

# 2015 Year End Workshop

GaDOE Financial Review

May/June 2015

# Items to be Covered

- GASB 68
- FY2015 Midterm Overview
- FY2016 Initial Overview
- Equalization
- Training & Experience
- Austerity
- Legislation
- Chart of Accounts
- Financial Statements



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# Items to be Covered

- Indirect Costs
- Deficit Reporting
- Affordable Care Act (ACA)
- Education Funding Reform
- Flexibility
- Uniform Federal Grant Guidance
- Other Items



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# GASB 68

# GASB 68



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AICPA White Paper, Dated February 2014:

## Employer Responsibilities:

The employer is **solely** responsible for its financial statements and, therefore, is responsible for evaluating the information used to recognize and disclose pension amounts in its financial statements.

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- GASB 68
  - *Accounting and Financial Reporting for Pensions*
    - Objective to improve financial reporting of pensions by state and local governments (employers)
    - Expands information to be reported, including recording the employer's proportionate share of the plan's Net Pension Liability on the financial statements.
- Effective Date
  - Periods beginning after June 15, 2014 (FY 2015)



# Cost Sharing Multiple Employer Plans



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- Employers required to contribute at a specified percentage of active member payrolls, determined annually by actuarial valuation. The employer contributions are not at any time refundable to the member or his/her beneficiary.

# What will be provided?



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- Each district will receive a packet from ERS and TRS
- Most information for the district-wide journal entries and notes disclosures is provided
- What will districts have to provide?
  - Payments to ERS/TRS by functional expenditure category
  - Covered employee payroll total for FY 2014 and FY 2015 (July – June)

# What will be provided?



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- What is in packet?
  - Unfunded pension liability at July 1, 2013
  - Unfunded pension liability at June 30, 2014
  - Entries to post the pension activity for the measurement period
  - Note disclosures including all schedules
  - Supporting documentation based on actuary report

# GASB 68



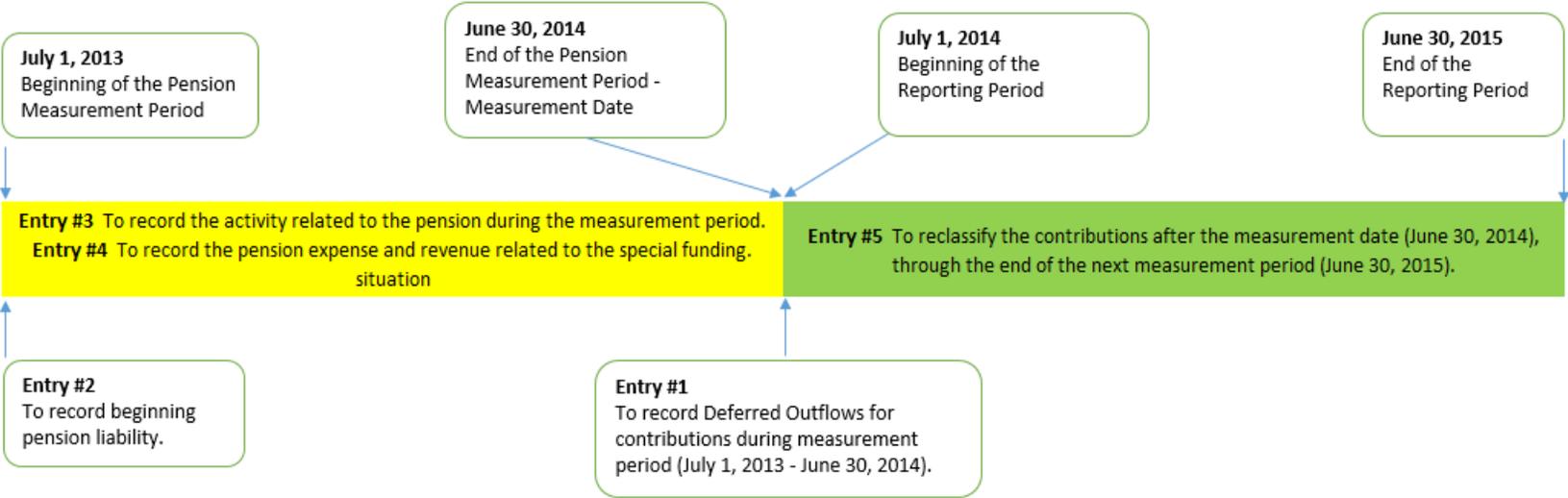
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- Measurement Date – June 30, 2014
- Measurement Period – July 1, 2013-June 30, 2014
- Pension Activity posted on the District-wide Statements for June 30, 2015 = activity during FY 2014
- Any contributions subsequent to the measurement date are considered prepayments = Deferred Outflows
- Contributions  $\neq$  Pension Expense (at District-wide level)

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# LUA State Chart of Accounts Update



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- **0315 – Deferred Outflow of Resources – District Contributions** – entity's contributions to the cost sharing benefit pension plan subsequent to the measurement date and before the end of the employer's reporting period. (Use at district-wide level to reclassify current year payments to TRS/ERS and the On-Behalf expenditures.)
- **0317 – Deferred Outflow of Resources – Pension Plan** – represents the actuarial changes in the district's proportionate share of the governmental nonemployer cost sharing benefit pension plan. (Use to record info from TRS/ERS at the district-wide level.)



# LUA State Chart of Accounts Update



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- **0717 – Net Position – Net Pension Liability** – district's balance of Net Position related to the district's proportionate share of the unfunded net pension liability of the governmental nonemployer cost sharing benefit pension plan. (Use to record the unfunded TRS/ERS pension liability at the district-wide level.)

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- Where will pension liability be reported?

<u>NET POSITION</u>			
Net Investment in Capital Assets			0.00
Restricted for			
Continuation of Federal Programs			0.00
Debt Service			0.00
Capital Projects			0.00
Permanent Funds			0.00
Other (Provide description)			0.00
Unrestricted (Deficit)			0.00
			0.00
Total Net Position		\$	0.00

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- Statement of Net Position will report a deficit Unrestricted Net Position Balance
- The breakdown of this deficit will be disclosed in the Notes to the Financial Statements
- Be ready to explain to users of your Financial Statements

# LEA Prepares/Provides:



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- FY 2015 payments to TRS (object code 230) – compiled by Function. July – June (not accrual basis)
- FY 2015 on-behalf payments to TRS – Will receive in July (hopefully July 1) from GaDOE.

# LEA Prepares/Provides:



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- **Covered payroll for each fiscal year – FY 2014 and FY 2015**
- Will NOT tie to the payroll reported on the modified accrual basis or the full accrual basis
- Covered Payroll amount reported July through June
- PC Genesis Reports: Monthly TRS Contribution Report; and YTD Employer Benefits Register

# TRS Special Funding Situation



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- TRS – Multi-employer cost sharing plan with special funding situation.
- OCGA §47-3-63 – certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia.
- 7% of total employees identified in statute are eligible for TRS employer portions to be funded by the GA Department of Education.

# TRS Special Funding Situation Treatment



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- TRS On-Behalf Payment
- Worksheet provided just as in past – needed for Fund level revenue and expenditure recognition
- On-Behalf at District-wide – Pension Expense recognized by the pension plan, actuarially determined

# TRS Special Funding Situation Treatment



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## Example of On-Behalf Entries for TRS

<i>Amount of Payments to TRS by GaDOE on-behalf of the school district:</i>				14,000.00
(Based on worksheet provided by GaDOE - May 2014 through April 2015)				
<i>Amount of State's Portion of Pension Expense:</i>				
				8,000.00
(provided by TRS in the school district's actuary packet)				
<i>Journal Entry for Fund Level:</i>				
Debit - Expenditures		14,000.00		
Credit - Revenues			14,000.00	
<i>Journal Entry for District-wide Level:</i>				
Debit - Revenues		6,000.00		
Credit - Expenses			6,000.00	

# PSERS



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- PSERS— *Cost-Sharing multiple-employer plan*
- Purpose – to provide retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.
- Georgia is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

# FY 2015 Mid-Term Adjustments

# AFY 2015



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- Funded enrollment growth - \$128,541,271
- Funded Hold Harmless - \$14,820,337
- Initial FTE – 1,699,543
- Mid-Term FTE – 1,723,664
- Charter System Supplement
- State Commission Charters
- Transportation Allotment – added additional distribution \$1,414,899

# FY 2016 QBE and Other State Grants

# Initial FY 2016 QBE



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- Funded enrollment growth - \$119,160,708
- Funded increase in Training and Experience - \$33,269,839
- TRS increase 13.15% to 14.27% - \$74,444,407
- Initial FTE – 1,723,664
- Reduced Austerity \$280,000,000 – 5.89%
- Charter System Supplement - \$3,037,740

# Initial FY 2016 QBE



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- State Commission Charter Schools - \$9,035,267
- Math and Science Supplement - \$1,235,053
- Certified Health Insurance - \$14,435,820
- Local 5 mill Share - \$9,367,899
- Health Insurance funded at 945 pmpm for certified employees - \$14,435,820

# Initial FY 2016 QBE – Categorical Grants



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- School Nurses - \$631,357
- Sparsity – Hold Harmless from FY 15 not applied – (\$413,201)
- Equalization - \$18,840,831 (Plus \$8,299,466 carry-over from FY 15 Appropriations Budget)
- Capital Outlay General Obligation Bonds - \$13,900,000 (\$350,000 for Low Wealth)
- FY 15 - \$20M for 259 Buses – No Change

# FY 2016 Other Categorical Grants



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- Math & Science Supplement
  - Funded for those teachers reported as eligible on the October 2014 report (CPI 2015 – 1) report. Program was only funded to pay teachers that were eligible up to Step 4 (Year 6). If they attained that level, they were no longer eligible. Also funded those K – 5 teachers that were eligible and REPORTED CORRECTLY for the Stipend
  - Only fringes will be TRS (14.27%) and Medicare (1.45%)
  - Hope to provide funding early in FY2016
- NOTE: Districts were not and are not to move these teachers up on the salary schedule based on this bill

# Austerity 2016

- FY 2015 - \$746,769,852
- FY 2016 - \$466,769,851
- Decreased - \$280,000,000
- Adjusted to 5.89% of QBE Earnings (less local 5 mills) for each district

## TRS

- In July 2015 rates will be changing as follows:
  - Employer rates will go from 13.15% to 14.27%.
  - Employee rates will remain at 6.00%.



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# State Health Benefit Plan



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- Employer Contributions
  - Certified Employees - \$945 PMPM
  - Non-certified Employees - \$746.20 PMPM
    - Increase from \$596.20 PMPM
- DCH email – May 7, 2015
- Rates will not increase until January 1, 2016

# Allotment Sheets



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- AFY15 Allotment Sheets were posted on March 9<sup>th</sup>, 2015
- AFY15 Site Level Allotment Sheets were posted on April 7<sup>th</sup>, 2015
- FY16 Allotments Sheets are scheduled to be posted soon after the Governor signs HB76. The amounts will not have changed since the last FY16 Unofficial QBE Summary sent to districts on March 31<sup>st</sup>, 2015.

# Teacher of the Year



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- Teacher of the Year Payments
- Year 2015
- Fund 100
- Program 7052
- Source 3800
- Function 1000
- Object 199

# Equalization

# Equalization – 2016



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- Fully Funded for FY2016
  - Formula Calculated a total amount of \$506,525,394
  - Increase in funding of \$27,140,295 (5.6% increase)
- The Equalization Benchmark (statewide system average of wealth) for the state decreased from \$137,680 per FTE in FY 2015 to \$135,047 per FTE in FY 2016.
- If District's digest per weighted FTE did not decline at the same rate then the Equalization funding would have declined.

# Equalization – 2016



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- 65 districts decreased equalization funding
- 60 districts had no change (i.e., no funding in either year)
- 55 districts increased equalization funding
- Funding based on difference between statewide average benchmark and district average benchmark
- Above the benchmark, did not receive funding
- Below the benchmark, received funding

# Equalization – 2016



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- Formula used to provide funding to districts with a low wealth ratio
- Wealth ratio compares Tax Digest Wealth to FTE counts
- FY2016 information comes from FY2014 Data
  - 2013 Sales Ratio Study
  - FTEs from FY2014 Midterm
- Look at the State's Digest and FTEs
- Compare District's Digest and FTEs

# Equalization – 2016



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## Example #1

- FY 16 Statewide Benchmark - \$135,047
- District's Average Wealth Per FTE - \$134,047
- Amount Equalized is \$1,000 per Average FTE

## Example #2

- FY 16 Statewide Benchmark - \$135,047
- District's Average Wealth Per FTE - \$90,000
- Amount Equalized is \$45,047 per Average FTE

# Equalization Calculation



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Wealth Per Student Gap			Mills to be Equalized					Most Recent Student Count	=	Equalization Grant				
Statewide Benchmark per FTE	-	Local Wealth per FTE	X	Tax Revenues	/	Assessed Digest Value	X	Percent Change in Actual Mills	-	5 mills	X		=	

# The Benchmark



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- State Average
  - Local Digest per FTE Ranked
  - FY2016: \$135,047 (Digest Wealth per FTE)
  - Average does not include the top and bottom 5% of systems
- Pre-FY2013
  - 75<sup>th</sup> percentile

# Local Digest per FTE



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<b>Local Digest</b>			
Equalized Adjusted Property - Exemptions Tax Digest	/	QBE Weight X FTE (Digest Year)	= Local Digest per FTE

# Weighted FTE (Digest Year)



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- FTE Count from Digest Year
  - 2016 Equalization Calculation
    - FY2014 QBE Weights
    - Fall 2013 and Spring 2014 FTE Counts
    - $(\text{Fall 2013} + \text{Fall 2013} + \text{Spring 2014})/3$

# Training and Experience

# Training & Experience – 2015



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- Based on ACTUAL number of General Funded Certified Positions reported on October 2013 CPI CPI Report 2014-1
- Does not matter if more or less than the number of positions earned on allotment sheet
- Pays all State salary differences between T4-E (\$33,424) and State salary of where they are on the Salary Schedule

# Training & Experience - CPI



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## Transmission Period

[CPI Menu for March, 2014 \(CPI 2014-2\)](#)

[CPI Menu for October, 2013 \(CPI 2014-1\)](#)

[CPI Menu for July, 2013 \(CPI 2013-3\)](#)

[CPI Menu for March, 2013 \(CPI 2013-2\)](#)

[CPI Menu for October, 2012 \(CPI 2013-1\)](#)

[CPI Menu for July, 2012 \(CPI 2012-3\)](#)

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[Go To CPI Main Menu](#)

## CPI Funding Reports Menu

-  [CP090 Certified State and Other Health Plan](#)
-  [CP038B HB280 Math/Science Eligibility - Grades KK-05](#)
-  [View to GA PSC Database](#)
-  [CP003 Certified Staff/FTE Experience](#)
-  [CP038A HB280 Math/Science Eligibility - Grades 06-12](#)

# Training & Experience - CPI



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[Back To Funding Reports Menu](#) [By All Schools-FTE Count](#) [By Staff Count](#) [By FTE/Staff Count](#)

Years of Experience	FTE Count with Provisional Certification*				FTE Count with Professional Certification*							Total
	B4	B5	B6	B7	T1	T2	T4	T5	T6	T7		
0	1	0	0	0	0	0	0	3	3	0	0	7
1	0	0	0	0	0	0	0	1	2	0	0	3
2	1	0	0	0	0	0	0	2	2	1	0	6
3	0	0	0	0	0	0	0	1	1	0	0	2
4	0	0	0	0	0	0	0	1	0	0	0	1
5	0	0	0	0	0	0	0	1	0	0	0	1
6	0	0	0	0	0	0	0	2	0	0	0	2
7	0	0	0	0	0	0	0	0	2.40	0	0	2.40
8	0	0	0	0	0	0	0	0	2	1	0	3
9	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	1	0	0	1
11	0	0	0	0	0	0	0	0	1	0	0	1
12	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	1	2	0	3
14	0	0	0	0	0	0	0	1	1	1	0	3
15	0	0	0	0	0	0	0	0	1	1.75	0	2.75
16	0	0	0	0	0	0	0	0	0	1	0	1
17	0	0	0	0	0	0	0	0	0	1	0	1
18	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	1	0	0	1
20	0	0	0	0	0	0	0	0	0	0	0	0
21+	0	0	0	0	0	0	0	3	2.83	5.48	1	12.31
<b>System Total</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>21.23</b>	<b>14.23</b>	<b>1</b>	<b>53.46</b>

# Training & Experience - CPI



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Year of Experience	<u>B4</u>	<u>B5</u>	<u>B6</u>	<u>B7</u>	<u>T1</u>	<u>T2</u>	<u>T3</u>	<u>T4</u>	<u>T5</u>	<u>T6</u>	<u>T7</u>
0	1							3	3		
1								1	2		
2	1							2	2	1	
3								1	1		
4								1			
5								1			
6								2			
7									2.4		
8									2	1	
9											
10									1		
11									1		
12											
13									1	2	
14								1	1	1	
15									1	1.75	
16										1	
17										1	
18											
19									1		
20											
21+								3	2.83	5.48	1

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Year of Experience	<u>B4</u>	<u>B5</u>	<u>B6</u>	<u>B7</u>	<u>T1</u>	<u>T2</u>	<u>T3</u>	<u>T4</u>	<u>T5</u>	<u>T6</u>	<u>T7</u>
0	-1,838.00							0.00	15,042.00		
1								0.00	10,028.00		
2	-1,838.00							0.00	10,028.00	10,011.00	
3								1,003.00	6,167.00		
4								2,036.00			
5								3,100.00			
6								9,122.00			
7									27,763.20		
8									27,186.00	19,705.00	
9											
10									15,004.00		
11									16,457.00		
12											
13									17,953.00	49,264.00	
14								11,253.00	17,953.00	24,632.00	
15									19,494.00	46,154.50	
16										26,374.00	
17										28,168.00	
18											
19									22,717.00		
20											
21+								50,583.00	69,054.83	174,916.12	39,106.00

# Training & Experience - CPI



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Total Salary Difference	766,598.65
TRS	109,393.63
Medicare	11,115.68
<b>Total T&amp;E</b>	<b>887,107.96</b>

# Austerity Survey

# Austerity– 2015



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- Survey Results
- 70% of all school districts reported either decreasing or eliminating furlough days in FY 2015.
- 23% of all school districts had already eliminated furlough days in FY 2014.
- Approximately 93% of all school districts responded that furloughs were either reduced, eliminated or avoided due to the reduction in Austerity.
- Approximately 21% of all school districts reduced class sizes.
- Approximately 19% of all school districts reduced, eliminated, or maintained zero furloughs AND reduced class sizes.

# Austerity– 2016



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- HB 76 stated that the increase in funds (reduction of austerity) was to provide local educational authorities the flexibility to
  - eliminate teacher furlough days,
  - increase instructional days, and
  - increase teacher salaries

# Austerity– 2016



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- What did you do with the increased funds due to a reduction in Austerity?
- Answer to survey should include any and all budgetary decisions that total the amount of your Austerity reduction.
- Be prepared to answer that question!
- What if you did not see a TOTAL increase in funds?
  - Decrease in Equalization decreased enrollment
  - Decreased in Training and Experience
  - Reduced staff charged to General Fund on CPI report

# Austerity– 2016



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- Question 1: How many fewer days were employees furloughed in 2015-2016 than in 2014-2015?
- Question 2: If class sizes were reduced during 2015-2016 as compared to the prior year, indicate the financial impact of the smaller class sizes.
- Question 3: If local supplements were increased or bonuses awarded during the 2015-2016 school year, indicate the financial impact of the amounts awarded.

# Austerity– 2016



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- Question 4: Were calendar days added during the 2015-2016 school year? If yes, provide the number of days and the financial impact. (instructional and/or professional days)
- Question 5: Was your school district able to avoid adding additional furlough days? (District was not able to decrease days, but district was able to avoid adding 3 more days)

# Austerity– 2016



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- Question 6: Please summarize any other budget line items that were the result of the reduction in Austerity cuts during the 2015-2016 school year.
- Keep it simple. Only answer those questions that apply to your district. Financial impact should total the reduction in Austerity for the school district.
- Remember – subject to Open Records Request.

# 2015 Legislation



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- HB 170 – Transportation Bill (Passed)
- HB 83 – Fuel Excise Tax Exemption (Did not pass)
- SB 132 – Move On When Ready Act (Passed)
- HB 62 – SB 10 resident requirements for military families (Passed)
- HB 502 – Title 20 Clean Up Bill (Passed)
- HB 192 – Pcards (Passed)
- SB 89 – Digital Classroom Act (Passed)
- HB 65 – Budget Requirements (Did not pass)
- HB 659 – School district financial disclosures (Introduced for next year)

# SB 133 – Opportunity District



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaDOE.org](http://gaDOE.org)

- Amends the Constitution
- Applicable beginning with school year 2017-2018
- Governor shall appoint superintendent to be confirmed by the Senate
- Authorized to select up to 20 qualifying schools in any single year, not to exceed 100 at a time
- Superintendent shall have sole discretion in determining the timing and sequencing of transferring qualifying schools

# SB 133 – Opportunity District



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*

[ga DOE.org](http://ga DOE.org)

- 4 different intervention models
  - Direct management of the opportunity school by the OSD
  - Shared governance of the opportunity school by the OSD and local board of education
  - Reconstitution of the school as an OSD charter school (State Charter Schools Commission)
  - Closure of an opportunity school (last resort)
- Charter schools governing board selected by OSD Superintendent
- Facilities of qualifying schools are transferred to the supervision of the OSD
- Opportunity school shall remain under the supervision of the OSD for a minimum of 5 consecutive years

# SB 133 – Opportunity District



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaode.org](http://gaode.org)

- Funding for an opportunity school shall be:
  - QBE formula earnings, QBE grants, and federal grants earned by the school based on the school's enrollment, etc.
  - A proportional share of state categorical grants, non-QBE state grants, state equalization grants, and all other state and federal grants; and
  - An amount determined by OSD for each student enrolled in such school equal to a proportional share of local revenue from the local school system in which the school is located.

# Chart of Accounts

# Chart of Accounts



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
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## Object Code

- 597 – Subaward expenditures in excess of the first \$25,000

## Balance Sheet Codes

- 0519 – Deferred Inflow of Resources – Delinquent Taxes - An account that represents the delinquent taxes that are earned as of the fiscal year end but are not received within 60 days of the balance sheet date. This account should be used only when reporting delinquent taxes at the fund level on the modified accrual basis (Funds 100 and 200).

# Chart of Accounts



Richard Woods,  
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## Balance Sheet Codes

- 0313 – Deferred Outflow of Resources – Unamortized Loss on Debt Refunding - An account that represents the loss on the difference between the reacquisition price and the net carrying amount of old debt when a current or advance refunding of debt occurs. The unamortized loss amount should be deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

# Chart of Accounts



Richard Woods,  
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## Balance Sheet Codes

- 0513 – Deferred Inflow of Resources – Unamortized Gain on Debt Refunding - An account that represents the gain on the difference between the reacquisition price and the net carrying amount of old debt when a current or advance refunding of debt occurs. The unamortized gain amount should be deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

# Chart of Accounts



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## Object Codes

- 0616 – Expendable Computer Equipment – Items purchased **or lease-purchased** with a per-unit cost of less than \$5000, which might otherwise be classified as “equipment” rather than “supplies.” Examples: printers, disk drives, **computers**, etc.

# Financial Statements

# Financial Statements



Richard Woods,  
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GOVERNMENTAL ACTIVITIES	PROGRAM REVENUES				BUSINESS-TYPE ACTIVITIES	TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS		
Instruction	<u>21,455,469.71</u>	<u>228,702.02</u>	<u>13,780,078.14</u>	-	-7,446,689.55	-7,446,689.55
Pupil Services	<u>1,006,182.01</u>	-	<u>284,289.68</u>	-	-721,892.33	-721,892.33
Improvement Of Instructional Services	<u>1,192,981.77</u>	-	<u>830,092.01</u>	-	-362,889.76	-362,889.76
Educational Media Services	<u>490,973.28</u>	-	<u>450,646.17</u>	-	-40,327.11	-40,327.11
General Administration	<u>566,051.19</u>	-	<u>657,502.37</u>	-	91,451.18	91,451.18
School Administration	<u>1,529,162.43</u>	-	<u>1,044,077.43</u>	-	-485,085.00	-485,085.00
Business Administration	<u>203,000.11</u>	-	<u>3,442.93</u>	-	-199,557.18	-199,557.18
Maintenance And Operation Of Plant Services	<u>2,443,919.15</u>	<u>5,500.00</u>	<u>1,082,450.80</u>	-	-1,355,968.35	-1,355,968.35
Student Transportation Service	<u>1,887,645.07</u>	-	<u>703,593.36</u>	-	-1,184,051.71	-1,184,051.71
Support Services - Central	<u>1,541,516.26</u>	-	<u>11,038.37</u>	-	-1,530,477.89	-1,530,477.89
Other Support Services	<u>231,986.46</u>	-	<u>154,315.27</u>	-	-77,671.19	-77,671.19
School Nutrition Program	<u>2,119,418.14</u>	<u>178,936.41</u>	<u>1,568,944.14</u>	-	-371,537.59	-371,537.59
Enterprise Operations	<u>792,602.36</u>	-	-	-	-792,602.36	-792,602.36
Capital Outlay	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>35,460,907.94</b>	<b>413,138.43</b>	<b>20,570,470.67</b>	-	<b>-14,477,298.84</b>	<b>-14,477,298.84</b>

# Financial Statements



Richard Woods,  
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- How are the Revenues allocated?
- Operating Grants and Contributions –
  - Revenues allocated by Program Code
  - Ratio: 
$$\frac{\text{Expenses by Program Code Charged by Function}}{\text{Total Expenses by Program Code}}$$
  - Ratio then applied to Total Revenue Charged to Program Code
  - That is the amount of Revenue allocated by Functional Expense Categories by Program Code that is mapped to the Financial Statements

# Financial Statements



Richard Woods,  
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EXPENDITURE DETAILS  
 YEAR ENDED JUNE 30, 2014

Program Code	Program Description	Expenses	Revenues	Total Expenses	Expense Percentage	Program Revenues Operating Grants and Contributions
<b>1000</b>	<b>Instruction</b>					
<b>100</b>	<b>General Fund</b>					
1011	Kindergarten	1,582,693.09	1,382,251.00	1,582,693.09	100	1,382,251.00
1021	Primary Grades Program 1-3	3,082,406.60	3,001,754.00	3,082,406.60	100	3,001,754.00
1031	Middle Grades Program 6-8		-1,094.00			-1,094.00
1041	High School General Education Program 9-12	2,897,423.97	2,024,332.00	2,897,423.97	100	2,024,332.00
1051	Upper Elementary Grades Program 4-5	1,233,724.99	1,354,031.00	1,233,724.99	100	1,354,031.00
1061	Kindergarten Early Intervention Program	184,161.21	309,694.00	184,161.21	100	309,694.00
1071	Primary Grades Early Intervention Program 1-3	194,182.35	421,909.00	194,182.35	100	421,909.00
1081	Middle School Program 6-8	2,479,084.45	2,377,620.00	2,479,084.45	100	2,377,620.00
1091	Primary Grades Early Intervention Program 4-5	324,139.13	412,752.00	324,139.13	100	412,752.00
1100	Twenty Days Additional Instruction	58,078.55	136,820.00	58,078.55	100	136,820.00
1211	Principal Staff & Professional Development		2,338.00			2,338.00
1351	English For Speakers Of Other Languages (Esol) Program	224,737.08	322,264.00	224,737.08	100	322,264.00
1668	Technology To Support Digital Learning Bonds	18,203.75	18,203.75	18,203.75	100	18,203.75
2011	Special Education Programs	3,558,533.53	3,857,755.00	3,558,533.53	100	3,857,755.00
2111	Program For Intellectually Gifted Students: Category Vi	146,869.08	428,568.00	146,869.08	100	428,568.00
2211	Remedial Education Program	52,656.35	345,063.00	52,656.35	100	345,063.00
2620	Preschool Handicapped State Grant	32,058.00	32,058.00	32,058.00	100	32,058.00
3011	Vocational Laboratory Program 9-12	989,417.54	856,058.00	989,417.54	100	856,058.00
3521	Young Farmers	101,602.68	67,286.00	101,602.68	100	67,286.00
3526	Extended Year, Vocational State Grant Funds	7,790.84	6,840.00	11,088.33	70.26161739	4,805.89
3529	Extended Year Ag	21,001.63	11,523.00	21,001.63	100	11,523.00
3550	Vocational Industry Certification State	10,000.00	10,000.00	10,000.00	100	10,000.00
3553	Extended Day-Agriculture	13,689.07	12,149.00	13,689.07	100	12,149.00
3554	Extended Day-Technology/Career	70,076.15	35,234.00	70,076.15	100	35,234.00
4080	Austerity Reduction		-2,305,966.00			-2,305,966.00
5071	Alternative Education Program	39,768.22	169,122.00	39,768.22	100	169,122.00
7050	Math And Science Supplement	6,479.60	5,708.11	6,479.60	100	5,708.11
7051	Move On When Ready Grant	300.00	300.00	300.00	100	300.00
9990	Misc	600,065.66	113,751.98	6,706,967.33	8.94687332	10,177.25
	3140-QBE CONTRA ACCOUNT (DEBIT)		-3,758,207.00			-3,758,207.00
<b>Fund 100 Total</b>		<b>17,929,143.52</b>	<b>11,650,117.84</b>			<b>11,544,509</b>
<b>402</b>	<b>Title I</b>					
1750	Regular, Title I	702,989.59	1,235,126.96	1,235,126.96	56.91638291	702,989.59
1762	Migrant Education, Title I - Regular	145,090.00	188,471.32	188,471.32	76.98253506	145,090.00
<b>Fund 402 Total</b>		<b>848,079.59</b>	<b>1,423,598.28</b>			<b>848,079.59</b>
<b>404</b>	<b>Special Education</b>					
2820	Pre-School-Regular Project, Special Education	28,709.00	28,709.00	28,709.00	100	28,709.00
2824	Vi-B Flowthrough Special Education Fund 404	486,253.56	737,375.89	737,375.89	65.94378343	486,253.56
<b>Fund 404 Total</b>		<b>514,962.56</b>	<b>766,084.89</b>			<b>514,962.56</b>
<b>406</b>	<b>Vocational Education-Federal Funded</b>					
3315	Vocational 85% Grant-Program Improvement	6,049.95	25,948.00	25,948.00	23.3156698	6,049.95
3320	Perkins Iv - Perkins Plus Reserve Grant	3,775.00	3,775.00	3,775.00	100	3,775.00
3323	Perkins Iv Carryover	4,291.28	6,635.00	6,635.00	64.67641296	4,291.28
<b>Fund 406 Total</b>		<b>14,116.23</b>	<b>36,358</b>			<b>14,116.23</b>
<b>408</b>	<b>Title Vi</b>					
1847	Title Vi-B, Rural And Low-Income Schools	53,949.96	62,071.89	62,071.89	86.91528484	53,949.96
<b>Fund 408 Total</b>		<b>53,949.96</b>	<b>62,071.89</b>			<b>53,949.96</b>
<b>460</b>	<b>Title Iii</b>					
1816	Limited English Proficient	8,165.20	21,985.27	21,985.27	37.13941198	8,165.20
<b>Fund 460 Total</b>		<b>8,165.2</b>	<b>21,985.27</b>			<b>8,165.2</b>
<b>478</b>	<b>Usda - Fresh Fruits And Vegetable Program</b>					
1861	Fresh Fruits And Vegetable		14,029.20			14,029.20
<b>Fund 478 Total</b>			<b>14,029.2</b>			<b>14,029.2</b>
<b>560</b>	<b>Pre-Kindergarten (Lottery)</b>					
1540	Georgia Prekindergarten Program	782,266.40	856,990.03	856,990.03	91.28068853	782,266.40
<b>Fund 560 Total</b>		<b>782,266.4</b>	<b>856,990.03</b>			<b>782,266.4</b>
<b>Function 1000 Total</b>		<b>20,150,683.46</b>	<b>14,831,235.4</b>			<b>13,780,078.14</b>
<b>Grand Total</b>		<b>20,150,683.46</b>	<b>14,831,235.4</b>			<b>13,780,078.14</b>

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# Financial Statements



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	Expenses Charged to Function 1000, Program Code 3526			7,790.84
	Total Expenses Charged to Program Code 3526			11,088.33
	Percentage of Program 3526 Expenses Charted to Function 1000			70.26%
	Total Revenues Recorded to Program Code 3526			6,840.00
	Percentage of Revenues to Record to Function 1000			4,805.89

# Financial Statements



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- How are the Expenses on Exhibit B allocated?
- Expenditure Reconciliation –
  - Reconciles Expenditures posted to Exhibit E to Expenses posted on Exhibit B
  - Differences include:
    - Capitalized Assets (Changes in Assets posted to Fund 800)
    - Long Term Debt (Changes in Fund 900)
    - Depreciation Expense (Charged in Fund 800)
- Will have issues if DE46 is not recorded exactly as mapped

# Financial Statements



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## EXPENDITURE DETAILS YEAR ENDED JUNE 30, 2014

Fiscal Year	System ID	Code Description	Expenditure from E	Depreciation Expenditure Amount	Principal Amount	Function 4000	Object 700	Change in Long-Term Debt	Depreciation Allocation Percent	Items not Capitalized	Expenses
2014	601	Instruction	21,425,489.37		824,928.26				0.67952146	-794,947.92	21,455,469.71
2014	601	Pupil Services	1,006,182.01								1,006,182.01
2014	601	Improvement Of Instructional Services	1,192,953.66		773.50				0.00063716	-745.39	1,192,981.77
2014	601	Educational Media Services	490,265.76		19,467.95				0.01603641	-18,760.43	490,973.28
2014	601	General Administration	565,754.44		8,165.32				0.00672605	-7,868.57	566,051.19
2014	601	School Administration	1,528,333.10		22,819.48				0.01879718	-21,990.15	1,529,162.43
2014	601	Business Administration	203,000.11								203,000.11
2014	601	Maintenance And Operation Of Plant Services	2,453,578.89		7,106.14		-9,918.00		0.00585357	-6,847.88	2,443,919.15
2014	601	Student Transportation Service	1,985,075.57		246,691.48		-106,396.00		0.20320816	-237,725.98	1,887,645.07
2014	601	Support Services - Central	1,541,317.46		5,470.08				0.00450589	-5,271.28	1,541,516.26
2014	601	Other Support Services	231,986.46								231,986.46
2014	601	School Nutrition Program	2,159,222.97		78,561.91		-42,660.00		0.06471412	-75,706.74	2,119,418.14
2014	601	Enterprise Operations	792,602.36								792,602.36
2014	601	Capital Outlay	1,895,540.14				-1,895,540.14				
<b>Totals</b>			<b>37,471,302.30</b>		<b>1,213,984.12</b>	<b>0.00</b>	<b>-1,895,540.14</b>	<b>-158,974.00</b>		<b>-1,169,864.34</b>	<b>35,460,907.94</b>

Change in LTD

Calculation	Actual Amount
Function 4000	1,895,540.14
Object 7XX	158,974
Fund 801-0002	-3,224,378.47
<b>Total for Items not Capitalized</b>	<b>-1,169,864.33</b>

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# Financial Statements



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## EXPENDITURE DETAILS YEAR ENDED JUNE 30, 2014

Fiscal Year	System ID	Code Description	Expenditure from E	Depreciation Expenditure Amount	Principal Amount	Function 4000	Object 700	Change in Long-Term Debt	Depreciation Allocation Percent	Items not Capitalized	Expenses
2014	643	Instruction	30,565,210.99	1,621,979.81			-16,703.75	162,774.66	0.63728653	914,767.15	33,248,028.86
2014	643	Pupil Services	1,661,901.01	47,558.14				4,772.72	0.01868591	26,821.93	1,741,053.80
2014	643	Improvement Of Instructional Services	1,712,136.00								1,712,136.00
2014	643	Educational Media Services	1,103,577.03	131,633.24				13,210.13	0.05171957	74,238.76	1,322,659.16
2014	643	General Administration	326,782.44	9,786.95				982.17	0.00384536	5,519.66	343,071.22
2014	643	School Administration	2,824,727.05	94,023.74				9,435.80	0.03694255	53,027.68	2,981,214.27
2014	643	Business Administration	313,778.91								313,778.91
2014	643	Maintenance And Operation Of Plant Services	3,811,557.32	133,797.16				13,427.29	0.05256978	75,459.17	4,034,240.94
2014	643	Student Transportation Service	2,391,253.39	321,388.25			-275,277.00	32,253.09	0.12627556	181,257.14	2,650,874.87
2014	643	Support Services - Central	292,579.04								292,579.04
2014	643	Other Support Services	162,604.89								162,604.89
2014	643	School Nutrition Program	3,758,810.03	184,967.00			-28,071.73	18,562.46	0.07267475	104,318.03	4,038,585.79
2014	643	Capital Outlay	10,662,746.29			-10,662,746.29					
2014	643	Interest On Short-Term And Long-Term Debt & Fees	4,149,146.90		-2,515,000.00						1,634,146.90
<b>Totals</b>			<b>63,736,811.29</b>	<b>2,545,134.29</b>	<b>-2,515,000.00</b>	<b>-10,662,746.29</b>	<b>-320,052.48</b>	<b>255,418.32</b>		<b>1,435,409.52</b>	<b>54,474,974.65</b>

Change in LTD	
200-5100-831	-2,515,000
CY 900-0304	-31,558,044.81
PY 900-0304	33,817,626.48
<b>Sub-Total</b>	<b>-255,418.33000001</b>
<b>Total Change in LTD</b>	<b>-255,418.33000001</b>

Calculation	Actual Amount
Function 4000	10,662,746.29
Object 7XX	320,052.48
Fund 801-0002	-9,547,389.26
<b>Total for Items not Capitalized</b>	<b>1,435,409.51</b>

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# Financial Statements



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- Should activity be recorded on the DE 46 simply to match the mappings?
- **NO**
  
- Should the district understand the mappings and identify possible errors?
- **YES**

# Indirect Cost

# Indirect Cost



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- 34 C.F.R. Parts 75.561 (b) and (c)
- Each State educational agency, on the basis of a plan approved by the Secretary, shall approve an indirect cost rate for each local education agency.
- The Secretary generally approves indirect cost rate agreements annually. Indirect cost rate agreements may be approved for periods longer than a year if the Secretary determines that rates will be sufficiently stable to justify a longer rate period.

# Indirect Cost



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- GaDOE LEA Indirect Cost Agreement – Approved October 1, 2014
- Effective for the period July 1, 2014 through June 30, 2019
- Changes to the Uniform Federal Regulations are implemented when the current approved plan expires.
- FY 2016 Rates are available in the portal

# Indirect Cost



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- One change
  - Object Code 597 – Subcontracts and Subawards Exceeding \$25,000
- Reminder
  - Object Code 195 – Terminal Leave Payments

# Indirect Cost



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- **Definition of subaward/subcontract –**
- *Subaward:*
- a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
- the term does not include your procurement of property and services needed to carry out the project or program
- a subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

# Indirect Cost



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- **Definition of subaward/subcontract –**
- ED's policy on subaward treatment applies on a yearly basis. Grantees must exclude the amount of subaward costs exceeding \$25,000 per subaward, per year. As such, the indirect cost rate will be applied only to the first \$25,000 of each subaward, **each year**. (Page 36 of Sept 2009 Cost Allocation Guide for State and Local Governments)
- For every fiscal year that a subaward/subgrant is applicable, charge \$25,000 in the appropriate object code, charge additional to object code 597.

# Indirect Cost



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- **Example:**
- **If a grantee hires an individual to perform speech pathology services to students in the school, is the service considered a subaward?**
- **No, this is a professional service providing an auxiliary expertise normally provided in-house. The costs would not be treated as a subaward and are not subject to the exclusion of amounts over \$25,000.**

# Indirect Cost



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- **Example:**
- **If a grantee contracts with a software vendor to provide technical support and enhancement of existing business software, would this be considered a subaward?**
- **No, if this cost is for organization-wide support, then it is an indirect cost.**

# Indirect Cost



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- **Example:**
- **Would a school nurse that only provides medication (not an instructor) to students in the classroom be considered a subaward?**
- **No, this is a professional service providing an auxiliary expertise normally provided in-house. The costs would not be treated as a subaward and are not subject to the "exclusion of amounts over \$25,000."**

# Indirect Cost – Changes with Federal Guidance



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- How to distinguish between a direct cost and an indirect cost?
- Direct cost is one that is incurred specifically for one activity. Indirect costs are of a more general nature and are incurred for the benefit of several activities.



# Deficit Reporting

# OCGA 20-2-67



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[ga DOE.org](http://ga DOE.org)

- Deficit Elimination Plan
- Monthly financial reporting signed by board members and noted in meeting minutes
- Advertisement each year in your local news organ

# OCGA 20-2-67



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaDOE.org](http://gaDOE.org)

- What if your deficit is not in the general operating account?
- The law is not specific – GaDOE focuses on general operations. DOAA reports for any deficit.
- GaDOE will follow up on all findings reported by DOAA related to this Code Section.
- GaDOE also reviews the General Operating balances reported on the DE46.

# Affordable Care Act



# ACA



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaDOE.org](http://gaDOE.org)

- What can GaDOE provide?
  - PC Genesis
  - PC Genesis is preparing the format for the printing of the 1095 forms only
  - All decisions on codes to report the health coverage offered will have to be made manually by the district



# Education Reform Commission

<http://gov.Georgia.gov/education-reform-commission>

# Education Reform Commission



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaDOE.org](http://gaDOE.org)

- Created by Governor Deal
- Purpose to provide recommendations intended to improve our educational system
- Highlights from April 28, 2015 meeting:
  - What should be included in base cost per student?
  - What should be weighted separately?
  - What different compensation models could be applied?

# Flexibility

# Current status of school system choices



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[ga.doe.org](http://ga.doe.org)

Total Number of Districts that have met the June 30, 2015 Deadline		
Approved Charter Systems	31	124
Approved IE2 Systems	4	
LOI for Charter System	17	
LOI for IE2	72	
Status Quo		1
Out of Compliance		0
Engaged in decision process		55
<b>Total Number of Districts in the State</b>		<b>180</b>

# Additional Information



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# Uniform Federal Grant Guidance

# Where is everything?



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*"Educating Georgia's Future"*  
[ga.gov](http://ga.gov)  
[gaedoe.org](http://gaedoe.org)

## 2 CFR Part 200

- Subpart A – Definitions
- Subpart B – General provisions
- Subpart C – Pre award requirements
- Subpart D – Post award requirements
- Subpart E – Cost principles
- Subpart F – Audit requirements



# Time and Effort



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[gadoe.org](http://gadoe.org)

## Requirements under OMB Circular A-87

If an employee worked on a single cost objective then a semi-annual certification is required



If an employee worked on multiple cost objectives then a personnel activity report (PAR) is required





# Time and Effort



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[ga DOE.org](http://ga DOE.org)

**NEW**

**§200.430(i)(1)(ix)** Compensation

Records may reflect categories of activities expressed  
as a percentage distribution of total activities

**%**

# Time and Effort recommendations



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[gaode.org](http://gaode.org)

- If you are compliant (i.e. been through an audit or monitoring visit with no findings) continue to do what you are doing.
- Try to have employees paid with Federal funds work on a single cost objective. Documentation and record keeping much easier to do.
- Reference regulation **§200.430** in your written policy and procedures for time and effort documentation.

# Contract cost and price



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[gaDOE.org](http://gaDOE.org)

## §200.323

- ❖ A cost or price analysis must be performed in connection with every procurement action in excess of \$150,000 (Simplified Acquisition Threshold), including contract modifications **NEW**
- ❖ The method and degree of analysis is dependent on the facts surrounding the particular situation, but must make independent estimates **before** receiving bids or proposals

# What is a price analysis?



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[gaode.org](http://gaode.org)

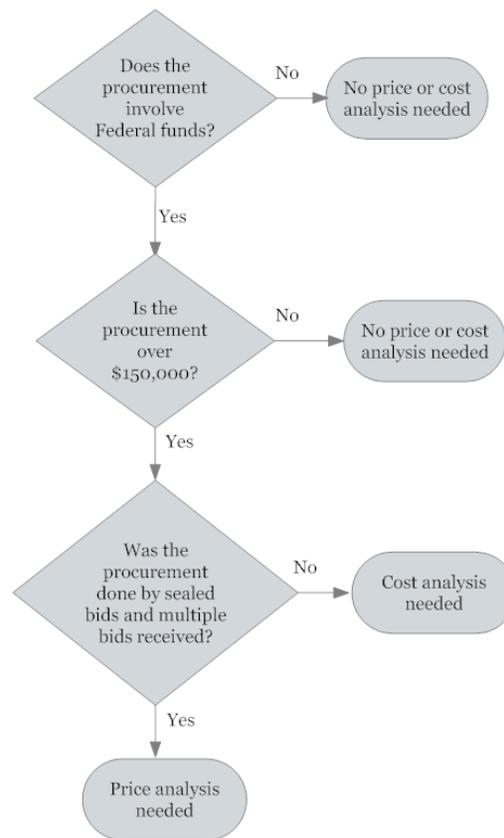
A price analysis is an evaluation of a proposed price to determine if the price is fair and reasonable. A price analysis does not evaluate separate cost elements or the proposed profit. A price analysis always involves some form of comparison with other prices.



# When is each required?



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Georgia's School Superintendent  
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# Contract cost and price



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Georgia's School Superintendent  
"Educating Georgia's Future"  
[gaDOE.org](http://gaDOE.org)

## §200.323

- ❖ A cost or price analysis must be performed in connection with every procurement action in excess of \$150,000 (Simplified Acquisition Threshold), including contract modifications **NEW**
- ❖ The method and degree of analysis is dependent on the facts surrounding the particular situation, but must make independent estimates **before** receiving bids or proposals

# Written cash management procedures



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[gaDOE.org](http://gaDOE.org)

## §200.302(6)

### **NEW**

Written procedures must cover **§200.305(b)**

For non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity (GaDOE) and the disbursement by the non-Federal entity

(Date of draw compared to the date of payment)

# Written Allowability procedures



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Georgia's School Superintendent  
"Educating Georgia's Future"  
[ga DOE.org](http://ga DOE.org)

§200.302(b)(7)

**NEW**

Written procedures for determining the allowability of costs – in compliance with the cost principles (Subpart E) and the terms and conditions of the Federal award.

- ❖ Procedures cannot simply restate the Uniform Guidance
- ❖ Should explain the process – training tool and guide for employees

# Payment



Richard Woods,  
Georgia's School Superintendent  
"Educating Georgia's Future"  
[gaode.org](http://gaode.org)

## NEW

### §200.305(b)(9)

- ❖ Interest amounts up to \$500 may be retained by a non-Federal entity for administrative purposes (this was increased from \$100 for states and local school systems)
- ❖ Interest earned (over \$500) must be remitted annually to the U.S. Department of Health and Human Services Payment Management System

# Other Items

# Financial Efficiency Star Rating



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Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[ga DOE.org](http://ga DOE.org)

- Intended to match expenditures to student performance
- How to allocate central office expenditures to the school level
- How to budget and account for expenditures at the school level
- How will funding formula affect the expenditures

# Data Reporting



Richard Woods,  
Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[ga.gov](http://ga.gov)

- Important to make sure ALL reporting is completed accurately and timely
  - DE46 used for
    - Some QBE calculations
    - Risk Assessment
    - Federal Reporting (NCES, Census, etc.)
    - CCRPI Star Rating
    - Numerous Requests Throughout Year
    - Department of Audits
    - Carl Vinson Institute

# Data Reporting

- Facility Data
  - Capital Outlay Funding
  - QBE Principal Funding
- FTE Data
  - QBE Funding
- CPI Data
  - T&E Calculations
  - State Health Calculations
    - Several districts have under reported (\$11,340 per employee)



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[gaedoe.org](http://gaedoe.org)

# CPI Report



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Georgia's School Superintendent  
*"Educating Georgia's Future"*  
[ga DOE.org](http://ga DOE.org)

- No Federal funded employees should be reported under Fund Source 00
- Use Federal Fund Source Provided
- All other Federal Programs – Fund Source 59
- Working on adding additional Funding Source Codes for the CPI Report
- Certificate Codes are used to determine T&E

# QBE Expenditure Reports



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Georgia's School Superintendent  
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## Financial (Actuals) Reports For Fiscal Year Ending June 30, 2014 :

### System Level Reports :

[FIN003 Financial Analysis Report](#)

[FIN004 General Fund QBE Program Expenditure Summary Report \(Financial\)](#)

[FIN005 General Fund QBE Program Expenditure Detail Report\(Financial\)](#)

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## Budget System Level Reports For Fiscal Year Ending June 30,2015 :

### System Level Reports :

[FIN010 Budget Analysis Report](#)

[FIN011 General Fund QBE Program Expenditure Summary Report \(Budget\)](#)

[FIN012 General Fund QBE Program Expenditure Detail Report\(Budget\)](#)

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# Relationships

- Know Legislators
- Internally
  - CPI, FTE, etc.
  - Title Program Managers (monthly/quarterly)
- Externally
  - Local Tax Assessor and Tax Commissioner
  - Legislators
  - GaDOE



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# PC Genesis



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