



DATE: September 2, 2010

TO: Chief Business Officials
K-12 School Districts

FROM: Nancy Sheets, Director *NS*
District Fiscal Services
Division of Administration and Business Services
(951) 826-6442 / FAX [951] 826-4457

SUBJECT: Disclosure of Non-Voter Approved Debt

3939 Thirteenth Street
P.O. Box 868
Riverside, California
92502-0868

47-336 Oasis Street
Indio, California
92201-6998

24980 Las Brisas Road
Murrieta, California
92562

Current law requires school districts to disclose the issuance of non-voter approved debt. Specifically, Education Code (EC) Section 17150 requires that districts notify the county superintendent of schools and the county auditor of the governing board's approval to issue revenue bonds or to enter into an agreement for financing school construction pursuant to EC Section 17170, and provide repayment schedules and evidence of the district's ability to repay the obligation.

EC Section 17150.1 further specifies that districts notify the county superintendent of schools and the county auditor at least 30 days prior to the governing board's approval of certificates of participation (COPs) and other non-voter approved debt secured by real property, including any refinancing, refunding, or reissued debt. This section also requires districts to disclose information necessary to assess the anticipated effect of the debt issuance, including issuance costs. **Please note that our office takes the position that this reporting requirement applies to bond anticipation notes (BANs). The county's declining assessed valuations may prohibit districts from issuing general obligation bonds as planned, thereby resulting in the issuance of other debt instruments.**

Within 15 days of receiving the debt disclosure information, the county superintendent of schools and the county auditor may publicly comment to the governing board regarding the district's ability to repay the debt obligation.

As a reminder, a district with a qualified or negative certification in any fiscal year may not issue, in that fiscal year or the next succeeding fiscal year, non-voter approved debt, including tax and revenue anticipation notes (TRANS) and BANs, unless the county superintendent of schools determines that the district's repayment of that debt is probable (per EC Section 42133).

Our office has developed a form for school districts to disclose this information for the 2010-11 fiscal year (see attached). **Please submit a Disclosure of Non-Voter Approved Debt to District Fiscal Services at least 30 days prior to the governing board's approval to proceed with all non-voter approved debt issuance.**

NS:tk
Attachments

**Riverside County
Board of Education**

Gerald P. Colapinto

Lisa A. Conyers

Lynne D. Craig

Betty Gibbel

Vick Knight

William R. Kroonen

Adolfo Mediano, Jr.