



# Santa Barbara County Education Office

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Susan C. Salcido, Superintendent of Schools

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June 16, 2021

SBAS- 9433

TO: K-12 School Districts

ATTENTION: Chief Business Officials

FROM: Denice Cora, Administrator

SUBJECT: **Public Disclosure of Non-Voter-Approved Debt**

School districts are required to publicly disclose information about non-voter-approved debt and provide these disclosures to the county superintendent of schools and the county auditor before action is taken on the proposed debt issuance. This provision ensures that the impact of the proposed long-term commitment can be reviewed and evaluated to determine affordability and avoid any unnecessary cost obligations.

Our office would therefore like to remind you of the following public disclosure requirements related to non-voter-approved debt.

## **Timelines for disclosure and comment**

Pursuant to Education Code Sections 17150(a) and 17150.1(a), all school districts must submit public disclosures of non-voter-approved debt to the county superintendent of schools and the county auditor **no later than 30 days prior** to the date on which the governing board will take action on the proposed debt issuance.

The types of debt covered under these provisions include Certificates of Participation (COPs), Revenue Bonds, lease purchases secured by real property, Bond Anticipation Notes (BANs), Qualified Zone Academy Bonds (QZABs), Qualified School Construction Bonds (QSCBs), or any other debt instrument secured by real property and not subject to voter approval.

Districts with a qualified or negative budget certification in the current or prior fiscal year **must obtain approval** from the county superintendent of schools prior to issuing non-voter approved debt (Education Code Section 42133(a)). Otherwise, for districts with a positive budget certification, the county superintendent of schools and the county auditor **may** comment publicly to the governing board of a school district, within 15 days of the receipt of the information, regarding a district's ability to repay that debt obligation. If the district does not comply with

debt disclosure requirements, it could affect our ability to approve a district's budget or concur with a positive certification.

### **Disclosure information and distribution**

The disclosure of proposed issuance of non-voter-approved debt must be provided to the county auditor, county superintendent, governing board and public. In addition to a basic description of the proposed issuance, the district must include a repayment schedule, issuance costs, evidence of its ability to repay the debt, and any additional information needed to assess the anticipated fiscal impact of the debt issuance.

To fulfill this disclosure requirement, please use the *Public Disclosure of Non-Voter-Approved Debt* Workbook. This form, along with a *district certification*, is available on the SBAS website.

### **Separate board item**

A school district "shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting" when making any decision that involves borrowing an amount greater than or equal to one hundred thousand dollars (\$100,000) (Government Code Section 53635.7). These items should, therefore, be included as an **action** item. They should **not** be placed on the consent agenda.

### **Use of debt proceeds**

Please also be aware that school districts are prohibited from using the proceeds from specific debt instruments for general operating purposes (Education Code Section 42133.5). This prohibition applies to COPs and other non-voter-approved debt instruments that are secured by real property.

Please feel free to contact your district financial advisor if you have any questions.

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c District Financial Advisors  
Betsy Schaffer, County Auditor-Controller