



April 29, 2021

TO: Business Administrators
Los Angeles County School and Community College Districts

FROM: Jeff Young, Assistant Director
Business Advisory Services

Gabriel Leung, Assistant Director
Accounting & Financial Services
Division of School Financial Services

SUBJECT: Los Angeles County Schools Pooled Financing Program, 2020-21 Tax and Revenue Anticipation Notes Pool – Series B and Series C

We are pleased to report that \$186.2 million of pooled financing was issued for eight K-12 school districts and two community colleges as part of the 2020-21 Los Angeles County Schools Pooled Tax and Revenue Anticipation Notes (TRANs) issuance – Series B. The TRANs was separated into three series with the following principal amounts, interest rates, and yields:

Series	Principal Amount	Interest Rate	Yield
B-1	\$52,490,000	2.00%	.110%
B-2	\$55,915,000	2.00%	.110%
B-3	\$77,790,000	2.00%	.120%

The maturity date for series B-1, B-2 and B-3 is December 30, 2021.

We are also pleased to report that \$113.3 million of pooled financing was issued for thirteen K-12 school districts and two community colleges as part of the 2020-21 Los Angeles County Schools Pooled Tax and Revenue Anticipation Notes (TRANs) issuance – Series C. The TRANs was separated into three series with the following principal amounts, interest rates, and yields:

Series	Principal Amount	Interest Rate	Yield
C-1	\$18,280,000	2.00%	.140%
C-2	\$56,080,000	2.00%	.150%
C-3	\$38,950,000	2.00%	.160%

The maturity date for series C-1, C-2 and C-3 is December 30, 2021.

This year's TRANs proceeds will be invested by the Los Angeles County Treasurer-Tax Collector (Treasurer) in the county treasury pool. The TRANs proceeds will be deposited into the County Treasury Cash account (Object 9110) of the General Fund for each participating district.

Cash and Pledge Transfers

Participating districts can transfer their TRANs proceeds to other funds by simply drawing on their cash in the General Fund account. Districts may withdraw and use the cash until their TRANs repayment pledge dates. On the pledge dates, required funds will be transferred by School Financial Services (SFS) and the Treasurer into an account restricted by the Los Angeles County Auditor-Controller (Auditor-Controller). The TRANs pledge will decrease the County Treasury Cash account (Object 9110) of the General Fund with a corresponding entry to Cash with Fiscal Agent/Trustee account (Object 9135) for each participating district.

Journal Entries

The entries affecting the County Treasury Cash account (Object 9110) will be booked by SFS based on the individual participant's note amount, premium on issuance, cost of issuance, underwriter's discount, pledge percentage, pledge schedule, coupon payment, and maturity details.

1. PeopleSoft Financial System (PSFS) journal entry NEWIR10278 and BEST Advantage System—Financial (FIN) journal entry NEWIR10278001, dated February 17, 2021, recorded the receipt of TRANs – Series B proceeds. PeopleSoft Financial System (PSFS) journal entry NEWIR10328 and BEST Advantage System—Financial (FIN) journal entries NEWIR10328001 and NEWIR10328002, dated April 14, 2021, recorded the receipt of TRANs – Series C proceeds. The amount booked was the TRANs note plus the premium on issuance minus the costs of issuance and underwriter's discount.

Debit	County Treasury Cash	Object 9110
Debit	Cost of Issuance	Object 5890
Debit	Underwriter's Discount	Object 5890
Credit	Premium on Issuance	Object 8660-K-12/8860-community college
Credit	Current Loans	Object 9640-K-12/9510-community college

2. Deposit of pledged amounts into the Repayment Fund restricted by the Auditor-Controller. The PSFS/FIN -journal entry to be posted on the pledge date will begin with TRAN, and will be followed by four numeric digits.

Debit	Cash with Fiscal Agent/Trustee	Object 9135
Credit	County Treasury Cash	Object 9110

3. TRANs closeout entry. The entry booked at maturity and payoff reduces the cash with the fiscal agent and liquidates the TRANs note. The TRANs coupon interest expense is also booked. The PSFS/FIN -journal entry to be posted at TRANs maturity will begin with TRAN, and will be followed by four numeric digits.

Debit	Cash	Object 9110
Credit	Cash with Fiscal Agent	Object 9135
Debit	Current Loans	Object 9640-K-12/9510-Community College
Debit	Interest Expense	Object 5890
Credit	County Treasury Cash	Object 9110

Interest income for unused TRANs proceeds while in the County Treasury Cash account will be included in the quarterly interest allocation and distribution processed by SFS.

TRANs accounting is outlined in the California School Accounting Manual Procedure 715. Participating districts may book the interest expense throughout the year as a debit to interest expense Object 5890, and a credit to current loans Object 9640 for K-12 districts, and Object 9510 for community college districts.

This bulletin is available on the Los Angeles County Office of Education (LACOE) website at:

www.lacoe.edu/bulletins.aspx

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

On behalf of the finance team, we would like to thank the districts that participated in this year’s TRANs pool. If you have questions about the above, please call Jeff Young at (562) 922-6419, or Gabriel Leung at (562) 357-7121.

Approved:
Patricia Smith, Chief Financial Officer
Business Services

JY/GL/GY:lm