SCHOOL DISTRICT FISCAL TRAINING SUMMIT

September 30, 2016
Agenda

Welcome
Business Advisory Services Updates
Los Angeles County Treasurer and Tax Collector

Keith D. Crafton
Joseph Kelly
John Patterson
Jackie Guevarra
Rachelene R. Rosario
Rod Carter
Megan Reilly
Susan Gaffney
Keith D. Crafton
Dr. Scott Price

Los Angeles County Auditor-Controller

Regionalized Business Services Corporation

Executing Good Disclosure

Government Finance Officers Association

Questions

Closing
Business Advisory Services Updates

Keith D. Crafton
Director, Business Advisory Services

[crafton_keith@lacoe.edu](mailto:crafton_keith@lacoe.edu)
(562) 922-6131
Public Disclosure of Nonvoter-Approved Debt

• School districts are required to public disclose nonvoter-approved debt, pursuant to Education Code (EC) Section 17150(a), and Government Code (GC) Section 53635.7

• LACOE Informational Bulletin 4283

• Debt instruments that require public disclosure prior to board action:
  ◦ Certificates of Participation (COPs)
  ◦ Lease purchases secured by real property
  ◦ Qualified zone academy bonds secured by real property
  ◦ Revenue bonds
  ◦ Bond Anticipation Notes (BANs)
  ◦ Any other debt instrument secured by real property and not subject to voter approval
Los Angeles County Office of Education  
Division of Business Advisory Services  
PUBLIC DISCLOSURE OF NONVOTER-APPROVED DEBT

School District: ________________________________
Contact Person: ____________________________________________
Position: ____________________________________________
Telephone: ____________________________________________

1. Proposed Date of Board Adoption/Approval: _____________________________

2. a. Proposed Date of Issuance: ___________________________

   b. Issue Size: ___________________________

   c. Projects to be Financed: Describe the project in detail, and include the cost. Identify the date and amount of financing needed. Attach additional sheets if necessary.

   ___________________________________________

   ___________________________________________

   ___________________________________________

3. a. Type of Financing: (check one)

   □ Certificates of Participation (COPs)  
   □ Lease Purchases Secured by Real Property  
   □ Qualified Zone Academy Bonds Secured by Real Property  
   □ Revenue Bonds  
   □ Bond Anticipation Notes  
   □ Other Debt Instrument Secured by Real Property and Not Subject to Voter Approval

   b. Term of Issue: _______ years

   c. Debt Service Schedule: (e.g., Payment) – Schedule(s) must be attached which include the following, as applicable.

   • Payment Date  • Total Debt Service  • Net Debt Services
   • Principal  • Debt Services Reserve  • Surplus Funds Remaining
   • Coupon  • Capitalized Interest  • Interest

Note: The Debt Service Schedule may be prepared by your Underwriter. If your District will be using the Los Angeles County Schools Pooled Financing Program, you may contact Mr. Gerald Yarbrough at (323) 922-6122, for additional assistance.

Revised: December 2014
Assembly Bill No. 2116

• Signed by the Governor in August 2016
• Intent is to increase oversight of school bonds
• Amends Education Code 15100 (School Bonds)
  It requires the governing board of a school district to consider the county assessor’s projections for property valuation prior to ordering an election to authorize school facilities construction bonds
  The intent of the legislation is for school districts to get independent projections of assessed property values from a third party (not the district bond counsel).
  This will help prevent bond advisors from presenting unrealistic projections
Los Angeles County Civil Grand Jury (CGJ)

- Report on “Capital Appreciation Bonds and Other School Bond Debt”
- CGJ report sent to all school districts, LACOE and County of Los Angeles
- School Districts required to respond to four recommendations
  - 6.1
  - 6.2
  - 6.3
  - 6.4
- LACOE issued a letter on August 12, 2016 offering school districts some suggested language for each recommendation.
___________ 2016

Presiding Judge
Los Angeles County Superior Court
Clara Shortridge Foltz Criminal Justice Center
210 West Temple Street
Eleventh Floor, Room 11-506
Los Angeles, CA 90012

Re: Response to the Recommendations of the 2013/16 Los Angeles County Civil
Grand Jury Final Report, Capital Appreciation and Other School Bond Debt;
Consequences of Poor Financial Practices

Dear Judge Kuhl:

Attached is the response of the ___________ District to the above referenced Report of
County of Los Angeles Civil Grand Jury. This “Response to Recommendations” is submitted
pursuant to the requirements of California Penal Code Sections 933(c), 933.05(a) and 933.05(b).

Very truly yours,

Attachment
6.1 School district chief business/finance officials in Los Angeles County should receive training in Government Finance Officers Association ("GFOA") financing best practices

The District agrees with the recommendation and will implement. The Los Angeles County Office of Education (LACOE) in partnership with other county agencies will conduct a School District Fiscal Summit which will include training in GFOA financing best practices. The District will attend this training on September 30,2016.

6.2 School district chief business/finance officials in Los Angeles County should use Government Finance Officers Association financing best practices when issuing bonds or other types of debt

The District will consider this recommendation. The District has reviewed the GFOA best practices guidelines referenced in the Report. They are clear and helpful. District employees actively participate in many school business officials’ professional associations and have attended and will continue to attend workshops related to best practices in issuing bonds. Copies of the GFOA best practices guidelines will be kept on file at the office of the chief business official.

6.3 School district chief business/finance officials in Los Angeles County should document their review and application of appropriate Government Finance Officers Association best practices when issuing bonds or other types of debt

The District disagrees with this recommendation and will not implement this recommendation. The District draws upon a variety of sources of reliable information regarding issuing debt, including, but not exclusive to GFOA best practices. Due to the multitude of excellent advisory resources, it would be inappropriate for the District to document a comparison between our decisions regarding debt issuances and applicable GFOA best practices.

6.4 Each school district in Los Angeles County should ensure that all bond issues placed before the electorate includes clear and precise language about the long-term bond indebtedness of such issues

The District agrees with the recommendation and will implement. Under existing legal requirements, if the District places a bond measure before the electorate, the appropriate legal documents will include all required information about the long-term bond indebtedness of such a measure. We will follow Bond Council recommendations and follow all legal requirements.
QUESTIONS