# Criteria and Standards County Office of Education – Interim Reports

A positive certification indicates that, based on current projections, the county office of education will meet its financial obligations for the current fiscal year and two subsequent fiscal years.

A qualified certification indicates that, based on current projections, the county office of education may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

A negative certification indicates that, based on current projections, the county office of education will be unable to meet its financial obligations for the remainder of the current fiscal year or subsequent fiscal year.

Deviations from the standards must be explained, and may affect the interim certification.

| **Criterion** | **Standard** |
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| 1. Average Daily Attendance | Projected countywide average daily attendance (ADA) has not changed for any of the current fiscal year or two subsequent fiscal years by more than two percent since budget adoption[[1]](#endnote-1).  Projected funded ADA for county operated programs has not changed for any of the current fiscal year or two subsequent fiscal years by more than two percent since budget adoption1. |
| 2. Local Control Funding Formula (LCFF) Revenue | Projected LCFF revenue, for any of the current fiscal year or two subsequent fiscal years, has not changed by more than two percent since budget adoption1. |
| 3. Salaries and Benefits | Projected total salaries and benefits for any of the current fiscal year or two subsequent fiscal years has not changed by more than five percent since budget adoption1. |
| 4. Other Revenues and Expenditures | Projected operating revenues (including federal, other state, and other local) or expenditures (including books and supplies, and services and other operating) for any of the current fiscal year or two subsequent fiscal years have not changed by more than five percent since budget adoption1.  Changes that exceed five percent in any major object category must be explained. |
| 5. Facilities Maintenance | Identify changes that have occurred since budget adoption1 in the projected contributions for facilities maintenance funding as required pursuant to *Education Code* Section 17070.75, or in how the county office is providing adequately to preserve the functionality of its facilities for their normal life in accordance with *Education Code* sections 52066(d)(1) and 17002(d)(1). |
| 6. Deficit Spending | Unrestricted deficit spending (total unrestricted expenditures and other financing uses is greater than total unrestricted revenues and other financing sources) as a percentage of total unrestricted expenditures and other financing uses, has not exceeded one-third of the county office’s available reserves[[2]](#endnote-2) as a percentage of total expenditures and other financing uses[[3]](#endnote-3) in any of the current fiscal year or two subsequent fiscal years. |
| 7. Fund and Cash Balances | Projected county school service fund (CSSF) balances will be positive at the end of the current fiscal year and two subsequent fiscal years and the projected CSSF cash balance will be positive at the end of the current fiscal year. |
| 8. Reserves | Available reserves2 for any of the current fiscal year or two subsequent fiscal years are not less than the following percentages or amounts[[4]](#endnote-4) as applied to total expenditures and other financing uses3:  For counties with total expenditures and other financing uses:   * the greater of 5% or $80,000 if less than $7,073,000 * the greater of 4% or $354,000 if $7,073,000 to $17,684,999 * the greater of 3% or $707,000 if $17,685,000 to $79,581,000 * the greater of 2% or $2,387,000 if $79,581,001 and over |

Provide methodology and assumptions used to estimate ADA, enrollment, revenues, expenditures, reserves and fund balance, and multiyear commitments (including cost-of-living adjustments).

Provide information on additional indicators as requested.

| **Supplemental Information** | **Provide supplemental information as follows:** |
| --- | --- |
| S1. Contingent Liabilities | Identify any known or contingent liabilities from financial or program audits, state compliance reviews, litigation, etc., that have occurred since budget adoption[[5]](#endnote-5) that may impact the budget. |
| S2. Use of One-Time Revenues for Ongoing Expenditures | Projected use of one-time revenues for ongoing CSSF expenditures has not changed by more than five percent since budget adoption1. |
| S3. Temporary Interfund Borrowings | Identify projected temporary borrowings between funds (refer to *Education Code* Section 42603). |
| S4. Contingent Revenues | Identify projected revenues for the current fiscal year and two subsequent fiscal years that are contingent on reauthorization by the local government, special legislation, or other definitive act (e.g. parcel taxes). If any of these revenues are dedicated for ongoing expenses, explain how the revenues will be replaced or the expenditures reduced. |
| S5. Contributions | Identify projected contributions from unrestricted resources in the CSSF to restricted resources in the CSSF for the current fiscal year and two subsequent fiscal years. Provide an explanation if contributions have changed by more than $20,000 and more than five percent since budget adoption1.  Identify projected transfers to or from the CSSF to cover operating deficits in either the CSSF or any other fund for the current fiscal year and two subsequent fiscal years. Provide an explanation if transfers have changed by more than $20,000 and more than five percent since budget adoption1.  Identify capital project cost overruns that have occurred since budget adoption1 that may impact the CSSF budget. |
| S6. Long-Term Commitments | Identify all existing and new multiyear commitments[[6]](#endnote-6) and their annual required payment for the current fiscal year and two subsequent fiscal years.  Explain how any increase in annual payments will be funded. Also explain how any decrease to funding sources used to pay long-term commitments will be replaced. |
| S7. Unfunded Liabilities | Identify any changes in estimates for unfunded liabilities since budget adoption1 and indicate whether the changes are the result of a new actuarial valuation. |
| S8. Status of Labor Agreements | Analyze the status of all employee labor agreements.  Identify new labor agreements that have been ratified since budget adoption1, as well as new commitments provided as part of previously ratified multiyear agreements; and include all contracts, including all administrator contracts (and including all compensation). For new agreements, indicate the date of the required board meeting.  Compare the increase in new commitments to the projected increase in ongoing revenues and explain how these commitments will be funded in future fiscal years.  If salary and benefit negotiations are not finalized, upon settlement with the certificated or classified staff:   * The county office of education must determine the cost of the settlement, including salaries, benefits, and any other agreements that change costs, and provide the California Department of Education (CDE) with an analysis of the cost of the settlement and its impact on the operating budget. * The CDE shall review the analysis relative to the criteria and standards and may provide written comments to the president of the governing board and the county superintendent of schools. |
| S9. Status of Other Funds | Analyze the status of other funds that may have negative fund balances at the end of the current fiscal year. If any other fund has a projected negative fund balance, prepare an interim report and multiyear projection for that fund. Explain plans for how and when the negative fund balance will be addressed. |

California Department of Education

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1. First interim reports will be compared to adopted budgets. Second interim reports will be compared to first interim projections. [↑](#endnote-ref-1)
2. Available reserves are the unrestricted amounts in the Stabilization Arrangements, Reserve for Economic Uncertainties, and Unassigned/Unappropriated accounts in the County School Service Fund and the Special Reserve Fund for Other Than Capital Outlay Projects. Available reserves will be reduced by any negative ending balances in restricted resources in the County School Service Fund [↑](#endnote-ref-2)
3. A county office of education that is the Administrative Unit of a Special Education Local Plan Area may exclude from its expenditures the distribution of funds to its participating members. [↑](#endnote-ref-3)
4. Dollar amounts to be adjusted annually by the prior year statutory cost-of-living adjustment, as referenced in *Education Code* Section 2574, rounded to the nearest thousand. [↑](#endnote-ref-4)
5. First interim reports will be compared to adopted budgets. Second interim reports will be compared to first interim projections. [↑](#endnote-ref-5)
6. Include multiyear commitments, multiyear debt agreements, and new programs or contracts that result in long-term obligations. [↑](#endnote-ref-6)