

April 6, 2020

Bulletin No. 20-039

TO: Chief Business Officials (K-12, Community Colleges)
San Bernardino County School Districts

SUBJECT: Temporary Transfer of Funds (Constitutional Advance) Procedures for FY 2020-21

We have received notice from the San Bernardino County Auditor-Controller/Treasurer/Tax Collector's (ATC) Office of the deadline and procedures for the submittal of requests for Temporary Transfers of Funds (TTF). TTFs are temporary loans based on an advance of local property tax revenues. A TTF can be requested through the ATC for use in the 2020-21 fiscal year. The request form is on our website at <http://www.sbcss.k12.ca.us/index.php/business-services/business-advisory-services/forms-financial-information>. Procedures for requesting a TTF are as follows:

- a. To ensure TTFs will be posted and available by July 1, we ask that districts submit their requests **to Business Advisory Services (BAS) by April 24, 2020**. The ATC has established a deadline of May 4, 2020 for receipt of all requests for July TTFs. TTF requests will be presented to the Board of Supervisors for approval on June 9, 2020.
 - b. Districts must submit:
 - (1) Board Resolution approving request for TTF. If Board approval will not be obtained by the April 24 due date, submit a draft Resolution and indicate the scheduled Board date. Upon approval, forward a copy of the approved Resolution to BAS.
 - (2) Cash Flows for the fiscal year in which the TTF is requested, showing a deficit accompanied by a certification. Please keep in mind that **the deficit shown needs to support the amount requested for a TTF. If the deficit is after December, districts should consult with their advisor, as half of the TTF is repaid in December**. The cash flow form, on our website at the link provided above, provides an opportunity for you to show a mid-month cash deficit, as many Districts experience their largest deficit mid-month after payroll processes.
 - (3) A resolution authorizing inter-fund borrowing. This can be a copy of the resolution provided to District Financial Services.
2. The funding level will be the lesser of:
- (1) District requested TTF amount
 - (2) 125% of the projected deepest cash deficit (on cash flow). Generally, this is between July and November, prior to the first property tax distributions.

- (3) 85% of anticipated 2020-21 property taxes (generally, until this amount is known, districts should utilize the estimated P-2 property Taxes for 2019-20, excluding one-time RDA revenues).
- c. Districts may request TTFs any time prior to the first property tax apportionment occurring after November 1st.
 - d. TTFs will be processed from July 1 up to the date of the first property tax apportionment occurring after November 1. Once requests are received by the ATC's office, the recommendation is generally placed on the Board of Supervisors' agenda within three weeks (depending on Board dark days). After approval by the Board of Supervisors, the ATC's office will post the TTF in the county's Financial Accounting System (FAS) recording and the loan in the district's financial records. The ATC contact for TTFs is Gina Lombardo at (909) 382-3198 or by email at Gina.Lombardo@atc.sbcounty.gov.
 - e. Repayment of TTFs will be processed by the ATC, 50% on December 29, 2020 and 50% on April 26, 2021.

TTFs are subject to ATC review and Board of Supervisors' approval. The ATC expects that districts have maximized their inter-fund borrowing before requesting a TTF. If this is not the case, districts should be prepared to address why they aren't using other district funds (excluding Bond funds).

The forms and documentation indicated above must be submitted to your designated BAS Advisor for review prior to forwarding them to the ATC. **For funds to be available in early July, the district's request must be received by April 24th, 2020.**

Advances approved by the Board of Supervisors at the June 9th meeting should be processed and posted to the county's financial accounting system on July 1, 2020. Requests received after April 24, may not be processed by July 1. However, our office will submit the requests to the ATC as received. The earlier our office receives requests, the earlier the district will have access to these temporary county funds. Funds are available on a *first requested basis*. TTFs are recorded using the "line-of-credit" method as it does not result in a draw on the County treasury until the District issues payments in excess of its cash in the treasury. The district does not receive interest earnings on these temporary funds. If the district's cash goes negative, interest earned will be reflected as a negative or loss during that period. **Object code 9640 was established to record TTF activities within the financial system.** The TTF is not recorded as revenue received, but as a "temporary loan". **If your district is anticipating the issuance of a TTF in the 2020-21 fiscal year, please notify your BAS Advisor immediately so that we can notify the ATC of the TTF request and they can include the specified amounts in any County TRAns issuance.**

If you have any questions, please contact your Business Services Advisor via email: Annette.baker@sbcss.net, lisa.regalado@sbcss.net, patricia.travino@sbcss.net, or susan.killian@sbcss.net

Sincerely,

Ted Alejandre
County Superintendent of Schools
Thomas G. Cassida, Jr., Director
Business Advisory Services

TC:AB:lc

Attachment: Auditor-Controller/Treasurer/Tax Collector letter