

Overall Coping Strategies



- Tom Duffy
Murdoch, Walrath & Holmes

Overall Coping Strategies



School Districts: Warned and Armed

- **The State of the State Regarding Capital Outlay Funding**
- **Most Challenging Year for California since the Great Depression**
- **State Cash Flow and District Programs Impacts: This Will Leave Capitol Outlay at Risk**
 - Deferred Maintenance
 - Ongoing Maintenance
 - Overcrowding Relief Grant (ORG)
 - Seismic
 - High Performance
 - Critically Overcrowded Schools (COS)
 - Modernization
 - New Construction
- **All Jeopardized**

Overall Coping Strategies



- **The Critical Situation of Bond Funding**
- **Bond Authority**
- **Bond Funds Available**
- **Debt Service**
- **Competing Capitol Needs of the State**
- **Control of which Bonds to be Sold in the future**

Overall Coping Strategies



- **The Question of Level 3 Fees**
- **State Funds Unavailable – Gov. Code 65995.7**
- **State Funds are not available if the SAB is no longer approving apportionments for new construction due to a lack of funds available**
- **This SB 50 SAFEGUARD is available ... However the reality is that new home construction is weak.**
- **State Legislature and Governor Will Need To Address the Issue**

Overall Coping Strategies



Assessing Facility Needs Short and Long Term Planning for Diminishing Resources

- Local Prioritization decisions will be key for each district
- Funding → Real Money is an issue
- Assessing the Health of all district funds
- Assessing the economic climate with a financial advisor
- Review of All Funding Options is essential
 - Bridge Loans
 - Bond Anticipation Notes (BAN's)
 - Certificate of Participation (COPs)

Overall Coping Strategies



Assessing Facility Needs Short and Long Term Planning for Diminishing Resources – Cont.

- Federal Programs
 - State Fiscal Stabilization Funds (SFSF)
 - Qualified School Construction Bonds (QSCBs)
 - Qualified Zone Academy Bonds (QZABs)
 - Qualified Energy Conservation Bonds (QECB)
 - New Clean Renewable Energy Bonds (New CREB)
 - Energy Efficiency and Conservation Block Grant Program (EECBG)
 - Build America Bonds (BAB) (Direct Subsidy)
 - Build America Bonds (BAB) (Tax Credit)

Overall Coping Strategies



Assessing Facility Needs- Cont.

- 66 2/3 Vote Bond Election (Odd and Even numbered years)
- 55% Vote/Prop 39 Bond Election (Even number years excepting for special elections called by others)
- Joint Occupancy
- Surplus Property
 - Used as Collateral
 - Leased or Sold
- Increase of Facility Fees Charged via Civic Center Act: Can charge to recover costs

Securing District Resources and State Project Savings: Anticipation of OPSC Audits



A sub-set of the C.A.S.H. LAC met with OPSC management, audit personnel and representatives of the DOF on Tuesday May 12, 2009 from 3:00 to 5:00 P.M.

1. An OPSC audit team has been working for the past four to five months creating a compliance audit approach that has been practiced and tested in a few districts.
2. The audit includes asking district personnel detailed questions regarding district business practices for purposes of gauging internal controls including bidding procedures, accounting, planning practices and levels of competence of district facilities and business personnel.
3. OPSC personnel has determined from recent experiences that it may be able to share its findings of what it deems to be best practices.

Securing District Resources and State Project Savings: Anticipation of OPSC Audits – Cont.



- 4. In terms of audit objectives OPSC seeks to determine that districts have:
 - a. Built the project approved by the SAB including classrooms, ancillary facilities, restrooms and electric rooms;**
 - b. Contributed the full 50% share of match;**
 - c. Purchased the site identified in the approved application; and**
 - d. Accrued Savings.****

Securing District Resources and State Project Savings: Anticipation of OPSC Audits – Cont.



- 5. A district not meeting the full 50% contribution may make additional expenditures to fulfill that obligation.**
- 6. OPSC uses the 60% commensurate test at project approval and uses the test at audit as an audit risk assessment gauge to determine the depth of the review.**
- 7. The inability of districts to build complete projects was an important issue prompted by C.A.S.H. during the discussion. OPSC has a process to address this issue.**
- 8. C.A.S.H. will continue to dialogue with OPSC and the DOF on the topic of audits.**