

2010-11 Fiscal Year-End Closing

Orange County Department of Education
Business Services

June 2, 2011

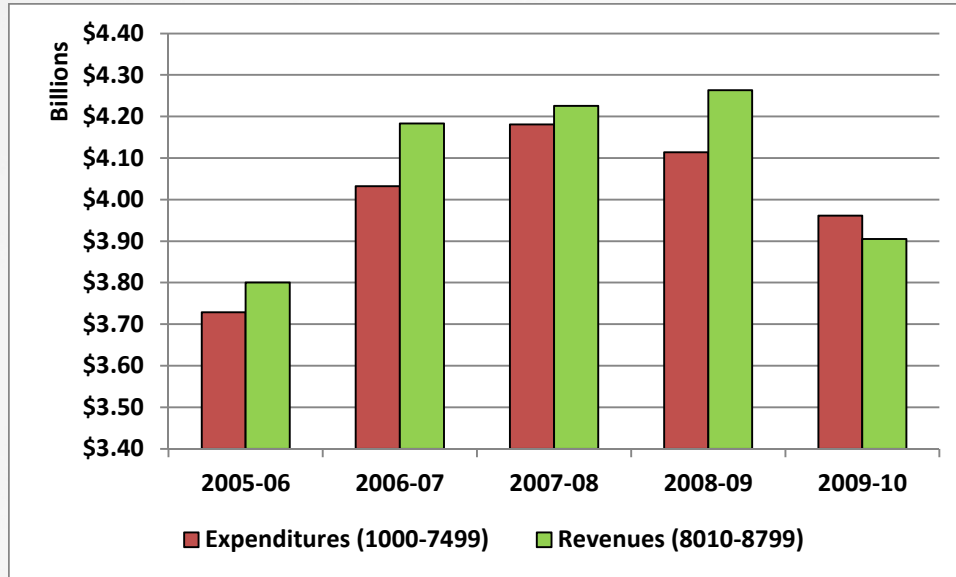
Agenda

1. 2009-10 Year in Review
2. What's New in 2010-11
3. Year-End Calendar
4. Accounting Guidelines
5. SACS Software

2009-10 In Review

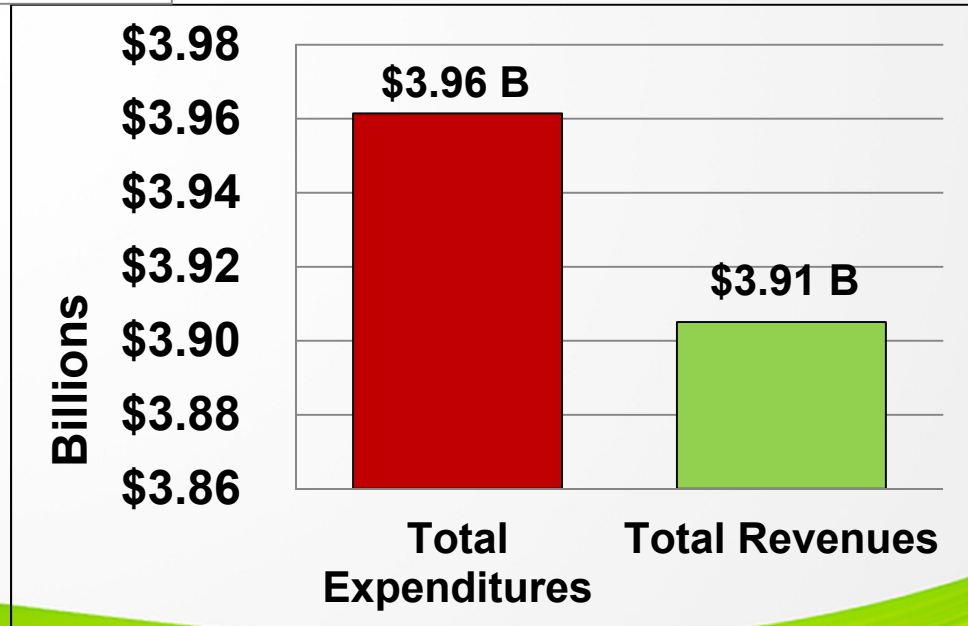
- Cuts to Education
- More Apportionment Deferrals
- Revenue Limit Deficit Factor of 18.355%
- Plus a reduction of \$252.99 per Average Daily Attendance that was for 2008-09

K-12 Revenues and Expenses

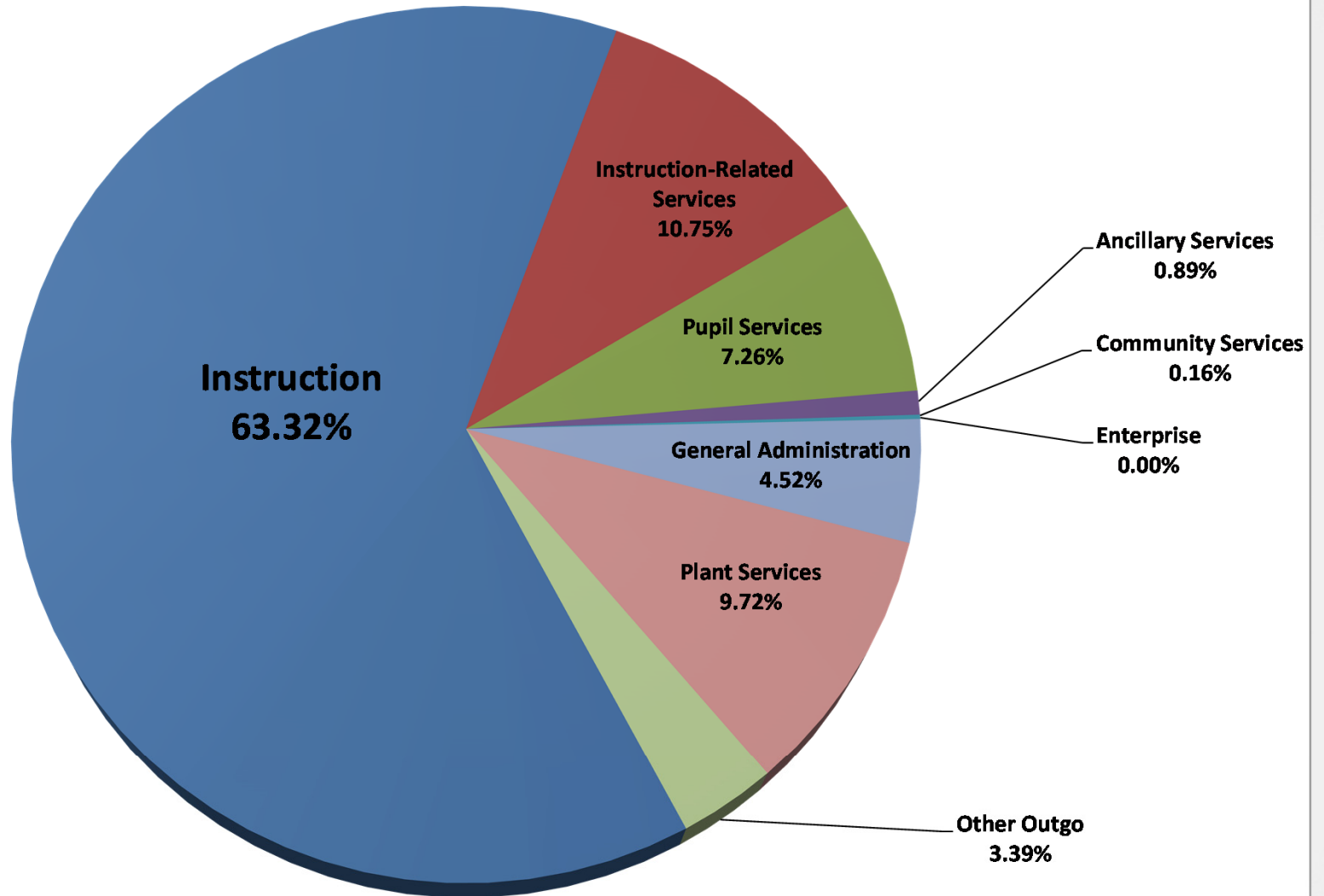


General Fund Data for K-12 School Districts

2009-10 Only



K-12 General Fund Expenditures by Function



2010-11

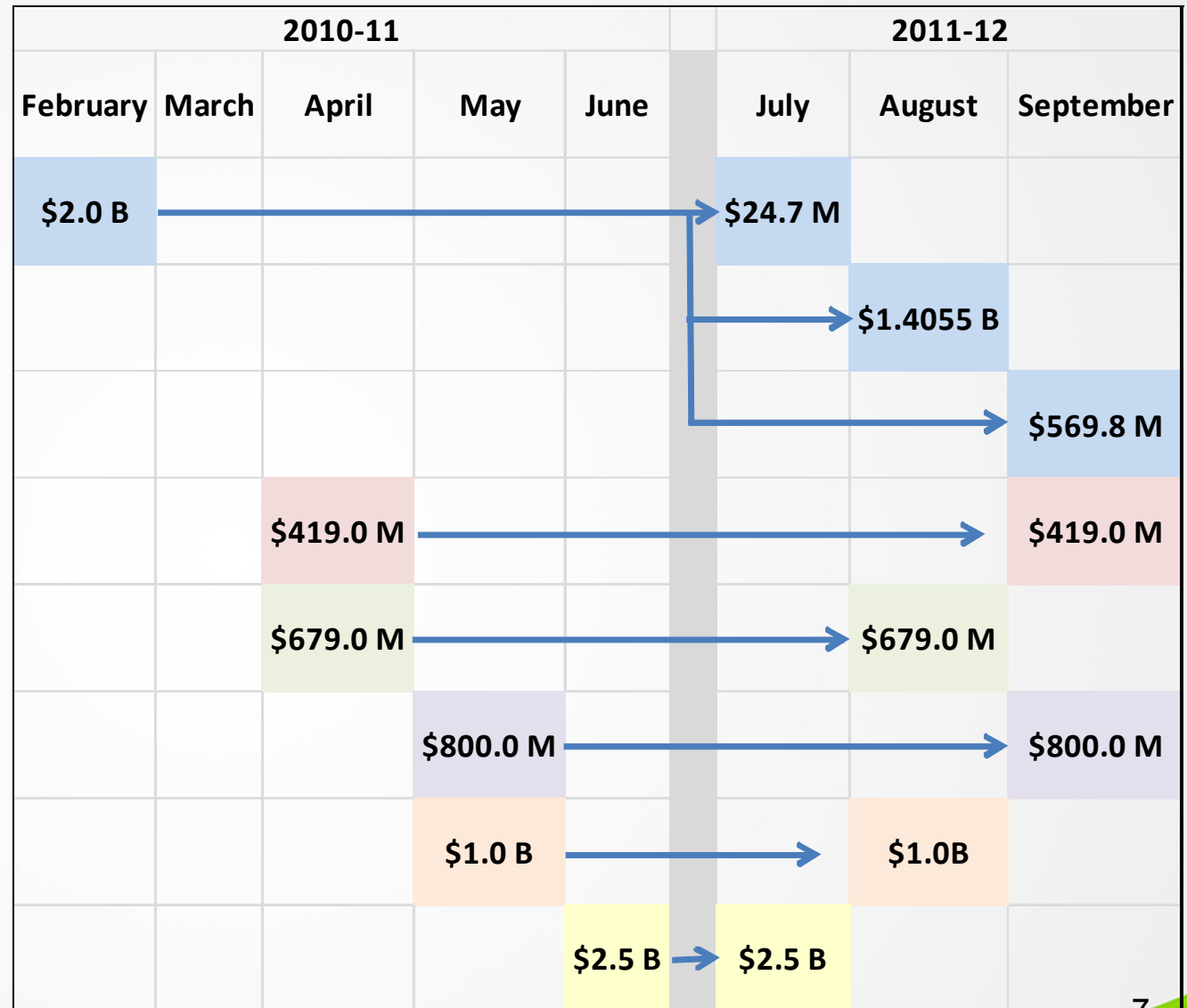
- Revenue Limit Deficit Factor of 17.963%
- More apportionment deferrals
- GASB 54 Fund Balance Reporting
- Special Education Pass Through Fund
 - Effective in 2011-12 for SELPA AU's of multi-district SELPAs
- Changes to SACS Matrix Tables

K-12 Principal Apportionment Deferrals

Statewide \$7.4 billion deferred across fiscal years from **2010-11** to **2011-12**

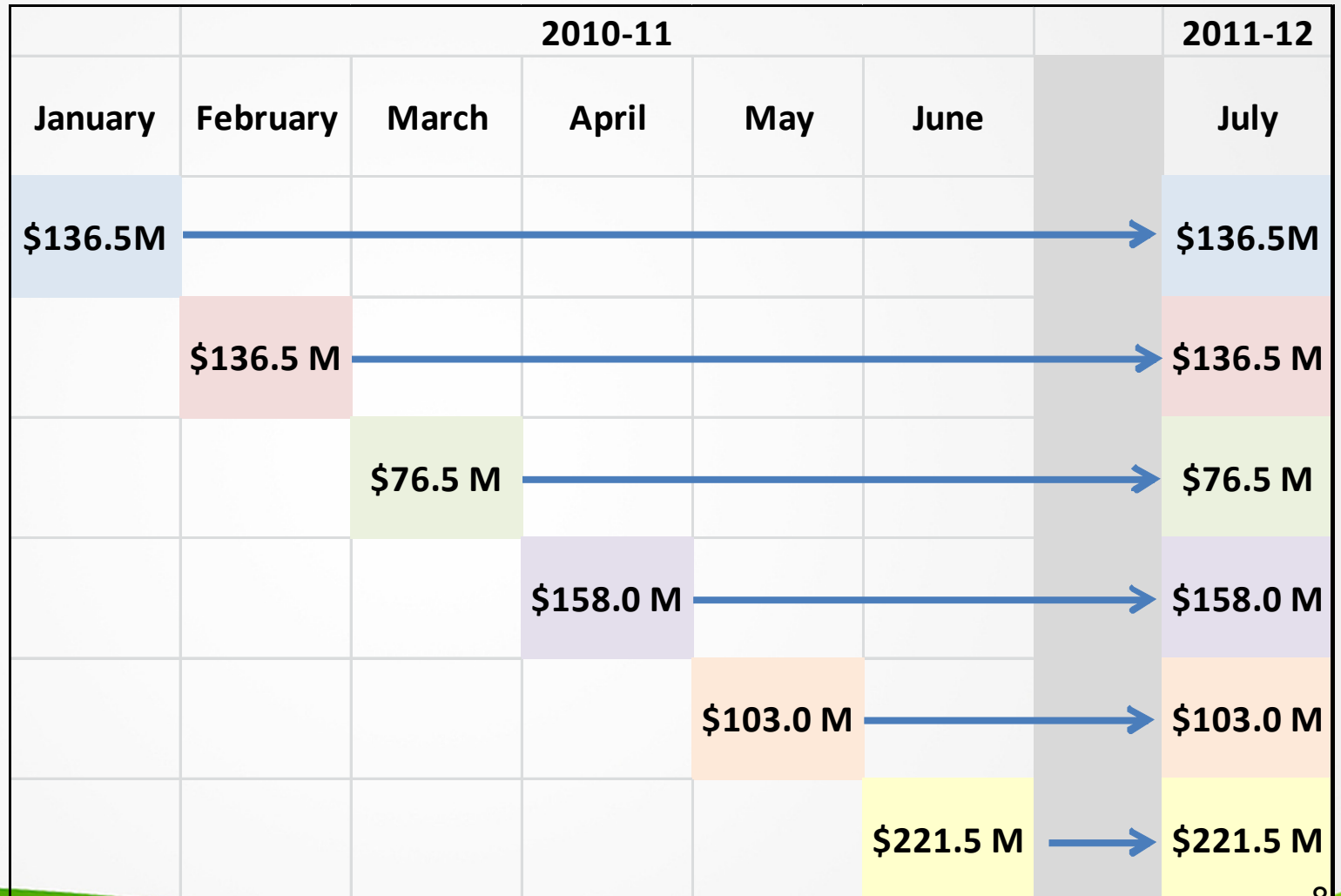
2010-11 P-2 will be certified by June 15th.

\$7.0 billion is projected to be deferred from **2011-12** to **2012-13**



Community College Principal Apportionment Deferrals

Statewide \$832 million deferred from 2010-11 to 2011-12



GASB 54

- Objective
 - is to enhance the usefulness of fund balance information by providing clearer fund balance classifications with consistent application
 - Clarifying existing governmental fund type definitions
- Effective in 2010-11 for all governments that report governmental funds

GASB 54

- Establishes new fund balance classifications:
 - Nonspendable Fund Balance
 - Restricted Fund Balance
 - Committed Fund Balance
 - Assigned Fund Balance
 - Unassigned Fund Balance
- SACS Fund Balance Object Code Changes

GASB 54 Fund Balance Classifications

- **Nonspendable** – not in spendable form, for example inventories and prepaid amounts
- **Restricted** – externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation

GASB 54 Fund Balance Classifications

- **Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the **government's highest level of decision making authority**
 - Formal action is also required to uncommit fund balances
- **Assigned** – constrained by governments intent
 - Governing Board can delegate the authority to assign fund balances
- **Unassigned** – residual balances (General Fund only)

GASB 54 – Action Required

1. Establish fund balance policies and procedures
 - Must be disclosed in the notes to the financial statements
2. Ensure that the Board has taken formal action before June 30, 2011 to commit revenue sources (if needed)
3. Crosswalk 2010-11 fund balance into the new GASB 54 categories for financial statements

GASB 54 Crosswalk

SACS Fund Balance before GASB 54			SACS Fund Balance with GASB 54 Changes		
Object Code	Classification	Object Code Title	Object Code	Classification	Object Code Title
9711	Reserved	Reserve for Revolving Cash	9711	Nondisposable	Nondisposable Revolving Cash
9712	Reserved	Reserve for Stores	9712	Nondisposable	Nondisposable Stores
9713	Reserved	Reserve for Prepaid Expenditures	9713	Nondisposable	Nondisposable Prepaid Expenditures
9719	Reserved	Reserve for All Others	9719	Nondisposable	All Other Nondisposable Assets
9720	Reserved	Reserve for Encumbrances (Budgetary account, this is not reported to CDE.)	<i>Eliminated</i>		
9730	Reserved	General Reserve	<i>Eliminated</i>		
9740	Reserved	Legally Restricted Balance	9740	Restricted	Restricted Balance
			9750 (New)	Committed	Stabilization Arrangements
			9760 (New)	Committed	Other Commitments
9770	Unreserved/Designated	Designated for Economic Uncertainties	see 9789 below		
9775	Unreserved/Designated	Designated for Unrealized Gains of Investments and Cash in County Treasury	<i>Eliminated</i>		
9780	Unreserved/Designated	Other Designations	9780	Assigned	Other Assignments
			9789 (New)	Unassigned	Reserve for Economic Uncertainties
9790	Unreserved/Undesignated	Undesignated/Unappropriated	9790	Unassigned	Unassigned/Unappropriated

GASB 54 – Other Issues

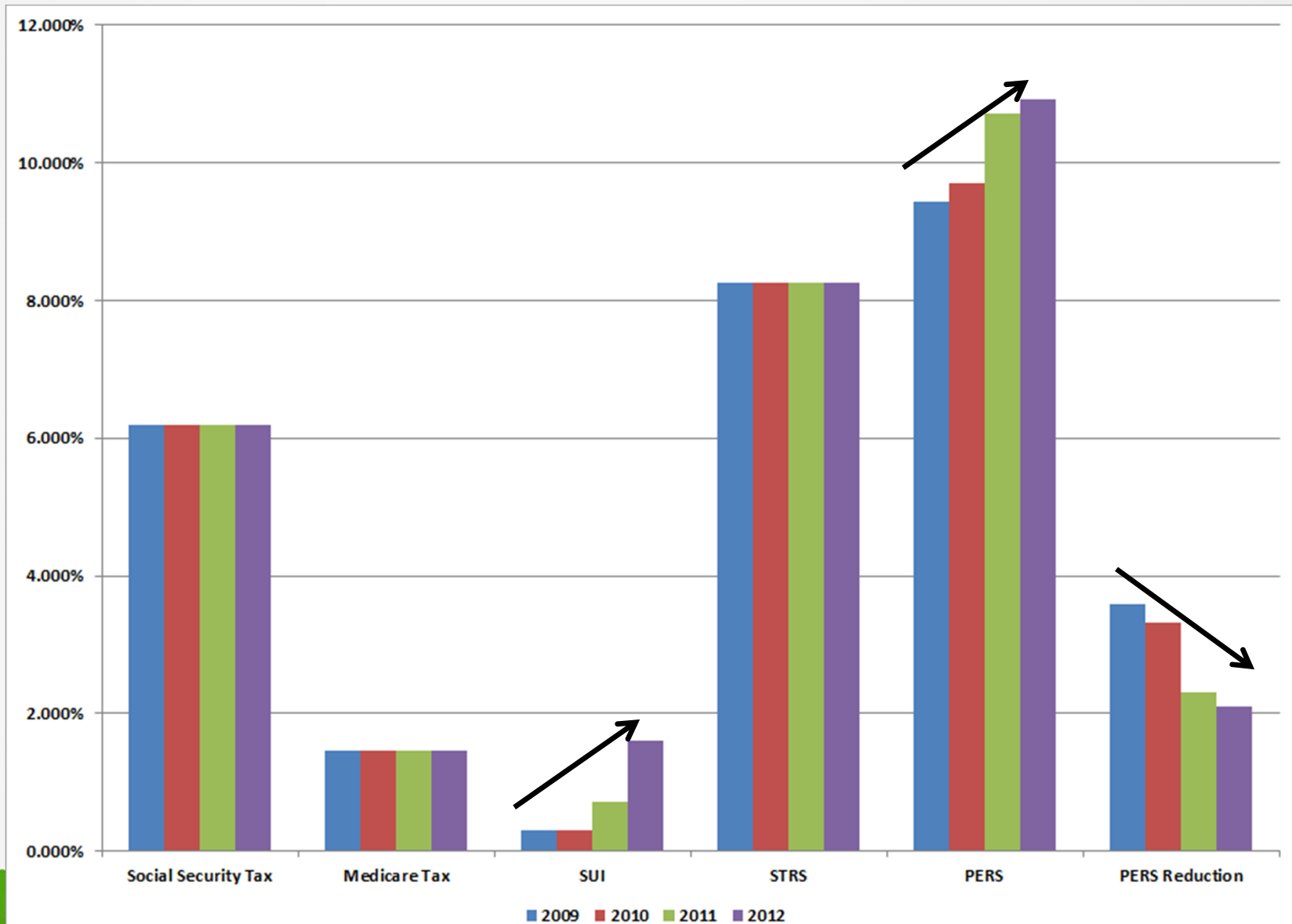
- Special Revenue Funds
 - Fund balance in these funds may only be restricted or committed
 - There must be substantial revenue from restricted or committed revenue sources
- Governmental Funds other than the General Fund
 - GASB 54 does not allow for unassigned fund balances outside of the General Fund
 - Must use restricted SACS resource codes
 - May need to reclassify balances between unrestricted and restricted resources
 - Make contributions in 2010-11 or make restatements in 2011-12 (due to a new accounting principle)

K-12 Flexibility Options

Flexibility Option	Education Code Reference	Old End Date	New End Date (SB 70)
Ongoing and Major Maintenance, may reduce the 3% contribution	17070.766	2012-13	2014-15
Deferred Maintenance Match Flexibility	17584.1	2012-13	2014-15
Depositing proceeds from the sale of surplus property into the General Fund	17463.7	1/1/2012	1/1/2014
Reserve for Economic Uncertainties at 1/3 of percentage adopted by the State Board of Education as of 5/1/2009	33128.3	must be restored by 2011-12	must be restored by 2013-14
Categorical Flexibility	42605	2012-13	2014-15
Reduce the equivalent of up to 5 days of instruction or the equivalent number of instructional minutes without incurring fiscal penalties	46201.2	2012-13	2014-15
The governing board of a school district is not required to provide pupils with instructional materials by a specified period of time following adoption of those materials by the State Board of Education	60422.3	2012-13	2014-15
K-3 Class Size Reduction with Penalties	52124.3	2011-12	2013-14

Flexibility options were extended by 2 years in March 2011 (SB 70).

Employer Rates



State Unemployment Insurance

- 2010-11 – the rate is 0.72%
- 2011-12 – the rate is 1.61%
- Be sure to claim Local Experience Charge (LEC) expenses as unemployment expenditures when reporting to OCDE for state reporting purposes

Revenue Limit Adjustment Change

- AB 851 – combines the Meals for Needy Pupils and the Beginning Teacher Salary revenue limit adjustments
 - Started in 2010-11

Supplemental ERAF (SERAF)

Under ABX4 26, SERAF is a budget savings shift from redevelopment agencies to the State of California. SERAF saves the State \$2.05 billion over two years (\$1.7 billion in 2009-10 and \$350 million in 2010-11). 2010-11 is the final year.

The County Auditor-Controller receives deposits from redevelopment agencies by May 10th, then allocates available SERAF to school districts in redevelopment project areas based on average daily attendance.

The County Auditor reduces secured property taxes on the Annual J-29 and increases the SERAF field by the same amount. There is no net impact to property taxes.

Orange County K-12 school districts must debit object code 8041 and credit object code 8046 for the amount shown on the left to match the J-29 at year-end.

SACS Matrix Changes

Date	Fund	Resource	Object	Description	Comment
6/2/2010		3318		Special Ed: IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	New for 2010-11
6/2/2010		3329		Special Ed: ARRA IDEA Part B, Sec 619 Preschool Grants Early Intervening Services	New for 2010-11
6/2/2010		3332		Special Ed: IDEA Part B, Sec 611, Preschool Local Entitlement Early Intervening Services	New for 2010-11
6/2/2010		3334		Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement Early Intervening Services	New for 2010-11
9/30/2010		3205		Education Jobs Fund	New for 2010-11
9/30/2010		4036		NCLB: Title II, Part A, Administrator Training	Allowed for JPAs
9/30/2010		3314		Special Ed: ARRA IDEA Part B, Sec 611, Local Assistance Private Schools ISP's	Allowed for Object 8182
9/30/2010		5451		Child Nutrition: Garden Enhanced Nutrition Education Project (09-10)	End date of 6/30/2013
9/30/2010		5453		Child Nutrition: SHAPE California Model Nutrition Education (09-10)	End date of 6/30/2013
9/30/2010		6050		Child Development: Prekindergarten and Family Literacy, Part-Day (09-10)	End date of 6/30/2013
9/30/2010		6051		Child Development: Prekindergarten and Family Literacy, Full-Day Option (09-10)	End date of 6/30/2013
9/30/2010		6055		Child Development: State Preschool (09-10)	End date of 6/30/2013
9/30/2010		6056		Child Development: Preschool, Full-Day (09-10)	End date of 6/30/2013
9/30/2010		6144		Child Development: Instructional Materials and Supplies (09-10)	End date of 6/30/2013
9/30/2010		6275		Teacher Recruitment and Retention (09-10)	End date of 6/30/2013
9/30/2010		6680		Tobacco-Use Prevention Education: COE Administration Grants	Ends 6/30/2011
11/3/2010		3505		Vocational Programs: Nontraditional Training and Employ (Carl Perkins Act) (09-10)	End date of 6/30/2013
11/3/2010		7366		Supplementary Programs: Foster Youth in Licensed Foster Homes	Ends 6/30/2011
12/6/2010		4110		NCLB: Title V, Part A, Innovative Education Strategies (09-10)	End date of 6/30/2013
12/6/2010		4115		NCLB: Title V, Priority Projects (09-10)	End date of 6/30/2013
2/14/2011	10			Special Education Pass-Through Fund	New for 2011-12
2/14/2011			9750	Stabilization Arrangements	New for 2011-12
2/14/2011			9760	Other Commitments	New for 2011-12
2/14/2011			9789	Reserve for Economic Uncertainties	New for 2011-12
2/14/2011			9730	General Reserve	Ends 6/30/2011
2/14/2011			9770	Designated for Economic Uncertainties	Ends 6/30/2011
2/14/2011			9775	Unrealized Gains or Losses of Investments	Ends 6/30/2011
2/22/2011			9796	Capital Assets, Net of Related Debt	New for 2011-12 (Proprietary and Fiduciary Funds Only)
2/22/2011			9797	Restricted Net Assets	New for 2011-12 (Proprietary and Fiduciary Funds Only)
5/2/2011			9740	Legally Restricted Balance	Opened in Funds 17 and 20
5/2/2011			8046	Supplemental Educational Revenue Augmentation Fund (SERAF)	Ends 6/30/2011
5/2/2011		9010		Other Local	Ends in Funds 17 and 20 on 6/30/2011

Closing the Books

- Prepare a closing schedule
- Various asset accounts must be reviewed
- Close out all prior year payables and receivables
- Accrue all receivables
- Accrue all payables
- Close out grants and entitlements
- Review accounting for leases, COPs, and Mello-Roos
- Reconcile all inter-program and inter-fund transactions
- Close out other funds
- Components of ending fund balance
- Follow your year-end closing schedule and make sure that you consider county deadlines

OCDE Disbursement Deadlines

- 6/22/2011
 - Offline districts submit approved registers and batches for 2010-11
- 6/23/2011
 - Online districts submit approved registers and batches for 2010-11



OCDE Disbursement Deadlines

- 6/28/2011
 - Last day to process check cancellation requests
 - Coast and North Orange County CCD, last day to submit batches and registers
- 6/29/2011
 - Offline, last day to process checks on hold
 - Online, last day to release items with backup
- 7/1/2011
 - First day to process 2011-12 checks and batches



OCDE District Accounting Deadlines

- 6/28/2011
 - Last day to submit interfund transfers of cash
 - After this date, you must create “due to (9610) due from (9310)” journal entries
- 6/29/2011
 - Last day to make cash receipt deposits
 - After this date, you must post “cash collections waiting deposit (9140,9125)” journal entries



OCDE District Accounting Deadlines

- 8/01/2011
 - Final General Ledger reports will be produced
 - This is the countywide goal and preferred closing date for the 2010-11 accounting period



6/02/2011 to 6/30/2011

- Reconcile the General Ledger
- Review all SACS string account codes for accuracy
- Verify categorical awards and entitlement amounts
- *Have you reversed 2009-10 year end distributions for A/P and A/R?*

Closing Tasks

- 7/11/2011 or earlier
 - Offline Districts
 - J-43 Current Liabilities
 - J-43A Current Receivables
 - J-43A1 Abatement of Expenditures
- 7/14/2011 – 7/29/2011
 - Preparation of Form CAT or equivalent
- 7/20/2011
 - Accrue State Unemployment Insurance and Deferred Summer Pay

Closing Tasks

- Mid-July
 - Reconcile cash accounts (9120 – 9135)
 - Record accruals for principal apportionment programs after CDE certifies P-2
 - <http://www.cde.ca.gov/fg/aa/pa/pa1011.asp>
 - Zero out all holding and control accounts

Closing Tasks

- End of July
 - Make contributions to restricted resources
 - Verify the total for 9310 matches 9610
 - PERS Reduction (8092 = 3800)
 - ***All Fund Balances must be POSITIVE***
- Mid-August
 - Rollover Net Beginning Balances
 - Distribute fund balance (9791) to pseudo with date of *****7/1/2011***** impacts federal interest calculations

Accounting Guidelines

- Normal Balances
- Restricted Resources
- Cash in Transit
- Control, Suspense, Error, and Header Accounts
- GL275 and GL276 Reports
- Inter Fund Transfer Codes
- Mid-Month Payroll
- STRS & PERS Accruals

SACS Software

- Clear all Technical Review Checks (TRC)
- Review your Indirect Cost Rate calculation (Form ICR)
- Review your Special Education Maintenance of Effort (Form SEMA)
- Review your No Child Left Behind Maintenance of Effort (Form NCMOE)
- Form TRAN
- Form GANN

What's new in the SACS Software?

- Form 10/10I – Special Education Pass-Through Fund
- Fund Forms - changes due to GASB 54
- Forms 51A and 53A – allows columns to be deleted
- Form CEFB – revised due to GASB 54 implementation
- Form ICR – now optional for budget and interim reporting periods
- Form JUV – GASB 54 changes
- Form MYP – GASB 54 changes
- Form NCMOE – now opened to COEs
- Form RL – shaded lines 8 and 13 for Meals for Needy Pupils and Beginning Teacher Salary Incentive Funding

Form ICR

Check Form ICR before closing you finish closing. This is a great way to double-check that you charged the correct rates to programs.

Unaudited Actuals
2009-10 Unaudited Actuals
Exhibit A: Indirect Cost Rates Charged to Programs

Approved indirect cost rate: 4.74%
Highest rate used in any program: 4.74%

Fund	Resource	Eligible Expenditures (Objects 1000-5999 except Object 5100)	Indirect Costs Charged (Objects 7310 and 7350)	Rate Used
01	3010	310,967.37	14,740.00	4.74%
01	3710	11,039.68	523.00	4.74%
01	3715	317,072.64	15,029.00	4.74%
01	4035	152,081.68	7,209.00	4.74%
01	4045	4,904.99	232.00	4.73%
01	4050	68,420.11	3,243.00	4.74%
01	4203	159,414.81	7,556.00	4.74%
01	5630	65,263.58	3,093.42	4.74%
01	6010	345,277.78	15,927.00	4.61%
01	6250	54,611.70	2,589.00	4.74%
01	6286	15,351.70	728.00	4.74%
01	7090	443,314.09	14,237.00	3.21%
01	7810	159,029.47	7,535.00	4.74%
01	9010	430,542.53	15,410.47	3.58%
12	6080	976,743.76	40,000.00	4.10%
12	6105	581,352.25	27,354.00	4.71%
13	5310	1,544,388.25	52,646.00	3.41%

Indirect Cost Rates

NEW SLIDE

- **2010–11**
 - For food service and adult education programs for fiscal year 2010–11, districts are limited to the **lesser** of:
 - **Their CDE approved indirect cost rate** (approved April 2010, based on 2008–09 data)
 - **or**
 - **4.44% for Food Service**
 - **4.35% for Adult Education programs subject to EC 52616.4(a)(3)**
- **2011–12**
 - For food service and adult education programs for fiscal year 2011–12, districts are limited to the **lesser** of:
 - **Their CDE approved indirect cost rate** (approved April 2011, based on 2009–10 data)
 - **or**
 - **4.80% for Food Service**
 - **4.76% for Adult Education programs subject to EC 52616.4(a)(3)**

Indirect Cost Rate

NEW SLIDE

- Did you know?
 - You may record 100% of your single audit expenses to function code 7190.
 - This will increase the numerator in the Indirect Cost Rate Calculation, which will increase your overall indirect cost rate.
 - Remember that 2010-11 data calculates the LEA indirect cost rate for 2012-13.

Form TRAN

- Entitlements for Home-to-School and Special Education Transportation are calculated using the data on Form TRAN
 - **Education Code 41851(c)** – in no event shall the home-to-school transportation allowance exceed the prior year's approved home-to-school transportation costs, increased by the amount provided in the Budget Act
 - Please note an LEA's allowance is not the apportionment (cash) it is receiving, but the actual entitlement amount (lesser of prior year expenditures or allowance). Funds available to pay the entitlement have been reduced by Control Section 12.42 of the Budget Act

Form TRAN

E. Deduction for unallowable costs			
1. ENTER amount of unallowable costs included in Schedule II, lines C1 and C6 paid by you to another LEA			
2. Less: ENTER unallowable costs amount included in deduction taken on Line B			
F. Total Deductions (Lines B, C1, C2, D1, D2, and E1 minus lines C3, D3, and E2)		0.00	57,931.00
G. Bus Operating Expense (Line A minus Line F)	110/111	424,997.51	230,305.73
H. 1. Cost Per Mile (Line G divided by Schedule I, Line C)	120/121	9.825	6.825
2. Cost Per Pupil (Line G divided by Schedule I, Line B1)	122/123	3,512.376	5,006.646
I. Payments to common carriers and to parents in lieu of transportation (Lines C1 and C2 minus Line C3)	080/081	0.00	57,931.00
J. 1. ENTER prior year unallowable costs paid to another LEA used in the current year for bus purchases			
2. Bus acquisition and replacement (Lines J1, D1, and D2 minus D3)	085/086	0.00	0.00
K. Approved Transportation Expense (Lines G, I, and J2)	130/133	424,997.51	288,236.73
L. Approved Non-SD/OI Home-to-School Transportation Expense			
1. Calculated Expense (Line K divided by Schedule I, Line B1 times Schedule I, Line B2)	132c	207,230.19	
2. ENTER LEA's computed expense if different than amount calculated in Line L1 (maintain documentation locally)	132a		

Looking Forward to 2011-12

- Governor's May Revise
- Student Fees
- SACS Object Code Changes – GASB 54
- Special Education Pass-Through Fund
- Update to the California School Accounting Manual (CSAM)

Special Education Pass-Through Fund

- Multi-district SELPA Administrative Units must establish a Fund 10 for Special Education Pass-Through
- Used only for pass-through revenues
 - State special education apportionments
 - Federal local assistance under IDEA
 - COE's local property taxes restricted to Special Education
 - Federal preschool funding
 - State mental health funding

Special Education Pass-Through Fund

- Effective beginning with 2011-12
- This only applies to districts: 51, 74, 82, 83 and 94
- Establish 2011-12 beginning fund balances with restatements (for each resource)

Questions?