



**Los Angeles County  
Office of Education**

**INFORMATIONAL  
BULLETIN # 5449**  
Rev: 12/8/2021

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9300 Imperial Highway, Downey, California 90242-2890 • (562) 922-6111

Debra Duardo, M.S.W., Ed.D., *Superintendent*

November 15, 2021

TO: Business Administrators  
Los Angeles County School Districts  
Regional Occupational Centers/Programs (ROC/Ps) and  
Joint Powers Authorities (JPAs)

FROM: Patricia A. Smith, Chief Financial Officer  
Business Services

Octavio Castelo, Director  
Business Advisory Services

SUBJECT: 2021-22 First Interim Financial Reporting

Education Code (EC) Sections 35035(g), 42130 and 42131 require the Governing Board of each school district to certify at least twice a year to the district's ability to meet its financial obligations for the remainder of that fiscal year (FY) and for the subsequent two FYs. This is the Interim Report Process.

**2021-22 FIRST INTERIM REPORT DEADLINE**

The First Interim Report FY 2021-22 must be approved by the Governing Board and submitted on or before **December 15, 2021**. This report should be sent via JET mail to:

Los Angeles County Office of Education  
Business Advisory Services  
Attention: Ms. Lily Madrigal

**FIRST INTERIM REPORT ASSUMPTIONS**

Attached are several documents containing key information and assumptions for preparing the First Interim Report. These assumptions, instructions and guidelines are recommended for use by districts in developing their 2021-22 First Interim and multiyear projections.

- County Office 2021-22 First Interim Assumptions and Recommendations (Attachment No. 1)
- First Interim Assumption Guidelines (Attachment No. 2)
- Recommended List of Topics that should be Covered by a Written Narrative (Attachment No. 3)
- Documents Required to be Filed with the County Office (Attachment No. 4)
- Responsibilities of Authorizing Agencies for their Charter Schools (Attachment No. 5)
- Accessing Data in PeopleSoft and BEST Financial Systems for First Interim Reports (Attachment No. 6)
- Fiscal Monitoring District Assignments for FY 2021-22 First Interim (Attachment No. 7)

Please refer to Attachment No. 1 County Office 2021-22 First Interim Assumptions and Recommendations for more detailed information regarding the Local Control Funding Formula (LCFF) and other important considerations for preparing First Interim Reports.

## COUNTY OFFICE SOLVENCY EVALUATION

Districts are reminded that the County Office will evaluate their solvency against the State Criteria and Standards; emphasis will be placed on the ability of districts to demonstrate they can meet their cash commitments over the current and two subsequent fiscal years.

One of the resources available to districts for assessing risk factors is the Fiscal Crisis and Management Assistance Team (FCMAT) Fiscal Health Risk Analysis for K-12 Districts tool under the fiscal tools tab at:

[www.fcmat.org](http://www.fcmat.org)

Districts must continue to exercise “best fiscal practices” in addressing potential budget challenges. ***Because there is still high uncertainty in State revenues, we request districts develop multiple best case and worst case scenarios and be prudent in their planning for the current and two subsequent fiscal years.***

District budgets may have changed since, some significantly, from the adoption of the FY 2021-22 Budget Act and the trailer legislation. District budgets must be updated to account for these changes and included in their current and multiyear financial projections.

If your district was requested by the County Office to submit a Board-approved fiscal stabilization plan (FSP) with the First Interim Report, the FSP should include reasonable and implementable

options that allow the district to meet its reserve levels and financial obligations. Our FSP review will focus on each district's ability to meet its cash and other financial commitments over the current and two subsequent fiscal years.

## **CONTINGENT REVENUES AND EXPENDITURES REDUCTIONS**

Districts should not include revenue sources that are of a contingent or speculative nature in their First Interim Report projection. Examples of speculative revenue include, the continuation of one-time funds in future years, pre-election bond or parcel tax proceeds and non-contractual donations/contributions from foundations or cities. ***Districts that include speculative non-Board Approved expenditure reductions pending the finalization of negotiation should include an alternative expenditure reduction plan.***

## **SUPPORTING NARRATIVES AND EXPLANATIONS**

In preparing Interim Reports, all districts must submit written narratives, quantitative information to support the financial planning, and program assumptions used in projecting the district's fiscal position for FYs 2021-22, 2022-23 and 2023-24. Submission of the financial and planning assumptions is critical to the County Office's review and its concurrence with the district's Interim Report certification. A recommended list of topics that should be covered by the written narrative is also attached to this bulletin for use by districts (Attachment No. 3).

## **STATE STANDARDIZED ACCOUNT CODE STRUCTURE (SACS) SOFTWARE**

The 2021 Standardized Account Code Structure (SACS) Financial Reporting Software (SACS2021ALL), contains the components to prepare the 2021-22 First Interim Reports. For information about updates and other changes made to the SACS software, please refer to the CDE website at:

[www.cde.ca.gov/fg/sf/fr](http://www.cde.ca.gov/fg/sf/fr)

The user guide and calendars are built into the software to facilitate the search for information about the software or the reporting process. Installing the software with the default settings will automatically copy the SACS Software User Guide (User Guide) and the Financial Reporting Calendar. Specific information about changes and updates can be found in the "What's New" section of the User Guide.

## **APPROVAL AND SUBMISSION OF FIRST INTERIMS**

Districts must present First Interim Report and certified documents in the SACS format prescribed by the State Superintendent of Public Instruction to their Governing Board for approval before being submitted to the County Office. This SACS reporting format requirement is discussed in the CDE's Advisory, dated March 5, 2001, titled "Observations on the Financial Accountability and Reporting Processes". Attachment No. 4 provides a list of documents required to be filed with the County Office and includes additional detailed information about those forms.

## **STATE CRITERIA AND STANDARDS CERTIFICATION**

EC Section 42130 requires each district superintendent to review and certify that their Interim Report was prepared in accordance with State-adopted Criteria and Standards. As provided in EC Section 33127, the Criteria and Standards must be used by districts in developing annual budgets, the management of subsequent expenditures from the budgets and for the monitoring of the district's fiscal stability. **Districts must ensure the Criteria and Standards Review form is filled out completely and accurately, including detailed explanations for all items that do not meet the required standards.**

Form CI has summarized data from the Criteria and Standards Review form to provide additional support to the district Governing Board's certification process. The certification will be classified as positive, qualified, or negative, defined as follows:

**Positive:** A school district that, based on current projection, **WILL MEET** its financial obligations for the **CURRENT FISCAL YEAR AND TWO SUBSEQUENT FISCAL YEARS.**

**Qualified:** A school district that, based on current projection, **MAY NOT MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT TWO FISCAL YEARS.**

**Negative:** A school district that, based on current projection, **WILL BE UNABLE TO MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT FISCAL YEARS.**

## **FINANCIAL DATA REQUIRED OF CHARTER SCHOOLS**

Attachment No. 5 provides information regarding the responsibility of authorizing districts for their charter schools.

## **ACCESSING DATA IN PEOPLESOFT AND IN BEST FOR FIRST INTERIM REPORTS**

Attachment No. 6 provides reporting information on the PeopleSoft and BEST closing and schedule of reports.

## **COUNTY OFFICE ASSISTANCE**

The staff member in Business Advisory Services assigned to your district (Attachment No. 7) is available to assist you in these areas:

- Revenue and Budget Projection
- LCFF revenue projections including impact of the K-3 Grade Span Adjustment (GSA) Augmentation Grant
- CARES Act / CRF / LLMF / ESSER or Other COVID Related Revenues/Expenses
- Cash Flow Projections / External Borrowing / Cash Deferrals
- Educational Protection Account (EPA)
- Supplemental and Concentration Augmentation Grants
- State/Federal Apportionments
- State Aid
- Special Education

Updated LCFF revenue runs reflecting your district's revenues in 2021-22, 2022-23 and 2023-24 are available for download from our web-based system. Please contact Ms. Diya Miao at (562) 922-6790 or at [Miao\\_Diya@lacoedu](mailto:Miao_Diya@lacoedu) if you need additional assistance.

Charter schools should contact their authorizing agency, not the County Office, with questions regarding apportionments, timelines, forms, First Interim assumptions, or any other issues.

This bulletin and its attachments are posted on the County Office website at:

<https://www.lacoedu/Bulletins.aspx>

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Use the “Search” function to locate a specific bulletin by number or keyword.

If you have questions regarding this bulletin or the Interim Report process, please contact Jeff Young (562) 922-6419, Jennifer Kirk (562) 922-6508, or your business services consultant.

PS/OC/JY:lm

Attachments

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services**

**County Office**  
**2021-22 First Interim Assumptions and Recommendations**

**Local Control Funding Formula (LCFF)**

The LCFF establishes a base with supplemental and concentration add-ons for English Learners (EL), free and reduced-price meal eligible students and foster youth students, and provides additional funding for kindergarten through grade three (K-3) Class Size Reduction (CSR), Grades 9-12, Home-to-School Transportation and the Targeted Instructional Improvement Grant (TIIG).

The Base Grant rates per ADA for 2021-22, 2022-23, and 2023-24 are:

<b>Grade Level</b>	<b>2021-22 Base Grant/ ADA</b>	<b>2022-23 COLA 2.48 Percent</b>	<b>2022-23 Base Grant/ ADA</b>	<b>2023-24 COLA 3.11 Percent</b>	<b>2023-24 Base Grant/ ADA</b>
K-3	\$8,093	\$201	\$8,294	\$258	\$8,552
4-6	\$8,215	\$204	\$8,419	\$262	\$8,681
7-8	\$8,458	\$210	\$8,668	\$270	\$8,938
9-12	\$9,802	\$243	\$10,045	\$312	\$10,357

**Augmentation Grant**

The Augmentation Grant provides additional funding for grades K-3 Class Size Reduction (CSR) and Grades 9-12 Career Technical Education (CTE). The CSR augmentation is 10.4 percent of the K-3 Base Grant, estimated at \$842 per Average Daily Attendance (ADA) for 2020-21. Now that the LCFF implementation target is fully funded, and as a condition of receipt, districts will maintain average class sizes of 24:1, unless a locally alternative ratio is bargained, a practice the County Office strongly encourages. The class size requirement is not subject to waiver by the State Board of Education (SBE). The CTE augmentation is 2.6 percent of the 9-12 Base Grant, estimated at \$255 per ADA. While commonly referred to as CTE, no specific requirement is made to allocate these funds for CTE. Notwithstanding, the District Plan must include a CTE component.

**Supplemental and Concentration Grants**

Supplemental and Concentration grants are calculated based on the percentage of an LEA's enrolled students who are EL, eligible for the free or reduced-price meal program, or foster youth – also commonly referred to as the unduplicated pupil percentage (UPP). Supplemental and Concentration Grants are calculated based on the percentage of an LEA's enrolled students.

<b>Grade Span</b>	<b>2021-22 Adjusted Base Grant per ADA</b>	<b>20% Supplemental Grant per ADA</b>	<b>65% Concentration Grant per ADA</b>
TK-3	\$8,093	\$1,619	\$5,260
4-6	\$8,215	\$1,643	\$5,340
7-8	\$8,458	\$1,692	\$5,498
9-12	\$9,802	\$1,960	\$6,371

### **K-3 Grade Span Adjustment (GSA)**

The former K-3 CSR program became a 10.4 percent K-3 GSA augmentation to the LCFF base grant to support lowering class sizes in grades K-3. Unless there is a collectively bargained alternative ratio in place, districts must ensure all school site average class enrollment ratios meet the target ratio of 24:1 (rounded to the nearest half or whole integer), or that they are making progress to close the K-3 class size gap in proportion to progress toward closing the LCFF gap, as a condition of apportionment. **Districts that fail to meet the above requirements at each school site will lose 100 percent of this additional funding in that fiscal year, estimated to be \$842 per ADA for all ADA generated in grades TK-3.** The K-3 GSA requirement has been included in the 2021-22 Audit Guide.

### **Charter Schools**

Similar to districts, charters will receive a LCFF base rate for each of the four grade spans and augmentation funding for the K-3 GSA for CSR and Grades 9-12 GSA for CTE. However, charter schools **are not** subject to the 24:1 class size requirement as a condition of apportionment.

In addition, supplemental and concentration grant percentages will be limited to the percentage associated with the school district where the charter school physically resides.

### **LCFF Revenue Projections**

The County Office LCFF revenue runs are used to validate district First Interim revenue projections. ***It is strongly recommended that districts utilize these updated County Office LCFF revenue runs to project estimated revenues for 2021-22 First Interim Reports and multi-year projections. Our review will compare the districts' projections against that data.***

### **Education Protection Account (EPA)**

Using a 2021-22 EPA revenue amount of approximately \$10.3 billion, the CDE calculated estimated EPA entitlements using a factor of 46.65955022 percent based on the statewide total of revenue limits and charter school block grant funding as of the 2020-21 Second Principal Apportionment. Each LEA's EPA entitlement was then reduced so that funding from local property taxes and the EPA combined did not exceed the LEA's adjusted revenue limit or charter school general purpose funding, provided that each LEA received the minimum EPA funding of \$200 per unit of ADA. For most LEAs, EPA funding offsets LCFF state aid allocated through the Principal Apportionment. EPA entitlements will be recalculated at the 2021-22 First Principal (P-1) Apportionment and will be based on both P-1 Apportionment data and the preliminary EPA revenue amount already provided by Department of Finance in June 2021.

EPA funds should be accounted for in Resource Code 1400 (EPA), and Object Code 8012 - EPA Entitlement. Districts may not use EPA funds for administrative costs. The Governing Board will make the spending determination of these funds in an open session of a public meeting. In addition, each agency must annually publish on its website an accounting of how much money was received from the EPA and how that money was spent. Additional information, including a complete list of function codes prohibited for EPA expenditures can be found on the CDE's website at:

[www.cde.ca.gov/fg/aa/pa/epa.asp](http://www.cde.ca.gov/fg/aa/pa/epa.asp)



Similar to local property taxes, districts' State Aid is reduced by one dollar for each dollar received from the EPA. The EPA becomes a third revenue component besides local property tax revenue and State Aid.

While each quarterly payment will be adjusted for actual receipts, it is recommended that districts anticipate EPA revenues in 2021-22 in equal quarterly payments. The CDE has released specific 2021-22 EPA estimates with the Advance Apportionment posted at:

[www.cde.ca.gov/fg/aa/pa/epa2122.asp](http://www.cde.ca.gov/fg/aa/pa/epa2122.asp)

### **Local Control Accountability Plan**

New LCAP requirements came into effect in 2021-22, including: 1) the requirement for a mid-year one-time supplement to the annual update, 2) carryover requirements for actions, expenditures, and qualitative improvements contributing to increased and improved services for targeted pupils, and 3) demonstration of how the additional concentration grant add-on funding is being used to increase the number of staff providing direct services in high needs schools.

The template for the supplement will be adopted by the State Board of Education (SBE) in November, and LEAs will be required to present the supplement at a regularly scheduled board meeting on or before February 28, 2022. The supplement's contents will be focused on any LCFF funds that were not included in adopted LCAPs (e.g., additional concentration grant add-on, 5.07 percent COLA) and alignment with other plans.

The SBE will also adopt a revised LCAP template in November to reflect all of the new requirements, including the carryover and additional concentration grant add-on requirements.

LEAs should track LCAP and other required plan implementations closely throughout the year and communicate proactively about the new requirements. Carryover related to the increased and improved services may be difficult to avoid in some circumstances due to the confluence of one-time funding and late notice about added LCFF funding. If significant carryover is anticipated, LEAs may want to begin engaging stakeholders sooner rather than later around why this is the case, and what it means for the future.

### **Independent Study**

On June 30, 2021, the statutes that established distance learning in Senate Bill (SB) 98 became inoperative. All of the instructional time and attendance accounting requirements in place prior to fiscal year (FY) 2020-21 are back in effect for FY 2021-22. As in years prior to FY 2020-21, LEAs must meet the requirements of independent study to generate average daily attendance (ADA) for students not scheduled for physical in-person instruction.

Although AB 130, the education omnibus budget trailer bill, did not change the method used to generate a day of attendance for apportionment purposes in independent study, both temporary (2021-22 only) and permanent changes to independent study program requirements were made and are conditions of apportionment.

AB 167 clarifies that in lieu of receiving attendance credit through the Form J-13A process for COVID-19 related school closures or material decreases in attendance, LEAs may serve impacted students through independent study and claim apportionment pursuant to independent study requirements. If a school closure is necessitated due to staff shortages caused by COVID-19, an LEA may still use the J-13A process.

AB 167 also clarified that the “teacher of record” for independent study programs may be an employee of the LEA or the LEA that has been contracted to provide independent study. FAQs about independent study offering requirements, waivers, instructional time and attendance accounting can be found at the CDE website at:

[www.cde.ca.gov/fg/aa/pa/independentstudy.asp](http://www.cde.ca.gov/fg/aa/pa/independentstudy.asp)

In addition, the California County Superintendents Educational Services Association developed a tool kit to help navigate the significant changes to independent study that guides LEAs through the process of developing plans, policy, and strategies for tiered re-engagement.

### New Plan Requirements

AB 130 and AB 167 created multiple new planning requirements for the 2021-22 fiscal year. In addition to the revised LCAP requirements described in the LCAP section, the following plans must be developed by LEAs this year:

Plan	Deadline	Required Template?	Approval	Additional Information
ESSER III Safe Return to In-Person Instruction	Every 6 months after initial assurances	Yes for initial assurances, no thereafter	Post on website	<a href="http://www.cde.ca.gov/fg/aa/pa/independentstudy.asp">CDE website</a>
Educator Effectiveness Block Grant	12/30/21	No	Present at public board meeting, adopt at subsequent board meeting	E.C. 41480
A–G Completion Improvement Grant	4/1/22	No	Present at public board meeting, adopt at subsequent board meeting	E.C. 41590
Prekindergarten Planning Grant	6/30/22	No	Board adopts at public meeting	E.C. 8281.5

### CALPADS

The submission window for Fall 1 is October 6, 2021 to December 17, 2021 with an official certification deadline of December 17, 2021. The Fall 1 amendment window closes on January 28, 2022. CALPADS data have become critical to funding, accountability and assessment functions. The unduplicated count of disadvantaged students reported in ***CALPADS feeds the supplemental and concentration grant portions of the LCFF. Therefore, Districts should ensure this data is up-to-date and accurate.***

## Cash Management Planning

Districts should ensure they have Board resolutions to authorize inter-fund and County Treasurer borrowing, and that the borrowing caps are appropriately set (i.e., are high enough to meet identified cash needs). For additional information regarding cash borrowing, please refer to Informational Bulletin (IB) No. 5384, dated May 20, 2021, issued by the Division of School Financial Services, which is available on our website:

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

## CONTINGENT ASSUMPTIONS

Districts should not include revenue sources in their First Interim Report projection of a contingent or speculative nature. Examples of speculative revenue would be pre-election bond or parcel tax proceeds and non-contractual donations from foundations or cities. Districts are also cautioned against including cost savings pending negotiations in their financial projections, including furlough days, salary and/or benefit rollbacks, and freeze on step and column.

**Districts that elect to include these contingent cost savings/revenues should adopt an alternate plan to address the budget shortfalls that may occur if these actions do not take place.** Districts are reminded to keep all options open when preparing for the remainder of 2021-22 and subsequent two years.

## RESERVE REQUIREMENTS

**Cash management challenges make it even more imperative that districts consider reserve levels greater than the minimums required within the State's Criteria and Standards.** Reserves are especially critical to have sufficient cash to meet payroll and other obligations.

County Offices continue to reinforce the need for reserves over the minimum reserve requirements. The experience of the most recent recession has clearly demonstrated these minimum levels are not sufficient to protect educational programs from severe disruption in an economic downturn. The typical 3.0 percent reserve minimum represents less than two weeks of payroll for many districts. Many LEAs have established reserve policies calling for higher than minimum reserves, recognizing their duty to maintain fiscal solvency. The adequacy of a reserve level should be assessed based on the LEA's own specific circumstances.

Senate Bill 751 modified EC Section 42127.01, which changed school district reserve cap law requiring reserves to be capped at 10 percent (including designated and undesignated reserves in Fund 01 and Fund 17) as long as the funds in the Public School System Stabilization Account (PSSSA) equal or exceed three percent of the Proposition 98 funding for school districts for that fiscal year.

All four criteria to require a deposit into the Public School System Stabilization Account were met in 2020-21 and 2021-22. To become operable, the following conditions must be met:

- 1) Prop 98 is funded based on Test 1
- 2) Prop 98 maintenance factor is fully paid
- 3) Prop 98 is sufficient for enrollment growth and statutory COLA
- 4) At least 8 percent of the State General Fund revenues must come from capital gains

The sum of these two deposits, approximately 8.1 percent of the K-12 portion of the minimum guarantee, are sufficient to trigger the reserve cap for school districts in 2022-23. The result is that non-exempt LEAs (less than 2,501 ADA, Basic Aid or Charter Schools) **must limit their unassigned and assigned reserves in Funds 01 and 17 to no more than 10 percent**. Given the triggering of the reserve cap, school districts might consider taking board action to commit funds for specific costs such as special education cost increases, increasing CalSTRS/CalPERS contributions, or other LEA priorities.

### Retirement - CalSTRS Rates

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Employer	14.447%	16.28%	17.10%	16.15%	16.92%	19.10%	19.10%	19.10%

The decrease in rates from the previous budget year is a result of the one-time, non-Proposition 98 investment to buy down the employer contribution rates. Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate, but must be legislatively approved.

### CalSTRS On-Behalf Payments

In the Standardized Account Code Structure (SACS), the appropriate journal entry to recognize the State's on-behalf pension contribution to CalSTRS is to debit pension contribution expenditures by fund, goal, and function in proportion to the LEA's own pension contributions to CalSTRS by fund, goal, and function with a corresponding credit to state revenue. This activity should occur in Resource Code 7690, and revenues will equal expenditures. Additional guidance can be found on the CDE's website at:

<https://www.cde.ca.gov/fg/ac/co/gasb68.asp>

The amount for 2021-22 must be calculated for each entity using guidance provided on the CalSTRS website, which can be found at:

<https://www.calstrs.com/general-information/gasb-67-68-frequently-asked-questions>

It is important to explain to all stakeholders this is a "paper only" entry and does not impact the bottom line. However, the required Reserve for Economic Uncertainties, and potentially the Routine Restricted Maintenance Account (RRMA) contribution, may need to be increased because a "phantom" expense is recorded for the CalSTRS on-behalf payment.

### Retirement - CalPERS Rates

The CalPERS adjustment to district revenue limits was eliminated with the implementation of the LCFF. Therefore, any increases in the CalPERS contribution rate have a direct impact on the local agency budget. The rate for employers is **22.91 percent** for 2021-22.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Employer	15.531%	18.062%	19.721%	20.70%	22.91%	26.10%	27.10%	27.70%

**Based on the estimated increase in CalSTRS and CalPERS contributions, we strongly recommend LEAs plan accordingly for the increased expenses, especially in the out years.**

### **Mandated Block Grant (MBG)**

The 2021-22 Enacted Budget provided \$246.6 million for the MBG. The rates continue to be separated into grade span-specific rates, with grades 9-12 receiving higher amounts based on the inclusion of the Graduation Requirement mandate. See the table below for the per ADA rates.

Grade Span	2021-22 School District Rates	2022-23 School District Rates	2023-24 School District Rates
K-8	\$32.79	\$33.60	\$34.64
9-12	\$63.17	\$64.74	\$66.75

Grade Span	2021-22 Charter School Rates	2022-23 Charter School Rates	2023-24 Charter School Rates
K-8	\$17.21	\$17.64	\$18.19
9-12	\$47.84	\$49.03	\$50.55

We recommend that school districts continue to adhere to all mandate requirements. LEAs that opted in to the MBG can budget this revenue. Funds are generally received in mid-November, with the amount paid equal to 100 percent of each LEA's entitlement.

A complete list of programs covered under the block grant can be found on the MBG Request for Application webpage at:

<http://www.cde.ca.gov/fg/fo/r14/mandatebg21list.asp>

### **Expanded Learning Opportunities (ELO) Program**

The 2021-22 Enacted Budget provided \$1.8 billion for access to comprehensive expanded learning for all unduplicated students in elementary schools. The intent is to provide before- and after-school opportunities that, in combination with the instructional day, total nine hours daily, in addition to 30 expanded learning days during intersession periods. LEAs must maintain a pupil-to-staff member ratio of no more than 10:1 in programs serving TK & kindergarten age students.

AB167 amends Education Code 46120 to add the ELO Program to the principal apportionment and delays conditions of apportionment until 2022-23. Funds received in 2021-22 may be expended through the 2022-23 fiscal year for developing a program or providing services.

Beginning in 2022-23, as a condition of apportionment, expanded learning opportunities must be offered to classroom based K-6 students based on the LEA's UPP as follows:

<b>Fiscal Year</b>	<b>LEA UPP</b>	<b>Offering Requirement</b>	<b>Provide Access Requirement</b>
2021–22	All	All TK/K–6 classroom-based unduplicated pupils	50% of TK/K–6 enrolled classroom-based unduplicated pupils
Commencing 2022–23	=>80.00% (Higher funding rate)	All TK/K–6 classroom-based pupils	All TK/K–6 classroom-based pupils upon parent/guardian request
Commencing 2022–23	=<79.99% (Lower funding rate)	All TK/K–6 classroom-based unduplicated pupils	50% of TK/K–6 enrolled classroom-based unduplicated pupils

*Education Code (EC)* Section 46120(d)(4) provides a three year guarantee of the higher funding rate for LEAs with 80 percent or greater UPP. This paragraph says that if an LEA qualifies for the higher funding rate in the current year because their prior year UPP is equal to or above 80 percent, then the LEA is guaranteed the higher funding rate for three years (the current year plus two more years), even if the LEA's UPP drops below 80 percent in any of those years. Once the LEA no longer meets the criteria of *EC* Section 46120(d)(1)(A) (prior year UPP equal to or above 80 percent) for four consecutive years, the LEA will receive the lower funding rate pursuant to *EC* Section 46120(d)(1)(B).

The schedule of preliminary entitlements at <https://www.cde.ca.gov/fg/aa/pa/elop2122.asp> also identifies the first apportionment equaling 55 percent of each LEAs entitlement. Future apportionments will flow through the principal apportionment beginning with P1 certification and associated exhibits in February 2022.

The CDE has also published initial [frequently asked questions](#), which we anticipate will be expanded as LEAs investigate the programming and infrastructure required to implement this expansion of school-based activities.

## **Lottery**

Projected sales for 2021-22 are more than \$8.45 billion, which equates to more than \$1.8 billion for California Public Schools. LEAs should use \$163 per ADA unrestricted and \$65 per ADA restricted, for instructional material purchase, for 2021-22, 2022-23 and 2023-24.

SB 820 modifies the definition of “technology-based instructional materials” to include laptop computers and devices that provide internet access required for students and teachers.

## **CATEGORICAL PROGRAMS**

### **Routine Restricted Maintenance Account (RRMA)**

In 2019-20 and beyond, because of LCFF being fully funded, the minimum RRMA contribution is 3 percent of the total General Fund expenditures. However, for 2020-21 and beyond, SB 820 allows for the exclusion of the state's pension on-behalf-of payments, ESSER and LLM funds to be excluded from the calculation of the RRMA calculation.

### **Special Education**

For the 2020-21 fiscal year, the budget included a new Special Education base funding formula that utilized each individual LEA's second and annual principal apportionment ADA, including districts, charters and COEs. The allocation to the SELPAs was calculated based on the ADA reported by the SELPA for the current fiscal year, the most recent prior fiscal year, or the second most recent prior fiscal year, whichever is greatest. This increased, ongoing allocation to the new base funding formula and COLA adjustment, resulted in a 2021-22 base rate of \$715 per ADA.

### **Extraordinary Costs**

SELPAs with single placement extraordinary costs are eligible to submit for costs exceeding the threshold pursuant to EC Section 56836.21. The current threshold is \$81,627.73. If claims exceed the appropriation of \$3 million, the reimbursements will be prorated.

**To ensure funding, claims for 2020-21 must be filed with the CDE by October 30, 2021.** Because the CDE will strictly enforce the statutory reporting deadline, without exception, **the signed certification page and supporting documentation was due to LACOE by Monday, October 4, 2021.** These claims require certification by the County Office before submittal to the CDE. Refer to IB No. 5426, Nonpublic School Extraordinary Cost Pool Claims, FY 2020-21, dated September 7, 2021.

This bulletin and its attachment are available on the LACOE website at:

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

## **CALIFORNIA SCHOOL-BASED MEDICAL ADMINISTRATIVE ACTIVITIES (SMAA)**

### **Program Update**

The California Department of Health Care Services (DHCS) released Policy & Procedure Letter (PPL) 21-023 notifying SMAA Program participants that the Quarter 2 Time Survey Participant (TSP) list will serve as the basis for the Quarter 1 TSP list effective July 1, 2020. Historically the Quarterly 1 TSP list was based on the prior year's Quarter 4 TSP list. This update allows TSPs hired in-between school years to be included on the Quarter 1 TSP list and thus have their salaries and benefits included on the Quarter 1 SMAA invoice. The FY 2020-21 Quarter 1 invoice applies the previously approved alternative methodology of averaging the Random Moment Time Survey (RMTS) percentages. FY 2020-21 Quarter 2 and forward will use actual RMTS results for Medi-Cal School-Based Programs, SMAA and Local Education Agency Billing Option Program (LEA BOP). In addition, DHCS announced that effective FY 2020-21 Quarter 2 invoice submission, only electronic signatures will be

accepted; DHCS PPL is forthcoming. LACOE has already integrated the electronic invoice submission workflow process during the prior year to improve the efficiency of remote work and operating under the Public Health Emergency.

DHCS released reimbursements to LACOE's LEAs for FY 2019-20 Quarter 1 of \$7,134,700.13, Quarter 2 of \$9,018,887.51, in June and August 2021, respectively. Disbursement of these payments to LEAs occurred in July and September 2021, respectively. FY 2019-20 Quarter 3 and Quarter 4 reimbursements are pending DHCS disbursement. SMAA reimbursements should be budgeted on a cash basis by all LEAs.

### **SMAA and LEA Direct Billing Option Program (LEA BOP) RMTS Merger**

Effective July 1, 2020, CMS formally approved the State Plan Amendment (SPA) 15-021. SPA 15-021 applies standardization of time survey results and cost funding methodologies in the Cost and Reimbursement Comparison Schedule (CRCS) for the LEA BOP. The Center for Medicare Services (CMS) approved the back-casting plan, which will apply FY 2020-21 RMTS results to CRCS for FY 2015-16 through FY 2019-20. LEAs wishing to participate in the LEA BOP program must contract to participate in RMTS if they are not participating in SMAA.



**2021-22 FIRST INTEREIM ASSUMPTION GUIDELINES  
(AS OF OCTOBER 2021)**

**PROJECTIONS  
FOR  
FISCAL YEARS 2021-22 THROUGH 2024-25**

The guidelines below are provided to assist you with projections for Fiscal Years 2021-22, 2022-23, 2023-24 AND 2024-25

<b>LCFF REVENUE</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Statutory COLA (based on DOF estimates)		1.70%	2.48%	3.11%	3.54%
Recommended Funded COLA		5.07% (1)	2.48%	3.11%	3.54%
School Services (SSC) Estimated Statutory COLA		5.07%(1)	2.48%	3.11%	3.54%
<b>LOTTERY REVENUE</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Unrestricted per ADA		\$163	\$163	\$163	\$163
Restricted for Instructional Materials per ADA		\$65	\$65	\$65	\$65
Total Lottery Revenue per ADA		\$228	\$228	\$228	\$228
<b>MANDATED BLOCK GRANT</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Districts per ADA	Grades K-8	\$32.79	\$33.60	\$34.64	\$35.87
	Grades 9-12	\$63.17	\$64.74	\$66.75	\$69.11
Charters per ADA	Grades K-8	\$17.21	\$17.64	\$18.19	\$18.83
	Grades 9-12	\$47.84	\$49.03	\$50.55	\$52.34
<b>OTHER FACTORS</b>		<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Unemployment Insurance (UI)		0.50%	0.50%	0.20%	0.20%
CalSTRS Employer Rates		16.92%	19.10%	19.10%	19.10%
CalPERS Employer Rates		22.91%	26.10%	27.10%	27.70%
Interest Rate for 10-year Treasuries		2.14%	2.60%	2.70%	2.80%
CA Consumer Price Index (CPI)		3.96%	2.65%	2.36%	2.51%

(1) - Amount represents the 2021–22 statutory COLA of 1.70% plus an augmentation of 1.00%, compounded with the 2020–21 unfunded statutory COLA of 2.31%.

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**Recommended List of Topics that should be Covered by a Written Narrative**  
**(List Not All Inclusive)**

The assumptions used in each of the following areas should include explanations for the multiyear projections, the changes between the projections, and the adopted budget with clear indications as to which years they apply.

- Projected growth/decline in actual Enrollment and Average Daily Attendance(ADA)
- Revenues (including increases/decreases since the adopted budget)
- Expenditures (including increases/decreases since the adopted budget)
- General Fund obligations for debt repayment (e.g., Certificates of Participation [COPs], lease-purchase)
- Anticipated cash shortages, including any plan to address cash shortages
- Use of Education Protection Account (EPA) Funds (see IB No. 3546 dated March 28, 2013)
- Status of K-3 Class Size of 24:1; Expanded TK; executed collective bargaining agreement or MOU which exempts district from requirement
- Board resolutions including inter-fund borrowing, County Treasurer borrowing, Changes in ending fund balances (including increases/decreases since the adopted budget)
- Any new Tax and Revenue Anticipation Notes (TRANs) (including the amount and dates of repayment)
- Any deficit spending, including any plan to address
- Reserve for Economic Uncertainties (REU) including plans to address any shortfall
- Status of negotiations (settled, not settled, me too provisions, impasse, fact-finding)
- Information regarding the status of all other funds (e.g., Use of Additional LCFF Concentration Grant funds; Use of Expanded Learning and In-Person Grant funds; Use of ESSER and Other Federal funds; reduced contribution to Routine Restricted Maintenance Account (RRMA); Use of one-time Special Education Learning Recovery funds received

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**Documents Required to be Filed with the County Office**

All districts, including Regional Occupational Centers/Programs (ROC/Ps) and Joint Powers Authorities (JPAs), must file **one complete Interim Report package**, plus the data file exported from the Standardized Account Code Structure (SACS) software transmitted via the Web Transfer System with the County Office. The Interim Report package should comprise an original set of the documents listed as follows.

- The Board and the superintendent's/administrator's **signed original certification of the Interim Report** (Form CI).
- A SACS data file of the Interim Report exported from the SACS software transmitted via the Web Transfer System. (Contact Ms. Jeanne Vargas for a Web Transfer System registration form at (562) 922-6136, or at [vargas\\_jeanne@lacoed.edu](mailto:vargas_jeanne@lacoed.edu).)
- Interim Report (Form 01I).
- Financial projections of the restricted, unrestricted, and the combined General Fund, for fiscal years 2021-22, 2022-23, and 2023-24, which serve as the basis for the district's Interim Report certification. The SACS State software includes the Form MYP as a supplemental form for districts to use in preparing multi-year projections (MYP). **This office strongly recommends that districts use the MYP module provided in the SACS State software because MYP data is imported into the Criteria and Standards Review (Form 01CSI).** Education Code (EC) Section 42130 requires Interim Reports to be prepared in a format or on forms prescribed by the Superintendent of Public Instruction (SPI), and based on Criteria and Standards for fiscal stability adopted by the State Board of Education.
- The Average Daily Attendance (ADA) form (Form AI), and ADA projections for 2021-22 and 2022-23.
- The Criteria and Standards Review (Form 01CSI), which now comprises these sections: Criteria and Standards, Supplemental Information, and Additional Fiscal Indicators. Please thoroughly complete the form and provide sufficient explanations when required, (i.e. "not met").
- Written discussions, narratives, and planning assumptions, including supporting quantitative data that explains the financial projections for 2021-22, 2022-23 and 2023-24.
- Cash flow projections (Form CASH) for 2021-22 and 2022-23, which includes anticipated accruals that will be set up at the end of the current fiscal year.
- Districts utilizing inter-fund borrowing **must** submit cash flows for **each** fund it is borrowing from, to substantiate that cash will be available to meet anticipated expenditures in those funds.

- Besides the report for the General Fund, a complete Interim Report (i.e., SACS forms, MYP, cash flow, assumptions, comments, etc.) must be submitted for **any other fund** that was requested in our budget and/or unaudited actual review letter, or is projected to end the current or either of the two subsequent years with a negative fund balance.
- Supporting documentation and summaries for any outstanding prior year Budget Revision and Audit Adjustments reflected in the First Interim Report, and representing changes to the Board-approved 2020-21 Budget (Column B).
- Additional reports and supporting documentation, as applicable, required to resolve any concerns and issues raised by the County Office in the 2021-22 budget approval or 2020-21 Unaudited Actuals certification letters.

The governing board's certification and the accompanying three years of financial information (e.g., the complete Interim Report package listed above) must be submitted to the County Office within 45 days after the close of the reporting period, as shown below for 2021-22:

	<u>Closing date</u> <sup>1</sup>	<u>Filed on or before</u> <sup>1</sup>
First Interim	October 31, 2021	December 15, 2021
Second Interim	January 31, 2022	March 15, 2022
Financial Statement <sup>2</sup>	May 1, 2022	June 3, 2022

### **The Interim Report Form**

Data for each of the Interim Report columns (original budget, Board-approved budget, actuals to date, and projected year totals) must be imported into the SACS software (or the User Data Input/Review screen in the software). ***Note: Only changes to imported projected year totals data will be allowed in the User Data Input/Review screen.*** Changes to imported data other than projected year totals will need to be made in the district's general ledger.

#### Column A – The Original Budget

This is the adopted budget that was **approved** by the Los Angeles County Superintendent of Schools (County Superintendent) and should be frozen in the PeopleSoft and BEST accounting systems. Districts with initial budget disapproval must import the Revised Budget that was subsequently approved by the County Superintendent.

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<sup>1</sup>If the statutory due date occurs on a Saturday, Sunday, or holiday, the reporting due date shall be on the following workday.

<sup>2</sup>Pursuant to EC Section 42131(e), any district that files a qualified or negative certification for the Second Interim, or whose certification is classified as qualified or negative by the County Superintendent of Schools (County Superintendent), must submit to the County Superintendent, the State Controller, and the CDE, no later than June 1, a financial statement that projects the fund and cash balances of the district as of June 30, for the period ending April 30.

Column B – Board-Approved Operating Budget

For the First Interim Report, this is the district's current budget as of October 31, 2021. For the Second Interim Report, it is the district's current budget as of January 31, 2022. Please submit original Budget Summary Revisions or copies of these revisions with the Interim Report. For the End of Year Financial Projection, the district's current budget is as of April 30, 2022.

Column C – Actuals-to-Date

For the First Interim Report, this is actual revenues and expenditures as reported in the PeopleSoft and BEST accounting systems for October 31, 2021. For the Second Interim Report, use the runs dated January 31, 2022. **It is important that you do not use data from runs prior to or after the January 31, 2022, cutoff date.** For the End of Year Financial Projection, use the runs dated April 30, 2022.

Column D – Projected Year Totals

This is the district's most current estimate of year-end Unaudited Actuals for 2021-22. While this data is initially imported into the software, districts can manually make changes to the totals data in the User Data Input/Review screen.

Column E – Difference

This column calculates the difference between Columns B and D.

Column F – Percent Difference

This column represents the differences calculated in Column E as a percentage.

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**Responsibilities of Authorizing Agencies for their Charter Schools**

Authorizing districts are required by Education Code (EC) Section 47604.32, to ensure each charter school under its authority complies with all reports required by law of charter schools, and to monitor the fiscal solvency of that charter school. Furthermore, EC Section 47604(c) specifies that failure to comply with all oversight responsibility could result in a district losing its protection against liability for any nonprofit public benefit corporation charter school that the district has authorized.

It is critical charter schools' Budgets and Interim Reports contain sufficient fiscal information to enable their authorizing districts to perform adequate review and analysis of the report as part of their fiscal oversight responsibilities. Although the California Department of Education (CDE) does not prescribe any particular format for budgets or Interim Reports, the Standardized Account Code Structure (SACS) software contains reports that may be used by charter schools. If the SACS software budget forms are not used, it is recommended that the format used be similar in format and content to district budgets. Authorizing districts are urged to collect supporting data, in addition to the budget, from their charter school similar to what districts submit to the Los Angeles County Office of Education (County Office), including detailed assumptions and multi-year projections.

Authorizing districts must include a copy of each of their charter school's Interim Reports with the district Interim Report submitted to the County Office. School district budgets must continue to include the following charter school-related data:

- **Average Daily Attendance (ADA) (Form A)** – Use the section at the end of Form A to separately account for total district charter school ADA. Please do not include charter school ADA in the K-12 ADA portion of this form.
- **Impact on Declining Enrollment Districts** – Declining enrollment districts must consider the effect of the movement of district ADA to district-authorized charter schools. ADA for students who attended a district non-charter the previous year and who now attend a district-authorized charter is deducted from prior year ADA for purposes of calculating declining enrollment ADA.
- **In-lieu of Property Tax Transfer** – Districts must reflect the In-lieu of Property Tax Transfer transactions appropriately.

**FINANCIAL DATA REQUIRED OF CHARTER SCHOOLS**

Charter schools are required by EC Section 47604.33, to submit the following fiscal reports to their authorizing agency and to the county superintendent of schools:

<b>Report</b>	<b>Due Date (to authorizing agency and county superintendent)<sup>1</sup></b>
Budget/LCAP	On or before July 1
First Interim	On or before December 15 (reflecting changes through October 31)
Second Interim	On or before March 15 (reflecting changes through January 31)
Unaudited Actuals	On or before September 15

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<sup>1</sup> If the statutory due date occurs on a Saturday, Sunday, or holiday, the reporting due date shall be on the following workday.

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
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**Accessing Data in PeopleSoft Financial System for First Interim Reports**  
**PeopleSoft Closing and Schedule of Reports**

The timelines for closing the month of October and obtaining reports from the PeopleSoft Financial System are:

Preliminary closing date	October 30, 2021
Preliminary Report available online on RAD	After November 1, 2021
Last district input date for HRS Errors, Journal Error corrections for October 2021:	
• Interface Districts	November 8, 2021
• Online Districts	November 9, 2021
Month-end close for October (see IB No. 5395)	November 12, 2021
Final Report for October available online on RAD	After November 12, 2021

**Interface Districts**

Besides information provided by districts, Business Advisory Services will also be using financial data from the PeopleSoft Financial System to conduct its review of Interim Reports. We recognize that some districts use other in-house financial systems that interface with the PeopleSoft Financial System. It is critical that interface districts take steps to update the corresponding financial accounting information on the PeopleSoft Financial System in a timely manner to avoid discrepancies and differences between in-house financial systems and the PeopleSoft Financial System.

**Accessing Data in BEST Financial System for the First Interim Reports**  
**BEST Closing and Schedule of Reports**

The timelines for closing the month of October and obtaining reports from the BEST Financial System are:

Preliminary closing date	October 30, 2021
Preliminary Report available online	After November 1, 2021
Last district input date for HRS Errors, Journal Error corrections for October 2021:	
• Interface Districts	November 18, 2021
• Online Districts	November 18, 2021
Month-end close for October(see IB No. 5394)	November 18, 2021
Final Report for October available online on RAD	After November 19, 2021

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services - Fiscal Monitoring District Assignments**  
**2021-22 First Interim Review Cycle**

<p style="text-align: center;"><b>Abrar Alam</b> <b>(562) 922-6133</b></p> <p>Arcadia USD  Antelope Valley Sch. Trans Agcy.  Antelope Valley Joint Union HSD  El Rancho USD  Keppel Union SD  Las Virgenes USD  Little Lake City SD  Montebello USD  Newhall SD  Norwalk-La Mirada USD  Paramount USD  Rowland USD  Walnut Valley USD  William S. Hart Union HSD</p>	<p style="text-align: center;"><b>Vo Chan</b> <b>(562) 922-6226</b></p> <p><del>ABC USD – KC</del>  <del>Baldwin Park USD – MO</del>  <del>Culver City USD – JK</del>  <del>El Segundo USD – JK</del>  <del>Hacienda La Puente USD – KC</del>  <del>Inglewood USD – DB</del>  <del>Long Beach USD – HY</del>  <del>Norwalk-La Mirada USD – AA</del>  <del>Palos Verdes Peninsula USD – AA</del>  <del>Pupil Transportation Co-op – JK</del>  <del>Redondo Beach USD – DM</del>  <del>Torrance USD – JK</del></p> <p><b>Reassigned - First Interim Review</b></p>	<p style="text-align: center;"><b>Dio Brache</b> <b>(562) 922-6802</b></p> <p>Azusa USD  Bassett USD  Beverly Hills USD  Centinela Valley UHSD  El Monte City SD  Hermosa SD  Inglewood USD  Lynwood USD  Manhattan Beach SD  Palmdale SD  PINCO  San Gabriel USD  Saugus Union SD  Sulphur Springs Union SD</p>
<p style="text-align: center;"><b>Kathy Connell</b> <b>(562) 922-6184</b></p> <p>ABC USD  Castaic Union SD  East San Gabriel Valley ROP  Eastside Union SD  Hacienda La Puente USD  Hawthorne SD  La Cañada USD  Monrovia USD  Mountain View SD  Pasadena USD  South Pasadena USD  Westside Union SD  Wilsona SD</p>	<p style="text-align: center;"><b>Vacant</b> <b>(562) 922-XXX</b></p> <p style="text-align: center;"><b>Jennifer Kirk</b> <b>(562) 922-6508</b></p> <p>Culver City USD  El Segundo USD  Los Nietos SD  Pupil Transportation Co-op  Torrance USD</p> <p style="text-align: center;"><b>Jeff Young</b> <b>(562) 922-6419</b></p> <p>Valle Lindo SD</p> <p><b>Temporary for First Interim</b></p>	<p style="text-align: center;"><b>Demetra Moore</b> <b>(562) 401-5497</b></p> <p>Alhambra USD  Bellflower USD  Burbank USD  CALAPS JPA  Compton USD  Downey USD  East Whittier City SD  Lawndale Elementary SD  Los Angeles USD  Redondo Beach USD  Santa Clarita Valley Food Services  South Whittier SD  Whittier City SD</p>
<p style="text-align: center;"><b>Merle Ordonez</b> <b>(562) 940-1704</b></p> <p>Baldwin Park USD  El Monte Union HSD  Glendale USD  Glendora USD  Gorman Joint SD  Hughes-Elizabeth Lakes SD  Lancaster SD  Rosemead SD  San Antonio ROP  San Marino USD  Temple City USD  Tri-Cities ROP  Whittier Union HSD  Wiseburn USD</p>	<p style="text-align: center;"><b>Andrew Surendranath</b> <b>(562) 922-6743</b></p> <p><del>Bellflower USD – DM</del>  <del>CALAPS JPA – DM</del>  <del>Garvey SD – HY</del>  <del>Gorman Joint SD – MO</del>  <del>Hermosa Beach City SD – MO</del>  <del>Hughes-Elizabeth Lakes SD – MO</del>  <del>Los Nietos SD – JK</del>  <del>Manhattan Beach USD – DB</del>  <del>Newhall SD – AA</del>  <del>Norwalk-La Mirada USD – AA</del>  <del>Valle Lindo SD – JY</del></p> <p><b>Reassigned - First Interim Review</b></p>	<p style="text-align: center;"><b>Hoyt Yee</b> <b>(562) 940-1705</b></p> <p>Acton-Agua Dulce USD  Bonita USD  Charter Oak USD  Claremont USD  Covina-Valley USD  Duarte USD  Garvey SD  Lennox SD  Long Beach USD  Palos Verdes Peninsula USD  Pomona USD  Santa Monica-Malibu USD  SCROC  West Covina USD</p>