



May 14, 2021

TO: Business Administrators
Los Angeles County School Districts

FROM: Octavio Castelo, Director
Business Advisory Services

SUBJECT: Public Disclosure of Non-Voter-Approved Debt

This bulletin reminds school districts of the requirement for Non-Voter-Approved Debt, pursuant to Education Code (EC) Section 17150(a), and Government Code (GC) Section 53635.7.

Legislative Intent for Public Disclosure

In enacting EC Section 17150(a), the Legislature declared:

- School districts are facing increasing difficulty in making multi-year financial plans because of ongoing uncertainties about funding levels and service demands.
- The public has a right to know about the long-term financial consequences of proposed multi-year costs incurred by school districts.
- Public disclosure of school district fiscal information will provide the public with improved information about current and future budgetary implications of school district financial obligations, and may assist school districts in avoiding inadvertent cost obligations.
- The public's right to know applies especially when a school district incurs costs for, but does not budget for ongoing obligations such as "...sizable Non-Voter-Approved Debt."

Timelines for Disclosure and Comment

EC Section 17150.1 requires that, effective January 1, 2009, all school districts must submit their public disclosures to the county office of education and the county auditor **no later than thirty (30) days prior to the date on which the governing board will take action on the proposed debt issuance.**

The county superintendent of schools and the county auditor **may** comment, within 15 days of the receipt of the information, on a district's capability to repay that debt obligation. The County Office's ability to approve a district's budget or to concur with Interim Reports certified "Positive" could be affected by a district's failure to comply with debt disclosure requirements.

Form No. 504-075 - Public Disclosure of Non-Voter-Approved Debt

Timely submission of Form No. 504-075 allows the County Office to review the proposal and provide districts with comments regarding the impact of the proposed long-term commitment on the district's fiscal condition, **prior to** a governing board's action.

Submit the Non-Voter-Approved Debt form to the Los Angeles County Office of Education (LACOE). The form is available at:

<https://www.lacoe.edu/BusinessServices/DocumentsForms.aspx>

Type "504-075" in the Search box in the Business Documents section to locate the form. Form must be downloaded to your computer before data is entered, or it will not function properly.

Information Required with Form

In addition to the public disclosure form that facilitates compliance, the district **must** also provide information to assess the anticipated impact of the debt issuance. This information **includes repayment schedules, evidence of the district's ability to repay the obligation, and issuance costs**. This information must be provided to the county auditor, LACOE, the district's governing board, and the public.

Separate Board Item

GC Section 53635.7 specifies the process that districts must follow in securing board approval for issuance of non-voter-approval debt:

"In making any decision that involves borrowing in the amount of one hundred thousand dollars (\$100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting..."

Therefore, these items should **not** be placed on the Consent Calendar.

Non-Voter-Approved Debt Instruments

These debt instruments require public disclosure prior to board action:

- Certificates of Participation
- Lease Purchases Secured by Real Property
- Qualified Zone Academy Bonds Secured by Real Property
- Revenue Bonds
- Bond Anticipation Notes
- Any Debt Instrument Secured by Real Property and Not Subject to Voter Approval

This bulletin is available on the LACOE website at:

<https://www.lacoe.edu/Bulletins.aspx>

Use the “Search” box in the Bulletins section to locate a specific bulletin by number or keyword.

If you have questions, please contact your Business Services Consultant. Questions regarding non-voter-approved debt issued through the Los Angeles County Schools Pooled Financing Program should be directed to Mr. Jeff Young at (562) 922-6419 or via email at Young_Jeff@lacoe.edu.

Approved:
Patricia A. Smith
Chief Financial Officer
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OC/AM:lm