

# DISTRICT FINANCIAL SERVICES INSIGHTS

## SB 96 FAQs

### SB 96 Amended Labor Code Changes Implemented by SB 854

- Q. If a contractor contracts for multiple small projects within a fiscal year, is this one project or can they be treated individually.
- A. Depends. If a contractor is used multiple times a year on an on-call or routine basis, the DIR sees this as one project and not a bunch of under \$15K or \$25K projects. Example, window repair. If the glazer is given an Open PO for \$40,000, registration would be required as well as a PWC-100 and uploading of certified payrolls.
- Q. Are we required to file a PWC-100 for each project or one for the whole year?
- A. No, this is the Open PO concept. You file a PWC-100 for the anticipated annual expenditure. At the end of the year, you modify the PWC-100 with the actual spend. Just to be clear, this is for annual type of maintenance agreements.

If there is a plumbing break and you call out a plumber and then several months down the road, you have another incident, each would be considered a separate project. If the first one costs you \$12,000, and the second one costs \$10,000; registration would not be required because they were separate unforeseen small

projects. If one was \$12,000 and the second one was \$30,000; then only the second one would require registration and filing of a PWC-100.

- Q. Do contractors still pay their employees Prevailing Wages for small (under \$15,000) projects?
- A. Yes, Labor Code still requires prevailing wages be paid from projects of \$1,000 or more.
- Q. If a contractor performs exclusively on small projects they are exempt from registration. Does this mean they cannot work on larger projects?
- A. A contractor who works on projects under the registration threshold would not be required to register; however they may not bid as a prime contractor or subcontractor on a project that exceeds the thresholds unless they register first.

## Mileage Logs

Reminder that mileage logs or claim forms must show a start point and end point. The IRS allows for address or odometer readings. Additionally, mileage claimed must exclude home-to-work commuting miles for regular work week business travel.

Please email Guiselle Carreon at [guiselle.carreon@sdcoe.net](mailto:guiselle.carreon@sdcoe.net) if you have any questions.

## IMPORTANT / UPCOMING DATES AND DEADLINES

### WORKSHOPS

May 24, 2017	Year-end Workshop
June 6, 2017	Retirement Reporting Workshop
Sept. 8, 2017	Retirement Reporting Workshop
Oct. 30, 2017	2017 Year End Reporting & W-2 Workshop
Nov. 13, 2017	2017 W-2 Reportables Open Lab

### FUTURE DEADLINES - PROP 39:

June 30, 2018	LEA's final encumbrance
August 1, 2018	Final Expenditure Plan Submission
June 30, 2020	Final date all projects must be complete

## ***MOUs vs. Contracts***

We often see districts using an Memorandum of Understanding form instead of a contract. MOUs by nature are intended to be non-binding agreements; however, the way an MOU reads, may create a contractual obligation.

A contract is a legally enforceable agreement between two or more parties that creates an obligation to do (or not do) a particular thing. The parties must intend to create a legally enforceable agreement, but they need not intend to create – or even understand – that they are entering into a “contract.” Elements of a contract are:

1. An offer made by the promisor.
2. An acceptance of the offer by the promisee.
3. Consideration in the form of money or a promise to do or not do something.
4. Mutuality between parties to carry out the promises of the contract.

An MOU is often used to define the expectations and responsibilities of each of the parties. For example, a facility use MOU would include: (1) which party is responsible for the costs of maintenance and repairs, (2) which party carries insurance and liability, (3) which party provides staffing; and (4) a process for conflict resolution.

If an MOU include the elements of a contract, it becomes an enforceable contract regardless of what you choose to call it. MOUs due to their simplicity, may result in increased liability to districts since they rarely include the contractual clauses found in a formal contract.

As one of the attorneys I present with states: “There is no problem when using an MOU form until there is a problem.”

If your intent is to have a binding agreement enforceable under the law and you are providing consideration in return for a good or service, the use of a formal contract is recommended.

As always, having your legal counsel review your contract forms, is recommended.

## ***Year-end Closing Reminders***

When districts are ready to close their 2016-17 books, please send completed PeopleSoft Closing Checklist and SACS Technical Review Checklist (TRC) to Financial Accounting at [finacct@sdcoe.net](mailto:finacct@sdcoe.net).

PeoplesSoft Closing Checklist can be found on SDCOE Financial Accounting’s webpage under Quick Links:

<http://www.sdcoe.net/business-services/financial-services/financial-accounting/Pages/financial-accounting.aspx>

September 15 – Governing Board shall approve, and district shall submit to SDCOE, *2016-17 SACS Unaudited Actuals* [E.C. 42100(a)]

## ***Retirement Reporting Reminders***

### ***New Year Reminder***

2017-2018 Rates bulletin is available on our website at this direct link:

<http://www.sdcoe.net/business-services/financial-services/retirement-reporting/Documents/Retirement/RATES1718a.pdf>

Please note that for 2017-2018, the CalPERS Employee Rate for PEPPRA members increased from 6.0% to 6.5%. Please ensure your payroll and human resources are aware of this in case they receive questions from employees on payday.



**SAN DIEGO COUNTY**  
**OFFICE OF EDUCATION**