

The FISCAL REPORT *32* *informational* *update*

Copyright © 2013 School Services of California, Inc.

Volume 33 For Publication Date: March 22, 2013 No. 6

Ask SSC . . . How Do We Comply With the EPA Reporting Requirements?

Q. I understand that we are supposed to take something to the board about the Education Protection Account (EPA). What is the format and when do we need to do this?

A. The creation of the EPA by Proposition 30 not only impacts cash flow patterns but also has an accountability component. Proposition 30 provides that all K-14 local agencies have the sole authority to determine how the funds received from the EPA are spent, but with these provisos:

The spending plan must be approved by the governing board during a public meeting
EPA funds cannot be used for the salaries or benefits of administrators or any other administrative costs (as determined through the account code structure)
Each year, the local agency must publish on its website an accounting of how much money was received from the EPA and how the funds were expended

In addition, there will now be a requirement for the annual financial audit to include verification that the EPA funds were used as specified by Proposition 30, and the additional cost of the audit would be an allowable expense from the EPA. If EPA funds are not expended in accordance with the requirements of Proposition 30, civil or criminal penalties could be incurred.

No specific format for taking the EPA expenditure plan to the board has been identified by Proposition 30, so it is up to local agencies to design the board item. However, each local agency should present to its board the expenditure plan for 2012-13 as soon as possible so that the expenditures can be appropriately applied to the EPA on the local agency's financial system before the end of the year.

For 2013-14 through 2017-18, the rest of the years that Proposition 30 will be effective, the EPA spending plan should be approved by the board at the time the budget for each year is adopted.

—*Sheila G. Vickers*

posted 03/20/2013