of the calendar year following the calendar year in which the action is complete. [EC §§ 35534, 35764, 74251]

DISTRICT REORGANIZATION

The organization of districts as they existed on January 1, 1981, and local educational needs and concerns serve as the basis for reorganization. The reorganization procedure for school districts is different from that for community college districts. The procedures are outlined below for transfers of territory and for other reorganizations. [EC §§ 35500 et seq., 74000 et seq.]

The San Diego County Board of Education serves as the San Diego County Committee on School District Organization, which is charged with the responsibility of handling school and community college district reorganization. The county superintendent of schools may provide specified services with respect to the reorganization of a school district. [EC § 35700.1] A district considering a potential reorganization should contact the San Diego County Office of Education for assistance. The San Diego County Committee on School District Organization encourages district(s) affected to agree on the method of proposed reorganization prior to initiating the procedure for reorganization as requested by district(s) or individual electors. [EC § 4020 et seq.]

Transfer of Territory (K-12 Districts)

1. Governing board(s), registered electors, or property owners develop reasonable identification of territory to be transferred. Although the map and legal description must be in the format required by the State Board of Equalization, Tax Area Services Section, this is not a prerequisite for filing a valid petition. [EC § 35700.3]
2. Affected elementary and unified district governing board(s) approve petition to transfer territory. A petition of 25 percent of the registered electors residing in the territory proposed to be transferred, or property owner(s) if uninhabited, also initiates the process. [EC § 35700]
3. Upon submission of the signed petition to the county superintendent of schools, the county superintendent transmits the petition, if sufficient, to the county committee on school district organization and the State Board of Education. [EC § 35704]
4. The county committee notifies the local agency formation commission (LAFCO) [EC § 35700.5]
5. The county committee may add to the petition. A report of the county assessor is requested. The description of the petition is made available to the public ten days prior to the public hearings. [EC § 35705.5]

6. The county committee holds public hearings at regular/special meetings in each affected district within 60 days of the transmittal. [EC § 35705]
7. The county committee conducts an initial study and files a Negative Declaration, as appropriate, in compliance with the California Environmental Quality Act (CEQA). [PRC § 21000 et seq.; 14 CCR § 15000 et seq.]
8. Within 120 days after commencement of the first public hearing on the petition, the county committee shall approve or disapprove the petition. [EC § 35706]
9. The county committee may approve the petition and order the petition granted if conditions of Education Code § 35753(a) are substantially met and if (1) uninhabited territory with owner(s)' and governing boards' consent, or (2) inhabited territory, less than 10 percent assessed valuation, and governing boards' consent. [EC § 35709]
10. If the county committee approves other petitions to transfer territory, it shall notify the county superintendent to call an election to be conducted at the next election of any kind in the territory of the districts as determined by the county committee. [EC § 35710]
11. If the transfer is granted or approved at an election, the board of supervisors makes the order to reestablish boundaries. Action is complete on the date of the board of supervisors' action and is effective for all purposes on July 1 of the calendar year following the calendar year in which all action is completed. [EC §§ 35530, 35534, 35765; GC § 54900]

The final date to file for a change of jurisdictional boundary is December 1 for the State Board of Equalization to levy taxes or assessments for the next school year.

A fee must be paid to the State Board of Equalization by the receiving district. The fee is \$300 to \$3,500 for each parcel, based upon acreage involved in the transfer (see Additional Resources). [GC §§ 54902, 54902.5]

Transfer of Territory (Community College Districts)

1. Governing boards(s) or registered electors develop reasonable identification of territory to be transferred. Although the map and legal description must be in the format required by the State Board of Equalization, Tax Area Services Section, this is not a prerequisite for filing a valid petition.

2. The affected community college district governing boards approve the petition to transfer territory. A petition of 25 percent of the registered electors residing in the territory proposed to be transferred also initiates the process. [EC § 74100]
3. Upon submission of the signed petition to the county superintendent of schools, the petition is transmitted to the board of governors, and if sufficient, is transmitted to the county committee on school district organization, the governing board of each affected district, and the board of governors. A petition for a minor change in district boundaries, as defined, may be transmitted directly to the board of supervisors by the county superintendent of schools without submission to the county committee. [EC § 74104]
4. The county committee may add to the petition. A report of the county assessor is requested. The description of the petition and report are made available to the public, the affected governing boards, and the board of governors ten days prior to the public hearings. [EC § 74106]
5. The county committee holds public hearing(s) at regular/special meetings in each affected district within 90 days of transmittal. [EC § 74105]
6. Within 90 days after the public hearing(s), the county committee forwards a copy of the petition and report documents to each district governing board and the board of governors for review. [EC § 74107]
7. The county committee conducts an initial study and files a Negative Declaration, as appropriate, in compliance with the California Environmental Quality Act (CEQA). [PRC § 21000 et seq.; 14 CCR § 15000 et seq.]
8. After holding a public hearing, the receiving district governing board signs a statement of agreement and returns the statement with the petition and notice of action to the county committee. [EC § 74107]
9. The county committee transmits a copy of the approved petition and any related information or recommendations to the chief petitioners and the board of governors. Denial requires written notice. [EC § 74109-10]
10. If the petition is approved by the county committee, the board of supervisors makes the order to reestablish the boundaries. Action is complete on the date of the board of supervisors' action, and is effective for all purposes July 1 of the subsequent year for any transfer completed on or before January 1. [EC § 74250-1; GC § 54900]

The final date to file for a change of jurisdictional boundary is December 1 for the State Board of Equalization to levy taxes or assessments for the next school year.

A fee must be paid to the State Board of Equalization by the receiving district. The fee is currently \$300 to \$3,500 for each single area, based upon acreage involved in the transfer (see Additional Resources). [GC §§ 54902, 54902.5]

Other Reorganizations (K-12 Districts)

School district reorganization proposals include unification, unionization, formations, and other types of reorganization. Actions to reorganize may be initiated by the governing boards of the districts affected; a petition of 25 percent of the registered voters residing in the territory proposed to be reorganized (eight percent of votes cast in last gubernatorial election for proposal affecting a single school district with over 200,000 ADA); a petition of 10 percent of the qualified electors residing in any district for consideration of unification (at least five percent in a school district with over 200,000 ADA) or other reorganization; or a resolution from a city council, board of supervisors, governing body of a special district, or LAFCO. [EC §§ 35700, 35721]

The following list provides legal references for the major requirements and processes of a reorganization proposal:

1. Initiation of a reorganization proposal. [EC §§ 35700, 35721]
2. Written notification of LAFCO. [EC §§ 35700.5, 35721.5]
3. Public hearings by county committee following receipt of petition. [EC §§ 35705, 35721]
4. Recommendations of county committee; approval/disapproval. [EC § 35706]
5. Granting or denial of petition (county committee); tentative and final recommendations. [EC §§ 35720.5, 35721, 35722, 35730 et seq.]
6. Transmittal of recommendation to State Board of Education. [EC §§ 35707, 35722]
7. State Board of Education hearing; approval and election. [EC § 35750 et seq.]
8. The fee for processing any change shall be determined by the Tax Area Services Section, State Board of Equalization. [GC §§ 54902, 54902.5]

A reorganization proposal may be withdrawn from consideration by the State Board of Education by resolution of the governing boards initiating the petition process and approval of the county committee. [EC § 35752]

A program to facilitate unification of school districts was authorized for three counties to use at the election of the county superintendents of schools. [EC § 35800 et seq.]

The *School District Organization Handbook*, published by the California Department of Education, Sacramento, is a resource manual that provides details and flowcharts on the requirements and procedures for all reorganization proposals (See Additional Resources). Districts are also encouraged to contact the San Diego County Office of Education if additional information is desired.

Other Reorganizations (Community College Districts)

Because of the infrequency of requests for community college district reorganization studies other than transfer of territory, no procedures will be outlined in this section. Community college districts should reference the appropriate Education Code sections for specific information and are encouraged to contact the San Diego County Office of Education if information is desired on formation or annexation of a community college district. [EC § 74100 et seq.]

ADDITIONAL RESOURCES

1. American FactFinder Database, U.S. Census Bureau, for population, housing, economic and geographic data. To identify school district, county, and other information specific to a street address, use the "street address" search option. Available: <http://factfinder.census.gov/home/saff/main.html?_lang=en>
2. The California Environmental Quality Act. Available: <http://www.ceres.ca.gov/topic/env_law/ceqa>
3. California Secretary of State. Available: <<http://www.ss.ca.gov/>>
4. Legal Opinions of the California Attorney General. Available: <<http://caag.state.ca.us/opinions/>>

85 Ops.Cal.Atty.Gen. 49 (2002). Available: <<http://ag.ca.gov/opinions/pdfs/01-619.pdf>>
5. Procedure for Recalling State and Local Officials (2007). Available: <<http://www.ss.ca.gov/elections/recall.pdf>>

6. San Diego County Registrar of Voters. Available:
<<http://www.sdcounty.ca.gov/voters/Eng/Eindex.html>>
7. *School District Organization Handbook*, California Department of Education, August 2006. Available: <<http://www.cde.ca.gov/re/lr/do/>>
8. State Board of Equalization:

Change of Jurisdictional Boundary, Fees. Available:
<<http://www.boe.ca.gov/proptaxes/pdf/jurboundaryreq.pdf>>

Statement of Boundary Change, Form BOE-400-TA. Available:
<<http://www.boe.ca.gov/proptaxes/pdf/400ta.pdf>>

LIST OF EXHIBITS

- Exhibit 1 Notice of Provisional Appointment to the Governing Board of the School District, Sample Form, San Diego County Office of Education

This version (1A) is used for terms expiring in the year of the next regularly scheduled election.

**NOTICE OF PROVISIONAL APPOINTMENT
TO THE GOVERNING BOARD OF THE
_____ SCHOOL DISTRICT**

NOTICE IS HEREBY GIVEN, pursuant to Education Code section 5092, that:

On _____ (Date) _____ a vacancy occurred on the above-named governing board; and

OR

On _____ (Date) _____ a resignation was filed with the County Superintendent of Schools containing the deferred effective date of _____ (Date) _____; and

On _____ (Date) _____ the remaining members of said governing board appointed _____ (Name of Appointee) _____ as the provisional appointee who shall hold office until the next regularly scheduled election for district governing board members on _____ (Election Date) _____; and

The provisional appointment confers all powers and duties upon the appointee immediately following his or her appointment; and

Unless a petition calling for a special election is filed with the County Superintendent of Schools within thirty (30) days after the date of the provisional appointment, it shall become an effective appointment; and

This version (1B) is used for terms not expiring in the year of the next regularly scheduled election. The highlighted section is the difference between 1A and 1B.

**NOTICE OF PROVISIONAL APPOINTMENT
TO THE GOVERNING BOARD OF THE
_____ SCHOOL DISTRICT**

NOTICE IS HEREBY GIVEN, pursuant to Education Code section 5092, that:

On _____ (Date) _____ a vacancy occurred on the above-named governing board; and

OR

On _____ (Date) _____ a resignation was filed with the County Superintendent of Schools containing the deferred effective date of _____ (Date) _____; and

On _____ (Date) _____ the remaining members of said governing board appointed _____ (Name of Appointee) _____ as the provisional appointee who shall hold office until the next regularly scheduled election for district governing board members on _____ (Election Date) _____, at which time the vacancy shall be filled for the remainder of the unexpired term; and

The provisional appointment confers all powers and duties upon the appointee immediately following his or her appointment; and

Unless a petition calling for a special election is filed with the County Superintendent of Schools within thirty (30) days after the date of the provisional appointment, it shall become an effective appointment; and

A petition calling for a special election shall be filed with the County Superintendent of Schools, 6401 Linda Vista Road, San Diego, California 92111-7399, not later than (30th Calendar Day) and shall contain the following:

1. The Registrar of Voters' estimate of the cost of conducting the special election.
2. The name and residence address of at least one (1), but not more than five (5), of the proponents of the petition, each of which proponent shall be a registered voter of the school or community college district, as applicable.
3. The text of language of the petition shall not appear in less than six-point type.
4. Signatures of at least one and one half percent (1 ½%) of the number of registered voters of the district or twenty-five (25) registered voters, whichever is greater, at the time of the last regular election for governing board members. In districts with registered voters of less than two thousand (2,000) persons, a petition shall be deemed to bear a sufficient number of signatures if signed by at least five percent (5%) of the number of registered voters of the district at the time of the last regular election for governing board members.

A petition calling for a special election shall be prepared and circulated in conformity with the requirements of sections 100 and 104 of the Elections Code.

Date: _____ _____ SCHOOL DISTRICT

By _____

Title _____

Housing pupils is a primary district responsibility. The purpose of this section is to provide school districts with general information on the basic requirements, planning process, approvals, and personnel necessary to meet educational facility needs. Financing of school facilities, site selection, and construction approval require detailed information, some of which is included in the exhibits at the end of this section. Topics specific to charter schools facilities are discussed in the Charter Schools section.

SCHOOL BUILDING PROGRAM

Implementation of a school building program requires careful coordination of activities so that construction is completed as buildings are needed. A continuous long-range facility planning program is recommended to achieve this coordination. A building program calendar should be established that allows sufficient time for the four main phases of school building programs: (1) planning; (2) funding, i.e., state eligibility, bonds, and other options; (3) site selection and acquisition, including California Department of Education approval; and (4) construction, including specific activities that are required at the completion of a building project. A seven-year timeline is suggested.

The planning, financing, site selection, and construction of school buildings require consideration of complex issues, including projected enrollments, educational program objectives, financial resources, and current legal requirements.

Questions concerning all aspects of facility planning may be directed to Facility Planning Services, San Diego County Office of Education (SDCOE). Information is also available on the Facility Planning Services Web site (see Additional Resources).

PLANNING PHASE

Governmental agencies and local stakeholders should be involved in the analysis and development of a district facilities plan that will ensure that current and future educational and facilities needs are met (see Exhibit 1). The design of facilities must address many dynamic, contemporary issues (see Exhibit 2). SDCOE Facility Planning Services provides suggested planning criteria to districts upon request.

The following are major steps in planning a district school building program:

1. Assist the governing board in selection of a district planning consultant and/or architect following appropriate selection criteria.
2. Work with district architect to complete a site assessment of all sites, identifying conditions of facilities and needs for repair or replacement. Architect should then prepare a cost estimate for the defined projects, develop a financial plan, and identify potential funding sources.

3. Update the district's long-range comprehensive master plan, long-range master plan, and long-range enrollment projections (e.g., five years and 10 years) to identify needs for new construction. Submit master plan to California Department of Education for review.
4. Develop education specifications and priorities in coordination with curriculum groups and describe the scope of each project to be built or modernized.

Long-range Comprehensive Master Plan

A school district's long-range comprehensive master plan is a compilation of district policies, information, inventory, and statistical data that provides a basis for planning educational facilities to meet the changing needs of the community. The master plan becomes the district's policy statement for the allocation of resources during periods of both enrollment growth and decline.

The *Guide for the Development of a School District Long-Range Comprehensive Master Plan* published by the California Department of Education (CDE) recommends five areas to be considered when developing a master plan: (1) educational programs and goals, (2) utilization and condition of educational facilities, (3) comprehensive demographic study, (4) prioritized implementation plan, and (5) evaluation and updating of the plan (see Additional Resources).

When preparation of a master plan is initiated, specific individuals should be designated to provide leadership and be responsible for the plan's development and implementation. A planning committee should be named, with suggested representation including: (1) SDCOE; (2) community leaders; (3) governing board; (4) district superintendent; (5) instructional services; (6) business services; (7) principals; (8) teachers; and (9) classified personnel (see Exhibit 1). [EC § 17017.5; 5 CCR § 14001 et seq.]

The planning committee functions as a management group, with individual responsibilities being specified, and ensures that there is total staff and community involvement in plan development. Assistance with the technical aspects of developing a master plan, such as determining eligibility for state school building aid funds, can be obtained from SDCOE Facility Planning Services, the School Facilities Planning Division (SFPD) of the California Department of Education (CDE), the Office of Public School Construction (OPSC), and architectural and technical consultants (see Additional Resources).

Selection of Professional Consultants

School facility construction requires hiring experts for the preparation of planning documents, development of architectural drawings, management of bond programs and construction processes, and inspection of buildings. Typically, a district will need to contract for a project architect, an approved Division of State Architect project inspector, and a planning consultant. An approved contract information form for use by DSA inspectors is available online (see Additional Resources). (See also Commercial School Orders.)

All contracts for professional consultants must be obtained through a competitive process consistent with the requirements of Government Code section 4525 et seq. and California Code of Regulations, Title 2, section 2980 et seq. SDCOE Facility Planning Services maintains a list of professional consultants and sample contracts for district reference.

FUNDING PHASE

Prior to the passage of Proposition 13 in 1978, most school districts met needs for financing additional school facilities by using local or state bond revenues. Now, districts must select from a variety of options to obtain building funds, taking into consideration the limitations of some alternatives, such as matching requirements. To maximize their options, districts must keep abreast of new laws related to funding of school facilities. Options currently available for facility financing are discussed in this section.

Developer Fees

To assist districts in financing schools, districts may collect developer fees for residential, commercial, and industrial development. Developer fees are intended to help offset the costs of the school construction that new development requires. Fees cannot exceed the cost to provide schools or classroom space. The State Allocation Board sets the fee rates and adjusts the maximum assessment every two years to reflect inflation. [EC § 17620; GC § 65995]

Prior to establishing a new fee or increasing an existing fee, a district must prepare a Fee Justification Study that describes the need for the fee and establishes reasonable relationships between the fee and the type of development to be assessed, between the development project for which the fee is imposed and the type(s) of school facilities to be provided, and between the amount of the fee and the cost of the facilities. [GC § 66001]

Governing boards must satisfy specified notification and public hearing requirements prior to the levying of new or increased developer fees. [EC § 17622; GC §§ 65352.2, 65995.7, 66000-1, 66006-7, 66016]

Three levels of fees are available:

1. **Level 1 Funding:** These fees per square foot of residential, commercial, and industrial construction may be assessed as long as the district's Fee Justification Study justifies the amount. Pursuant to Education Code section 17620, some types of construction may be exempted.
2. **Level 2 Funding:** The district must prepare a School Facility Needs Analysis (SFNA) in accordance with Government Code section 65995.6. Up to 50 percent of the district's need based on an approved SFNA may be assessed on residential construction. Districts can collect this fee only if specified criteria are satisfied. [EC § 17071.10-8.10; GC § 65995.5]
3. **Level 3 Funding:** These fees on residential construction represent the amount identified in the SFNA for the full cost of facility needs. They can be collected only if the district is eligible to collect Level 2 funding and the State Allocation Board has made a determination that state funds are no longer available. [GC § 65995.7]

School districts provide both an annual and a five-year accounting of the collected developer fees. [GC § 66006] Information on developer fees is available on the SDCOE Facility Planning Services Web site (see Additional Resources). The process for establishing developer fees is presented in Exhibit 3.

School Facility Program (SFP)

The School Facility Program, established by the Leroy F. Greene School Facilities Act of 1998, provides funds to eligible districts for modernization of existing buildings or new construction, including site acquisition (see Additional Resources). [EC § 17070.10 et seq.] Funds must be spent on district owned property or property that meets specific lease terms and conditions. [EC § 17307.5]

Districts are required to provide a portion of the cost of a project from funds available to them, such as general obligation bonds and developer fees. Hardship funding is available for districts that cannot provide matching funds and meet specific criteria. SFP funds are distributed via grant allocations on a per-student basis. Amounts are adjusted annually based on a construction cost index approved by the State Allocation Board and accessible on the Department of General Services Web site (see Additional Resources).

SFP new construction grants provide funds for capital facility projects on a 50/50 state and local sharing basis. Eligibility is determined by comparing existing classroom capacity to five-year enrollment projections. [EC § 17072.10] Alternative enrollment projection methods, as well as high school attendance areas, may be taken into consideration when determining eligibility. Grant funds are for the State's share of necessary project costs including, but not limited to, funding for design, construction of the building, general site development, educational technology, unconventional energy, tests, inspections, and furniture/equipment. Funds for site acquisition and site preparation and for a variety of special project needs are also available as supplemental grants.

Modernization grants provide funds on a 60/40 state and local sharing basis. Permanent buildings must be over 25 years old to qualify for consideration, and relocatable buildings must be over 20 years old, based on the most recent DSA approval date plus 12 months. [EC § 17073.15] Funds must be used for an improvement to extend the useful life of, or to enhance the physical environment of, the school. Projects eligible under this program include, but are not limited to, air conditioning and insulation; electrical systems; improvements to school security and fire and playground safety; and furniture and equipment. Costs of design, engineering, plan checking, testing, and inspections are also eligible. Costs associated with acquisition and development of real estate, routine maintenance and repair, administrative costs, and overhead are generally excluded. [EC §§ 17074.10(d), 17074.25]

Accessing funds under the SFP requires that an eligibility application is filed with the State Allocations Board (SAB) either prior to or concurrently with an application for project funding. Separate applications for new construction and modernization grants are required to be filed with the OPSC for approval by the SAB. The California Department of Education approval process for the School Facilities Funding Program is presented in Exhibit 4.

With certain exceptions related to portable buildings, new construction projects under the Greene Act of 1998, as well as modernization projects in excess of \$200,000, must comply with automatic fire detection and alarm system provisions. Districts must include the cost of these systems in requests for funding. [EC §§ 17074.50-4.52]

The OPSC requires that all work included in the project be approved by both the California Department of Education and the Division of the State Architect prior to submitting an application for funds.

Prior to approval of a project, school districts must establish a Routine Restricted Maintenance Account (RRMA) and must certify that they have publicly approved an ongoing and major maintenance plan. [EC § 17070.75] Major maintenance is defined

as all actions necessary to keep items such as roofing, siding, painting, floor and window coverings, and other items designated by the governing board of the school district in good repair. [EC §17070.77]

The OPSC offers an online School Facilities Program calculator to assist districts with the financial planning of typical new construction and modernization projects. Estimated grant amounts based on project specifications and current SFP regulations are also available (see Additional Resources).

Meetings can be scheduled with OPSC staff for the purpose of discussing funding eligibility and approval procedures. *An Overview of the State School Facility Programs*, the *SFP Handbook*, and SFP application forms are available on the OPSC Web site (see Additional Resources).

Mello-Roos Community Facilities Act of 1982

An election may be held to create a Community Facilities District (CFD) to sell tax-exempt bonds to finance public facilities and services, including needed elementary schools and other capital improvements with a life expectancy of five years or more. Establishment of a CFD must be approved by two-thirds of the voters in the district. Property owners in Mello-Roos districts are taxed to repay the bonds.

The SAB may share in all or any part of the cost of any school facilities financed by a Mello-Roos district. Costs could be reimbursed up to 75 percent of allowable amounts or the amount outstanding on Mello-Roos bonds, whichever is less. [GC §§ 53311 et seq., 53313.9]

California School Finance Authority

The California School Finance Authority oversees the statewide system for the sale of revenue bonds for the acquisition of new school sites and buildings and the reconstruction, remodeling, and replacement of existing facilities. The Finance Authority also assists school districts, community college districts, county offices, and charter schools by providing access to financing for working capital and capital improvements (see Additional Resources).

Sale or Lease of Surplus Real Property

The conditions and procedures for the sale or lease of real property belonging to a school district are specified in the Education Code. [EC §§ 17390, 17455 et seq., 81360 et seq.] If the governing board decides to sell or lease real property owned by the school district, it must first determine that the property is no longer needed for

school purposes. Before taking action to sell or lease the property, the governing board should confer with legal counsel regarding procedures to be followed pertaining to board resolutions, posted notices, and legally required advertising.

The district should maintain the following documents on file at the district office:

1. The board resolution declaring intention to sell or lease
2. Affidavits of posting and publication of the resolution
3. The board resolution accepting the bid
4. The lease or rental agreement, unless the rental was provided for in the escrow instructions

Education Code section 17462 presents requirements for use of proceeds from the sale or lease of surplus real property. Proceeds from a lease of school district property may be used for the routine repair of district facilities for up to a five-year period. Under specified conditions, proceeds from the sale or lease of real property may be used for capital outlay; for maintenance and renovation purposes; or for one-time expenditures from the General Fund. Use of these funds is subject to SAB regulations (see Additional Resources). [2 CCR § 1700] Under some circumstances, a lock-out period for filing applications for new construction or modernization funding is applicable. (See also Accounting and Inventory.)

Tax Increment Financing (Redevelopment Agencies)

School districts shall be included in tax increment distributions of a redevelopment agency upon approval of the redevelopment plan. [H&SC §§ 33670, 33676]

Districts should be knowledgeable about the redevelopment agencies within their district boundaries. Local redevelopment agencies, sometimes referred to as community development departments, should be asked to verify with their respective districts the amount of tax increment revenues collected so that school or community college districts can confirm that they have received appropriate allocations, if any.

Special Taxes

Subject to approval by a two-thirds vote in the affected district, school districts are authorized to impose special taxes, such as a parcel tax, for the purpose of funding facility construction and related expenses. [CalC Art. XIII A; GC § 50075] (See also Elections and Reorganization.)

Certificates of Participation (COPs)

Certificates of Participation (COPs) are a type of tax-exempt financing for the acquisition of capital equipment or construction of facilities by a public agency. The agency enters into a lease agreement with a joint powers authority, bank, or other entity. The lessor raises funds through the sale of COPs to investors, which provides funds to pay for the purchase of the asset. The public agency, as the lessee, makes periodic payments on the purchase price of the facilities or equipment plus interest. The interest received by the lessor is generally tax exempt. [EC § 17402 et seq.]

Tax and Revenue Anticipation Note (TRAN)

Tax and revenue anticipation notes are a means of short-term borrowing issued in anticipation of the receipt of taxes and other revenue during the same fiscal year. TRANs are used by public agencies to meet current cash flow needs due to timing of revenue. The amount of a TRAN issue is a function of beginning balances, level of unrestricted funds, and size of cumulative deficit incurred. [GC § 53850 et seq.]

Benefit Assessment District

Subject to a two-thirds vote of affected property owners, a district can collect money through an assessment levied on properties benefiting from proposed construction.

Year-Round Education

Year-round education grants are allocated to school districts that are implementing, or planning to implement, Multitrack Year-Round Education (MTYRE) programs at individual school sites in order to increase the capacity of their facilities. To qualify, school districts must have substantial district level overcrowding, which is defined as five percent over school district capacity. [EC § 42260-9]

Information on MTYRE programs and funding is available on the California Department of Education Web site (see Additional Resources).

Voter-Approved General Obligation Bonds

There are two methods for passing a general obligation bond. The first method requires the approval of two-thirds of the voters voting on the proposition to issue a bond. Use of bond funds is limited to acquisition or improvement of real property. A second method, which was authorized by Proposition 39, requires a 55 percent affirmative vote. This alternative allows the use of funds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property. The governing board is required to

conduct annual, independent performance and financial audits and to establish a citizens' oversight committee. General obligation bonds passed under Proposition 39 are also subject to specific procedural and funding limitations. [CalC, Art. XIII, XIII A; EC §§ 15100 et seq., 15264 et seq.; GC § 53506 et seq.] (See also Elections and Reorganization.)

School Facility Improvement District General Obligation Bonds

School and community college districts may form school facilities improvement districts (SFIDs) consisting of a portion of the territory within the district. An SFID may issue general obligation bonds for school facilities construction purposes upon a two-thirds affirmative vote. Bonds of an SFID may also be authorized by 55 percent of the votes cast on the proposition, subject to specified accountability provisions. [EC § 15264 et seq., 15300 et seq.]

Special Reserve Fund Monies

School districts may budget General Fund monies for facility purposes if such monies are available. A Special Reserve Fund-Capital Projects may be established by a district for the express purpose of setting aside funds for facility construction.

Qualified Zone Academy Bonds (QZAB)

The SFPD facilitates the Qualified Zone Academy Bonds program, a loan (bond) program that utilizes a provision of the Internal Revenue Code to assist school districts in renovating public school facilities, purchasing equipment, developing curriculum, and training personnel. In partnership with local businesses, qualified local educational agencies must establish Education Zone Academies that offer programs designed to increase graduation rates and prepare students for college and the workforce. The private business partner must contribute equipment, time, and/or services valued at not less than 10 percent of the bond proceeds. The cost of interest on a QZAB bond is eliminated, but the bond principal must be repaid within a specified time. Forms and information are available online from the California Department of Education (see Additional Resources).

Non-Voter-Approved Debt

The school district shall predisclose issuance of new non-voter-approved public debt, such as certificates of participation or revenue bonds, and any agreement under the California School Finance Authority Act to the county auditor, the county superintendent of schools, the governing board, and the public. A Certification of Superintendent Regarding Public Disclosure of Non-Voter-Approved Debt, or Certification of Superintendent Regarding Public Disclosure of Agreement under California School

Finance Authority Act (Exhibit 5) may be used to transmit the debt obligation repayment schedule, projection of revenues and expenditures, and other information demonstrating the district's ability to repay the debt obligation to the county superintendent of schools and the county auditor. This information should be disclosed at an open meeting of the governing board. The county superintendent and county auditor may comment publicly to the governing board about the capability of the school district to repay the debt obligation. [EC §§ 17150 et seq., 17170 et seq.] Additional information is available in the Financial Accountability section.

SITE SELECTION AND ACQUISITION PHASE

Selection and Approval of School Sites

Districts must follow established standards and procedures for school site selection and approval (see Exhibit 6). [EC § 17251 et seq.; 5 CCR §§ 14001-36] These requirements are discussed in the CDE publication, *School Site Selection and Approval Guide* (see Additional Resources).

Time must be allotted for the research necessary for site selection and for the preparation and processing of applications through the multiple agencies required to give comment and approval. Districts should develop a timeline identifying specific milestones in the site selection and approval process (see Exhibit 7).

The SFPD has the authority to review and approve school sites and plans for new schools. The CDE acts in an advisory capacity at the district's request but may charge a fee for this service.

The purpose of the CDE approval process is to ensure the selection of sites that promote the health, safety, and welfare of students. In selecting school sites, districts should make certain that current SFPD requirements are met. Public schools must be sited in areas that are clean and free of all toxic contaminants and the influence of high voltage electrical lines and high pressure gas lines; outside airport and heliport flight paths and environmentally, geologically, or geographically sensitive areas; and compatible with other land use. The CDE interfaces directly with other governmental agencies, such as the Department of Toxic Substances Control and the Caltrans Aeronautics Program, in the review of required environmental reports (see Additional Resources). [EC § 17215]

Site selection also requires input from the planning commission of the local jurisdiction and written findings from the regional air quality control district.

If no agreement can be reached with the property owner for purchase of a proposed school site, districts should seek the advice of legal counsel regarding possible condemnation proceedings. [EC § 22378; GC § 7260] (See also Commercial School Orders.)

Districts are encouraged to enlist the assistance of their architects, consultants, SDCOE, and CDE in the completion of forms required by the SFPD. The forms listed below can be downloaded from the SFPD Web site (see Additional Resources).

1. SFPD 4.0: Initial School Site Evaluation—Completed by a CDE consultant
2. SFPD 4.01: School Site Approval Procedures—Completed by the district and submitted to the CDE
3. SFPD 4.02: School Site Report—Completed by the district and submitted to CDE
4. SFPD 4.03: School Site Certification—Completed by the district and submitted to CDE [5 CCR §§ 14001-36]

Once the site approval package is completed and submitted to the CDE, a decision will be rendered in approximately 60 days.

Environmental Studies

Environmental studies of a proposed school site include a Phase I Environmental Site Assessment, possibly a Preliminary Endangerment Assessment, and an environmental impact study as required by the California Environmental Quality Act. SFPD form 4.01 presents requirements for the environmental studies needed for school site approval. Information on the DTSC review process is available on the CDE Web site (see Additional Resources).

Phase I Environmental Site Assessment (ESA)

Prior to acquiring a school site, the governing board must contract with a qualified environmental assessor to conduct a Phase I Environmental Site Assessment of the proposed site, unless the governing board decides to proceed directly to a Preliminary Endangerment Assessment. A Phase I ESA is an investigation into current and historic uses of a property to determine whether there has been or may have been a release of a hazardous material, or whether a naturally occurring hazardous material is present, based on reasonably available information about the property and the area in its vicinity.

The Phase I ESA will result in one of two recommendations: (1) a further investigation of the proposed school site is not required or (2) a Preliminary Endangerment Assessment is needed. [EC §§ 17210, 17213.1]

Preliminary Endangerment Assessment (PEA)

A PEA consists of sampling and testing for hazardous materials and a risk assessment to determine whether a hazardous material release or one that is naturally occurring poses a significant health risk. If a PEA is recommended or if the Department of Toxic Substances Control (DTSC) concludes, based on its review of the Phase I ESA, that a PEA is needed, districts have two options for conducting the review. One option (Option A) does not require a link with the project's CEQA documents. The second option (Option B) provides for a PEA review that is linked with the project's CEQA document review (see Additional Resources). Districts are required to use a format prepared by the DTSC and to provide proof of the environmental assessor's qualifications. [EC § 17213.1]

The PEA will result in one of two determinations: (1) no further action is required or (2) the PEA is disapproved. If the PEA is disapproved, the district will be informed of the actions necessary to secure approval of the DTSC and may decide whether to proceed with the project.

California Environmental Quality Act (CEQA)

The California Environmental Quality Act is in Public Resources Code, section 21000 et seq. (see Additional Resources). All public agencies undertaking a project or involved in the review of a project are required to prepare an assessment of the significant effects the project may have on the environment. [EC § 17213] A project is defined as an activity that may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. [PRC § 21065] CEQA guidelines and related resources are available online (see Additional Resources).

CONSTRUCTION PHASE

The following are major steps in the construction phase:

1. Interpret educational specifications, as needed, for the architect.
2. Prepare plans and technical specifications.
3. Check all plans for compliance with district policy and legal requirements.

4. Obtain necessary approvals from administration, governing board, and county and state agencies for both preliminary and final plans.
5. Carefully select an appropriate procurement process for construction.
6. Work with the architect, inspector, and contractor during construction.
7. Take actions necessary to complete the project.

Construction Plan Approvals

A district representative should coordinate the work of the planning team and the architect in the development of final drawings. Final drawings must be submitted to the Department of General Services, Division of the State Architect, to be checked and approved. Districts have the option of not filing a DSA plan check application if the proposed project is less than \$121,628 and a licensed structural engineer certifies that the structure meets requirements of the California Building Standards Code, i.e., Title 24, California Code of Regulations (see Additional Resources). A copy of the engineer's report must be filed with the DSA. [EC § 17295; 21 CCR §§ 6, 17]

A commercial warrant in payment of required fees should be sent with the drawings to the DSA. Complete sets of plans with approvals of the governing board, the CDE, and the Department of General Services must be filed with each of the approving agencies. [EC §§ 17024, 17295, 17297, 81133]

The architect is typically eligible for payment for the final plans when a complete set of plans has been approved by the DSA. When processing payment, an excerpt of governing board acceptance of the final plans must be filed with the SDCOE Commercial Warrants Audit Unit. (See also Commercial Schools Orders.)

Field Act Requirements

A building or relocatable structure that is to be used for school purposes must meet the safety provisions set forth in California Code of Regulations, Title 24, and Education Code sections 17280 et seq., 17365 et seq., and 81130 et seq., known as the Field Act. The Field Act generally provides for the construction of California public school buildings under strict design standards in order to protect students, staff, and school buildings in the event of an earthquake.

Trailer coaches are not subject to the Field Act under specified conditions. A building or facility used by a school district under a lease or lease-purchase agreement into which neither pupils nor teachers are required to enter shall not be subject to the Field Act if the district takes precautions required by the DSA, including the installation of signage

and fencing and appropriate action by the governing board (see Additional Resources). [EC § 17405; 24 CCR, Part 1 § 4-310] Non-Field Act structures may be leased for use by districts if a structural engineer reports to DSA that the building meets specific structural criteria. [EC § 17285]

Americans with Disabilities Act of 1990

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination on the basis of disabilities in all programs, services, and activities of a public agency (see Additional Resources). All school districts and county offices of education must make facilities “readily accessible to and usable by those with disabilities.” [PL 101-336, Title II] Facilities are defined as all or any portion of buildings, structures, sites, complexes, roads, walks, passageways, parking lots, equipment and rolling stock or other conveyances. The Act mandates that districts prepare an assessment of existing facilities and programs, including transportation and personnel, for compliance with ADA. Districts are also required to have a transition plan for required improvements and to make regular progress toward fulfilling the needs identified in the plan.

Standards governing public building access by disabled persons must be consistent with the provisions of the California Building Standards Commission model codes (see Additional Resources). In support of the objective of having California’s public buildings meet or exceed the minimum requirements of the federal ADA, this law also reauthorized expenditures from the Disability Access Account. [GC §§ 4450, 4454]

Building Energy Efficiency Standards

School projects for new construction submitted to the DSA, including new buildings, additions, and alterations, must comply with the energy requirements of the California Energy Security and Reliability Act of 2000 (see Additional Resources). [24 CCR § 101 et seq.] (See also Maintenance and Operations.)

Storm Water Permit Requirement

As authorized by the Clean Water Act, the National Pollutant Discharge Elimination System (NPDES) permit program controls water pollution by regulating point sources that discharge pollutants into local waters. [33 USC § 1251 et seq.] School districts must obtain storm water permits under specified conditions as follows:

1. The Storm Water Industrial Permit is required of any school district that operates a transportation facility where buses are maintained. Maintenance includes the on-site washing and/or fueling of buses. Districts must file a Notice of Intent to comply

with permit regulations, which include preparing and implementing a Storm Water Pollution Prevention Plan and testing and monitoring the storm water leaving the site.

2. The Storm Water Municipal Permit requires all school districts to comply with regulations of the NPDES permit program. Schools fall under Phase II of the Small Municipal Separate Storm Sewer System General Permit. The permit requires districts to develop and implement a Storm Water Management Plan with the goal of reducing the discharge of pollutants to the maximum extent practicable, as specified in the Clean Water Act. This permit, which includes requirements for education and outreach to district staff and students, applies to all developed sites owned by a district.
3. The Storm Water Construction permit is required if a construction activity disturbs land equal to or greater than one acre, or less than one acre if the land is part of a larger plan of development. Construction activities that essentially maintain existing facilities and do not involve a change in the slope of the land are not required to be covered under the permit. The permit requires districts to prepare and implement a project-specific Storm Water Pollution Prevention Plan and to monitor the effectiveness of the plan.

The San Diego County Office of Education has a Joint Powers Authority to provide districts with economies of scale in complying with the Storm Water Industrial Permit and the Storm Water Municipal Permit (see Additional Resources).

Construction Contracts

Legal requirements for contracting for the construction of school facilities are specified in the Education Code and the Public Contract Code. Sample construction contract documents for traditionally bid projects are available online from SDCOE Facility Planning Services (see Additional Resources). Districts may adapt the documents to suit their individual project needs, but modifications should be reviewed by legal counsel prior to advertising for bids. It is recommended that districts with an extensive construction program develop a contract template that incorporates district-specific requirements.

In general, bid specifications are prepared by the district architect. Advertisements for bid and bid documents must incorporate the district's Disabled Veterans' Business Enterprise (DVBE) goals. Depending on the funding source, other conditions may apply, such as meeting certified Labor Compliance Program requirements.

The governing board shall award the construction contract to the lowest responsive, responsible bidder. Consult the Commercial School Warrants and Purchasing sections for information on competitive bidding procedures and payments on construction contracts. [EC §§ 16503, 17005, 17076.11; GC § 14835 et seq.; LC § 1771.5-1.7; PCC §§ 20111 et seq., 20651 et seq.]

Delivery Methods

Various project delivery methods are allowed under the Education Code. Four methods that are commonly used are: traditional design-bid-build; lease-lease back; construction management; and design-build. [EC §§ 17250.10 et seq., 17406]

Factors to consider when determining the most appropriate project delivery method are time, quality, cost, risk, and owner's expertise. Districts should discuss this decision with their architects and legal counsel early in the planning phase.

Prequalification of Bidders

Section 20111.5 of the Public Contract Code permits districts to prequalify contractors before allowing them to bid. The decision to prequalify contractors should be made well in advance of anticipated bids. Forms and information are available online from SDCOE Facility Planning Services (see Additional Resources).

Relocatable Structures (Portables)

The placement of relocatable or portable structures on school sites requires a project architect or structural engineer and building inspector. Site plans must be approved by the Division of the State Architect. [EC § 17280 et seq.] Approval is usually expedited for districts that choose to use buildings with pre-approvals from DSA. Many types of relocatable structures have received this approval.

Owned or leased relocatable structures used for classrooms must meet Field Act requirements. If neither pupils nor teachers are required to enter the structure, it is not subject to the Field Act as long as appropriate measures are taken (see "Field Act Requirements" on page 13.)

Portable classrooms may be leased from vendors as an interim measure to meet emergency needs, or districts may consider leasing unused classroom space from adjacent districts. The decision to obtain relocatables should include a review of the long-term impact on the district's eligibility for future state funding as well as the long-term life cycle costs. The State Emergency Portable Classroom Program was discontinued as of 2006.

Modular School Construction

Modular facilities consist of multiple factory-built components, such as a separate wall and floor system that are transported to a school site and installed on a permanent foundation. Districts wishing to construct modular school facilities should be aware that the OPSC will not fund any “piggybacked” contracts. The Attorney General opined that the exception to competitive bidding authorized in Public Contracts Code section 20118 does not apply to the acquisition and installation of modular facilities (see Additional Resources). [Ops.Cal.Atty.Gen. No. 05-405] This opinion does not affect portable or relocatable classrooms as defined by Education Code section 17070.15(j). (See also Commercial School Orders.)

Project Completion

The following actions are required upon completion of a building project.

1. Request action of governing board to accept the construction project.
2. File notice of completion with the County Clerk.
3. Obtain Certification of Compliance from the Division of the State Architect (DSA). [EC § 17315]
4. If state funding is used, file final expenditure report with the Office of Public School Construction (OPSC).
5. Collect operation and maintenance manuals, warranties, and as-built record documents.

WILLIAMS SETTLEMENT REQUIREMENTS

The intent of the Williams Settlement [Super. Ct., San Francisco, No. CGC-00-312236] as it relates to school facilities is to ensure that all students have equal access to facilities that are clean, safe, and maintained in good repair. State law established requirements for all school facilities, with additional requirements and available funding for schools in Deciles 1 to 3, inclusive, of the 2003 base Academic Performance Index (API) and commencing 2007-08, provided for an updated list of schools every three years thereafter. [EC §§ 1240(a)(2), 17592.70] A one-time School Facilities Needs Assessment was completed on January 1, 2006.

Facilities-related requirements for all schools under the Williams settlement are:

1. Inclusion on the School Accountability Report Card of data related to the safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair of facilities. [EC §§ 17002(d), 17070.75, 17089, 33126(b)(9)]
2. Implementation of a School Facilities Inspection System for all schools participating in the state Deferred Maintenance and School Facilities Programs. [EC § 17070.75]
3. Modification of Uniform Complaint Procedures to include complaints regarding emergency or urgent facilities conditions that pose a threat to the health and safety of students and staff, and the posting of notices in every classroom notifying parents/guardians, students, and teachers of their right to file these complaints. [EC §§ 17002(d), 17592.72(c)(1), 35186; 5 CCR § 4600 et seq.]

Additional requirements and funding for schools in Deciles 1 to 3 of the 2006 base API are as follows:

1. County office of education school visits during the first four weeks of each school year to identify any conditions of the facilities that pose an emergency or urgent threat to the health or safety of pupils or staff; to evaluate the safety, cleanliness, and adequacy of school facilities; and to determine the accuracy of the data reported in the School Accountability Report Card. [EC §§ 1240, 41020(i)(2)]
2. Funding is available via the School Facility Emergency Repair Program administered by the Office of Public School Construction for qualifying schools built before January 1, 2000. Emergency repairs are defined as structures or systems that are in a condition that poses a threat to the health and safety of pupils or staff while at school. [EC §§ 17592.71-2.72] Districts that receive Emergency Repair Funding must fully fund their deferred maintenance contribution annually.

Additional information on the Williams Settlement is available online (see Additional Resources).

DEFERRED MAINTENANCE

The governing board of a school district may establish a Deferred Maintenance Fund for specified major repair and replacement purposes. Use of the funds is controlled by the governing board. The governing board shall discuss proposals and plans for expenditure of funds for the deferred maintenance of school district facilities at a regularly scheduled public hearing. [EC § 17582 et seq.]

The State School Deferred Maintenance Program (DMP) provides matching funds to assist school districts with expenditures for major repair or replacement of existing school building components, including, but not limited to, plumbing, heating, air

conditioning, electrical systems, roofing, painting and flooring. [EC § 17584 et seq.] Funds are also available for critical hardship projects that must be completed within one year due to health and safety reasons. Apportionments made by the State Allocation Board are based on calculations specified in Education Code section 17584(b).

To be eligible for DMP matching funds, districts must develop and submit a five-year plan for the deferred maintenance needs of the district. The request for the apportionment must include a letter from the district superintendent. Funding is subject to approval of the plan, availability of state funds, and certification by the county superintendent of schools that the required matching district funds have been deposited in the district's Deferred Maintenance Fund. The required reserve in the Deferred Maintenance Fund and the calculation of the district's contribution are specified in Education Code section 17070.75. The five-year plan should be updated regularly to ensure that qualified projects are included as projects and priorities change.

Information and the *Deferred Maintenance Program Handbook* are available on the OPSC Web site (see Additional Resources).

ADDITIONAL RESOURCES

1. Americans with Disabilities Act, U.S. Department of Justice, for *ADA Standards for Accessible Design*, *ADA Best Practices Tool Kit for State and Local Governments*, and other ADA publications and resources.
Available: <<http://www.usdoj.gov/crt/ada/adahom1.htm>>
2. Building Energy Efficiency Standards 2005, California Energy Commission.
Available: <<http://www.energy.ca.gov/title24/2005standards/archive/index.html>>
3. Building Standards Commission for model code information. Available:
<http://www.bsc.ca.gov/proc_rsltn/pr_proc_mca.html>
4. California Attorney General, Opinion No. 05-405. Available:
<<http://ag.ca.gov/opinions/pdfs/05-405.pdf>>
5. California Building Standards Code (California Code of Regulations, Title 24).
Available: <http://www.bsc.ca.gov/title_24.html>
6. California Department of Education:

AB 972 "Option B" Linked PEA/CEQA Process. Available:
<<http://www.cde.ca.gov/ls/fa/sf/documents/ab972opb.pdf>>

CDE Site Approval—DTSC Review Process. Available:
<<http://www.cde.ca.gov/ls/fa/sf/documents/siteapp.pdf>>

Facilities for links to master planning, Multitrack Year-Round Education, Qualified Zone Academy Bonds, and charter schools facility funding. Available:
<<http://www.cde.ca.gov/ls/fa/>>

School Facility for forms; legislation; plan review process; resources; and publications to be downloaded or ordered, including *Guide for the Development of a School District Long-Range Comprehensive Master Plan*, 1986, and *School Site Selection and Approval Guide*, 2000. Available: <<http://www.cde.ca.gov/ls/fa/sf/>>

7. California Department of General Services for California Construction Cost Index. Available: <<http://www.dgs.ca.gov/Publications/default.htm>>
8. California Department of General Services, Division of the State Architect, for links to accessibility compliance and publications, Building Code, project tracking, and DSA announcements. Available: <<http://www.dsa.dgs.ca.gov/default.htm>>

Forms, including Form DSA-102, Contract Information. Available:
<<http://www.dsa.dgs.ca.gov/Forms/default.htm>>

Project Submittal and Plan Review for forms and publications. Available:
<<http://www.dsa.dgs.ca.gov/PlanRev/default.htm>>

9. California Environmental Resources Evaluation System:

California Environmental Quality Act (CEQA) for statutes, guidelines, case law, references, and supplemental materials. Available: <<http://ceres.ca.gov/ceqa/>>

California Environmental Quality Act Technical Advice Series, for *Guide to Planning in California*, Governor's Office of Planning and Research, 1997, and other CEQA publications. Available:
<http://ceres.ca.gov/topic/env_law/ceqa/more/tas/>

10. California School Finance Authority for information on school financing programs. Available: <<http://www.treasurer.ca.gov/csfa>>
11. Facility Planning Services, San Diego County Office of Education, for information on CEQA, storm water permits, construction contract documents, developer fees, prequalification of contractors, and other facility-related topics. Available:
<<http://www.sdcoe.net/business/facilities/>>

12. *The Field Act and Public School Construction: A 2007 Perspective*, California Seismic Safety Commission, February 2007. Available:
<http://www.seismic.ca.gov/pub/CSSC_2007-03_Field_Act_Report.pdf>
13. Indoor Air Quality (IAQ) Design Tools for Schools, U.S. Environmental Protection Agency. Available: <<http://www.epa.gov/iaq/schooldesign/>>
14. National Clearinghouse for Educational Facilities for resources on designing safe and secure schools. Available:
<http://www.edfacilities.org/rl/safety_security.cfm>
15. Office of Public School Construction, California Department of General Services (see also Williams Settlement):

Deferred Maintenance Handbook, May 2008; *School Facility Program Handbook*, May 2008; *An Overview of the State School Facility Programs*, May 2008; and other publications that can be downloaded. Available:
<<http://www.opsc.dgs.ca.gov/Publications/default.htm>>

School Facility Program for information on funding assistance programs for new construction and modernization projects, including applications and grant calculator. Available:
<<http://www.opsc.dgs.ca.gov/Programs/SFPPrograms/SFP.htm>>

16. State Allocation Board:

Approved and proposed regulations. Available:
<<http://www.opsc.dgs.ca.gov/Regulations/default.htm>>

State School Facility Programs and State Allocation Board Programs. Available:
<<http://www.opsc.dgs.ca.gov/Programs/default.htm>>

School Facility Program Substantial Progress and Expenditure Audit Guide, September 2007. Available:
<http://www.documents.dgs.ca.gov/opsc/Publications/Handbooks/SFP_Audt.pdf>

17. Storm Water Program, State Water Resources Control Board. Available:
<http://www.waterboards.ca.gov/water_issues/programs/stormwater/>
18. U.S. Department of Energy, Building Technologies Program, for information on planning, financing, and constructing energy-smart school buildings. Available:
<<http://www.eere.energy.gov/buildings/energysmartschools/>>

19. Williams Settlement:

California Department of Education for current information and sample forms. Available: <<http://www.cde.ca.gov/eo/ce/wc/index.asp>>

Emergency Repair Program, Office of Public School Construction. Available: <<http://www.opsc.dgs.ca.gov/Programs/SABPrograms/ERP.htm>>

Good Repair Standards, including link to Facility Inspection Tool (FIT), Office of Public School Construction. Available: <<http://www.opsc.dgs.ca.gov/Programs/SABPrograms/GRS.htm>>

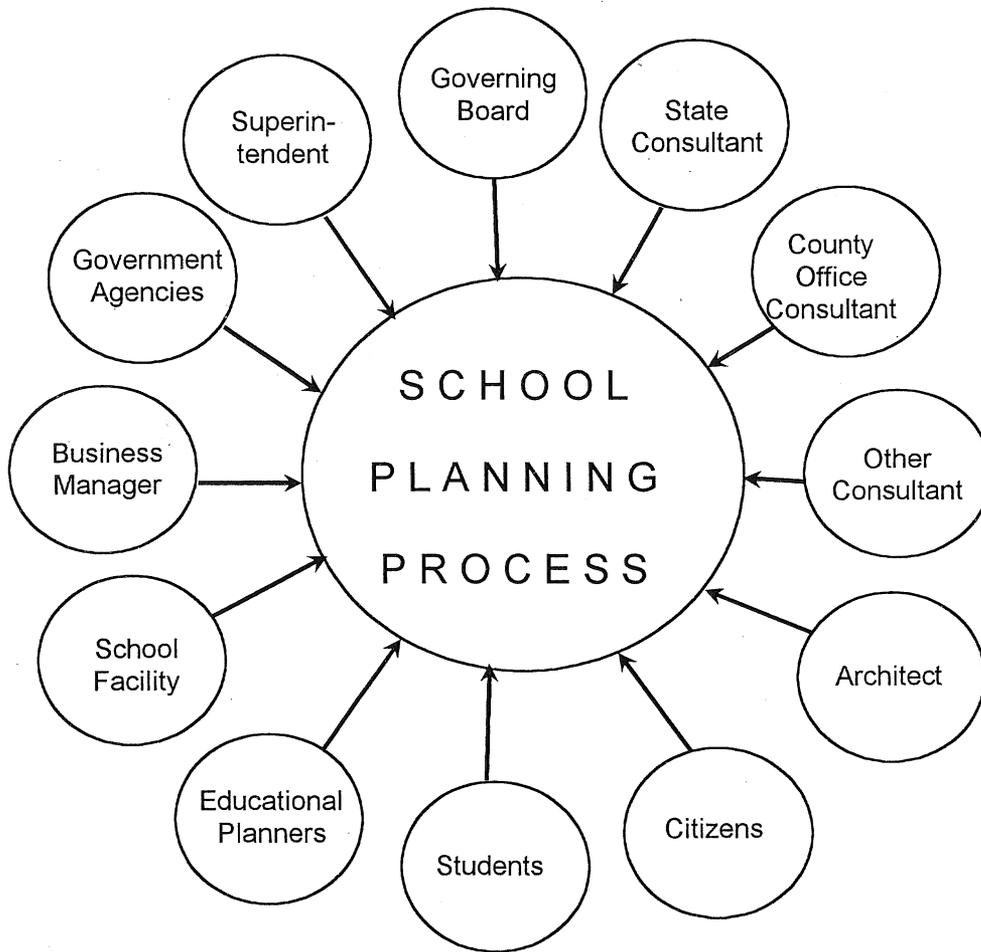
San Diego County Office of Education for *Implementation Guide for the Williams Settlement Legislation*, presentations, and sample forms. Available: <<http://www.sdcoe.net/williams/>>

School Facilities Needs Assessment Grant Program, Office of Public School Construction. Available: <<http://www.opsc.dgs.ca.gov/Programs/SABPrograms/SFNAGP.htm>>

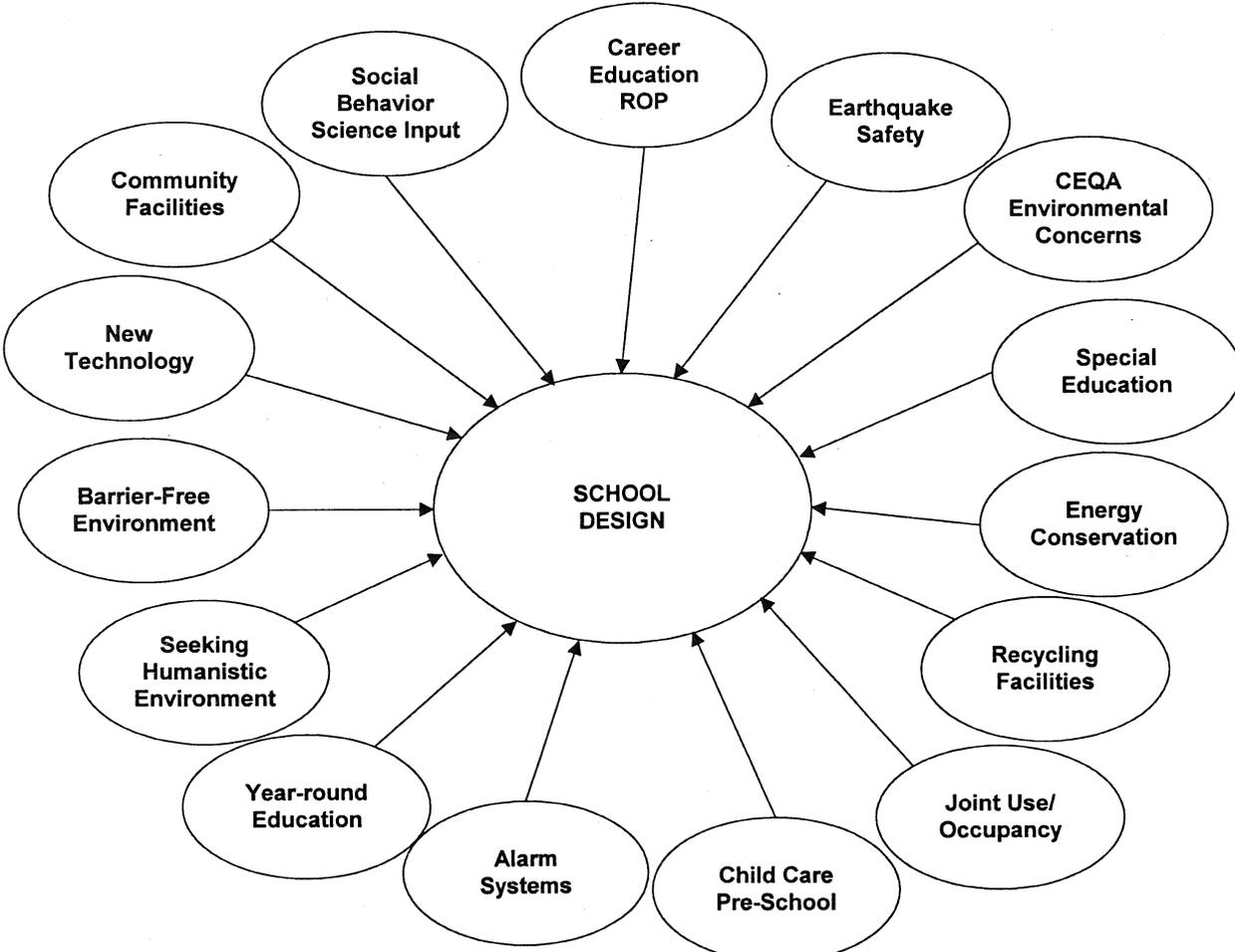
LIST OF EXHIBITS

- Exhibit 1 Facilities Planning Team, San Diego County Office of Education (SDCOE)
- Exhibit 2 Factors Affecting School Design, SDCOE
- Exhibit 3 Residential Developer Fee Process, SDCOE
- Exhibit 4 California Department of Education Approval Process for the School Facilities Funding Program, SDCOE
- Exhibit 5 Non-Voter-Approved Debt, Instructions and Sample Forms, SDCOE
- Exhibit 6 Requirements for California Department of Education Project Approval, SDCOE
- Exhibit 7 Process for School Construction Projects, SDCOE

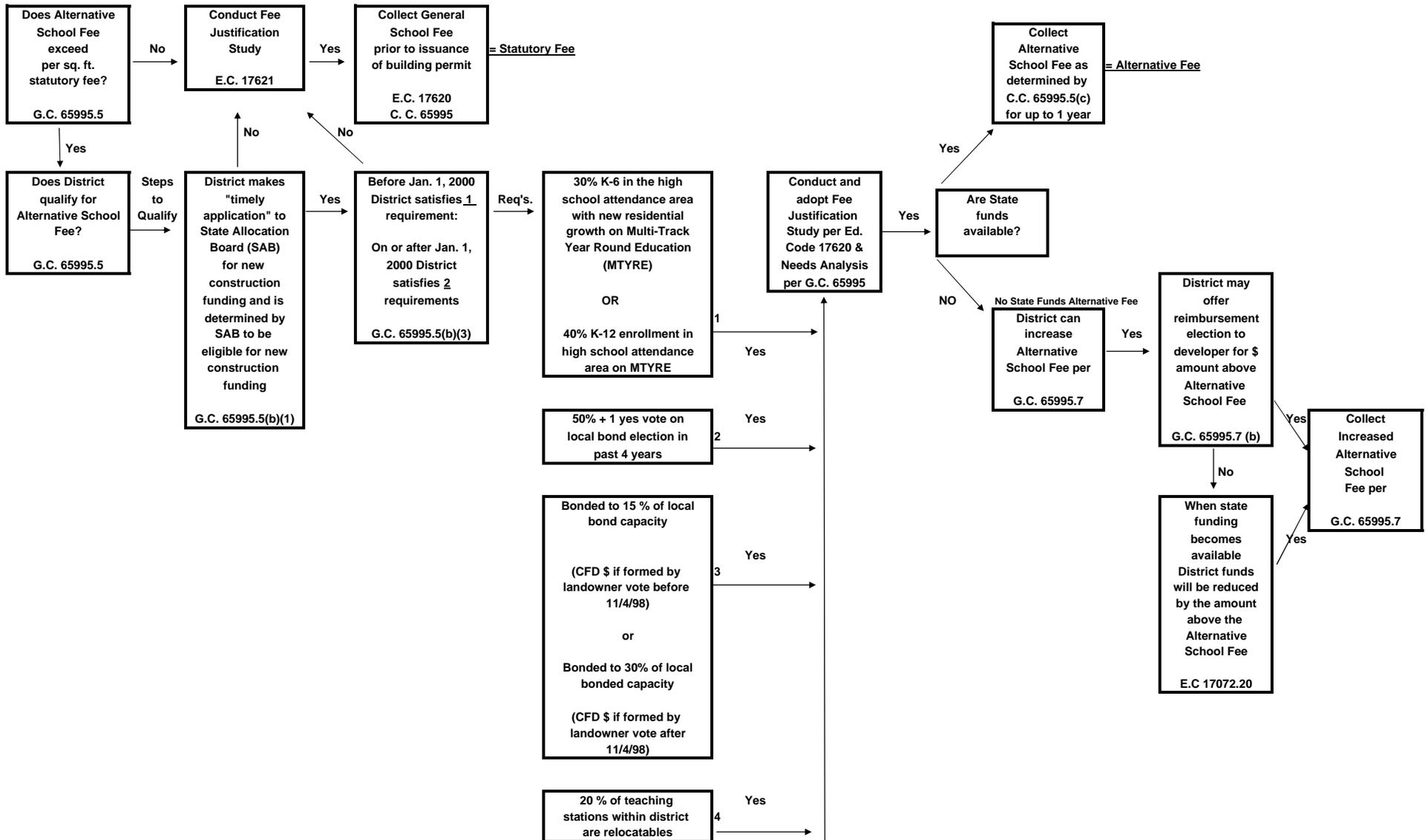
Facilities Planning Team



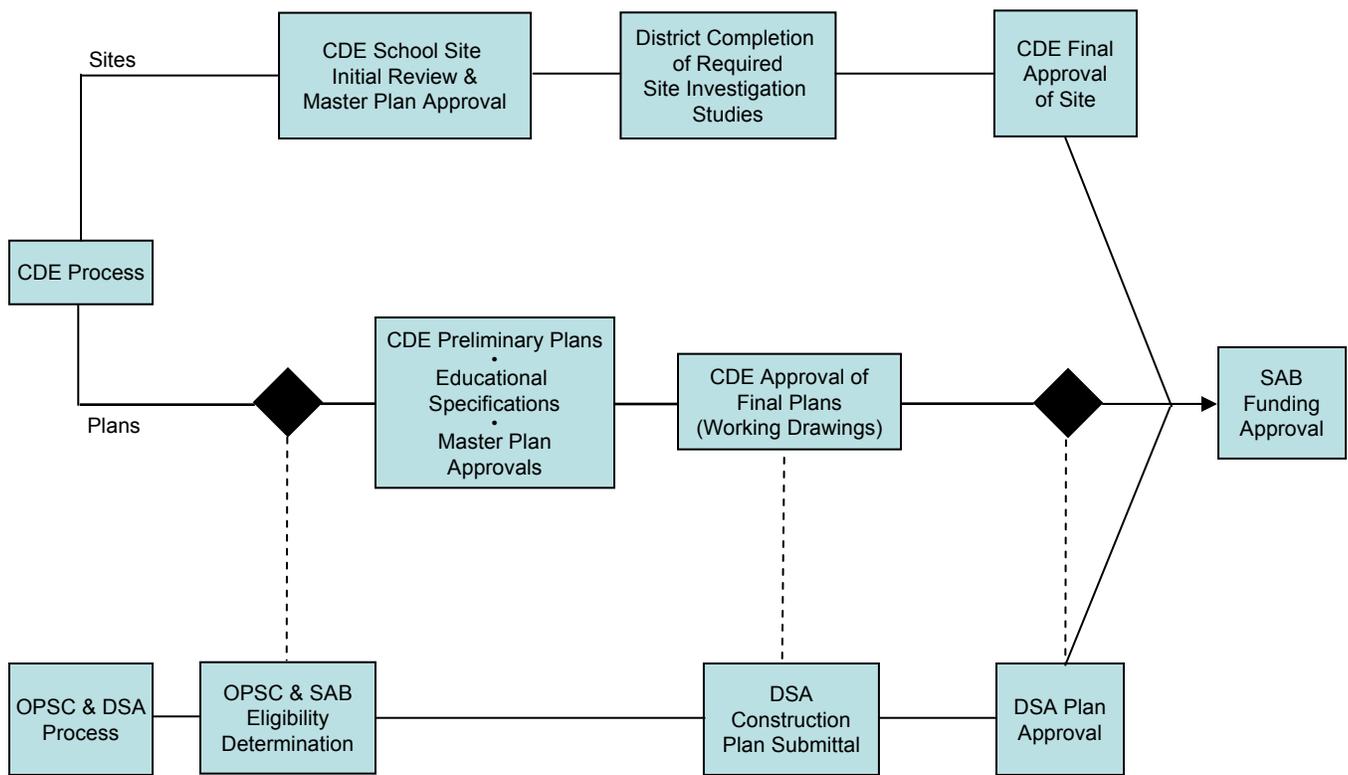
Factors Affecting School Design



Residential Developer Fee Process



California Department of Education Approval Process for the School Facilities Funding Program



**Certification of Superintendent Regarding
Public Disclosure of Non-Voter-Approved Debt or
Execution of Agreement under California School Finance Authority Act**

GENERAL INSTRUCTIONS

Education Code section 17150 requires school districts to provide certain information to the County Auditor and Controller, County Superintendent of Schools, the Governing Board, and the public.

San Diego County Counsel advised in January 1995 that certificates of participation (COPs) including tax and revenue anticipation notes (TRANS) issued jointly by several school districts in the form of certificates of participation would be subject to the disclosure requirements of Education Code section 17150. The major type of revenue bonds intended to be disclosed is public lease revenue bonds issued by a joint powers agency or a nonprofit corporation on behalf of a public entity in order to finance capital improvements to be leased to the public entity. Disclosure is applicable to assessment bonds issued under various improvements acts (the 1911 and 1913 acts) or landscape and lighting acts.

Disclosure of approval of the governing board to enter into any agreement for financing school construction pursuant to the California School Finance Authority Act under Education Code section 17170 et seq. was amended effective January 2007 to include charter schools, county offices of education, and school and community college districts.

Directions:

1. Prepare the certification form upon approval by the governing board to proceed with the issuance of certificates of participation (COPs) or revenue bonds, or to enter into an agreement for financing school construction pursuant to the California School Finance Authority Act, Education Code section 17170 et seq.
2. Attach the repayment schedule for the debt obligation and appropriate evidence of the ability of the school district to repay the debt obligation. Satisfactory evidence includes a projection of revenues and expenditures for the period of the repayment schedule that demonstrates the debt obligation can be repaid from anticipated revenues.
3. Transmit the certification with attachments to the County Auditor and Controller, County Superintendent of Schools, and the Governing Board at a public meeting.

Donald Steuer
Chief Financial Officer
County of San Diego
Finance and General Government Group
1600 Pacific Highway, Room 166
San Diego CA 92101

Randolph E. Ward, Ed.D.
County Superintendent of Schools
San Diego County Office of Education
6401 Linda Vista Road
San Diego CA 92111-7399

**Certification of Superintendent Regarding
Public Disclosure of Non-Voter-Approved Debt**

Pursuant to Education Code section 17150, you are hereby notified that on _____, 20__, the Governing Board of the _____ School District approved the issuance of the _____ [specify the debt obligation] _____. Attached as Exhibit A is the repayment schedule for that debt obligation. Attached as Exhibit B is a listing of the District's projected revenues and expenditures for the period of the repayment schedule that demonstrates the debt obligation can be repaid from anticipated revenues. [Include or attach any additional information demonstrating that the District has the capability to repay the debt obligation.]

I, _____, Superintendent of the _____ School District, hereby certify that the information contained in this certification, including the attachments, is accurate and correct to the best of my knowledge.

Superintendent

School District

Date

Donald Steuer
Chief Financial Officer
County of San Diego
Finance and General Government Group
1600 Pacific Highway, Room 166
San Diego CA 92101

Randolph E. Ward, Ed.D.
County Superintendent of Schools
San Diego County Office of Education
6401 Linda Vista Road
San Diego CA 92111-7399

**Certification of Superintendent Regarding Public Disclosure
of Agreement under California School Finance Authority Act**

Pursuant to Education Code section 17150, you are hereby notified that on _____, 20__, the Governing Board of the _____ School District approved the execution of an agreement for financing school construction pursuant to the California School Finance Authority Act, Education Code section 17170 et seq., for _____ [specify the debt obligation]. Attached as Exhibit A is the repayment schedule for that debt obligation. Attached as Exhibit B is a listing of the District's projected revenues and expenditures for the period of the repayment schedule that demonstrates the debt obligation can be repaid from anticipated revenues. [Include or attach any additional information demonstrating that the District has the capability to repay the debt obligation.]

I, _____, Superintendent of the _____ School District, hereby certify that the information contained in this certification, including the attachments, is accurate and correct to the best of my knowledge.

Superintendent

School District

Date

REQUIREMENTS FOR CALIFORNIA DEPARTMENT OF EDUCATION PROJECT APPROVAL

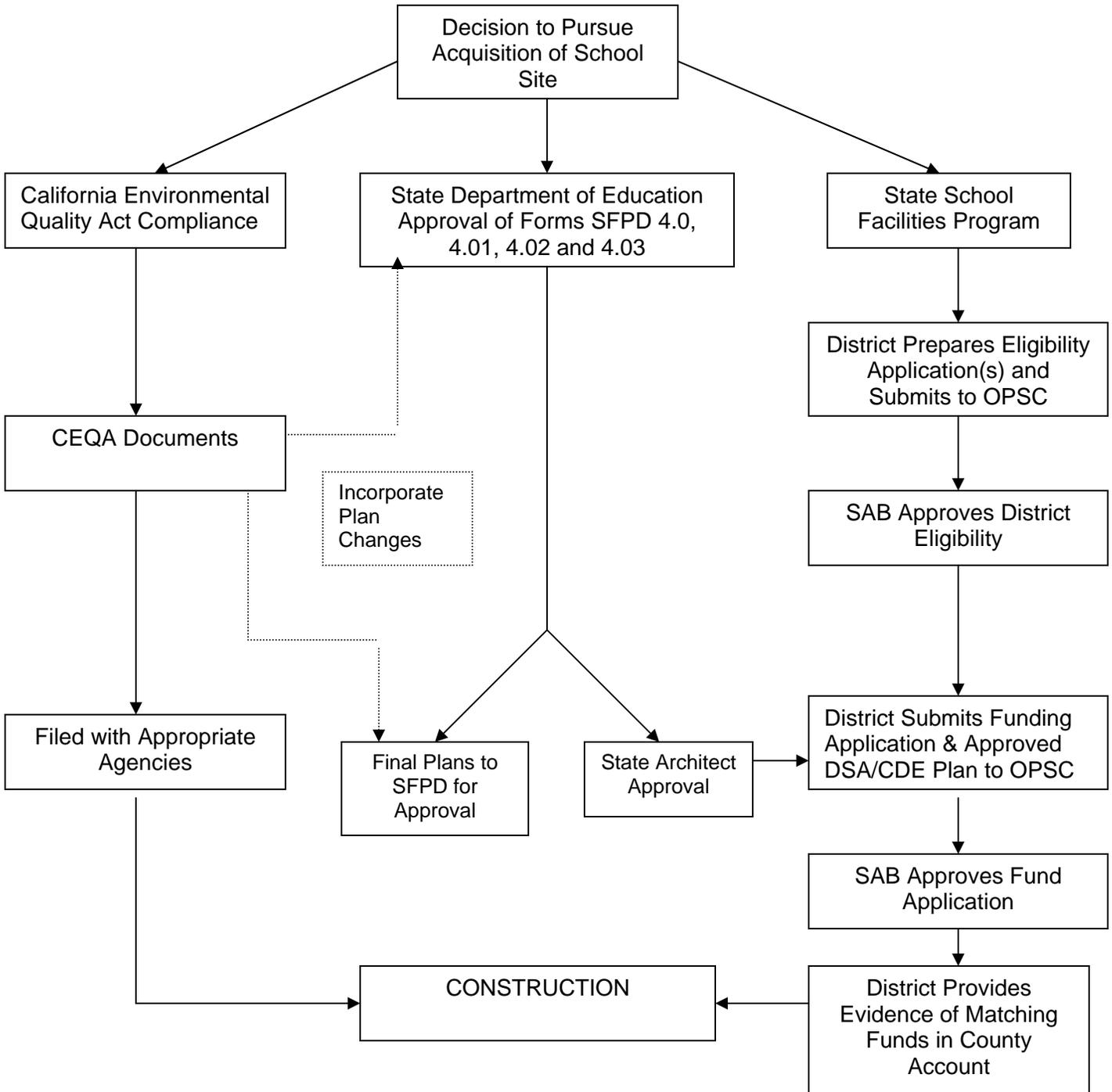
Legal Reference

- | | | |
|-----------------------------------|----|--|
| CCR, Title 14 §§ 15300 et seq. | 1. | When a school district determines that a project is exempt from the requirement of CEQA based on the guidelines in the California Code of Regulations (CCR), Title 14 and the school district approves or determines to carry out the project, it shall file a notice of exemption with the County Clerk with copies to the State Allocation Board when state financing is required. |
| CCR, Title 14 § 15063 | 2. | If a project is subject to the requirements of CEQA and not exempt by the guidelines, the school district shall conduct an Initial Study to determine if the project may have a significant effect on the environment. The Initial Study shall be used to provide a written determination of whether a Negative Declaration or an Environmental Impact Report (EIR) shall be prepared for a project. |
| CCR, Title 14 § 15080 | 3. | The EIR process should be combined with any other project approval process used by the agency. |
| CCR, Title 14 § 15071 | 4. | A Negative Declaration shall be prepared for a project that could potentially have a significant effect on the environment, but which the school district finds on the basis of an Initial Study and project changes that reduce impacts to insignificant levels. Notice shall be given as prescribed to the state SFPD and also the State Allocation Board when state financing is required. |
| CCR, Title 14 § 15072 | 5. | The lead agency intending to adopt a Negative Declaration or Mitigation Negative Declaration shall provide notice to the public. |
| CCR, Title 14 § 15073 | 6. | An opportunity for public review of a Negative Declaration shall be provided prior to approval of the project. If the project does not reduce the amount of existing fish and wild life habitat, the district should prepare a Notice of De Minimus Impact. |
| CCR, Title 14 § 15075 | 7. | A Notice of Determination shall be filed after the school district has made a decision to carry out or approve a project for which a Negative Declaration was approved. Notice shall be filed with the County Clerk with copies to the state SFPD and also the State Allocation Board when state financing is required. The Notice of De Minimus Impact should also be filed with the County Clerk. |

- CCR, Title 14 § 15083 8. Prior to completing the draft EIR, the school district should also consult directly with any person or organization it believes will be concerned with the environmental effect of the project.
- CCR, Title 14 § 15082 9. After determining that an EIR will be required for a project, the school district shall send a Notice of Preparation to the state SFPD and also the State Allocation Board when state financing is required.
- CCR, Title 14 § 15085 10. Notice of Completion must be filed with the Secretary of Resources and other interested parties.
- CCR, Title 14 § 15087 11. The school district shall provide the general public with an opportunity to comment on the draft EIR.
- CCR, Title 14 § 15089 12. The school district shall prepare a final EIR.
- CCR, Title 14 § 15090 13. The school district shall certify §15090 that the final EIR has been completed in compliance with CEQA.
- CCR, Title 14 § 15092 14. After considering the final EIR, the lead agency may approve the project.
- CCR, Title 14 § 15095 15. A copy of the final EIR shall be filed with the appropriate planning agency of any city or county that will be affected by the project. If the project is state-aided, the district must submit a copy to the State Clearing House, state SFPD, and State Allocation Board.
- CEQA Web site 16. CERES Environmental Law, Regulation, and policy:
<<http://ceres.ca.gov/ceqa>>

PROCESS FOR SCHOOL CONSTRUCTION PROJECTS

A construction project is defined as any new school building; any construction, alteration, or addition to a school building costing over \$15,000; lease or purchase of any relocatable structure; and any conversion of a non-school building to a school building.



It is the intent of the Legislature to encourage sound fiscal management practices among local educational agencies for the most effective use of public funds for the education of children in California by strengthening fiscal accountability at the district, county, and state levels. [EC §§ 41020] The combination of inadequate funding from the Budget Act and other state and federal sources, declining enrollment, and the need to maintain competitive salary schedules may lead school districts to experience fiscal solvency issues.

BASIS FOR OPERATION

Key responsibilities of the county superintendent of schools are to maintain responsibility for the fiscal oversight of school districts and to review and monitor the fiduciary functions of school districts. The county superintendent of schools is not responsible for the fiscal oversight of the community colleges; however, he or she may perform financial services on behalf of those community colleges. [EC § 1240]

Since 1984, a variety of statutes have been enacted that focus on improving fiscal accountability of California school districts and county offices of education. Assembly Bill 1200 (Chapter 1213, Statutes of 1991), AB 2756 (Chapter 52, Statutes of 2004), and other statutes redefined and expanded responsibility and oversight authority for county superintendents of schools and county offices of education in the area of school district financial accountability. AB 1200 established the Fiscal Crisis and Management Assistance Team (FCMAT). AB 1200 made significant changes in the school district budget and interim report development, review, and approval processes, requiring multi-year projections and public disclosures. The term "AB 1200" is defined to include all current state requirements for county superintendent of schools and county office of education (COE) fiscal oversight and financial accountability of school districts.

LEGAL PROVISIONS

"Going Concern"

The term "going concern" describes an entity that is fiscally healthy and able to meet its financial obligations when they come due "without substantial disposal of assets, restructuring of debt, externally forced revision of its operation, or similar actions" (*Fiscal Oversight Guide*, FCMAT, 2006, page 19) (see Additional Resources).

The county superintendent of schools has fiscal oversight responsibility over school districts in the county. The county superintendent of schools or his/her designee monitors school district budgets by reviewing and approving, conditionally approving, or disapproving adopted budgets, and confirming or changing the certification of first and

second interim reports during the budget year. The Business Services section of the San Diego County Office of Education (SDCOE) coordinates the budget approval and monitoring and the interim report review and certification processes. [EC § 42120 et seq.]

The county superintendent of schools has authority to advise, assist, or intervene in the affairs of a financially troubled school district with regard to the current year's operation as well as to those activities affecting subsequent years' projections and budgets. At any time during the fiscal year, an event can occur that causes the county office to make a finding of qualified or negative financial status. If there is reason to believe that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years, or if the school district has a qualified or negative interim certification, the county office of education may take whatever fiscal oversight actions are deemed necessary to ensure that the school district meets its financial obligations. [EC § 42127.6, 42131]

Such actions result in authorized forms of intervention on the part of the county office of education, including assigning external consultants, requiring a district fiscal recovery plan, or disallowing certain district expenditures. Disagreement between the district and county office of education about a district's financial condition and the associated intervention may be referred to the Superintendent of Public Instruction (SPI) for a final determination. If the county superintendent of schools determines that it is necessary to conduct a study of the financial and budgetary conditions of the district, that study must include a review of internal controls. [EC § 42127.6]

FCMAT has developed a Fiscal Health Risk Analysis with 17 considerations to assist school districts with periodic self-evaluations of their fiscal solvency for the current and two subsequent fiscal years (see Additional Resources). The county superintendent appropriately takes into account these particular types of indicators to determine if the district remains a "going concern" or exhibits unacceptable levels of financial distress requiring remedial action in accordance with AB 1200.

ANNUAL BUDGET REVIEW AND APPROVAL PROCESS

The county superintendent of schools shall examine and approve, conditionally approve, or disapprove adopted school district budgets to determine whether the budgets (1) comply with the ten criteria, with standards adopted by the State Board of Education and allow the school districts to meet their financial obligations during the fiscal year; and (2) are consistent with financial plans that will enable the school districts to satisfy multiyear financial commitments. The review includes an analysis of budget assumptions for the current and two successive years, supplemental information about

the status of the budget, and any problems identified in studies, reports, evaluations, or audits of the district. Deviations from the standards must be explained satisfactorily, and required technical corrections shall be identified, which may affect the approval of the budget. Additional information is presented in the Budget section. [EC §§ 33127, 33129, 42127(d); 5 CCR § 15440 et seq.]

If a school district budget does not satisfy one of the conditions itemized above, the budget will be disapproved, and the disapproval procedure will be implemented in accordance with mandated timelines. The county superintendent of schools shall prepare and transmit written recommendations for budget revision and the reasons for those recommendations to the school district governing board. A fiscal advisor may be assigned to assist with budget development, or a budget review committee may be appointed to examine and comment upon the budget review and recommendations. [EC §§ 42127(i), 42127.1 et seq.]

The governing board shall review the county superintendent of schools' recommendations at a regular meeting. The school district response to recommendations of the county superintendent of schools shall include any revisions to the adopted budget and other proposed actions to be taken as a result of these recommendations.

Notification of Superintendent of Public Instruction

The county superintendent of schools shall submit a list identifying school districts that may have disapproved budgets and a second list of school districts with disapproved budgets to the Superintendent of Public Instruction in accordance with established state deadlines. [EC §§ 42127(h), 42127(i)(2)]

A report regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that has been determined at any time to be in a position of fiscal uncertainty pursuant to Education Code section 42127.6 shall be submitted annually to the school district governing board and the SPI. [EC § 42127.6]

Revised Adopted Budget—Dual Budget Adoption Cycle

The county superintendent of schools shall examine and approve, conditionally approve, or disapprove revised adopted budgets to determine whether the budgets (1) comply with the criteria and standards adopted by the State Board of Education and

allow the school districts to meet their financial obligations during the fiscal year; and (2) are consistent with financial plans that will enable the school districts to satisfy multiyear financial commitments. [EC § 42127(d)]

If a school district's revised adopted budget does not satisfy one of the conditions itemized above, the budget will be disapproved and the disapproval procedure will be implemented in accordance with mandated timelines. Written recommendations for budget revision and the reasons for those recommendations shall be transmitted to the school district governing board. A fiscal advisor may be assigned to assist with budget development, or a budget revision committee may be appointed to examine and comment upon the budget review and recommendations. [EC §§ 42127(e), 42127.1 et seq.]

The governing board shall review the county superintendent of schools' recommendations at a regular meeting. The school district response to recommendations of the county superintendent of schools shall include any revisions to the revised adopted budget and other proposed actions to be taken as a result of these recommendations.

The county superintendent of schools shall review the response and approve or disapprove the budget. If the school district budget is disapproved, the county superintendent of schools will call a Budget Review Committee, which will be selected and convened by the SPI. [EC § 42127.1 et seq.]

Fiscal Plan and Budget

If the SPI disapproves the budget, the county superintendent of schools shall develop and adopt, in consultation with the school district governing board and the SPI, a fiscal plan and budget that will govern the operation of the school district for the current fiscal year.

In the event an agreement is reached with the school district governing board and the school district revises its budget to comply with this agreement, the county superintendent of schools shall approve the budget, and the Budget Review Committee procedure will be canceled. [EC § 42127.3(b)]

Neglect or Refusal to Make Financial Report

The county superintendent of schools shall not make any apportionment of state or county money to a school district or approve any warrants issued for the current year if the governing board neglects or refuses to make a budget or interim report. [EC §

42128] Salaries, expenses, and stipends for the district superintendent or board members or county superintendent of schools may be ordered withheld by the SPI for delayed reports. [EC § 42129]

Sanctions on County Offices for Inadequate Fiscal Oversight

If the SPI assumes control over an insolvent school district that requires an emergency apportionment from the state, he or she, in consultation with FCMAT, shall review the fiscal oversight by the county superintendent of schools. Within three months of assuming control over a qualifying district, the SPI shall report to the Legislature and to the Department of Finance his or her findings as to fiscal oversight actions that were or were not taken and may include recommendations as to an appropriate legislative response to improve fiscal oversight. [EC §§ 41326(b), 41326(k)]

If the county superintendent of schools fails to carry out his or her mandated responsibilities for fiscal oversight, the SPI may exercise the authority of the county superintendent of schools who has oversight responsibilities for a qualifying school district. If the county superintendent fails to appropriately take into account particular types of indicators of financial distress or fails to take appropriate remedial actions in the qualifying district or other districts with negative or qualified certifications, the SPI shall further investigate these matters and shall provide an additional report on the fiscal oversight practices of the county superintendent to the appropriate policy and fiscal committees of each house of the Legislature and the Department of Finance. [EC §§ 41326(b), 41326(k)]

AUDITS

Annual Audit

School districts and charter schools are required to conduct an annual audit of the books and funds of the local educational agency by December 15. This deadline may be extended by approval of a written request to the county office of education and the State Controller's office. *Standards and Procedures for Audits of California K-12 Local Education Agencies 2007-08* constitutes the audit guide to be used in the performance of the audits (see Additional Resources). By January 31, school districts are required to review their audit reports at a public meeting and discuss any audit findings as well as the specific corrective action plans. Additional information is presented in the Accounting section. [EC §§ 14502.1, 41020, 41020.3, 47605(m), 84040; 5 CCR § 19810 et seq.]

The district shall select a certified public accountant or licensed public accountant from a directory approved by the State Controller (see Additional Resources). A six-year limitation is in effect for the same lead audit partner or coordinating audit partner to contract to perform the audit. [EC § 41020(f)(2)] The county office of education or Board of Governors shall provide for an annual auditor for those school and community college districts that do not secure an auditor by April 1. The cost of the audits provided for by the county office of education shall be paid from the County School Service Fund, and a prorata share of the cost shall be charged to each affected school district. [EC §§ 41020, 84040]

Within 60 days of receipt of a final audit report resulting from an audit or review of all or any part of the operations of the local educational agency (LEA) requiring repayment of an apportionment-significant audit exception or penalty, the LEA may appeal a finding contained in the final report to the Education Audit Appeals Panel or participate in a summary appeals process. [EC §§ 41344-4.1]

The county superintendent of schools is responsible for review of certain audit exceptions and follow-up on prior-year exceptions in annual audits of school districts under his/her jurisdiction. The county office of education will conduct complete finding-by-finding reviews of audits, including unresolved prior-year exceptions. Complete documentation of the audit resolution process shall be maintained by the county office of education. These records will be kept available for inspection by the State Controller. The SDCOE Business Services section coordinates the audit compliance process. [EC § 41020(j)(3)] Specific audit exceptions in annual audits of school districts and charter schools are under the purview of the California Department of Education (CDE) School Fiscal Services Division.

Documentation

The county office of education will contact school districts to provide evidence that they have resolved each audit exception or have established a plan to resolve the exceptions. Sufficient documentation to confirm school district actions taken to resolve exceptions includes copies of amended reports and specific corrective action plans, i.e., what corrective steps will be taken, when will they occur, and who is responsible for implementation and follow-up. If the description of the correction or the plan for correction is not adequate or to the satisfaction of the county office of education, the school district will be required to resubmit the portion of the response that is inadequate.

Written Response to School Districts

The county office of education will respond in writing to school districts regarding the adequacy of audit exception corrections or plans for correction, identifying the areas that require further explanation, corrective action, or a plan for correction.

When an annual audit stipulates a second-year problem, the county office of education will follow up with school districts in order to resolve exceptions in the following areas: attendance, internal control, inventory of equipment, and miscellaneous areas under the purview of the county superintendent of schools.

Corrections

The county office of education shall monitor filing of corrected attendance reports within a reasonable period of time for simple, apportionment-significant exceptions. If an auditor does not provide quantification for a finding that concerns a condition of apportionment, or if there is no accompanying recommendation to file a corrected attendance report, the county office of education may determine that a corrected report is required. A formal statement from an approved independent auditor may be a requirement to substantiate quantification.

A district is not required to repay an apportionment based on a significant audit exception related to requirements specified as a result of the Williams Settlement if the county superintendent of schools certifies to the SPI and the State Controller that the audit exception was corrected by the district or that an acceptable plan of correction was submitted to the county superintendent of schools. [EC §§ 41020(i)(2), 41344.4]

Certification to Superintendent of Public Instruction

The county office of education shall certify to the SPI that all school district audits were reviewed and that all applicable exceptions were reviewed and corrections made, noting exceptions, or an acceptable plan of correction was submitted.

The county office of education shall also identify to the SPI the attendance-related exceptions that have a fiscal impact on the state. The certification shall include as separate attachments (1) a list of those school districts or joint powers agencies that have no unresolved audit exceptions; and (2) a list of those school districts or joint powers agencies that have unresolved audit exceptions and an explanation as to the reason they have not been resolved.

County office of education certification will constitute assurance to the CDE that those findings that fall within county office of education purview have been handled.

Review of Audit Resolution Process

A county office of education may be chosen by the State Controller's Office to participate in a review of the audit resolution process.

Fiscal Information

The auditor conducting the annual audit may be requested to provide the county office of education with fiscal information on a school district if it is determined that the school district may not be able to meet its obligations for the current or subsequent fiscal year. The auditor shall send a copy of any information submitted to the county office of education to the affected school district.

Material Misstatements of Auditor

The county superintendent of schools or county board of education may refer an independent auditor to the State Board of Accountancy for action if an audit of a school district was conducted in a manner that may constitute unprofessional conduct resulting in material misstatement(s) in the audit.

AB 139 FRAUD AUDIT

Audit by County Superintendent

The county superintendent of schools is authorized to review or audit at any time and report on the expenditures and internal controls of a school district or charter school when there is reason to believe that fraud or misappropriation of funds or other illegal fiscal practices have occurred that merit examination. The county superintendent of schools is authorized to audit at any time and report on the expenditures and internal controls of a fiscally accountable school district. [EC § 1241.5; AB 139 (Chapter 620, Statutes of 2001)]

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the SPI, and the local district attorney. [EC § 42638(b)]

FCMAT Review

The county superintendent may request FCMAT to review the fiscal or administrative condition of a school district or charter school under his/her jurisdiction. [EC § 42127.8(c)(2)]

INTERIM REPORTS

AB 1200 requires district superintendents to submit two reports to their governing boards each fiscal year of the financial and budgetary status of the district as of October 31 and January 31. LEAs must collect the financial data for these reporting periods and prepare appropriate interim reports for submission within 45 days of the close of the period being reported. Both interim reports shall be approved by the district's governing board along with a positive, qualified, or negative certification as to whether their school district is able to meet its financial obligations for the remainder of the fiscal year and as forecast for the two subsequent fiscal years. Districts must use SACS2008ALL format and forms for submission of the reports (see Additional Resources). [EC §§ 33127, 42130, 5CCR §§ 15454, 15464] (See also Budgets.)

A district filing a qualified or negative certification for the second interim report, or classified as negative by the county superintendent of schools, shall provide financial statement projections of the district's fund and cash balances through June 30 for the period ending April 30. This "third interim report" shall be filed by June 1 with the county superintendent of schools, State Controller, and SPI. [EC § 42131(e)] County offices of education consider a third interim report to be a reporting event, not an opportunity to make a finding of positive, qualified, or negative fiscal solvency.

Certification of Ability to Meet Fiscal Year Obligations

The district governing board shall certify whether the school district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the two subsequent fiscal years. The certification shall be based on the governing board's assessment and analysis of ten criteria, with standards, and supplemental information about the status of the budget at interim report time. The certification shall be classified as positive, qualified, or negative based on current projections as defined below: [EC §§ 42131; 5 CCR § 15453]

Positive—the school district will meet its financial obligations for the current fiscal year and two subsequent fiscal years.

Qualified—the school district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

Negative—the school district will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year.

Fund and Cash Balances

Projected General Fund balances will be positive at the end of the current fiscal year and two subsequent fiscal years, and the projected general fund cash balance will be positive at the end of the current fiscal year. [EC §§ 33127-9, 42131; 5 CCR § 15454]

Reserves

The minimum recommended reserves for economic uncertainties for any of the current fiscal year or two subsequent fiscal years shall be the ADA-based percentage or amount as applied to total expenditures and other financing uses:

- Greater of 5% or \$55,000* for district with 0 to 300 ADA
- Greater of 4% or \$55,000* for district with 301 to 1,000 ADA
- 3% - District with 1,001 to 30,000 ADA
- 2% - District with 30,001 to 400,000 ADA
- 1% - District over 400,000 ADA

* Dollar amounts are adjusted annually by the prior year statutory cost of living adjustment, rounded to the nearest thousand. [EC § 42238; 5 CCR § 15450]

Available reserves are the unrestricted reserves in the Designated for Economic Uncertainties and the Undesignated/Unappropriated accounts in the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the General Fund. [EC §§ 33127-9, 33131, 42238; 5 CCR § 15455]

Deficit Spending

Deficit spending occurs when the total unrestricted expenditures plus other financing uses is greater than the total unrestricted revenues plus other financing sources. The standard is that unrestricted deficit spending as a percentage of total unrestricted expenditures and other financing uses, has not exceeded one-third of the district's available reserves as a percentage of total expenditures and other financing uses in any of the current fiscal year or two subsequent fiscal years. [EC §§ 33127-9, 33131, 42238; 5 CCR § 15456]

Changed Certification

If the county superintendent of schools determines that a negative or qualified certification should have been filed by a district rather than a positive certification, the certification may be changed to negative or qualified. A notification and appeal process is specified to determine the validity of the certification. [EC § 42131(a)(2)] If a district is determined to have a negative or qualified certification as of the second interim report, no requirement of law permits that certification to be changed. The next opportunity for a finding of positive fiscal solvency is the approval of the adopted annual school district budget prior to August 15.

CRITERIA AND STANDARDS

Criteria and standards were established to guide local educational agencies in the development of the annual budget, with projections for subsequent budget years, and in management of the budget throughout the year. Criteria and standards are used by an oversight agency as a fiscal warning system to monitor LEAs by uniform standards for assessing solvency. Revised criteria and standards to develop, review, and assess school district budgets and interim financial reports were approved by the State Board of Education in May 2008 (see Additional Resources). They are incorporated into a module of the state's financial reporting software. [EC §§ 33127-8; 5 CCR § 15440 et seq.]

Assessment of Fiscal Criteria

The ten criteria are average daily attendance (ADA), enrollment, ADA to enrollment, revenue limit, salaries and benefits, other revenues and expenditures, facilities maintenance, deficit spending, fund balance, and reserves. School district budget data (prior years, current year, and projected) are measured against the standards, or thresholds, for each criterion. In addition to the criteria and standards, the review must identify additional supplemental information regarding contingent liabilities, use of one-time revenues for ongoing expenditures, use of ongoing revenues for one-time expenditures, contingent revenues, contributions, long-term commitments, unfunded liabilities, and the status of labor agreements. Deviations from any standards identified as "unmet" must be explained satisfactorily and may affect the approval of the budget or the interim report certification. [EC §§ 33127, 33129; 5 CCR § 15440 et seq.]

Unfunded Liabilities

The mission of the Business and Administration Steering Committee (BASC) of the California County Superintendents Educational Services Association (CCSESA) includes improving business support to local school districts and county offices of

education by providing leadership to LEAs in developing and implementing sound business and management practices to strengthen financial accountability. The BASC GASB 45 Working Group prepared a paper for CCSESA entitled, *Unfunded Liabilities: A Summary Report to the CCSESA Board of Directors by BASC* (See Additional Resources.)

As part of its continuing discussions about integrating the impact of retiree benefits into AB 1200 reviews, BASC concludes, “It is incumbent for county offices of education to have an understanding of how retiree health and welfare benefits interact with the current fiscal health of the LEA. Post-employment benefits must be evaluated by COEs in their AB 1200 responsibilities; however, COEs must be careful in their evaluations as the liability reported is more a theoretical value rather than a strict liability, such as a general obligation bond or certificate of participation” (Unfunded Liabilities, 2005, pages 21-22).

Districts must estimate unfunded liabilities based on actuarial valuation or other method as supplemental information for the Criteria and Standards Review for the budget and interim reports and provide information as follows: [5 CCR §§ 15451(7), 15464(6)]

1. Postemployment benefits other than pensions (OPEB) — identify or estimate the OPEB annual required contribution and how the obligation is funded (pay-as-you-go, actuarial cost, or alternative measurement method) for current and two successive years. OPEB is discussed in detail in Procedure 785 of the *California School Accounting Manual* (see Additional Resources).
2. Self-insurance programs such as workers’ compensation— identify or estimate the required contribution and how the obligation is funded (level of risk retained, funding approach, and basis for valuation) for each self-insurance program operated by the district.
3. Changes in estimates for unfunded liabilities since budget adoption, and whether changes are the result of a new actuarial valuation—compare first interim reports to adopted budgets and second interim reports to first interim projections.

Districts and charter schools that have OPEB obligations should obtain an actuarial valuation to determine unfunded liability under Governmental Accounting Standards Board Statement No. 45 (GASB 45) requirements in order to assess financing strategies. (See also Accounting.) The SPI developed required elements for the Management Plan for Addressing Other Post Employment Benefits, also referred to as a Fiscal Solvency Plan (see Additional Resources). The management plan must be

approved by the governing board of the school district or charter school. Charter plans must be submitted to the authorizing agencies. Authorizing agencies are encouraged, but not required, to review charter plans.

Districts and charter schools may apply for state funding for completing a management plan, also known as a Fiscal Solvency Plan, for meeting their long-term annual OPEB obligations. At the present time, funding is available to reimburse a school district or charter school for specified actual costs up to \$15,000 if its plan is approved. As a requirement of receipt of funding, districts must submit these plans to the county superintendent of schools as part of the budget review process, and charters must submit their plans to their authorizing authority. County offices of education may apply for funding for consideration of district plans during the course of reviewing the budget of a school district.

The county superintendent of schools shall review the Fiscal Solvency Plans submitted by school districts. County offices of education are eligible to receive funding to review plans even if the district's plan is not approved by the county office. The CDE will allocate funding to the county office of education for each plan reviewed equal to 10 percent of the district's requested reimbursable costs or \$500, whichever is greater. Funds will be allocated to the county office upon submission of a district application to the CDE.

DISCLOSURES OF FISCAL OBLIGATIONS

AB 1200 and subsequent revisions established three categories of disclosure of school district fiscal obligations: (1) collective bargaining agreements, (2) non-voter-approved debt and agreement under California School Finance Authority Act, and (3) self-insured workers' compensation claims.

Collective Bargaining Agreements

A district shall disclose the major provisions of the proposed written agreement with an exclusive representative, including costs and itemized budget revisions necessary to meet the costs of the agreement in each year of its term, and provide written certification of the superintendent and chief business official that the costs incurred by the school district can be met by the district during the term of the agreement. [GC § 3547.5] A district shall disclose budget revisions required due to final settlement of a collective bargaining agreement to the county superintendent of schools within 45 days of adoption. [EC § 42142]

A district that has a qualified or negative interim report shall provide ten working days' notice of proposed bargaining unit agreement with relevant financial information to the county superintendent of schools to yield an understanding of the financial impact of that agreement. The county superintendent of schools shall notify the school district, the county board of education, school district governing board, district superintendent, and each parent-teacher organization of the district if, in his or her opinion, the reviewed agreement would endanger the fiscal well-being of the district. [GC § 3540.2(a)]

A district shall adopt budget revisions needed in the current fiscal year to meet the costs of a collective bargaining agreement, and should submit a copy of the board-approved budget revisions and board minutes to the county office as soon as these documents are available. If a school district governing board does not adopt all of the revisions to its budget needed in the current fiscal year to meet the costs of the agreement, the county superintendent must issue a qualified or negative certification for the district on the next interim report. [GC § 3547.5(c)]

Non-voter-approved Debt and Agreement under California School Finance Authority Act

A district shall disclose issuance of new non-voter-approved public debt such as certificates of participation and revenue bonds including tax and revenue anticipation notes, and of any agreement for financing school construction under the California School Finance Authority Act to the county auditor, county superintendent, school district governing board, and public. This permits public comment by the county superintendent and county auditor about the district's capability to repay debt obligation. [EC § 17150]

County Counsel prepared forms available on the SDCOE Web site may be used to transmit disclosures with debt obligation repayment schedules, projections of revenues and expenditures, and other information demonstrating the district's ability to repay the debt obligation to the county superintendent of schools and the county auditor (See Additional Resources). This information should be provided at a meeting of the governing board for disclosure to the board and the public.

Self-insured Workers' Compensation Claims

A district or JPA with self-insured workers' compensation claims shall disclose its financial obligations as a separate agenda item at a public meeting. School district governing boards must annually certify their ability to fund claims to the county superintendent of schools of. [EC § 42141]

The self-insured workers' compensation disclosure must be based upon an actuarial report that is to be completed at least every three years. A copy of the *Annual Certification Regarding Self-Insured Workers' Compensation Claims* (SACS Form CC) must be signed and filed with the July 1 budget whether or not the district provides such benefits (see Additional Resources). A copy of the current actuarial report must be filed with the county office of education after completion by the district governing board.

FISCAL DISTRESS

The county superintendent of schools shall present an annual report to the school district board and the SPI regarding the fiscal solvency of any school district with a disapproved budget, qualified interim certification, or a negative interim certification, or that has been determined at any time to be in a position of fiscal uncertainty pursuant to Education Code section 42127.6. [EC § 1240(e)]

The county superintendent of schools will use the district criteria and standards in assessing a district's financial health for indicators of fiscal distress. FCMAT has compiled a list of 11 conditions consistently found in districts dealing with fiscal crisis or seeking emergency loans as, "FCMAT Predictors of School Agencies Needing Intervention" (See Additional Resources).

Initial Notification of School District and Superintendent of Public Instruction

Before the county office of education takes any actions listed in Education Code section 42127.6, the school district governing board and the SPI shall be notified in writing of the determination that the school district may be unable to meet its financial obligations. The notification shall clearly state the basis for the determination and include the assumptions used. The notification shall be available to the public.

Second Notification of School District and Superintendent of Public Instruction

If, after the county office of education takes action to move the school district toward fiscal solvency, the school district will be unable to meet its financial obligations for the current or a subsequent fiscal year, the school district governing board and the SPI shall be notified in writing of the determination that the school district will be unable to meet its financial obligations. The notification shall clearly state the basis for the determination and include the assumptions used. The notification shall be available to the public.

Budget Revisions

When a school district has a negative certification or it is confirmed that the school district will not be able to meet its financial obligations for the current or subsequent fiscal year, budget revisions to enable the school district to meet its obligations in the current year will be developed and imposed. The county superintendent of schools may stay or rescind any action of the governing board determined to be inconsistent with the school district's ability to meet its financial obligations for the current or subsequent fiscal year, including any actions up to the point that the subsequent year's budget is approved by the county superintendent of schools.

Notification of Budget Revisions or Stay or Rescission of Actions

The school district governing board shall be notified of action to revise the budget or to stay or rescind inconsistent school district actions. The notification shall include the actions to be taken, the reasons for the actions, and the assumptions used to support the necessity for the actions. The county office of education, in consultation with the governing board, shall assist in developing a school district budget for the subsequent fiscal year. The county office of education shall continue to work with the school governing board until the budget for the subsequent fiscal year is adopted.

School District Appeals

Within five days of the determination or notice of budget revisions, the school district may appeal the following to the SPI:

1. The basis of the county superintendent of schools' determination that the school district may not be able to meet its financial obligations or proposed actions to examine the school district's financial condition.
2. The county superintendent of schools' determination that the school district will not be able to meet its financial obligations.

Until resolution of the appeal, the county superintendent of schools may stay any action of the governing board determined to be inconsistent with the school district's ability to meet its financial obligations for the current or subsequent fiscal year.

3. The county superintendent of schools' budget revisions pursuant to Education Code section 42127.3(b), 42127.6(e), or 42131(b).

If the appeal is denied, the school district shall implement the change(s) adopted by the county superintendent of schools. If the appeal is upheld, budget changes shall be implemented in accordance with revisions and/or guidelines issued by the SPI.

Administrative Expenses

Contracts executed by the county superintendent of schools for purposes of determining a school district's fiscal solvency shall be subject to the approval of the SPI. The authorized administrative expenses incurred by the county office of education for necessary actions, or for costs associated with improving the school district's financial management practices, shall be prorated between the county office of education and the school district in accordance with law.

AB 1200 REIMBURSEMENTS

The Budget Act provides funds for reimbursement to county offices of education for expenses incurred in carrying out specified financial oversight responsibilities. FCMAT administers the review and approval of reimbursements subject to final approval by the Department of Finance and the SPI. COE reimbursement forms are available from the FCMAT Web site and must be submitted by August 15 (see Additional Resources).

CHARTER SCHOOL FISCAL OVERSIGHT

Charter schools generally are exempt from AB 1200 and other laws governing school districts. However, charter schools are accountable to comply with the conditions, standards, or procedures set forth in their charters, the Charter School Act [EC § 47600 et seq.], and other state and federal laws. Additional information is presented in the Charter Schools section.

Expenditures and internal controls of a charter school may be reviewed or audited at any time during the fiscal year if the county superintendent of schools has reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The review or audit shall focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner. [EC § 1241.5] The chartering authority may revoke a charter for failing to meet generally accepted accounting principles or engaging in financial mismanagement. [EC § 47607(c)(3)] The State Board of Education may take appropriate action if the SPI finds evidence of gross financial mismanagement that jeopardizes the financial stability of a charter school. [EC § 47604.5]

Monitoring and Investigation

A charter school shall promptly respond to all reasonable inquiries, including, but not limited to, inquiries regarding financial records, from its chartering authority, the county office of education of their chartering agency, or the SPI and shall consult the requestor regarding any inquiries. [EC § 47604.3]

The chartering authority shall monitor the fiscal condition of each charter school under its authority. The chartering authority may inspect or observe any part of the charter school at any time. [EC §§ 47604.33, 47607(a)(1)]

The county superintendent of schools may monitor or conduct an investigation into the operations of a charter school based upon written complaints by parents or other information that justifies such actions. [EC § 47604.4(a)] The county superintendent may request FCMAT to review the fiscal or administrative condition of a charter school. [EC§ 42127.8(c)(2)]

Financial Reporting

Each charter school must prepare annual financial reports to be submitted to the chartering authority and the county superintendent of schools of the county in which its sponsoring district is located: [EC § 47604.33]

1. On or before July 1, a preliminary budget.
2. On or before December 15, a first interim financial report that reflects changes through October 31.
3. On or before March 15, a second interim financial report that reflects changes through January 31.
4. On or before September 15, a final unaudited report for the full prior year. [EC § 42100]

By December 15 of each year, a charter school must file copies of its annual audit with the chartering agency, the county superintendent of schools, the State Controller, and the CDE, unless the charter school is encompassed in the financial audit of its chartering agency. [EC §§ 41020, 47605(m); 5 CCR § 19850 et. seq.]

ADDITIONAL RESOURCES

1. California Department of Education:

California School Accounting Manual, 2008. Available:
<<http://www.cde.ca.gov/fg/ac/sa/>>

Criteria and Standards Revisions, March 13, 2008, State Board of Education
Agenda Item #25. Available:
<<http://www.cde.ca.gov/be/ag/ag/yr08/agenda0308.asp>>

Financial Reporting for SACS2008ALL Software, *SACS Software User Guide*, and
Fiscal Oversight Calendars. Available: <<http://www.cde.ca.gov/fg/sf/fr/>>

Management Plan for Addressing Other Post Employment Benefits (OPEB),
financial reporting requirements for OPEBs, and funding application. Available:
<<http://www.cde.ca.gov/fg/fo/r14/fsp07rfa.asp>>

2. California School Finance, School District Budgeting for links to District's
Responsibility, Fiscal Oversight, and EdSource. Available:
<<http://www.californiaschoolfinance.org/DistrictBudgeting/FiscalOversight/tabid/110/Default.aspx>>

3. County superintendent of schools' financial oversight responsibilities as presented
in San Diego County Office of Education Administrative Regulation 3460, Financial
Accountability of School Districts. Available:
<<http://www.sdcoe.net/business2/dfs/legal/ar/3460.pdf>>

4. Fiscal Crisis and Management Assistance Team (FCMAT):

AB 1200 and Related Responsibilities, February 2000. Available:
<<http://wwwstatic.kern.org/gems/fcmat/AB1200Guide.pdf>>

COE Reimbursement Forms. Available:
<[http://www.fcmat.org/stories/storyReader\\$1190](http://www.fcmat.org/stories/storyReader$1190)>

FCMAT Predictors of School Agencies Needing Intervention. Available:
<<http://wwwstatic.kern.org/gems/fcmat/predictors12805.pdf>>

Financial Accountability & Oversight Provisions, Assembly Bill 2756 (Daucher),
July 2004. Available:
<<http://wwwstatic.kern.org/gems/fcmat/AB27560booklet.pdf>>

Fiscal Health Risk Analysis. Available:

<<http://wwwstatic.kern.org/gems/fcmat/fiscalhealthriskanalysis.pdf>>

Fiscal Oversight Guide for AB 1200, AB 2756, and Subsequent Related Legislation: A Resource for Educational Agencies, September 2006 including Appendix E, Unfunded Liabilities: A Summary Report to the CCSESA Board of Directors by BASC, October 16, 2005, pages 126-152. Available:

<<http://wwwstatic.kern.org/gems/fcmat/FiscalOversightGuideFINALsm.pdf>>

Fiscal Procedural Manual for Business Officials in California County Offices of Education, 2008. Available: <[http://www.fcmat.org/stories/storyReader\\$1326](http://www.fcmat.org/stories/storyReader$1326)>

5. Fiscal Solvency Plan Checklist for County Offices of Education, Imperial County Office of Education, CCSESA BASC, 2007-2008. Available: <http://www.icoe.k12.ca.us/ICOE/Departments/Business/External/Fiscal_Advisory_Services/APRIL+-+SFSS.htm>

6. *Internal Control Management and Evaluation Tool*, U.S. General Accounting Office, August 2001. Available: <<http://www.gao.gov/new.items/d011008g.pdf>>

7. San Diego County Office of Education, Business Advisory Services:

2008-09 fiscal disclosure forms. Available:

<<http://www.sdcoe.net/business2/dfs/?loc=formsdocs>>

Disclosure of Collective Bargaining Agreement form in Microsoft Excel format.

Available: <www.sdcoe.net/business2/dfs/bas/cbud.xls>

8. State Controller's Office:

Certified Public Accountants Directory Service (CPADS) for local education audits.

Available: <<http://www.sco.ca.gov/cpads/main/CPADSList.aspx>>

Emergency Regulations, May 20, 2008, to amend the audit guide effective as of July 1, 2008, for the annual audits for 2008-09. Available:

<<http://www.eaap.ca.gov/NewWebSite0804/AudGdeEmerg2008-09%20051908.pdf>>

Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09. Available: <<http://www.eaap.ca.gov/NewWebSite0804/AuditGuide.htm>>

A governing board is elected to establish and administer the educational programs of a school district. The governing board is a policy-making body; it is the responsibility of the district's chief administrator and staff to execute these policies. Some programs and administrative procedures are mandated by the state government. However, the Legislature and the California Department of Education do grant school district governing boards discretionary power to set educational guidelines to meet the needs of their communities and to take advantage of the resources of those communities to aid in the education of the districts' students.

School district governing boards meet on a regular basis, usually at least once a month, to conduct district business. It is important for board members to realize that no individual board member has legal authority except during an official board meeting. The legislature has been very specific in delegating control to the board as a governing body, not to individuals. No individual board member has authority over school policies or employees, and no one member may commit the group.

This section outlines the proper procedures for conducting school district governing board meetings and gives guidelines for recording official actions in the minutes of the board or board committees. Required and authorized board policies and administrative procedures are referenced by topic.

MEETINGS

Legal Requirements

The governing board of each school and community college district shall meet annually and organize (see the subsection "Types of Meetings" for pertinent references). All board meetings shall be open to the public and shall be conducted in accordance with the Ralph M. Brown Act (GC § 54950 et seq.). Districts must pay attention to their agendas and conduct only business outlined in the agenda for a particular meeting. Governing boards may deliberate or take action on a matter only at a lawful meeting open to the public unless authorized by law to conduct a closed session. [EC §§ 35145, 72121; GC § 54962]

Closed sessions may be held only for the following purposes:

1. Disciplinary action, suspension or any other action except expulsion of a pupil of the district; expulsion as specified. [EC §§ 35146, 48918, 72122]
2. Complaints or charges against, or discipline, dismissal, appointment, employment, or evaluation of performance of a public employee. [GC §§ 54957-7.1]

3. Matters affecting the security of public buildings, essential public services, or the public's right of access to public facilities or services. [GC § 54957(a)]
4. Pending litigation as defined discussed with legal counsel after public statement of legal authority for closed session and preparation of memorandum by legal counsel. [GC § 54956.9]
5. Matters relating to salaries, salary schedules, or compensation paid in form of fringe benefits of represented and nonrepresented employees, and for any other matter within the statutorily-provided scope of representation after identification of designated representatives in open session. [GC § 54957.6]
6. Matters relating to employer-employee relations and collective bargaining proceedings as specified. [GC § 3549.1]
7. Instructions to negotiator regarding price and terms of payment for the purchase, sale, exchange or lease of real property by or for the governing board. [GC § 54956.8]
8. Testimony before a grand jury. [GC § 54953.1]
9. Conferring of honorary degrees. [EC § 72122]
10. Gifts from donor who wants to remain anonymous. [EC § 72122]
11. Claim for payment of tort liability losses, public liability losses, or workers' compensation liability. [GC § 54956.95]
12. Discussion of response to confidential final draft audit report from the Bureau of State Audits. [GC § 54956.75]
13. Content review of statewide test instrument under terms and conditions of the State Board of Education. [EC § 60617]
14. Protection of privacy rights of identifiable students, e.g., matters relating to student discipline [EC § 49076; GC § 6254]

When a closed session is held, the governing board shall publicly report any action taken in closed session as specified and the vote or abstention on that action of every member present. Members are prohibited from disclosing closed session proceedings except as provided by the Ralph M. Brown Act. [GC §§ 54957.1-7.2]

The board shall prescribe and enforce rules consistent with the law, or rules prescribed by the State Board of Education or board of governors, for its own government. [EC § 35010]

The agenda shall be posted at a public place freely accessible to the public and district employees at least 72 hours before a regular meeting and at least 24 hours before a special meeting. The agenda shall contain a brief general description of each item of business, generally not exceeding 20 words. The agenda shall be made available in appropriate alternative formats to persons with a disability. [EC §§ 35144-5, 72121, 72129; GC §§ 54954.2, 54956]

Minutes recording all board actions shall be taken at all open board meetings. Minutes are public records and shall be available to the public. [EC §§ 35145, 72121]

The district superintendent shall be the chief executive officer of the governing board. [EC § 35035(a)]

The board may hire a secretary and a bookkeeper. [EC § 35025]

Unless a statute prescribes a higher vote, the governing board must have the concurrence of a majority of all of the membership constituting the governing board for any action taken. A nonvoting or a preferential voting student member shall not be included in determining the vote required to carry any measure before the board. No action shall be taken by secret ballot. [EC §§ 35012, 35164, 72000, 72023.5, GC § 54953(c)]

TYPES OF MEETINGS

Organizational Meetings

The governing board of each district shall hold an annual organizational meeting. In a year in which a regular governing board member election is conducted, the meeting shall be held within a 15-day period that commences with the date upon which a governing board member-elect takes office. When no regular election is conducted, the meeting shall be held during the same 15-day calendar period. The board shall organize by electing required officers. [EC §§ 35022, 35143, 72000]

The office of the County Superintendent of Schools distributes a bulletin in the fall reminding districts of the specific code sections that relate to the duties of governing boards in connection with the annual organizational meeting. Forms for notifying the appropriate state and county agencies of governing board membership, officers of the board, and board meeting dates are included with the bulletin.

The Roster of Public Agencies form shall be completed and filed with the Secretary of State and the county clerk within 10 days after any change in board membership (i.e., name, address, president, clerk, etc.) during the school year. Additional copies may be obtained from the Web site of the California Secretary of State or requested from the Legal Services Unit and may be reproduced as necessary (see Additional Resources and Exhibit 7). The timely filing of a revised form each time the information on the form changes provides districts and charter schools with certain protections against lawsuits. [GC §§ 900 et seq., 53051]

Regular Meetings

The board shall establish the time and place to conduct regular meetings. If the regular meeting falls on a holiday, such meetings shall be held on the following business day. The holidays established are [EC §§ 35140, 72000; GC §§ 6700, 54954]:

January 1
Third Monday in January - Dr. Martin Luther King, Jr. Day
February 12 - Lincoln Day
Third Monday in February - Washington Day
March 31 – Cesar Chavez Day
Last Monday in May - Memorial Day
July 4
First Monday in September - Labor Day
September 9 - Admission Day
Second Monday in October - Columbus Day
November 11 - Veterans Day
Last Thursday in November - Thanksgiving Day
December 25
Every Sunday

Another established holiday is Good Friday from 12:00 noon to 3:00 p.m. (declared unconstitutional, *Mandel v. Hodges*, 1976). If January 1, February 12, March 31, July 4, September 9, November 11, or December 25 falls upon a Sunday, the Monday following is a holiday. If November 11 falls upon a Saturday, the preceding Friday is a holiday. [GC §§ 6700-1]

For business transactions, every Saturday from noon to midnight is a holiday; this pertains to public offices of the state and political subdivisions where laws provide that public offices shall be closed on holidays. [GC § 6702]

If circumstances require a change in the date of a regularly scheduled meeting, the board should adopt a revised meeting schedule.

Special Meetings

The presiding officer of the board or a majority of the members may call special meetings at any time with specified notice. The written notice shall be delivered in person or by any other means to each member and shall be received at least 24 hours prior to the meeting. Facsimile or e-mail is acceptable with 24-hour receipt. Written notice must also be delivered to each local newspaper of general circulation and radio or television station requesting notice in writing. The call and notice shall be posted in a location freely accessible to the public and district employees. The time and place of the meeting and the business to be transacted shall be specified in the notice. The notice shall provide an opportunity for members of the public to directly address the governing board on any item on the agenda. No other business shall be considered at the special meeting. Individual members may waive written notice prior to the meeting, or by being present when the meeting convenes (Exhibit 1). [EC §§ 35144, 72129; GC §§ 54954.3, 54956]

In the event of an emergency situation as defined, a legislative body may hold a special meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement or both of the notice and posting requirements. A closed session may be held at this special meeting. The minutes with other specified information shall be posted in a public place for at least 10 days as soon as possible after such meeting. [GC § 54956.5]

Adjourned Meetings

The board may adjourn any regular or special meeting to a specified time and place in the adjournment order. Less than a quorum may adjourn. Within 24 hours after adjournment, a written copy of the order of adjournment shall be posted on or near the door of the meeting room. [GC § 54955]

If all members are absent from any regular meeting, the clerk or secretary may declare the meeting adjourned, and within 24 hours shall post a notice of adjournment. A written notice of adjournment must also be given in the manner as provided for special meetings (Exhibits 2 and 3). [GC § 54955]

If unexpected circumstances require that a posted meeting of the governing board be postponed, the meeting must be adjourned. A notice of adjournment should be posted at the meeting location within 24 hours of the meeting time, the same as if the meeting had been convened and adjourned due to lack of a quorum. Posting the notice in advance of the meeting serves as an announcement of the postponement. The media and members of the public who have submitted written requests to receive copies of meeting notices should also be notified of the postponement.

Time and Place of Meetings

When establishing regular meetings, the board should consider public accessibility and convenience and efficient conduct. Disability related accommodations or modifications shall be provided upon request. [GC § 54954.2, 54961] Regular meetings should be held more than once a month whenever indicated by the amount of business.

The Government Code provides that meetings of the governing board, including meetings of advisory and standing committees, shall be held within the boundaries of the school or community college district. Government Code section 54954 specifies seven exceptions to this requirement and an additional three specific exceptions for school districts only. The Education Code also provides two exceptions for community college districts only. [EC § 72000(d)(2); GC § 54954]

The meeting place should be equipped with table space and chairs for board members and assistants. There should be adequate visitor seating. The board files should be conveniently located, and special equipment and technology should be available and tested for use when necessary. School district building plans should include an adequate meeting place for the governing board.

Conduct of Meetings

At the organizational meeting, the board shall designate which of its members will preside in the absence of the regular presiding officer. The board has authority to prescribe and enforce rules of procedure for its own government. The board should keep the rules as basic and simple as possible. The rules are for the board's own guidance and protection, and only the board members themselves may protest the application of the rules. The board may require that members receive copies of the Ralph M. Brown Act for regular review of the procedural requirements of open meeting statutes. [GC § 54952.7]

Board members should attend regularly and arrive on time. Whenever possible, meetings should be kept within a two-hour time frame. Items to be considered should be only those on the agenda, and discussion should be limited to the motion before the board at the time. Groups appearing before the board should be represented by a spokesperson. Reasonable regulations shall be adopted to insure that members of the public are able to place matters concerning district business on the agenda and will be able to address the board regarding agenda items or other items within the jurisdiction of the governing board. [EC §§ 35145.5, 72121.5; GC § 54954.3]

The board may elect to use teleconferencing for all purposes in connection with any meeting. Audio and/or visual participation shall be provided between members of the board and the public attending a meeting or hearing at any teleconference location.

The board shall adopt reasonable regulations to ensure protection of statutory or constitutional rights of persons at a video teleconference location. Agendas shall be posted at all teleconference locations. All votes taken during a teleconferenced meeting shall be by roll call. [GC § 54953]

It is recommended that the district superintendent serve as secretary to the board. Administrative procedures at board meetings should be adopted that assign specific duties to the superintendent. As secretary to the board, the superintendent's responsibilities should include:

1. Making arrangements for the meeting location, providing any necessary equipment and providing pertinent records for board members.
2. Preparing and posting the agenda for each meeting. [EC §§ 35145, 72121]
3. Making arrangements for a recording secretary. Notes may be taken by a stenographer during the meeting under the superintendent's direction.
4. Providing any reports, surveys, statistical summaries and proposed resolutions necessary for the board meeting. [GC § 54957.5]
5. Delegating administrative assignments and clerical duties relating to the governing board to district employees.

Agenda

A written agenda shall be prepared and posted where the public and district employees may view it at least 72 hours prior to regular meetings and 24 hours prior to special meetings. The agenda should reach each board member in advance of the meeting to permit time for review. This agenda is a guide for conducting the meeting and preparing the official minutes. The board may not take action concerning items not on the posted agenda and may not add items to the agenda during the meeting of the board except as specified in Government Code section 54954.2. Following are suggested guidelines relating to the board agenda: [EC §§ 35144-5, 72121, 72129; GC §§ 54954.2, 54956.5]

1. Sufficient copies of the agenda and agenda packet, including writings that are public records related to an agenda item distributed to board members before or during a public meeting, should be prepared. Copies should be available for any persons interested in the business to be conducted at an open meeting and for public inspection or mailing pursuant to written requests for agendas or other documents in appropriate formats from open or closed meetings. [GC §§ 6250 et seq., 54954.1, 54957.1(b), 54957.5]

2. Each item on the board agenda must be sufficiently definite to show the whole scope of the board's intended action on any matter that the public has a legal right to hear. Refer to the Government Code for suggested descriptions of closed session items. [GC §§ 54954.2, 54954.5]
3. The order of the agenda items should be arranged to expedite the board's work. Routine items should be grouped in sequence leaving discussion items last. Some of the items may be listed under "old business" or "new business"
4. Minutes of the previous meeting should be examined for any unfinished business.
5. Every regular meeting agenda shall provide an opportunity for members of the public to directly address the governing board on items within its jurisdiction. Every special meeting agenda shall provide an opportunity for the public to directly address the governing board on any item described in the notice for the meeting. The public shall be able to place matters directly related to district business on the agenda pursuant to regulation adopted by the board. [EC §§ 35145.5, 72121.5; GC § 54954.3]

The agenda shall include information on how, to whom, and when a request for a disability-related modification or accommodation may be made to permit a person with a disability to participate in the public meeting. [GC § 54954.2]

Each agenda shall include the address of the office or location at which public records that relate to an agenda item for an open session of a regular meeting shall be made available for inspection. [GC § 54957.5]

6. Explanatory notes and references should accompany the agenda for items on which board members need supplementary information.
7. Board agendas and related materials may be put online to reduce the amount of paper copies and to increase public access. Writings that are public records distributed to the board may be posted on the district's Web site in a position and manner that makes it clear that they relate to agenda item(s) for an upcoming meeting. [GC § 54957.5]

MINUTES

The minutes of all regular, special, and adjourned meetings are permanent public records, and their maintenance and public inspection are required by law. (See also Records Management.) Minutes of closed sessions are not specifically required by law. However, the governing board shall publicly report any action taken on certain items in closed session including the vote or abstention as required by Government Code

section 54957.1. Minutes of a closed session are confidential and not subject to inspection under the California Public Records Act. [EC §§ 35145, 72121; GC §§ 54957.1, 54957.5, 54960; 5 CCR §§ 16023, 59023]

If a board tape- or film-records all or any part of its meetings for any reason, the tape or video recordings are subject to maintenance and inspection in accordance with law. Tape or video records may be erased or destroyed 30 days after recording. [GC §§ 54953.5, 54960]

Preparation of Minutes

1. A record of official action taken should include the exact wording of the motion and the name of the board member who made the motion. The seconder, the count of the vote, and discussion of motions need not be recorded unless required by law or specifically required by the board bylaws (Exhibit 4).
2. Action taken by the board involving correspondence should be indicated in the official minutes.
3. The presiding member may make or second motions. All members of the board should vote.
4. Resolutions as required by law shall be adopted.
5. Text of a rule, regulation, policy, or resolution may be included by reference or set forth verbatim in the minutes. If an adopted resolution or complete report is impractical to include verbatim in the minutes, the record should indicate the complete document is attached and made part of the original of the minutes (Exhibit 5). [5 CCR § 16023, 59023]
6. After each meeting, a copy of the minutes should be sent to each board member for review. This enables the board to approve the minutes quickly at its next meeting.
7. The minutes should be signed by the clerk and superintendent if he or she is serving as the board secretary; otherwise, the minutes should be signed by the clerk and the president of the board.
8. Corrections should be made in a different color permanent ink on the original copy of the minutes. The approval date should be noted on the original, which is then initialed by the secretary.

9. Excerpts from the minutes should include the meeting date and a statement of action, and should be certified as correct by the clerk or secretary (Exhibit 6).

Format

1. A regular format should be established for recording the minutes to facilitate indexing and references. The format should include paragraph headings or marginal references.
2. A three-hole binder or other easily accessible binder should hold the current fiscal year minutes.
3. The minutes should be typed and duplicated so they can be furnished to board members and others who request copies.
4. Pages should be numbered continuously for each school year.
5. A standard 8 ½" x 11" page should be used.
6. Paper should be 100 percent cotton and 20-pound weight or greater.

Indexing, Binding, and Filing

1. The minutes should be permanently bound by a book bindery at the close of each school or college year. In smaller districts, this may be done every two or three years. Standard minute books that can be locked may also be used.
2. The cover should bear the title, volume number, and inclusive dates.
3. The bound volume should contain a dated title page, the names of the board members, the district superintendent, clerk or secretary, and other pertinent information.
4. Standard minutes paper should be used for documents bound with the minutes.
5. Each bound volume should be indexed; indexed items should be dated and the pages should be numbered.
6. Board minutes of current and prior years should be stored permanently in a secure, fireproof location. [5 CCR § 16023]

BOARD POLICIES AND ADMINISTRATIVE PROCEDURES

School and community college district governing boards are required to develop written rules and procedures that are well-publicized, consistently enforced, and nondiscriminatory relative to: [EC § 35010]

1. Acquired Immune Deficiency Syndrome (AIDS) – Employee Information [H&SC § 120875 et seq.]
2. Adoption of Rules [EC §§ 35291, 35291.5, 70902]
3. Activities Charged for Use of Facilities [EC §§ 38130 et seq., 82537 et seq.]
4. Candidate's Statement, Governing Board Member Election [EIC § 13307]
5. Certificated Employees
 - a. Assignment and Teacher Vacancies – Annual Monitoring and Review [EC § 44258.9]
 - b. Evaluation [EC § 35171]
 - c. Extended Leave of Absence for Illness or Accident [EC §§ 44977, 44983, 87780, 87786]
 - d. Industrial Accident and Illness Leave [EC §§ 44984, 87787]
 - e. Personal Necessity Leave [EC §§ 44981, 87784]
 - f. Pregnancy and Childbirth Leave [EC §§ 44965, 87766]
 - g. Sick Leave [EC §§ 44978, 87781]
6. Claims Procedure [EC §§ 35010, 35202, 72502; GC § 900 et seq.]
7. Classified Employees
 - a. Extended Leave of Absence for Illness or Accident [EC §§ 45195-6, 88195-6]
 - b. Fixing of Duties [EC §§ 45109, 88009]
 - c. Industrial Accident and Illness Leave [EC §§ 45192, 88192]

- d. Overtime [EC §§ 45128, 88027]
 - e. Personal Necessity Leave [EC §§ 45207, 88207]
 - f. Sick Leave [EC §§ 45191, 88191]
8. Classroom Interruptions [EC § 32212]
 9. Community Colleges, Various – Permissive [EC § 70902]
 10. Community Day Schools, Involuntary Transfer [EC § 48662]
 11. Comprehensive Plans [EC § 70902(1)]
 12. Conflict of Interest Code [GC § 87300 et seq.]
 13. Courses of Study [EC §§ 49091.14, 51040, 51200 et seq.]
 14. Credit Courses of Instruction and Educational Programs [EC § 70902(2)]
 15. Destruction of Records [EC § 35253-4]
 16. Discipline, School – Rules [EC § 35291 et seq.]
 17. Due Process – Willful Destruction of Property [EC § 48904]
 18. Duties of Employees [EC §§ 35020, 72400]
 19. Emergencies, Evacuation – Bus Overloading [EC § 39834]
 20. Employees Exempt from Classified Service [EC §§ 45106, 88006]
 21. Expulsion, Suspension (School District) [EC § 48914 et seq.]
 22. Expulsion, Suspension (Community College District) [EC § 76030 et seq.]
 23. Extracurricular/cocurricular Activities, Grades 7-12 – Annual Review [EC § 35160.5(a)]
 24. Governing Board Member Election – Tie Vote [EC § 5016]
 25. Graduation and Curriculum Requirements [EC §§ 51220, 51225.3, 56390-2]

26. High School Exit Examination (CAHSEE) – Supplemental Instruction [EC §§ 37252, 37254, 60851(f)]; Intensive Instruction and Services [EC § 35186]
27. Independent Study [EC § 51747]
28. Individuals with Exceptional Needs, including Highly Mobile Individuals [EC § 56195 et seq., 56205, 56301]
29. Instruction Related to Alcohol, Narcotics, Dangerous Drugs, and Other Dangerous Substances [EC § 51203]
30. Instructional Materials [EC §§ 60000 et seq., 60119, 60500]
31. Meetings – Public Participation [EC §§ 35145.5, 72121.5, GC § 54954.3]
32. Open Enrollment within District – Residents of District, Annual Review [EC § 35160.5(b)]
33. Parent Involvement [EC §§ 11504, 51101 et seq.]
34. Physical Examination of Pupils [EC §§ 49450, 76401]
35. Pupils
 - a. Evaluation of Achievement [EC § 49067(a)]
 - b. Fingerprint Program [EC § 32390]
 - c. Internet Safety, Children’s Internet Protection Act [20 USC §§ 2401-41; 47 USC §§ 254(h), 254(l); PC § 313]
 - d. Participation in Extracurricular and Cocurricular Activities [EC § 35160.5]
 - e. Records [EC §§ 49069, 51747(b)]; Directory Information [EC § 49073]
36. Purchase and Disposal of Art or Craft Materials [EC § 32060 et seq.]
37. Restrooms [EC §§ 17584.3, 35292.5]
38. School Accountability Report Card [EC §§ 33126, 48312]
39. School Attendance Review Board, Reporting of Referrals to SARB [EC § 48273]

40. School Safety Plans [EC § 32281 et seq.]
41. School Wellness [42 USC § 1751]
42. Sexual Harassment [EC § 231.5]; Prohibition of Discrimination and Harassment [EC § 234.1]
43. Social Promotion, Acceleration, and Retention and Appeals Procedure [EC §§ 48011, 48070-48070.5]
44. Special Education [EC § 56195.8]
45. Student Behavior, Penalties (Community College District) [EC § 66300]
46. Student Member(s) on Community College District Governing Board [EC § 72023.5]
47. Time and Place of Board Meetings [EC § 35140]
48. Transportation, Special Education [EC § 56195.8(b)(5)]
49. Travel Expense Payment [EC §§ 44032, 87032]
50. Uniform Complaint Procedures (Including Williams and Valenzuela Mandates) [EC §35186]
51. Waiver, High School Exit Exam, Pupil with Disability [EC § 60851]
52. Weapons, Possession of [20 USC 7151]

Governing boards may establish policies for the following:

1. Absences for Religious Purposes [EC § 46014]
2. Automatic External Defibrillator [H&SC § 1797.196]
3. Carbonated Beverages, Sale of Nonnutritious Food or Beverages [EC § 35182.5]
4. Career Technical Education (formerly Vocational Education) [EC § 52376]

5. Certificated Employees
 - a. Medical Examinations [EC §§ 44839, 87408]
 - b. Workload Balancing Program (Community College) [EC § 87790]
6. Charter Schools [EC § 47600 et seq.]
7. Class Size Reduction Program [EC §§ 52120 et seq.] and Class Size Reduction, Morgan-Hart [EC § 52080 et seq.]
8. Classified Employees
 - a. Physical Examinations [EC §§ 45122, 88021]
 - b. Senior Management Positions [EC § 45100.5]
9. Compensation for Governing Board Members, Student Members [EC §§ 35120, 72023.5, 72024]
10. Contracts, Exclusive or Nonexclusive Advertising or Sales Rights [EC § 35182.5]
11. Delegation of Powers [EC §§ 17604-6, 35161, 70902(d), 81655-6]
12. Dress Code – "Gang Related Apparel," Uniforms, Sun-protective Clothing [EC §§ 35183, 35183.5]
13. Driver Training [EC § 51850]
14. Educational Technology, Pupil Access to Internet [EC § 51870.5]
15. Electronic Signaling Devices, e.g., Cellular Phones, Pagers [EC § 48901.5]
16. Employer-Employee Relations [GC § 3540 et seq.]
17. Examination for Tuberculosis [EC § 49406]
18. Facilities Inspection System, School [EC § 17070.75]
19. Fee for Copy of Public Record [GC §§ 6253, 54954.1]

20. Fingerprinting, Employees, Contractors
 - a. Certificated Employees [EC §§ 44332.6, 44830.1, 44830.2]
 - b. Classified Employees [EC §§ 45125, 45125.01]
 - c. Contractors [EC §§ 45125.1, 45125.2]
21. Hazardous/Toxic Material – Use and Disposal [EC § 49411]
22. Health and Welfare Benefits – Retired Governing Board Members [GC §53201]
23. Investments [GC § 53646]
24. Laser Pointer, Possession and Use on School Premises [PC § 417.25]
25. Meals for Needy Pupils [EC § 49501]
26. Meals, Free or Reduced-Price, Records Use and Destruction [EC § 49558(b)]
27. Meetings – Video Teleconferencing [GC § 54953]
28. Mileage or Monthly Allowance for Automobile [EC § 44033]
29. Missing Children – Posting and Checking Information Bulletins [EC §§ 38139, 49068.5]
30. Parent/Guardian Meeting – Suspended Pupils [EC § 48914]
31. Parents' Rights – Truant Pupils [EC § 48260.5]; Generally [EC § 51100]
32. Permissive Code Authorizations [EC §§ 35160, 35160.1, 70902]
33. Political Activities [EC § 7055]
34. Public Records – Availability [GC §§ 6253, 6253.4, 54957.5]
35. Published Materials [EC §§ 17553, 81459]

36. Pupils
 - a. Attendance [EC § 48340]
 - b. Classroom Interruptions [EC § 32212]
 - c. Enrollment –Residency Requirements EC § 48204]
 - d. Leaves of Absence [EC § 48232]
 - e. Responsibilities [EC § 35181]
 - f. Sunscreen Use [EC § 35183.5]
 - g. Unexcused Absences, Failing Grade [EC § 49067(b)]
37. Purchase of Office and Support Equipment (Community College) [EC § 67320]
38. Purchase and Sale of Farm Products [EC § 52706]
39. Requirements for Greater Access to Governing Board Meetings [GC § 54953.7]
40. Smoking in District Facilities [EC § 48901; H&SC § 118910]
41. Smoking, Steps to Discourage – Pupils [EC § 48901]
42. Staff Development [EC § 44500 et seq., 44579 et seq.]
43. Student Body Organizations [EC § 48930]
44. Student Member(s) on School District Governing Board [EC § 35012]
45. Student Member(s) on Community College District Governing Board [EC § 72023.5]
46. Suspension – Parent to Attend Class [EC § 48900.1]
47. Transportation Fees, Exemptions [EC § 39807.5]
48. Transportation, Pupil Walking Distance [5 CCR § 15241]
49. Transportation Safety Plan [EC § 39831.3]

50. Use of Grounds, Equipment, and School Facilities [EC §§ 10910-12, 38130 et seq., 82537 et seq.]; School Buildings for Election Polling Places [EIC § 12283]
51. Volunteers, Use of [EC § 35021 et seq.]; Volunteers, Senior [GC § 3119.5]; Registry, Criminal Background Check [EC § 35021.3]

Permissive Code Authority

Many sections of the Education Code that dictated the specifics of school and community college operations were repealed to increase local control in the administration and governance of the districts. It is the intent of the Legislature in repealing or deleting by amendment many prescriptive provisions of law to authorize governing boards, county boards of education, and county superintendents of schools to act under the general authority of Education Code §§ 35160, 35160.1 and 70902. Districts should establish reasonable policies and regulations to implement various necessary and desirable activities and programs approved by the governing board. [CalC, Art. IX §14]

No Child Left Behind Act

School districts and charter schools will be required to adopt policies under the No Child Left Behind Act (P.L. 107-110). Examples include constitutionally protected prayer in public schools, Boy Scouts' use of facilities, military recruiter access to pupil records, potentially dangerous schools, notice of availability of supplemental services, and open enrollment policies. Many of these issues have not yet been resolved between the U.S. Department of Education and the California Department of Education.

ADDITIONAL RESOURCES

1. California School Boards Association

Governance Team Resources. Available:

<<http://www.csba.org/Services/Services/GovernanceServices/SingleDistrictGovernance/Resources.aspx>>

Sample policies. Available: <<http://www.csba.org/Services/Services/PolicyServices/PolicyAdvisoriesBriefs.aspx>>

2. California Secretary of State. Available: <<http://www.ss.ca.gov/>>
3. Community College League of California. Available: <<http://www.ccleague.org>>

4. *Conflicts of Interest*, Office of the Attorney General, State of California, 2004. Available: <http://caag.state.ca.us/publications/coi_2004.pdf>
5. "Guidance on Constitutionally Protected Prayer in Public Elementary and Secondary Schools" from the U.S. Department of Education. Available: <http://www.ed.gov/print/policy/gen/guid/religionandschools/prayer_guidance.html>
6. Open Meeting Laws, Ralph M. Brown Act:

The Brown Act: Open Meetings for Local Legislative Bodies, 2003, Office of the Attorney General, State of California. Available: <http://caag.state.ca.us/publications/2003_Intro_BrownAct.pdf>

Open & Public IV: A Guide to the Ralph M. Brown Act, League of California Cities, 2007. Available: <<http://www.ci.claremont.ca.us/download.cfm?ID=21498>>
7. No Child Left Behind, State of California. Available: <<http://www.cde.ca.gov/nclb/>>
8. Robert's Rules of Order, 1915 Version, Public Domain. Available: <<http://www.constitution.org/rror/rror--00.htm>>
9. San Diego County Office of Education:

Governing Board Member Election Bulletin, 2008. Available: <<http://www.sdcoe.net/business2/dfs/?loc=bulletins07>>

Policies, administrative regulations and board bylaws. Available: <<http://www.sdcoe.net/business/legal/policy.asp>>
10. San Diego County school district links to policies and administrative regulations. Available: <<http://www.sdcoe.net/business2/dfs/?loc=legal-palinks&m=5&pi=legal>>
11. Statement of Facts, Roster of Public Agencies Filing, Secretary of State, State of California. Available: <<http://www.ss.ca.gov/business/sf/forms/np-sf-405.pdf>>

LIST OF EXHIBITS

- | | |
|-----------|---|
| Exhibit 1 | Notice of Special Meeting, Sample, San Diego County Office of Education (SDCOE) |
| Exhibit 2 | Notice of Adjournment of the Meeting of the Governing Board, Sample, SDCOE |

- Exhibit 3 Affidavit of Posting, Adjournment of Meeting, Sample, SDCOE
- Exhibit 4 Official Governing Board Minutes, Sample, SDCOE
- Exhibit 5 Resolution, Sample, SDCOE
- Exhibit 6 Excerpt from Board Minutes, Sample, SDCOE
- Exhibit 7 Statement of Facts, Roster of Public Agencies Filing, Secretary of State,
State of California

(District Letterhead Recommended)

NOTICE OF SPECIAL MEETING

To:

Written notice is hereby given in accordance with Education Code section 35144 that a special meeting of the Governing Board of the School District will be held:

DATE:

TIME:

PLACE:

Include information on requesting disability-related modifications or accommodations in order to participate in the public meeting. [GC §§ 54954.2, 54954.3(b)]

Include the address of the office or location where public records that relate to an agenda item for an open session are available for inspection. [GC § 54957.5]

The business to be transacted at the meeting shall be limited to the following:

Include public participation [EC §§ 35145.5, 72121.5; GC § 54954.3(b)]

Date: _____

Signed: _____

(Presiding Officer of the Board)

(District Letterhead Recommended)

NOTICE OF ADJOURNMENT OF THE MEETING OF THE GOVERNING BOARD
OF THE _____ SCHOOL DISTRICT

NOTICE IS HEREBY GIVEN that at the ____ (1) ____ meeting of the Governing Board of the _____ School District held ____ (2) ____, 20____, all members of said Governing Board were absent therefrom, and the undersigned ____ (3) ____ of said Governing Board thereupon declared said meeting adjourned to ____ (4) ____ o'clock ____ .m., on ____ (5) ____, 20____, at ____ (6) ____.

Dated: _____

(Signature) (3)
of the Governing Board of the
_____ School District

- (1) Insert type of meeting adjourned
(regular, adjourned regular, special, etc.)
- (2) Insert date of meeting which was adjourned to later time
- (3) Insert title of officer (clerk, secretary, etc.)
- (4) Insert hour to which meeting was adjourned
- (5) Insert date to which meeting was adjourned
- (6) Insert place where adjourned meeting will be held

(District Letterhead Recommended)

STATE OF CALIFORNIA)

) SS
COUNTY OF SAN DIEGO)

AFFIDAVIT OF POSTING
_____(1)____ OF THE
ADJOURNMENT OF MEETING

_____(Name)_____, being first duly sworn, deposes and says: that I am the
duly chosen, qualified, and acting _____(2)_____ of the Governing Board of the ____
_____(3)_____ School District; that the _____(4)_____ meeting of the _____(3)____
____ School District held _____(5)_____, 20 ____, said meeting was adjourned to the time and
place specified in the _____(1)_____ of adjournment ATTACHED HERETO; that on ____
____(7)_____, 20 ____, at the hour of ____ (7) __ o'clock ____ .m., I posted a copy of said _____(1)
_____ at a conspicuous place on or near the door of the place at which said meeting of ____
____(5)_____, 20 ____ was held.

(Signature)

Subscribed and sworn to before me this
_____ day of _____, 20 ____.

Notary Public in and for said County and State

- (1) Insert "Order" or "Notice"
- (2) Insert Title of officer (clerk, secretary, etc.)
- (3) Insert name of school district
- (4) Insert type of meeting adjourned
- (5) Insert date of meeting which was adjourned to a later time
- (6) Insert "Ordered" or "Declared"

OFFICIAL GOVERNING BOARD MINUTES

_____ SCHOOL DISTRICT

_____ (Address) _____

Minutes of _____ (Regular, Special, or Adjourned) _____ Meeting

The Meeting was called to order at _____ (Time) _____, _____m., by _____ (Name) _____,
President.

Call to Order

If this is a special meeting, indicate that written notice was sent to each member of the governing board and to each local newspaper, radio, or television station requesting notice in writing. [Education Code section 35144]

If this is an adjourned meeting, indicate the date of the meeting from which it was adjourned. [Government Code section 54955]

Members Present:

Roll Call

Members Absent:

On motion of Member _____, the minutes of the regular meeting of March 14, 2000, were approved as corrected. Page 2, paragraph 3, Superintendent's Salary Increase, should read, "Carried 3-2."

Minutes of
3/14/00
Approved

A letter dated February 21, 2000, was received from Billie Wilson offering a spinet piano to the district for the Linda Vista School auditorium. On motion of Member _____, this gift was accepted and the Secretary was instructed to send a letter to the donor acknowledging the acceptance of the piano and expressing the Board's appreciation.

Gift of Piano

CARRIED UNANIMOUSLY

A written communication dated February 28, 2000, was received from Jack Smith, custodian, requesting an unpaid leave of absence for child care from July 1, 2000, through August 31, 2000. On motion of Member _____, the request for an unpaid leave of absence was granted.

Leave of
Absence

CARRIED UNANIMOUSLY

Leslie Bond, principal, South Elementary School, presented a report attached to the original of these minutes, on the school building program and enrollment growth in that school.

Reports

On motion of Member _____, a resolution to transfer \$5,000.00 from Undistributed Reserve to Object 6200, Capital Outlay, Improvement of Buildings, was adopted

Intra-Budget
Transfer

CARRIED UNANIMOUSLY

A motion by Member _____, was amended and adopted as follows: The district superintendent is authorized to sell at private sale one used typewriter, inventory identification no. 12345, valued at less than \$2,500, and no longer need by the district.

Sale of
Surplus
Typewriter

CARRIED UNANIMOUSLY

On motion of Member _____, salary orders for the month of March were approved as submitted.

Payroll Order
Approval

CARRIED UNANIMOUSLY

On motion of Member _____, commercial orders for March 15, 2000 through March 31, 2000, were approved as submitted on the register attached to the original of these minutes.

Commercial
Order
Approval

CARRIED UNANIMOUSLY

On motion of Member _____, purchase order nos. 9876 through 9911 were approved as submitted.

Purchase
Order
Approval

CARRIED UNANIMOUSLY

On motion of Member _____, Member _____ was directed to attend the CSBA Conference in San Diego, California on May 1, 2000 as a representative of the Board.

Travel
Approval

The meeting was adjourned at (Time) , m. The next regular meeting will be held (Date, Time, Location) .

Adjournment/
Next Meeting

Signed: _____
(Secretary to the Governing Board)

Signed: _____
(Clerk of the Governing Board)

Approved:

_____ *(Date)*

_____ *(Initialed)*

(District Letterhead Recommended)

EXCERPT FROM BOARD MINUTES

The following is an excerpt from the minutes of a regular/special meeting of the Governing Board of the _____ School District, held on _____, with all members present.

(Type Board Excerpt Here)

I hereby certify the above to be a true and correct copy of the minutes as indicated.

Secretary/Clerk of the Governing Board

Date



State of California Secretary of State

EXHIBIT 7
Page 1 of 1
Revised April 2005

STATEMENT OF FACTS ROSTER OF PUBLIC AGENCIES FILING (Government Code Section 53051)

Instructions:

1. Complete and mail to: Secretary of State,
P.O. Box 942877, Sacramento, CA 94277-0001 (916) 653-3984
2. A street address must be given as the official mailing address or as
the address of the presiding officer.
3. Complete addresses as required.
4. If you need additional space, please include information on an 8½ X 11 page.

New Filing Update

(Office Use Only)

Legal name of Public Agency: _____

Nature of Update: _____

County: _____

Official Mailing Address: _____

Name and Address of each member of the governing board:

Chairman, President or other Presiding Officer (Indicate Title): _____

Name: _____ Address: _____

Secretary or Clerk (Indicate Title): _____

Name: _____ Address: _____

Members:

Name: _____ Address: _____

Name: _____ Address: _____

Name: _____ Address: _____

Name: _____ Address: _____

Name: _____ Address: _____

Date: _____

Signature

Typed Name and Title

This section is divided into three major topics: General Human Resources Practices, Classified Personnel, and Certificated Personnel. The procedures and requirements presented as General Human Resources Practices are applicable to both classified and certificated personnel. Following this topic is separate coverage of classified and certificated personnel. The discussion of classified personnel deals with procedures for a district without a merit system. However, many of the recommendations are applicable to districts using the merit system. Certificated personnel procedures, including academic personnel procedures of community college districts, begin on page 28. [EC §§ 45240-320, 88060-139]

GENERAL HUMAN RESOURCES PRACTICES

Personnel Records

All personnel records are confidential and shall be available only to the employee, persons authorized by the employee, the district, and those authorized by the district for lawful purposes.

All employees shall have the right to examine and receive a copy at cost of all materials in their personnel file, except records relating to the investigation of criminal offenses, letters of recommendation, and ratings, reports, or records that were:

1. Obtained prior to the employment of the employee.
2. Prepared by identifiable examination committee members.
3. Obtained in connection with a promotional examination.

A classified employee shall have access to his/her numerical scores obtained from written examinations. [EC § 44031, 87031; GC § 6254(c); LC § 1198.5]

Personnel records are permanent records and must be retained by the district indefinitely, whether in paper, microform, or electronically based format. [5 CCR § 16023] (See also Records Management.)

Criminal Background Check

A school district, charter school, and county office of education have an affirmative duty to take all reasonable steps to protect their students. A criminal background check is required before any new employee begins work. Other requirements prior to appointment are discussed separately in the classified and certificated employee sections.

The governing board shall require each person to be employed to have fingerprints, together with a personal description of the applicant and the required fee, transmitted to the Department of Justice for a criminal background check. The San Diego County Office of Education (SDCOE) Human Resources Department offers Live Scan (electronic fingerprinting) and Clearinghouse services for contracted agencies (see Additional Resources). [EC §§ 45125, 45125.01, 45125.5]

No person who has been convicted of a violent or serious felony shall be employed by a school district, charter school, or county office of education. A current classified or certificated temporary, substitute, or probationary employee who has not attained permanent status and who is found to have been convicted of a violent or serious felony shall not be retained in employment. Upon notification by the Department of Justice of a conviction, immediate action must be taken to suspend or terminate such employees. Under certain specified conditions, conviction of a serious or violent felony may not be the sole reason for denial of employment or termination. [CalC Art. 1, Sec 28; EC §§ 44830.1 et seq., 45122.1; PC §§ 667.5, 1192.7]

Health and Welfare Benefits

As authorized by the governing board, the school district may pay all or part of the premiums, dues, or other charges for health and welfare benefits. These benefits may be paid for employees, their spouses or registered domestic partners and dependent children, and for retired employees. Members of the personnel commission, board members, and specified retired officers may be entitled to benefits. [FC § 297.5, GC §§ 53200-9] See Additional Resources for *In re Marriage Cases*, May 15, 2008 (S147999).

Voluntary Payroll Deductions

Written authorization from the employee is needed before payroll deductions may be made for any of the following purposes:

1. Participation in a deferred compensation program; premiums for life, disability, or legal expense insurance; and/or charges for medical and hospital service contracts for employees or dependents. [EC §§ 44041, 87040]
2. Membership dues for professional organizations. [EC §§ 45060, 45168, 88167, 87833]
3. United States savings bonds. [GC § 1157.8]
4. Deposit into an account with a state or federal bank, savings and loan association, purchase of shares in or payments of money to a credit union. [GC § 1157.9]

5. Premiums for tax-sheltered annuities. [EC §§ 44041, 87040]
6. Contributions to bona fide charitable organizations. [GC § 1157.2]

Direct Deposit

An employee may authorize the payment of salary and wages, after any withholding required by law and authorized deductions, to be directly deposited by electronic fund transfer into the person's account at the financial institution of his or her choice via the Automated Clearing House (ACH) program [GC § 1157.9]

Sexual Harassment Training

Each new employee shall be given a copy of the district's written policy on sexual harassment. [EC § 231.5(f)]

Employers with 50 or more employees must provide two hours of sexual harassment training and education to all supervisory employees beginning January 1, 2006, once every two years thereafter. Training must be provided to new supervisory employees within six months of their assumption of a supervisory position. Training and education must be interactive and include information and guidance on federal and state laws concerning sexual harassment, remedies available to victims of sexual harassment, and practical examples aimed at the prevention of sexual harassment. Training must be presented by trainers with knowledge and expertise in the prevention of harassment, discrimination, and retaliation. [GC § 12950.1]

Catastrophic Leave Program

A governing board or county office of education may establish a catastrophic leave program to permit its employees to donate leave credits to an employee for a specified illness or injury. A school district or county office of education and exclusive bargaining representative(s) of employees in that district or county office may agree to include in any collective bargaining agreement, a provision setting forth the requirements for a catastrophic leave program. [EC §§ 44043.5, 87045]

Travel and Transportation Expenses

Actual and necessary travel expenses shall be provided when an employee is required to be away from a regular work assignment in the course of performing services for the district. Payment shall include meals, transportation, and lodging. All such travel and expenses should be authorized in advance by the governing board or designee according to district policy. [EC §§ 1081, 44032, 87032]

When an employee is required to use a personal automobile in the performance of regularly assigned duties, the employee shall be reimbursed on a mileage or monthly basis. These rates should be established before the beginning of each school year. [EC § 44033]

Employer-Employee Relations

A public school employer shall adopt reasonable regulations for the administration of employer-employee relations. Employees who are in a unit for which an exclusive representative has been selected shall either join the recognized union or pay a fair share service fee as a condition of employment. [GC § 3540 et seq.]

Volunteers

School districts may use volunteers to provide services when they do not replace or supplant public employees. No person aged 60 years or older may be excluded from volunteer service if the person is physically, mentally, and professionally capable of performing the services involved. A person shall be deemed professionally capable if he or she can demonstrate reasonable proficiency or relevant certification and performs his or her professional duties in accordance with laws, regulations, or technical standards governing his or her area of volunteer responsibility. The governing board may require a background check of volunteers, including a fingerprint check conducted through the Department of Justice. [EC §§ 35021, 45349, 51101, 72401, 88242; GC § 3119.5]

A school district or county office of education may establish a registry of volunteer after school physical recreation instructors and other before and after school programs volunteers. To be included in the registry, registrants must submit to a criminal background check, provide and update contact information, and comply with any other requirements imposed by the district or county office. [EC § 35021.3]

CLASSIFIED PERSONNEL

A classified employee is a person employed in a position not requiring certification qualifications. Substitute and short-term employees employed and paid for less than 75 percent of a school or college year, as defined, shall not be part of the classified service. Specifically excluded from classified service are part-time playground positions, full-time and part-time students employed part-time, apprentices, and professional experts employed temporarily for a specific project regardless of the length of employment. [EC §§ 45103, 88003]

The governing board of each district is required to classify positions. It also prescribes written rules governing the management of the classified service. These regulations must be printed and made available to employees and the public. [EC § 45113]

In a school district that has adopted the merit system, the personnel commission classifies positions and prescribes written rules governing the classified service, including recruitment and selection, except where a rule may be subject to negotiation with the exclusive representative. [EC § 45260; GC § 3540 et seq.]

Application and Selection

A public announcement of all recruitments, whether open or promotional, should be posted at least seven days prior to the filing deadline stating required qualifications, class of position, and final date for filing.

Applications should be accepted on forms available in the district human resources office. Eligibility lists should be established to fill vacancies as needs arise. The names of successful candidates should be placed on a master list, and it is from this list that selections should be made.

Recommendations for employment should be based on merit, qualifications, and competency, which may be determined by interview, examinations, and/or personal reference checks. A person shall not be denied employment on the basis of race, religious creed, color, national origin, ethnicity, ancestry, sex, age, physical disability, mental disability, temporary disability (including pregnancy), medical condition, marital status, sexual orientation, gender, or any other characteristic that is contained in the definition of hate crimes in Penal Code section 422.55. [EC §§ 220, 260; GC § 12940 et seq.; 5 CCR § 4910]

The No Child Left Behind Act (NCLB) requires districts to ensure that the qualifications of paraprofessionals working in programs funded by Title I funds meet federal requirements. Para-professionals, except those conducting parent involvement activities or working as translators, must satisfy one of the following criteria: completion of at least two years of higher education, possession of at least an associate's degree, or passing state or local proficiency tests. Districts must also ensure that all paraprofessionals, regardless of their hire dates, have earned a secondary school diploma or its recognized equivalent. [20 USC § 6319; CFR § 200.58; EC §§ 45330, 45344.5, 45361.5] Districts should consult the California Department of Education Website for additional information on the State's implementation of NCLB mandates (see Additional Resources).

A retired classified employee may be employed by a school district only under specified conditions. [EC § 45135; GC §§ 21220-9] (See also Retirement.)

Appointment

All appointments must be ratified by the governing board upon the recommendation of the district superintendent. Work assignments should be made by the district superintendent.

Before an appointment may become final, the following documents and data are required from each new employee:

1. Fingerprints - New employees, including substitutes and temporary employees, must be fingerprinted. Fingerprints are submitted to the Department of Justice, where a criminal background check is conducted. [EC §§ 45125-5.01, 88024]
2. Pre-employment Physical Examination - Pre-employment physical examinations required by law or governing board regulation may be performed at district expense if the applicant is subsequently employed. Physical examinations required for continuance in employment shall be provided at the district's expense. [EC §§ 45122, 88021; GC § 12940]
3. Examination for Tuberculosis - New employees must file a certificate signed by a California-licensed physician indicating that the employee was examined within the past 60 days and is free from active tuberculosis. This examination is required once every four years so long as the employee remains skin test negative. Employees with documented positive skin test results shall not continue to take this examination. Pregnant employees are temporarily exempted. [EC §§ 45106, 49406, 87408.6, 88006]
4. Form W-4 - An employee must complete an Employees' Withholding Exemption Certificate (W-4). A Social Security number is required as an identification number for income taxes, state retirement, and payroll processing purposes.

Form W-4 or Form DE34, Report of New Employee(s), should be filed with the California Employment Development Department within 20 days of an employee's "start to work" date. [UIC § 1088.5]

5. Form I-9 (Revised 6/5/07) - The federal Immigration Reform and Control Act of 1986 (IRCA) requires employers to verify the immigration status of all new employees. [P.L. 99-603]

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6. Constitutional Oath - New employees, except aliens legally employed, must take an oath indicating intent to support and defend the Constitutions of the United States and the State of California. [GC §§ 3101-5]
 7. Child Abuse Acknowledgement - All employees who are child care custodians or health practitioners, as defined by Penal Code section 11166.5, are required to report known or suspected instances of child abuse. Persons assigned to such positions shall sign a Child Abuse Acknowledgement form indicating their understanding of this responsibility.
 8. Drug-Free Workplace Acknowledgement - Districts are required to adopt a policy establishing a drug-free workplace and to notify employees of the provisions of this policy. [41 USC §§ 701-7; GC §§ 8350-7] Use of an acknowledgement form certifies that an employee has been informed of his or her obligations under governing board policy and state and federal law.
 9. Retirement Data - Classified employees are covered under the California Public Employees' Retirement system (CalPERS). Membership election forms must be completed at the time of employment. Employees who have previously been employed in any capacity by a school district or public agency in California are required to file a Verification of Membership Status in a California Public Retirement System. (See also Retirement.)
 10. Notice of Workers' Compensation Benefits. Districts are required to provide employees information about workers' compensation benefits at the time of hire. Most insurance carriers provide a brochure for this purpose or one can be obtained from the state Division of Workers' Compensation. Employees may be asked to complete an acknowledgement of receipt of this information. [LC §§ 3550-1]
 11. Certification of Required Vehicle Insurance and California Driver's License - Employees who may use district-owned vehicles or their private vehicles on school district business are required to have a valid California driver's license for the type(s) of vehicle to be operated. Employees who use personal vehicles for district business must meet insurance responsibility requirements. The governing board may establish levels of insurance coverage that exceed state minimum requirements. [VC § 16451]

Probationary/Permanent Status

All original appointments or promotions may be for a probation period not to exceed one calendar year. During this period, investigations, ratings, and examinations may be used to determine whether the employee is qualified for permanent status. [EC §§

45113, 88013] A probationary employee may be demoted, suspended, reassigned, or dismissed at any time during the period without a hearing before the governing board. A permanent employee serving a probationary period in a higher position should be reinstated in the former position if found unsatisfactory in the new position.

After satisfactorily serving the required probationary period, an employee must be classified as permanent. [EC §§ 45113, 88010] A permanent employee shall be subject to disciplinary action only for cause as prescribed by governing board action.

Job Specifications

Governing boards shall fix and prescribe the duties of all classified employees and other positions not requiring certification qualifications. Each new employee should be given a job description, which should contain at least the following information: [EC §§ 45109, 88009]

1. Designated title and summary statement (general summary).
2. Hours of work.
3. Location of work.
4. Description of essential functions and responsibilities and the percentage of time devoted to each duty.
5. Name and title of immediate supervisor.
6. Names and titles of persons supervised.
7. Types of equipment and tools used.
8. Licenses or certificates required.
9. Any physical, environmental, or special demands.

Categories of Employees

The governing board may create, abolish, or combine classes of employees.

Confidential Employees

A confidential employee means any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties

normally require access to confidential information that is used to contribute significantly to the development of management positions. [GC § 3540.1(c)]

The Public Employment Relations Board has found that more than a fraction of the employee's time must be spent on confidential matters. The individual must have access to or possess sufficient information to warrant the conclusion that the employer's ability to negotiate with employees from an equal posture might be jeopardized, and the balance in employer-employee relations distorted, if information were prematurely made public.

Supervisory Employees

A supervisory employee means any employee, regardless of job description, having authority in the interest of the employer to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees, or the responsibility to assign work to and direct them, or to adjust their grievances, or effectively recommend that action, if, in connection with the foregoing functions, the exercise of that authority is not of a merely routine or clerical nature, but requires the use of independent judgment. [GC § 3540.1(m)]

Management Employees

A management employee means any employee in a position having significant responsibilities for formulating district policies or administering district programs. Management positions shall be designated by the public school employer subject to review by the Public Employment Relations Board. [GC § 3540.1(g)]

Senior Management Positions

The governing board may designate certain positions as senior management of the classified service. These employees shall be exempt from all provisions relating to obtaining permanent status in a senior management position. [EC §§ 45100.5, 45256.5, 88091]

Changes in Classification and Salary

The governing board shall increase the salary of any classified employee assigned to work out of classification if the period exceeds five days within fifteen calendar days. A personnel commission and governing board, or a governing board in a nonmerit system district, may, by written rule, provide for an upward salary adjustment for any classified employee required to work out of classification for any period of less than five days within fifteen calendar days. [EC §§ 45110, 88010]

Promotion

Vacancies in the higher classes of service should be filled when practicable and when it is in the best interests of the district by promotion from within the system. A written outline of the promotion procedures should be made available to all employees.

Salary and Wage Payments

Salary Schedule

Every district should annually adopt a salary schedule, and every employee should have a position on the schedule.

Hourly Rate

It is strongly recommended that classified employees working on an hourly basis, such as bus drivers and cafeteria workers, be paid at an hourly rate rather than on the basis of a projected annual salary. Difficulties arise when districts attempt to project an hourly rate to calculate an annual salary, particularly when work hours have fluctuated or an employee has been terminated.

Daily Rate

The law does not specify how the daily rate for a classified employee is computed. The method varies from district to district. It is recommended that every district review its policy on the computation of the classified employees' daily rate. The policy should be applied to all classified employees.

Overtime

Overtime compensation requirements are governed by the Education Code and the Fair Labor Standards Act (FLSA). [20 USC § 201 et seq.; EC §§ 45128-32]

Overtime for regular classified employees is defined by the Education Code to include any time required to be worked in excess of eight hours in any one day and in excess of 40 hours in any calendar week. If a governing board establishes a workday of less than eight hours but seven hours or more and a workweek of less than 40 hours but 35 hours or more for all its classified positions or for certain classes of classified positions, all time worked in excess of the established workday and workweek shall be deemed to be overtime.

Overtime is defined by the FLSA to include all hours of work in excess of 40 in a week. This standard may be used for nonregular classified employees (i.e., temporary, substitute employees exempt from classified services).

All overtime must be approved in advance by the employee's immediate supervisor and/or a designated employee. Only overtime for emergency work beyond the regular duties of an employee may receive the retroactive approval of the business office. Authorized overtime for emergency work should be reported on the daily time sheets filed with the school district.

A personnel commission or a governing board of a school district may specify certain positions or classes of positions as supervisory, administrative, or executive and exclude these employees from overtime provisions of the Education Code. Employees who are excluded from overtime provisions must clearly be serving in management positions. The governing board or personnel commission must state in writing that the duties, flexibility of hours, salary, benefit structure, and the authority of the positions are such as to set these positions apart from positions that are subject to overtime provisions and that these employees will not be unreasonably discriminated against as a result of the exclusion.

The FLSA provides for a number of exemptions from the pay provisions of the Act. These exemptions are based upon the nature of the duties performed by one individual employee and not necessarily the content of a job specification or class title. School districts must comply with exemptions as allowed by the Education Code and the FLSA.

Compensatory Time Off/Payment of Overtime

The method of payment for overtime hours is different under the FLSA than under the Education Code. FLSA requires pay at the rate of one and one-half times the employee's regular pay rate unless compensatory time is taken within the same pay period in which the overtime is worked. The Education Code requires the governing board of each district to determine the extent to which, and establish the method by which, ordered overtime is compensated. The board must provide for such compensation or compensatory time off at a rate at least equal to time and one-half the regular rate of pay of the employee designated and authorized to perform the overtime. [EC §§ 45128, 88027]

Compensatory time off authorized in lieu of cash compensation shall be granted within 12 months following the month in which the overtime was worked if the overtime was worked as allowed by the Education Code and not subject to the provisions of the FLSA. [EC §§ 45129, 88028]

Training and Development Program

The district should establish a human resources training and development program for employees. No matter how small the number of employees, offering training is essential. In a small school district, where on-the-job training may be the only method available, districts should consider implementing a three-step training program. Under this system, an employee teaches a job to the employee a step below. The same employee understudies the person who holds the position one step above. In so doing, each job will be covered when any of the three employees is absent from work.

A program of workshops using district employees or independent consultants as instructors is another practical method for training and developing classified personnel. Cooperative efforts among districts for job-alike training often make workshops more cost-effective for participants and may provide access to a larger source of potential instructors or panel members.

Evaluations

A regular schedule of evaluations should be maintained as part of a performance management plan in accordance with the collective bargaining agreement(s) or district/personnel commission rules and regulations. Evaluations are normally made at least twice during the probationary period. It is customary to recommend reemployment or dismissal based on the second rating. Thereafter, an annual appraisal will suffice to inform the employee how job performance is rated. Some districts require a satisfactory rating before granting annual increases.

Separations

Resignations

The governing board may accept the resignation of any employee and may fix the time when the resignation shall take effect, which shall not be later than the close of the school or college year during which the resignation is received by the board. An employee and the governing board of a school district may agree that a resignation will be accepted at a mutually agreed upon date not later than two years beyond the close of the school year during which the resignation is received by the board. [EC §§ 45201, 88201]

Retirement

A classified employee is eligible to retire at age 50 if credited with five years of state service in the Public Employees Retirement system. No minimum or maximum age

limits may be established for employment or continued employment of classified employees who are otherwise qualified. [EC §§ 45134, 88033; GC § 21060] (See also Retirement.)

Layoff

Whenever the number of classified employees must be reduced, the district superintendent should recommend the specific positions to be eliminated. The reduction may only be due to lack of work or lack of funds. The Education Code defines notification periods for employees subject to layoff due to expiration of a specially funded program or due to a bona fide reduction or elimination of service. Employees should be laid off in reverse order of seniority within the classifications of eliminated positions. The impact and effects of the decision to lay off employees is a subject of collective bargaining. [EC §§ 45114, 45117, 45298, 45308, 88014, 88017]

Suspension, Demotion, and Dismissal

The continued employment of permanent classified employees is contingent upon satisfactory performance and personal fitness. A permanent employee may be demoted, suspended, or dismissed for cause. Sufficient cause shall include but shall not be limited to the following: [EC §§ 45113, 80013]

1. Incompetence, inefficiency, inattention to or dereliction of duty, lack of ability, or failure to perform the assigned duties in a satisfactory manner.
2. Insubordination, failure to obey reasonable directions or observe reasonable rules of school district superiors, or willful and persistent violation of the provisions of the Education Code.
3. Conviction of any felony, conviction of a misdemeanor involving moral turpitude, dishonesty, immoral conduct, drunkenness on duty, intemperance, addiction to or use of narcotics, or fraud in obtaining employment with the school district.
4. Knowing membership in Communist Party; advocacy of overthrow of government. [EC § 45303; GC § 1028]
5. Persistent discourteous treatment of the public or of fellow employees.
6. Physical or mental incapacity.
7. Absence from duty without leave.

A permanent classified employee may be suspended, demoted, or dismissed by the governing board upon the recommendation of the district superintendent. The district superintendent, when recommending such action, shall file with the governing board written charges in support of the recommendation. If the governing board approves the recommendation, the employee shall be notified of the decision in writing within three calendar days.

The notification of intended disciplinary action shall be sent via certified mail to the last address of official record with the district. Written notification to the employee shall contain the following:

1. A statement of the specific charges against the employee.
2. The intended effective date of disciplinary action.
3. A statement that the employee has an opportunity to respond before the effective date of the intended disciplinary action and a right to a hearing on such charges.
4. A time within which such hearing may be requested by the employee and the person to contact to request such hearing. The hearing shall not be less than five days after service of the notice to the employee.
5. A card or paper, the employee's signing and filing of which constitute a demand for a hearing and a denial of all charges.

The governing board shall hold a hearing within ten calendar days after the receipt of a demand for a hearing. The demand must come from a permanent employee who has been suspended, demoted, or dismissed. The hearing shall be at a time and place designated by the board. The employee and the governing board shall be afforded equal opportunity to present evidence. At the close of the hearing, the governing board shall render its decision, which shall be final.

An alternate hearing procedure may be established by the governing board. Under this procedure, a Classified Service Board of Appeals is appointed to conduct hearings requested by classified employees who have been suspended, demoted, or dismissed. The board consists of three members appointed for a term of three years. In the event of a vacancy on the board, a replacement is appointed for the remainder of the unexpired term. Members of the Board of Appeals must have been residents of the school district for three years and may not be employees of the school district at any time during their terms of office.

Hearings by a Classified Service Board of Appeals must begin within ten calendar days after the school district has received a demand for a hearing by an employee. The Board of Appeals establishes the time and place of the hearing. The employee and the governing board can be represented by person(s) of their choosing. At the close of the hearing, the Board of Appeals makes a recommendation to the governing board. The recommendation may sustain, reject, or modify the original action. The governing board then makes final disposition of the case.

Implementation of suspension, demotion, and dismissal and appeals shall be in accordance with personnel commission rules and regulations for districts that have adopted the merit system.

Leaves of Absence

Illness or Injury

Every regular employee employed five days a week for a fiscal year of service shall be entitled to 12 days leave of absence with full pay for illness or injury and such additional days as the governing board will allow. An employee who is employed for less than a full school year or fewer than five days per week is entitled to that proportion of 12 days. [EC §§ 45191, 88191]

Leave is prorated based on the number of months and/or days the employee's work assignment bears to the full school year of service. The governing board may grant additional days in proportion to leave granted for a full school-year employment. Pay for such absences shall be the same as if the employee had served during the absence period. Credit for sick leave need not be accrued prior to taking such leave. New employees may not take more than six days until they have completed six months of active service. Unused sick leave may be accumulated from year to year.

Any classified employee shall have the total amount of earned leave of absence for illness or injury transferred from one school district, community college district, or county superintendent of schools to another under the following conditions: [EC §§ 45202, 88202]

1. The employee must have been employed for one calendar year or more.
2. Employment must have been terminated for reasons other than for cause, except under specified conditions.

3. The employee must subsequently accept employment with another school or community college district or county superintendent of schools within one year of termination of such former employment.

Employees should fill out an absence report upon returning to duty following an absence. The governing board of each school district shall adopt rules and regulations requiring and prescribing the manner of proof of illness or injury. [EC §§ 45191, 88191] The usual practice is that an employee must verify illness by providing a physician's written statement when the absence exceeds a certain number of days. Suggested methods for an employee to verify absence for illness or injury are:

1. The employee presents a statement from a physician certifying illness.
2. The employee's principal, supervisor, or department head certifies the illness.
3. The employee files a personal statement describing the nature of the illness or injury. This statement may be subject to the approval of the district superintendent.

Personal Necessity

Earned days for illness or injury absences may be used by an employee for personal necessity. Such use is limited to seven days in any school or community college year unless additional days are specified in the collective bargaining agreement.

Personal necessity leave may be taken for the following: [EC §§ 45207, 88207]

1. Death of an immediate family member, when leave in addition to bereavement leave is required.
2. Illness or accident involving an employee's person or property or the person or property of an employee's immediate family.
3. Appearance in any court or before any administrative tribunal as a litigant, party, or witness under subpoena or any order made with jurisdiction.
4. Any other reasons which may be prescribed by the governing board.

The governing board shall adopt regulations requiring and prescribing the manner of proof of personal necessity.

Vacation

Classified personnel shall be granted annual vacation at the regular rate of pay. Part-time employees shall be granted vacation time in proportion to the percentage of full-time service rendered. [EC §§ 45190, 45197, 88190, 88197]

Accrued annual vacation leave should not exceed a reasonable number of working days and should not be accumulated from year to year, unless prior approval is on record. Every employee should be encouraged to take at least one vacation during each 18-month period.

Additional vacation credit may be granted regular classified employees because of continuous employment in the district.

Bereavement

Bereavement leave shall be granted to every regular classified employee in the event of the death of an immediate family member, which means a mother, father, grandmother, grandfather, or a grandchild of the employee or of his/her spouse, and the spouse, son, daughter, son-in-law, daughter-in-law, brother, or sister of the employee, or any relative living in the employee's immediate household. Leave is granted for three days. Five days of leave is allowed if out-of-state travel is required. Other relatives may be designated by the governing board as members of the immediate family. [EC §§ 45194, 88184]

Child's School or Day Care Activities

Under specified conditions, employees who are parents, guardians, or grandparents with custody of one or more children in kindergarten, grades 1 to 12, or attending a licensed child day care facility may use vacation, personal leave, compensatory time off, or leave without pay to participate in a child's school or day care activities. [LC § 230.8]

Family Care

Earned, accrued sick leave may be used by an employee to attend to an illness of his or her child, parent, spouse, or domestic partner. The amount of leave per calendar year required under this provision is not less than the amount of sick leave that would be accrued during six months at the employee's then current rate of entitlement. [LC § 233]

Districts with personal necessity leave provisions permitting the use of personal necessity leave for the care of members of an employee's immediate family may wish to incorporate these provisions while taking care to assure that, at a minimum, employees have access to the required amount of leave for the specific purpose(s) described within the Labor Code. In some cases, this means that employees may be entitled to more than the standard amount of personal necessity leave contained within the district's existing personal necessity leave provisions.

Family and Medical Leave Act of 1993

The Family and Medical Leave Act of 1993 (FMLA) applies to the following employers: [29 USC § 2601 et seq.]

1. Employers who employ 50 or more employees for each working day during each of the 20 or more calendar work weeks in the current or preceding calendar year.
2. Public agencies regardless of the number of employees.
3. Public and private elementary and secondary schools, without regard to the number of employees.

Under FMLA, covered employers are required to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for certain family and medical reasons. Employees are eligible if they have worked for an employer for at least one year, and for 1,250 hours of service over the previous 12 months, and if there are at least 50 employees within 75 miles of the worksite.

Qualifying conditions for FMLA leave were expanded to include provisions related to employees in military families with the passage of the National Defense Authorization Act for Fiscal Year 2008 (NDAA). Unpaid leave must be granted for any of the following reasons:

1. Birth of the employee's child and in order to care for the newborn child.
2. Placement of a child with the employee for adoption or foster care.
3. Care for the employee's immediate family member (spouse, child, or parent) with a serious health problem.
4. Inability of the employee to perform functions of his/her job because of a serious health condition.

5. Any qualifying exigency arising out of the fact that the spouse, child, or parent of the employee is on active duty, or has been called to active duty, in the Armed Forces in support of a contingency operation.

The NDAA amendment also added a “Servicemember Family Leave” provision to the FMLA effective January 2008. Under the new provision, an eligible employee who is the spouse, child, parent, or next of kin (nearest blood relative) of a covered servicemember can take up to 26 weeks of job-protected leave in a single 12-month period to care for the service member. A covered servicemember must have a serious illness or injury, as defined. Servicemember family leave is combined with all other FMLA leaves to provide for a combined total of 26 weeks of leave during a 12-month period.

Proposed regulations implementing the 2008 amendments to the FMLA have not yet been adopted by the Department of Labor (see Additional Resources). It is recommended that districts notify employees of the new leave options, revise policies and forms to reflect the changes, and proceed with caution, consulting legal counsel as necessary, when addressing requests for military-related FMLA leave.

Special rules apply to employees of local educational agencies, including public school districts, under the FMLA. Eligible employees who take unpaid leave for the reasons specified above must be restored to the same or equivalent position held when the leave commenced. Exemptions to this requirement apply to certain highly compensated employees.

Under California law, an employer that provides paid sick leave for employees shall permit an employee to use in any calendar year accrued sick leave, in an amount not less than the amount earned during six months' employment, to attend to the illness of a child, parent, spouse or domestic partner of the employee. This does not extend the maximum period of leave to which an employee is entitled under FMLA, regardless of whether the employee receives sick leave compensation during that leave.

No California employer shall deny an employee the right to use sick leave or discharge, threaten to discharge, demote, suspend, or in any manner discriminate against an employee for using or attempting to exercise the right to use sick leave to attend to an illness of a child, parent, spouse, or domestic partner of the employee.
[LC § 233]

Industrial Accident and Illness

The governing board of each district must make provisions by regulation for industrial accident or illness leaves of absence for employees in the classified service. A governing board may provide for additional leave beyond required provisions, if deemed appropriate. Regulations governing industrial accident and illness leave shall include the following provisions: [EC §§ 45192, 88192]

1. Allowable leave shall be for not less than 60 working days in any one fiscal year for the same accident. If the 60 days overlap into the next fiscal year, the employee shall be entitled to only those days left at the end of the fiscal year in which the accident or illness occurred.
2. Allowable leave shall not accumulate from year to year.
3. Leave will begin on the first day of the absence.
4. Payment for wages lost on any day shall not exceed the wages or salary to which the employee would normally be entitled if those wages were added to the temporary disability benefits.
5. During all paid leaves of absence due to industrial accident or illness, as well as sickness, vacation, or other paid leave, the employee shall endorse to the district wage loss benefit checks received under the State Workers' Compensation laws. The district then issues the employee appropriate warrants for full payment of salary. The district shall make retirement and other authorized payroll deductions.
6. If the employee is not medically able to resume normal job duties at the expiration of all available paid leaves of absence, the employee shall be notified in writing that available paid leave has been exhausted and shall be offered an opportunity to request additional leave. At the expiration of all available leave, the employee shall be placed on a reemployment list for 39 months. If medically recovered and available during the 39-month period, the person shall be hired to any vacant position in the previous classification over all other candidates except for those on a reemployment list established according to seniority.
7. Any classified employee absent due to industrial accident or illness for five months or less shall receive not less than the difference between the employee's salary and that of the substitute employed to fill the position. This provision shall

not apply to a school district adopting a rule providing not less than 100 working days of paid sick leave at not less than 50 percent of the employee's regular salary.

8. As a condition of eligibility for industrial accident or illness leave, the governing board may require that an employee have served with the district continuously for a specified period of time not to exceed three years.
9. Any employee receiving benefits for an industrial accident or illness shall remain within California unless the governing board authorizes travel outside of the state.

In a school district that has adopted only the statutory minimums, the employer shall use:

1. Industrial accident and illness leave.
2. Holidays, vacations, compensatory time, and other available paid leave.
3. Current 12 days full pay sick leave.
4. Accumulated full-pay sick leave.
5. Partial-pay sick leave (employee's salary less substitute's salary). [53 Ops. Cal.Atty.Gen. III, 1970]

Jury Duty

The governing board shall grant a leave of absence to a classified employee called for jury duty. Leave shall be granted with pay up to the amount of the difference between the employee's regular earnings and any amount received as juror's fees. Employees may receive reimbursement for mileage in accordance with law. [CCP § 215(c); EC §§ 44037, 87036]

A school district governing board may provide by rule that only a percentage of its staff shall be granted leave for jury duty at one time. The percentage shall not be less than two percent. [EC § 44037]

Employees of a public entity who receive regular compensation and benefits while performing jury service in all California trial courts may not be paid a juror's fee. School districts are defined as public entities under Code of Civil Procedures section

481.200. Districts should review their bargaining unit contracts to determine whether salary and benefits are provided to employees while performing jury service. [CCP § 215(b)]

When employees are entitled to receive juror's fees, districts may want to develop a form on which the clerk of the court can indicate the juror's fee and attest to the time served. The district may elect to accept the jury warrant and abate the payment to the same expenditure classification as the employee's salary. In this case, the employee may be paid in full. If mileage expense is included in the warrant, the employee should retain the warrant, and the district should deduct from the employee's salary only the amount paid for the juror's fee.

Military Service

Both state law and the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) provide protection from discrimination for employees who leave their jobs to serve in the military (see Additional Resources). [38 USC §§ 4301-34; 20 CFR Part 1002; M&VC § 389 et seq.]

An employee who enlists, is inducted, or is recalled to active duty will be granted a leave of absence for the period of enlistment or required service under specified conditions. A classified employee who has been employed a minimum of one year with a district will be granted a temporary military leave of absence without loss of salary for the first 30 days of such absence, upon submission of military orders to report for active duty training or like activity, provided the period of ordered duty does not exceed 180 calendar days. [EC § 45059; M&VC §§ 395.01-5.02]

Upon completion of active military service during a period of national emergency or war, the employee shall be reinstated in the position held at the time of enlistment or induction. This applies when the employee returns within six months of the date of discharge. The period of absence shall not be construed to be a break in service. [EC §§ 45297, 88116; M&VC § 395.2]

The general requirements for eligibility for reinstatement to work are as follows:

1. If the period of active duty has been less than 31 days, notice of intent to return must be given on the first full calendar day following completion of the period of service and return to work must be no later than the beginning of the first month following release from active duty.

2. If the period of active duty has been more than 30 days but less than 181 days, notice of intent to return must be given no less than 14 days after completion of the service.
3. If an employee is hospitalized, convalescing, or recovering from illness or injury incurred during active duty, he/she must report at the end of the required recovery period up to two years.

Pregnancy and Childbirth

Regulations implementing Title IX of the Education Amendments of 1972, particularly subpart E concerning discrimination on the basis of sex in employment in education programs and activities, and California's Fair Employment and Housing Act (FEHA) require that pregnancy, childbirth, false pregnancy, termination of pregnancy, and recovery therefrom be treated as any temporary disability for all job-related purposes including: [20 USC § 1681 et seq.; EC §§ 45193, 88193; GC § 12943]

1. Commencement, duration and extension of leave. Leaves must be made available for up to four months per pregnancy for the period(s) of actual disability caused by a woman's pregnancy, childbirth, or related medical conditions.
2. Payment of disability income.
3. Accrual of seniority and other benefits or services.
4. Reinstatement to the same or similar position.
5. Transfer to another position if it is medically advisable and the employer can reasonably accommodate the employee. Additionally, the employer can transfer an employee to an alternative position if it is medically advisable for an employee to take intermittent leave or work a reduced schedule.

The length of a leave of absence due to pregnancy-related disabilities shall be determined by the employee and the employee's physician. Pregnant employees who continue to work must be allowed to utilize paid sick leave days while they are physically unable to work, subject to medical verification as required by the school district. An employee who voluntarily requests and is granted an unpaid maternity leave does not have the right to utilize paid sick leave during the period she is in such an unpaid status if the district does not allow use of sick leave during any other type of unpaid leave.

Retraining and Study

A classified employee may be granted a leave of absence not to exceed one year for the purpose of undertaking study or for retraining to meet changing conditions within the district. [EC §§ 45380-7, 88220-7]

An employee applying for a leave of absence for study purposes must have rendered at least seven consecutive years of service to the district. An employee applying for retraining leave must have rendered service to the district for at least three consecutive years. Such leaves of absence shall not be deemed to be a break in service.

The amount of compensation and services required of the employee on leave will be determined by mutual agreement between the governing board and employee. If the employee is to be compensated as if the person were working for the district, a suitable good-faith bond is required. This may be waived by official action of the governing board.

A school or community college district governing board may grant reimbursement of the costs, including tuition fees, for a permanent classified employee who satisfactorily completes approved training. This training must be intended to improve job knowledge, ability, or skills.

Voting Leave

Employees who do not have sufficient time outside of working hours to vote at a statewide election must be granted up to two hours of paid leave for this purpose. The leave must be granted to employees who would not otherwise be able to vote because of their work schedules on election day. The time must be at the beginning or end of the work day, unless otherwise agreed to between the employer and employee. Employees must notify the employer at least two working days in advance of the election of their need for time off to vote. At least ten days before every statewide election, employers must post a notice in a conspicuous place informing employees of the availability of voting leave. [EIC §§ 14000-1]

Additional Leaves of Absence

The governing board has the authority to grant paid or unpaid leaves of absence for other purposes and periods of time not expressly authorized or required by the Education Code as long as it does not deprive any employee of a leave of absence

that he or she is entitled to take by law. Additional leaves for accident or illness or quarantine may be granted and compensated at such rate as the board prescribes. [EC §§ 45198-9, 88198-9]

A permanent classified employee who has exhausted entitlement to sick leave, vacation, compensatory time off, or other available paid leave shall be notified in writing of the exhaustion of all available paid leave and shall be offered an opportunity to request additional leave. The governing board may grant additional paid or unpaid leave not to exceed six months. This leave of absence may be renewed by the governing board for two additional periods of up to six months each, not to exceed a maximum of 18 months. [EC §§ 45195, 88195]

When the employee is able to assume the duties of a position within the assigned class, the employee shall be restored to a position within the class with all rights, benefits, and burdens of a permanent employee.

Prorated Benefits

Regularly employed part-time classified employees shall be entitled to sick leave, vacation, pregnancy, parental, and all other leaves and benefits granted by the governing board to regular full-time employees. These leaves and benefits shall be prorated according to the number of hours worked. [EC §§ 45136-7, 88035-6]

Holidays

All probationary or permanent classified employees shall be entitled to the following paid holidays. The holidays must fall during the normal workweek of the employee. The employees must be in paid status during any portion of the working day immediately preceding or succeeding the holiday. [EC §§ 45203, 79020, 88203]

January 1

Third Monday in January - Martin Luther King, Jr. Day

February 12 - Lincoln Day

Third Monday in February - Washington Day

Last Monday in May - Memorial Day

July 4

First Monday in September - Labor Day

November 11 - Veterans Day

Last Thursday in November - Thanksgiving Day

December 25

If the governing board does not designate September 9, which is Admission Day, as a paid holiday for classified employees, the district shall provide a substitute holiday as specified. March 31, which is "Cesar Chavez Day," and the fourth Friday in September, known as "Native American Day," may be paid holidays under the classified collective bargaining agreement. [EC §§ 45203, 45206.5, 88203, 88205.5]

In addition to the above, all classified employees shall be entitled to holidays declared by the President, Governor, or governing board. When a holiday falls on a Saturday, the preceding Friday shall be the holiday. If the regular workweek includes Saturday or Sunday, the preceding Friday or following Monday is the holiday.

When an employee is required to work on a holiday, compensation or compensatory time off at the rate of time and one-half shall be given in addition to the regular pay received for the holiday. [EC §§ 45205, 88205]

Other Programs and Practices

Grievances and Appeals

An employee should at all times have the freedom to refer grievances, complaints, and disputes to a person higher in authority than the immediate supervisor.

Incentive Programs

Governing boards may adopt a program of making monetary awards to employees who do any of the following: [EC § 44015]

1. Propose procedures or ideas that result in reducing expenditures or improving operations.
2. Perform special acts or services in the public interest.
3. Make exceptional contributions to the operations of the district by their superior accomplishments.

An effective incentive for employees is a policy of supporting promotions from within the district. Employees new to the profession are likely to be enthusiastic about working in an organization that offers opportunities for advancement. As the employee grows in knowledge, skill, and abilities, promotability is an incentive to remain with the organization.

Many employers offer employees incentives for completing continuing education courses.

Temporary Office Services

As a result of court decisions, non-merit system school districts may use the services of individuals who are not classified employees by subcontracting out for temporary-help services under the permissive authority of Education Code section 35160. This may require negotiating with the exclusive representative if the purpose is to save labor costs.

Governing boards of non-merit system districts may contract with temporary-help employment agencies to fill management and confidential positions not subject to collective bargaining. Contracts cannot exceed 60 working days per position per leave and cannot exceed two per year. [EC § 45140]

Education Code section 45256 specifically prohibits merit system districts from subcontracting out for temporary services outside the classified service unless a specific statute exists (e.g., districts may contract for security services under Education Code section 38005 or special services under Government Code section 53060). In order for a district to contract with an agency for providing short-term personnel services under Government Code section 53060, it must demonstrate that it does not have employees who can perform the services or cannot employ persons for that purpose by following required employment procedures; that the services are “special;” and that the persons performing the services are “specially trained, experienced and competent” to perform the special services.

A district may contract for personal services currently or customarily performed by classified employees under specified conditions to achieve cost savings. [EC § 45103.1] (See also Commercial School Orders.)

Vehicle Operation

The school district should periodically verify that California driver's licenses for the appropriate class of vehicle are kept current by schoolbus drivers, truck drivers, and any other employees who occasionally drive a district vehicle as part of the work assignment. Employees who drive schoolbuses shall also have an “S” (School bus) endorsement on their commercial driver's licenses. The Department of the California Highway Patrol can assist in the development of a safe driving program for district vehicle operators. Additional information about bus driver training can be found on the California Department of Education Web site (see Additional Resources). (See also Transportation.)

CERTIFICATED PERSONNEL

This section deals with certificated personnel procedures for school districts. As part of reforms enacted in 1988, the Legislature eliminated credentials for faculty employed in academic positions of community college districts. "Certificated employee" as used in this section includes "faculty member" or "faculty" of a community college district, where appropriate.

A certificated person refers to a person who holds one or more documents, such as a certificate, a credential, or a life diploma that singly or in combination, license the holder to engage in the school service designated in the document(s). Governing boards of school districts shall employ for positions requiring certification qualifications only persons who possess the prescribed qualifications and demonstrate proficiency in basic reading, writing, and mathematics. [EC §§ 44006, 44830 et seq.] Districts should review hiring criteria and recruitment processes to ensure that every effort is made to find and hire fully qualified teachers.

The California Commission on Teacher Credentialing (CTC) Web site provides helpful information and resources (see Additional Resources).

The No Child Left Behind Act (NCLB) imposes significant requirements on the employment and hiring of certificated personnel. All teachers of core academic subjects in Title I programs must meet the definition of "highly qualified" as determined by the State Board of Education and approved by the U.S. Department of Education. In California, a "highly qualified" teacher is one who has a bachelor's degree, has a state credential or Intern Certificate/Credential for no more than three years, and has demonstrated core academic subject matter competence in accordance with applicable requirements for elementary or middle/high school teachers. [20 USC §§ 6319, 7801; 34 CFR §§ 200.55-0.57; 5 CCR §§ 6100-25]

More information on the No Child Left Behind Act is available online (see Additional Resources).

Laws enacted as a result of the Williams Settlement [Williams v. State of California, Super. Ct., San Francisco, No. CGC-00-312236] impact the hiring practices of all school districts in California. Implementing legislation requires county offices of education to review, monitor and report on teacher training, certification, assignment, hiring, and retention practices of school districts. The increased monitoring of teacher requirements will ensure that teachers with 20 percent or more of English Learners will have appropriate CLAD, BCLAD or ELD/SDAIE authorization or training. [EC §§ 44225.6, 44258.9]

Additional information on Williams Settlement requirements is available online (see Additional Resources).

Governing boards of community college districts shall employ for academic positions only persons who possess qualifications prescribed by regulation of the board of governors. Community college districts should refer to comparable sections in the Education Code. [EC §§ 44006, 44830 et seq., 87003, 87400 et seq.]

Application

When a certificated position becomes available, it should be the policy of the governing board to advertise widely in order to attract the most qualified applicants. Qualified applicants should be employed without regard to race, sex, religious creed, color, national origin, ethnicity, ancestry, physical disability, mental disability, temporary disability (including pregnancy), medical condition, sexual orientation, gender, or any other characteristic that is contained in the definition of hate crimes in Penal Code section 422.55. Applicants shall not be denied consideration for employment for reasons of age or marital status. [EC §§ 220, 260; GC § 12940 et seq.; 5 CCR 4910]

Appointment

The governing board, upon recommendation of the district superintendent, shall appoint each employee. Each is subject to the laws of the State of California, the policies of the governing board, and the procedures established by the district superintendent.

Before an appointment may become final, the following information and documents are required from each new employee:

1. Certificate(s), credential(s), or life diploma - Document must be registered with the county office of education. [EC §§ 44330, 44830-0.2]
2. Fingerprints - Fingerprints are submitted to the Department of Justice, where a criminal background check is conducted. [EC §§ 44332.6, 44830.1]
3. Pre-employment Physical Examination - The governing board may require an employee to have a medical examination to determine whether the employee is able to undertake full duties. A medical examination may also be required to determine whether there is a condition that would endanger the health of pupils. The school district may pay for such an examination. [EC §§ 44839, 87408; GC § 12940]

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4. Examination for Tuberculosis - No person shall be initially employed by a school district unless the person has submitted to an examination by a California-licensed physician within the past 60 days to determine that he or she is free of active tuberculosis. [EC §§ 49406, 87408, 87408.6]
 5. Form W-4 - An employee must complete an Employee's Withholding Exemption Certificate (W-4). A Social Security number is required as an identification number for income taxes, state retirement, and payroll processing purposes. (See also Retirement.)

Form W-4 or Form DE34, Report of New Employee(s) shall be filed with the California Employment Development Department within 20 days of employee's "start to work" date. [UIC § 1088.5]

6. Form I-9 (Revised 6/5/07) - The federal Immigration Reform and Control Act of 1986 (IRCA) requires employers to verify the Immigration status of all new employees. [P.L. 99-603]
7. Constitutional Oath - New employees, except aliens legally employed, must take an oath indicating intent to support and defend the Constitutions of the United States and the State of California. [GC §§ 3101-5]
8. Child Abuse Acknowledgement - All employees who are child care custodians or health practitioners, as defined by Penal Code section 11166.5, are required to report known or suspected instances of child abuse. Persons assigned to such positions shall sign a Child Abuse Acknowledgement form indicating their understanding of this responsibility.
9. Drug-Free Workplace Acknowledgement - Districts are required to adopt a policy establishing a drug-free workplace and to notify employees of the provisions of this policy. [41 USC §§ 701-7; GC §§ 8350-7] Use of an acknowledgement form certifies that an employee has been informed of his or her obligations under governing board policy and state and federal law.
10. Retirement Data - Certificated employees are covered under the California State Teachers' Retirement System (CalSTRS) Defined Benefit or Cash Balance plan. Employees who have previously been employed in any capacity by a school district or public agency in California are required to file a Verification of Membership Status in a California Public Retirement System. (See also Retirement.)

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11. Notice of Workers' Compensation Benefits - Districts are required to provide employees information about workers' compensation benefits at the time of hire. Most insurance carriers provide a brochure for this purpose or one can be obtained from the state Division of Workers' Compensation. Employees may be asked to complete an acknowledgement of receipt of this information. [LC §§ 3550-1]
 12. Certification of Required Vehicle Insurance and California Driver's License - Employees who may use district-owned vehicles or their private vehicles on school district business are required to have a valid California driver's license for the type of vehicle to be operated. Employees who use personal vehicles for district business must meet insurance responsibility requirements. The governing board may establish levels of insurance coverage that exceed state minimum requirements. [VC § 16451]

Classification

The governing board shall classify all certificated employees as probationary, permanent, substitute, or temporary.

Probationary

All certificated employees not classified as permanent shall be classified as probationary, substitute, or temporary. A substitute or temporary employee who teaches for at least 75 percent of the days schools are maintained shall be deemed to have served as a probationary employee if reemployed for the following school year in a position requiring certification qualifications. [EC §§ 44915, 44919, 87477]

Permanent

A certificated employee shall be classified as permanent upon commencement of the next succeeding school year after serving two complete consecutive school years in a school district having an average daily attendance of 250 or more. [EC § 44929.21]

A certificated employee may be classified as permanent in a school district having an average daily attendance of less than 250 after having been employed for three complete consecutive school years. If the classification is not made, the employee may be reelected from year to year without becoming a permanent employee. [EC § 44929.23]

A certificated person employed in an administrative or supervisory position shall be classified as a permanent classroom teacher after completing a probationary period if the average daily attendance of the school district is 250 or more. If the average daily attendance is less than 250, the employee may also be classified as permanent. [EC § 44897]

A person employed in a community college administrative position shall become a first-year probationary faculty member once the administrative assignment ends, if specific conditions apply. [EC § 87458]

Substitute

A certificated person filling the position of a regular employee who is absent from service shall be classified as a substitute under specified conditions. [EC §§ 44917]

Temporary

Under specified conditions, a certificated employee serving on a day-to-day basis during the first three school months of any school term to teach temporary classes or perform other duties, or for not more than four school months to teach in special day and evening classes for adults or in schools of migrant population, shall be classified as a temporary employee. In an actual emergency when persons are not available for probationary classification, a person may be appointed to a position on a temporary basis for a period not to exceed 20 working days. [EC §§ 44909, 44917, 44919-21, 87478-81]

A school district must specifically classify temporary employees as such and must provide them with a written statement clearly indicating the temporary nature of the employment and the length of time for which the person is being employed prior to the first day of service. If a written statement does not indicate the temporary nature of the employment, the employee will be deemed to be probationary. Unless a district is certain it needs or wants the temporary employee for the full year, it should hire the temporary for a shorter period and then extend the contract or issue a new one. [EC § 44916]

Subject to specified conditions, community colleges may employ a qualified individual as a temporary faculty member based on the need arising from the leave granted to or long-term illness experienced by a certificated employee or the need for additional certificated employees because of higher enrollment. [EC § 87482]

Changes in Classification and Salary

The governing board may create, abolish, or combine certificated positions.

The governing board may increase the annual salaries of certificated employees during the school year. [EC §§ 45032, 87806]

The governing board shall not decrease the annual salary of a certificated employee for failure to meet any district requirement to complete additional education units, courses of study, or equivalent. [EC §§ 45033, 87807]

When a salary increase is due for the completion of additional units, course of study, or equivalent, the district shall pay the salary increase not later than three regular pay periods or three months, whichever is longer, after the employee files proper documentation, where required, for the increase. [EC § 45048-9]

Assignment

The district superintendent shall assign all employees subject to approval of the government board. Assignments should be made on the basis of the employee's qualifications and the needs and best interests of the district. [EC § 35035]

Unless a written notice of release is received by March 15, or March 1 for persons serving as principals, the contract for certain administrative and supervisory positions shall be renewed on the same basis as the previous contracts. [EC § 44951]

Compensation*Salary Schedule and Payments*

Each school district must adopt a salary schedule, which shall be printed and made available to each certificated employee. [EC §§ 45023 et seq., 44977(c), 87802]

Salary schedules vary in kind and in the information presented. School district salary schedules should specify at least the following:

1. Length of contract.

2. Initial placement on schedule.
 - a. Credit for outside teaching experience.
 - b. Maximum placement on schedule.
3. Advancement on schedule.
 - a. Experience requirements.
 - b. Professional growth requirements.
4. Definition of classes: degrees, requirements, credentials, and semester hours.
5. Definition of steps, usually in terms of years.
6. Compensation for work beyond the instructional day.
7. Rate for substitute teachers.
8. Rate for hourly certificated employees.
9. Rate for summer school or intersessions.

Any certificated person who serves less than a full school year in a position requiring certification qualifications shall be compensated on the basis of actual working days served. The person shall receive not less than one-half of the established annual salary if services cover a complete semester. [EC §§ 45041, 87815-8]

Any certificated person employed at the beginning of the second semester shall be paid not less than one-half of the annual compensation for that position. The school calendar shall indicate the beginning of the second semester. [EC §§ 45043, 87818]

A certificated employee who performs teaching or other services in addition to regular classroom teaching duties or performs teaching or other services in summer school shall receive timely payment for the work, either in one lump sum or at an hourly, daily, biweekly, quadri-weekly, or monthly rate. Compensation for such additional duties should not be included in the contract salary. [EC §§ 45049, 87822]

A school district may pay certificated employees in 10, 11 or 12 equal payments instead of by the school month. Under the uniform payroll procedure, the number of months is determined by the month that the certificated employee begins the school year. Payment shall be timely or interest may be due for each day of the delay. [EC §§ 45038, 45048]

Differential Pay Period

A certificated employee who is absent for an extended period of time due to an accident or illness and has exhausted all earned sick leave, including accumulated sick leave, will be entitled to receive differential pay for one five-month period per illness or accident. [EC §§ 44977, 44978.1]

Professional Growth

Planning and conducting an individual program of professional growth should be developed by a district for its certificated employees. In addition to inservice training, the program should include opportunities for advanced training and research outside the district. A release-time policy should be considered to be consistent with the needs of the district as well as individual goals of certificated employees.

Evaluations

A governing board is required to adopt rules and regulations relating to the evaluation of certificated personnel. A continuing program of performance evaluation should be maintained. Periodic written performance evaluations should be used. Evaluators should hold evaluation conferences with the employee and should provide constructive help and encouragement. [EC §§ 35171, 44660 et seq., 87660 et seq.; 5CCR § 53130]

Separations

Resignations

The governing board shall accept the resignation of any certificated employee and shall fix the time when the resignation takes effect, which shall not be later than the end of the school year in which the resignation was submitted. [EC §§ 44930, 87730]

An employee and school district governing board may agree that a resignation be accepted on a date not later than two years beyond the close of the school year in which the resignation is received.

Dismissal of Probationary Employees

Probationary employees shall be dismissed for cause only during the school year. When a probationary employee's services will not be required for the ensuing year, notification shall be given. [EC §§ 44949, 87740]

When the governing board determines that reduction in staff is necessary, probationary employees may be dismissed. This may happen due to declining average daily attendance, discontinuance or reduction of a particular service, or insufficient increase in total revenue limit per average daily attendance. [EC §§ 44955, 44955.5, 87743 et seq.]

Suspension or Dismissal of Permanent Employees

School district governing boards may suspend certificated employees without pay for a specific period of time on grounds of unprofessional conduct. [EC § 44933 et seq.]

Only for cause may permanent employees be dismissed. [EC §§ 44932, 87732]

Reemployment

Probationary teachers employed by the district may be reemployed on or after March 15. Certificated personnel not reelected by the district may be offered employment for the ensuing year any time after December 31. [EC § 44840]

Continuing contracts may be offered to any employee in a position requiring a supervisory or administrative credential and to any certificated employee of a school district of 250 ADA or less. Continuing contracts may cover a period of one year but may not exceed four years. [EC § 44929.20]

Any probationary or permanent employee may be deemed to have declined employment and his or her services as an employee may be terminated on June 30 if the employee has failed, upon request, to notify the governing board of intention to remain in the services of the school or community college district. Under specified circumstances, a probationary or permanent employee who fails to report for duty at the beginning of the ensuing school year may be terminated after the 20th consecutive day of absence. [EC §§ 44842, 87410-1]

Leaves of Absence

Illness or Injury

Every full-time certificated employee shall be entitled to ten days leave of absence for illness or injury. The governing board may authorize additional days of sick leave with full pay for a school year of service. An employee employed for less than full time is entitled to that proportion of the leave of absence as the number of days employed per week bears to five. [EC § 44978]

Credit for sick leave need not be accrued prior to taking leave. Unused sick leave may be accumulated from year to year. No payment will be made for unused sick leave at termination. [EC §§ 44977-8, 87781]

All accumulated sick leave can be transferred by a certificated employee from one school or community college district to another. The employee must have been employed in the school district for one school year or more. The position must have been accepted during the second or any succeeding school year of employment or within the school year succeeding the school year in which employment was terminated. [EC §§ 44979-80, 87782-5; 5 CCR §§ 5601, 53125]

The governing board shall adopt rules and regulations requiring and prescribing the manner of proof of illness or injury. [EC §§ 44978, 87781] The usual practice is that an employee must verify illness by providing a physician's written statement when the absence exceeds a certain number of days. Suggested methods for an employee to verify absence for illness or injury as follows:

1. The employee presents a physician's statement certifying illness or injury.
2. The employee's principal, supervisor, or department head certifies the illness or injury.
3. The employee files a personal statement describing the nature of the illness or injury. This statement may be subject to the approval of the district superintendent.

Personal Necessity

Any days of leave of absence for illness or injury may be used by the employee for personal necessity. Such use is limited to seven days per school year unless

additional days are specified in the certificated collective bargaining agreement. Personal necessity leave may not exceed six days in any single year for community college districts.

Personal necessity leave may be taken for the following: [EC §§ 44981, 87781.5, 87784]

1. Death or serious illness of an immediate family member.
2. Accident, involving employee's person or property, or the person or property of an immediate family member.
3. Cases of compelling personal importance and other reasons prescribed by the governing board.

The governing board of each district shall adopt regulations requiring and prescribing the manner of proof of personal necessity.

Vacation

A certificated employee's assignment determines the number of vacation days allowed. Vacations for each employee should be included in the printed salary schedule, which must be adopted by the governing board prior to the beginning of the school year.

Bereavement

Certificated employees are entitled to a leave of absence for bereavement in the event of the death of an immediate family member, which means a mother, father, grandmother, grandfather, or a grandchild of the employee or of his/her spouse, and the spouse, son, daughter, son-in-law, daughter-in-law, brother, or sister of the employee, or any relative living in the employee's immediate household. Leave is granted for three days. Five days of leave is allowed if out-of-state travel is required. Other relatives may be designated by the governing board as members of the immediate family. [EC §§ 44985, 87788]

Child's School or Day Care Activities

Under specified conditions, employees who are parents, guardians, or grandparents with custody of one or more children in kindergarten, grades 1 to 12, or attending a

licensed child day care facility may use vacation, personal leave, compensatory time off, or leave without pay to participate in a child's school or day care activities. [LC § 230.8]

Family Care

Earned, accrued sick leave may be used by an employee to attend to an illness of his or her child, parent, spouse, or domestic partner. The amount of leave per calendar year required under this provision is not less than the amount of sick leave that would be accrued during six months at the employee's then current rate of entitlement. [LC § 233]

Districts with personal necessity leave provisions permitting the use of personal necessity leave for the care of a member of an employee's immediate family may wish to incorporate these provisions while taking care to assure that, at a minimum, employees have access to the required amount of leave for the specific purpose(s) described in the Labor Code. In some cases, this means that employees may be entitled to more than the standard amount of personal necessity leave permitted by the district's existing personal necessity leave provisions.

Family and Medical Leave Act of 1993

The Family and Medical Leave Act of 1993 (FMLA) applies to the following employers: [29 USC § 2601 et seq.]

1. Employers who employ 50 or more employees for each working day during each of the 20 or more calendar work weeks in the current or preceding calendar year.
2. Public agencies regardless of the number of employees.
3. Public and private elementary and secondary schools, without regard to the number of employees.

Under FMLA, covered employers are required to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for certain family and medical reasons. Employees are eligible if they have worked for an employer for at least one year, and for 1,250 hours of service over the previous 12 months, and if there are at least 50 employees within 75 miles of the worksite.

Qualifying conditions for FMLA leave were expanded to include provisions related to employees in military families with the passage of the National Defense Authorization Act for Fiscal Year 2008 (NDAA). Unpaid leave must be granted for any of the following reasons:

1. Birth of the employee's child and in order to care for the newborn child.
2. Placement of a child with the employee for adoption or foster care.
3. Care for the employee's immediate family member (spouse, child, or parent) with a serious health problem.
4. Inability of the employee to perform functions of his/her job because of a serious health condition.
6. Any qualifying exigency arising out of the fact that the spouse, child, or parent of the employee is on active duty, or has been called to active duty, in the Armed Forces in support of a contingency operation.

The NDAA amendment also added a "Servicemember Family Leave" provision to the FMLA effective January 2008. Under the new provision, an eligible employee who is the spouse, child, parent, or next of kin (nearest blood relative) of a covered servicemember can take up to 26 weeks of job-protected leave in a single 12-month period to care for the service member. A covered servicemember must have a serious illness or injury, as defined. Servicemember family leave is combined with all other FMLA leaves to provide for a combined total of 26 weeks of leave during a 12-month period.

Proposed regulations implementing the 2008 amendments to the FMLA have not yet been adopted by the Department of Labor (see Additional Resources). It is recommended that districts notify employees of the new leave options, revise policies and forms to reflect the changes, and proceed with caution, consulting legal counsel as necessary, when addressing requests for military-related FMLA leave.

Special rules apply to employees of local educational agencies, including public school districts, under the FMLA. Eligible employees who take unpaid leave for the reasons specified above must be restored to the same or equivalent position held when the leave commenced. Exemptions to this requirement apply to certain highly compensated employees.

Under California law, an employer that provides paid sick leave for employees shall permit an employee to use in any calendar year accrued sick leave, in an amount not less than the amount earned during six months' employment, to attend to the illness of a child, parent, spouse, or domestic partner of the employee. This does not extend the maximum period of leave to which an employee is entitled under FMLA, regardless of whether the employee receives sick leave compensation during that leave.

No California employer shall deny an employee the right to use sick leave or discharge, threaten to discharge, demote, suspend, or in any manner discriminate against an employee for using or attempting to exercise the right to use sick leave to attend to an illness of a child, parent, spouse, or domestic partner of the employee. [LC § 233]

Industrial Accident and Illness

The governing board of each district must make provisions by regulation for industrial accident or illness leaves of absence for all certificated employees. A governing board may provide for additional leave beyond required provisions, if deemed appropriate. Regulations governing industrial accident and illness leave shall include the following provisions: [EC §§ 44984, 87787]

1. Allowable leave shall be for not less than 60 days in one fiscal year during which the schools of the district are required to be in session or when the employee would have otherwise been performing work for the district.
2. Allowable leave shall not be accumulated from year to year.
3. Leave shall commence on the first day of absence.
4. The employee may endorse to the district temporary disability indemnity checks received. The district, in turn, shall issue the employee appropriate salary warrants and shall deduct normal retirement and other authorized contributions. Any disability indemnity actually paid to and retained by the employee for periods covered by any salary warrant shall be deducted from the payment.
5. Leave shall be reduced by one day for each day of authorized absence regardless of a temporary disability indemnity award.
6. When leave overlaps into the next fiscal year, the employee shall be entitled to only the amount of unused sick leave due for the same illness or injury.

7. Upon termination of the leave, the employee shall be entitled to leave of absence for illness or injury. Such leave shall be deemed to have begun on the date of termination of the industrial accident or illness leave, provided that if the employee continues to receive temporary disability indemnity, the person may elect to take as much of the accumulated sick leave which, when added to the temporary disability indemnity pay, will result in payment to the employee of not more than full salary. [EC §§ 44977-84, 87780-7]
8. As a condition of eligibility for industrial accident or illness leave, the governing board may require that an employee have served with the district continuously for a specified period of time not exceed to three years.
9. Any employee receiving benefits for an industrial accident or illness shall remain within California unless the governing board authorizes travel outside of the state.

Jury Duty and Court Appearance

Certificated employees may be granted leaves of absence when called for jury duty or required to appear in court for reasons not brought about through their connivance or misconduct. An employee granted such leave may be paid in an amount that equals regular earnings when added to jury or witness fees received. When serving as jurors, employees may receive reimbursement for mileage in accordance with law. [CCP § 215(c); EC §§ 44036, 87035]

Employees of a public entity who receive regular compensation and benefits while performing jury service in all California trial courts may not be paid a juror's fee. School districts are defined as public entities under Code of Civil Procedures section 481.200. Districts should review their bargaining unit contracts to determine whether salary and benefits are provided to employees while performing jury service. [CCP § 215(b)]

When employees are entitled to receive juror's fees, districts may want to develop a form on which the clerk of the court can indicate the juror's fee and attest to the time served. The district may elect to accept the jury warrant and abate the payment to the same expenditure classification as the employee's salary. In this case, the employee may be paid in full. If mileage expense is included in the warrant, the employee should retain the warrant, and the district should deduct from the employee's salary only the amount paid for the juror's fee.

Military Service

Both state law and the federal Uniformed Services Employment and Reemployment Rights Act (USERRA) provide protection from discrimination for employees who leave their jobs to serve in the military (see Additional Resources). [38 USC §§ 4301-34; 20 CFR Part 1002; M&VC § 389 et seq.]

An employee who enlists, is inducted, or is recalled to active duty will be granted a leave of absence for the period of enlistment or required service under specified conditions. A certificated employee who has been employed a minimum of one year with a district will be granted a temporary military leave of absence without loss of a salary for the first 30 days of such absence upon submission of military orders to report to active duty training or like activity, provided the period of ordered duty does not exceed 180 calendar days. [EC § 45059; M&VC §§ 395.01-5.02]

Upon completion of active military service during a period of national emergency or war, the employee shall be reinstated in the position that the employee held at the time of enlistment or induction. This applies where the where the employee returns within six months of termination of that service or within one year from the date of a treaty of peace. The period of absence shall not be construed to be a break in service. [M&VC § 395.2]

The general requirements for eligibility for reinstatement to work are as follows:

1. If the period of active duty has been less than 31 days, notice of intent to return must be given on the first full calendar day following completion of the period of service and return to work must be no later than the beginning of the first month following release from active duty.
2. If the period of active duty has been more than 30 days but less than 181 days, notice of intent to return must be given no less than 14 days after completion of the service.
3. If an employee is hospitalized, convalescing, or recovering from illness or injury incurred during active duty, he/she must report at the end of the required recovery period up to two years.

Pregnancy and Childbirth

Regulations implementing Title IX of the Education Amendments of 1972, particularly subpart E concerning discrimination on the basis of sex in employment in education programs and activities, and California's Fair Employment and Housing

Act (FEHA) require that pregnancy, childbirth, false pregnancy, termination of pregnancy, and recovery therefrom be treated as any temporary disability for all job-related purposes including: [20 USC § 1681 et seq.; EC §§ 44965, 87766, 88193; GC § 12943]

1. Commencement, duration and extension of leave. Leaves must be made available for up to four months per pregnancy for the period(s) of actual disability caused by a woman's pregnancy, childbirth, or related medical conditions.
2. Payment of disability income.
3. Accrual of seniority and other benefits or services.
4. Reinstatement to the same or similar position.
5. Transfer to another position if it is medically advisable and the employer can reasonably accommodate the employee. Additionally, the employer can transfer an employee to an alternative position if it is medically advisable for an employee to take intermittent leave or work a reduced schedule.

The governing board shall provide for leaves of absence for any certificated employee because of pregnancy, miscarriage, childbirth, and convalescence therefrom. The length of the leave of absence shall be determined by the employee and the employee's physician.

Sabbatical Leave for Study and Travel

Certificated personnel who have served for at least seven consecutive years in the district may be granted leaves by the governing board for professional study and travel, commonly referred to as sabbatical leave. The leave of absence may be with or without pay for a period not to exceed one year. Any certificated employee granted a leave for professional study and travel shall agree, upon return, to render service equal to twice the period of the leave. [EC §§ 44966-73, 87767-74]

For audit purposes, the district should retain on file: [EC §§ 44969, 87770]

1. The employee's request for leave.
2. The approval of the request by the governing board.
3. The written agreement between the board and the employee defining services to be performed and compensation to be paid.

4. The required bond indemnifying the governing board in the event that the employee fails to render the agreed upon service or a resolution of the governing board waiving this obligation.

Voting Leave

Employees who do not have sufficient time outside of working hours to vote at a statewide election must be granted up to two hours of paid leave for this purpose. The leave must be granted to employees who would not otherwise be able to vote because of their work schedules on election day. The time must be at the beginning or end of the work day, unless otherwise agreed to between the employer and employee. Employees must notify the employer at least two working days in advance of the election of their need for time off to vote. At least ten days before every statewide election, employers must post a notice in a conspicuous place informing employees of the availability of voting leave. [EIC §§ 14000-1]

Workload Balancing Program

A community college district may provide a workload balancing program under which a certificated employee may bank time worked in excess of the hours for a fulltime position for an equivalent paid leave of absence to be granted in a subsequent quarter, semester, or academic year. [EC § 87790]

Holidays

Before the start of each school or college year, the governing board should specify the holidays to be observed by the district. [EC §§ 37220, 44988, 79020]

ADDITIONAL RESOURCES

1. California Chamber of Commerce, HR California, for posters and notices required of employers by State and Federal laws. Available: <<http://www.calchamber.com/HRC/BusinessResources/Posters/posterchart.htm>>
2. California Commission on Teacher Credentialing for credential requirements, application forms and procedures, and status of a pending application. Available: <<http://www.ctc.ca.gov/credentials/default.html>>
3. California Department of Education, Office of School Transportation, for training programs and materials. Available: <<http://www.cde.ca.gov/ls/tn/im/>>
4. Domestic Partners Registry, California Secretary of State Available: <<http://www.ss.ca.gov/dpregistry/index.htm>>

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5. Employment Development Department, State of California. Available: <<http://www.edd.ca.gov/>>
 6. Family and Medical Leave Act, U.S. Department of Labor for news, guidance for employers, laws, posters, recommended forms, and link to Notice of Proposed Rulemaking related to 2008 FMLA amendment. Available: <<http://www.dol.gov/esa/whd/fmla/index.htm>>
 7. Fingerprinting information:

San Diego County Office of Education to request Live Scan appointment. Available: <<http://www.sdcoe.net/livescan/week.asp>>

California Department of Justice, Office of the Attorney General. Available: <<http://caag.state.ca.us/fingerprints/>>
 8. *In re Marriage Cases* (S147999), Supreme Court of California, May 15, 2008. Available: <<http://www.courtinfo.ca.gov/opinions/documents/S147999.PDF>>
 9. No Child Left Behind Act:

California Code of Regulations to search for Title 5, section 6100-6125, NCLB teacher requirements. Available: <<http://www.calregs.com/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>>

California Department of Education and California State Board of Education. Available: <<http://www.cde.ca.gov/nclb/>>

No Child Left Behind Teacher Requirements Resource Guide, 2004, California Department of Education and CDE guidance and presentation materials, 2006. Available: <<http://www.cde.ca.gov/nclb/sr/tq/>>

San Diego County Office of Education, Human Resources and Technology Division. Available: <<http://www.sdcoe.net/hrt/nclb-res.asp>>

U.S. Code, Title 20, section 6319, Qualifications for teachers and paraprofessionals. Available: <http://www4.law.cornell.edu/uscode/html/uscode20/usc_sec_20_00006319----000-.html>

U.S. Department of Education. Available: <<http://www.ed.gov/nclb/landing.jhtml>>

10. San Diego County Schools Risk Management JPA Fringe Benefits Consortium for sample employee training matrix and schedule of safety workshops. Available:
<<http://www.sdcoe.net/business2/?loc=risk-loss&m=4&pi=risk>>
11. Uniformed Services Employment and Reemployment Rights Act (USERRA), U.S. Department of Labor, for links to USERRA regulations, "Questions and Answers," resource guide, and related information. Available:
<<http://www.dol.gov/vets/programs/userra/main.htm>>
12. Williams Settlement:

California Department of Education for sample documents, complaint procedures, "Frequently Asked Questions," and guidance for charter schools. Available:
<<http://www.cde.ca.gov/eo/ce/wc/index.asp>>

San Diego County Office of Education for legislative updates, sample forms, implementation guide, and links to other resources. Available:
<<http://www.sdcoe.net/williams/>>

BASIS FOR OPERATION

The district is responsible for maintaining an accounting system for recording acquisitions, identifying how and where property is used, and noting its condition and disposition when it is no longer useful. This documentation is also valuable for evaluating the potential serviceability and longevity of future purchases.

An important function of the governing board is to delegate responsibility for the tracking and care of district property. Definite assignments and levels of responsibility for property are basic to an adequate property accounting system. The district administrative staff is assigned responsibility for district property by the governing board. Site administrators or designated staff members of the school are generally given the responsibility for property in use at the facility supervised. Boards may extend responsibility to the classroom teacher for equipment under the teacher's direct control.

Procedure 410 of the *California School Accounting Manual* outlines procedures for conducting a physical inventory of property and equipment (see Additional Resources). For good internal control, an inventory should be taken at least annually. Allowances must be made for overages and shortages of school property as revealed by the inventory.

The *California School Accounting Manual*, Procedure 330, defines the following areas for which school districts are required to record capital outlay expenditures: equipment, equipment replacement, books and media for new school libraries or major expansion of school libraries, buildings and improvement of buildings, land, and land improvements. These six classifications and related topics are discussed in this section. The recommendations set forth for permanent property records are minimum standards that meet legal requirements and comply with good property accounting practices.

LEGAL PROVISIONS

The governing board of each school district, shall establish and maintain a historical inventory, or an audit trace inventory system, or any other inventory system authorized by the State Board of Education, which shall contain the description, name, identification, and original cost of all items of equipment acquired by it whose current market value exceeds five hundred dollars (\$500) per item, the date of acquisition, the location of use, and the time and mode of disposal. [EC § 35168]

School districts are required to permanently retain all detail records relating to land, buildings, and equipment. In lieu of such detail records, the district may permanently retain a complete property ledger that must include: [5 CCR §§ 16023(d), 59023(e)]

1. All fixed assets.
2. An equipment inventory.
3. Information for each unit of property, including the following: the date of acquisition or augmentation; the person from whom acquired; an adequate description or identification; the amount paid; and comparable data if the unit is disposed of by sale, loss, or other means.

The property control system of every school district should be maintained in accordance with the following:

1. The title to all real property is held in the name of the district. [EC §§ 17385, 81300]
2. There must be no adverse deed restrictions on the property. [EC §§ 17386, 81301]
3. The sale and lease of real property must comply with legal provisions. [EC §§ 17455, 81360]
4. The sale and lease of personal property must comply with legal provisions. [EC §§ 17542, 17545, 81450]
5. All deeds, insurance policies, and ownership certificates should be systematically filed in a safe place.
6. All district equipment should be identified by a label or mark.
7. Materials and equipment purchased for blind pupils for whom state or federal funds were allowed must be accounted for as state property. These items are available for assignment elsewhere in the state.
8. An annual physical inventory must be taken.
9. Property records should be reconciled with expenditures from various funds.
10. Instances of missing equipment, vandalism, or break-ins must be reported and investigated promptly.

RULES AND REGULATIONS

It is essential that the board establish regulations governing the means by which responsibilities for district property will be assigned. Areas to be covered include:

1. The use of grounds and facilities by the public and agencies other than the school district under the Civic Center Act. [EC §§ 38130 et seq., 82537, 82542 et seq.]
2. The establishment of accounts on a school or other basis.
3. Procedures for transferring property from school to school or within a school.
4. Penalties for the misuse of school property.
5. Physical inventory of the district's property and equipment that appear in the district's records.

Capital Assets

Capital assets consist of property and equipment of material value. These include land and land improvements, buildings and building improvements, equipment, and all other tangible assets that have an initial useful life extending beyond a single financial reporting period. Procedure 430 of the *California School Accounting Manual* provides recommendations for recordkeeping for capital assets, in addition to the inventory requirements of Education Code section 35168, that are necessary to comply with generally accepted accounting principals and the requirements of federal funding agencies (see Additional Resources).

Annual Report

A summary of the district's fixed assets should be prepared annually for the governing board. The report should show a breakdown of the fixed assets, sites, improvement of sites, buildings, and equipment as of June 30 of the prior year. The breakdown should show all additions and deletions made during the fiscal year.

EQUIPMENT AND EQUIPMENT REPLACEMENT

Equipment is movable personal property that has both an estimated useful life over one year and an acquisition cost equal to or greater than the capitalization threshold established by the district. Examples are computers, office furniture, vehicles, and machinery. The district must properly identify and maintain complete inventory records for all equipment.

Procedures 330 and 770 of the *California School Accounting Manual* provide definitions and clarification necessary for identifying equipment and distinguishing between equipment and supplies, improvement of grounds, and building fixtures or service systems (see Additional Resources).

Expenditures for capitalized equipment are charged to object classification 6400, and expenditures for non-capitalized equipment are charged to 4400 (see discussion of “capitalization threshold” below). Expenditures for piece-by-piece replacement of equipment either as a direct purchase or lease purchase should be recorded in object classification 6500.

Nomenclature List

Developing a nomenclature list is the first step in establishing permanent property records for equipment. It is recommended that districts using computerized inventory systems to maintain records adopt a list using a multi-digit property class that would be compatible with such a system.

Equipment with a current market value of over \$500 must be included in the inventory. While the governing board may establish a lower limit for inventory purposes, \$100 is the lowest limit recommended. The worth of inventory records for items without significant value does not justify the effort and expense involved in maintaining such records.

Equipment should be identified and property records established at the time of acquisition by the district. All equipment should be physically inventoried annually thereafter to properly maintain these records. Each school site should maintain a copy of its inventory and should provide a copy to the district office. The inventory should meet at least the following requirements (see Exhibit 1):

1. The item description should be recorded in the nomenclature list.
2. Each piece of equipment should be numbered sequentially with a district identification number using decals, fiber tags, or other means of permanent marking. Inventory tags should be placed in a standard location on each item to facilitate the physical inventory.
3. If the manufacturer has numbered a piece of equipment, the manufacturer's identification number should be recorded.

4. The actual cost and current market value must be included for all items currently valued at \$500 and above. Actual cost should include invoice cost paid by the district plus any sales tax, shipping and handling, and installation. A reasonable cost estimate may be used if the actual cost is unknown. The governing board should approve the fair market value of donated items as of the date of acquisition. (See Procedure 430, *California School Accounting Manual*.)
5. The date of acquisition and the estimated date and mode of disposal must be recorded.
6. The current location of use should be noted.
7. Every item of equipment should be assigned to the custody of a designated individual.

The equipment records required by law may be expanded to include information such as maintenance requirements and replacement schedules. [EC § 35168; 5 CCR §§ 16023(d), 59023(e)] If an item of equipment was purchased with discounts from the Schools and Libraries Universal Service Support Mechanism (E-rate program), this information should be included in inventory records along with other recommended data.

For E-rate equipment purchased and components of supported internal connections services, districts must retain asset and inventory records sufficient to verify the location of the equipment for a minimum of five years after purchase. To prevent audit issues, records should include the make, model, serial number, physical location, delivery and/or installation date(s), funding request letter (FRN), customer bill reference number(s), pre-discount cost, non-discount portion, and reference number (e.g., check number) of the payment of the non-discount portion (see Additional Resources).

Capitalization Threshold

The capitalization threshold is the per-unit cost at which a given item qualifies for capitalization. For most districts, a policy establishing a capitalization threshold of at least \$5,000 is recommended. For larger districts, a higher capitalization threshold may be appropriate. If a district elects to set a threshold higher than \$5,000, a separate threshold of \$5,000 will also be necessary for items paid for with federal funds (*California School Accounting Manual*, Procedure 770).

In accordance with the reporting model established by the Governmental Accounting Standards Board (GASB) Statement No. 34, capital (fixed) assets are reported in the government-wide statement of net assets, and a schedule of capital assets is included in the notes to the financial statements.

“Equipment” includes all expenditures made for capitalized equipment in object classification 6400. Expenditures for capitalized equipment, land improvements, building fixtures, and service systems are those that result in the acquisition of capital assets or additions to capital assets.

“Non-capitalized equipment” includes individual items with an acquisition cost less than the capitalization threshold, generally items between \$500 and \$5,000. Object classification 4400 must be used to record equipment costs within this range. In general, expenditures for items in this range will be subject to indirect cost calculations for the purposes of state and federal categorical programs. However, districts must determine from individual program guidelines whether equipment in object classification 4400 should be included when calculating indirect costs.

Capital Outlay Disposition Request Form

An effective inventory system requires that records be maintained related to the disposition of school property and equipment. A form such as the Capital Outlay Disposition Request provided as Exhibit 2 should be completed whenever there is a change in the disposition of school property or equipment. Such a form provides a record of the following:

1. Interdepartmental or interdistrict transfer: verification of the property identity, the transaction date, and the location and signatures of the releasing and receiving agents.
2. Loss or theft: analysis of the known circumstances when an equipment item is lost or stolen, along with certification that the designated administrative officer has reviewed the loss. This precedes approval by the governing board to remove the item from inventory.
3. Retirement: verification of the identity of property that has reached the end of its usefulness and the specific reason for its retirement, along with certification that a designated employee has approved the retirement. The procedure for disposal of personal property for the purpose of replacement should be followed, and the time and mode of disposal should be recorded.
4. Removal due to low valuation: certification by a designated employee that the value of the property or equipment has fallen below \$500 and the item should be reviewed for removal from inventory records, even if the item is still in use.

BOOKS AND MEDIA

Expenditures for library books and materials to stock a new school library or for material expansion of a library are recorded in object 6300, Books and Media for New School Libraries or Major Expansion of School Libraries. Procedure 330 of the *California School Accounting Manual* distinguishes between these expenditures and the routine purchase of library books and reference materials for use by district personnel, object classification 4200. A complete and accurate inventory of books and media recorded in object 6300 should be established and verified annually.

DISPOSAL OF PERSONAL PROPERTY

The governing board may sell at cost, without advertisement for or receipt of bids, any personal property or school supplies to the federal government or any agency eligible under the federal surplus property law. [EC §17540] (See also Accounting.)

The governing board may sell for cash any personal property of the district that is not required for school purposes, or if it should be disposed of for replacement, or if it is unsatisfactory or not suitable for school use. [EC §§ 17545(a), 81450(a)]

If the value of property, which may consist of one or more items, does not exceed \$2,500, as determined by unanimous vote of the governing board members present, it may be sold by any authorized employee at a private sale without advertising. If the property is of insufficient value to defray the costs of arranging a sale, it may be donated to a charitable organization deemed appropriate by the board, or it may be disposed of in the local public dump on order of an authorized employee. [EC §§ 17546, 81450, 81452]

If the value of the property is determined to be in excess of \$2,500, there shall be no sale until notice has been given by posting in three public places within the district for at least two weeks or by publishing in a local newspaper having general circulation at least once a week for two weeks. The board shall sell the property to the highest responsible bidder or shall reject all bids. Any item previously offered for sale, but for which no qualified bid has been received, may be sold by an authorized employee at private sale without advertising. [EC §§ 17545(b), 17546(b), 81450(a), 81452(b)]

The governing board may choose to conduct any sale of personal property by means of a public auction conducted by district employees, other public agencies, or by contract with a private auction firm. The board may delegate to the employee responsible for conducting the auction the authority to transfer the personal property to the highest responsible bidder upon completion of the auction and after payment has been received. [EC §§ 17545(a), 81450(b)]

A school district may sell or lease surplus Internet appliances or computers to parents of pupils in the district, at a price not to exceed the original cost to the district, for the purpose of providing access to the district's educational computer network. [EC § 17453.1]

Equipment purchased with discounts from the E-rate program shall not be sold or transferred in consideration of money or anything else of value for a three-year period after purchase. An exception is made in the event that the particular location where the equipment was originally received is permanently or temporarily closed. Three or more years after purchase, districts may freely transfer equipment to other eligible entities but only without payment of money or anything else of value. [47 CFR § 54.513] Both the transferring and receiving entities must notify the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) of the transfer. Districts shall maintain records documenting the transfer for a period of five years. Instructions for notifying the SLD are available on the USAC Web site (see Additional Resources).

The county superintendent of schools may dispose of personal property worth over \$25,000 with county board approval after obtaining an independent valuation of the property, advertising the property for sale in a newspaper of general circulation, and presenting the matter to the county board of education for its discussion and approval. In order to dispose of any personal property worth less than \$25,000, the county superintendent of schools must certify its value in a quarterly report to the county board of education. [EC § 1279]

LAND AND LAND IMPROVEMENTS

Land

The costs associated with acquisitions of land and additions to old sites and adjacent ways must be recorded under object classification 6100, as described in Procedure 330 of the *California School Accounting Manual* (see Additional Resources).

A sample site record is presented as Exhibit 3. The following information should be recorded for each parcel of land owned by the district:

1. Site Identification
 - a. Location
 - b. Use of site
 - c. Legal description

- d. Size
 - e. Disposition
2. Acquisition of Site
- a. Date
 - b. Deed reference
 - c. Method of acquisition
 - d. Previous owner
 - e. Summary of deed restrictions (supported by title insurance policy)
 - f. Source of funds
3. Cost Data
- a. Purchase cost of land acquisitions and improvements
 - b. Cost of additions to and improvement of old sites and adjacent ways
 - c. Demolition costs for removal of old buildings on newly acquired sites
 - d. Incidental expenditures related to the site acquisition, e.g., appraisal fees, search and title insurance, surveys, and condemnation proceedings and fees

Procedure 430 of the *California School Accounting Manual* presents guidelines for determining the method of valuation for inventory purposes. Generally accepted accounting principles require the use of actual historical cost to determine the value of property. An appraised acquisition cost, a reasonable estimate of acquisition cost, or a valuation based on fair market value may be assigned to property when acquisition costs are not available or the land has been donated, exchanged, or sold at a reduced price to the district.

In addition to compiling the recommended site data, it is important to ensure that the deed has been properly recorded. A title policy must be received and should be stored in a safe place. This data may be recorded on a prepared form that presents a permanent and cumulative record of each site. Additionally, a record of additions or sales from existing sites can be maintained (see Exhibit 3).

Land Improvements

Land improvements include work such as grading, landscaping, sewers, and athletic fields. Improvements must be recorded and counted as part of the total fixed assets of the district. The costs of site improvements should be taken from invoices or contracts covering the work completed. Land improvements of new and old sites and adjacent ways as described in *California School Accounting Manual* Procedure 330 are charged against object classification 6170.

Records relating to the costs and details of improvements should be maintained in such a manner that they agree with corresponding site records (see Exhibit 3).

BUILDINGS AND IMPROVEMENT OF BUILDINGS

Included in building costs are expenditures for construction or purchase of new buildings (including relocatable buildings) and additions, replacements of obsolete buildings, and any other construction or acquisition costs that are directly related to the original building purchase or alterations at a later date. Also included are costs of improvements of buildings such as alterations, remodeling, renovations, and replacement of buildings in whole or in part that meet the district's capitalization threshold.

Procedures 330 and 770 of the *California School Accounting Manual* provide definitions and criteria to be used for identifying expenditures in object classification 6200, Buildings and Improvements of Buildings (see Additional Resources):

1. Building fixtures and service systems that meet the following criteria: the item is permanently attached to the building; the item functions as part of the building; the building would be damaged or not serve its intended use if the item were removed; the item is real property; and the item loses its functional identity as a separate unit. Building fixtures and service systems generally have long and useful lives.
 - a. Fixtures are permanent attachments to a building. Examples are cabinets and bleachers installed in a gymnasium.
 - b. Service systems serve a single function throughout a building and are usually installed during construction. Examples are heating, air-conditioning, and ventilation systems; plumbing; and communication systems.
2. A building addition, defined as a physical extension of an existing structure.

3. A betterment, defined as a replacement of part of an existing asset that increases the life or value of the asset.
4. Other costs associated with the construction or purchase of buildings, such as architectural and engineering fees, blueprints, demolition costs, and inspection fees.

In addition to reflecting costs, records for buildings should provide a convenient and accessible reference for any information pertinent to the building. Exhibit 4 presents a sample building record form. Photographs of buildings and a drawing showing the location of the buildings on the site and the dimensions and use of each room should be included. Alterations, additions, or improvements to the original building should be noted, as well as the following information:

1. Building Identification
 - a. Name of building
 - b. Location
 - c. Use of building
 - d. Acquisition date
 - e. Date of construction contract
 - f. Contractor
 - g. Date of acceptance
 - h. Type of construction
 - i. Source of funding
2. Size and Dimensions
 - a. Pupil and occupancy capacity
 - b. Number of rooms
3. Service systems
 - a. Heating, air conditioning, ventilation

- b. Water supply and sewage disposal
- c. Electrical
- d. Communication
- e. Fire protection
- f. Elevators

Estimated Current Replacement Cost

In addition to recording original and all subsequent building costs, an estimated replacement value should be set on each building and updated at least every five years. Rising construction costs, alterations, additions, and replacements of built-in fixtures alter the actual value of a building. The estimated current replacement cost is essential for insurance purposes.

To establish the estimated replacement costs, districts should refer to State Allocation Board (SAB) regulations, Title 2, California Code of Regulations section 1859.82. (see Additional Resources). Base schedule amounts calculated from commercial construction cost resources are subject to adjustment by a construction cost index factor, an urban area factor, small building area factors, and building type (i.e., Class B or Class D construction), if applicable. Construction cost indices are available on the Office of Public School Construction (OPSC) Web site (see Additional Resources).

SALE OR LEASE OF REAL PROPERTY

The governing board may sell or lease for a term not exceeding 99 years any real property belonging to the district that is not or will not be needed by the district. Restrictions and conditions applicable to the sale or lease of real property are defined in the Education Code. [EC § 17455 et seq.] (See also Accounting and Facilities Planning.) Records relating to the sale or lease of real property should be maintained in such a manner that they agree with corresponding site records (see Exhibit 3).

ADDITIONAL RESOURCES

1. *California School Accounting Manual*, California Department of Education, 2008. Available: <<http://www.cde.ca.gov/fg/ac/sa/>>

2. California Code of Regulations. Available:
<<http://ccr.oal.ca.gov/linkedslice/default.asp?SP=CCR-1000&Action=Welcome>>

Title 2, California Code of Regulations, section 1859.82. Available:
<http://www.documents.dgs.ca.gov/opsc/Regulations/SFP_Regs.pdf>
3. K-12 High Speed Network for E-rate program information and news. Available:
<<http://www.k12hsn.org/programs/erate/> >
4. Office of Public School Construction, Department of General Services, for construction cost indices and links to other resources. Available:
<<http://www.resd.dgs.ca.gov/CaliforniaConstructionCostIndexPage.htm>>
5. State Allocation Board Regulations. Available:
<<http://www.opsc.dgs.ca.gov/Regulations/Default.htm>>
6. Universal Service Administrative Company, Schools and Libraries Division:

E-rate program information. Available:
<<http://www.universalservice.org/sl/about/overview-program.aspx>>

Transfers of equipment purchased with E-rate discounts. Available:
<http://www.sl.universalservice.org/reference/transfer_equipment.asp>

Understanding Beneficiary Audits. Available:
<<http://www.universalservice.org/sl/about/audits/>>

LIST OF EXHIBITS

- Exhibit 1 Capital Property Inventory Record Form, Sample, San Diego County Office of Education (SDCOE)
- Exhibit 2 Capital Outlay Disposition Request Form, Sample, SDCOE
- Exhibit 3 Site Record Form, Sample, SDCOE
- Exhibit 4 Building Record Form, Sample, SDCOE

| Capital Property Inventory Record | | |
|-----------------------------------|------------------------|-------------|
| Location of Equipment | Educational Technology | |
| Purchase Order Number | 36807 | |
| E-tag Number | E 24654 | |
| Equipment Description | MAC G4 | |
| Acquisition Data | Code | 005 |
| | Date | 04/30/03 |
| | Cost | \$2,598.00 |
| Location Data | D-S-Ss | 005-200-001 |
| | S-B-R | 043-207-001 |
| | | |
| Class | 135 | |

Serial Number

If the **Location** listed above is not correct, please enter the correct location here. --->

Tagged by:

**Please fill in the Serial Number, tag the equipment,
 sign the form and return it to Room 503**

**Guidelines for Form 108 – Internal Business
Capital Property Inventory Record**

1. The purchasing unit will send the receiving copy of the purchase order for capital outlay equipment to the inventory clerk.
2. A Capital Property Inventory Record (Form 108) will be completed by the inventory clerk, who will enter the following data:
 - a. Assigned E-tag number
 - b. Description of equipment
 - c. Property class and insurable value
 - d. Acquisition cost and purchase order number
 - e. Location and accounting data
 - f. Description of where equipment will be located
3. The receiving copy of the purchase order, property tag(s), and the Form 108 will be forwarded to the receiving section
4. Upon receipt of the equipment, the receiving clerk will tag the equipment, enter the manufacturer's serial number (if appropriate), sign and date Form 108.
5. Form 108 will be returned to the inventory clerk, and the receiving copy of the purchase order will be sent to the Accounts Payable unit by the receiving clerk.

San Diego County Office of Education
CAPITAL OUTLAY DISPOSITION REQUEST

PROPERTY IDENTIFICATION

DIVISION: _____

SECTION: _____

| E-TAG # | BARCODE # | DESCRIPTION | PO # | SERIAL NO. | DATE ACQ. |
|---------|-----------|-------------|------|------------|-----------|
| | | | | | |

NATURE OF REQUEST (Complete appropriate section – Directions on reverse side)

SECTION A. LOSS/THEFT OF CAPITAL PROPERTY (Any loss/theft must be reported immediately.)

DATE of loss/theft: _____ LOCATION at time of loss/theft: _____

How loss/theft occurred: _____

REPORTED BY: _____ DATE: _____ PHONE: _____

POLICE REPORT ATTACHED: Yes No POLICE REPORT NO. _____

DIRECTOR'S SIGNATURE: _____ DIV. ASST. SUPT.'S SIGNATURE: _____

SECTION B: CAPITAL PROPERTY RETIREMENT

No longer needed by section Non-repairable Trade-In Other _____

Date: _____ Location/site: _____

DIRECTOR'S SIGNATURE: _____ DIV. ASST. SUPT.'S SIGNATURE: _____

COMPLETE FORM 434 FOR PICK-UP OF ITEM BY M&O

AT TIME OF PICK-UP, HAVE M&O SIGN-OFF MAINTENANCE & OPERATIONS USE SALVAGE SECTION OF THIS FORM

NOTE: IF ITEM IS TO BE TRADED IN, SEE INSTRUCTIONS (SECTION B) ON REVERSE SIDE OF THIS FORM.

SECTION C: INTERDEPARTMENTAL/INTERDISTRICT TRANSFER

TRANSFERRING SECTION: _____

Date: _____ Location/site: _____

RECEIVING SECTION OR DISTRICT: _____

Date: _____ Location/site: _____

DIRECTORS' SIGNATURES: _____
TRANSFERRING SECTION RECEIVING SECTION

ASSISTANT SUPERINTENDENT-BUSINESS SERVICES: _____
(Required only if transferring permanently to a district)

SECTION D: REMOVAL FROM INVENTORY DUE TO LOW VALUATION (UNDER \$500)

Estimated value: \$ _____ Location/Site: _____ Date: _____

DIRECTOR'S SIGNATURE: _____

ASSISTANT SUPERINTENDENT-BUSINESS SERVICES: _____

TO BE COMPLETED BY CAPITAL INVENTORY SECTION

The items listed have been compared with property inventory control records maintained by the County Office of Education and agree with said records.

By: _____ Date: _____

MAINTENANCE & OPERATIONS USE SALVAGE

Received by: _____

Date: _____ Disposition date: _____

Disposition Source: _____

Sold for: \$ _____

White and Canary – Internal Business

Pink – Originator (Canary copy will be returned to issuing department upon completion by Internal Business.)

INSTRUCTIONS FOR PREPARATION OF CAPITAL OUTLAY DISPOSITION FORM

Use a separate form for each type of transaction (lost, retired, etc.) If reporting a similar transaction type for more than one item, indicate "see attached list" in the bar-code space and attach a listing containing the complete identification information for each item.

PROPERTY IDENTIFICATION:

Indicate the division/section, and identify the equipment item: E-Tag #, bar-code #, PO #, serial number and date of acquisition.

NATURE OF REQUEST:

Complete the appropriate section indicating disposition as loss/theft, retirement, transfer, or removal due to low valuation.

SECTION A: LOSS/THEFT

Report all thefts to local police and record the police report number in the space provided. File a property loss form with the Purchasing/Contracts officer. Complete other information requested in this section.

SECTION B: RETIREMENT

If the item is to be picked up, keep the Capital Outlay Disposition Request forms with the equipment. Complete a Maintenance & Operations work request, Form 434 for pick-up. The M&O Employee will sign the M&O Salvage Section when they pick up the item. If the item is to be traded in, coordinate the release with the Purchasing Section.

SECTION C: INTERDEPARTMENTAL OR INTERDISTRICT TRANSFER

If the item is to be transferred to another section, indicate the name and location/site of the receiving section. Transfers between sections require the signatures (director level or higher) of both sections. If transferring permanently to a district, indicate the district and department and obtain the additional approval of the Assistant Superintendent of Business Services.

SECTION D: REMOVAL DUE TO LOW VALUATION

The minimum valuation for inventory listing is ordinarily \$500. Items can be removed when values decline, avoiding the sometimes costly process of sightings at remote sites. Approval by the Assistant Superintendent of Business Services is required.

Upon completion of this form forward the disposition request to the Inventory Clerk in Internal Business. Retain the pink copy prior to forwarding to Internal Business.

SITE RECORD

Form 1

Name of School or Supporting Services Facility _____ School or Building No. _____
 Location _____
 111.1 School Site (Indicate Type of School Plant) _____
 111.2 Supporting Services Site (Indicate Kind of Building on Site or Other Use) _____

| Land | Dates 113-115 | Acquisitions | | Disposals | | Adjusted Figure | | 112. Ownership |
|--------------------------------|------------------|--------------|-----------|-----------|-----------|-----------------|-----------|----------------|
| | | 120. Area | 131. Cost | 120. Area | 131. Cost | 120. Area | 131. Cost | |
| Original Site | | | | | | | | |
| | | | | | | | | |
| Additions or Disposals..... | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

132. COST OF IMPROVEMENTS TO SITE

| Date | Type of Entry* | Total 132. | 132.1 Outdoor Service Systems | | | | | 132.2 Play Areas | | | Fences and Walls 132.3 | Land- scaping 132.4 | Miscel- laneous 132.5 | |
|------|----------------------|---------------|-------------------------------|----------------------------|--------------------------|--------------------|-----------------|------------------|-------------------|--------------------------|---------------------------------|---------------------------|-----------------------------|----------------|
| | | | Parking 132.11 | Passage- ways 132.12 | Water Sewer 132.13 | Electric 132.14 | Other 132.15 | Total 132.1 | Surface 132.21 | Equip- ment 132.22 | | | | Total 132.2 |
| | | | | | | | | | | | | | | |
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*Entries recorded are as follows: O-F, Original Figure; A-A, Additions After Acquisition; R-A, Reductions After Acquisition; A-F, Adjusted Figure.

Note: This sample form is presented for possible use by a school district developing a Site Record form for its own use.

Form 1 (Contd.)

LEGAL DESCRIPTION

| | | | | |
|----------------|--------|--------|--------|--------|
| Original Site: | _____: | _____: | _____: | _____: |
|----------------|--------|--------|--------|--------|

DEED REFERENCES

| | |
|--|---|
| Original Site: Reversion Clause Conditions _____ Grantor _____ Type of Deed _____ Date _____ Recorded _____ Page No. _____ Copy on File With _____ Plat Book: Page No. _____ Ward _____ Precinct _____ Legislation: Res'n. No. _____ Date _____ Res'n. No. _____ Date _____ | Addition 2: Reversion Clause Conditions _____ Grantor _____ Type of Deed _____ Date _____ Recorded _____ Page No. _____ Copy on File With _____ Plat Book: Page No. _____ Ward _____ Precinct _____ Legislation: Res'n. No. _____ Date _____ Res'n. No. _____ Date _____ |
| Addition 1: Reversion Clause Conditions _____ Grantor _____ Type of Deed _____ Date _____ Recorded _____ Page No. _____ Copy on File With _____ Plat Book: Page No. _____ Ward _____ Precinct _____ Legislation: Res'n. No. _____ Date _____ Res'n. No. _____ Date _____ | Addition 3: Reversion Clause Conditions _____ Grantor _____ Type of Deed _____ Date _____ Recorded _____ Page No. _____ Copy on File With _____ Plat Book: Page No. _____ Ward _____ Precinct _____ Legislation: Res'n.No. _____ Date _____ Res'n. No. _____ Date _____ |

REMARKS:

Note: Information on this side is of local character and will vary with local needs. A school district may wish to include as part of its records: (1) A plot plan showing utility lines, roads, etc, and (2) a drawing of the building as built.

Note: This is the reverse side of a sample form for possible use by a school district developing a Site Record form for its own use.

| BUILDING RECORD | | | | | | | | | | | | Form 2 | | | | | | | |
|---|--|--|--|------------------------------------|--|------|--|-------------------------------------|--|------|--|--------|--|------|--|-----|--|------|--|
| Name of School _____ | | | | School No. _____ | | | | 212. Ownership _____ | | | | | | | | | | | |
| Name of Building _____ | | | | Building No. _____ | | | | 216. Type of Construction _____ | | | | | | | | | | | |
| Location _____ | | | | 217. Kind of School Building _____ | | | | 218. Availability of Building _____ | | | | | | | | | | | |
| 211. Use of Building: (If Vacant, Check Here <input type="checkbox"/>) | | | | 219. Mobility of Building _____ | | | | 223. Number of Pupils Served _____ | | | | | | | | | | | |
| 211.1 Schools in Building _____ | | | | | | | | | | | | | | | | | | | |
| 211.2 Supporting Services in Building _____ | | | | | | | | | | | | | | | | | | | |
| General Building Data | | | | Original Bldg. | | | | | | | | | | | | | | | |
| 213. Date of Acquisition | | | | | | | | | | | | | | | | | | | |
| 214.1 Date of Constr. Contract | | | | | | | | | | | | | | | | | | | |
| 214.2 Date of Acceptance | | | | | | | | | | | | | | | | | | | |
| 215. Date of Disposal | | | | | | | | | | | | | | | | | | | |
| 221. Gross Floor Area | | | | | | | | | | | | | | | | | | | |
| 221.1 Basement | | | | | | | | | | | | | | | | | | | |
| 221.2 First Floor | | | | | | | | | | | | | | | | | | | |
| 221.3 Second Floor | | | | | | | | | | | | | | | | | | | |
| 222. Pupil Capacity | | | | | | | | | | | | | | | | | | | |
| 230. Cost of Building | | | | | | | | | | | | | | | | | | | |
| 231. Contract Cost | | | | | | | | | | | | | | | | | | | |
| 232. Architect & Engineering Serv | | | | | | | | | | | | | | | | | | | |
| 233. Legal Services | | | | | | | | | | | | | | | | | | | |
| 234. Educ. Consultant Services | | | | | | | | | | | | | | | | | | | |
| 235. Miscellaneous Costs | | | | | | | | | | | | | | | | | | | |
| Detailed Building Data | | | | Original Bldg. | | | | | | | | | | | | | | | |
| | | | | No. | | Area | | No. | | Area | | No. | | Area | | No. | | Area | |
| 240 Instruction Areas | | | | | | | | | | | | | | | | | | | |
| 241. Classrooms | | | | | | | | | | | | | | | | | | | |
| 241.1 Regular | | | | | | | | | | | | | | | | | | | |
| 241.2 Special | | | | | | | | | | | | | | | | | | | |
| 241.21 Kindergarten | | | | | | | | | | | | | | | | | | | |
| 241.22 Laboratory | | | | | | | | | | | | | | | | | | | |
| 241.23 Shop | | | | | | | | | | | | | | | | | | | |
| 241.24 Home Economics | | | | | | | | | | | | | | | | | | | |
| 241.25 Music | | | | | | | | | | | | | | | | | | | |
| 241.26 Exceptional Children | | | | | | | | | | | | | | | | | | | |
| 241.27 Other Spec. Classrooms | | | | | | | | | | | | | | | | | | | |
| 242. Other Instruction Areas | | | | | | | | | | | | | | | | | | | |
| 242.1 School Library Areas | | | | | | | | | | | | | | | | | | | |
| 242.2 Study Halls | | | | | | | | | | | | | | | | | | | |
| 242.3 Audiovisual Rooms | | | | | | | | | | | | | | | | | | | |
| 242.4 Auditoriums | | | | | | | | | | | | | | | | | | | |
| 242.5 Gymnasiums | | | | | | | | | | | | | | | | | | | |
| 242.6 Gymnatoriums | | | | | | | | | | | | | | | | | | | |
| 242.7 Cafeteriums | | | | | | | | | | | | | | | | | | | |
| 242.8 Multipurpose Rooms | | | | | | | | | | | | | | | | | | | |
| 242.9 (Specify) | | | | | | | | | | | | | | | | | | | |

Note: This sample form is presented for possible use by a school district developing a Building Record form for its own use.

Form 2 (Contd.)

| Detailed Building Data (cont.) | Original Bldg. | | | | | | | | | | | | |
|---|--|------|-----|------|-----|------|-----|------|-----|------|-----|------|--|
| | No. | Area | No. | Area | No. | Area | No. | Area | No. | Area | No. | Area | |
| 250. Administration Areas | | | | | | | | | | | | | |
| 261. Circulation Areas Inside Bldgs. | | | | | | | | | | | | | |
| 270 Service Areas | | | | | | | | | | | | | |
| 271. Cafeterias or Lunchrooms .. | | | | | | | | | | | | | |
| 272. Teachers' Rooms | | | | | | | | | | | | | |
| 273. Maint. & Operations Areas.. | | | | | | | | | | | | | |
| 274. Toilet Rooms | | | | | | | | | | | | | |
| 274.1 Separate | | | | | | | | | | | | | |
| 274.3 Adjuncts | | | | | | | | | | | | | |
| 275. Shower Rooms | | | | | | | | | | | | | |
| 275.1 Separate | | | | | | | | | | | | | |
| 275.3 Adjuncts | | | | | | | | | | | | | |
| 276. Miscellaneous | | | | | | | | | | | | | |
| 262. Covered Passageways Outside Buildings . | | | | | | | | | | | | | |
| 251. Kinds of Administration Areas | 273.1 Kinds of Maintenance and Operation Areas: | | | | | | | | | | | | |
| 251.1 Principals Office | 273.11 Mechanical and Electrical Service Rooms | | | | | | | | | | | | |
| 251.2 Guidance Area | 273.12 Custodial Service Rooms | | | | | | | | | | | | |
| 251.3 Health Service Area | 273.14 Storage Rooms | | | | | | | | | | | | |
| 251.4 Superintendent's Office | | | | | | | | | | | | | |
| 251.5 Miscellaneous | | | | | | | | | | | | | |
| 280. SERVICE SYSTEMS | | | | | | | | | | | | | |
| 281. Heating System: | 286. Communication System: | | | | | | | | | | | | |
| 281.1 Type of Heating System: | 286.1 Telephone System: | | | | | | | | | | | | |
| 281.11 Central Heating | 286.11 Complete | | | | | | | | | | | | |
| 281.12 Local Zone Heating | 286.12 Partial | | | | | | | | | | | | |
| 281.13 Room-Fired Heaters | 286.2 Speaker System: | | | | | | | | | | | | |
| 281.2 Source of Heat | 286.21 Complete | | | | | | | | | | | | |
| 281.3 Capacity of Heating Plant(s) | 286.22 Partial | | | | | | | | | | | | |
| 282. Cooling System: | 286.3 Combination Speaker-Telephone System | | | | | | | | | | | | |
| 282.1 Type of System: | 286.4 Program System | | | | | | | | | | | | |
| 282.11 Central System | 286.5 Code Call System | | | | | | | | | | | | |
| 282.12 Local Zone System | 287. Television System: | | | | | | | | | | | | |
| 282.13 Individual Units | 287.1 Television Receiving System | | | | | | | | | | | | |
| 282.2 Extent of Cooling System: | 287.2 Program Origination Provisions | | | | | | | | | | | | |
| 282.21 Whole Building Cooled | 288. Fire Protection System: | | | | | | | | | | | | |
| 282.22 Part of Building Cooled | 288.1 Number of Fire Alarm Boxes | | | | | | | | | | | | |
| 283. Type of Ventilating System | 288.2 Number of Automatic Sprinkler Heads | | | | | | | | | | | | |
| 284. Water Supply and Sewage Disposal System: | 288.3 Number of Fire Hose Cabinets | | | | | | | | | | | | |
| 284.1 Source of Water | 288.4 Number of Fire Extinguisher Stations | | | | | | | | | | | | |
| 284.2 Number of Heat Generators for Hot Water | 289. Elevators: | | | | | | | | | | | | |
| 284.3 Type of Sewage Disposal System | 289.1 Number of Passenger Elevators | | | | | | | | | | | | |
| 285. Electrical System: | 289.2 Number of Freight Elevators | | | | | | | | | | | | |
| 285.1 Building Completely Wired | | | | | | | | | | | | | |
| 285.2 Building Partially Wired | | | | | | | | | | | | | |
| 285.3 Emergency Lighting System | | | | | | | | | | | | | |

Note: This is the reverse side of a sample form for possible use by a school district developing a Building Record form for its own use.

LEGAL PROVISIONS

The governing board shall manage, control, and repair school property of its district. The clerk of the district shall, under the direction of the governing board, keep the schoolhouses in repair during the time school is being taught, and exercise general care and supervision over the school premises and property during school vacation periods. [EC §§ 17565, 17593, 81600-1]

The governing board may use maintenance personnel to make repairs, alterations, additions, painting, repainting, or decorating school buildings, repair or build apparatus or equipment, make improvements on the school grounds, erect new buildings, and perform maintenance as defined whenever the total number of hours on the job does not exceed 350 hours. Larger districts have different limits for use of force accounts. [PCC §§ 20114-5, 20655-6]

The governing board may require uniforms and safety equipment to be worn by maintenance and operations staff. The cost of the purchase, lease, or rental of required uniforms shall be paid by the district. [EC §§ 45138, 88037]

The governing board may provide for the proper health supervision of the school buildings and pupils enrolled in the schools of the district. The governing board must cooperate with the local health officer in measures necessary for the prevention and control of communicable diseases in school-age students. [EC §§ 49402-3]

The governing board shall annually notify all staff, parents or guardians of pupils of the name and active ingredient of all pesticide products expected to be applied at the schoolsite and at least 72 hours prior to the application of a pesticide subsequently intended for use. [EC § 17612]

Lead-based paint, lead plumbing and solders, or other potential sources of lead contamination shall not be utilized in the construction of any new school facility or the modernization or renovation of any existing school facility [EC § 32244]

The legal provisions for purchasing maintenance and operation supplies are the same as for the purchase of other school products. (See also Purchasing.) An inventory of supplies should be maintained to ensure their availability when needed.

The governing board shall provide a warm, healthful place in which students who bring their own lunches to school may eat the lunches. [EC § 17573]

Every employer shall establish, implement and maintain an effective Injury and Illness Prevention Program. [8 CCR 3202] (See also Risk Management and Insurance.)

Each school district and county office of education is responsible for the overall development of all comprehensive school safety plans for its schools operating kindergarten or any of grades 1 to 12, inclusive. [EC § 32281]

Every school building having an occupant capacity of 50 or more students or more than one classroom shall be provided with a dependable and operative fire alarm system. Every person and public officer managing, controlling, or in charge of any public school shall cause the fire alarm signal to be sounded not less than once every calendar month and shall conduct a fire drill at least once every calendar month at the elementary level and at least four times every school year at the intermediate levels. [EC §§ 32001, 48070.5]

A fire drill shall be conducted in each elementary and intermediate school at least once each month and in each secondary school not less than twice every school year. [EC § 52, 5 CCR §§ 2, 550]

Governing boards must adopt a written policy for use by schools of the district in formulating individual civil defense and disaster preparedness plans. [5 CCR § 560]

The governing board may prescribe rules and regulations for the use of any public schoolhouse and grounds pursuant to the provisions of the Civic Center Act. The governing board shall grant the use of school buildings, grounds, and facilities to other agencies for mass care and shelters during disasters or other emergencies. Utilities, janitorial services, cost of an employee when needed, and other necessary expenses in connection with such use may be charged directly to the user of the facility in specified instances contingent with a preapproved memorandum of understanding. [EC §§ 38130-8, 82537-48]

Williams Settlement

Laws and regulations implementing settlement of the case of Williams v. State of California [Super. Ct., San Francisco, No. CGC-00-312236] imposed new requirements related to the maintenance of all school facilities. Additional requirements apply to schools in Deciles 1 to 3, inclusive, of the base Academic Performance Index (API) as updated every three years commencing 2007-08. The intent of the Williams settlement, as it relates to facilities, is to ensure that all students have equal access to schools that are clean, safe, and maintained in good repair. [EC §§ 1240, 17002(d), 17070.75, 17089, 17592.70 -2.72, 33126(b)(9), 35186, 35292.5, 41020(i)(2); 5 CCR § 4600 et seq.]

Additional information on the Williams settlement is available in the Facilities Planning section and online (see Additional Resources).

MAINTENANCE AND OPERATIONS STAFF

Maintenance and operations staff should be employed according to the rules and regulations of all other classified personnel. Refer to the Human Resources section for applicable employment procedures.

The designated manager/maintenance and operations supervisor is responsible for carefully outlining the expectations of management with respect to maintenance and operations services during the regular work shift. In addition, maintenance and operations responsibilities for after-hours activities in school buildings and on school grounds pursuant to the Civic Center Act, as well as the requirements of the staff when schools are not in session, should be carefully defined.

The maintenance and general upkeep of school facilities require maintenance and operations personnel to perform tasks of a repetitive nature. The work must be performed consistently in a neat, orderly, efficient, and safe manner.

Maintenance and operations functions require personnel to have skills of a varied nature. Maintenance and operations staff may be required to be proficient in the following areas:

1. General knowledge of computerized systems, such as energy management and alarm/security systems, and the ability to troubleshoot, repair, and upgrade systems.
2. General knowledge of plumbing, with the ability to make repairs on toilets, sinks, sprinkler systems, water heaters, dishwashers and other kitchen equipment; and to know the location of cleanouts, and water shutoffs, etc.
3. General knowledge of electricity, the location of electrical panels and switches, and the ability to make minor repairs of lighting, heating, air conditioning, and ventilation systems.
4. General knowledge of the operation of emergency backup systems, including generators for emergency lighting in the event of a power failure or blackout.
5. Ability to operate and maintain wired and wireless systems and sensors.
6. Ability to operate machinery such as lawn mowers; indoor, outdoor, and shop vacuum cleaners; and paint sprayers.

7. Ability to read blueprints and perform repairs, construction, and remodeling of buildings.
8. Ability to operate motor vehicles as required and be licensed to drive the necessary vehicles.
9. Ability to apply pesticides in accordance with effective, least toxic pest management practices. [EC §§ 17608 et seq.]

The listing above is not intended to be all-inclusive for each maintenance and operations employee. Among the maintenance and operations staff, the expertise necessary to perform routine, recurring, and usual maintenance functions should be present. Otherwise, the district will need to contract for specific maintenance services that cannot be performed by the staff or that exceed legal limits. [PCC §§ 20114-5, 20655-6]

The district should provide inservice training necessary to improve job skills required for efficient maintenance and operations services and to inform staff about new products and techniques. Staff should be encouraged to protect natural resources and be trained in practices that promote energy efficiency and water conservation. Additional inservices should be provided on avoiding health hazards, such as sanitation practices, the proper handling of hazardous substances, and the prevention of heat illness (see Additional Resources).

RESPONSIBILITIES AND PROCEDURES

The maintenance of school facilities and grounds is a consideration in the design of a school building master plan. The size of the facility, the arrangement of buildings, and the number of classrooms directly affect maintenance and operations staffing and procedures needed to maintain the facility. The planned use of the buildings and grounds by pupils, staff, and the public should also be evaluated when designing a school facility. (See also Facilities Planning.) Proper selection of trees, shrubs, grasses, flowers, etc., will reduce water use and contribute to the ease of maintaining the grounds.

Maintenance and operations procedures should be established that comply with applicable regulations of other public agencies. Storm water management practices and fire prevention measures, for example, must satisfy ordinances written and enforced by other public agencies. Procedures should also provide for collaboration, as necessary, with local, state, and federal authorities. For example, districts are required to have emergency and disaster preparedness plans that support the coordination of activities among multiple jurisdictions and agencies. [GC § 8607(a)]

Maintenance and operations duties should be coordinated with the school program and contracted services so that work during school hours is done with a minimum of disturbance to pupils and school personnel.

Regularly Scheduled Duties

There are many maintenance and operations tasks that need to be performed on a regular basis. Daily tasks include:

1. Raising and lowering flags.
2. Regulating the heating and/or air-conditioning equipment.
3. Disarming security systems, unlocking doors, opening windows for ventilation, and turning on lights.
4. Identifying any overnight or weekend damage to buildings and grounds caused by vandalism, accident, or weather.
5. Setting up rooms for special activities.
6. Cleaning restroom facilities; replacing all commodities and making sure dispensers work properly.
7. Cleaning classrooms, teachers' lounges and other areas, and performing special tasks within classrooms based upon teacher requests.
8. Disposing of trash and recyclables.
9. Locking doors and gates to school buildings and grounds, closing windows, turning off lights, arming security systems.
10. Maintaining control of lost and found items, including establishing time constraints and a system for disposition of unclaimed items.
11. Removing graffiti.

Duties of a weekly, monthly, or quarterly nature should be defined and scheduled. Tasks in this classification may include:

1. Maintenance of school grounds and buildings.

2. Playground maintenance.
3. Pool maintenance.
4. Lubricating equipment.
5. Cleaning and painting interior walls.
6. Changing walk-off mats at entry doors.
7. Waxing floors and cleaning carpets.
8. Washing windows and blinds and arranging for the cleaning of draperies.
9. Resurfacing floors and refinishing furniture.

Inspection and Maintenance of Grounds and Buildings

A regular schedule for the maintenance of school grounds should be established. Included in these tasks would be sweeping walkways, raking leaves, removing snow, cleaning gutters and storm drains, trimming of lawns, trees and plants, and maintaining a schedule for watering and fertilizing.

Landscaping should be reviewed periodically to ensure buildings and walkways are not obscured by overgrowth of bushes or shrubs. Depending upon the size of the facility, grounds maintenance duties may be performed by staff whose responsibility is gardening, while indoor maintenance may be the function of a separate staff.

Periodic inspections should be scheduled for all buildings to detect deterioration caused by general use, defective materials, heat, corrosion, rust, rot, or termites. The early identification of structural damage facilitates and economizes on needed repairs. Long-term maintenance programs, such as insect and rodent control, repainting of buildings, flushing of boilers, etc., should also be established. Forms for reporting damage to school property and necessary repairs outside the scope of maintenance and operations services should be provided.

Regular maintenance and inspection programs should focus on legal requirements as well as safety and environmental considerations, many of which are discussed below.

Playground Maintenance

A program of routine playground maintenance and inspection should be developed and documentation of these activities kept on file. Records should include an equipment inventory, a history of inspections and maintenance conducted, and injury reports. (See also Inventory.)

As of January 1, 2008, new standards for playground safety are in effect for all public agencies as a result of the passage of AB 1144 (Chapter 470, Statutes of 2006). The new law redefines “playground” to include playground equipment, fall zones, surface materials, access ramps, and all areas within an outdoor area designed, equipped, and set aside for children’s play. [HSC § 115725(e)(1)] Any new playground, replacement of equipment, or modifications made to components of an existing playground must conform to the standards established by the American Society for Testing and Materials and the U.S. Consumer Product Safety Commission. Playgrounds installed between January 1, 1994, and December 31, 1999, are required to meet the standards not later than 15 years after the date those playgrounds were installed. A certified inspector must conduct an inspection prior to any upgrades to identify conditions of noncompliance and assist in developing plans to meet the new standards. [H&SC §§ 115725-35; 22 CCR §§ 65700-50]

A playground safety handbook is available on the U.S. Consumer Product Safety Commission Web site (see Additional Resources).

Restroom Maintenance

A priority use of districts’ routine maintenance funding and deferred maintenance funding must be to ensure that facilities, including but not limited to pupil restroom facilities, are functional and compliant with local hygiene standards generally applicable to public facilities. [EC §§ 17070.755, 17584.3] The time spent by custodians on meeting these requirements may be charged to the restricted maintenance account. Eligible districts may apply for extreme hardship deferred maintenance funds for repair or replacement of restroom facilities. [2 CCR §1866]

At a minimum, schools are required to: [EC §§ 17576, 35292.5]

1. Maintain and clean all restrooms regularly.
2. Keep restrooms fully operational and stocked at all times with toilet paper, soap, and paper towels or functional hand dryers.
3. Keep all restrooms open during school hours when pupils are not in class.

4. Keep a sufficient number of restrooms open during school hours when students are in class.

Schools are permitted to temporarily close a restroom as necessary for pupil safety or repair of the facility.

The public may use form SAB 892 developed by the Office of Public School Construction (OPSC) to report improperly maintained restrooms (see Additional Resources). School districts should keep a log of any complaints they receive, showing the date received, the date sent to OPSC, the date action was taken, and how the district brought the complaint to closure.

The State Allocation Board (SAB) is required to determine whether a school agency is meeting restroom maintenance requirements. Districts that fail to comply within 30 days of written notification of a violation will be ineligible for state deferred maintenance matching funds.

Hazardous Materials

Employers, including school districts, that have hazardous substances at the work site must implement a written hazard communication program. [8 CCR § 5194(e)] Employers found to be in violation of this requirement are subject to fines levied by Cal/OSHA. The program must address how to identify potentially hazardous substances, the health hazards associated with these chemicals, and safe work practices. A guide for developing a hazard communication program and sample forms are available from the California Department of Industrial Relations (see Additional Resources).

In accordance with requirements of the federal Emergency Planning and Community Right-to-Know Act (EPCRA), personnel must be knowledgeable about material safety data sheets (MSDS) for all hazardous products and toxic chemicals used (see Additional Resources). [EC §§ 49401.5, 49411]

The maintenance and operations staff is required to comply with the Asbestos Hazard Emergency Response Act (AHERA) by completing a basic two-hour training on asbestos, as well as training classes for hazardous materials, bloodborne pathogens, and pesticides/sanitizers/disinfectants, with yearly refresher classes thereafter (see Additional Resources).

Under the Healthy Schools Act of 2000, schools are required to utilize effective least toxic pest management practices at school sites. [EC § 17608 et seq.] Employees should be trained in least toxic pest management practices and pesticide notice and

records retention requirements. Sample notification documents, training information, and online reference tools are available at the California School Integrated Pest Management Program (IPM) Web site (see Additional Resources). The Department supports school districts in complying with provisions of the Education Code and assists districts that are voluntarily establishing integrated pest management policies and programs.

Many cleaning compounds (which include abrasives, combustibles, and strong chemicals), sanitizers, and disinfectants present a potential health hazard. It is important that these materials be handled according to safe work practices as outlined in the district's Pesticides/Sanitizers/Disinfectants Program, stored securely, and be closely inventoried, properly labeled, and disposed of or recycled safely.

Measures should be taken to prevent exposure to other toxic substances that are commonly present in a school environment, for example:

1. Lead is a toxic metal that can be harmful to human health when ingested or inhaled. Drinking water is one possible source of lead exposure. Schools are strongly encouraged to regularly test water that is used for drinking and cooking. Each water outlet should be tested separately. Resources and information on developing a water-sampling program are available on the U.S. Environmental Protection Agency (EPA) Web site (see Additional Resources).
2. Mercury is highly toxic and a known health risk. The California Mercury Reduction Act of 2001 prohibits schools from purchasing devices and materials containing mercury for use in classrooms and labs, except measuring devices when no adequate alternative exists. [PRC §§ 15028] The California Department of Toxic Substances Control (DTSC) Web site provides additional information (see Additional Resources).
3. Polychlorinated biphenyls (PCBs) have been classified by the Environmental Protection Agency as probable cancer-causing substances. PCBs also have significant ecological and human health effects other than cancer. Fluorescent lights in many schools have ballasts that contain PCBs. The EPA has recommended removal of all pre-1979 fluorescent light ballasts to prevent accidental exposure through fires or leaks. A complete lighting retrofit includes removing fluorescent tubes as well as ballasts and installing newer fixtures that provide improved lighting quality and energy efficiency. Funding information is available on the PCB Home Page available on the EPA Web site (see Additional Resources).

Eyewash stations are required at all work areas where, during routine operations or foreseeable emergencies, the eyes of an employee may come into contact with a substance that can cause corrosion, severe irritation or permanent tissue damage, or that is toxic by absorption. Only plumbed or self-contained eyewash equipment that meets the requirements of Title 8, California Code of Regulations, section 5162, is acceptable (see Additional Resources). This equipment needs to be regularly inspected and maintained.

Waste Disposal

The authority to provide solid waste handling services may be granted under terms and conditions prescribed by the governing board. Districts are not required to competitively bid for waste disposal services. [PRC § 40059] When contracting for waste services, districts may realize cost savings by comparing the practices and contract terms of several companies. To avoid higher charges for trash that is not compacted, districts should consider companies that calculate waste disposal fees based on weight rather than volume or amount of container space used. Some waste companies utilize “material recovery facilities” (MRFs) to extract useful, recyclable material from trash. By recovering a portion of their costs through the sale of recovered materials, these companies can offer lower rates to their customers. Because school district waste is typically over 50 percent recyclable, contracting with waste companies that utilize MRFs can result in significant savings.

The DTSC has adopted regulations governing disposal of “universal waste,” widespread, commonly found products containing low-hazard chemicals that endanger public health or the environment. They include: batteries; mercury-containing devices such as switches, thermostats, and thermometers; lamps that contain mercury, including fluorescent and high intensity lights; cathode ray tube (CRT) devices; electronic devices such as computer hard drives, printers, and video cassette recorders; aerosol cans containing toxic materials; and certain appliances. These products must be separated from regular trash and collected for recycling or safe disposal. Information on products designated as universal waste and their disposal is available from the DTSC and the U.S. Environmental Protection Agency (see Additional Resources). [22 CCR § 66273.1 et seq.]

The Electronic Waste Recycling Act of 2003 established a program to ensure the safe and environmentally-sound disposal of CRT devices. These include televisions and computer monitors, LCD desktop monitors, laptop computers with LCD displays, and LCD and plasma televisions. Districts must pay an electronic waste recycling fee at the time of purchase, which entitles them to dispose of this equipment at no cost at a state-

approved recycling center. A list of approved collectors is available on the California Integrated Waste Management Board Web site (see Additional Resources). [PRC § 42460] (See also Commercial School Orders.)

Storm Water Management

Maintenance and operations staff is responsible for implementing school district efforts to minimize the threat to water quality from storm water runoff. The state Municipal Storm Water Permitting Program regulates storm water discharges from municipal separate storm sewer systems (MS4s). Under the authority of state and federal law, the State Water Resources Control Board (SWRCB) or a California regional water control board may designate a school district as a nontraditional MS4. Within 180 days of being so designated, a school district is required to obtain coverage under a General Permit and to comply with General Permit requirements. Among these requirements is the formulation of a storm water management plan that describes best management practices, measurable goals, and timetables for implementation. [33 USC § 1342; 40 CFR §§ 122.1-2.64; WC §13383.5] Additional information is available on the SWRCB Web site (see Additional Resources). (See also Facilities Planning.)

Water Conservation

Maintenance and operations staff can reduce the district's operating costs and lessen the impact of future water shortages by implementing water conservation practices. Buildings and grounds should be inspected periodically to identify conditions that result in excessive water use and to evaluate additional opportunities for water conservation. Water meters should be read weekly to monitor use and measure the impact of conservation efforts.

Many practices that support water conservation require little or no capital investment and offer the potential for significant savings. Examples are:

1. Checking the water supply system for leaks.
2. Repairing dripping sprinklers, faucets, showers, and continuously running or leaking toilets.
3. Installing flow reducers and faucet aerators in plumbing fixtures.
4. Shutting off air conditioning units when not needed.
5. Minimizing the water used in cooling equipment, such as air compressors, in accordance with manufacturer recommendations.

6. Decreasing the frequency of washing windows and vehicles.
7. When cleaning with water is necessary, using budgeted amounts.
8. Using drought-resistant plants in landscaping.
9. Watering landscaping only when needed and not on windy days; installing soil moisture overrides or timers on sprinkler systems; and scheduling timed watering for early morning or evening when evaporation is lowest.
10. Increasing the efficiency of landscape watering by mulching around plants, ensuring sprinklers cover only planted areas, and using drip systems where appropriate.

Energy Efficiency

Maintenance and operations staff can help reduce the district's energy costs by implementing practices that increase energy efficiency. An audit of energy use will provide a means of identifying areas to be targeted for improvement.

By efficiently maintaining and operating school buildings, energy savings can be realized without major capital investments. Heating, ventilation, and air conditioning systems, water heaters, and appliances should be on well-defined inspection and maintenance schedules to ensure optimal operating efficiency. It is the responsibility of maintenance and operations staff to report malfunctions in these systems and to carefully regulate their use.

Replacing mechanical thermostats with programmable thermostats can also help control heating and air conditioning costs by ensuring that temperatures are maintained at predetermined levels. Electric costs can be decreased by removing unneeded light fixtures and replacing interior and exterior lights with fluorescent lamps and electronic ballasts. Energy can also be saved by turning off lights, computers, and office equipment when not in use.

An examination of energy use during non-school hours and vacations may suggest other practices that will reduce energy usage, such as water heater shutdown or temperature setbacks during these periods. Discussions of these and other practices that improve energy efficiency are available online (see Additional Resources).

Building Security

Security of buildings is a responsibility of maintenance and operations staff (see Additional Resources). At the close of each day staff should check that all windows, doors, and gates are securely locked, the security system is operational, and all night lighting is functional. If there is any evidence of vandalism or other security breach, it should be reported in accordance with district policies.

Fire Safety

The maintenance and operations staff should be knowledgeable about fire prevention measures and should take every precaution to reduce the danger of fire. Among the potentially hazardous conditions staff should be alert to are overloaded electrical outlets and power strips. Staff should work with principals and district administrators to implement steps to reduce the danger of electrical fires. These include:

1. Removing appliances from classrooms unless necessary for educational purposes, in which case they should be plugged directly into outlets.
2. Ensuring that any necessary power strips are U.L. listed.
3. Installing additional electrical outlets as needed to reduce the need for extension cords or power strips.
4. Replacing damaged electrical cords or those lacking grounding plugs.
5. Removing excess paper and other combustibles pursuant to state law, which limits the amount of combustible decorations, including student work, to 25 percent of total wall area and requires that all other decorative materials be nonflammable or treated with a flame-retardant solution and that decorative materials not block or conceal any exit door, exit lights, fire alarm, hose cabinet, fire extinguisher, or electrical breaker panel. [19 CCR § 3.08]
6. Limiting extension cords to temporary use.
7. Never ganging power strips.

Maintenance staff should conduct annual inspection and service on all fire extinguishers, and monthly inspections should be conducted of portable fire extinguishers at all district sites. Space is provided on the service tag attached to each

extinguisher to record these inspections. Staff should be trained to activate the fire alarm and use fire extinguishers properly in the event of a fire. A list of telephone numbers for emergency responders should be easily accessible.

Evacuation procedures, including the responsibilities of staff members, should be formalized, either separately or as part of the district's emergency and disaster preparedness plan, and closely followed.

EMERGENCY AND DISASTER PREPAREDNESS

Districts should develop and regularly review plans that address emergencies, such as earthquakes and other natural disasters, and threats of disaster; fires; environmental hazards; medical emergencies and quarantines; accidents; bomb threats or actual detonation; violent incidents; threats of attack or disturbance by an individual or group or an actual attack or disturbance; and biological, radiological, chemical, and other activities, or heightened warning of such activities. Provisions for handling emergencies and disasters must be included in a district's comprehensive school safety plan. [EC §§ 32281-9; 5 CCR § 560]

All public employees will become disaster service workers when a declared emergency exists. [GC § 3100 et seq.] Maintenance and operations staff have necessary knowledge, skills, and abilities for emergency response.

Schools that receive Title I funds are required to comply with provisions of the No Child Left Behind Act. Under this federal law, school districts must provide assurances that they have plans outlining the measures being taken to keep their schools safe (see Additional Resources).

Individualized plans for each school site should address four major areas: prevention/mitigation, preparedness, response, and recovery. School facilities and equipment should be regularly inspected to identify and repair potentially dangerous conditions. Provisions for regular review and updating of all procedures should be included in emergency plans.

The U.S. Department of Education recommends that districts develop plans in partnership with public safety agencies, including law enforcement and fire, health, mental health, and local emergency preparedness agencies. Information and resources are available from the U.S. Department of Education, U.S. Department of Homeland Security, and from local emergency services agencies (see Additional Resources).

Emergency Management Systems

Pursuant to Government Code section 8607(a), local agencies are required to use a standardized emergency management system to provide effective management of emergencies that involve multiple jurisdictions and agencies. The Standardized Emergency Management System (SEMS) is intended to facilitate the coordination of activities and flow of information within and between jurisdictions and agencies. School districts must follow SEMS Guidelines to be eligible for state reimbursement of response-related personnel costs incurred during a Governor-proclaimed disaster.

SEMS consists of five organizational levels, from the initial field response level to the state level, which are activated as necessary to respond adequately and appropriately to a disaster or emergency situation. The Incident Command System (ICS) provides a framework for the management of emergency personnel and resources at the field response level. The ICS facilitates an integrated response to an incident or threat by providing for coordination and communication among multiple jurisdictions. The system is a flexible tool that districts can utilize to manage emergencies of any scale.

The ICS divides an emergency response into five manageable functions: command, operations, planning, logistics, and finance and administration. All staff and students should receive appropriate training on the Incident Command System and should be assigned specific roles and responsibilities to be performed during a disaster or other emergency. Knowledgeable maintenance and operations staff, in particular, are critical to an effective emergency response and recovery. Schools are encouraged to hold regular drills for staff and students to practice emergency procedures and to schedule at least one annual collaborative drill with local fire and law enforcement agencies.

The National Incident Management System (NIMS) was developed by the federal government based on the Incident Command System. Its purpose is to promote a unified, cooperative approach to preparedness and incident management in emergency situations that extend beyond the state level. In California, the Governor's Office of Emergency Services (OES) is the lead agency in achieving an integration of NIMS with state's SEMS. It is recommended that districts work with their local office of emergency services to ensure the required integration.

Publications available online from the OES provide guidelines that support SEMS and NIMS compliance (see Additional Resources). [GC § 8607(a); 19 CCR §§ 2400-50]

Firestorms and Wildfires

Districts should develop detailed emergency preparedness, evacuation, and recovery plans and protocols for use in the event of firestorms or widespread wildfires. It is recommended that districts incorporate the Incident Command System into their disaster management plans. In San Diego County, plans should address the coordination of responsibilities and activities with the San Diego County Office of Education and the San Diego County Office of Emergency Services, both of which can provide assistance and support to school districts during a wildfire and its aftermath (see Additional Resources).

Earthquake Emergency Procedures

The governing board and the county superintendent of schools shall establish an earthquake emergency operations system in every school building under its jurisdiction with an occupant capacity of 50 or more students or with more than one classroom. [EC §§ 32282, 35295-6]

An emergency operations system shall include, but not be limited to:

1. School building emergency operations plan, ready for implementation at any time, for maintaining the safety and care of students and staff.
2. "Drop, cover, and hold procedure" requiring students and employees to take cover under tables or desks, dropping to their knees with backs to windows, protecting heads with their arms. Drop procedure practices shall be held at least once each quarter in elementary schools and once each semester in secondary schools.
3. Protective measures to be taken before, during, and after an earthquake.
4. Training program to familiarize employees and students with site-based earthquake emergency procedures.
5. Recovery plan.

Communicable Disease

It is important that districts' emergency and disaster preparedness plans include procedures for dealing with medical emergencies and quarantines, such as measles, methicillin-resistant *Staphylococcus aureus* (MRSA), or a pandemic influenza outbreak. Districts should collaborate with local public health administrators in the planning

process to ensure that effective lines of communication are established and that district plans complement those of other agencies. Planning and preparedness resources for school districts are available online (see Additional Resources).

Sanitation measures are essential for preventing the further spread of infections in district schools and offices. By using proper methods of cleaning and disinfecting, in compliance with Cal/OSHA General Industry Safety Orders, section 5193, related to bloodborne pathogens, particularly in the kitchen, eating, and restroom areas, the maintenance and operations staff is instrumental in controlling the spread of communicable diseases (see Additional Resources). [8 CCR §§ 3203, 5193]

Maintenance and operations staff should regularly assess environmental cleaning and disinfection practices and rectify lapses in accordance with local policies and procedures. Maintenance and operations staff should periodically be provided inservice training on the importance of standard precautions and infection control measures such as effective hand hygiene techniques and routine use of gloves.

Homeland Security Advisory System

The federal Homeland Security Advisory System provides a means of disseminating information regarding the risk of terrorist acts to federal, state, and local authorities and to the American people. Graduated warnings at each of five threat conditions, from “low” to “severe” risk of terrorist attack, are issued by the U.S. Attorney General. The assignment of a threat condition is intended to prompt specific steps for an organization to take to reduce vulnerability or increase its response capability. Recommendations for schools in response to each threat condition are available on the San Diego County Office of Education Web site (see Additional Resources).

Emergency Care and Welfare Shelters

The governing board shall grant the use of school buildings, grounds, and equipment to other public agencies, including the American Red Cross, for mass care and welfare shelters during disasters or other emergencies affecting the public health and welfare. The governing board shall cooperate with these agencies in furnishing and maintaining services necessary to meet community needs. Maintenance and operations staff should be trained in procedures incorporated in the district’s comprehensive safety plan for setting up school facilities as mass care and welfare shelters during disasters or other emergencies. [EC §§ 32282, 38132]

ADDITIONAL RESOURCES

1. California Department of Education:

Healthy and Supportive School Environment Resources for links to heating, illumination, and acoustic standards. Available:

<<http://www.cde.ca.gov/ls/fa/sf/resourcesenviron.asp>>

Indoor air quality, lead, asbestos, disaster preparedness, pesticides and other health and safety topics. Available: <<http://www.cde.ca.gov/ls/fa/hs/>>

Office of Public School Construction for clean restroom legislation and link to Restroom Maintenance Complaint Form, SAB 892. Available:

<http://www.opsc.dgs.ca.gov/Programs/SABPrograms/DMP_CR.htm>

Southern California Wildfires 2007 for resources and assistance available to schools affected by a wildfire or firestorm. Available:

<<http://www.cde.ca.gov/nr/re/ht/yr07wildfires10.asp>>

2. California Department of Health Services publications and links related to sun safety for outdoor workers. Available:

<http://www.dhs.ca.gov/cdic/cpns/skin/skin_resources.htm>

3. California Department of Industrial Relations, Division of Occupational Safety and Health:

Guide to the California Hazard Communication Regulation, Cal/OSHA Consultation Service Education Unit, 2000. Available:

<<http://www.dir.ca.gov/dosh/dosh%5Fpublications/hazcom.pdf>>

Publications relating to Injury and Illness Prevention Programs, bloodborne pathogens, ergonomics, heat illness, and other job safety issues. Available:

<<http://www.dir.ca.gov/dosh/puborder.asp>>

4. California Department of Public Health for information on diseases and conditions, including MRSA. Available:

<<http://www.cdph.ca.gov/HealthInfo/discond/Pages/MRSA.aspx>>

5. California Department of Toxic Substances Control:

Managing Hazardous Waste for links to information on electronic hazardous waste (E-Waste), universal waste, mercury, and other hazardous wastes. Available: <<http://www.dtsc.ca.gov/HazardousWaste/>>

Publications and Forms. Available: <<http://www.dtsc.ca.gov/PublicationsForms/index.cfm>>

6. California Energy Commission, Bright Schools Program for information and application for assistance with improving energy efficiency. Available: <<http://www.energy.ca.gov/efficiency/brightschoools/index.html>>

7. California Integrated Waste Management Board for information on the Electronic Waste Recycling Act of 2003 and links to qualified entities for collection and recycling of E-waste. Available: <<http://www.ciwmb.ca.gov/electronics/Act2003>>

8. California School Integrated Pest Management Program (IPM), California Department of Pesticide Regulation:

Healthy Schools Act and other regulations, "How IPM Can Help Schools," workshops, and other relevant links. Available: <<http://www.schoolipm.info/>>

Integrated Pest Management Model Program Guidebook, 2nd Edition, April 2003. Available: <http://www.schoolipm.info/managing_pests/gdebook/guidebook.pdf>

9. California State Water Resources Control Board, Storm Water Program. Available: <http://www.waterboards.ca.gov/water_issues/programs/stormwater/>

10. County of San Diego:

Emergency Homepage for current information related to an ongoing emergency and links to emergency services agencies and resources. Available: <<http://www.sdcountyemergency.com/>>

Office of Emergency Services for information and resources for disaster preparedness, emergency management, and disaster recovery. Available: <<http://www.sdcounty.ca.gov/oes/>>

11. Federal Emergency Management Agency (FEMA) for disaster and emergency preparedness and response information and to search for the National Incident Management System (NIMS) Integration Center. Available:
<<http://www.fema.gov/>>

12. Governor's Office of Emergency Services

California Implementation Guidelines for the National Incident Management System (NIMS), September 2006. Available:
<<http://www.oes.ca.gov/Operational/OESHome.nsf/ALL/A1E5FBE970586CE088257170005DD9BD?OpenDocument>>

Preparedness Branch for links related to emergency management systems, earthquake preparedness, and information for emergency managers. Available:
<<http://www.oes.ca.gov/WebPage/oeswebsite.nsf/Content/4CFBE30D371496C988257350005375A7?OpenDocument>>

Standardized Emergency Management System (SEMS) Guidelines, September 2006. Available:
<<http://www.oes.ca.gov/Operational/OESHome.nsf/Content/B49435352108954488256C2A0071E038?OpenDocument>>

13. Material Safety Data Sheets (MSDS), Canadian Centre for Occupational Health and Safety. Available: <<http://ccinfoweb.ccohs.ca/msds/search.html>>

14. No Child Left Behind Act:

U.S. Department of Education. Available: <<http://www.NoChildLeftBehind.gov/>>

California Department of Education. Available: <<http://www.cde.ca.gov/nclb/>>

San Diego County Office of Education. Available: <<http://nclb.sdcoe.net/>>

15. San Diego County Office of Education:

Crisis/Emergency Planning & Terrorism Preparedness. Available:
<<http://www.sdcoe.net/student/ss/crtr.asp>>

Emergency Preparedness Templates. Available:
<<http://www.sdcoe.net/business2/?loc=risk-loss&m=4&pi=risk>>

Homeland Security Advisory System, including lists of protective measures recommended for schools. Available:

<<http://www.sdcoe.net/student/ss/pdf/HomelandSecurity.pdf>>

Terrorism Preparedness Resources. Available:

<<http://www.sdcoe.net/business2/?loc=risk-tpr&m=4&pi=risk>>

16. U.S. Consumer Product Safety Commission:

Playground safety publications including *Public Playground Safety Handbook*, April 2008; and *Public Playground Safety Checklist*. Available:

<<http://www.cpsc.gov/CPSCPUB/PUBS/playpubs.html>>

Recalls and product safety news. Available: <<http://www.cpsc.gov/>>

17. U.S. Department of Education, Emergency Planning: Pandemic for planning and preparedness links, including resources for schools. Available:

<<http://www.ed.gov/admins/lead/safety/emergencyplan/pandemic/index.html>>

18. U.S. Department of Energy, Energy Smart Schools, including link to *School Operations and Maintenance: Best Practices for Controlling Energy Costs*, August 2004. Available:

<http://www.eere.energy.gov/buildings/energysmartschools/howto_operating.html>

19. U.S. Department of Health and Human Services:

School District (K-12) Pandemic Influenza Planning Checklist and other prevention and planning resources. Available:

<<http://www.pandemicflu.gov/plan/school/index.html>>

Centers for Disease Control and Prevention for links to facts, Q&A, and status report related to avian influenza virus. Available: <<http://www.cdc.gov/flu/avian/>>

20. U.S. Department of Homeland Security for links to threat level system and information for first responders. Available: <<http://www.dhs.gov/index.shtm>>

21. U.S. Department of Labor, Occupational Safety and Health Administration, for information on bloodborne pathogens. Available:

<<http://www.osha.gov/SLTC/bloodbornepathogens/index.html>>

22. U.S. Environmental Protection Agency:

Emergency Management Programs for Emergency Planning and Community Right-to-Know Act. Available: <<http://www.epa.gov/emergencies/programs.htm>>

Drinking Water in Schools and Child Care Facilities. Available: <<http://www.epa.gov/safewater/lead/schoolanddccc.htm>>

“Electronics: A New Opportunity for Waste Prevention, Reuse, and Recycling.” Available: <http://www.epa.gov/epaoswer/osw/elec_fs.pdf>

Healthy School Environment Resources. Available: <<http://cfpub.epa.gov/schools/index.cfm>>

Office of Pollution Prevention and Toxics for information and publications on integrated pest management, pollution prevention, and hazardous materials. Available: <<http://www.epa.gov/oppts/>>

Polychlorinated Biphenyls (PCBs) disposal, regulations, and questions and answers. Available: <<http://www.epa.gov/region09/waste/p2/projects/pcbs.html>>

Universal Waste, including links to regulations and recycling information. Available: <<http://www.epa.gov/epaoswer/hazwaste/id/univwast/>>

23. Williams Settlement:

California Department of Education. Available: <<http://www.cde.ca.gov/eo/ce/wc/index.asp>>

Emergency Repair Program, Office of Public School Construction. Available: <<http://www.opsc.dgs.ca.gov/Programs/SABPrograms/ERP.htm>>

San Diego County Office of Education. Available: <<http://www.sdcoe.net/lret2/williams/welcome.asp>>

The Payroll Unit of the San Diego County Office of Education provides payroll services to school districts through use of a uniform payroll system, as authorized by the Education Code. The legal provisions pertaining to the processing of school orders and payrolls are as follows:

1. General provisions relating to the issuance and approval of school orders. [EC §§ 42630-1, 85230-1]
2. Authorization by the governing board of a person or persons to sign orders. [EC §§ 42632-3, 85232-3]
3. Uniform payroll procedure. [EC §§ 42646, 85260]

School districts and charter schools utilize the San Diego County Office of Education's on-line Payroll/Personnel System to maintain employee data for payroll processing. As data is entered online, the system performs a legal audit in various areas.

Procedures for payroll data input are contained in a separate *Payroll/Personnel System User Reference Manual* published by the San Diego County Office of Education (see Additional Resources).

The payroll system provides the required payroll reports, which include, but are not limited to, warrants, warrant registers, payroll registers, remittance advices, year-to-date earnings, and expense distribution.

Various quarterly and annual reports are also produced including the year-to-date status file, earning ledger reports, unemployment insurance reports, and W-2s, with electronic file reporting to the state and federal governments.

Under certain circumstances, districts are required to pay interest when making salary payments to certificated K-12 employees after the established payday. [EC §§ 45048-9] This interest is not a wage payment and cannot be paid through the payroll/personnel system. Interest must be paid on either a commercial warrant or from the district's Revolving Cash Fund. Interest paid of \$10 or more to an individual requires issuing an IRS Form 1099-INT. The employee must receive both salary owed and interest at the same time.

Refer to the Commercial School Orders section for the difference between employees and consultants (independent contractors) and to the *Commercial Warrant Claims Manual* for the appropriate payment process (by payroll or commercial warrant).

ADDITIONAL RESOURCES

1. *Commercial Warrant Claims Manual*, San Diego County Office of Education, April, 2007. Available: <http://www.sdcoe.net/business2/dfs/cw/com_war_manual.pdf>
2. *Payroll/Personnel System User Reference Manual*, San Diego County Office of Education, 2001. Available from:
Payroll Audit and Systems Utilization Manager
San Diego County Office of Education
6401 Linda Vista Road
San Diego, CA 92111-7399
(858) 571-7275
3. Payroll Audit Unit, San Diego County Office of Education. Available:
<<http://www.sdcoe.net/business2/dfs/?loc=pa&m=7&pi=pa>>
4. Systems Utilization Unit, San Diego County Office of Education. Available:
<<http://www.sdcoe.net/business2/dfs/?loc=su&m=11&pi=su>>

BASIS FOR OPERATION

Purchasing is the responsibility of the school and community college governing board; the prudent expenditure of tax dollars is a major policy function. All purchase orders and formal contracts must be approved by the board, with specific approvals indicated in the official board minutes. Each transaction between the school district and any other entity or person involving property transfer or the rendering of a service is a contract and is subject to the approval of the governing board.

Clear guidelines should be established by the board through the adoption of board policies, administrative regulations, and a code of ethics. The district's chief administrative officer directs the development and control of procedures and forms that implement the purchasing policies established by the governing board.

LEGAL PROVISIONS

School and community college governing boards may delegate the power to contract to the district superintendent or to a designated agent. However, contracts pursuant to such delegation shall not be an enforceable obligation against the district until they have been ratified by the governing board. Delegated authority may be limited with regard to time, money, or subject matter or may constitute a blanket authorization. [EC §§ 17604-5, 35161, 81655-6]

Conflict of interest by board members must be avoided. [EC §§ 35230, 72530 et seq.; GC § 1090 et seq.]

School and community college districts must receive formal competitive bids for equipment, materials, supplies, non-construction services and maintenance to be furnished that exceed the current bid threshold of \$72,400. Districts must also receive formal competitive bids for a public project involving an expenditure of \$15,000 or more. Formal competitive bids must be presented under sealed cover. [PCC §§ 20111, 20651]

Contracts involving any work, project, service or purchase may not be split or separated into smaller work orders for the purpose of evading the competitive bid limit requirement. [PCC §§ 20116, 20657]

Contracts may not prohibit a school district employee from disparaging the goods or services of the party contracting with the governing board. [EC § 35182.5(c)(2)]

Continuing contracts shall not exceed five years for work to be done, for services to be performed, or for equipment to be furnished, sold, built, installed, or repaired. Continuing contracts shall not exceed three years for materials or supplies to be furnished or sold to the district. The term of any lease or lease-purchase shall not

exceed ten years for equipment or service systems. Relocatable structures or permanent school buildings may be leased or lease-purchased under specified conditions. [EC §§ 17400 et seq., 17452, 17596, 81526, 81552, 81644]

Bids and contracts being let for public projects require that all contractors for projects of \$500 or greater have a California contractor license suitable for the work to be done. Additionally, all public projects over \$1,000 require the contractor and all subcontractors to pay prevailing wages to all workers employed by them (see Additional Resources). [B&PC §§ 7048, 7055-7059; LC §§ 1771-1771.5, 1775] (See also Commercial School Orders.)

The legal requirements of obtaining bids must be observed for purchases of materials such as diesel fuel, propane, oil, or gasoline. The annual total cost of such material received during a school or college year cannot exceed the competitive bid limit without a new formal competitive bid being let.

Bids must be obtained for transportation contracts exceeding \$10,000. [EC § 39802]

Continuing contracts to furnish transportation to pupils to and from school may be made for a term not to exceed five years and may be renewed. Continuing contracts may be made for the lease or rental of school buses, not to exceed five years. If such a contract provides an option for the district either to purchase the buses or to cancel the lease at the end of each annual contract period, the contract may have a term not to exceed ten years. [EC § 39803] (See also Transportation.)

A school or community college district may repair, alter, add, paint, repaint, decorate, build, and improve upon school buildings, equipment or grounds by day labor or force account whenever the total hours on the job do not exceed 350 hours. A school district with a minimum average daily attendance of 35,000 or greater or a community college district with a student full-time equivalent of 15,000 or greater may also make specified repairs and perform defined maintenance by day labor or force account up to 750 hours or a cost of material not to exceed \$21,000. Day labor includes the use of temporary or permanent maintenance personnel. [PCC §§ 20114-5, 20655-6]

In an emergency, when any repairs, alterations, work, or improvement are necessary to any facility of public schools to permit the continuance of existing school classes or to avoid danger to life or property, the governing board may, by unanimous vote, with the approval of the county superintendent of schools, contract for the performance of labor and furnishing of materials or supplies without advertising for bids or may authorize the use of day labor or force account. Approval of an emergency does not eliminate the need for any bonds or security otherwise required by law. [PCC §§ 20113, 20654] An emergency means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. [PCC § 1102]

Supplementary textbooks, library books, educational films, audiovisual materials, test materials, workbooks, instructional computer software packages, and periodicals may be purchased in any amount needed without taking formal competitive bids or advertising for bids. [EC § 81651; PCC § 20118.3]

Districts may contract with any public corporation or agency without advertising for bids to lease data processing equipment, purchase materials, supplies, equipment, automotive vehicles, tractors, and other personal property and may make payment directly to the vendor as authorized by law. [PCC §§ 20118, 20652]

The governing board of a school district may sell advertising, products, or services on a nonexclusive basis. The governing board of a school district may post public signs indicating the district's appreciation for the support of a person or business for the district's education program. [EC § 35182.5(f)-(g)]

Surplus property may be purchased from federal and state government agencies under specified conditions without advertising for bids or taking estimates. [EC §§ 17595, 17602, 81653]

Purchases may be paid from a revolving cash fund as prescribed by law and regulations of the governing board. [EC § 42820]

Legal requirements for reporting and paying state use tax and state sales tax must be met (see Additional Resources). (See also Commercial School Orders.)

No county superintendent of schools may hire as a consultant any entity in which he or she has a financial interest. [EC § 1281(a)]

If the county superintendent of schools enters into a consultant contract for twenty-five thousand dollars (\$25,000) or more and the contract constitutes a budget revision, it shall be incorporated in the next interim financial report or other board report when the report is submitted to the county board of education for discussion and approval at a regularly scheduled public meeting of the county board of education. [EC § 1281(b)]

PURCHASING PROCEDURES

Governing boards should establish regulations that address purchasing. Care should be taken to ensure that all purchases fall within the scope of the district's officially adopted budget. The following are guidelines for purchasing procedures:

1. The chief administrative officer should develop approved procedures related to the purchase of regular and special materials and services. Procedures should include the sources of supplies, the channels through which requisitions will be generated, and the manner by which purchase orders will be issued.

2. A designated staff member or an alternate must sign purchase orders.
3. The minutes of the governing board must include approval or ratification of purchase orders.
4. A standard list of school supplies for the district should be established.
5. Annual fixed price contracts should be competitively bid, as applicable, for equipment, materials, and supplies.
6. Contracts should be drawn for services.

General Recommendations

Careful consideration should be given to the following suggestions:

1. The price advantages of annual fixed price contracts often offset the cost of maintaining central storage facilities. Materials generally stocked in central storage facilities include items such as instructional, office, and custodial supplies, replacement parts, etc. The district should carefully evaluate, at least annually, the purchase and subsequent use of these stock items to ascertain whether the maintenance of the storage facility is substantiated.
2. A system should be developed for the replacement of old or obsolete equipment. The district should consider purchasing new equipment that has been designed with environmentally preferable attributes. (See Additional Resources)
3. Procedures should be followed to ensure that no federal excise tax is paid. When purchasing applicable items, the bid or quotation documents should specifically exclude the payment of excise taxes. A Federal Excise Tax Exemption Certification form should be submitted to the vendor, as requested. (See also Commercial School Orders.)

Requisitions and Purchase Orders

Requisitions should be initiated by the user's department, be properly identified, and receive all of the required approvals. Two types of requisitions are suggested for use by districts: 1.) stores, warehouse, and stock items; and 2.) nonstock items.

A purchase order is a contract that is used to place all orders, including orders on continuing contracts and orders derived from oral or written bids. Information specified on the purchase order should include the quantity, unit, unit price, item description, total price, state sales tax, discounts, delivery date, and delivery instructions. Additionally, general or special conditions of the purchase should be included.

Purchase order follow-up procedures are necessary when numerous purchases are made by a district. These may include standard form letters of inquiry regarding late shipments, overages, shortages, substitutions, damages, or nonreceipt of invoices.

Informal Bid

Three bids should be obtained, whenever possible, to secure the most favorable prices when formal competitive bidding is not required. Informal bids may be obtained by mail, telephone, fax, or electronic mail. [PCC §§ 20111, 20651]

Informal written bidding is generally requested for supplies, equipment, services, and public projects that approach the dollar limits specified for formal competitive bidding by law or district policy. The request for bid should set forth standard and special conditions under which the acquisition is to be made. [PCC §§ 20116, 20657]

The district shall publish annually a notice inviting contractors to register to be notified of future informal bidding projects and shall notify contractors on the informal bidding list in any manner the district deems appropriate. [PCC §§ 20116, 20657]

Formal Bid

Bids for purchases in excess of the formal competitive bid thresholds of \$72,400 for equipment, materials, or supplies, non-construction services, and repairs including maintenance, and \$15,000 for a public project must be obtained from vendors/contractors through a formal competitive bidding process. Public works (construction) bids should be executed on documents approved by district counsel. Sample documents, Construction Contract Documents 2006, are available online from the San Diego County Office of Education Facility Planning Services Unit (see Additional Resources). [PCC §§ 20111, 20115, 20651] (See also Facilities Planning.)

For the purpose of securing formal competitive bids, the governing board must publish a notice at least once a week for two weeks in a newspaper of general circulation published in the district, or if there is no such paper, then in a newspaper of general circulation in the county. The notice may also be posted on the district's Web site or through an electronic portal. The notice shall state the work to be done or materials or supplies to be furnished and indicate the date, time, and place bids must be received. Whether or not bids are opened exactly at the time fixed in the notice, a bid shall not be received after that time. [PCC § 20112] The date and time shall be extended by no less than 72 hours if a material change is issued in the invitation to bidders for any public work or improvement less than 72 hours prior to bid closing. [PCC § 4104.5]

Bids may be submitted either electronically or on paper. The bid form must be filled out without deviation from the requested data. The board's decision to award a bid or reject all bids should be announced at a designated date and time. [PCC § 20112]

Bonds

A district shall require that each formal competitive bid for public projects shall be accompanied by a satisfactory bidder's security in an amount established by the governing board. The bid security is to be given as a guarantee that the bidder shall execute the contract if awarded. [PCC § 20111]

A faithful performance bond for 100 percent of the contract amount may also be required. The performance bond ensures that the contractor will faithfully perform and complete the contract.

A payment bond for 100 percent of the contract amount is required of every original contractor to whom a public works contract is awarded for an expenditure in excess of \$25,000. [CC §§ 3247-8]

Specifications

A school district should develop specifications identifying the type of products or services required to assist the bidding by interested vendors and contractors. Specifications may include minimum safety and quality standards. It is also required that all contractors hired for public projects in excess of \$500 provide proof of a contractor's license and provide commercial general liability, property damage, and automobile insurances prior to the commencement of projects. [B&PC § 7048]

School districts are prohibited from drafting specifications for bids for construction, alteration, or repair of public works in such a way as to limit bidding. If the specifications designate a brand name recognized by the particular industry, notation should be made indicating that this item "or equal" is acceptable, and, if known, at least one brand name of comparable quality should be listed. [PCC § 3400]

Only one brand or trade name need be specified if the governing board or its designee makes a finding that the designation is for one of the following purposes: (1) to obtain a necessary item that is only available from one source; (2) to field test or experiment to determine the product's suitability for future use; (3) to match other products in use on a particular public improvement either completed or in the course of completion; (4) in order to respond to a declared emergency. [PCC § 3400]

State requirements for equipment and structural standards must be incorporated in district specifications.

Extract of Public Works Contract Award

A district, as an awarding agency whose construction contract falls within the jurisdiction of Labor Code section 1777.5, shall send a copy of the award to the Division of Apprenticeship Standards, California Department of Industrial Relations within five days of the award. Submission of Form DAS 13, Extract of Public Works Contract Award, will satisfy this requirement (see Exhibit 1 and Additional Resources). [LC §§ 1773.3, 1777.5, 1777.7]

Contracts for Technological Supplies and Equipment

The school district governing board may authorize procurement of computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus through competitive negotiation. The district must use an RFP (request for proposals) process and make every effort to ensure reasonable competition. The district shall identify all significant evaluation factors and their relative importance, in addition to price, factors such as vendor financing, performance reliability, standardization, life-cycle costs, delivery timetables, support logistics, fitness of purchase, and manufacturer's warranties. The contract shall be awarded to the qualified bidder whose proposal meets the evaluation standards identified in the RFP and is determined to be most advantageous to the district when all factors are considered. If award is not made to the bidder whose proposal contains the lowest price, the district must make a finding setting forth the basis of the award. [PCC § 20118.2]

The school district governing board may enter into a contract or permit a school within the district to enter into a contract for electronic products or services that requires the dissemination of advertising to pupils under specified conditions: [EC § 35182.5]

1. The contract must be entered into at a noticed public hearing of the governing board.
2. The board shall make findings that the electronic product or service in question is or would be an integral component of the education of pupils; and that the school district cannot afford to provide the electronic product or service unless it contracts to permit dissemination of advertising to pupils.
3. The district shall provide written notice to the parents or guardians of pupils that advertising will be used in the classroom or other learning centers. This notice shall be part of the district's normal ongoing communication to parents or guardians.

4. The district shall offer parents or guardians the opportunity to request in writing that the pupil not be exposed to the program that contains the advertising. The request shall be honored for the school year, or longer if specified, but may be withdrawn by the parent or guardian at any time.

Standard School Supply List

Elementary districts having an average daily attendance of less than 2,500 during the previous school year are required to purchase supplies from the Standard School Supply List prepared by the San Diego County Office of Education. The list includes detailed purchasing instructions. [EC § 38110-2]

The list of standard school supplies should be reviewed annually. A continuing program of standardization should result in a choice of satisfactory equipment and supplies. This practice promotes economy of scale in the purchase, storage, and maintenance of selected items.

Toxic Art Supplies

School districts may not order or purchase art or craft materials deemed to contain a toxic substance, as defined, for use by K-6 students. School districts may not order or purchase any substance defined as a toxic substance, causing chronic illness, for use by students in grades 7 to 12, inclusive, unless it meets required labeling standards or is exempt from labeling requirements. [EC §§ 32060-6]

Guidelines for the safe use of art and craft materials and a list of art and craft materials that cannot be purchased for use in grades K-6 are available at the Office of Environmental Health Hazard Assessment Web site (see Additional Resources).

Contractor Criminal Background Checks

A school district, charter school, or county office of education is required to take appropriate steps to protect pupils who may come in contact with a contractor's employees. Pursuant to Education Code section 45125.1, a contractor who provides pupil transportation or specified school, classroom, or schoolsite services and has contact with pupils must submit fingerprints to the Department of Justice for a criminal background check. Contractors providing other schoolsite services may be required to comply by the district or county office, based upon circumstances. The district shall consider the totality of the circumstances to determine whether a contractor or its employees have limited contact with pupils, i.e., factors such as:

1. Length of time contractors are on school grounds.
2. Whether pupils will be in proximity to the contractor's work site.

3. Whether contractors will be working by themselves or with others.

The school district, charter school, or county office of education shall determine on a case-by-case basis a contractor's "contact with pupils" prior to the bidding and/or award of a contract. The contractor shall not permit an employee to come in contact with pupils until the criminal background check is completed satisfactorily.

A contractor whose services will have "greater than limited contact with pupils" must certify in writing to the school district that neither the employer, nor any of its employees, nor employees of a subcontractor (if any) who may come in contact with pupils have been convicted of a felony as defined by Education Code section 45122.1.

Education Code sections 45125.1 and 45125.2 contain the following exemptions:

1. Services performed in an emergency or exceptional situation, such as when pupil health or safety is endangered or when repairs are needed to make school facilities safe and habitable.
2. Services performed for the school district when the school district determines that the employees of the entity will have limited contact with pupils.
3. Contractor utilizes one or more of the methods in Education Code section 45125.2 to ensure pupil safety during construction, reconstruction, rehabilitation, or repair of a school facility.

The following are methods to ensure the safety of pupils under Education Code section 45125.2:

1. Installation of a physical barrier.
2. Continual supervision and monitoring of contractor's employees.
3. Surveillance of contractor's employees by school personnel.

ADDITIONAL RESOURCES

1. California Department of Industrial Relations:

Extract of Public Works Contract Award, Form DAS 13 (Rev. 5/01). Available:
<<http://www.dir.ca.gov/das/dasform13.pdf>>

Prevailing wage determinations. Available:
<http://www.dir.ca.gov/DLSR/FAQ_PrevailingWage.html>

2. California Contractors State License Board for contractor license status check. Available: <<http://www.cslb.ca.gov/consumers/default.asp>>
3. California Department of Insurance to search for companies by line of insurance and access licensee, legal, and other insurance information. Available: <<http://www.insurance.ca.gov/0100-consumers/>>
4. California State Board of Equalization, Sales and Use Tax Programs. Available: <<http://www.boe.ca.gov/sutax/sutprograms.htm/>>
5. Office of Environmental Health Hazard Assessment for education links, including Art Hazards List for grades K-6. Available: <<http://www.oehha.org/education/links.html>>
6. San Diego County Office of Education, Facility Planning Services, for sample Construction Contract Documents 2006. Available: <<http://www.sdcoe.net/business2/?loc=facilities-contracts&m=1&pi=facilities>>
7. U.S. Consumer Product Safety Commission for recalls and product safety information. Available: <<http://www.cpsc.gov>>
8. U.S. Environmental Protection Agency for information on environmentally preferable purchasing. Available: <<http://epa.gov/epp/>>

LIST OF EXHIBITS

- Exhibit 1 Extract of Public Works Contract Award Form, California Department of Industrial Relations, DAS 13 (Rev. 5/01).

STATE OF CALIFORNIA - DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF APPRENTICESHIP STANDARDS

Revised April 2004

TO: California Department of Industrial Relations
Division of Apprenticeship Standards
P.O. Box 420603
San Francisco California 94142

FROM: AWARDING AGENCY

**EXTRACT OF
PUBLIC WORKS CONTRACT AWARD**

A CONTRACT TO PERFORM PUBLIC WORKS UNDER LABOR CODE SECTION 1777.5 HAS BEEN AWARDED TO:

| | | | |
|--|-----------|---|-----------------------------|
| 2. NAME OF GENERAL CONTRACTOR | | 3. CONTRACTOR'S LICENSE NO | |
| 4. MAIL ADDRESS (STREET NUMBER OR P.O. BOX) | | 5. CITY | |
| | | 6. ZIP CODE | 7. TELEPHONE NUMBER |
| 8. ADDRESS OR LOCATION OF PUBLIC WORKS SITE (INCLUDE CITY AND/OR COUNTY) | | | |
| 9. CONTRACT OR PROJECT NUMBER | | 10. DOLLAR AMOUNT OF CONTRACT AWARD \$ | |
| 11. STARTING DATE (ESTIMATED OR ACTUAL) MONTH DAY YEAR / / (USE NUMBERS) | | 12. COMPLETION DATE (ESTIMATED OR ACTUAL) MONTH DAY YEAR / / (USE NUMBERS) | |
| 13. TYPE OF CONSTRUCTION (HIGHWAY, SCHOOL, HOSPITAL, ETC.) | | 14. <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> ALTERATIONS | |
| 15. CLASSIFICATION OR TYPE OF WORKER (CARPENTER, PLUMBER, ETC.) THAT WILL BE EMPLOYED BY THE CONTRACTOR(S) | | | |
| 16. Is language included in the Contract Award to effectuate the provision of section 1777.5, as required by the Labor Code? | | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Is language included in the Contract Award to effectuate the provisions of Section 1776, as required by the Labor Code? | | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 17. SIGNATURE | 18. TITLE | 19. DATE | |
| 20. PRINTED OR TYPED NAME | | 21. TELEPHONE NUMBERS | |

Duplication of this form is permissible

BASIS FOR OPERATION

The administrative value of most agency records generally decreases rapidly when related transactions are completed. Some of these records should be destroyed when their usefulness has ended or when they are no longer needed for their intended purpose. Other records have continuing legal, fiscal, or historical value for years after their administrative value is exhausted. Other specific records shall be permanently retained by districts according to state regulations.

A procedure for record management is essential for the efficient administration of each district. All record keeping systems whether paper, microform, or electronically based, should provide information easily when needed. This includes records retained in accordance with legal requirements as well as records retained as “necessary and convenient” to a district’s business.

Districts should train all employees about records management to ensure that those with authorized access handle records correctly and to protect information as it is being collected, used, or stored. Districts should identify and designate as custodians of records those employees primarily responsible for responding to records requests and train them on the requirements of law, regulations, and district policy.

A procedure for management of diversified records prepared by school and community college districts maximizes the usefulness of the records needed for administration. The following objectives for a records management program, including electronic records, are suggested by the *State Administrative Manual*, Chapter 1600, Records Management, and the Department of General Services *Records Retention Handbook* and *Electronic Records Management Handbook* (see Additional Resources). They are intended to control the creation, utilization, maintenance, retention, preservation, security, and disposal of records:

1. Improve administration through efficient correspondence management. This includes forms, reports, and file operations.
2. Streamline systems and procedures.
3. Transfer inactive records from high-cost office space or electronic media to low-cost storage space.
4. Destroy records that are not required to be kept as a matter of law and are no longer of significant value for administrative, legal, fiscal, historical, or research purposes promptly upon expiration of the appropriate retention period.

5. Ensure the preservation of records with long-term or permanent value.

Records disposition is the term used to encompass objectives three and four of a total records management program. Records disposition is defined as the systematic transfer of records no longer needed for everyday operations from office space and electronic records systems to storage and long-term stable storage media.

Records disposition includes the destruction of records that no longer have any significant value. The systematic transfer of records from office space to storage to destruction accommodates the storage needs for records produced during the current school year. This includes the migration or disposal of electronic records to free up valuable and needed computer resources. Purchase of additional equipment and supplies for record storage is minimized along with the amount of floor space or media that must be set aside for record storage purposes. Employee time is not wasted maintaining inactive or obsolete records longer than necessary.

The following material is compiled as a reference to assist school districts and community college districts in keeping a records disposition procedure. This is a basis for their total records management program, including electronic records. The material focuses upon the state requirements for record retention, transfer, and destruction. Districts that require specific federal records retention information should contact the appropriate federal agency for assistance. The U.S. Department of Education General Administrative Regulations (EDGAR) related to records retention for grant funds are presented in section 80.42 (b)(4) of the Code of Federal Regulations, Title 34 (see Additional Resources).

DEFINITIONS OF RECORDS

Local Agencies

Public records include any writing containing information that relates to the conduct of the public's business, prepared, owned, used or retained by any local agency regardless of physical form or characteristics. Every employment contract between a local agency and any public official or public employee is a public record. [GC §§ 6252(e), 6254.3, 6254.8]

Writing is defined as "any handwriting, typewriting, printing, photostating, photographing, photocopying, transmitting by electronic mail or facsimile, and every other means of recording upon any tangible thing, any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combinations thereof, and any record thereby created, regardless of the manner in which the record has been stored." [GC § 6252(g)]

School Districts

Records are defined as meaning all records, maps, books, papers, and documents of a school district required by law to be prepared or retained. They may be prepared or retained as necessary or convenient to the discharge of official duty. [5 CCR §16020]

Pupil records, other than directory information, are defined as any item of information directly related to an identifiable pupil that is maintained by a school district for the purpose of second party review, whether recorded by handwriting, print, tapes, film, microfilm or other means. Informal notes that remain in the sole possession of the maker and are not accessible or revealed to any other person except a substitute are not pupil records. [EC §§ 49061(b), 56515; 5 CCR § 430]

Community College Districts

Records are defined as all records, maps, books, papers, data processing output, and electronic documents of the community college district required legally to be prepared or retained. This includes documents prepared or retained as necessary or convenient to the discharge of official duty. It includes student records and personally identifiable student-related information. The documents listed under Title 5, California Code of Regulations section 59020(b) are not records and may be destroyed at any time. [5 CCR § 59020]

Student records, other than directory information, are defined in part as any items of information directly related to an identifiable student. This includes information maintained by a community college or required to be kept by an employee in the performance of the employee's duties. This applies whether it is recorded by hand, print, tapes, film, microfilm, or other means. (Refer to specific subsections for exceptions). [EC § 76210; 5 CCR § 54606(c)]

ACCESS TO RECORDS

Section 3 of Article I of the California Constitution grants any person the right to access information concerning meetings and writings of state and local government bodies, officials, and agencies as long as the constitutional rights of privacy and due process are protected. The public has a constitutional right to public information, and courts are required to broadly interpret rules or laws granting access and to narrowly interpret those denying access; thus, the burden is on the district to demonstrate the need for restriction. [CalC Art. I, § 3]

Local Agencies

Access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in the state. Court decisions have supported the concept of freedom of information and public access to information in the possession of public agencies. The California Public Records Act (CPRA) was intended to provide access to governmental records while protecting the individual's right to privacy. The Act was intended to ensure that an individual could have access to and receive copies of documents. An agency may not delay or obstruct the inspection or copying of records. [GC § 6250 et seq.]

Public records are open to inspection at all times during the office hours of the local agency. Every person has a right to inspect any public record not specifically exempted by provisions of the California Public Records Act. An agency may adopt regulations stating the procedure for making its records accessible to the public. [GC §§ 6253, 6253.4, 54957.5]

A person may receive a copy of any identifiable public record upon payment of fees for direct costs of duplication or applicable statutory fee. No surcharge shall be imposed on persons with disabilities for copies of agenda materials in alternative formats. The exact copy shall be made unless impracticable to do so. Within 10 days after receipt of any request for a copy of records, the agency shall determine whether to comply with the request and shall immediately notify the requester of the determination and reasons and the estimated date and time when the records will be made available. The time limit may be extended by written notice for specified reasons no more than 14 days. A denial of a request for inspection or copies of public records shall be in writing and include the name(s) and title(s) of person(s) responsible for the denial. [GC §§ 6253, 6253.1, 6253.9, 6255, 54957.5]

To the extent reasonable under the circumstances, the agency shall assist a member of the public to make a focused, effective request that reasonably describes an identifiable record or records. The agency shall make a reasonable effort to elicit additional clarifying information from the requester that will help identify the record(s), if necessary, and shall provide suggestions for overcoming any practical basis for denying access to the records or information sought. The agency shall describe the information technology and physical location in which the identified public records exist. [GC § 6253.1]

A person may institute court proceedings to enforce the right to inspect or receive a copy of any public or class of public records under the California Public Records Act. The court shall award court costs and reasonable attorney fees to the plaintiff should the plaintiff prevail in litigation filed. Such costs and fees shall be paid by the public agency that improperly withheld the records. [GC §§ 6258-9]

An elected officer of a local agency may access public records of that agency on the same basis as any other person. This does not limit the ability of elected officers to access public records permitted by law in the administration of their duties. [GC § 6252.5]

Exemption of Particular Records from Disclosure

An agency must justify withholding any record by demonstrating that the record is exempt under express provisions of the California Public Records Act, or the “catch-all” exemption of Government Code section 6255(a). The Court of Appeal determined that a claim that disclosure of particular information violates an individual’s constitutional right to privacy is analyzed using the same balancing test that is applied in evaluating “catch-all” exemptions. The public agency is permitted to avoid disclosure if, on the facts of the particular case, it can show the public interest served by nondisclosure clearly outweighs the public interest served by disclosure of the record. [GC § 6255(a)]

The following records are exempt from disclosure:

1. Preliminary drafts, notes, or inter-agency or intra-agency memorandums that are not retained by the public agency in the ordinary course of business. This is provided that the public interest in withholding such records clearly outweighs the public interest in disclosure. [GC § 6254(a)]
2. Records pertaining to pending litigation to which the public agency is a party or to specified claims until such litigation or claim has been finally adjudicated or otherwise settled. [GC § 6254(b)]
3. Personnel, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy. [GC § 6254(c)]
4. Social Security numbers. [CC § 1798.85; GC § 6254.29]
5. Test questions, scoring keys, and other examination(s) used to administer a licensing examination, examination for employment, or academic examination. [EC § 99150 et seq.; GC § 6254(g)]

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6. The contents of real estate appraisals engineering or feasibility estimates and evaluations made for or by the local agency relative to the acquisition of property, or to prospective public supply and construction contracts, until such times as all of the property has been acquired or all of the contract agreement obtained. [GC § 6254(h)]
 7. Records the disclosure of which are exempted or prohibited according to provisions of federal or state law. This includes, but is not limited to, provisions of the Evidence Code relating to privilege. [GC § 6254(k)]
 8. A document prepared for distribution or consideration in closed session that assesses vulnerability to terrorist attack or criminal acts to disrupt operations. [GC § 6254(aa)]
 9. Petitions for school district reorganization or for filling governing board vacancies. [GC § 6253.5]
 10. All registration and circulation records of any library supported by public funds. This includes any information the library requires of a patron to be eligible to borrow books and materials or information that identifies the borrower of books and materials. [GC § 6267]
 11. Questionnaire responses of prospective bidders and their financial statements. [PCC §§ 20111.5(a), 20651.5(a)]
 12. Other records exempt from disclosure are specified in sections of the California Public Records Act. [GC §§ 6254, 6254.5, 6254.7, 6254.28, 6253.29, 6275 et seq.]

The minute book of closed sessions of the governing board is not a public record subject to disclosure according to the California Public Records Act and shall be kept confidential. [GC § 54957.2]

The California Public Records Act does not require the disclosure of memoranda submitted to the governing board by its legal counsel pursuant to Government Code section 54956.9 until the pending litigation has been finally adjudicated or otherwise settled. [GC § 6254(b)]

The changed name, residential street address, work address, or school address of participants in the Secretary of State's *Safe at Home* program for victims of domestic violence, sexual assault, or stalking is not a public record subject to disclosure and shall be kept confidential by the local agency. [GC § 6205-11]

Courts have determined that exempt material must not be disclosed to any member of the public if the material is to remain exempt from disclosure. If a record contains exempt material, the exempt material may be withheld but the nonexempt information must be disclosed unless the remainder after redaction would be of little or no value to the requester.

Subpoena or Court Order for Records

A lawfully issued subpoena duces tecum ("subpoena") or a court order may be served on a school or community college district officer or employee requiring the production of certain records. The exact records to be produced must be specified in the affidavit or declaration served with the subpoena. Copies shall be in the form of photostat, microfilm, microcard, or other photographic copy or reproduction. In no event may the custodian of records mail or give copies of these records to any party or any party's attorney. Contact legal counsel for procedures for responding to civil subpoenas. [EC §§ 49077-8, 76244-5]

School District, Pupil Records

The provisions of the Education Code shall prevail over the provisions of the California Public Records Act to the extent that they may pertain to access to pupil records. Access to pupil records shall be in accordance with Education Code sections to ensure the confidentiality of the records. The procedure for access to pupil records is specified in the California Code of Regulations. [EC §§ 49060 et seq., 56504, 56515; FC § 3025, 3151(c)(5); 5 CCR § 435]

The Family Educational Rights and Privacy Act (FERPA) protects the privacy of student education records. FERPA applies to all schools that receive funds under applicable programs of the U.S. Department of Education. [20 USC § 1232g, 34 CFR, pt. 99] Failure to comply with FERPA's disclosure and recordation provisions could subject the district to loss of federal funds.

A parent's FERPA rights of access to, or control of, student records may be revoked by a court order, state statute, or other legally binding document that specifically prohibits access to education records or removes the parent's right to have knowledge about his/her child's education.

Parents or legal guardians or pupils who have attained the age of 18 or are attending an institution of postsecondary instruction may request copies of all pupil records or to inspect and review records during regular school hours. District procedures for granting requests must provide that access is granted no later than five business days following the date of the request. [EC §§ 49061, 49065, 49069, 56504; FC § 3025]

The grades, diploma, or transcripts of a pupil may be withheld from a pupil and his/her parent or guardian under specified conditions after affording the pupil due process rights. The school district to which a pupil transfers shall also withhold these pupil records until the decision to withhold is rescinded. [EC §§ 48904-5]

No public release of information regarding pupil participation in any free or reduced-price meal program is permitted. [EC §§ 49557.1-7.2, 49558] (See also Child Nutrition.)

Districts should not release student expulsion records to a third party without clear legal authority. The Court of Appeal of the State of California (2002) ruled that FERPA, which protects students and their parents from disclosure of student records, preempts Education Code section 48918, which requires public disclosure of expulsion records. [34 CFR, pt. 99; EC § 48918(k)]

Upon request, districts disclose education records without consent to officials of another agency or institution in which the student seeks or intends to enroll. FERPA requires a district to make a reasonable attempt to notify the parent or student of the records request unless it states in its annual notification that it intends to forward education records on request. [34 CFR §§ 99.7, 99.34]

Section 9528 of the No Child Left Behind Act requires disclosure of high school students' names, addresses, and telephone numbers to military recruiters or institutions of higher education, unless a parent has "opted out" of providing this information to third parties (see Additional Resources). [20 USC § 7908]

Community College Districts, Student Records

Access to student records shall be in accordance with the Education Code sections. The procedure for access to student records is specified in the California Code of Regulations. [EC §§ 76210(c), 76230-1, 76242-5; 5 CCR §§ 54610-26, 59023(d)]

The Family Educational Rights and Privacy Act (FERPA) provides authority to protect student personal information from unauthorized disclosure. [34 CFR, Pt. 99] FERPA affords parents and students over 18 years of age certain rights with respect to the student's education records. [20 USC § 1232g; 26 USC § 152]

Employee Records

Personnel files are confidential and not required to be disclosed under the CPRA. The right of employees to inspect personnel records is a fundamental right of employment and an issue of statewide concern. Every employee has the right to inspect personnel

records pursuant to LC §1198.5. An employee may examine and receive a copy at cost of all materials in his/her personnel file except records relating to the investigation of a possible criminal offense, letters of reference, or ratings, reports, or records that were:

1. Obtained prior to the employee's employment.
2. Prepared by identifiable examination committee members.
3. Obtained in connection with a promotional examination.

A noncredentialed employee shall have access to his/her numerical scores obtained from written examinations. [EC §§ 44031, 87031; GC §§ 6254(c), 6254.3; LC § 1198.5]

PENALTIES FOR CRIMES RELATING TO PUBLIC RECORDS

It is a crime punishable by imprisonment for any officer having the custody of any record filed or deposited in any public office, or other person not an officer, to willfully destroy or permit to be destroyed the whole or any part of such record. In order for a record to be protected under the Government Code, it must qualify as a public record. Both confidential public records and public records open for inspection are entitled to protection under this statute. [GC §§ 6200-1]

An officer who destroys records of a district in accordance with the provisions of Title 5 of the California Code of Regulations does not violate these Government Code sections.

A person who knowingly and willfully destroys or conceals any book, paper, record, instrument in writing, or other matter or thing, with intent to prevent it from being produced in evidence in any trial, inquiry, or investigation, is guilty of a misdemeanor. [PC § 135]

A credential holder who uses school records of pupil data to recruit a pupil as a customer of a business owned by the credential holder or in which the credential holder is employed may be subject to suspension or revocation of his/her credential. [EC § 44421.1]

The unlawful interception, use, or disclosure of a wire, electronic, or oral communication is punishable under the federal Electronic Communications Privacy Act. [18 USC § 2511]

RETENTION, TRANSFER, AND DESTRUCTION OF RECORDS

Whenever the destruction of records of a district is not otherwise authorized or provided for by law, the governing board of the district may destroy such records in accordance with the regulations of the Superintendent of Public Instruction. District records shall be retained, transferred, or destroyed only as provided in the California Code of Regulations. [EC § 35253; 5 CCR § 16020 et seq.]

Community college districts may destroy records in accordance with the regulations of the Board of Governors of the California Community Colleges. The provisions of the California Code of Regulations shall apply only in the event that the destruction or retention of records by the community college district is not otherwise authorized or provided by law. [5 CCR § 59020 et seq.]

Classification of Records – School Districts [5 CCR § 16022]

1. Prior Year Records

Before January 1, the district superintendent (or a person designated in the minutes of a district not employing a superintendent) shall review documents and papers originating during the prior school year and classify them as Class 1–Permanent, Class 2–Optional, or Class 3–Disposable.

2. Continuing Records

Records of a continuing nature, i.e., active and useful for administrative, legal, fiscal, or other purposes over a period of years, shall not be classified until such usefulness has ceased. A pupil's cumulative record, if not transferred, is a continuing record until the pupil ceases to be enrolled in the district.

3. Photographic, Microfilm, or Electronic Copy

The governing board of any school district may make photographic, microfilm, or electronic copies of any records of the district. The original of any records of which a photographic, microfilm, or electronic copy has been made may be destroyed when provision is made for permanently maintaining the photographic, microfilm or electronic copies in the files of the district, except that no original record that is basic to any required audit shall be destroyed prior to the second July 1st succeeding the completion of the audit. [EC § 35254]

Whenever an original record is photographed, micro photographed, or otherwise reproduced on film, the copy thus made is classified as Class 1–Permanent. The original record, unless classified as Class 2–Optional, may be classified as Class 3–Disposable. It may then be destroyed in accordance with the California Code of Regulations if the following conditions have been met:

- a. The reproduction was accurate in detail and on film of the type approved for permanent, photographic records by the United States Bureau of Standards.
 - b. The superintendent has attached to or incorporated in the microfilm copy a signed and dated certification of compliance with the provisions of the Evidence Code (Exhibits 1 and 2). [EvC § 1531]
 - c. The microfilm copy was placed in an accessible location, and provision was made for preserving permanently, examining and using the same.
4. Historical Inventory of Equipment

An historical inventory of equipment shall be subject to classification for retention when the inventory is superseded or when the equipment is removed from district ownership. Otherwise, it shall be a continuing record.

Classification of Records – Community College Districts [5 CCR § 59022]

1. Prior Year Records

Each community college district shall establish an annual procedure by which the chief administrative officer, or the designee of that officer, shall review documents and papers received or produced during the prior academic year and classify them as Class 1–Permanent, Class 2–Optional, or Class 3–Disposable.

2. Records Not Classified Before July 1, 1976

All records not classified prior to July 1, 1976, are subject to the same review and classification as in 1. If such records are three or more years old and classified as Class 3–Disposable, they may be destroyed without further delay, but in accordance with procedures for destruction.

3. Current Year Records

Records originating during a current academic year shall not be classified during that year.

4. Continuing Records

Records of a continuing nature, i.e., active and useful for administrative, legal, fiscal, or other purposes over a period of years, shall not be classified until such usefulness has ceased.

5. Copy or Reproduction

Whenever an original Class 1–Permanent record is photographed, micro photographed, or otherwise reproduced on film or electronically, the copy made is classified as Class 1–Permanent. The original record, unless classified as Class 2–Optional, may be classified as Class 3–Disposable. It may then be destroyed in accordance with the California Code of Regulations if the following conditions have been met:

- a. The reproduction was accurate in detail.
- b. The chief administrative officer, or the designee of that officer, has attached to or incorporated in the microfilm copy or system, a signed and dated certification of compliance with the provisions of Evidence Code (Exhibits 1 and 2). [EvC § 1531]
- c. The copy was placed in an accessible location, and provision was made for preserving permanently, examining and using the same.
- d. If the record is photographed or microfilmed, it must be on film of a type approved for permanent, photographic records by the United States Bureau of Standards.

Period of Retention of Records – School Districts

1. Class 1–Permanent Records [5 CCR § 16023]

The original of each of the types of records listed below or one exact copy, when the original is required by law to be filed with another agency, is a Class 1–Permanent record. It shall be retained indefinitely, unless microfilmed. Refer to the California Code of Regulations for the specific records included as permanent records in addition to the following:

- a. Annual reports.
- b. Official actions.

c. Personnel records for employees and pupils.

d. Property records.

2. Class 2–Optional Records [5 CCR § 16024]

Any record worthy of further preservation but not classified as Class 1–Permanent, may be classified as Class 2–Optional. It shall then be retained until reclassified as Class 3–Disposable. If the superintendent and governing board agree that classification should not be made before January 1, all records of the prior year may be classified as Class 2–Optional, pending further review and classification within one year.

3. Class 3–Disposable Records

All records not classified as a Class 1–Permanent or Class 2–Optional, shall be classified as Class 3–Disposable. This includes, but is not limited to detail records relating to records basic to audit and periodic reports as defined. [5 CCR § 16025]

A Class 3–Disposable record shall not be destroyed until after the third July 1 succeeding the completion of the audit required by the Education Code or of any other legally required audit, or after the ending date of any retention period required by any agency other than the State of California, whichever date is later. [5 CCR § 16026]

A continuing record shall not be destroyed until after the fourth year after it has been classified as Class 3–Disposable. [5 CCR § 16026]

Unless otherwise specified, all Class 3–Disposable records shall be destroyed during the third school year after the school year in which they originated (e.g., 2007-08 records shall be destroyed after July 1, 2011). [5 CCR § 16027]

4. Retention and Destruction of Pupil Records [5 CCR §§ 430, 432, 437, 16023]

No additions except routine updating shall be made to the record of enrollment and scholarship after high school graduation or permanent departure without the prior consent of the parent or adult pupil.

Mandatory permanent pupil records shall be preserved in perpetuity by all California schools as Class 1–Permanent records.

Unless forwarded to another district, mandatory interim pupil records may be adjudged to be disposable when the student leaves the district or when their usefulness ceases. Special education records should be retained for a minimum of two years after the student reaches the age of 22 years. Destruction shall be in accordance with provisions of Class 3–Disposable records during the third school year following such classification.

All records pertaining to any accident or injury involving a minor for which a claim has been filed by law cease to be Class 1—Permanent records one year after the claim has been settled or the statute of limitations has run.

Permitted pupil records may be destroyed when their usefulness ceases. They may be destroyed after six months following the pupil's completion or withdrawal from the educational program.

The method of destruction shall assure that records are not available to possible public inspection in the process of destruction.

Period of Retention of Records – Community College Districts

1. Class 1–Permanent Records

The original of each of the types of records listed below or one exact copy, when the original is required by law to be filed with another agency, is a Class 1–Permanent record. It shall be retained indefinitely, unless copied or reproduced in accordance with 5 CCR § 59022. Refer to the California Code of Regulations for the specific records included as permanent records. [5 CCR § 59023]

- a. Annual reports.
- b. Official actions.
- c. Personnel records of employees.
- d. Student records.
- e. Property records.

2. Class 2–Optional Records

Any record worthy of further preservation but not classified as Class 1–Permanent, may be classified as Class 2–Optional. It shall then be retained until reclassified as Class 3–Disposable. If the chief executive officer, or other designee, determines that classification should not be made annually, all records of the prior year may be classified as Class 2–Optional, pending further review and classification within one year. [5 CCR § 59024]

3. Class 3–Disposable Records

All records, other than continuing records not classified as Class 1–Permanent or Class 2–Optional, shall be classified as Class 3–Disposable. This includes, but is not limited to, detail records basic to audit and periodic reports as defined. [5 CCR § 59025]

Generally, a Class 3–Disposable record, unless otherwise specified, should be destroyed during the third college year after the college year in which it originated (e.g., 2007-08 records should be destroyed after July 1, 2011). [5 CCR § 59026]

A Class 3–Disposable record shall not be destroyed until after the third July 1 succeeding the completion of the audit required by the Education Code or of any other legally required audit. This also applies after the ending date of any retention period required by any agency other than the State of California, whichever date is later. [5 CCR § 59026]

A continuing record shall not be destroyed until the third year after it has been classified as Class 3–Disposable. [5 CCR § 59026]

4. Retention and Destruction of Student Records

The retention and destruction of student records, where not otherwise specifically provided for in the Education Code, shall be in accordance with regulations of the Board of Governors, which appear in the California Code of Regulations. [5 CCR §§ 54608, 59020 et seq.]

Statute of Limitations

In addition to periods of retention required by the State Superintendent of Instruction or board of governors, a district may desire for its own benefit to maintain some records at least beyond the statutory period for bringing suits upon these records.

If a district has any particular inquiry in placing any records in the proper classifications, the doubt should be resolved in favor of the longer retention period.

1. Purchase Orders, Written Contracts

Any purchase orders, contracts or other documents of this type should be retained for at least five years from the date last performance becomes due. This is done because any contract in writing may be the subject of a suit within four years after final performance of any act under the contract becomes due. [CCP § 337]

2. Financial Records

Any records involving financial transactions for which a public officer would become liable for malfeasance or misfeasance of duty should be retained for a period of at least four years. [PC § 799 et seq.]

This applies unless otherwise required inasmuch as any criminal action may be brought against such person for up to three years after the act occurred. Financial records that might be the basis for an action for embezzlement should be retained as permanent records inasmuch as there is no limitation for bringing an action against an officer for such an act. [PC § 799]

Transfer of Records – School Districts

1. Cumulative Records

When a pupil transfers to another school district or to a private school, a copy of the pupil's Mandatory Permanent Pupil Record shall be transferred upon request from the other district or private school. The original or a copy must also be retained permanently by the sending district. If the transfer is to another California public school, the pupil's entire Mandatory Interim Pupil Record shall be forwarded. If the transfer is out-of-state or to a private school, the Mandatory Interim Pupil Record may be forwarded, as well as other permitted pupil records. All pupil records shall be updated prior to such transfer. [EC §§ 49068, 49069.5; 5 CCR § 438]

The California Code of Regulations defines the types of records that shall be transferred or that may be forwarded at the discretion of the district custodian of records. [5 CCR § 432(b)]

Federal law protects the confidentiality of personally identifiable information about individuals with exceptional needs. Parental consent, or the consent of an eligible student who has reached the age of 18 years, may be required before personally identifiable information or education records are released or disclosed. [EC § 56515]

Pupil records shall not be withheld from the requesting district because of any charges owed by the pupil or the parents. This provision applies to pupils in grades K-12 in both public and private schools. [EC §§ 48904, 48904.3; 5 CCR § 438]

Parents shall be notified of the records transfer in accordance with the Education Code and California Code of Regulations requirements.

2. Records of Enrollment and Scholarship

Records specified may be transferred to the office of the principal of any new school upon the discontinuance of a school or to the central office of the district. [EC § 35562; 5 CCR § 433]

3. Preschool Records

A state-funded preschool or infant and toddler program, early education program or Head Start program may transfer information from the previous year deemed beneficial to the pupil and the public school teacher to the pupil's elementary school with the permission of the parent of guardian. Such information includes, but is not limited to, development issues, social interaction abilities, health background, and diagnostic assessments. [EC §§ 8282, 58930]

4. Charter Schools

Section 5208 of the No Child Left Behind Act requires local educational agencies to ensure that student records are transferred between a charter school and another public school upon transfer of the student in accordance with state law (see Additional Resources). [20 USC § 7221]

Transfer of Records – Community College Districts, Student Records

Whenever a student transfers from one community college or public or private institution of postsecondary education to another within the state, appropriate records or a copy shall be transferred by the former community college or university or college upon

request from the student. The student may be notified that records will be transferred upon payment by the student of all fees and charges due the community college, university or college. [EC § 76225]

The community college making a records transfer shall notify the student of his/her rights to receive a copy of the record and to a hearing to challenge the record content in accordance with the Education Code requirements.

Destruction of Records – School Districts

The steps in destruction of records including superintendent and board actions are not specified in the California Code of Regulations. The district should develop its own steps in destruction to facilitate the orderly removal of Class 3–Disposable records after the expiration of the established retention periods.

Destruction of Records – Community College Districts

The chief administrative officer, or the designee of that officer, shall: [5 CCR § 59027]

1. Personally supervise the classification of records.
2. Mark each file or other container as to classification and the school year in which the records originated. If the records are classified as Class 3–Disposable, the chief administrative officer shall also mark the year in which such records are to be destroyed.
3. Supervise the destruction of records.
4. Submit to the governing board a list of records recommended for destruction with certification that no records are included in the list in conflict with the regulations in the California Code of Regulations.

The governing board shall: [5 CCR § 59028]

1. Approve or disapprove the recommendation of its designee.
2. Order a reclassification when necessary or desirable.
3. Order by action recorded in the minutes (with lists attached) the destruction of records in accordance with these regulations.

Records ordered for destruction shall be permanently destroyed by such foolproof methods as shredding, burning, or pulping supervised by the chief executive officer or other designee. [5 CCR § 59029]

Litigation Hold

In instances of pending or threatened litigation against the school district, county office of education, or charter school in federal court, the custodian of records is required by law to retain, either in a backup system or in printed form, all documents and records that may be relevant to the lawsuit or reasonably anticipated lawsuit. This is referred to as a "litigation hold." A litigation hold suspends the agency's retention and destruction procedures for certain documents related to the dispute, including electronically stored information such as e-mails and information stored off-site or by third parties.

The custodian of records should consult legal counsel to determine which documents are subject to a litigation hold.

In the event of a litigation hold, the custodian of records shall notify affected employees as soon as possible about the requirements and procedures for retaining relevant documents.

ELECTRONIC RECORDS

The maintenance of electronic records requires careful management of procedures and equipment to ensure the continuing accuracy, integrity, and availability of the records. The governing board may make electronic copies of any records of the district. [EC § 35254] Electronic technology has greatly expanded the methods of creating, editing, maintaining, transmitting, retrieving, and destroying records. Records can be created on microcomputers, minicomputers, or mainframe computers, regardless of storage media, in networks or stand-alone systems; small computers such as memory typewriters, calculators, mobile phones, e-mail devices, web browsers, and organizers; and embedded systems. Electronic records may be created, manipulated, maintained, and disposed of on the computer without production of hard copy. After a specific period of time, inactive records are transferred to computer-output media for long-term storage, and the original media may be erased and reused.

School districts need to effectively manage and control the record lifecycle and all documents constituting the record regardless of format. Electronic record keeping requires careful application of sound records management principles. Electronic record keeping systems are more vulnerable to undetected alteration, loss, or unauthorized disclosure of information than hard copy or microform systems.

According to California Records and Information Management (CalRIM), “The use of agency Web sites to communicate information to the public may be important records that need to be managed and addressed in records retention schedules. As Web pages and the data that is captured from them become the substitute for paper transactions, retention periods and methodology will need to be applied as with other electronic records” (see Additional Resources).

CalRIM suggests the following principles for determining which computer information is a “record” and which is a “non-record.” Implementation of these principles will depend on the needs of the district and should be reviewed with counsel.

1. An e-mail message with associated information (metadata) and any attachment(s) sent or received is a document. Transmitting by electronic mail or facsimile is a record regardless of the format in which the record has been stored. If the informational content of the electronic mail is used for official business, that particular electronic mail is subject to retention under the CPRA.
2. Voice mail is usually a non-record, unless preserved in a manner that would meet record criteria, as with other records, such as containing information necessary for the district’s business.
3. Word processing files are records if they meet the criteria to be a record.
4. One set of computer data containing accounting and tax information plus one copy of the visible output (e.g., printed report of computer output microfilm) are records under the Internal Revenue Service’s Revenue Procedure 91-59.
5. Computer back-up tapes and other duplicate computer files are non-records.
6. Databases and other data compilations that are used for multiple purposes are often records.
7. Electronic transactions are records.

When computer information is classified as “record” material, it must be retained according to the district’s records retention schedule. A “non-record” generally can be destroyed at the discretion of the user after a short period of time or after the official record is produced.

The California Uniform Electronic Transaction Act places electronic documents and the use of electronic signatures on a par with traditional paper-based transactions and the use of manual signatures. In the area of records retention, electronic records may

replace other methods so long as there is assurance that the electronic records will provide the accuracy, integrity, and accessibility of traditional methods of retention. [CC § 1633.1 et seq.]

Information Security

Reasonable security for the electronic records created, used, and stored on computer systems is an important issue for records management, particularly if the data is confidential or personal. Key aspects of information security include physical network security, software security, and user access security.

The California Supreme Court recognized that persons have a fundamental protected privacy interest in informational privacy. The district or county office of education should implement and maintain reasonable security procedures and practices appropriate to the nature of the information to protect the personal information about a California resident from unauthorized access, destruction, use, modification, or disclosure. Unauthorized acquisition of computerized data that compromises the security, confidentiality, or integrity of personal information maintained by the district or county office of education may require immediate notification of the affected persons and action to restore the reasonable integrity of the data system. [CC §1798.82]

CalRIM provides suggestions for hardware and data security, disaster preparedness and recovery, and care of media and transmission systems in its *Electronic Records Management Handbook* (see Additional Resources).

The National Forum on Education Statistics provides suggestions for data security in its *Forum Guide to Protecting the Privacy of Student Information: State and Local Education Agencies* (see Additional Resources). Inappropriate disposal methods expose the district to unnecessary privacy risks from unauthorized users. Electronic records should not simply be erased or media reformatted. The district must ensure the digitally encoded components such as tapes, disks, and hard drives are properly wiped clean of confidential information prior to the sale, lease, or disposal of personal property identified as surplus or not suitable for school use. [EC §§ 17540, 17545 et seq.]

RECORDS DISPOSITION PROGRAM

Inventory of all Records (Exhibit 3)

1. Describe the quantity and form of specific district records (i.e., original, copy, paper, microform, or electronically based, etc.).

2. Determine which records are maintained in office space and which are located in storage facilities or electronic media.
3. Determine how frequently each record is used and who needs access to each specific record.
4. Specify the classification of each record from prior school or academic year. [5 CCR §§ 16022, 59022]
5. Specify the scheduled retention period for each record and the frequency of its review.
6. Estimate the approximate cost of records management.

Classification of Records

Classify documents and other paper and electronically based records originating during the prior school year according to California Code of Regulations and district policy.

Appraisal of Records

1. Establish retention periods for all records.
2. Identify records requiring limited accessibility that may be transferred from office space or electronic media to storage.
3. Determine feasibility of making photographic, microfilm, or electronic copies of Class 1–Permanent records. [EC § 35254; 5 CCR §§ 16022(c), 59022(e)]

Development, Approval, and Application of Disposition Schedule (Exhibit 4)

1. Retain current records in office space or accessible storage location or electronic media. Document locations of all records.
2. Transfer inactive records to storage space or electronic media as appropriate. Reproduce records on film or electronically as appropriate. Document locations of all records.
3. Destroy Class 3–Disposable records according to application of normal approved business procedures. Once a lawsuit has been filed and the records are pertinent to that lawsuit, a “litigation hold” will require that the records be retained.

SUMMARY OF STATE REQUIREMENTS FOR
RECORDS RETENTION, TRANSFER AND DESTRUCTION

School Districts

1. Retention, destruction, generally
 - a. Education Code sections 35253 through 35254
 - b. Title 5, California Code of Regulations, section 16020 et seq.
2. Retention, destruction, pupil records
 - a. Education Code sections 49062, 49070(b)(c), 49558, 51747(b)
 - b. Title 5, California Code of Regulations, section 437
3. Transfer, pupil records
 - a. Title 5, California Code of Regulations, section 438
 - b. Education Code sections 8282, 47605(b)(5)(P), 49068, 49069.5, 51747(b), 56515, 58930
 - c. FERPA [34 CFR §§ 99.7, 99.34(a)(ii)]
 - d. NCLB [20 USC § 7221]

Community College Districts

1. Retention, destruction, generally

Title 5, California Code of Regulations, section 59020 et seq.
2. Retention, destruction, student records
 - a. Education Code sections 76220, 76232
 - b. Title 5, California Code of Regulations, section 54608

3. Transfer, student records

- a. Education Code section 76225
- b. FERPA [34 CFR §§ 99.7, 99.34(a)(ii)]

Transfer, District Reorganization

1. School districts, Education Code section 35562
2. Community College Districts, Education Code section 74280

FORMS FOR RESPONSE TO REQUEST FOR COPY OF RECORDS

A court order, lawfully issued subpoena, or written request for records received by an officer or employee of the district shall be processed by the designated custodian of records, for example:

District Superintendent or his/her designee: Agendas or copy of all the documents constituting the agenda packet of any meeting and any other writings that are public records distributed to members of the Governing Board on matters subject to discussion or consideration at an open meeting by the Board. [GC §§ 54954.1, 54957.5]

Division Assistant Superintendent: Records under his/her control.

Student Services: Records of currently enrolled students or former students in the schools or programs operated by the district.

Human Resources: Personnel Commission records or personnel records.

Internal Business Services: Records requested pursuant to claims or lawsuits.

A sample letter for response to a request for public records pursuant to board policy or regulations for inspecting and receiving a copy of an identifiable public record is presented as Exhibit 5. Contact legal counsel for advice upon receipt of a discovery request that specifies intent to request records, including electronically-stored data, for use in litigation.

ADDITIONAL RESOURCES

1. California Department of Consumer Affairs, Office of Privacy Protection. Available: <<http://www.privacy.ca.gov/>>
2. California Department of General Services:

Records Retention Handbook. Available: <<http://www.osp.dgs.ca.gov/recs/rrhtoc.htm>>

State Administrative Manual, revised 2006. Available: <<http://sam.dgs.ca.gov/TOC/default.htm>>
3. California Records and Information Management (CalRIM), California Department of General Services:

Electronic Records Management Handbook, 2002. Available: <<http://www.osp.dgs.ca.gov/recs/erm.htm>>

Records and Document Management Program. Available: <<http://www.osp.dgs.ca.gov/CalRIM/default.htm>>

Records Retention Schedule Guidelines, January 2007. Available: <<http://www.documents.dgs.ca.gov/osp/calrim/RRSchedGuide06.doc>>
4. Education Department Government Administrative Regulations (EDGAR), Code of Federal Regulations, Title 34. U.S. Department of Education. Available: <<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>>
5. *Educator's Guide to Student Records 2007 Edition*, Los Angeles County Office of Education, available for \$25.00 from:
Pam Post, Student Support Services
Los Angeles County Office of Education
9300 Imperial Highway ECC-3254
Downey, CA 90232-2890
6. Freedom of Information Act (FOIA) [5 USC § 552]. Available: <<http://www.usdoj.gov/oip/privstat.htm>>
7. National Forum on Education Statistics, *Forum Guide to the Privacy of Student Information: A Resource for Schools*, NCES 2006-805. Washington, DC: 2006 Available: <<http://nces.ed.gov/pubs2006/2006805.pdf>>

8. National Forum on Education Statistics, *Forum Guide to Protecting the Privacy of Student Information: State and Local Education Agencies*, NCES 2004-330. Washington, DC: 2004. Available: <<http://nces.ed.gov/pubs2004/2004330.pdf>>
9. No Child Left Behind Act, U.S. Department of Education. Available: <<http://www.ed.gov/nclb/landing.jhtml>>
10. Schools and Libraries Division, Universal Service Administrative Company, for retention of records and audits for E-rate funding. Available: <<http://www.universalservice.org/sl/about/audits/default.aspx/>>
11. *State Administrative Manual*, California Department of General Services, revised 2006. Available: <<http://sam.dgs.ca.gov/TOC/default.htm>>
12. *Summary of the California Public Records Act 2004*, California Attorney General's Office. Available: <http://caag.state.ca.us/publications/summary_public_records_act.pdf>

LIST OF EXHIBITS

- | | |
|-----------|--|
| Exhibit 1 | Certification of Authenticity of the Foregoing Microfilms or other Photographic Reproductions by Head of Agency, Sample Form, Title 11, California Code of Regulations |
| Exhibit 2 | Certificate of Individual Microfilm or other Photographic Reproduction, Sample Form, Title 11, California Code of Regulations |
| Exhibit 3 | Records Inventory Sheet, Sample Form, San Diego County Office of Education (SDCOE) |
| Exhibit 4 | Records Disposition Schedule, Sample Form, SDCOE |
| Exhibit 5 | Response Letter for Request for Public Records, Sample, SDCOE |

TITLE 11 Attorney General--Approved Certification Forms 108.13
(Register 66, No. 44--12-17-66) [11CCR, § 200]

SUBCHAPTER 3. MICROFILMING AND OTHER PHOTOGRAPHIC
REPRODUCTIONS

Article 1. the Forms of Certification Approved

| | |
|-------------------------------|---|
| Section | Section |
| 200. Form | 203. General Certification-- Irrigation Districts |
| 201. General Certification | 204. Individual Certification--Irrigation Districts |
| 202. Individual Certification | |

200. Form. The form of certification for microfilming or other photographic reproduction of public records, approved by the Attorney General and required by the respective statutes, rules, and regulations shall be substantially as set forth in the following regulation in this article.

NOTE: New authority cited: Section 14750, Government Code.

- History:*
1. New article (sections 200, 201 and 202) filed 12-3-53 as an emergency; effective upon filing (Register 53, No 22).
 2. Citation of new authority filed 12-13-66 (Register 66, No. 44).

201. General Certification. General certification of head of agency (Section 14756 of the Government Code): [11CCR, § 201]

**CERTIFICATION OF AUTHENTICITY OF THE FOREGOING MICROFILMS
OR OTHER PHOTOGRAPHIC REPRODUCTIONS BY HEAD OF AGENCY**
(Section 14756, Government Code)

I, _____ hereby certify to the following in connection with the foregoing (microfilm) (photographic reproductions):

That I am the official and lawful custodian of the records microfilmed or photographically reproduced and preserved in _____

(Agency)

as _____ identified and described as follows:

That the reason and authorization for this reproduction is as follows: _____

That certification is herein made pursuant to Section 14756 of the Government Code.

That these (microfilms) (photographic reproductions) of the above-described records were taken under my direction and control on _____, 20 ____ and that they are a complete, true, and correct copy thereof.

That the microfilming or other photographic processes were accomplished in a manner and on film which meets with the standard specification of the United State National Bureau of Standards.

Disposition of records reproduced:

- To be destroyed
- To be deposited in the Central Records Depository (Secretary of State)
- To be preserved in the State Archives (Secretary of State)
- To be retained by the agency _____
(Agency)
- Other disposition _____

(Describe fully)

That this certificate was made at the time of the taking of this (microfilm) (photographic reproduction).

IN WITNESS WHEREOF, I have hereunto set my hand (and affixed my official seal) this _____ day of _____, 20 ____.

(Head of agency)

(Capacity and organization title)

[SEAL]

History: 1. Amendment filed 12-13-66; effective thirtieth day thereafter (Register 66, No. 44).

202. Individual Certification. Certificate of head of agency of individual microfilm or other photographic reproduction (Section 14756, Government Code): [11CCR, § 202]

**CERTIFICATE OF INDIVIDUAL MICROFILM OR OTHER
PHOTOGRAPHIC REPRODUCTION**
(Section 14756, Government Code)

I, _____
hereby certify to the following in connection with the foregoing (microfilm) (photographic reproduction):

That I am the official and lawful custodian of the records microfilmed or photographically reproduced and preserved in _____

(Agency)

as _____ identified and described as follows:

That the reason is herein made pursuant to Section 14756 of the Government Code.

That this (microfilm) (photographic reproduction) of the above-described records was taken under my direction and control on _____, 20 ____, and that it is a complete, true, and correct copy thereof.

That the microfilming or other photographic processes were accomplished in a manner and on film which meets with the standard specification of the Unified States National Bureau of Standards.

Location of records reproduced: _____

That this certificate was made at the time of the taking of his (microfilm) (photographic reproduction).

IN WITNESS WHEREOF, I have hereunto set my hand (and affixed my official seal) this _____ day of _____, 20 ____.

(Head of agency)

(Capacity and organizational title)

[SEAL]

History: 1. Amendment filed 12-13-66; effective thirtieth day thereafter (Register 66, No. 44).

Evidence Code § 1531

For the purposes of evidence, whenever a copy of a writing is attested or certified, the attestation or certification must state in substance that the copy is a correct copy of the original, or of a specified part thereof, as the case may be.

RECORDS INVENTORY WORKSHEET

| Organization Unit: | | Date: | |
|---------------------------------|----------------|--------------------|--------|
| Person Responsible for Records: | | | |
| Record Series Title: | | | |
| Location | School Year(s) | Range ¹ | Volume |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

1. Range of portion of record series if kept in different locations, i.e., by date, coding, alphabetical, numerical.

The following approximate units of measurement and related data were derived from the Paperwork Management Handbook-Records Disposition prepared by the State of California and may be used by districts to determine amounts of records in the inventory.

| Multiply linear footage of records by ratio factor to compute cubic footage | | | |
|---|--------------|------------------|--------------|
| Size of Document | Ratio Factor | Size of Document | Ratio Factor |
| 3" x 5" | .1 | 8" x 12½" | .7 |
| 4" x 6" | .17 | 8½" x 11" | .66 |
| 4" x 9" | .26 | 9½" x 12" | .79 |
| 5" x 8" | .28 | 9½" x 15" | .99 |
| 8" x 10½" | .58 | | |

- 1 Cubic foot of records weighs 30 pounds
- 1 Ton of records equals 70 cubic feet
- 1 Cubic foot equals 3,000 letter-sized sheets of paper

RECORDS DISPOSITION SCHEDULE

| Department: | | | | | |
|--------------------|-----------------------|----------------|--------|-------------------|-------|
| Organization Unit: | | | | | |
| FORM NO. | TITLE AND DESCRIPTION | CLASSIFICATION | OFFICE | RETENTION STORAGE | TOTAL |
| | | | | | |

Date

Name
Title
XYZ Corporation
Address

Dear _____:

Re: Response to Public Records Act Request Regarding [State Request of Public Records Requested].

In response to the Public Records Act requested by the XYZ Corporation (XYZ) dated _____ 20____, the County Superintendent of Schools (Superintendent) hereby responds and advises XYZ as follows:

1. The Superintendent has identified his/her documents containing the following information and will allow inspection thereof by XYZ upon request:
 - a) [List the copies of records requested.]
2. The fee established by the Superintendent to cover the direct costs of duplication by the Superintendent for copying documents pursuant to Public Records Act request is [_____] (e.g., _____ cents per page).*
3. The approximate volume of documents responsive to the request by XYZ is _____ pages. A copy of the Superintendent's regulations concerning the procedures to be followed for obtaining records under the Public Records Act will be provided upon payment of the costs of the duplication of [estimated amount].
4. The disclosable public records will be made available on or about [date] and [time]. The format is [technology] and the location is [site].

Please call [name] at telephone [number] to arrange a time for the inspection of the requested documents or to pay the amount due for the Superintendent to provide copies of the requested documents.

Sincerely,

Name
Title/Position

Note: Title is required when written denial of request is made. [GC, §§ 6253(d), 6255]

* Establish fee for reproduction only. Costs associated with gathering and assembling documents cannot be charged.

SCHOOL AND COMMUNITY COLLEGE RETIREMENT SYSTEMS

Two state systems govern the primary retirement plans of school and community college district employees. Certificated employees are covered under the California State Teachers' Retirement System (CalSTRS) Defined Benefit (DB) or Cash Balance (CB) plan, as offered by the employer, and Medicare. Classified employees are covered under the California Public Employees' Retirement System (CalPERS), Social Security, and Medicare.

Bulletins are issued periodically updating the rules and laws governing the California State Teachers' Retirement System and the California Public Employees' Retirement System. Information pamphlets are available from the respective systems. Laws governing CalSTRS are in the Education Code; CalPERS laws are found in the Government Code. These sources should be consulted when decisions related to retirement are being made.

Districts and employees are strongly encouraged to become familiar with the informative CalSTRS and CalPERS Web sites (see Additional Resources). These Web sites present the latest system benefit information and provide on-line benefit estimates, buy-back service credit estimates, downloadable forms, directives, board meeting agendas, etc. For convenience, links to the downloadable forms referenced in the discussion that follows are provided in Exhibit 1, Table of Online Forms.

The San Diego County Office of Education (SDCOE) is responsible to each retirement system for the collection and remittance of employee and employer contributions. This office must also furnish information relating to the salaries, contributions, and service of every member. [EC §§ 22455-7, 23000; GC § 20610]

Procedures in the payroll system enable SDCOE to obtain information from the districts regarding the membership status of each employee. The description of these procedures presented in the SDCOE *Payroll/Personnel System User Reference Manual* provided to system users, in conjunction with the general information set forth in this section, will assist school districts in counseling employees and fulfilling payroll reporting requirements of CalSTRS and CalPERS. [GC §§ 22550.5, 22554]

Retirement membership and employment data for all school employees in San Diego County is maintained at SDCOE in an online retirement database file.

Reciprocity

Reciprocity is intended to encourage career public service by granting members retirement benefits derived from service credits earned in two or more related retirement systems, such as CalPERS and CalSTRS. Reciprocity preserves the rights

and benefits due an employee moving from one retirement system to another and defines the financial obligation of those systems with respect to the employee.

Details related to the conditions under which reciprocity applies are outlined in the *CalPERS Procedures Manual*. Forms and additional information are provided in the CalPERS Refund/Rollover Election Package, which is available from the SDCOE Retirement Reporting Unit (see Additional Resources).

Right of Election

At employment, eligible classified employees are generally enrolled in CalPERS, and eligible certificated employees are enrolled in CalSTRS. When a member of one retirement system is subsequently employed to perform service that requires membership in a different system, the employer has ten days from date of hire to notify the employee of the eligibility to exercise the choice between CalSTRS and CalPERS. The employee must be given written information to assist in making an election and must acknowledge receipt of the information on Form MS 373 (see Exhibit 1). The employee has 60 days from date of hire to make the election. The election, which is irrevocable, is made on CalSTRS Retirement System Election, Form ES 372, which is signed and filed through the SDCOE (see Exhibit 1).

A member of CalSTRS who is employed to perform service that requires membership in CalPERS must be enrolled in that system unless he/she makes an election within 60 days to have that service subject to coverage by CalSTRS DB. [EC § 22508(a)]

A member of CalPERS who is employed to perform “creditable service” subject to coverage by the DB program of CalSTRS must be enrolled in CalSTRS DB unless he/she makes an election within 60 days to have that service subject to coverage by CalPERS. [EC § 22508(c)]

The above situations refer to a transfer of position within K-14 school employment, except as follows:

1. A state or university member of CalPERS who has five years of service credit may elect to remain in CalPERS for K-14 certificated work. [EC § 22508(c)(2)]
2. Employees of the Board of Governors of the California Community Colleges who accept employment in a community college district or vice versa may also elect within 60 days to remain in their present retirement plan. [EC § 22508.5]

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

The San Diego County Office of Education maintains a permanent retirement record of service performed for each certificated person who has served in the San Diego County schools since July 1, 1935. San Diego Unified School District and the Palomar and San Diego Community College Districts maintain their own records.

Each school employer should have a CalSTRS-provided procedure manual, *Benefit Program Employer Manual*. Information can also be obtained from the SDCOE Retirement Reporting Unit or on the CalSTRS Web site (see Additional Resources).

Retirement Plans

Defined Benefit (DB)

The CalSTRS Defined Benefit (DB) plan provides retirement and disability benefits to its members. All teachers, nurses, and certificated librarians employed in the public schools of California and all other employees who hold valid and unrevoked credentials and who are employed 50 percent or greater of each month in positions requiring certificated qualifications are members of the CalSTRS DB Program.

Employee contributions are eight percent of creditable earnings. Employees hired on or after April 1, 1986 are covered under Medicare. Only part-time, less than 50 percent monthly, and substitute employees hired prior to this date are covered under Medicare. Those who are not members of either the CalSTRS Cash Balance (CB) or Defined Benefit plans are subject to Social Security tax or a district-sponsored Alternative Retirement System (ARS). [EC §§ 22500-1]

Defined Benefit Supplement (DBS)

The Defined Benefit Supplement (DBS) plan was established effective July 2002 for members of the Defined Benefit plan. [EC § 25000 et seq.] Members receive supplemental retirement, disability, final, or termination benefits. This benefit has no effect on service credit or the computation of benefits for the DB account.

Prior to July 2002, service credit was not awarded and contributions were not collected on compensation for activities such as summer school, intersession, extended contract days, community college overload assignments, performance pay, car allowances, additional assignments over the full-time monthly contract assignment, and many other stipend payments. Under the DBS plan, all certificated salaries and most other compensation are subject to the employee and employer contribution rates each payday. [EC § 22115 et seq.]

Two percent of the eight percent school member contributions are credited to the DBS account for pay periods from January 2001 through January 2011. [EC § 22901.5] When a member reaches one-year of service credit, the contributions on the excess service credit are also placed in the Defined Benefit Supplement (DBS) account.

CalSTRS reviews each member's service credit at the end of every fiscal year. The monies in the DBS account appear in a separate CalSTRS annual statement mailed to members.

Cash Balance (CB)

The Cash Balance (CB) plan is an optional plan that replaces Social Security or a district ARS plan for part-time and substitute certificated employees. [EC § 26000 et seq.] District board action is required to implement the plan. Under the CB plan, all certificated new hires who do not qualify for the CalSTRS DB plan are enrolled in the CB plan. CalSTRS DB members who are currently employed less than half time have a one-time choice to elect out of the CalSTRS DB plan, as long as they are not employed by another school employer subject to the DB plan.

Contributions to the CB plan are a minimum of eight percent, of which four percent is the employer minimum, with the employee contributing the balance. The employer could contribute five percent and the employee three percent, or any other negotiated amount subject to the employer minimum.

The CB plan does not require the employer to monitor the employee time worked; only the employee's job assignment is monitored. When the basis of employment changes to 50 percent or more full-time equivalent, the employee is enrolled in the DB plan.

Definitions

Creditable Service

"Creditable service" means any of the following activities performed for an employer in a position requiring a credential, certificate, or permit pursuant to the Education Code or under the appropriate minimum standards adopted by the Board of Governors of the California Community Colleges or under the provisions of an approved charter for the operation of a charter school for which the employer is eligible to receive state apportionment, or pursuant to a contract between a community college district and the United States Department of Defense to provide vocational training. [EC § 22119.5]

1. The work of teachers, instructors, district interns, and academic employees employed in the instructional program for pupils, including special programs such as adult education, regional occupation programs, child care centers, and prekindergarten programs pursuant to Education Code section 22161.
2. Education or vocational counseling, guidance, and placement services.
3. The work of directors, coordinators, and assistant administrators who plan courses of study to be used in California public schools, or research connected with the evaluation or efficiency of the instructional program.
4. The selection, collection, preparation, classification, demonstration, or evaluation of instructional materials of any course of study for use in the development of the instructional program in California public schools, or other services related to school curriculum.
5. The examination, selection, inservice training, or assignment of teachers, principals, or other similar personnel involved in the instructional program.
6. School activities related to, and an outgrowth of, the instructional and guidance program of the school when performed in addition to other activities described in this section.
7. The work of nurses, physicians, speech therapists, psychologists, audiometrists, audiologists, and other school health professionals.
8. Services as a school librarian.
9. The work of employees who are responsible for the supervision of persons or administration of the duties described in Education Code section 22119.5.

“Creditable service” also means the work of superintendents of California public schools.

The Teachers’ Retirement Board shall have final authority for determining creditable service to cover any activities not already specified. [EC § 22119.5(c)]

Class of Employees

“Class of employees” means a number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program, or share other similarities related to the nature of the work being performed.

A class of employees may be comprised of one person if no other person employed by the employer performs similar duties, is employed in the same type of program, or shares other similarities related to the nature of the work being performed and that same class is in common use among other employers.

The Teachers' Retirement Board shall have the right to override the determination by an employer as to whether or not a group or an individual constitutes a "class of employees." [EC § 22112.5]

Full-time Equivalent

"Full time" means the days or hours of creditable service the employer requires to be performed by a class of employees in a school year in order to earn the compensation earnable as defined in section Education Code section 22115 and specified under the terms of a collective bargaining agreement or employment agreement. For the purpose of crediting service under this part, "full time" shall not be less than the minimum standards specified in Education Code section 22138.5.

The minimum standard for full time in kindergarten through grade 12 shall be:

1. One hundred seventy-five days per year or 1,050 hours per year except as provided in paragraphs 2 and 3 below.
2. a. One hundred ninety days per year or 1,520 hours per year for all principals and programs managers, including advisors, coordinators, consultants, and developers or planners of curricula, instructional materials, or programs, and for administrators except as provided in paragraph 2b below.

b. Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a county office of education.
3. One thousand fifty hours per year for teachers in adult education programs.

The minimum standard for full time in community colleges shall be:

1. One hundred seventy-five days per year or 1,050 hours per year except as provided in paragraphs 2, 3, 4, 5, and 6. Full time shall include time for duties the employer requires to be performed as part of the full-time assignment for a particular class of employees.
2. One hundred ninety days per year or 1,520 hours per year for all program managers and for administrators, except as provided in paragraph 3 below.

3. Two hundred fifteen days per year or 1,720 hours per year including school and legal holidays pursuant to the policy adopted by the employer's governing board for administrators at a district office.
4. One hundred seventy-five days per year or 1,050 hours per year for all counselors and librarians.
5. Five hundred twenty-five instructional hours per school year for all credit instructors employed on a part-time basis. If an instructor receives compensation for office hours pursuant to Education Code section 87880 et seq., the minimum standard shall be increased appropriately by the number of hours required annually for the class of employees.
6. Eight hundred seventy-five instructional hours per school year for all adult education instructors. If an instructor receives compensation for office hours pursuant to Education Code section 87880 et seq., the minimum standard shall be increased appropriately by the number of office hours required annually for the class of employees.

The minimum standard for full time in adult education programs in any school district or community college district shall be 30 hours per week for 35 weeks per year, or 1,050 hours per year.

The Teachers' Retirement Board shall have final authority to determine full time for purposes of crediting service if full time is not otherwise specified. [EC § 22138.5]

Service Credit

An employee can receive only one year of service credit in any given year. The minimum school year shall be 175 days or 1,050 hours. [5 CCR § 20521]

Service credit for part-time employees is calculated by dividing the salary subject to retirement (excluding extra compensation) by the projected annual contract salary. For example, if a full-time employee who works 6.75 hours a day for 185 days (1242 hours per year) earns a full year of service credit, service credit for an employee working less than the full-time equivalent, would be prorated as follows:

| | | | | |
|----|--|---------------------------------|---|-------------------------------------|
| 1. | <u>Full Time Service Hours</u> 1242 | <u>Hourly Rate</u> × \$21.50 | = | <u>Full Time Salary</u> \$26,703 |
| 2. | <u>Hours Worked</u> 1100 | <u>Hourly Rate</u> × \$21.50 | = | <u>Salary Earned</u> \$23,650 |

| | | | |
|----|----------------------|-------------------------|------------------------------|
| 3. | <u>Salary Earned</u> | <u>Full Time Salary</u> | <u>Service Credit Earned</u> |
| | \$23,650 | ÷ \$26,703 | = 0.886 |

Assignments to positions with different base days may occur during the year, which generally affects service credit. When the base days change, a Report of Change of Base Assignment, Form ES 331 (see Exhibit 1) must be completed and forwarded to SDCOE for transmittal to CalSTRS. If subsequent salary changes are negotiated or additional job assignment changes occur, additional forms must be completed and submitted. Failure to follow this procedure will result in the member's receiving less than one year of service credit.

To ensure accurate calculations of service credit, it is important that payroll procedures are adhered to and that the proper payroll transaction documents are used in all adjustments made to an employee's salary pay rate as prescribed in the SDCOE *Payroll/Personnel System User Reference Manual*.

Compensation Earnable

Compensation earnable is defined in Education Code section 22115 as follows:

1. "Compensation earnable" means the annual creditable compensation a person could earn in a school year for creditable service performed on a full-time basis, excluding service for which contributions are credited by the system to the Defined Benefit Supplement Program.
2. The board may determine compensation earnable for persons employed on a part-time basis.
3. When service credit for a school year is less than 1.000, compensation earnable shall be the product obtained when creditable compensation paid in that year is divided by the service credit for that year, except as provided in number 4 below.
4. When a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is at least .900 of a year, compensation earnable shall be determined as if all service credit for that year had been earned at the highest pay rate. This rule applies only for purposes of determining final compensation. When a member earns creditable compensation at multiple pay rates during a school year and service credit at the highest pay rate is less than .900 of a year, compensation earnable shall be determined according to number 3 above.

The compensation for any absence of a member shall be based on the daily compensation that would be earnable if the employment were on a full-time basis and the member worked full time. [EC § 45041]

Compensation and salary mean remuneration in cash payable by the employer to the member for actual work performed or time served, up to the full-time equivalent for the position. The salaries are derived from uniform salary schedules, which may be based on years of training and years of experience as specified in Education Code section 45028. This includes any amount deducted from the member's salary for the purpose of purchasing an annuity contract, tax-deferred retirement plans, or other insurance programs for the member that meet the requirements of Section 125, 401(k), or 403(b) of the Internal Revenue Code.

Creditable Compensation

Effective July 1, 2002, "creditable compensation" means remuneration that is payable in cash by an employer to all persons in the same class of employees and is paid to an employee for performing creditable service. [EC § 22119.2]

Creditable compensation shall include:

1. Salary paid in accordance with a salary schedule or employment agreement.
2. Remuneration that is paid in addition to salary, providing it is payable to all persons who are in the same class of employees in the same dollar amount, the same percentage of salary, or the same percentage of the amount being distributed.
3. Remuneration that is paid for the use of sick leave, vacation, and other employer-approved leave, except remuneration that is paid for unused accumulated leave.
4. Member contributions that are picked up by an employer pursuant to Education Code section 22903 or 22904.
5. Amounts that are deducted from a member's compensation, including, but not limited to, salary deductions for participation in a deferred compensation plan; deductions to purchase an annuity contract, tax-deferred retirement plan, or insurance program; and contributions to a plan that meets the requirements of Section 125, 401(k), or 403(b) of Title 26 of the United States Code.
6. Any other payments the Teachers' Retirement Board determines to be creditable compensation.

For purposes of Education Code section 22119.2, remuneration shall be considered payable if it would be paid to any person who meets the qualifications or requirements specified in a collective bargaining agreement or an employment agreement as a condition of receiving the remuneration.

This definition of creditable compensation reflects sound principles that support the integrity of the retirement fund. Those principles include, but are not limited to, consistent treatment of compensation throughout a member's career, consistent treatment of compensation among an entire class of employees, preventing adverse selection, and excluding from compensation earnable remuneration that is paid for the principal purpose of enhancing a member's benefits under the plan. The Teachers' Retirement Board shall determine the appropriate crediting of contributions between the Defined Benefit Program and the Defined Benefit Supplement Program according to these principles, to the extent not otherwise specified in the Education Code.

Education Code section 22119.2(c) defines remuneration that is not included in the definition of creditable compensation.

Any salary or other remuneration determined by the Teachers' Retirement Board to have been paid for the principal purpose of enhancing a member's benefits under the plan shall not be credited under the Defined Benefit Program. Contributions on that compensation shall be credited to the Defined Benefit Supplement Program. A presumption by the board that salary or other remuneration was paid for the principal purpose of enhancing the member's benefits under the plan may be rebutted by the member or by the employer on behalf of the member. Upon receipt of sufficient evidence to the contrary, this presumption may be reversed.

An employer or individual who knowingly or willfully reports compensation in a manner inconsistent with Education Code section 22119.2 shall reimburse the plan for benefit overpayments that occur because of that inconsistent reporting and may be subject to prosecution for fraud, theft, or embezzlement in accordance with the Penal Code.

Membership

Any person employed to perform creditable service on a full-time basis who is not already a member of the Defined Benefit Program shall become a member as of the first day of employment, unless excluded from membership by Education Code sections 22601, 22601.5, or 22604.

Certificated employees who are full-time members of another public retirement system are also considered for CalSTRS enrollment. Former Education Code section 22605 previously excluded employees in this situation.

DB membership Information is available on the CalSTRS Web site (see Additional Resources). Procedures and requirements for enrollment are discussed below in the section entitled, "Employment Procedures."

Exclusion from Membership – CalSTRS DB

Persons who were not previously enrolled as members of the CalSTRS DB system are excluded from membership if they fall within one of the following employment categories: [EC §§ 22601, 22601.5, 22602, 22604]

1. Substitutes, until they render 100 complete days of service in one school district during the year and qualify by performing one day in any following month of the school year.
2. Hourly and part-time employees, until they render 60 hours or 10 days of service in one school district within a pay period and qualify by performing additional service in any following month of the school year.
3. Exchange teachers from outside California.
4. Teacher assistants employed under Education Code section 44926.
5. Student teachers employed under Education Code section 44320.

Election of DB Membership

Daily, hourly, and part-time employees who do not qualify for DB membership may elect membership at any time while employed to perform creditable service subject to coverage under the DB plan. [EC § 22515] This election will preclude CalSTRS CB (when offered), Social Security, or ARS membership on or after January 1, 1992. Form ES 350, Permissive Election and Acknowledgment of Receipt of CalSTRS Defined Benefit Plan Membership Information, is used to elect membership (see Exhibit 1).

Employment Procedures

1. Notification - The district human resources office shall formally notify an employee within 30 days of hire of his or her right to voluntarily elect CalSTRS DB membership. The employer is liable for employee and employer

contributions and administrative costs when an audit or complaint by the employee reveals that the employer has failed to comply with notification requirements. [EC § 22455.5]

2. Enrollment - Membership election is exercised on CalSTRS Form ES 350, which is then forwarded to SDCOE for processing of the enrollment and submission of the form to CalSTRS (see Exhibit 1).

If an employee last served in another California county district, the employee must complete Form 308, Verification of Membership Status in a California Public Retirement System (see Exhibit 1). If the employee is a current retirement system member with funds on deposit, the SDCOE Retirement Reporting Unit should be consulted for proper retirement enrollment.

If an employee served in another San Diego County district immediately prior to employment or has never served in California and qualifies for CalSTRS membership, no retirement forms need to be completed. The Payroll System will enroll the employee as indicated by the position and/or the system's retirement data for that employee.

3. CalSTRS Set-up - SDCOE compares retirement coding and employee data with the online retirement master file. All new hire data and employee data changes are sent to CalSTRS each payroll cycle to set up accounts and verify retirement status. CalSTRS returns to SDCOE an exception listing for corrections of retirement coding and employee data; employee contributions are adjusted accordingly. Names, birth dates, and Social Security numbers are verified as requested.
4. Social Security Number - The employee's Social Security card should be copied and kept in the district employment records. To ensure credit for quarterly Social Security and Medicare earnings, retirement, and W-2 reporting, the employee's name as placed on the district employment records must be consistent with the name appearing on the Social Security card.

When an employee is hired without a Social Security card, he or she must apply for a Social Security number at a local Social Security office. The employee should obtain a receipt showing that the application has been filed and submit it to the district office for entering of employee data in the payroll system. The school district should not enter fictitious Social Security numbers in the payroll system. The employee cannot be paid in the payroll system until the district is in receipt of a Social Security card.

Employees who have changed their names should immediately notify the local Social Security office. The SDCOE Retirement Reporting Unit will change the Social Security name in the payroll system after the employee submits an Employee Social Security Name or Number Correction Request and a copy of his or her new Social Security card (see Exhibit 1). The school district may change the warrant name at any time.

5. Spousal Signature - The spouse/registered domestic partner of the member shall sign applications for a refund, service retirement, election, change or cancellation of a pre-retirement option, or for modification of a service retirement allowance payable by the system. If there is no spouse/registered domestic partner or the spouse/domestic partner is not available, CalSTRS Form MS1125A, Justification for Non-signature of Spouse or Registered Domestic Partner, must be completed and filed with the appropriate CalSTRS applications (see Exhibit 1). [EC § 22453]

Monthly CalSTRS DB Review of Nonmembers

Payroll records of nonmembers should be examined to determine whether any of the following circumstances have resulted in DB membership eligibility.

1. Assignment Change - A contract employee whose creditable service job assignment changes to fifty percent or more of the full-time equivalent for the position shall become a member on the first day of the pay period in which the change in the basis of employment occurred. [EC § 22601.5]
2. Substitutes - When a nonmember works 100 days in one school district within a school year and works one more day in any of the remaining months, CalSTRS DB membership is established on the first of that month. The district should keep a count of days worked and establish a membership date. [EC § 22602] Districts on the county payroll should verify days worked with SDCOE.
3. Hourly - Payroll time entries should be checked for hourly employees who have worked 60 or more qualifying hours in a given month. If the employee performs hourly service the following month within the school year, the district should establish a membership date. [EC § 22604] Districts on the county payroll should verify hours worked with SDCOE.

Employment after Retirement

A CalSTRS retirant may be re-employed within the public schools as a certificated employee or as a consultant to perform services not disallowed by law. A retirant hired under a consultancy contract is considered an employee and is subject to the

earnings limitation. These earnings must be reported to the system at the end of each month on the Monthly Report of Retirement Contributions. This report is generated through the SDCOE payroll system. Refer to *CalSTRS Employer Directive 2007-07*, Post Retirement Earnings Limit, available from the SDCOE Retirement Reporting Unit (see Additional Resources).

When a retired CalSTRS member is reemployed, the retirement status is not affected unless she or he earns more than \$27,940 (as of July 2007) per school year. The retirant's allowance shall be reduced by the amount of earnings in excess of this limit. [EC § 24214]

A CalSTRS retirant may not be employed by any school district in a classified position except as an aide in one of the following circumstances: [EC §§ 45134, 88033]

1. An aide is needed in a classroom with a high pupil-teacher ratio.
2. An aide is needed to provide one-on-one instruction in remedial classes or for underprivileged students.

Earnings limit waivers cover various aspects of employment directly related to K-12 classroom instruction programs and emergency appointments to administrative positions for vacancies due to circumstances beyond the control of the employer. [EC §§ 24216-6.6] Most of these waivers were effective January 1, 2001, have sunset dates, require collective bargaining language, and must go through the CalSTRS approval process before the retirant is employed.

A retired CalSTRS member who performs no CalSTRS creditable service in California public schools for twelve "consecutive" months is not subject to postretirement compensation limitation provisions when employed in a certificated position. [EC § 24214] Refer to *CalSTRS Employer Directive 2007-07*, Post Retirement Earnings Limit, available on the SDCOE Retirement Reporting Unit Web site, for information on the waiver that can facilitate the employment process of CalSTRS retirants (see Additional Resources).

A retirant may be re-employed only if able to pass a physical examination upon initial employment. This examination is valid until the employee terminates employment. Completing the Certification of Freedom from Contagious or Infectious Disease, Form I-30, available from the State Board of Education, within the preceding six-month period and filing it with SDCOE will satisfy the examination requirement (see Exhibit 1). The SDCOE payroll system will not issue salary warrants until Form I-30 is on file.

Other district-required examinations are at the expense of the school district unless the retirant terminates employment and is reemployed. [EC §§ 44839.5, 87408.5]

Contributions

The governing board of each school district shall deduct the contributions required from the salary of CalSTRS members and remit those contributions, plus the required employer contributions, to the system. [EC § 23000 et seq.]

Rates

The employee pays eight percent of salary, excluding compensation for overtime. The employer pays eight and one-quarter percent of the total of the salaries upon which members' contributions are based. [EC §§ 22900-1.5, 22950-1]

For pay periods on and after January 2001, the employee contribution of eight percent is split; six percent goes to the CalSTRS DB plan, and two percent is credited to the CalSTRS Supplemental (DBS) plan. [EC § 22901.5]

Time of Payment

Each month, an estimated payment of not less than 95 percent of total contributions is due in the CalSTRS office five working days after the close of the month. The balance is due in 15 working days. The SDCOE Retirement Reporting Unit performs this function by depositing warrants at a local bank on behalf of districts. [EC § 23002]

Tax Deferred Employee Contributions

Employee normal contributions and contributions for purchase of prior service to CalSTRS may be tax deferred, under Internal Revenue Code section 414(h)(2), as employer-paid member contributions. Each school district governing board may adopt a resolution to participate as prescribed by CalSTRS. The resolution is adopted for future payrolls and cannot be made retroactive. [EC § 22903]

Refund of Contributions

CalSTRS DB Refund Application, Form RF 1360, is completed by a member who has terminated all employment in California (see Exhibit 1). The school district enters the employee's termination date on the employee screen, as described in the SDCOE *Payroll/Personnel System User Reference Manual*, and files the form with SDCOE for processing. All of the eight percent contributions prior to January 1, 2001 plus interest are refunded. For contributions made on or after January 1,

2001, only the six percent contributions are refunded from the CalSTRS DB plan. The two percent contributions in the CalSTRS DB Supplement Program are processed one year after the last day of employment. If the employee is re-employed, the CalSTRS DBS refund process is canceled. [EC §§ 23100-4]

CalSTRS Cash Balance Benefit Program Termination Benefit Application, Form CB 585, is completed by a member who has terminated all California school employment (see Exhibit 1). The form is signed and processed by the school employer and sent to CalSTRS. The refund is processed one year after the last day of employment in a California school. If the employee is re-employed with a new CalSTRS membership, the application is canceled.

Members who have been granted a leave of absence by a district may not apply for a refund until they have terminated their leave of absence.

Effective January 1, 1993, pension plan refunds are taxed up front at 20 percent federal tax unless the employee rolls the money directly over to another plan.

Before applying for a refund, an employee should be aware of the tax liability on the picked-up contributions plus earned interest. Refer to the information and instructions provided on the CalSTRS Refund Application, Form RF 1360 (see Exhibit 1).

Redeposit of Withdrawn Contributions

When a former member who has received a refund reenters a position requiring membership in the system, he or she may elect to redeposit the refunded contribution with regular interest from the date of refund to the date of payment. If the member elects to redeposit, the member shall repay all accumulated contributions that were previously refunded plus the amount deducted for administrative expense. [EC §§ 23200-3]

The employer may adopt a board resolution to allow these deposits to be tax deferred under Internal Revenue Code 414(h)(2). When a board resolution is adopted, all payroll deductions for redeposit are tax deferred. If the employee does not desire the tax deferral, he or she would remit personal payments directly to CalSTRS. Refer to CalSTRS Employer Directive 2002-02, Employer Pick-Up of Receivable Payments, available from the SDCOE Retirement Reporting Unit (see Additional Resources).

Benefits

Service Retirement Benefits

A member may retire if he or she has credit for five years or more of service in CalSTRS and has attained age 55. [EC § 24201] Application for service retirement may be executed not more than six months in advance of the requested effective date of retirement. The retirement date may not be earlier than the first day of the month in which the application is received in the office of CalSTRS but may be the day following the last day of paid service as long as the application is received by the last working day of the retirement month. Members should submit the application via certified mail.

Retirement applications, Form SR 0059, are available on the CalSTRS Web site (see Exhibit 1). CalSTRS retirement counseling appointments may be made at the San Diego County Office of Education (see Additional Resources). Questions on the application process and benefits should be directed to the CalSTRS Sacramento headquarters. A CalSTRS benefit estimate can be calculated on the CalSTRS Web site (see Additional Resources).

Reduced Workload with Full Service Credit

Members who reduce their workload from full time to part time may receive the service credit they would have received if they were employed on a full-time basis. Their retirement allowance, as well as any other benefits they are entitled to, will be based on the salary that they would have received if employed on a full-time basis. Members and their employers must both elect to contribute the amount that would have been contributed if the member were employed on a full-time basis. Each year, CalSTRS sets a separate employer contribution rate to cover the cost of this benefit. This higher rate is computed on the participant's rate of pay, not earnings

A reduced workload agreement is signed by the employee and approved by the governing board at least 30 days prior to the beginning of the employee's contract effective date or participation in the program. Two copies of the agreement and board minutes are forwarded to the SDCOE Retirement Reporting Unit. One copy is sent to CalSTRS prior to the deadline. All agreements and board minutes must be received by CalSTRS 15 days prior to the employee's participation in the program. CalSTRS has not made an exception to this deadline in the past.

Participation is limited to ten years and shall be applicable only to members who are age 55 or older and have the eligibility criteria of ten years of service credit, including five years of "full time" employment immediately preceding the participation date. Retirement shall be considered a break in service. A retired member who reinstates

to membership shall accrue five years of full-time creditable service before he/she is eligible to participate in this program. The responsibility for eligibility determination rests with the employer subject to CalSTRS approval.

Retirement under this program cannot be effective until one school year of participation has been completed. The member may cancel participation and receive the service actually earned for retirement.

Specific eligibility guidelines; report procedures; and CalSTRS Administrative Directive 91-7, Reduced Workload Program (Amended), are available from the SDCOE Retirement Reporting Unit (see Additional Resources). [EC §§ 22713, 44922, 87483, 89516]

Unused Sick Leave Service Credit

A member shall be credited at retirement for each day of accumulated and unused sick leave to which he or she was entitled on the final day the member performed service for the school district. This benefit applies to members who retire on or after January 1, 1999; it does not apply to members with membership dates established on or after July 1, 1980, and who retired prior to January 1, 1999. Service credit is calculated by dividing the unused sick leave days by the member's "final" full-time contract work year days, such as 182 teaching days. The divisor shall not be less than 175 days. [EC § 22717]

The Express Benefit Report, CalSTRS Form SR 0554E, is completed by the employee and given to the district for certification of unused sick leave. The original is returned to the employee, with a copy to the SDCOE Retirement Reporting Unit. If the Express Benefit Report is not used, CalSTRS will send Form SR 0554, Employment Termination and Sick Leave Report, to SDCOE (see Exhibit 1). This form is forwarded to the school district for completion and signature and is then returned to SDCOE for processing and forwarding to CalSTRS. Revisions to reported unused sick leave are submitted on Form SR 0559 (see Exhibit 1).

Disability Benefits

A member can receive disability benefits at any age under 60 if he or she is mentally or physically incapacitated for performance of duty and has a minimum of five years of California service credit. The Application for Disability Benefits, CalSTRS Form DS 0260, is available on the CalSTRS Web site (see Exhibit 1). [EC §§ 24001-13]

When an employee has been approved for disability benefits, CalSTRS will send Form DS 0889, Certification of Last Day of Paid Service, to SDCOE (see Exhibit 1).

This form is also sent to the school district for completion and returned to SDCOE for certification of the last day of employment. The completed form is then forwarded to CalSTRS.

Designation of Beneficiary

Members must designate the recipient(s) to receive the DB Program one-time death benefit payable in the event of the member's death. The designation also applies to benefits payable under the DBS Program. [EC §§ 23300-1] If a beneficiary designation, Form MS0002, (see Exhibit 1) is on file, it remains in effect until a subsequent beneficiary designation is filed to replace it. The name of a member's current beneficiary may be obtained from CalSTRS, where beneficiary records are maintained.

A member's or retirant's marriage, divorce, or annulment of marriage/domestic partnership does not revoke a beneficiary designation. If no beneficiary designation is in effect on the date of death, any benefit payable shall be paid to the estate of the member. [EC § 23304]

Pursuant to Family Code section 297.5, a legally recognized domestic partner of a CalSTRS member is eligible for the benefits that would be available to a spouse of that member. The domestic partnership must be registered with the California Secretary of State (see Additional Resources).

A change in beneficiary or beneficiaries may be affected at any time by completing the One-Time Death Benefit Recipient, CalSTRS Form MS0002 (see Exhibit 1).

Employer Reports

Monthly Report

Upon completion of processing the payroll data received from school districts, a monthly report is audited and updated. A final report is produced by SDCOE and sent to CalSTRS. This report contains contributions, pay rates, salaries, and service of each certificated employee in San Diego County, including service defined as overtime, whether or not the employee is a member. A line entry on this report is required for every CalSTRS member in the district of employment at each rate of pay. The data supplied is posted to the individual accounts in CalSTRS and is used in the computation of service credit, retirement allowance, death benefits, and refund of contributions.

Total employee contributions on the monthly report are balanced to the total employee contributions as shown on the payroll register. Total salaries (excluding those paid to nonmembers) are balanced to those paid as shown on the CalSTRS Remittance advice. A copy of this report is retained at the San Diego County Office of Education to be used in conjunction with payroll registers or individual payroll earnings records for verification of service when required by CalSTRS in connection with applications for retirement or for determination of effective dates of membership.

The Teachers' Retirement Board may assess penalties, based on the sum of the employee and employer contributions required by the report for late or unacceptable reports, at a rate of interest equal to the regular interest rate or a fee of five hundred dollars (\$500), whichever is greater. [EC § 23006]

Monthly Report Correction Process

When the county superintendent or other employing agency determines that more or less than the required employee contributions specified in Education Code sections 23008 and 44987 have been paid to the system based on any payment of creditable compensation to a member, proper adjustments on the monthly report shall be made within 60 days. Any refund adjustments shall be made to the member by the employing agency within the same time period.

Penalties assessed for late or improper adjustments shall be no more than the regular interest as defined in Education Code section 22162.

If a required report contains erroneous information and the system disburses funds based on that information, the county superintendent or other employing agency that submitted the report shall reimburse the system in full for the amount of the disbursement. Reimbursement shall be made immediately upon notification by the system. [EC § 23008]

Statement of Account

When the monthly reports from all of the counties in the state have been processed at the end of the school year, the individual accounts are posted with the contributions reported for the year. A statement of the Defined Benefit plan and the Defined Benefit Supplement plan is then prepared for each member for whom contributions were reported showing the balances in each fund as of the end of the school year and the amount of service credit calculated for that year. The statement shows normal employee contributions that have been taxed and tax deferred or

picked up contributions. Each winter CalSTRS mails these statements to the member's home address. The information contained in these statements is confidential and retained only by CalSTRS in Sacramento.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The San Diego County Office of Education is the contracting agency with CalPERS on behalf of all the school and community college districts in the county. SDCOE maintains a permanent record for each classified employee who is a current member of CalPERS. San Diego Unified School District, San Diego Community College District, and Palomar Community College District maintain their own records. [GC § 20610]

Specific information on retirement provisions is contained in the *CalPERS Procedures Manual* (see Additional Resources). This section addresses topics of particular importance and procedures for reporting to SDCOE.

Definitions

Compensation

"Compensation" means the remuneration paid out of funds controlled by the employer in payment for the member's services performed during normal working hours or for time during which the member is excused from work because of: holidays; sick leave; industrial disability leave, during which time benefits are payable pursuant to section 4800 and 4850 of the Labor Code or the Government Code, commencing with section 19869; vacation; compensatory time off; or leave of absence. [GC § 20630]

Under Government Code section 19872, an employee may elect to supplement industrial disability leave payments from the 23rd workday with accrued leave credits including annual leave, vacation, sick leave, or compensatory time off in any amount necessary to approximate the employee's full net pay. When compensation is reported to the board, the employer shall identify the pay period in which the compensation was earned regardless of when reported or paid. Compensation shall be reported in accordance with Government Code sections 20636 and 20636.1 and shall not exceed compensation earnable, as defined in these sections. [GC § 20630]

Payrate

"Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours. For a member

who is not in a group or class, it means the monthly rate of pay or base pay of the member pursuant to publicly available pay schedules. [GC §§ 20636-6.1]

Service Credit

One year of service credit shall be granted for service rendered in a fiscal year in full time employment for any of the following: [GC § 20962]

1. Ten months of service for persons paid on a monthly basis.
2. 215 days of such service for persons paid on a daily basis.
3. 1,720 hours of service for persons paid on an hourly basis.

A fractional year of service credit shall be given for service rendered in a fiscal year for less than the time prescribed above.

For accurate payroll and retirement reporting, districts must properly record the time worked to the correct month. For example, time sheets that cover the 16th of the previous month to the 15th of the current month should be entered in the payroll system as two separate entries, one for the previous month's time worked (16th - 30th) and one for the current month (1st - 15th). If an hourly employee becomes a member between the time sheet cutoff date (15th) and first of the following month, his or her membership form should indicate the first of the following month as the effective date of membership. These procedures will ensure correct membership enrollment and calculation of service credit.

Creditable Earnings

Full-time employment for classified employees shall be a 40-hour week. Salary schedules are to be based on 2,080-hour work year; monthly employees receive 10, 11, or 12 monthly payments according to the number of months they are normally in a paid status. Salaries shall not be paid in advance of services performed. Part-time monthly employees are to receive the appropriate percentage of time actually worked. Hourly pay rates shall be derived from annual salary schedules divided by 2,080 hours.

Summer earnings are subject to CalPERS. Ten-month employees who start work a few days early in August should be designated as eleven-month employees, with time not worked in August docked from their monthly salaries. This same procedure would apply to eleven-month employees who start work in July, i.e., they should be considered twelve-month employees. The time worked can also be at an hourly pay rate.

For retirement purposes, overtime is any time worked in excess of full time for each month. For example, 21 days x 8 hours would be full time. If an employee is part-time, all extra time for a monthly pay period would be considered for CalPERS creditable earnings up to the full-time equivalent for each month. All earnings, including overtime, are subject to Social Security and Medicare taxes.

Special Compensation

Special compensation is limited to that which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to the payrate. Special compensation shall be for services rendered during normal working hours. The employer must identify the pay period in which the special compensation was earned. [GC §§ 20636-6.1] Off-schedule bonus pay is considered creditable earnings and is limited to six percent per year.

Membership

Classified employees who are CalPERS members are categorized as follows:

1. Employees under the full retirement formula without Social Security or Medicare coverage.
2. Full retirement formula members with survivor benefit coverage.
3. Modified retirement formula members with Social Security and Medicare coverage. Effective for all pay periods from January 2001, school and community college members were changed to the full retirement formula with Social Security and Medicare coverage.

Newly hired classified employees who qualify for membership automatically come under the combined program of CalPERS, Social Security, and Medicare. Contributions to these plans are withheld from salary starting at the effective date of membership.

Governing board members who elect membership in CalPERS are to be paid by the month. All governing board members are subject to Social Security even if they do not elect CalPERS membership. [EC §§ 35120, 72425]

Qualifications for Membership

It is mandatory that every employee be brought into system membership unless the employee is specifically excluded by statute or agency contract. Employees enter membership upon appointment to a position with one of the following conditions:

1. The appointment/employment fixes a term of full-time continuous employment in excess of six months.
2. The position requires regular, part-time service for at least an average of 20 hours per week (or its equivalent) for one year or longer.

Employees who exceed 125 days of a per diem basis or 1,000 hours within the fiscal year (including overtime) shall become members the first day of the following month. An employee who works an average of 20 hours or more per week and holds an appointment that is for one year or longer becomes a member immediately. The accumulation of time worked encompasses all districts of employment within the county.

Employees who are already members of CalPERS are not excluded from membership because they are working less than full time. [GC §20305(a)(1)]

Employees in positions that do not have a fixed term of employment longer than six months should be monitored. If full time employment actually continues for more than six months, membership is compulsory. The effective date is not later than the first day of the first pay period of the seventh month of employment.

The district is responsible for establishing membership and submitting the membership form to SDCOE. The *CalPERS Procedures Manual* should be used by the district for accurately establishing or excluding membership in the system based upon the various employment situations at each site (see Additional Resources).

Any employer that fails to enroll an employee into membership when he or she becomes eligible, or within 90 days thereof, when the employer knows or can reasonably be expected to have known of that eligibility, shall be required to pay all arrears costs for member contributions and administrative costs of \$500 per member. [GC §§ 20283]

Exclusion from Membership

Exclusions from membership do not apply to employees who are already CalPERS members, regardless of any changes that occur in their employment status. The following employment is excluded: [GC §§ 20300, 20305-6, 20322(c)]

1. Full-time employment for six months or less.
2. Part-time employment for less than 20 hours per week.
3. Irregular basis employment (seasonal, limited-term on-call, emergency, intermittent, substitute, etc.).
4. Elected officers on or after July 1, 1994.
5. Teacher assistants (student teachers).
6. All persons who are members of CalSTRS, as to the service in which they are members.

An employee excluded from membership shall receive CalPERS Form AESD-139, Notice of Exclusion from CalPERS Membership, which states the reason the employee does not qualify for membership (see Exhibit 1). Membership exclusion provisions are not intended to establish a probationary period free of CalPERS coverage for new or rehired employees.

Employees excluded from membership may elect membership in CalPERS if the school district adopts a resolution to be subject to this provision of CalPERS law. [GC § 20325]

Effective April 1, 1986, newly hired employees who do not qualify for CalPERS membership or Social Security are covered under Medicare. On January 1, 1992, Social Security was mandated for all nonmembers of a pension plan. Districts may provide an Alternative Retirement System to replace Social Security for employees who do not qualify for CalPERS membership.

Service Prior to Membership

Service performed prior to membership in CalPERS can be purchased by a member at any time prior to retirement. Detailed information concerning service prior to membership may be obtained by addressing an inquiry to the Actuarial and Employer Services Branch of CalPERS (see Additional Resources).

Employment Procedures

1. Enrollment - The district human resources office should obtain a completed Form 308, Verification of Membership Status in a California Public Retirement System, for each new-hire employee. This form is available online from the SDCOE Retirement Reporting Unit (see Exhibit 1). [GC § 20221]

If an employee is already a member or qualified for membership based on the information furnished on Form 308, CalPERS Form AESD-1, Member Action Request, should be completed (see Exhibit 1). The original is forwarded to the SDCOE Retirement Reporting Unit and a copy is retained by the school district for the member's file. Procedures for completing the CalPERS Form AESD-1 are contained in the *CalPERS Procedures Manual* (see Additional Resources).

If an employee is transferring from another school district in San Diego County, the payroll system is responsible for membership enrollment. CalPERS members transferring between school districts and SDCOE must also have a CalPERS Form AESD-1 completed as a new hire of the new district of employment.

2. Monthly Employees - If an employee is a new hire in a qualified position, the CalPERS membership date should be the date the employee first performed service in that position.

If an employee is currently employed as a nonmember of CalPERS and qualifies for membership during the month, the membership date should be established as the first day of the following month. The CalPERS Form AESD-1 should be submitted to the SDCOE the same month (see Exhibit 1).

3. Hourly Employees - Under payroll processing procedures, employees paid at an hourly rate are generally paid on or about the fifth of the month following the month in which the service was rendered. Districts generally establish a cutoff date of about the 15th of each month for processing time-worked entries to the payroll system. However, for retirement purposes, the monthly reports to CalPERS should cover the calendar month in which the payroll was processed.
4. Social Security Number - The employee's Social Security card should be copied and kept in the district employment records. To ensure credit for quarterly Social Security and Medicare earnings, retirement, and W-2 reporting, the employee's name as placed on the district employment records must be consistent with the name appearing on the Social Security card. [GC § 20223]

When an employee is hired without a Social Security card, he or she must apply for a Social Security number at a local Social Security office. The employee should obtain a receipt showing that the application has been filed and submit it to the district office for entering of employee data in the payroll system. The school district should not enter fictitious Social Security numbers in the payroll system. The employee cannot be paid in the payroll system until the district is in receipt of a Social Security card.

Employees who have changed their names should immediately notify the local Social Security office. The SDCOE Retirement Reporting Unit will change the Social Security name in the payroll system after the employee submits an Employee Social Security Name or Number Correction Request and a copy of his or her new Social Security card (see Exhibit 1). The district may change the warrant name at any time.

CalPERS is notified of a change of name by the use of the Member Action Request, CalPERS Form AESD-1 (see Exhibit 1), as described in the *CalPERS Procedures Manual* (see Additional Resources). The original form is forwarded to the SDCOE Retirement Reporting Unit and a copy is retained by the school district for the member's file.

5. Spousal Signature - The Beneficiary Designation, CalPERS Form BSD-241, is provided to members upon enrollment (see Exhibit 1). It must contain the signature of the spouse/domestic partner or indicate that there is no spouse/domestic partner or that the spouse/domestic partner is not available for signature. If the spouse/domestic partner is not available for signature, Form BSD-800-A must be submitted (see Exhibit 1). These same requirements also apply when contributions are refunded to members by CalPERS.
6. Birthdate Correction - A discrepancy in a member's date of birth is corrected by obtaining a copy of the birth certificate or other acceptable data as outlined in the *CalPERS Procedures Manual* (see Additional Resources). The documentation is forwarded to the SDCOE Retirement Reporting Unit, which records the change and forwards the data to CalPERS.

Employment after Retirement

A person who has been retired under CalPERS for service or for disability shall not be employed in any capacity thereafter by a school district or by a contracting agency unless such employment, without reinstatement, is authorized by law. A retired person whose employment without reinstatement is authorized shall acquire no service credit or retirement rights with respect to such employment. The following exceptions apply:

1. A retired person may be employed as a school crossing guard. [GC § 21151]
2. A retired person may serve without reinstatement from retirement or loss or interruption of benefits provided by the system upon appointment by a school employer either during an emergency to prevent stoppage of public business or because the retired employee has skills needed in performing specialized work of limited duration. Such appointment shall not exceed 960 hours in any fiscal year for school employers. The retired person's rate of pay for such employment shall not be less than the minimum, nor exceed that paid by the employer to other employees performing comparable duties. [GC § 21229]

The intent of these exceptions is to allow employment for a specific function and period of time. They do not authorize on-call or as-needed employment situations. Documentation of retirants' or disabilitants' employment under the above provisions is each school district's responsibility. Documentation should include: the emergency or special skills of the retirant; position title; duties to be performed; and the time period of employment.

Unlawful post-retirement employment will result in penalties as follows:

1. Violation of the employment provisions will reinstate the retirant to CalPERS membership.
2. The retirant will be required to pay back the retirement allowance to the day of the violation. [GC § 21202]
3. The retirant and the employer will be required to pay the normal CalPERS contribution due on earnings retroactive to the new membership date. [GC § 21220]
4. The retirant and employer will be required to pay an administrative fee.

Contributions

Rates

Employer contributions are calculated each month on the total subject wages paid using the current contribution rate. The current rate may be obtained by contacting the SDCOE Retirement Reporting Unit.

Employee contributions are computed at seven percent on monthly wages earned excluding overtime pay, defined by CalPERS. For members working under the full retirement formula, the contribution rate is applied to wages. For those members

who have survivor benefit coverage, the contribution rate is applied to wages, plus \$2.00 is deducted each month for survivor benefits. For school members who had pay periods prior to January 2001 and Social Security and Medicare Coverage, a modified formula is used as follows:

1. If monthly wages were less than \$400, the contribution rate was applied to two-thirds of wages.
2. If monthly wages were \$400 or more, \$133.33 was deducted from wages and the contribution rate was applied to the remainder.

For school members with pay periods on and after January 2001 and who have Social Security and Medicare coverage, the full retirement formula is used. [GC § 20677]

If more or less than the correct amount of contributions required of members or any contracting agency is paid, proper adjustment shall be made in connection with subsequent payments. [GC § 20163]

Time of Payment

Estimated payment of at least 90 percent of member and employee contributions shall be received in the CalPERS office on or before 15 calendar days following the last day of the payroll period. The final payment of contributions and payroll reports is to be filed on or before 30 calendar days following the end of the payroll period. Interest shall be charged on late payments, and a cost assessment shall be charged on late reports. The SDCOE Retirement Reporting Unit is responsible for remitting the contributions and filing the reports. [GC § 20617]

Tax Deferred Employee Contributions

An employee contribution to CalPERS may be sheltered under Internal Revenue Code section 414(h)(2) as employer-paid member contributions. A school district governing board may adopt a resolution to participate as prescribed by CalPERS. The adopted resolution cannot be retroactive.

An employer may also elect to pay the employee contributions. Under this arrangement, contributions would no longer be tax deferred. [GC § 20691]

Refund of Contributions

When an employee terminates employment or is on a leave of absence for one month or more, a Member Action Request, CalPERS Form AESD-1, must be sent to

SDCOE (see Exhibit 1). An employee on leave of absence may not receive a refund of contributions until the leave exceeds six months. The school district completes CalPERS Form AESD-1 as described in the *CalPERS Procedures Manual* and forwards the form to SDCOE for processing and forwarding to CalPERS (see Additional Resources). This form is the only document used in notifying the system of an employee's separation from employment other than for retirement or death. Upon receipt by the system of a CalPERS Form AESD-1, a letter with a refund application package is mailed to the member. The Refund/Rollover Election Package is available on the SDCOE Retirement Reporting Unit Web site (see Additional Resources). The system notifies SDCOE of members who have had refund payments processed.

Before applying for a refund, an employee should be aware of the tax liability on the picked-up contributions plus earned interest. Tax law requires 20 percent federal tax on the taxable portion of refunds unless the member directly rolls the refund to another plan such as an IRA. For more information, refer to the Refund/Rollover Election Package.

Redeposit of Withdrawn Contributions

Current CalPERS members have the right to redeposit contributions previously withdrawn at any time prior to retirement. The redeposit amount is the amount withdrawn plus interest from the date of withdrawal to date of final payment. Interest is calculated at the annual interest rate in effect on the date of election.

The redeposit payment, when made by payroll deduction, may be tax deferred under Internal Revenue Code section 414(h)(2) at the option of the employee. The employee must sign a tax-deferred agreement with CalPERS, which notifies SDCOE of the benefit election. An employee may obtain a redeposit estimate by entering personal data on the CalPERS Service Credit Web page (see Additional Resources).

Benefits

Service Retirement Benefits

A member may retire if he or she has credit for five years or more of service and has attained the age of 50. [GC § 21060] An application for service retirement may be executed not more than 90 days in advance of the requested effective date of retirement. This may not be earlier than the first day of the month in which the application is received in the office of CalPERS. Members should submit the application by certified mail.

The Service Retirement Election Application, CalPERS Form BSD-369-S (see Exhibit 1), is included in the CalPERS booklet, *Stepping Into Retirement: A Guide to Completing Your CalPERS Service Retirement Election Application* (Additional Resources).

Unused Sick Leave Service Credit

A member who retires on or after January 1, 1999, shall be credited at his or her retirement with .004 year of service credit for each unused day of sick leave to which he or she was entitled on the final day of employment, as long as retirement is within four months of separation of employment. [GC § 20963] The employer certifies the member's unused sick leave days on the member's Service Retirement Election Application, Form BSD-369-S (see Exhibit 1). In the absence of a completed Service Retirement Election Application, CalPERS will request completion of Requested Employer Certification, CalPERS Form BSD-200 (see Exhibit 1).

Disability Benefits

A member incapacitated for the performance of duty shall be retired for disability if he or she is credited with five years of service credit, regardless of age. [GC § 21150] The Disability Retirement Election Application, Form BSD-369-D (see Exhibit 1), is included in the CalPERS booklet, *Guide to Completing Your CalPERS Disability Retirement Election Application* (see Additional Resources).

A person retired for disability who has not attained the mandatory age for retirement and whom the board finds not disabled for employment, may be employed by any employer without reinstatement from retirement in a position other than that from which he or she retired or a position in the same member classification. The disability retirement pension shall be reduced during such employment to an amount which, when added to the compensation received, shall equal the maximum compensation earnable by a person holding the position that the disabilitant held at the time of retirement.

Designation of Beneficiary

If a member dies before retirement, the law provides for payment of death benefits to surviving beneficiaries. Members may designate or change beneficiaries at any time by submitting CalPERS Form BSD-241, Beneficiary Designation (see Exhibit 1). The names of the beneficiary or beneficiaries on a current Beneficiary Designation may be obtained from CalPERS, where the record is maintained (see Additional Resources).

Pursuant to Family Code section 297.5, a legally recognized domestic partner of a CalPERS member is eligible for the same benefits that would be available to a spouse of that member. The CalPERS Web site provides specific benefit information. The domestic partnership must be registered with the California Secretary of State (see Additional Resources).

If no beneficiary designation is in effect on the date of death, any benefit payable shall be paid to the survivors of the member in the order specified in Government Code section 21493. Form BSD-241 may be used to designate beneficiaries other than the statutory beneficiaries or to designate beneficiaries in a different order from that prescribed by law. Any person, corporation, or the member's estate may be named as beneficiary, and, upon request to the system, children or grandchildren may be named as a group or class. A guardian may not be designated by use of this document to receive the benefit for another person.

If there is no effective beneficiary designation and there are no survivors entitled to the benefit, the benefit shall be paid to the estate of the member.

A member's marriage/registration of domestic partnership, dissolution or annulment of marriage/domestic partnership, or the birth or adoption of a child will constitute a revocation of a member's designation of beneficiaries. In this case, the statutory beneficiary would become the designated beneficiary unless a new beneficiary designation form is submitted.

Employer Reports

Monthly Report

Upon the completion of processing the payroll data received from school districts each month, a monthly report is audited and updated by the Retirement Reporting Unit. A final report is produced by SDCOE and sent to CalPERS. This report contains contributions, salaries, and service of each classified employee of a school district who is a CalPERS member. A line entry for each member in each district at each rate of pay is required on this report. Overtime and nonmember service are not reported to CalPERS. The data are posted to the individual accounts in CalPERS and used in the computation of service credit, retirement allowances, death benefits, and refund of contributions.

Total employee contributions on the monthly report are balanced to the total employee contributions as shown in the payroll register. Total salaries are balanced to those paid as shown on the CalPERS Remittance Advice. A copy of the monthly report is retained by SDCOE and is used in conjunction with payroll registers for

verification of service when required by CalPERS in connection with applications for retirement, determination of effective dates of membership, and verification of service prior to membership for redeposit requests.

Statement of Account

When the monthly reports from all the public agencies in the state have been processed at the end of the fiscal year, individual accounts are posted with the contributions reported for the year. A statement is then prepared for each member showing the balances of contributions and interest and the accumulated service credit at the end of the fiscal year covered by the report.

Statements are mailed by the system to members' home addresses each fall. The information contained in these statements is confidential and is retained only by CalPERS in Sacramento.

SOCIAL SECURITY AND MEDICARE

Medicare became effective April 1, 1986, for all newly hired employees excluding student workers. Medicare-only employees (except student workers) are generally CalSTRS DB and CB members hired with CalSTRS memberships established on or after April 1, 1986. Part-time and substitute employees hired prior to April 1, 1986, who are not performing substantial and regular service are also subject to Medicare.

Effective January 1, 1992, all nonmembers of a public retirement system, excluding student workers, were enrolled in Social Security and Medicare. The Medicare taxable base was removed in 1994.

The FICA tax is split to Social Security and Medicare, using separate taxable wage bases. Employees' W-2s may show both tax amounts on the same W-2. [GC § 22550.5]

Information on Social Security and Medicare coverage and reporting can be found in the Internal Revenue Service and Social Security Administration *Federal-State Reference Guide*, IRS Publication 963, and on the Social Security Administration (SSA) Web site (see Additional Resources).

Contributions

Social Security and Medicare contributions are computed on wages paid to CalPERS members and, with the exception of districts that have an Alternative Retirement System, on any wages for classified nonmembers and ineligible CalSTRS members.

Medicare contributions are mandatory for all employees, with the exclusion of student workers.

The maximum taxable wage and contribution rate has been subject to frequent changes. The following schedule shows rates for the last five calendar years:

| <u>Year</u> | <u>Social Security/Medicare Taxable Wage</u> | <u>Social Security/Medicare Employees</u> | <u>Social Security/Medicare Employers</u> |
|-------------|--|---|---|
| 2004 | \$87,900/No Limit | 6.20/1.45% | 6.20/1.45% |
| 2005 | \$90,000/No Limit | 6.20/1.45% | 6.20/1.45% |
| 2006 | \$94,200/No Limit | 6.20/1.45% | 6.20/1.45% |
| 2007 | \$97,500/No Limit | 6.20/1.45% | 6.20/1.45% |
| 2008 | \$102,000/No Limit | 6.20/1.45% | 6.20/1.45% |

A deposit of employee and employer Social Security and Medicare taxes is made at a federal reserve bank within one banking day of each payroll pay date, following the same schedule as the federal tax deposit.

Since Social Security and Medicare wages are reported when paid, no current liability is set up for the June daily/hourly payroll employer contributions. They are treated as a current expense for the new school year.

Employer Reports

The Calendar Year-to-Date (YTD) report is audited, corrected, and balanced to employee Social Security and Medicare contributions and wages each payroll cycle. A calendar year report of Social Security and Medicare gross wages and employee contributions is prepared by SDCOE, with W-2 data sent electronically to SSA. When the Social Security and Medicare data have been extracted, the tape is sent to the IRS for processing. A copy of the Calendar YTD is furnished monthly to each school district, and the Federal YTD is furnished when W-2s are issued.

Corrections on W-2 Forms

Corrections to W-2s, which include corrections to taxable Social Security and Medicare wages and contributions, are reported on IRS Form W-2c, Corrected Wage and Tax Statement, and summarized on Form W-3c, Transmittal of Corrected Wage and Tax Statements (see Exhibit 1). Corrections include workers' compensation payments, salary overpayments, canceled warrants, 403(b), 125(c), etc.

These forms are completed and signed by the district. Copy A of W-2c and original copies of W-3c are forwarded to the SDCOE Retirement Reporting Unit. All other copies should be distributed per the instructions on the forms. SDCOE forwards the forms to the IRS and SSA.

Each quarter and/or each June and December, the district's W-3c forms, with W-2c forms for prior calendar year adjustments, are sent to SSA and summarized on a form 941c, Supporting Statement to Correct Information, which is sent to the IRS. The school district will receive a refund of any overpaid taxes from the IRS. The current year tax deposits are balanced to each 941, Employer's Quarterly Federal Tax Return, and to the current year W-2s. The 941 figures for all four quarters must balance at year-end to the W-2s and the grand total of all tax deposits (see Exhibit 1). The San Diego County Office of Education performs these functions for districts on the county payroll system.

ADDITIONAL RESOURCES

1. California Secretary of State, Domestic Partners Registry. Available: <<http://www.ss.ca.gov/dpreistry/>>
2. CalPERS Sacramento headquarters for benefit, disability, and death benefit information call: 1-888-225-7377
3. California Public Employees' Retirement System (CalPERS) Web site:

Actuarial and Employer Services Branch. Available: <<http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/home.xml>> or call 1-888-225-7377.

CalPERS Procedures Manual, California Public Employees' Retirement System, May 2005, complete manual and ordering information (accessible in "School District Employer" view). Available: <<http://www.calpers.ca.gov/index.jsp?bc=/employer/er-forms-pubs/pubs/manuals/ret-manual.xml>>

Employer Forms and Publication Directory (to access, select agency type). Available: <<http://www.calpers.ca.gov/index.jsp?bc=/employer/er-forms-pubs/home.xml>>

Home page for benefits and services for members and resource information for employers (accessible in "School District Employer" view). Available: <<http://www.calpers.ca.gov>>

Retirement planning calculator (to access, select current member status and member category). Available:

<<http://www.calpers.ca.gov/index.jsp?bc=/member/retirement/planning/rpcs/home.xml>>

Service Credit Cost Estimator for redeposit estimate and other service credit purchase options (to access, select current member status and member category). Available:

<<http://www.calpers.ca.gov/index.jsp?bc=/member/service-credit/scce/home.xml>>

Guide to Completing Your CalPERS Service Retirement Election Application, Publication 43, California Public Employees' Retirement System, April 2008.

Available: <https://www.calpers.ca.gov/mss-publication/pdf/xlIJ9JAw1Zx12_pub-43-2008%204%201.pdf>

Understanding Domestic Partner Benefits (to access, select current member status and member category). Available:

<<http://www.calpers.ca.gov/index.jsp?bc=/member/domestic-partner/home.xml>>

A Guide to Completing Your CalPERS Disability Retirement Election Application, Publication 35, California Public Employees' Retirement System, December 2006.

Available: <https://www.calpers.ca.gov/mss-publication/pdf/xEUi3QMUjWTGK_pub-35-2006.12.1.pdf>

4. CalSTRS Sacramento headquarters:

Benefit, disability, and death benefit information. Call toll free: 1-800-228-5453

Teletalk Service for application and benefit information. Call toll free, 24-hours a day, seven days a week: 1-800-222-8844

5. California State Teachers' Retirement System (CalSTRS) Web site:

Benefit calculator and other estimators. Available:

<<http://www.calstrs.com/Calculators/index.aspx>>

Cash Balance Benefit Program Employer Information (employer password required; available from CalSTRS at 1-800-228-5453). Available:

<<http://www.calstrs.com/Employers/ereast/ERCB/employerinfo.aspx>>

Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and other membership Information. Available:

<<http://www.calstrs.com/Members/index.aspx>>

Forms and publications. Available:
<http://www.calstrs.com/Help/forms_publications/index.aspx>

Home page for member and employer information, legislation, and news. Available:
<<http://www.calstrs.com>>

6. *Federal-State Reference Guide*, IRS Publication 963, Social Security Administration, Internal Revenue Service, and National Conference of State Social Security Administrators, October 2006. Available: <<http://www.irs.gov/pub/irs-pdf/p963.pdf>>

7. Retirement Reporting Unit, San Diego County Office of Education:

CalPERS Refund/Rollover Election Package for information on reciprocity and tax liability on refunded contributions. Available: <https://www.calpers.ca.gov/mss-publication/pdf/xtA7O21Bave73_refund_rollover_election.pdf>

CalSTRS Administrative Directive 91-7, Reduced Workload Program (Amended), March 9, 1994; CalSTRS Employee Directive 2002-02, Employer Pick-Up of Receivable Payments, January 14, 2002; and other retirement program assistance. Call 858-292-3691

CalSTRS Post Retirement Earnings Limit and Legislative Changes for 2007-2008 school/fiscal year, December 6, 2007. Available:
<<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-Exempt-Limit.pdf>>

Forms, charter school reporting information, and links to key retirement documents. Available: <<http://www.sdcoe.net/business2/dfs/?loc=rr&m=9&pi=rr>>

Retirement Incentive Programs for CalSTRS Members Authorized by Assembly Bill 1207 (Chapter 313, Statutes of 2003). Available:
<http://www.calstrs.com/Help/forms_publications/eread/ED2003-06%20_Retirement%20Incentive.pdf>

8. San Diego County Office of Education, to schedule CalSTRS retirement counseling appointments, call: (619) 718-6783. Home page for member information. Available: <<http://www.sdcoe.net/hrt2/calstrs/?loc=home>>
9. Social Security Administration (SSA) information related to retirement benefits. Available: <<http://www.ssa.gov/retirement>>

LIST OF EXHIBITS

Exhibit 1 Table of Online Forms

Table of Online Forms

California State Board of Education (SBE), Bureau of Teacher Education and Certification

I-30 Certification of Freedom from Contagious or Infectious Disease
<http://www.sdcoe.net/business2/dfs/rr/FormI-30.xls>

California Public Employees' Retirement System (CalPERS)

AESD-1 Member Action Request
<http://www.calpers.ca.gov/eip-docs/employer/er-forms-pubs/forms/aesd-1.doc>

AESD-139 Notice of Exclusion from CalPERS Membership
<http://www.calpers.ca.gov/eip-docs/employer/er-forms-pubs/forms/aesd-139.doc>

BSD-200 Requested Employer Certification
<http://www.calpers.ca.gov/eip-docs/employer/er-forms-pubs/forms/pers-bsd-200.pdf>

BSD-241 Beneficiary Designation
https://www.calpers.ca.gov/mss-publication/pdf/xU8O80d7lqDfd_beneficiary-desig-bsd-241.pdf

BSD-369-S Service Retirement Election Application
http://www.calpers.ca.gov/mss-publication/pdf/xxLfvG5YJz9Uu_pub-43-booklet.pdf

BSD-369-D Disability Retirement Election Application
https://www.calpers.ca.gov/mss-publication/pdf/xEUi3QMUjWTGK_pub-35-2006.12.1.pdf

BAS-438T Refund Election Form available in Refund/Rollover Election Package
http://www.calpers.ca.gov/mss-publication/pdf/xXbvU5f162cmb_refund-election.pdf

BSD-800-A Justification for Absence of Spouse's or Registered Domestic Partner's Signature
https://www.calpers.ca.gov/mss-publication/pdf/xghFDVZakQcv4_pers-bsd-800a.pdf

California State Teachers' Retirement System (CalSTRS)

CB 585 Cash Balance Benefit Program Termination Benefit Application available in Termination Benefit Package
http://www.calstrs.com/help/forms_publications/Forms/TerminationBenefitPackage.pdf

DS 0260 Application for Disability Benefits
http://www.calstrs.com/Help/forms_publications/Forms/DS0260_DisabilityBenApp.pdf

DS 0889 Certification of Last Day of Paid Service
<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-DS-0889.pdf>

- ES 331 Report of Change of Base Assignment
<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-ES-331.pdf>
- ES 350 Permissive Election and Acknowledgment of Receipt of CalSTRS Defined Benefit Plan Membership Information
<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-ES350.pdf>
- ES 372 Retirement System Election
<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-MR372.pdf>
- MS0002 One-Time Death Benefit Recipient
http://www.calstrs.com/help/forms_publications/Forms/OTDB_MS0002.pdf
- MS1125A Justification for Non-signature of Spouse or Registered Domestic Partner
http://www.calstrs.com/help/forms_publications/Forms/MS1125A_2007.pdf
- MS 373 Acknowledgement of Receipt of Election Information Retirement System Coverage
http://www.calstrs.com/help/forms_publications/forms/ms373.pdf
- RF 1360 Refund Application Information and Instructions
http://www.calstrs.com/help/forms_publications/Forms/RF1360.pdf
- SR 0554 Employment Termination and Sick Leave Report
<http://www.sdcoe.net/business2/dfs/rr/CalSTRS-SR-554.pdf>
- SR 0554E Express Benefit Report
http://www.calstrs.com/help/forms_publications/Forms/ExpBen_SR0554E.pdf
- SR 0559 Employment Termination or Sick Leave Data Correction
[http://www.calstrs.com/help/forms_publications/forms/SR0559\(rev1199\).pdf](http://www.calstrs.com/help/forms_publications/forms/SR0559(rev1199).pdf)
- SR 0059 Retirement Application
http://www.calstrs.com/help/forms_publications/Forms/SRapp_SR0059_2007.pdf

Internal Revenue Service (IRS)

- 941 Employer's Quarterly Federal Tax Return
<http://www.irs.gov/pub/irs-pdf/f941.pdf>
- 941c Supporting Statement to Correct Information
<http://www.irs.gov/pub/irs-pdf/f941c.pdf>
- W-2c Corrected Wage and Tax Statement
<http://www.irs.gov/pub/irs-pdf/fw2c.pdf>
- W-3c Transmittal of Corrected Wage and Tax Statements
<http://www.irs.gov/pub/irs-pdf/fw3c.pdf>

San Diego County Office of Education (SDCOE)

308 Verification of Membership Status in a California Public Retirement System
<http://www.sdcoe.net/business2/dfs/rr/SDCOE308.pdf>

Employee Social Security Name or Number Correction Request
<http://www.sdcoe.net/business2/dfs/rr/SSCorrection.pdf>

The governing board of a school or community college district or charter school is charged with the protection of taxpayers' investment and promoting the safety of students, staff, and the public. A comprehensive program for assessing and managing risk and protecting the assets of a school district is essential. References in this section to school districts include independent charter schools.

Those responsible for the administration of a district risk management program should expand their study of risk management practices beyond the treatment in this section. Additional Information is available through professional risk management organizations and from the San Diego County Schools Risk Management JPA (see Additional Resources).

EVALUATION

Because the governing board must protect against risk, a designated district employee should be trained in the principles of risk management, including loss control and evaluation of insurance coverage. The district risk manager, business manager, or other designated employee should be responsible for identifying insurable risks, acceptable retained risks, and acceptable self-insured retentions or deductibles.

Knowledge of self-insurance or insurance coverage that is in place will ensure that districts are protected against loss, benefits are appropriately utilized, and recovery is maximized if there is a loss. The potential savings to the district of proper transfer of risk and active loss control could cover the annual salary of an employee assigned to oversee a risk management program.

A review and analysis of self-insurance or insurance coverage should be conducted at least annually to ensure that coverage is both comprehensive and economical. For example, while assets will be lost if fire insurance is not sufficient to cover losses, maintaining too much insurance results in an unnecessary expense. As new laws are enacted, superseding conditions may make some coverage unnecessary or require additional coverage. An annual review and assessment four months in advance of the anniversary date of existing coverage is recommended. An understanding of current and anticipated requirements for coverage will ensure the accuracy of the insurance costs that must be included in the annual budget.

LEGAL PROVISIONS

The governing board must insure school property against fire. [EC § 17565] Property losses from other perils may be covered by property floaters, (e.g., burglary, robbery, theft, malicious mischief and vandalism, boiler, glass, forgery, electrical injury) or special risks insurance according to the needs of the district (e.g., fine arts, exhibitions, garage keepers' liability, electronic data processing).

The governing board may by resolution establish fund(s) for losses, including but not limited to property, liability, and workers' compensation. The district shall budget what it judges to be sufficient funds to provide for deductible amounts, self-insured retentions under insurance policies, or losses due to uninsured perils. The county superintendent of schools may participate in or administer insurance or self-insurance programs for itself or one or more districts. [EC § 1274; GC § 6500 et seq.]

The governing board shall secure bond (fidelity, commercial crime) coverage for each employee handling district funds. The board may secure fidelity coverage for employees who handle district property. [EC § 41021]

Fidelity coverage must be obtained for the custodian of a revolving cash fund in an amount at least equal to twice the amount of the revolving cash fund. This coverage may be included in the employee's fidelity coverage. [EC §§ 42801-3]

The governing board shall insure against liability of the district and personal liability of officers and employees. The insurance shall be for death or injury to persons, or damage to property as the result of any negligent act or omission of the district, a board member, other officer, or employee when acting within the scope of office or employment. Coverage may be provided through participation in a joint powers authority (JPA), such as the San Diego County Schools Risk Management JPA, or through commercial insurance carriers. [20 USC §§ 6731-8; EC §§ 35208, 35214, 72506]

The governing board may provide for workers' compensation insurance for employees in one of the following ways:

1. Insurance through the State Compensation Insurance Fund (SCIF) with an individual district policy. [IC § 11870]
2. Inclusion in an SCIF policy with other districts within the county. [EC § 1252]
3. Self-insurance or insurance through a commercial carrier as an individual district or within a joint powers authority such as the San Diego County Schools Risk Management JPA. [LC § 3700]
4. Insurance through a commercial carrier as an individual district or with other districts under a group policy. [IC § 11656.6]

The governing board may provide any health and welfare benefits for its officers, employees, retired employees, and specified retired officers who desire such plans and who authorize payroll deductions to meet plan costs. [GC § 53201] The governing

board may authorize payment from district funds of a portion or the full amount of premiums for health and welfare benefits. [GC § 53205]

The governing board may provide district officers, deputies, assistants, agents, and employees with insurance for injury or death incurred while traveling on district business.

The governing board may provide pupil accident insurance for all pupils while on school premises by reason of attendance on a regular school day or while being transported by the district to or from school or school-sponsored activities. The cost of the insurance may be paid by the district or by the pupil, parent, or guardian. [EC §§ 35331, 49472]

The governing board shall provide each member of an athletic team with insurance protection for medical and hospital expenses resulting from accidental injury. The costs of such insurance may be paid out of district funds, student body funds, or by any other persons. The insurers and the coverage must meet specified requirements. [EC § 32221-4]

The governing board of a district having courses in driver education and automobile driver training may insure against any liability arising out of the use of motor vehicles in connection with course work. The cost of such insurance shall be paid from available district funds. [EC § 35211]

GENERAL INSURANCE PRACTICES

Placing Insurance

Administrative guidelines should be established in accordance with board policy to ensure that funds are prudently expended to secure insurance coverage. A request for proposals (RFP) may be used by a district since competitive bidding is not legally required. [GC § 53060] An RFP permits the district to award a contract based upon its determination of the best quality, services, functions, and any other relevant consideration for the price.

The district's risk manager, business manager, or other designated employee or broker should prepare complete specifications of the insurance coverage desired if bids are requested. If purchasing insurance from a commercial carrier, it is important to require in the specifications a BEST Insurance Guide Rating of not less than A-VII.

Brokers may be compensated by a negotiated fee for services rather than by commission. Periodic RFPs for brokers will assure the district of a thorough search of the market, more responsive brokers, and lower insurance premiums.

Risk Pool

An innovative financing option available to districts is a risk pool. Most school districts in San Diego County participate in the San Diego County Schools Risk Management Joint Powers Authority (JPA). Programs available through the JPA include:

1. General liability/wrongful acts/employment practices liability
2. Auto liability
3. Property insurance (fire, etc.)
4. Property floaters (boiler and machinery, automobile physical damage, etc.)
5. Workers' compensation
6. Employee fringe benefits (health, dental, etc.)
7. Owner Controlled Insurance Program (OCIP)
8. Electronic Data Processing (EDP)

Pool participation provides significant economies of scale and coordinated claims/legal administration, as well as uniform claims processing and access to loss information for risk analysis and planning purposes.

Coinsurance

A coinsurance clause is also known as an average clause or a reduced rate contribution clause. It is one of the most frequently used methods for reducing fire insurance premiums, as well as other property premiums. The district becomes the coinsurer with the insurance company for that percentage of insurance that is not covered under this type of clause. In cases of partial loss, the insurance company pays its proportionate share up to the face value of the policy.

Flat Rate

A flat insurance rate is not based on any assumed amount of insurance in relation to the value of the property. It is an alternative to the coinsurance rate. Losses are paid in full up to the amount of the insurance, regardless of whether the insurance amount is close to full value.

Endorsements

Endorsements are used to modify coverage in a specific policy. For example, an additional insured endorsement extends coverage of an existing insurance policy to another party. Manuscript insurance policies may be written to cover large accounts and can be tailored to an insured's coverage requirements.

Tort Claims

The California Tort Claims Act allows the public to bring certain types of claims against state and local entities and sets out the procedures to be followed when filing a claim. [GC §§ 810-996.6] Lawsuits for money damages may be brought against a public entity but may be dismissed for failure to submit a written claim for damages.

Government Code section 910.4 requires public entities to make available a standardized form for claimants to submit tort claims to districts. The standard claim form must include the information specified in Government Code sections 910 and 910.2. Districts may consider written claims that are not submitted on the standardized claim form as long as they comply substantially with the requirements of these code sections. A sample tort claim form and cover letter for mailing the form to a claimant are provided as Exhibit 1 and are also available online (see Additional Resources).

Use of Facilities and Grounds

Under the Civic Center Act, groups, organizations, or persons using school facilities or grounds are liable for any property damages caused by the activity. The Board may charge users the amount necessary to repair the damages and may deny further requests for use of school facilities or grounds. Additionally, any group or organization using school facilities or grounds is liable for any injuries resulting from its negligence during the use of district facilities or grounds. The group shall bear the cost of insuring against this risk and defending itself against claims arising from this risk. [EC §§ 38130-8]

According to the California Department of Education, a district can require a group or organization to provide evidence of insurance against claims arising out of its own negligence. A district can also require a group or organization to name the district as an additional insured on their liability policies for claims arising out of the negligence of the group.

Other Recommended Practices

The district risk manager, business manager, or other designated employee, or a broker should submit an annual insurance coverage report to the district superintendent specifying all coverages in effect. It is preferable to prepare the report early in the school year, on September 1, for example. The annual report is submitted to the governing board as evidence of approved insurance programs. Many San Diego school districts use the JPA Annual Insurance Summary to report coverage to their superintendents and governing boards.

A summary insurance policy record or database including information such as the insurer, broker, policy number, date of expiration, policy term, coverage amount, coverage description, and premium should be maintained and kept in a secure place. Insurance policies or Memoranda of Coverage (MOC) should be stored in a fireproof location and retained in perpetuity.

A district's loss experience affects pool contributions and insurance rates. Business procedures should be designed to keep losses to a minimum. Effective cash control and inventory control practices may reduce losses by theft. Adequate accounting records should be maintained as the basis for detecting losses and supporting claims. Particular attention should be paid to records relating to fixed assets, inventory, and cash control.

An assertive safety program, with emphasis on employee training and workplace inspections, controls losses. The JPA or insurance carrier will assist districts in developing loss control programs.

The JPA or broker, as appropriate, should be promptly notified upon the acquisition or disposal of real property or automobile units. Failure to report newly acquired, occupied owned buildings or remodeled facilities with increased square footage may result in coverage denial. Notice should be given when new programs commence and when events affecting the insurance program occur.

Insurance policies may be written for multiple-year terms to reduce administrative time and expense. Multi-year policies generally provide for consistent pricing, terms, and conditions.

To prevent a renewal date from being overlooked, many districts set the expiration date of all policies at June 30 of each school year.

PROPERTY INSURANCE

Appraisal

A reliable property appraisal that determines insurable values is necessary before a property insurance program can be planned. The appraisal data serves as the basis for the establishment of permanent property records of fixed assets. A designated administrative employee should be responsible for obtaining the initial appraisal and, absent an appraisal-updating program, should arrange for appraisal updates at least once every three years. Cost proposals for professional assistance from appraisal firms should be submitted to the governing board for approval.

The initial appraisal should consist of a complete valuation of insurable property, including a valuation of land, as well as buildings and equipment. Architects' fees for supervision should be included in coverage, as these services would be necessary for facility repair. Insurable property generally does not include the costs of site work, footings, or incidental construction costs.

Policy Form

All property insurance policies should be written for special form perils to provide broad coverage. Coverage should be written on a replacement cost valuation basis, and the values insured should reflect the actual replacement cost of the property with no deduction for depreciation. Whenever possible, coinsurance should be eliminated and replaced with an agreed policy amount or no coinsurance to avoid the possibility of a loss penalty for underinsurance.

Property insurance policies cover direct physical loss or damage to property except when specifically excluded. Fire, water damage resulting from an accident, vandalism and malicious mischief protection are generally included in the standard policy. Coverage usually includes windstorms, hail, explosions other than a steam boiler, riots, aircraft, and smoke. Increased cost of construction, code upgrades, and demolition costs are generally included in the standard policy with specific limitations. Regulations of the State Fire Marshal, as presented in Title 19, California Code of Regulations, call for sprinkler systems in specified areas of school buildings. A property insurance policy should include sprinkler leakage coverage.

Commercial property insurance is available to cover loss by fire, theft, or vandalism of property of high value that is easily stolen, such as cameras, movie projectors, radios, etc. Mysterious disappearance is generally an excluded peril. The cost of this protection is high. Duplication by coverage under fire insurance policies should be avoided.

Property insurance policies generally do not insure against loss due to earthquake or flood. These perils must be separately insured if coverage is required.

The period covered by a property policy should be governed by the market condition. A commitment of three years is not unusual. There is legal authorization for policies of up to five years.

Property insurance can be obtained through an insurance broker or a pool such as the San Diego Schools Risk Management JPA or other JPA.

Replacement Basis

Under property insurance policies written on a replacement basis, if a loss occurs, the facility is replaced with no offset for depreciation. The district will receive "new" for "old," unlike policies that provide only actual cash value. The district must base its insurable values on the replacement cost of the structures.

Loss Adjustment

Legal complications may develop through conflicting interpretations of coverage when a serious property loss has occurred. Should this problem arise, the district's insurance broker and, if necessary, legal counsel should be notified in order to protect the best interests of the district.

SPECIAL RISKS INSURANCE

A district may obtain special risk policies covering hazards such as earthquake or flood damage, which are not normally provided under a customary property form, or for other special needs, such as coverage of fine arts displays or exhibitions. It is important to measure the cost of a special risk policy against the cost of including the risks in another type of policy to which an endorsement might be added. For example, water damage may be covered in the malicious mischief and vandalism policy, but a special risk policy might be a better investment if water damage is considered to be the only real hazard that might result from an illegal entry to school property.

FIDELITY, COMMERCIAL CRIME, AND BLANKET BOND INSURANCE

Blanket Coverage

A blanket commercial crime policy insures the district against loss resulting from dishonest, fraudulent acts and theft of money and securities committed by its employees. Blanket commercial crime insurance offers one of the best coverages available for loss of district funds. It provides protection against all losses on the district

premises caused by destruction, disappearance, and wrongful extraction. The district is completely safeguarded up to the limits of the policy against a loss caused by any employee.

Commercial crime insurance covers all persons employed at the time the policy is issued as well as all new employees. It provides a uniform amount of coverage on each employee separately, or for a group of employees acting in collusion. Coverage can also be carried on specified responsible individuals. Many larger districts use this option to cover employees who handle money or securities. Coverage may be written with separate policy limits on an individual employee loss or a blanket limit for two or more employees. Coverage for money losses by messengers off school property and losses on school property should be included when contracting for this insurance. [EC § 41021]

Members of the San Diego County Schools Risk Management (JPA) have a \$1,000,000 blanket limit covering all district employees.

Revolving Cash Fund Coverage

If a separate policy is obtained for the custodian of a revolving cash fund, the amount of the policy must be twice the amount of the revolving cash fund; however, it may be more cost effective to have such coverage included in a blanket policy as discussed above. [EC §§ 42801-2]

Other Insurance Options

Safe burglary insurance provides protection against loss of money, securities, and other property inside a locked safe or vault. Safe burglary insurance is generally included in a commercial crime policy. Coverage requires visible marks of forcible entry on the exterior portion of the safe or vault.

Proof of Loss

To prove the amount of any commercial crime or loss, adequate records must be kept. Losses may involve an accumulation of thefts over a period of time. Records should be such that the district can prove the total amount taken. The district auditor should be notified to investigate and document any loss. (See also Accounting.)

Commercial crime insurance should be placed with the same company providing other fidelity or crime coverage. It is often difficult to prove whether a loss was the result of an embezzlement, theft, or lack of faithful performance. If a theft policy and a fidelity policy are split between different companies and the district cannot prove whether the loss was a fidelity or theft loss, neither company may cover the loss.

WORKERS' COMPENSATION INSURANCE

Coverage

District employees and specified unsalaried volunteers performing district services are covered for death or injuries incurred on the job by workers' compensation insurance. Unsalariated volunteers must be authorized by board resolution to be covered for workers' compensation insurance benefits. Students in ROP and certain other work experience programs may also be covered by the district's workers' compensation coverage. [EC §§ 1297, 51768-9, 72506; LC §§ 3364.5, 3368]

If an injury is accepted as job related, workers' compensation provides payment for all necessary medical care and partial payment of lost wages. There is a three-day waiting period for temporary disability unless the injured person is hospitalized. Medical, surgical, hospital, temporary disability, permanent disability, and death benefits may be provided. Coordination of temporary disability income and industrial leave is very important. (See also Human Resources.)

Notifications

When an employee is seriously or fatally injured during duty, immediate notice must be given by telephone or facsimile transmission (fax) to the State Compensation Insurance Fund, primary insurer or to the San Diego County Schools Risk Management or other JPA, whichever is the district's provider.

An injury that requires an employee to be hospitalized for more than 24 hours for purposes other than observation, or that causes the loss of a body part or the permanent loss of use of a part of the body, or any fatality must by law be immediately reported by telephone or fax to Cal-OSHA (see Additional Resources). Failure to make such a report will result in a penalty of not less than \$5,000. [LC § 6409.1]

Members of the San Diego County Schools Risk Management JPA need to notify CorVel, the JPA's Third Party Administrator, when a serious injury occurs so that qualified medical specialists can be brought in as quickly as possible (see Additional Resources).

All employees must be provided with claim forms within one working day of notification of injury/illness. Claims must be reported to the workers' compensation provider within five days of notice.

Recordkeeping – Cal-OSHA Logs

School districts are partially exempt from keeping Cal-OSHA injury and illness records. However, under the terms of the exemption, OSHA, the Bureau of Labor Statistics (BLS), or a state agency operating under the authority of OSHA or the BLS may specifically direct that a district maintain illness and injury logs. [8 CCR §§ 14300.1-0.2] Third party claims administrators generally track injuries and can produce Cal-OSHA logs if needed to comply with a Cal-OSHA inspection. Such a report is available to the San Diego County Schools Risk Management JPA from CorVel.

Self-funded Workers' Compensation Plans

Self-funded workers' compensation plans are subject to annual reporting of unfunded future liabilities. [EC § 42141]

COMMERCIAL GENERAL LIABILITY COVERAGE

Because the scope of a district's liability is broad, a commercial general liability insurance policy should be used instead of several policies having more limited coverage. Many school districts carry all liability insurance, other than workers' compensation, in one combined commercial general liability policy. Coverage may be obtained through the San Diego County Schools Risk Management or other JPA or through insurance brokers or agents. For a discussion of liability of the governing board, see Exhibit 2. [EC §§ 35208, 72506]

Amount of Coverage

Districts should be aware that there is no correlation between a school district's enrollment and the amount of liability insurance that should be carried. Special situations may make higher limits of liability coverage desirable for a district with a small enrollment. Policies are now available on either a "claims made" or "occurrence form" basis. Occurrence form coverage is recommended.

Extent of Coverage

The named insureds in a liability policy should include the district; the governing board members, individually and collectively; and all other district officers and employees. Coverage applies when insureds are acting within the course and scope of their employment. Automatic coverage should be provided on all obligations assumed by the district under leases and contracts. Consideration should be given to including volunteers as named insureds, thereby extending liability protection for their acts/labors on behalf of the district. [20 USC §§ 6731-8; EC §§ 35208, 72506]

Product Liability

Districts operating cafeterias, snack bars, vending machines, etc., where there is a hazard of inadvertent food contamination, should consider product liability insurance protection, which may be either an integral part of or an endorsement to commercial liability policies. Product liability insurance affords protection from loss due to injury claims caused by consumption of food or beverages sold by the district.

Liability/Wrongful Act Claims

Detailed legal requirements apply to the receiving, allowance, or rejection of liability claims by the governing board or its designee. Proper handling of liability claims by the district is extremely important, as improper handling can result in the loss of important statutory defenses or in a default judgment. The risk manager, business manager, or other designated representative of the governing board should be trained in proper claims handling procedures. Whenever a liability claim is presented against the district, the district's legal counsel or the JPA designated legal counsel should be consulted.

Employment Practices Insurance (EPI) provides protection against certain wrongful act claims made by employees, former employees, or potential employees. It covers wrongful termination, discrimination (age, sex, race, disability, etc.), sexual harassment, and other employment-related allegations.

Owner Controlled Insurance Program

An Owner Controlled Insurance Program (OCIP), also known as "Wrap-up," is an owner controlled insurance program, usually with a \$0 deductible, that includes general liability, excess liability, and workers' compensation coverage "wrapped up" in one insurance policy. Property and builder's risk, also referred to as course of construction, coverage can also be included. The policy includes as insureds the school district, general contractor, and sub-contractors. Coverage applies to work at a construction site. The advantage of an OCIP is realized construction cost savings of between one and three percent. Bids should exclude a separate cost for insurance, which allows consideration of an OCIP. Districts should be aware that construction site safety is the key to realizing OCIP savings.

AUTOMOBILE INSURANCE

Liability coverage should be secured on all vehicles that are not covered under the commercial general liability policy. Refer to the section on liability insurance when considering vehicle liability insurance.

District employees using their personal vehicles for district business are required to carry personal vehicle liability insurance. Vehicle Code section 16451 requires liability insurance coverage of \$15,000 for bodily injury to or death of each person as a result of any one accident, \$30,000 for bodily injury to or death of all persons as a result of any one accident, and \$5,000 for damage to property of others as a result of any one accident. However, recommended limits are \$100,000 and \$300,000 for bodily injury and \$50,000 for property damage. The district's vehicle liability coverage should be reviewed and, if necessary, endorsed to provide excess coverage above the employee's private vehicle limit for circumstances in which the employee is using a private vehicle to perform district services.

Many districts utilize volunteers to provide transportation for extracurricular activities. Those districts covered under the San Diego County Schools Risk Management JPA are required to pass a resolution declaring volunteers to be considered as employees for the purpose of providing both excess vehicle liability insurance coverage and workers' compensation benefits. If no resolution is passed, vehicle liability coverage will not be provided to volunteers.

The standard commercial automobile liability insurance form may be used. The number of employees using personal cars in the service of the governing board should be included for the purpose of securing non-owned vehicle coverage. Physical damage coverage should generally be provided on the district's vehicles unless the district is financially able to assume the risk and possesses enough vehicles to provide some basis for self-insurance. Physical damage coverage includes collision, fire, theft, and comprehensive risks.

The insurance on school buses may be claimed as approved pupil transportation costs in the Annual Report of Pupil Transportation. (See also Transportation.) The full replacement cost of a schoolbus that is totally destroyed may not be covered under the replacement formula of state reimbursement. It is advisable that physical damage coverage be kept on all but the oldest buses.

BOILER AND MACHINERY (ENERGY SYSTEMS) INSURANCE

The existence in a district of boilers, air-conditioning systems, compressors, etc., presents potential safety risks. Any high-pressure boilers (over 15 pounds maximum pressure) should be covered with boiler insurance to protect against fortuitous losses from boiler defects that may not be discovered and remedied. Boiler insurance also provides for inspection by the insurance company, which satisfies the legal requirements for annual inspection. Low-pressure boilers usually are not insured because the use of safety valves and other devices eliminates the possibility of an explosion. However, some districts insure low-pressure boilers primarily to obtain the

inspection services of the insurance company. Damage to school buildings resulting from a boiler explosion is excluded in fire insurance policies; boiler insurance must be in place for the district to be covered.

Energy systems policies are available that extend coverage to include perils of electrical injury and mechanical breakdown of equipment. The San Diego County Schools Risk Management JPA provides energy systems coverage.

GLASS INSURANCE

A glass insurance policy provides for the repair or replacement cost of broken glass. District experience is an important factor in determining whether the purchase of glass insurance is advisable. Usually, only glass subject to unusual hazards is insured. Rates for this type of insurance are usually high. Self-funding for this exposure is generally most economical. A limited number of insurers issue a plate glass 50-50 endorsement, which makes it possible for a district to obtain coverage for one-half of the premium. However, in the event of loss, the balance of the premium is deducted from the amount of the claim. The San Diego County Schools Risk Management JPA property coverage includes glass coverage.

PUPIL ACCIDENT INSURANCE

Pupil accident insurance provides compensation for injuries incurred during school-sponsored activities. Coverage may be provided for all pupils at district expense or it may be available on a voluntary basis, with parents paying the premium. [EC §§ 35331, 49470-3]

Experience has shown that district-paid student accident insurance may reduce the frequency of liability claims. Available pupil accident insurance plans should be studied. Any voluntary plan should provide that administration of the plan, including premium payments and claims processing, be handled directly between parents or guardians and the insurance company. This arrangement precludes the district from being classified as an agent of the insurance company. [EC § 49472]

Field Trips

Districts that conduct field trips must provide or make available medical or hospital service or insurance for students injured while participating in such events. The medical or hospital service must be provided through one or more nonprofit membership corporations; one or more group, blanket, or individual policies of accident insurance from an authorized insurer; and/or a self-insurance program of the district. The costs of the medical or hospital service or insurance protection may be paid by the district, the student, or the student's parent/guardian. [EC § 35331]

Athletic Team Insurance

Districts must ensure that all members of school athletic teams have insurance protection for medical and hospital expenses resulting from accidental bodily injuries under specified conditions. This requirement can be met through insurance provided or made available directly by the governing board or student body organization or through the purchase of athletic student insurance. The required insurance must be issued by an admitted insurer or through a benefit and relief association as defined in Insurance Code section 10493(1)(c). Athletic team members who have insurance protection or a reasonable equivalent of health care benefits provided through other means, including but not limited to, benefits purchased by the student or his/her parent/guardian, comply with this requirement. [EC §§ 32220-4, 49470]

“Members of an athletic team” includes members of an extramural athletic team; members of the school band or orchestra; cheerleaders and their assistants and pompom students; team managers and their assistants; and any student directly assisting in conduct of the athletic event, including incidental activities.

Coverage shall be for an injury arising while members are engaged in or preparing for an athletic event sponsored or arranged by the district or student body organization or while members are being transported by the school district, or under its sponsorship, to and from the school and place of the athletic event. Insurance protection must be at least in the amounts specified in Education Code section 32221. Districts may choose to offer additional or broader coverage.

Effective January 1, 2007, offers of insurance coverage and other correspondence regarding insurance protection that the district sends to athletic team members must include a statement regarding the availability to qualifying students of no-cost or low-cost local, state, or federally sponsored health insurance programs (Chapter 108 Statutes of 2006). The statement must meet requirements specified in Education Code section 32221.5. [EC §§ 32221.5, 48985]

The cost of athletic team insurance can be paid by the district, the student body organization, the student, or any other persons on behalf of the student. If a student's parent/guardian is financially unable to pay the cost of insurance, the costs shall be paid by the district and/or student body organization.

FORGERY INSURANCE

Forgery insurance may be obtained on both incoming and outgoing financial instruments. A comprehensive policy is available to cover both types of forgery risk, or separate policies may be purchased. Historically, losses suffered by districts due to forgery have been so rare that few districts carry this type of insurance.

EMPLOYEE GROUP BENEFITS

Most districts have adopted plans under which health and welfare benefits are provided as a fringe benefit to employees, with the district paying some or all of the costs of the group coverage. The employee may pay through payroll deductions for any additional costs of extending coverage to dependents or the district may pay these costs also.

Some benefit plans offer group health, dental, vision, life, disability, and accident insurance to school district employees on a voluntary basis, with the premiums being paid through payroll deductions. The San Diego County Schools Fringe Benefits Consortium (FBC) offers the following voluntary group plans by payroll deduction: automobile and homeowners insurance, my wellness 360 Flexscan, long-term care, prepaid legal, life, and disability insurances (see Additional Resources).

In accordance with Governmental Accounting Standards Board Statement No. 45 (GASB 45), self-funded retiree health and welfare plans are subject to prospective implementation of annual reporting of any unfunded future liabilities beginning in 2007-08 (see Additional Resources). (See also Accounting.)

The district shall complete an actuarial evaluation of self-insured plans every three years. [EC § 17566]

Medicare Coverage

As long as an employee is employed, Medicare is secondary to the employer's group health plan for both the employee and spouse. (See also Retirement.)

HEALTH BENEFITS CONTINUATION

COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985)

The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) requires districts that sponsor group health plans to extend health coverage to qualified beneficiaries who otherwise would lose coverage because of a qualifying event (see Additional Resources). Notice of the right to continue coverage must be provided to qualified beneficiaries. While districts must make continued health coverage available, they can charge qualified beneficiaries 102 percent of the cost of coverage if continuation of benefits under the group plan is selected.

The health coverage offered for all plan years must be identical to that provided for a "similarly situated" individual at the time the qualifying event occurs. It must encompass

all health benefits for which the beneficiary was eligible on the day before the qualifying event. These benefits may include medical, dental, prescription drug, vision care, and any other related health benefits.

Maximum Continuation Period

If COBRA continuation provisions are elected, coverage begins on the day that eligibility ceases under the district's plan. When termination of employment or reduced work hours is the qualifying event for loss of eligibility, COBRA coverage will end in 18 months. Coverage can be continued for up to 29 months if a qualified beneficiary is disabled at the time of the qualifying event or becomes disabled within 60 days after COBRA coverage begins. Districts can charge up to 150 percent of the cost of coverage for the additional 11 months. If a spouse or dependent children lose eligibility under the district's plan (i.e., divorce or overage dependent), COBRA coverage can be continued for a total of 36 months. Coverage ends automatically if an individual fails to make a timely premium payment, becomes covered under another group health plan with no preexisting condition clause, or becomes entitled to Medicare.

Cal-COBRA continuation coverage applies to non-self-funded medical plans. Anyone losing medical coverage due to termination of employment or reduction in hours and who makes a COBRA election after January 1, 2003, is entitled to extend COBRA participation for medical coverage beyond the initial 18 or 29 months, for a maximum of 36 months from the original COBRA effective date. The carrier, not the district, administers the extended months. The qualifying beneficiary must contact the carrier prior to the expiration of the original COBRA continuation timeline. [H&SC § 1366.20 et seq.]

Health and Dental Continuation for Certificated Retirees

State law requires school districts to offer current certificated employee health and welfare and dental care benefit plans to certificated retirees and their spouses if the retiree is covered under STRS. The coverage may be rated as a separate group and may be fully paid for by the retiree and/or spouse. [EC § 7000 et seq.] Districts annually shall select a one-month open enrollment period for retirees. Coverage is available once upon retirement; if coverage is terminated, it cannot be reinstated.

STATE DISABILITY INSURANCE

Governmental entities are exempt from mandatory participation in the state disability insurance program. Voluntary participation is possible with contributions paid by employees. However, participation must be 100 percent of the identifiable employee group.

SAFETY AND LOSS CONTROL

Loss control (safety) programs are an effective way to assess the potential for injury or property damage from accidents, eliminate or minimize the chance of accidents occurring, and ensure that follow-up takes place to determine whether the programs are working. The following benefits accrue from loss control programs:

1. Fewer and less severe accidents and injuries
2. Lower insurance costs
3. Increased productivity
4. Assistance with state and federal mandates

Injury and Illness Prevention Program

Every employer is required by law to establish, implement, and maintain an effective Injury and Illness Prevention Program (IIPP) in accordance with Subchapter 7, General Industry Safety Orders, of Title 8. [LC § 6401.7; 8 CCR § 3203] Every employer must adopt written safety rules and regulations that relate to the employer's operation and keep specified records of the steps taken to implement and maintain an IIPP (see Additional Resources).

The following elements must be incorporated into a school district's IIPP:

1. An identified person or persons with authority and responsibility for implementing the program.
2. A system for ensuring that employees comply with safe and healthy work practices, including enforcement and disciplinary processes.
3. A system for communicating with employees in a form readily understandable by all affected employees on matters relating to occupational safety and health, including provisions for employee feedback.
4. Procedures for identifying and evaluating work place hazards, including scheduled periodic inspections to identify unsafe conditions and work practices.
5. Procedure to investigate occupational injuries and illnesses.
6. Methods and/or procedures for correcting unsafe or unhealthy conditions, work practices, and work procedures in a timely manner.

7. A program that provides training and instruction as follows:
 - a. To all new employees.
 - b. To all employees given new job assignments for which training has not previously been received.
 - c. To supervisors to familiarize them with the safety and health hazards to which employees under their immediate direction and control may be exposed.
 - d. Whenever new substances, processes, procedures or equipment are introduced into the workplace and represent a new hazard.
 - e. Whenever the district is made aware of a new or previously unrecognized hazard.

A sample "School Employee Training Matrix" is available on the San Diego County Schools JPA Web site (see Additional Resources).

Districts should encourage employees to submit complaints to the district safety coordinator instead of Cal-OSHA. School districts, as employers, are subject to Cal-OSHA inspections. Inspectors can conduct unannounced inspections of work areas in response to employee complaints, severe injuries, or other reasons. During an inspection, districts should be prepared to show the inspector a written Illness and Injury Prevention Program, including supporting documentation and record keeping forms, and to demonstrate that other applicable plans (e.g., Emergency Evacuation, Bloodborne Pathogens, etc.) are in place. Plan materials will be checked for currency and relevancy, and employees will be interviewed for safety awareness. Having a trained district representative who is prepared to handle Cal-OSHA and other government inspections will ensure that inspections proceed smoothly. (See also Maintenance and Operations.)

Safety Program

A district that chooses to be self-insured does so in the belief that its safety and accident prevention program will continue to limit losses. The right to self-insure workers' compensation may be revoked by the state if the employer is found guilty of flagrant or frequent violations of safety laws.

A supervisor's intentional violation of a Cal-OSHA safety order constitutes serious and willful misconduct if the violation causes an injury. It is not necessary to prove a Cal-OSHA safety order violation if the facts are that a supervisor permitted a hazardous

situation to exist. Any employee who is injured as a result of serious and willful misconduct by an employer may be entitled to have his/her workers' compensation benefits increased by 50 percent.

Court decisions have shown a somewhat liberal trend in defining the term "serious and willful." Previously, only extreme cases of misconduct were recognized. Today, employers, including school districts, are much more vulnerable to this claim. Thus, districts must be on the alert to ensure that supervisors enforce safety regulations and take prompt action to correct reported unsafe conditions.

Districts may be assessed civil or administrative penalties for violations of certain employee safety standards. Districts that do not have an operative Illness and Injury Prevention Plan will not receive any consideration for good faith efforts to remedy previous violations. [LC § 6428 et seq.]

The Legislature encourages school districts to provide a comprehensive training program in first aid and/or cardiopulmonary resuscitation (CPR) to students and employees (see Additional Resources). [EC § 49413]

Districts that choose to make available Automated External Defibrillators (AEDs) as part of their safety programs should establish strict guidelines for AED use. Training of AED operators must comply with legal requirements (see Additional Resources). [H&SC § 1797.196; 22 CCR § 100038(a)] An individual who renders emergency care, not for compensation, using an AED is provided immunity from civil liability, provided that person has completed the prescribed CPR and AED training courses. [CC § 1714.21] To help protect the district and its employees from litigation, detailed documentation and recordkeeping systems related to the AED component of the safety program are critical.

School districts should establish an aggressive safety program with proactive activities such as inspections, training, and safety meetings. It is recommended that members of the San Diego County Schools Risk Management JPA utilize the services of the JPA's loss control unit for assistance in establishing and maintaining an effective safety and loss control program.

All injuries and accidents should be investigated and reasons or causes determined so that corrective action can be taken to avoid similar problems in the future. Student Accident Reports (SARs) provide a valuable resource for evaluating conditions that result in accidents involving students and for identifying appropriate corrective action. School districts in the San Diego County Schools Risk Management JPA have access to an on-line student accident reporting system.

Asbestos Hazard Emergency Response Act

The federal Asbestos Hazard Emergency Response Act (AHERA) of 1986 required school districts to conduct inspections for asbestos-containing materials and develop management plans that describe abatement actions to be undertaken. Continuing requirements include re-inspections for asbestos-containing material every three years, updating and maintaining an asbestos management plan, parent notification of asbestos-related activities, and providing asbestos awareness training to custodial staff (see Additional Resources). (See also Maintenance and Operations.)

ADDITIONAL RESOURCES

1. American Red Cross for AED, CPR, and other training courses. Available: <<http://www.redcross.org/services/hss/courses/workplace.html>>
2. Asbestos Hazard Emergency Response Act of 1986. Available: <<http://www.osha.gov/dep/oia/whistleblower/acts/ahera.html>>
3. California Department of Industrial Relations, Division of Occupational Safety and Health, for Cal/OSHA Program information and resources. Available: <<http://www.dir.ca.gov/dosh/dosh1.html>>

Cal/OSHA, San Diego County, for required reporting of serious work-connected injury or fatality:

Phone: (619) 767-2280

Fax: (619) 767-2299

Guide to Developing Your Workplace Injury and Illness Prevention Program, Cal/OSHA, August 2005. Available: <http://www.dir.ca.gov/dosh/dosh_publications/iipp.html>

4. California Department of Insurance to search for companies by line of insurance and to access licensee information and insurance related laws and reports. Available: <<http://www.insurance.ca.gov/0100-consumers/>>
5. California Emergency Medical Services Authority:

AED Training Standards [22 CCR §§ 100031-42. Available: <http://www.emsa.ca.gov/laws/files/regs1_8.pdf>

Emergency First Aid Guidelines for California Schools (EMSA #196), 2004. Available: <<http://www.emsa.ca.gov/pubs/pdf/emsa196.pdf>>

6. Governmental Accounting Standards Board for link to Summary of Statement 45. Available: <<http://www.gasb.org/st/index.html>>
7. CorVel, Third Party Administrator for the San Diego County Schools Risk Management JPA, to report serious injury or fatality, phone: 1-800-757-7100
8. San Diego County Schools Risk Management Joint Powers Authority:

Fringe Benefit Consortium for insurance and other fringe benefit programs and sample board resolutions. Available:
<<http://www.sdcoe.net/business2/?loc=risk-fbc&m=4&pi=risk>>

Programs and services available to Risk Management JPA members. Available:
<<http://www.sdcoe.net/business2/?loc=risk-jpa&m=4&pi=risk>>

Risk management forms and surveys, including Claim Against District Form and Information (tort claim form). Available:
<<http://www.sdcoe.net/business2/?loc=risk-forms&m=4&pi=risk>>
9. "School Employee Training Matrix," sample prepared by San Diego County Schools Risk Management JPA and CASBO Risk Management R&D Committee. Available: <<http://www.sdcoe.net/business2/risk/etm.pdf>>
10. U.S. Department of Labor:

Occupational Safety and Health Administration for information and resources related to safety and health topics. Available:
<<http://www.osha.gov/SLTC/safetyhealth/index.html>>

Employee Benefits Security Administration for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1986, COBRA Insurance Questions (FAQs), and resource links. Available:
<<http://www.dol.gov/dol/topic/health-plans/cobra.htm>>

LIST OF EXHIBITS

- | | |
|-----------|--|
| Exhibit 1 | Tort Claim Form and Cover Letter, Sample, San Diego County Schools Risk Management JPA |
| Exhibit 2 | Governing Board Liability, San Diego County Office of Education |

SAMPLE

(Send Out When Claim Form Requested)

[Date]

[Addressee]

Subject: Tort Claim Form Requirements

Dear _____:

Government Code Section 910.4(a) requires claimants wishing to submit a claim against the _____ District complete a claim form. A Claim Form for your completion is attached.

The Government Code has claim-submission timelines, so please submit your claim immediately.

Please direct questions to: _____ at _____.

Thank you for your cooperation.

Sincerely,

[Person writing letter]

CLAIM AGAINST THE _____ SCHOOL DISTRICT

DISTRICT NAME: _____

ADDRESS: _____

ATTN: _____

| NAME OF CLAIMANT | MAILING ADDRESS | ZIP | TELEPHONE |
|------------------|-----------------|-----|-----------|
|------------------|-----------------|-----|-----------|

INSTRUCTIONS

Claims against the above school district must be filed with the Board of Education within six (6) months after incident occurred as required by Government Code Section 911.2.

Where space is insufficient, please use additional paper, include your name, identify each item of information by the appropriate paragraph number and sign each sheet.

1. OCCURRENCE OR TRANSACTION CAUSING THIS CLAIM

DATE _____ TIME _____ PLACE _____

2. STATEMENT OF INCIDENT (Specify the particular act or omission you claim caused the injury, damage or loss, if known.)

3. DESCRIPTION OF CIRCUMSTANCES

STATEMENT OF HOW THE DISTRICT OR ITS EMPLOYEES WERE AT FAULT (include names of persons causing injury damage or loss - if not known, state "not known.")

4. DESCRIPTION OF INCURRED INDEBTEDNESS, OBLIGATION, INJURY, DAMAGE OR LOSS

- | | |
|---|---|
| a. GENERAL DESCRIPTION: (So far as known as of the date of this claim) | c. NAME OF PERSON INJURED _____ DESCRIPTION OF PERSONAL INJURY _____ |
| b. NAME OF PERSONS/s CAUSING THE ABOVE | d. NAME OF PROPERTY OWNER _____ DESCRIPTION OF PROPERTY DAMAGED _____ |

5. CLAIM

- | | |
|---|--|
| a. AMOUNT CLAIMED AS OF DATE OF THIS CLAIM: \$ _____ | c. TOTAL AMOUNT OF CLAIM: \$ _____ (Attach estimates or bills in support of claim.) |
| b. ESTIMATED AMOUNT OF ANY PROSPECTIVE INJURY, DAMAGE OR LOSS. \$ _____ | d. BASIS OF COMPUTATION OF AMOUNT CLAIMED |

6. EYEWITNESSES, ATTENDING PHYSICIAN, HOSPITAL, ETC.

NAME _____ ADDRESS _____ TELEPHONE _____

I certify under penalty of perjury that I know the above to be true and correct of my own knowledge.

SIGNATURE OF CLAIMANT

DATE OF CLAIM

(IF MORE SPACE IS NEEDED, PLEASE ATTACH ADDITIONAL PAGES AS NECESSARY.)

GOVERNING BOARD LIABILITY

1. Liability of the Governing Board

Under what circumstances would a governing board be exposed to legal liability?
Typical examples include:

- A. Situations where the governing board acts in excess of, or in the absence of, its power or authority (called an abuse of discretion, or *ultra vires* action).
- B. Failure of the governing board to act when it has a duty or responsibility to act (known as an omission).
- C. Acting in a manner that is willful and wanton and conduct involving conscious and deliberate disregard of the interests of others (gives rise to a claim for punitive or exemplary damages).

2. Individual Liability of Governing Board Members

When might an individual governing board member be exposed to individual liability?

- A. Possibly under 1A and B above, where the action taken is deemed to be negligent, (i.e., an accident or error in judgment which causes injury or damage to another).
- B. Certainly under 1C above, if the member acts in an individual capacity and the conduct is willful, wanton and in conscious and deliberate disregard of the interests of another, often referred to as malicious conduct.
- C. Disclosing any information from a Brown Act closed session may result in exposure to individual money damages as well as possible criminal liability.
- D. Violating constitutionally protected civil rights of any employee or community member.

3. Defenses Available to the Governing Board and/or Individual Members

Once a legal or equitable action is initiated against a governing board, what defenses can legal counsel raise?

A. Immunity including qualified immunity. (Selected citations.)

Government Code section 818 - Public entity not liable for punitive damages.

Government Code section 818.2 - Public entity not liable for an injury caused by adopting or failing to adopt an enactment or by failing to enforce any law.

Government Code section 818.8 - Public entity not liable for an injury caused by misrepresentation by an employee of the public entity, whether or not such misrepresentation be negligent or intentional.

Government Code section 820.2 - Public employee not liable for injury resulting from his act or omission where the act or omission was a result of the exercise of discretion vested in the employee, whether or not such discretion be abused.

Government Code section 820.6 - If a public employee acts in good faith, without malice, under the apparent authority of an enactment that is unconstitutional, invalid or inapplicable, he is not liable for an injury caused thereby except to the extent he would have been liable had the enactment been constitutional, valid and applicable.

Government Code section 820.9 - Members of city councils, mayors, members of boards of supervisors, school boards, governing boards of other local public entities, locally appointed or elected advisory bodies are not vicariously liable for injuries caused by the acts or omission of the public entity or advisory body. Nothing in this section exonerates an official from liability for injury caused by that individual's own wrongful conduct. Nothing in this section affects the immunity of any other public official.

Government Code section 821 - Public employee not liable for an injury caused by his adoption or failure to adopt an enactment or by his failure to enforce an enactment.

Government Code section 821.6 - Public employee not liable for injury caused by his initiating any judicial or administrative proceeding within the scope of his employment, even if he acts maliciously and without probable cause.

Government Code section 822.2 - Public employee acting in the scope of his employment not liable for injury caused by his misrepresentation whether or not it was negligent or intentional, unless he is guilty of actual fraud, corruption, or actual malice.

- B. Claims statutes and applicable statutes of limitation.
- C. All other defenses normally available to other litigants depending upon the nature of the claim against the government board, (e.g., contributory negligence and assumption of the risk).
- D. Under specific circumstances, a privilege including a qualified privilege.

4. Defense and Indemnity for Individual Governing Board Members

Can a governing board member expect to be defended by the school district? When can the public entity be expected to pay the judgment, if any is awarded against an individual member?

- A. The governing board members, individual members, and employees shall be provided liability protection from any claim or suit brought against them alleging injury to property or person resulting from any alleged negligent act or omission, violation or civil rights, or breach of duty.
- B. There will be no indemnity for a governing board member whose conduct is willful, wanton and in conscious and deliberate disregard of the interests of others, (i.e., where there is malice). Normally, there will be no defense by the public entity for this type of conduct. The member may be advised to obtain separate counsel on these matters.

The public entity may pay part of a judgment for punitive or exemplary damages if the governing board, acting in its sole discretion, find all of the following: [GC § 825]

- (1) The judgment is based on an act or omission of an employee or former employee acting within the course and scope of his or her employment as an employee of the school district.
- (2) At the time of the act giving rise to the liability, the employee or former employee acted, or failed to act, in good faith, without actual malice and in the apparent best interests of the school district.
- (3) Payment of the claim or judgment would be in the best interests of the school district.

- C. Where the member's conduct is merely negligent or an abuse of discretion, the school district will assume the member's defense and pay any judgment rendered against the member.

- D. In situations involving allegation of negligent conduct with the willful, wanton, conscious, and deliberate disregard allegations, a school district may undertake the defense of the individual members under a "reservation of rights." The reservation of rights would contain an explanation that should a judgment of punitive damages be made against an individual member, the district would not pay this judgment, or if it decided to do so, all of the foregoing factors stated in paragraph 4A on the preceding page must be present, otherwise it is expressly prohibited by state law from doing so. Commitment to pay any judgment for punitive or exemplary damages on behalf of an employee must be made after an award or judgment has been rendered.

Participation in student body organizations can enhance and expand the educational experience of students. The governing board authorizes and oversees these organizations. Regulations established by the board should allow students to develop leadership and business skills and also provide for a constructive environment for school-sponsored social and fund-raising activities.

The governing board must provide adequate supervision over student body organizations and activities. Personnel responsible for student body activities should use student body organization funds for appropriate purposes that provide maximum benefit to pupils.

LEGAL PROVISIONS

Any group of students enrolled at a school site may organize a student body association (ASB) with the purpose of conducting activities on behalf of the students. The governing board is responsible for approving new student body associations and for controlling and regulating the organizations. [EC §§ 48930, 76060]

Any student organization may be granted use of school premises and properties without charge, subject to regulations established by the governing board. [EC §§ 48930, 76060]

School districts should consider the Civic Center Act when developing policies concerning meetings held on school premises by groups not related to school curriculum. Secondary schools are also affected by the federal Equal Access Act (see Additional Resources). [20 USC §§ 4071-4; EC §§ 38130-8]

The No Child Left Behind Act prohibits districts that receive federal funds from denying equal access to any group affiliated with the Boy Scouts of America or other patriotic youth groups (see Additional Resources). [20 USC § 7905; 36 USC Subtitle II, Part B]

Pupils must not be solicited on school premises during school hours, or within one hour before and after school time, to subscribe or contribute to the funds of, join, or work for any organization not directly under the control of school authorities. An exception is made if the organization is a nonpartisan, charitable organization created for charitable purposes by an act of Congress or under the laws of the state. The solicitation must have prior approval by the county board of education or by the district governing board. [EC § 51520]

Eligible Fund-raising Activities

The governing board may authorize any organization to maintain such activities, including fund-raising activities, as may be approved by the board, provided the organization is composed entirely of pupils attending district schools (Exhibit 1). The governing board may authorize, by resolution, fund-raising activities during school hours on school property if such activities do not interfere with the normal school day. [EC §§ 48931-2]

By resolution the governing board may authorize student organizations to sell food on school premises, subject to state laws and regulations. Federal regulations mandate that district rules and regulations prohibit the sale of foods of minimal nutritional value, as listed in Appendix B of 7 CFR 210 or Appendix B of 7 CFR 220, in food service areas during breakfast and lunch periods (see Additional Resources). [7 CFR §§ 210.11-12, 220]

If a school district participates in the National School Lunch and/or Breakfast Program, student organizations in grades K-8 can sell food on campus only if all of the following conditions are met: (a) only one food item is sold per sale; (b) the specific nutritious food item sold is approved by the governing board; (c) the sale does not begin until after the close of the regularly scheduled midday food service period; (d) food items prepared on the premises are not sold; (e) there are no more than four such sales per year per school; (f) the food sold is a dessert-type food, to the extent that it meets the nutrition standards in Education Code section 49431; (g) the food sold is not one sold in the district's food service program at that school during that school day. [5 CCR § 15500]

For junior high and high schools participating in the National School Lunch and/or Breakfast Program, student organizations can sell food on campus only if all of the following conditions are met: (a) only one student organization conducts a food sale on a given school day and the organization sells no more than three types of food or beverage items, except that up to four days during the school year may be designated on which any number of organizations may conduct the sale of any food items; (b) the specific nutritious food items are approved by the governing board; (c) food items sold during the regular school day are not prepared on the premises; and (d) food items sold are not those sold in the district's food service program at that school during that school day. [5 CCR § 15501]

As of July 1, 2007, all foods sold to pupils at schools must meet the nutrition standards specified in Education Code section 49431. Foods not meeting these requirements may be sold only if they are sold by students off of and away from school premises or on school premises at least one-half hour after the end of the school day. At middle, junior, and high schools, sales are also permitted during a school-sponsored student

activity after the end of the school day. Effective July 1, 2009, foods with artificial trans fat cannot be sold through a vending machine or school food service during school hours and up to half an hour before and after school. [EC §§ 49430-1.2, 49431.7] (See also Child Nutrition.)

There are also nutrition standards for beverages that can be sold during the school day, with exemptions provided for fundraising events. Beverages that do not comply with the standards may be sold at elementary schools if they are sold by students off of and away from school premises or on school premises at least one-half hour after the end of the school day. At middle and junior high schools, the exemption applies if sales are at least one-half hour after school and occur during a school-sponsored student activity or from vending machines, pupil stores, or cafeterias. [EC § 49431.5]

The nutrition standards for beverages currently in place for junior high and middle schools are being phased in at the high school level. As of July 1, 2007, at least 50 percent of beverages must meet the requirements, and effective July 1, 2009, all beverages must meet the requirements.

Lotteries, including bingo and raffles, games of chance, and any other forms of gambling are prohibited for minors and are prohibited for student body organizations. [PC §§ 319, 320.5, 326.5]

Assembly programs cannot require students to pay an admission charge during school hours. [CalC Art. IX, § 5]

Deposit of Funds

Subject to governing board approval, student body organization funds must be deposited or invested in one or more of the following ways: [EC §§ 48933, 76063]

1. Deposits in a local bank or banks or other institutions whose accounts are federally insured. Bank accounts must be held in the name of the ASB organization.
2. Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, provided such associations are doing business in this state and have their accounts insured by the Federal Savings and Loan Insurance Corporation.
3. Purchase of repurchase agreements issued by savings and loan associations or banks.

4. Purchase of bonds, notes, bills, certificates, debentures, or any other obligations issued by the United States of America.
5. Shares or certificates for funds received or any form of evidence of interest/indebtedness issued by any credit union in California.

Expenditure of Funds

Student body organization funds must be expended subject to procedures established by the organization. The approval of each of the following three persons shall be obtained each time before any funds may be expended: [EC §§ 48933, 76063]

1. An employee or official of the school district designated by the governing board.
2. The certificated employee who is the designated adviser of the particular student body organization.
3. A representative of the particular student body organization.

Payments must not be made from undeposited cash receipts. All cash receipts must be deposited in the bank.

The governing board must provide supervision of all funds raised by any student body or student organization using the name of the school. The board may provide for a continuing audit of student body funds by district personnel. The cost of supervision may be paid from district funds or may be charged to the student organization. Indirect costs may also be charged to a student body organization. [EC §§ 48937, 76065]

A student body organization may make loans, with or without interest, to any student body organization established in another school of the district for a period not to exceed three years. [EC §§ 48936, 76064]

One or more student body organizations of the same district may invest money in permanent improvements to any district property. All or portions of such property must be used for conducting student extracurricular activities, including student spectator sports. Improvements that are for the benefit of the student body are also permitted. The principal amount of such investment, plus a reasonable amount of interest, shall be returned to the student body organizations. This requirement is also applicable to money collected for automobile parking facilities if the parking facilities were provided for by an investment of student body funds. Any district approving such an investment shall establish a special fund in which to deposit monies received for the rental of

school district property to the student body organization. When the outstanding debt of the special fund has been satisfied, all money remaining may be transferred to the general fund of the district upon approval of the governing board. [EC §§ 48936, 76064]

In schools or classes for adults, ROC/P, or in elementary, continuation, or special education schools in which the student body is not organized, the governing board may appoint an employee or official to act as trustee for student body funds and may receive such funds in accordance with procedures established by the board. These funds shall be deposited in a bank, credit union, or savings and loan association approved by the board. These funds shall be expended subject to the approval of the appointee and to procedures established by the board. [EC § 48938]

Rules and Regulations

Rules, regulations, and general operating policies for student body organizations must be adopted by the governing board. These should include, but are not limited to, the following:

1. All student body organizations and activities must be approved by the governing board.
2. Supervising responsibilities of student body organization activities, operations and financial management must be assigned by the governing board.
3. Minimum organization requirements for each student body organization should be established such as adopting a constitution, keeping minutes, electing officers, and having a faculty adviser.
4. Each student body organization should be required to submit a budget.
5. An audit of student body organization funds and student activities is required to be included as part of the annual audit for the district performed by independent auditors.
6. Limitations should be established on the reserve funds that a student body organization can accumulate.
7. Policies regarding ownership of fixed assets by student body organizations should be established.

Budget and Financial Planning

Every student body club or organization should prepare an annual budget (Exhibit 2). A budget should show estimated revenue from each source and should include estimated expenses for each purpose. The advisor and/or principal should sign and date the budget. A final or adopted budget must be submitted to the district business office by September 30. When approved by the ASB, the budget becomes the working financial document of the student body organization. Students should participate in all phases of student body organization financial activities, including preparing the budget and approving expenditures.

Resources should be identified for any new activity; there must always be proper authorization of the student governing body and subsequent approval by the governing board.

The governing board's approval should be obtained for the disposition of balances in the accounts of inactive student body organizations.

The amount charged for a student body activity fee should be subject to approval of the governing board.

Documents relating to student body organization financial activities should be safely stored in paper, microfilm, or electronic format for the established retention periods. Annual financial reports of all student organization funds are permanent records and must be retained indefinitely. [EC §§ 35250-5; 5 CCR §§ 16020-8] (See also Records Management.)

When a student body organization donates equipment to the school district, a letter of presentation should be sent to the governing board via the district superintendent.

Student body organizations are subject to sales and use tax regulations, and any applicable taxes should be collected. Taxes should be promptly reported and paid to the appropriate government agencies (see Additional Resources). (See also Commercial School Orders.)

STUDENT BODY ORGANIZATION ACCOUNTING

Double-entry Accounting

The use of a simplified, double-entry standard accounting system has the following advantages:

1. This system allows for preparation of periodic trial balances as a means of verifying the accuracy of the accounting records and facilitates preparation of periodic financial statements.
2. The likelihood of making erroneous or duplicate payments is reduced.
3. Dividing each student body organization's records between two or more people is possible.

Accounting Practices

According to the *California School Accounting Manual* (CSAM), the Student Body Fund is included in the annual audit of the school district and is in the fund category of fiduciary funds (see Additional Resources).

Districts should refer to *Accounting Procedures for Student Organizations*, which is available from the California Department of Education, as a reference document (see Additional Resources).

Double-entry accounting records should include cash receipts, disbursements, and a general ledger. A set of accounting records should be kept for each organization. These may be reconciled with the accounts maintained for each organization in the double-entry accounting system. The accounting records should contain a general ledger account for each of the student organizations, so that the balances in each student organization's account can be reviewed at any time.

Additional operating accounts that provide adequate information relating to income and expenses of special activities should be used in the accounting records where necessary. Examples are a student store or various types of athletic activities.

Accounting records and supporting documents should be retained on file for the legally required annual audit and should be destroyed only in accordance with legal provisions. [EC §§ 41020, 84040(b); 5 CCR §§ 16020-8] (See also Records Management.)

A permanent form of bank reconciliation should be prepared each month as soon as the bank statement is received. The reconciliation should agree with the amount shown in the "Cash in Bank" general ledger account as well as with the balance shown in the checkbook.

Individual organizations should be encouraged to keep accounting records if this is considered desirable from an educational standpoint. This practice is particularly appropriate at the high school and community college levels. The records kept by the student body organizations should be reconciled periodically with the general accounting records.

A statement of cash receipts and disbursements should be prepared monthly (Exhibit 3). Information for the statement should come from the double-entry accounting system. A monthly trial balance of each organization's general ledger should be prepared and kept on file.

Resources held in trust, such as for scholarships or student loans, should be adequately identified and controlled in the accounting system.

Each student body organization should prepare and maintain a record of each meeting as minutes. See Exhibit 4 for a sample of minutes for a student body meeting. The minutes should record:

1. Approval of purchases and disbursements.
2. Authorizations and reports of fund-raising activities.
3. Transfers of funds from or to another organization.
4. Gifts or donations to the school district by the student organization.
5. Gifts or donations received by the student body organization.

The agenda and minutes of student body organization meetings are mandatory permanent records and must be retained indefinitely. [5 CCR §§ 16020-8] (See also Records Management.)

CONTROL OF CASH RECEIPTS

Cash Collections

Press-numbered receipt forms in duplicate should be used to control all cash collections (Exhibit 5). All money received must be entered into the accounting records.

A designated employee, such as an accountant or school district business manager, should be responsible for ordering and storing press-numbered receipt forms and tickets. Since receipt forms and tickets represent potential cash collections, their

issuance should be closely supervised, and the use of unauthorized receipt forms or tickets should be prohibited. Records should be maintained on the issuance and return of unused press-numbered receipt forms.

Receipts should be made out to the individual or organization from which cash is collected. Cash collections from student organizations should not be commingled with cash resources associated with any other account or fund.

If change is needed for the sale of tickets or other items, a change fund should be established by the governing board. Change should never be made from the previous day's cash receipts; daily cash receipts should be deposited intact. The board should also designate a person responsible for the supervision of the change fund. The change fund should be re-deposited to the bank account of the student body organization at the end of the school year.

A cash register with recording capability should be used to control cash receipts in the student store. A cash register should also include a visible total that can be seen by customers.

A daily cash report form should be prepared that would account for all money received by a student store (Exhibits 6 and 7). Any variance between the cash register records or manually prepared receipts accompanying the daily cash report and the amount available for deposit should be shown on the daily cash report and should be accounted for as "cash over" or "cash short."

For internal control purposes, standard accounting practices dictate that two or more persons should count and sign for the cash receipts during designated student body organization functions.

A cash collection report should be prepared for each event at which cash is collected. If tickets are sold, the report should show the inclusive numbers of tickets issued and should also show the inclusive numbers of unused tickets returned. The report should show the number of tickets sold, the price per ticket, and the total amount collected.

Banking Procedures

Student body organization bank accounts should be used only for the cash receipts of the student body organization. All cash collections, when initially received, should be deposited in a single bank checking account. However, separate student body organization bank checking accounts should be established for the elementary, middle, and high school levels.

A duplicate itemized bank deposit slip for each deposit should be maintained on file. Bank checks should be press-numbered and imprinted with the name and address of the account. The name used should clearly indicate that the account is for a student body organization rather than for district funds. A bank endorsement stamp should be obtained for use on all checks received by student body organizations.

School districts should arrange to receive bank statements on a monthly basis. Banks ordinarily do not levy service charges on student organization accounts. However, charges can apply for special services such as printing checks or furnishing endorsement stamps.

CONTROL OF CASH DISBURSEMENTS

Disbursements from the student body's general ledger may be made for expenses such as merchandise, student body activities, food, hospitality, and student awards.

Processing Invoices

All disbursements of student body organization money should be supported by itemized invoices that contain the vendors' names. Before payment is made, school district staff should verify purchase order number, receipt of goods, prices and extensions, and authorization for payment. A rubber stamp providing spaces for verifications, date of payment, and check number can be used for processing invoices.

All available cash discounts should be taken. Invoices that are subject to discounts should be processed for payment before invoices that do not have this option.

Disbursements by Check

Before a disbursement may be made from a student body organization bank account, the expenditure must be approved by the three individuals specified in the Education Code: an employee or official of the school district designated by the governing board, the certificated employee who is the designated faculty adviser of the particular student body organization, and a student representative of the student body organization. This requirement can be met by the combined signatures appearing on an Authorization for Payment form and on the check drawn on the student body organization bank account (Exhibit 8). [EC §§ 48933, 76063]

An authorized student and/or district employee should sign each check drawn on the student body organization bank account. Checks should not be signed unless drawn on the basis of itemized invoices relating to approved legal expenditures for goods or services that have actually been received.

The use of press-numbered printed checks is essential for controlling student body organization cash disbursements. Cash disbursements should be made by check. However, payment may also be made from a petty cash fund that has been authorized by the governing board. The practice of signing blank checks should be prohibited. Each check should be drawn to a named payee, never to cash.

The date and number of each check, the amount, name of payee, and account distribution should be recorded in the student body organization cash disbursement journal.

Voided checks should be made nonnegotiable by cutting out the signature space and writing "void" across the face of the check. These checks should be kept on file so that an accounting can be made of all checks that have been used. The number of each voided check and the word "void" should be recorded in the cash disbursement journal.

CONTROL OF PURCHASES

In order for a student body organization to initiate a purchase, a purchase requisition signed by an authorized student and the organization faculty adviser must be submitted. A press-numbered purchase order is then prepared, at least in duplicate. The funds shall be expended according to procedures established by the student body organization and subject to the approval of each of the following three persons: an employee or official of the school district governing board, the certificated employee who is the designated adviser of the particular student body organization, and a student representative of the particular student body organization (Exhibits 9 and 10). [EC §§ 48933, 76063]

When processing a purchase order, the proposed expenditure should be checked to ensure that the item to be purchased and the price are within the limitations of the student body organization's budget. The price to be paid must appear on the order. No transaction may be entered into that would encumber revenues for future years.

PAYROLL PROCEDURES

Since the student body organization is under the control of the local governing board, the school district, not the student body organization, is the employer. To avoid conflict with federal and state regulations related to payroll processing, tax collection and reporting of salary payments, any person performing services for compensation for the student body organization must be employed through the school district human resources office and paid through the district payroll system. Salaries can then be reimbursed by the student organization. (See also Human Resources.)

The only staff costs that can be charged directly to the student organization are independent contractors and officials appointed by a league office for interscholastic events. To determine whether an individual can be legally classified as an independent contractor, the student body organization should consult the criteria provided in the Commercial School Orders section, Exhibit 4, "Independent Contractor or Employee? District Guidelines." The district's business office should be involved in coordination of all payments to individuals, since cumulative payments to an individual totaling \$600 or more in a calendar year must be reported on Internal Revenue Service Form 1099-MISC, Miscellaneous Income (see Additional Resources).

INVENTORIES

An inventory of all student body organization supplies and equipment should be taken annually at the end of the school year. A detailed inventory record should be prepared indicating the description, quantity, cost per unit and total cost of the merchandise, the date of the inventory, and the signatures of the persons taking the inventory. (See also Inventory.)

Ongoing special activities by student body organizations, such as the operation of a student store, may require keeping perpetual inventory records. An inventory of the student store must be taken at least quarterly on the date prescribed by the district business office and under the supervision of the student store adviser.

Many school district governing boards have, by policy, prohibited student body organizations from owning equipment or other fixed assets to avoid problems related to ownership and insurance. In such districts, when fixed assets are purchased by student body organizations, the organization usually donates them to the school district. The district then sets up appropriate accounting records and obtains necessary insurance coverage.

If student body organizations are permitted to acquire ownership of fixed assets, they must set up appropriate accounting records and obtain necessary insurance coverage.

The use of equipment owned by or assigned to student body organizations for non-school purposes should be prohibited.

INSURANCE

The district's insurance coverage should protect the assets of student body organizations. In addition, the district should obtain fidelity bond coverage for district employees and students handling student body organization funds. Other insurance

may be obtained to safeguard student body organization resources and assets as necessary. These additional costs should be paid from the student body organization accounts. (See also Risk Management & Insurance.)

The contract period for all insurance policies should be from July 1 to June 30 to coincide with the school or college year.

ADDITIONAL RESOURCES

1. *Accounting Procedures for Student Organizations*, California Department of Education, 1992. CDE *Educational Resources Catalog* for ordering information. Available: <<http://www.cde.ca.gov/re/pn/rc/>>
2. *Associated Student Body Accounting Manual & Desk Reference 2007*, Fiscal Crisis & Management Assistance Team. Available: <[http://www.fcmat.org/stories/storyReader\\$911](http://www.fcmat.org/stories/storyReader$911)>
3. California Code of Regulations, Title 5, Education. Available: <<http://government.westlaw.com/linkedslice/default.asp?SP=CCR-1000>>
4. *California School Accounting Manual*, California Department of Education, 2008. Available: <<http://www.cde.ca.gov/fg/ac/sa/>>
5. Equal Access Act [20 USC § 4071], U.S. Department of Justice. Available: <<http://www.usdoj.gov/crt/cor/byagency/ed4071.htm>>
6. Foods of Minimal Nutritional Value, U.S. Department of Agriculture, Food and Nutrition Service:
 - 7 CFR § 210, Appendix B. Available: <<http://www.fns.usda.gov/cnd/menu/fmnmv.htm>>
 - 7 CFR § 220, Appendix B. Available: <<http://www.fns.usda.gov/cnd/Governance/regulations/7CFR220.pdf>>
7. Internal Revenue Service:
 - Independent Contractor vs. Employee. Available: <<http://www.irs.gov/businesses/small/article/0,,id=99921,00.html>>
 - Instructions for Form 1099-MISC, Miscellaneous Income. Available: <<http://www.irs.gov/instructions/i1099misc/index.html>>

8. No Child Left Behind Act, U.S. Department of Education. Available:
<<http://www.ed.gov/nclb/landing.jhtml>>
9. Sales and Use Tax Programs, California State Board of Equalization. Available:
<<http://www.boe.ca.gov/sutax/sutprograms.htm>>
10. United States Codes, including Title 20, Education; and Title 36, Patriotic and National Observances, Ceremonies, and Organizations. Available:
<<http://www.gpoaccess.gov/uscode/browse.html>>

LIST OF EXHIBITS

- | | |
|------------|---|
| Exhibit 1 | Resolution Relating to Student Organizations, Sample Form, San Diego County Office of Education |
| Exhibit 2 | Student Organization Annual Budget, Sample Form, San Diego County Office of Education |
| Exhibit 3 | Statement of Cash Receipts and Disbursements for Month, Sample Form, San Diego County Office of Education |
| Exhibit 4 | Associated Student Body Meeting Minutes, Sample Form, San Diego County Office of Education |
| Exhibit 5 | Receipt for Cash, Sample Form, San Diego County Office of Education |
| Exhibit 6 | Organization Daily Cash Report, Sample Form, San Diego County Office of Education |
| Exhibit 7 | Student Organization Master Daily Cash Report, Sample Form, San Diego County Office of Education |
| Exhibit 8 | Authorization for Payment, Sample Form, San Diego County Office of Education |
| Exhibit 9 | Student Organizations – Requisition, Sample Form, San Diego County Office of Education |
| Exhibit 10 | Student Organizations – Purchase Order, Sample Form, San Diego County Office of Education |

RESOLUTION RELATING TO STUDENT ORGANIZATIONS
_____ School District
San Diego County

ON MOTION of Member _____, seconded by Member _____, the following resolution is adopted:

IT IS HEREBY RESOLVED AND ORDERED THAT:

1. Pursuant to the provisions of section 48931/76062 of the Education Code, the following organizations composed entirely of pupils attending the schools of the district are authorized to maintain the following activities:

| <u>Name of Organization</u> | <u>Activities</u> |
|-----------------------------|-------------------|
| _____ | _____ |
| | _____ |
| | _____ |

(List the above-indicated data for each approved organization.)

2. Pursuant to the provision of section 48930/76065 of the Education Code, the approval of the Governing Board shall be requested for the information of new Student Organizations and for additional activities of approved Student Organizations.
3. Pursuant to the provisions of section 48937/76065 of the Education Code, _____, an employee of the district, is hereby designated to supervise all funds raised by Student Organizations.
4. Pursuant to the provisions of section 48933/76063 of the Education Code, all cash receipts of Student Organizations shall be deposited in the _____ Bank, _____, California. No expenditures shall be made without the approval of _____, an employee of the district.

PASSED AND ADOPTED by the Governing Board on _____ by the following vote.

| | |
|---------|---------|
| AYES: | Members |
| NOES: | Members |
| ABSENT: | Members |

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS

I, _____, Secretary/Clerk of the Governing Board, do hereby certify that the foregoing is a full, true and correct copy of a resolution passed and adopted by the Board at a regularly called and conducted meeting held on said date.

Secretary/Clerk of the Governing Board

_____ STUDENT ORGANIZATION

_____ SCHOOL DISTRICT

ANNUAL BUDGET

For the Period July 1, 20____ to June 30, 20____

I. BEGINNING CASH BALANCE, JULY 1, 20____ \$ _____

II. RECEIPTS:

Dues \$

Entertainments

(List Other Receipts)

_____

_____

_____

_____

Total Receipts \$ _____

III. TOTAL BEGINNING CASH BALANCE PLUS RECEIPTS
(I Plus II, Must Equal VI) \$ _____

IV. DISBURSEMENTS:

Entertainments \$

(List Other Disbursements)

_____

_____

_____

_____

Total Disbursements _____

V. ENDING CASH BALANCE, JUNE 30, 20____ \$ _____
(III Minus IV)

VI. TOTAL DISBURSEMENTS PLUS ENDING CASH BALANCE
(IV Plus V, Must Equal III) \$ _____

(SCHOOL DISTRICT & FORM NO.)

_____ SCHOOL DISTRICT

STUDENT ORGANIZATIONS

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS FOR MONTH OF _____ 20 ____

| Name of Student Organization | 1 Beginning Cash Balance | 2 Receipts and Transfers | 3 Total of Column 1 Plus Column 2 | 4 Disbursements and Transfers | 5 Ending Cash Balance ____ 20 ____ |
|------------------------------|-----------------------------|-----------------------------|--------------------------------------|----------------------------------|--|
| Associated Student Body | \$ | \$ | \$ | \$ | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| TOTALS | \$ | \$ | \$ | \$ | |

(SCHOOL DISTRICT & FORM NO.)

_____ **Associated Student Body Minutes**

1. The meeting was called to order by _____, _____
Name Position
2. Location of meeting _____
3. Date and time of meeting _____, 20__, _____ o'clock
4. The minutes of the previous meeting dated _____, were ___ Read and Approved
___ Corrected and Approved as Corrected

5. The following purchase orders were approved:

| <u>PO #</u> | <u>Vendor</u> | <u>Amount</u> | <u>Purpose</u> |
|-------------|---------------|---------------|----------------|
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |

Motion: _____
Moved by: _____ Seconded by: _____

6. The following invoices were submitted for payment:

| <u>Check #</u> | <u>Payable To</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------|-------------------|---------------|----------------|
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |
| _____ | _____ | \$ _____ | _____ |

Motion: _____
Moved by: _____ Seconded by: _____

7. Communications and reports: _____

8. Old business _____

9. New business: _____

10. Those in attendance:

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

Respectfully Submitted:

Secretary (signature)

RECEIPT FOR CASH

_____ School District

Receipt No.: 000000

STUDENT ORGANIZATIONS

Date _____, 20 __

RECEIVED FROM _____

\$ _____ DOLLARS

FOR _____

CASH _____

CHECK _____ SIGNED _____ TITLE _____

(SCHOOL DISTRICT & FORM NO.)

NOTES:

1. This document should be press-numbered and prepared in duplicate.
2. It is possible to obtain a suitable press-numbered receipt form from most stationers.
3. The original is given to the treasurer of the student body organization turning in the money.
4. The duplicate is retained in the centralized accounting records for student body organizations.
5. It is suggested that the original be white and the duplicate be colored.

| | | | | |
|---|--------------|--------|----|--------|
| _____ STUDENT ORGANIZATION _____ SCHOOL DISTRICT ORGANIZATION DAILY CASH REPORT 20__ | | | | |
| CASH COUNT OF RECEIPTS | | | | |
| | Denomination | Amount | | |
| Currency: | \$ | \$ | | |
| | \$ | \$ | | |
| | 5.00 | | | |
| | 1.00 | | | |
| Total Currency | | | \$ | |
| Coin | .50 | | | |
| | .25 | | | |
| | .10 | | | |
| | .05 | | | |
| | .01 | | | |
| Total Coin | | | \$ | |
| Checks: | | \$ | | |
| | | \$ | | |
| Total Checks | | | \$ | |
| Total Cash Received | | | | \$ |
| SOURCE OF RECEIPTS | | | | |
| Received From | | | | Amount |
| | | | | \$ |
| | | | | \$ |
| Total Cash Received | | | | \$ |
| SIGNED: _____ TITLE: _____ (SCHOOL DISTRICT & FORM NO.) | | | | |

_____ SCHOOL DISTRICT

**STUDENT ORGANIZATION
MASTER DAILY CASH REPORT**

_____, 20 ____

CASH COUNT OF RECEIPTS

| | <u>Denomination</u> | <u>Amount</u> |
|--|---------------------|-----------------|
| <u>CURRENCY:</u> | \$..... | \$..... |
| | | |
| | | |
| | 5.00 | ..... |
| | 1.00 | ..... |
| Total Currency | | \$..... |
| <u>COIN:</u> | .25 | ..... |
| | .10 | ..... |
| | .05 | ..... |
| | .01 | ..... |
| Total Coin | | \$..... |
| <u>CHECKS:</u> |  | ..... |
| | | |
| Total Checks | | \$ _____ |
| <u>Total Cash Received and Deposited</u> | | \$ <u>_____</u> |

SOURCE OF RECEIPTS:

| Received From | Student Organization Credited | Amount |
|---------------------------------------|-------------------------------|-----------------|
| _____ | _____ | \$..... |
| _____ | _____ | |
| _____ | _____ | |
| _____ | _____ | |
| TOTAL CASH RECEIVED AND DEPOSITED | | \$ <u>_____</u> |

Signed: _____ Title: _____

(SCHOOL DISTRICT & FORM NO.)

_____ SCHOOL DISTRICT
STUDENT ORGANIZATIONS

NO. _____
DATE _____

AUTHORIZATION FOR PAYMENT

Pay Check to the Order of _____ \$ _____
in payment of attached itemized invoice(s).

Purpose of Check Request _____
(what you are paying for)

Student Organization _____

By _____, Organization Treasurer

By _____, Organization Adviser

By _____, Designated Employee

PURCHASE ORDER NO. _____

CHECK NUMBER _____

DATE PAID _____

AMOUNT PAID \$ _____

(SCHOOL DISTRICT & FORM NO.)

NOTES:

1. This document should be press-numbered and prepared in duplicate.
2. The completed original, together with attached itemized invoices and receiving documents, is filed in the centralized accounting records for student body organizations.
3. The duplicate is retained by the treasurer of the student body organization authorizing the payment.
4. It is suggested that the original be white and the duplicate be another color.

| _____ SCHOOL DISTRICT STUDENT ORGANIZATIONS REQUISITION | | | | | NO. 00000 DATE: _____ 20 ____ |
|---|------|--|----------------------------|------------------------------|----------------------------------|
| PLEASE ISSUE PURCHASE ORDER TO: _____ ADDRESS: _____ | | | | | |
| QUANTITY | UNIT | DESCRIPTION | ESTIMATED UNIT PRICE | ESTIMATED TOTAL AMOUNT | |
| | | <i>NOTE:</i> 1. This document should be press-numbered and prepared in duplicate. 2. The original serves as the basis for issuance of a purchase order and is filed in the centralized accounting records for student organizations. 3. The duplicate is retained by the treasurer of the student organization requesting issuance of the purchase order. 4. It is suggested that the original be white and the duplicate be on colored paper. | | | |
| TOTAL | | | | \$ | |
| APPROVED: _____ STUDENT ORGANIZATION AND RECORDED IN MINUTES OF MEETING HELD _____ 20__ . TREASURER _____ STUDENT BODY ADVISER: _____ PURCHASE ORDER NO. _____ ISSUED BY: _____ (Date) RECEIVED BY: _____ (Date) (SCHOOL DISTRICT & FORM NO.) _____ DESIGNATED DISTRICT EMPLOYEE: _____ | | | | | |

| _____ SCHOOL DISTRICT (MAILING ADDRESS) TELEPHONE: _____ STUDENT ORGANIZATIONS PURCHASE ORDER | | NO. 0000 | | | |
|--|------|--|----------------------|--------------|------------|
| VENDOR: _____ | | DATE ISSUED: _____ 20 ____ | | | |
| ADDRESS: _____ | | DATE WANTED: _____ 20 ____ | | | |
| PLEASE ENTER OUR ORDER FOR THE GOODS AND/OR SERVICES DESCRIBED BELOW: | | | | | |
| RECEIVING LOCATION: _____ | | VIA: _____ TERMS: _____ | | | |
| QUANTITY | UNIT | DESCRIPTION | UNIT PRICE | TOTAL AMOUNT | CHECKED BY |
| | | <i>NOTE:</i> 1. This document should be press-numbered and prepared in duplicate. 2. Both the original and the duplicate should be signed by the official authorized by the governing board to act as student body adviser. 3. The original is sent to the vendor from whom the purchase is to be made. 4. The duplicate is retained and becomes a part of the permanent centralized accounting record for student organizations. 5. It is suggested that the original be white and the duplicate be a color. | | | |
| INSTRUCTIONS TO VENDOR: 1. Please submit ____ copies of your itemized invoice. 2. Our Purchase Order Number must appear on all invoices and related documents. 3. Unless otherwise specified, order is F.O.B. destination. If F.O. B. shipping point specified, prepay transportation charges, add to invoice, and submit ORIGINAL receipted express or freight bills. | | | <u>SUB TOTAL</u> | | |
| | | | <u>SALES TAX</u> | _____ | |
| STUDENT ORGANIZATION: _____ | | AUTHORIZED BY _____ STUDENT BODY ADVISER | | | |
| STUDENT BODY TREASURER: _____ | | | | | |
| DESIGNATED DISTRICT EMPLOYEE: _____ | | | | | |
| (SCHOOL DISTRICT & FORM NO.) | | | | | |

School districts are authorized to provide home-to-school transportation for pupils. Transportation services are optional for most students but are required for special education students whose individualized education programs (IEPs) include transportation. [EC §§ 39800(a), 41851.2, 56342]

Pupil transportation costs may significantly impact a school district's budget, particularly when the district transports a large percentage of students, transports students long distances, or transports a large number of students to nonpublic schools. To assist school districts, the state provides partial funding to eligible districts to reimburse them for regular home-to-school and special education transportation costs. The remaining funding comes from other state or local sources. Rules governing transportation funding are adopted by the California Department of Education (CDE). [EC § 41850 et seq.; 5 CCR § 15240 et seq.]

Transportation apportionments must be deposited in a restricted pupil transportation account within the General Fund. State transportation funding is provided one year after the services are provided. Failure to utilize the entire apportionment in any given year can lead to an ongoing reduction in transportation funding. It is at the Legislature's discretion to provide an annual cost of living (COLA) increase for home-to-school and special education transportation apportionments. The Legislature provided a COLA in 2007-08. [EC §§ 41852, 41860 et seq.]

Districts prepare annual reports of pupil transportation expenses electronically on forms furnished by the California Department of Education. These reports are subject to annual audit by the district's independent auditor. Districts should ensure that the source documents for all reports are complete and accurate and maintained for the period required by law. Policies or waivers that are a prerequisite for receipt of additional state funding should also be available for audit. (See also Records Management.)

LEGAL PROVISIONS

Definitions

The governing board of a school district may charge fees for transportation services. The California Supreme Court has held that fees may be charged to pupils for home-to-school transportation. However, fees cannot be charged to students who are low-income or who have transportation requirements specified in their individualized education programs (IEPs). The governing board has the authority to establish criteria for determining which families are low-income and exempt from paying fees. Because of confidentiality laws, applications and records for free and reduced lunch programs cannot be used to determine low-income status for transportation services. [EC §§ 39807.5, 49558]

Payments to parents in lieu of transportation services should be made only in cases in which the district cannot provide transportation more economically. [EC §§ 39806-7]

Title 5 of the California Code of Regulations establishes 16 classifications of school bus fleets based on average size of buses and average hours of operation per day. [5 CCR § 15247]

A schoolbus is legally defined as any motor vehicle designed, used, or maintained for the transportation of any school pupil at or below the 12th grade level to or from a public or private school or to or from public or private school activities, except as specified in the Education Code. [EC § 39830; VC § 545]

A community college district governing board may by resolution designate any motor vehicle operated by or for the district as a schoolbus if it is primarily used for the transportation of community college students to or from a public community college or community college activities. Written notification of such designation must be filed with the Department of the California Highway Patrol to be effective. [VC § 545]

A school pupil activity bus is a motor vehicle, other than a schoolbus, operated by a common carrier, or by and under the exclusive jurisdiction of a publicly owned or operated transit system, or by a passenger charter-party carrier, used under a contractual agreement between a school and carrier to transport school pupils at or below the 12th grade level to or from a public or private school activity, or used to transport pupils to or from residential schools, when pupils are received and discharged at off-highway locations where a parent or designated adult is present to accept the pupil or place the pupil on the bus. [EC § 39830.1; VC § 546]

The California Department of Education may reduce a district's allowable transportation expense if it is transporting an excessive number of students within minimum prescribed distances or average costs per bus per day exceed 125 percent of the median cost for the district's classification. Excess expense incurred may be allowed only because of necessary engine replacement and necessary major overhaul of one or more schoolbuses. [5 CCR § 15283 et seq.]

Rules and Regulations

The Vehicle Code contains specific requirements for every bus being used for the transportation of school pupils. The State Board of Education establishes regulations regarding the use of schoolbuses. The Department of California Highway Patrol controls the equipment requirements on all schoolbuses and sets the standards for the safe operation of those schoolbuses. The Air Resources Board enforces pollution control requirements for schoolbuses, such as the maximum idling time for schoolbuses in front of a school.

The governing board may adopt regulations addressing issues such as:

1. Whether or not to charge fees for home-to-school transportation and establishing a fee structure, including whether to offer discounts for multiple children in the same family.
2. Setting minimum distances for providing transportation services. These must meet or exceed state minimums: 3/4 mile for students in K-3; 1 mile for students in grades 4-9 attending an elementary or middle school; and 2 miles for students in grades 9-12 attending a high school. [5 CCR § 15241]
3. Providing an adequate system of transportation for eligible students living beyond a stipulated distance from the school of attendance and fees for use.
4. Providing transportation for pupils who have special transportation requirements in their individualized education programs (IEPs).
5. Specifying the extent of bus use for instructional trips and purposes other than home-to-school transportation.
6. Establishing procedures for authorizing bus trips for purposes other than home-to-school transportation. The use of schoolbuses for educational trips and school-related activities should be subject to written permission by a person designated by the governing board. The board should ratify permission.
7. Establishing policies for fees and contributions to cover district and student expenses for field trips. No pupil shall be prevented from making the field trip or excursion because of lack of sufficient funds. [EC § 35330]
8. Specifying whether students will be transported using district buses or by other means.
9. Specifying circumstances under which the district will transport persons other than pupils or district employees.
10. Providing payments to families in lieu of providing transportation.
11. Establishing rules of conduct for schoolbus passengers.
12. Maintaining and servicing schoolbuses over their useful life.
13. Establishing bus routes.

14. Providing adequate records to the California Department of Education to support transportation expenses. [5 CCR § 15253 et seq.]
15. Promulgating a policy on the misuse of alcohol and use of controlled substances by bus drivers and drivers of school transportation vehicles. [49 CFR § 382.601; VC §§ 34520, 34520.3]

Private Vehicle Use

School district governing boards should adopt policies specifying the circumstances and conditions under which students may be transported in private vehicles. Policies should address the following topics: the minimum age, licensing status, liability insurance coverage, and responsibilities of drivers; adherence to vehicle seating capacities; requirements for permission slips from parents/guardians; prohibition against smoking in private vehicles when minors are present; prohibition against using a wireless telephone while driving unless the telephone is used in a hands-free mode; and whether students subject to provisional driving restrictions are prohibited from driving other students on school-authorized activities. [EC §§ 35330, 44808; VC §§ 12814.6, 16020, 16056, 16430, 23123-4, 23152-3, 27362-3, H & S Code § 118948]

Special Education Students

School district governing boards are required to adopt policies on meeting transportation needs of special education pupils. The policy must describe how special education and regular home-to-school transportation are coordinated. It must also include procedures to ensure compatibility of mobile seating devices and securement systems and to ensure that drivers are trained on proper use. [49 CFR § 571.222; EC § 56195.8(b)(5)]

Special education students who qualify for transportation services cannot be charged for transportation. Special education students must be treated the same as other students to avoid discrimination. [EC §§ 39807.5(e), 41851.2, 56342]

Disabled pupils, disabled public or private school or community college teachers, and dog trainers may be accompanied by guide dogs on a schoolbus. [EC § 39839]

No Child Left Behind Act

Title I of the No Child Left Behind Act (NCLB) requires certain interventions for schools that do not meet Adequate Yearly Progress and are identified for Program Improvement (see Additional Resources). For schools identified for these interventions, local educational agencies (LEAs) must provide parents with the option of transferring

their children to another school in the district. Students may transfer only to schools that have not been identified for Program Improvement. In addition, students cannot transfer to schools that have been identified as Persistently Dangerous under NCLB.

The LEA must use federal Title I funds or other eligible sources to pay for the cost of transporting students electing to transfer under the provisions of NCLB. Unless a lesser amount is needed, an LEA with schools in Program Improvement must set aside an amount equal to 20 percent of its federal Title I funds for transportation and supplemental educational services. A total of five percent must be set aside for transportation, five percent must be set aside for supplemental educational services, and ten percent can be used for either service. [20 USC § 6316(b)(10); 34 CFR § 200.44]

Title X of NCLB requires districts to transport homeless pupils as mandated by the McKinney-Vento Homeless Assistance Act. Students are considered homeless if they do not have a fixed, regular, and adequate nighttime residence; are sharing housing due to economic struggles; are living in a shelter, hotel or motel; are living in a public place not designated for sleep; are unaccompanied youth; are awaiting foster care placement; are abandoned in a hospital; or are migrant children who qualify under any of the above. [42 USC § 11431 et seq.]

LEAs may use Title X, state, or local funds for transportation of homeless students, but may not use Title I funds. The district shall provide transportation for a homeless student to and from a district of origin when the student is residing within the district and the parent/guardian requests that such transportation be provided. If the student moves outside of district boundaries but continues to attend the district's school of origin, the superintendent or designee shall consult with the superintendent of the district in which the student is now residing to agree upon a method to apportion the responsibility and costs of the student's transportation. [42 USC § 11431 et seq.]

Safety

The U.S. Department of Transportation establishes schoolbus safety standards. The National Highway Traffic Safety Administration issues rules and regulations defining these standards (see Additional Resources).

California law also addresses schoolbus safety issues. Some key provisions include:

1. The school district may place a notice at the entrance of a schoolbus or a school pupil activity bus that warns against unauthorized entry by any person. [EC § 39842; 13 CCR § 1256.5(c)(3)]

2. Assault or battery against any person on a schoolbus or district property shall be punishable by a fine and/or imprisonment. [PC §§ 243.3, 243.5]
3. The driver of a school pupil activity bus is subject to the California Highway Patrol regulations governing schoolbus drivers. A valid certificate to drive a school pupil activity bus does not entitle the bearer to drive a schoolbus. [EC § 39830.1; VC § 546]
4. The school district governing board shall adopt procedures that limit home-to-school bus operations during periods of reduced visibility. Drivers shall have discretion to discontinue operations for school activity trips because of reduced visibility. [VC § 34501.6]
5. The school district governing board may adopt a policy for evacuation of pupils in the event of a natural disaster or hazard that may provide for loading a schoolbus in excess of its seating capacity. Any such overloading of a schoolbus in the absence of an emergency is not permissible. [EC § 39834]
6. Any driver of a 15-passenger van used for school transportation purposes must have a valid class B driver's license, regardless of whether the van has been altered to seat fewer passengers. Under federal law, 15-passenger vans are considered to be schoolbuses. [49 USC § 30125(a); EC § 39800.5]
7. Passengers must use restraint systems on schoolbuses and pupil activity buses when such systems are available and unless specified exemptions apply. Districts must also require instruction on proper use of restraint systems. [EC §§ 38047.6, 39831.5; 5 CCR § 14105] Instructions for the proper use of child restraint systems in schoolbuses are available on the National Highway Traffic Safety Administration Web site (see Additional Resources).
8. Private vehicles used for transporting students must have seat belts or child passenger restraint systems that meet federal motor vehicle safety standards. [VC §§ 27315, 27360-0.5] National Highway Traffic Safety Administration recommendations address the seating of children in cars with air bags and the use of seat belts and safety seats for children under age 16 (see Additional Resources).
9. School bus drivers may not operate a school bus while using a wireless telephone. This does not apply to a driver using a wireless telephone for work-related purposes or for emergency purposes, such as an emergency call to a law enforcement agency, health care provider, fire department, or other emergency service agency. [VC § 23125]

Schoolbus Safety Mandates

School districts are mandated to create transportation safety plans and to provide transportation safety instruction to pupils. These requirements were suspended for 2007-08, and districts are not required to implement the mandated provisions. The Legislature decides on an annual basis whether to suspend mandates. [GC § 17581.5]

In years when compliance with the schoolbus safety mandates is required, each district is required to create a plan that addresses all of the following:

1. Escorting pupils across a highway or private road pursuant to Vehicle Code § 22112(d).
2. Procedures for all pupils in prekindergarten, kindergarten, and grades 1 to 8, inclusive, to follow as they board and exit at each bus stop.
3. Procedures for boarding and exiting a schoolbus at a school or other trip destination.

A current copy of the district's safety plan shall be made available upon request to an officer of the California Highway Patrol. The California Department of Education recommends that it be made available to all full- and part-time school personnel, including teachers, coaches, nurses, therapists, aides, administrative staff, etc., who may be in a position to transport a student as a passenger in a district vehicle. [EC § 39831.3]

In years when transportation safety instruction is required, districts and county offices of education that provide schoolbus transportation shall provide instruction to all pupils in prekindergarten, kindergarten, and grades 1 to 12 on schoolbus emergency procedures and passenger safety. Written information on schoolbus safety shall be given to the parent or guardian upon registration of prekindergarten and K-8 pupils not previously transported in a schoolbus or school pupil activity bus. At least once each school year, all prekindergarten and K-8 pupils who receive home-to-school transportation shall receive specified safety instruction, including instruction on the proper use of a passenger restraint system, and shall evacuate the schoolbus through emergency exit doors. Documentation is required each time instruction is given. These records shall be maintained for a minimum of one year and shall be subject to inspection by the Department of the California Highway Patrol. [EC § 39831.5; 5 CCR § 14105]

ADMINISTRATION OF THE PUPIL TRANSPORTATION PROGRAM

Transportation Supervisor

Responsibility for supervision of the pupil transportation program should be assigned to a district employee possessing qualifications in the technical aspects of schoolbus operation. The supervisor of a school district transportation program should be qualified to administer the program with due regard for safety requirements and other legal provisions. The person should be familiar with the Vehicle Code and the California Code of Regulations, Title 13, Motor Vehicles. These laws and regulations specify the requirements for schoolbuses operated in California.

An effective district transportation program should be maintained. The transportation supervisor should make an annual appraisal of transportation facilities, equipment, and bus routes. An appraisal of the program should be presented to the district superintendent before the end of each school year.

Design of Transportation Program

There are two key elements districts should consider when designing a transportation program: which students to serve and how to design the bus routes and schedules.

Home-to-school transportation is not mandatory for the general student population, but is required for special education students who have transportation services included in their individualized education programs (IEPs). Districts should consider whether to offer transportation to the general student population or only to special education students. If home-to-school transportation is provided, the district should establish criteria for determining which students should be transported based on factors such as distance from school, availability of safe routes to school, racial and ethnic integration, school over- or under-capacity, and funding constraints. [EC § 39800]

Well in advance of the first day of school, the transportation supervisor should submit a transportation plan to the district superintendent for recommendation to the district governing board. This plan should be developed with input from principals and should include bus routes and designated bus stops. The California Highway Patrol should be consulted regarding any unique bus stop locations. Bus schedules should be coordinated with bell schedules to ensure compliance with minimum annual instructional minutes. (See also Attendance Accounting.)

At the beginning of the school year and periodically thereafter, the transportation supervisor should analyze pupil loads and make any necessary changes to bus routes and schedules. Parents, guardians, and other stakeholders should be informed of changes to bus routes and schedules.

Careful consideration should be given to the effect that establishing and modifying transportation schedules has on cost classifications for average daily hours of bus operations and average size of buses. These cost classifications are used in the Annual Report of Pupil Transportation, SACS Form TRAN, for determining allowable maximum expenses. [5 CCR § 15246 et seq.]

Transportation schedules and work schedules of district personnel should be coordinated so that students are being supervised whenever they board or leave the bus on school premises.

Schoolbus Drivers

Schoolbus drivers must possess the qualifications specified in the Education Code, the Vehicle Code, and regulations of the Department of the California Highway Patrol. All California schoolbus drivers must also have an "S" (Schoolbus) endorsement on their commercial driver's licenses. Schoolbus drivers are also required to participate in ongoing testing for controlled substances and alcohol use. [49 CFR § 382; VC § 34520]

When hiring schoolbus drivers, school districts should conduct a critical review of each applicant's pre-employment and certificate application documents at all phases of the screening and hiring process. Pre-employment testing for controlled substances and alcohol is required in compliance with the Federal Transportation Code. Applicants must be fingerprinted and undergo background checks by the Department of Justice. A school district, county office of education, or public law enforcement agency may fingerprint applicants using an electronic fingerprinting system. (See also Human Resources.) Drivers must also receive a medical examination. Temporary certificates to operate buses are not issued until clearance is given from the Department of Justice. [49 CFR § 382; EC § 39833; VC §§ 12517 et seq., 12522; 13 CCR § 1213.1]

The Department of the California Highway Patrol conducts a schoolbus driver testing and certification program. Additional information about bus driver training is available on the California Department of Education Web site (see Additional Resources). A thorough training and development program, in conjunction with the pre-employment review process, should ensure competent, qualified drivers. Provisions should also be made to have qualified substitute bus drivers available.

Schoolbus drivers are responsible for pupil conduct and safety while students are boarding, riding, and leaving schoolbuses. Drivers cannot require any pupil to leave the bus enroute. The school principal, upon recommendation of the schoolbus driver, should decide whether any student should be excluded from a schoolbus. [5 CCR § 14103]

Schoolbus Maintenance

Prompt attention should be given to any repairs or servicing needs detected during each driver's daily inspection of schoolbuses or indicated in periodic preventive maintenance inspection reports made in accordance with regulations of the California Highway Patrol. When private companies perform repairs or service, the district should develop a checklist for the repair facility to use as a guide for bus maintenance. [VC §§ 2807-7.2]

Schoolbus mechanics or other maintenance personnel are not required to have an "S" endorsement on their commercial driver's license as long as they are not transporting pupils or members of the public in a schoolbus within the course of their employment. [VC § 12525]

The district should periodically conduct a comparative analysis of the cost of repairs performed by private repair facilities versus district personnel.

SUGGESTED DISTRICT RECORDS

The use of periodic district reports is desirable to support transportation expenditure claims to the California Department of Education and to comply with requirements of the California Highway Patrol. [VC § 2807.2]

Preventive Maintenance Inspection Report

Each schoolbus driver shall conduct a periodic preventive maintenance inspection in accordance with the regulations of the California Highway Patrol. The record of this inspection shall be signed by the person making the inspection and shall be retained on file in the district for review and inspection by the California Highway Patrol.

Monthly Bus Report

A monthly bus report should be prepared for each schoolbus to record the daily mileage and odometer readings for regular and special trips. The form may also document any repairs or services that were performed on the vehicle.

Annual Bus Report

An annual bus report summarizing the data in the monthly reports should be completed each year by June 30 or as soon as possible thereafter. The annual bus report should include detailed information that can be used to complete the state-required Annual Report of Pupil Transportation. A spreadsheet should be attached to each annual bus

report showing that the entries represent the sums of the items in the monthly reports. This report, with the supporting monthly reports, should be filed in the district office. These documents are subject to review by the auditor during the annual audit.

Other District Reports

Each fueling of a district vehicle from a district tank should be recorded, with the quantity of fuel pumped reconciled periodically with the quantities of gasoline purchased. Accounting entries should be made to differentiate between fuel for schoolbuses and fuel for other vehicles and machines.

Districts can conduct a daily count of pupils transported or they can opt to use the timesaving "four-count" method. To use the "four-count" method, the district calculates the average of an actual count from four regular school days occurring on or about October 1, December 1, February 1, and May 1.

STATE REPORTING AND ACCOUNTING

Forms

Districts report actual direct and support costs incurred for transportation of special education and regular students electronically on the Annual Report of Pupil Transportation submitted on Form TRAN in the Standardized Account Code Structure (SACS) Financial Reporting Software. In addition, districts must file the reports listed below when applicable. Forms are available from the California Department of Education (see Additional Resources). [5 CCR § 15270]

1. Report of School Buses, Form J-143 [5 CCR §§ 15272, 15320] CDE indicates that the J-143 form is currently on hold and is not being collected for 2007-08.
2. Transfer of Transportation Services, J-141-T
3. Report of Regional Occupational Center/Program Transportation, J-141-ROCP
4. Joint Powers Agency Data Report, J-141-JPA

The expense for each bus replacement should be reported on Form J-143 during the year of replacement. [5 CCR § 15320 et seq.]

Transportation Accounting

Current expenses entered on Form TRAN should be reconciled with expenses charged to the budget classification, "Pupil Transportation."

The salary of an employee working partly in pupil transportation and partly in other work should be charged to the respective accounting classifications in accordance with the time spent on each type of work. The prorated portion of salary charged to the accounting classification "Pupil Transportation" should be based on an analysis of the actual time spent in this work.

School districts typically pool all transportation-related costs in the resource code designated for home-to-school transportation. Charges can be included that are not related to home-to-school transportation such as special education transportation, costs of field trips, as well as fuel and maintenance for other district vehicles. This resource code can also be used for transportation and maintenance services provided to other school districts. Costs not associated with the district's home-to-school transportation program are then transferred to the appropriate accounts as transfers of direct costs. School districts must have documentation to distribute these costs. Procedure 640 in the California School Accounting Manual provides various examples for transfers of direct costs (See Additional Resources).

PURCHASE AND LEASE OF BUSES

Financing

To finance the initial purchase or replacement of schoolbuses, the governing board should consider the following:

1. Cash purchase from the General Fund or from a Pupil Transportation Equipment Fund if one has been established. [EC § 41852(b)]
2. Cash purchase from the Building Fund if the useful life of the bus is at least 20 years and if this is a purpose for which bonds have been voted. Schoolbuses cannot be purchased from the Special Reserve for Capital Projects. [EC § 15100]
3. Purchase on the basis of district eligibility for an apportionment grant for replacement or reconditioning of transportation equipment. [EC §§ 42290-3, 42300-3]
4. Purchase on the basis of a lease/purchase agreement for a term not to exceed 10 years. [EC §§ 17452, 81552]

Purchasing and Leasing

Competitive bidding procedures must be followed before purchasing or leasing transportation equipment totaling more than \$72,400 in 2008. This limit is adjusted annually commencing January 1. The California Highway Patrol Commercial and Technical Section controls the equipment requirements on all schoolbuses operated in California. All Type 2 schoolbuses manufactured on or after July 1, 2004, and all Type 1 schoolbuses manufactured on or after July 1, 2005, must be equipped with a combination pelvic and upper torso passenger restraint system installed at all designated seating positions. The Notice to Bidders should provide that at the time of delivery the schoolbuses must meet all state and federal requirements and must pass inspection by the Department of the California Highway Patrol. This notice should also specify that the schoolbus must be guaranteed for a stated period or number of miles. [EC §§ 17912.3, 81641; PCC §§ 20111-2, 20651; VC § 27316] (See also Purchasing.)

Cost records must be maintained that clearly show the original cost of each bus and accessory. Capital improvements to buses, including emergency stopping systems, should also be accounted for in these cost records. [VC § 26508]

Because driver salary is a relatively fixed cost for each bus, districts should consider acquiring buses of larger capacity when bus replacements are made.

Continuing contracts for the lease or rental of schoolbuses may be made for a period not to exceed five years. If provisions of a lease agreement provide for maintenance at the district's expense, the length of the manufacturer's warranty should be considered in determining the lease period. If the lease agreement provides an annual option to purchase the buses or cancel the contract, the contract may be for a term of up to 10 years. [EC § 39803(b)]

Small School District Bus Replacement Program

School districts with average daily attendance (ADA) under 2,501 may apply for schoolbus replacement and reconditioning grants through the School Fiscal Services Division of the California Department of Education (see Additional Resources). [EC §§ 42290-3]

Lower-Emission School Bus Program

The Transportation and Air Quality Bond, Proposition 1B, which was passed on November 7, 2006, provides \$200 million for replacing and retrofitting schoolbuses. These funds are being allocated over a three-year period beginning in 2007-08. Funding will first be used to replace all remaining buses manufactured before 1977. The remaining funding will be apportioned to air quality management districts based on

the number of buses manufactured from 1977 to 1986 and will be available for replacement and retrofit of schoolbuses manufactured during that time period. Each air quality management district will determine the funding split between new buses and retrofitted buses. A \$25,000 match will be required for bus replacements, and no matching funds will be required for bus retrofits. [H&S Code §44299.91]

Clean School Bus USA and West Coast Collaborative

The Environmental Protection Agency provides grant funding under the Clean School Bus USA Assistance Grants program and the West Coast Collaborative to retrofit and/or replace diesel-powered schoolbuses. The amount and type of funding varies each year (see Additional Resources).

CONTRACTING FOR TRANSPORTATION SERVICES

Before contracting for transportation services, school districts should consider the provisions of EC § 45103.1, which places certain restrictions on contracting for personal services. The school district governing board must have a written agreement with each party contracting for the transportation of pupils. Exhibit 1 presents a sample form for contracting for transportation services.

Competitive bidding procedures pursuant to the Public Contract Code must be followed before contracting for transportation services totaling more than \$10,000. Continuing contracts for furnishing transportation to students must not exceed five years. Such a contract may be renewed at the option of the school district. [EC §§ 39802-3; PCC §§ 20111-2] (See also Purchasing.)

Consideration should be given to interdistrict contracts for student transportation whenever such practice would result in cost savings or improved service.

ADDITIONAL RESOURCES

1. Air Resources Board, California Environmental Protection Agency, for information on lower-emission school bus programs. Available:
<<http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>>
2. California Department of Education:

California School Accounting Manual, 2008. Available:
<<http://www.cde.ca.gov/fg/ac/sa/>>

Office of School Transportation for bus driver training programs and links to resources for transportation administrators. Available:
<<http://www.cde.ca.gov/ls/tn/>>

Pupil Transportation for program information, apportionments, and link to forms. Available: < <http://www.cde.ca.gov/fg/aa/ca/pupiltransport.asp>>

Small School District/County Office of Education Bus Replacement Program. Available: <<http://www.cde.ca.gov/fg/aa/ca/smallschdistcoebus.asp>>

3. Clean School Bus USA Program, U.S. Environmental Protection Agency. Available: <<http://www.epa.gov/otaq/schoolbus/index.htm>>

4. National Highway Traffic Safety Administration:

“Traffic Safety” link for child passenger safety information, and “Laws/Regulations/Guidance” for federal laws and regulations. Available:
<<http://www.nhtsa.dot.gov/>>

Child safety restraint systems in schoolbuses. Available:
<<http://www.nhtsa.dot.gov/people/injury/buses/busseatbelt/index.html>>

5. No Child Left Behind Act, U.S. Department of Education. Available:
<<http://www.ed.gov/nclb/landing.jhtml>>

6. *Putting Children First*, National Transportation Safety Board, 2000. Available:
<<http://www.nts.gov/publictn/2000/sr0002.htm>>

7. Title 13, California Code of Regulations—Motor Vehicles. Available:
<<http://government.westlaw.com/linkedslice/default.asp?SP=CCR-1000>>

8. U.S. Department of Transportation. Available: <<http://www.dot.gov>>

9. West Coast Collaborative, a public private partnership to reduce diesel emissions, includes funding opportunities. Available:
<<http://www.westcoastcollaborative.org/wkgrp-schoolbus.htm>>

LIST OF EXHIBITS

- Exhibit 1 School District Contract for Transportation, Sample, San Diego County Office of Education

SCHOOL DISTRICT CONTRACT FOR TRANSPORTATION
(For contracting with other than school bus drivers, parents, or guardians)

NOTE: Transportation contracts involving an expenditure of more than \$10,000 should be let only after compliance with the provisions of Education Code sections 39802 and 45103.1.

This agreement entered into this _____ day of _____, 20____, by and between the Governing Board of the _____ District, hereinafter referred to as the BOARD, and _____ hereinafter referred to as the CONTRACTOR, witnesseth:

1. The CONTRACTOR does hereby agree to transport pupils attending the school of the _____ District(s) on such days as the schools are in session:
Approximate number of miles covered in route, going and coming _____
Approximate number of pupils to be transported _____
2. The BOARD agrees, in consideration of the service rendered by the CONTRACTOR under this agreement, to pay said CONTRACTOR the sum \$ _____ payable as follows:
3. All moneys accruing to the CONTRACTOR under the terms of this agreement shall be paid not later than the tenth day of the calendar month following that in which the service was rendered.
4. The CONTRACTOR agrees, while performing the duties required by this agreement, to comply with and observe all the provisions of the California Vehicle Code and all other applicable laws, and further agrees to comply with all rules and regulations established by the State Board of Education and/or the Department of Education of the State of California and by the BOARD relating to the safe transportation of pupils.
5. The CONTRACTOR further agrees that prior to the effective date of this agreement, said CONTRACTOR will insure jointly the liability of said CONTRACTOR and that of the BOARD and _____ District for damage to property or injury to persons while performing services under this agreement. The insurance shall be in the amount of \$ _____ Public Liability and \$ _____ Property Damage and shall be purchased from an insurance company authorized by law to transact business in the State of California.
6. It is expressly understood and agreed to by both parties hereto that the CONTRACTOR, while performing services under this agreement is an INDEPENDENT CONTRACTOR and is not an officer, agent, or employee of the _____ District.
7. It is also expressly understood and agreed to by both parties hereto that upon the willful violation of any of the terms and conditions of this agreement by either party herein, this agreement shall terminate and shall be of no force and effect whatever.
8. Service under this agreement shall begin on _____ and terminate on _____, unless terminated earlier as hereinbefore provided or by the mutual consent of the parties hereto.

CONTRACTOR

_____ DISTRICT

By _____

By _____

By _____

By _____

By _____

Members of the Governing Board