



## Santa Clara County Office of Education

Charles Weis, Ph.D.  
County Superintendent of Schools

# Informational Bulletin

*For Santa Clara County Districts*

### District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 12-105

Date: February 23, 2012

To: District Fiscal Directors  
Charter Fiscal Managers

From: Cathy McKim

Re: Exemption from Apportionment Deferral in June 2012 is April 1, 2012

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The purpose of this email is to notify you that the California Department of Education (CDE) has posted a letter and other materials related to the cash deferral that will occur in June 2012. The letter contains information about application requirements and deadlines for those school districts and charter schools that are eligible to apply for an exemption from the June 2012 principal apportionment deferral.

Assembly Bill 1610 (Chapter 724, Statutes of 2010) added California *Education Code* Section 14041.7 which provides the opportunity for school districts and charter schools to apply for a dollar-limited exemption from the deferral of the June 2012 principal apportionment payment to July 2012. There is no exemption provision for county offices of education.

I have attached a copy of the letter for your convenience; however, visit the CDE Web page at <http://www.cde.ca.gov/fg/fi/ir> to find a copy of the application forms and helpful links and information.

Please share this information as deemed appropriate.

California Department of Education (<http://www.cde.ca.gov/fg/fi/ir/exemptltrjune2012.asp>)  
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CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**TOM TORLAKSON**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

February 15, 2012

Dear County Superintendents of Schools, County Chief Business Officials, District Superintendents, District Chief Business Officials, and Charter School Administrators:

### EXEMPTION FROM THE APPORTIONMENT DEFERRAL IN JUNE 2012

On October 19, 2010, the Governor signed Assembly Bill 1610 (Chapter 724, Statutes of 2010). This legislation added California *Education Code (EC)* Section 14041.7 which provides the opportunity for school districts and charter schools to apply for a dollar-limited exemption from the deferral of the June 2012 principal apportionment payment to July 2012. There is no exemption provision for county offices of education. Exemptions totaling up to \$100 million may be approved by the Department of Finance. If requests for exemptions exceed \$100 million, the State Controller, State Treasurer, and Department of Finance may authorize exemptions totaling up to \$300 million. If requests exceed the amount available, payments will be made in order based upon the earliest date and time that the complete application was received via e-mail, fax, or mail.

Applications are due per statute no later than **April 1, 2012**.

The purpose of this letter is to provide you with information regarding the process for applying for an exemption. Below we describe separately the deferral exemption application processes for school districts and charter schools because their submission and certification requirements differ. Following that discussion, we provide resources that will help school districts and charter schools prepare a cash flow projection that is a required part of every application.

#### ***School District Applications for Exemption from the June 2012 Deferral.***

Subject to the approval of the Department of Finance, in order for a school district to be exempt from the June 2012 deferral, its county superintendent of schools must certify to the State Superintendent of Public Instruction (SSPI) and Department of Finance on or before **April 1, 2012**, that the deferral of payments during February through June 2012 will result in the school district being unable to meet its expenditure obligations for June and an estimate of the amount of additional funds necessary for the school district to meet its expenditure obligations for the month of June. If approved, the district will receive the lesser of (1) the total amount of additional funds necessary to meet its expenditure obligations for the month of June or (2) the total June principal apportionment payment the district is entitled to receive in July.

To request an exemption, a school district must complete the form entitled "Application and Certification to Exempt A School District From The June 2012 Apportionment Deferral." The form can be found by selecting the appropriate link on the California Department of Education (CDE) Web page at <http://www.cde.ca.gov/fg/fi/ir/>.

As directed on the form, school districts must provide narrative and/or documents that demonstrate that the school district has exhausted all internal and external sources of borrowing and will need a state emergency loan in order to meet its financial obligations for June 2012. A school district that is qualified or negative in certification status is not deemed to automatically meet the above criteria. A cash flow projection for fiscal year 2011-12 must be included in that documentation. The cash flow projection for June must include only those expenditure obligations that must be paid in June 2012. In addition, the cash flow projection must recognize the inflow and repayment of all sources of borrowing such that the ending cash balance in June equals the additional funds necessary to meet the expenditure obligations for June 2012.

School districts must submit the completed form and supporting documentation as described above to their county superintendent of schools for review, comments as appropriate, and certification. Applications that are submitted without the county office's certification will not be accepted. The county superintendents must submit completed, certified application forms and supporting documentation for their school districts by **April 1, 2012**, to both the Department of Finance and the CDE. Counties may FAX or send via e-mail attachment a scanned copy of the original to the Department of Finance but the FAX/scan must be followed by the submission of the hard copy original. County offices should mail a copy or send via e-mail attachment a scanned copy to the CDE. The contact information is below.

Send copy to:

Send original to:

**California Department of Education**  
 School Fiscal Services Division  
 Attention: Arlene Matsuura  
 1430 N Street, Suite 3800  
 Sacramento, CA 95814  
 Telephone: 916-327-0538  
 Scan: [ab1200@cde.ca.gov](mailto:ab1200@cde.ca.gov)

**Department of Finance**  
 Education Systems Unit  
 Attention: Chris Ferguson  
 915 L Street, 7<sup>th</sup> Floor  
 Sacramento, CA 95814  
 Telephone: 916-445-0328  
 Scan: [chris.ferguson@dof.ca.gov](mailto:chris.ferguson@dof.ca.gov)  
 FAX: 916-323-9530

If you have questions regarding the application process for school districts, please call the CDE at 916-327-0538 and ask to be connected to the staff person assigned to the school district's county.

***Charter School Applications for Exemption from the June 2012 Deferral.***

Subject to the approval of the Department of Finance, in order for a charter school to be exempt from the June 2012 deferral, its authorizer (county office, school district or State Board of Education) must certify, in consultation with the county superintendent of schools, to the SSPI and Department of Finance on or before **April 1, 2012**, that the deferral of payments during February through June 2012 will result in the charter school being unable to meet its expenditure obligations for June 2012 and the amount of additional funds necessary for the charter school to meet its expenditure obligations for the month of June. If approved, the charter school will receive the lesser of (1) the total amount of additional funds necessary to meet its expenditure obligations for the month of June or (2) the total June principal apportionment payment the charter school is entitled to receive in July 2012.

To request an exemption, a charter school must complete the form entitled "Application and Certification to Exempt A Charter School From The June 2012 Apportionment Deferral." This form can be found by selecting the appropriate link on the CDE Web page at <http://www.cde.ca.gov/fg/fi/ir/>.

As directed on the form, charter schools must submit narrative and/or documents that demonstrate that the charter school has exhausted all internal and external sources of borrowing and will become insolvent and forced to cease operations given the deferral of payments during February through June 2012. A cash flow projection for fiscal year 2011-12 must be included in that documentation. The cash flow projection for June must include only those expenditure obligations that must be paid in June 2012. In addition, the cash flow projection must recognize the inflow and repayment of all sources of borrowing such that the ending cash balance in June equals the additional funds necessary to meet the expenditure obligations for June 2012.

Charter schools must submit the completed form and supporting documentation as described above to their charter school authorizer. The authorizer must review and certify the information, in consultation with the county superintendent of schools. Charter school authorizers must submit completed, certified application forms and supporting documentation on behalf of charter schools by **April 1, 2012**, to both the Department of Finance and the CDE. Applications that are submitted without the charter authorizer's certification will not be accepted. Charter school authorizers may FAX or send via e-mail attachment a scanned copy of the original to the Department of Finance but the FAX/scan must be followed by the submission of a hard copy original. Charter school authorizers should mail or send via e-mail attachment a scanned copy of the original to the CDE. The contact information is below.

Send copy to:

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**California Department of Education**  
 School Fiscal Services Division  
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 Scan: [chris.ferguson@dof.ca.gov](mailto:chris.ferguson@dof.ca.gov)  
 FAX: 916-323-9530

If you have questions regarding the application process for charter schools, please call the CDE at 916-327-0538 and ask to be connected to the staff person assigned to the charter school's county.

***All Local Educational Agencies' (LEAs') Applications for Exemption***

**Cash Flow Projections.** All applications must be accompanied by a fiscal year 2011-12 cash flow projection. The cash flow projection should assume all enacted deferrals, unless previously exempted. To assist in the preparation of the projections, the CDE has posted a cash flow schedule on the CDE Web page at <http://www.cde.ca.gov/fg/aa/ca>. The schedule shows the statewide cash flow projections and assumptions that may be used in developing LEA-level projections. In addition, on the same Web page, the CDE posts entitlement and apportionment schedules for many categorical programs, which show the timing and amount of allocations by LEA.

Principal apportionment amounts by LEA through May 2012 can be found at <http://www.cde.ca.gov/fg/aa/pa/pa1112.asp>. LEAs should assume that their entire principal apportionment payment for June 2012 is deferred.

In order to calculate the July 2012 payment for the June apportionment, LEAs should do the following:

1. Estimate the P2 Principal Apportionment total (column B1 on the Principal Apportionment Summary).
2. Sum the payments it has received or will receive for the fiscal year 2011–12 between July 2011 and May 2012 plus the amounts deferred from February to July, March to August, April to July and August, and May to July and August (see Payment Schedule Summary – LEA detail).
3. Subtract the result of number two from number one. This is the balance that will be paid in July for the June 2012 apportionment.

A copy of this letter, the certification forms, all legal references related to internal and external borrowing and the June deferral, links to the cash flow schedule, categorical entitlement and apportionment schedules, and principal apportionment detail can be found by visiting the CDE Web page at <http://www.cde.ca.gov/fg/fi/ir/>. After the Department of Finance approves the school districts and charter schools for exemption, the CDE will post the list of exempted agencies on this site as well.

If you have further questions regarding the topics listed below, please contact the staff person listed for that topic:

- Regarding a charter school or school district deferral exemption, please call CDE at 916-327-0538 and ask to speak with the staff person assigned to the charter school or school district's county.
- Regarding cash flow planning for the principal apportionment, please contact Elizabeth Dearstyne, Consultant, School Fiscal Services Division, by phone at 916-327-0398 or by e-mail at [edearstyne@cde.ca.gov](mailto:edearstyne@cde.ca.gov).
- Regarding cash flow planning for categorical funds allocated by CDE outside the principal apportionment, please contact Nancy Cook, Manager, by phone at 916-323-1314 or by e-mail at [ncook@cde.ca.gov](mailto:ncook@cde.ca.gov).

For general questions regarding this letter, please contact Arlene Matsuura, Administrator, School Fiscal Services Division, by phone at 916-327-0538 or by e-mail at [amatsuur@cde.ca.gov](mailto:amatsuur@cde.ca.gov).

Sincerely,

Scott Hannan, Director  
School Fiscal Services Division

Last Reviewed: Tuesday, February 21, 2012