

# 2016 Year End Workshop

GaDOE Financial Review

May/June 2016

# Items to be Covered

- FY2016 Midterm Overview
- FY2017 Initial Overview
- Financial Efficiency Star Rating
- Legislation
- Schoolwide Program Consolidation of Funds
- GASB 68 Update
- Austerity Survey
- Education Reform Commission
- Financial Statements
- Chart of Accounts
- GAO Greenbook
- Other Items
- Discussions



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Georgia's School Superintendent  
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# FY 2016 Mid-Term Adjustments

# AFY 2016



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- Funded enrollment growth - \$98,186,437
- Funded Hold Harmless - \$19,167,614
- Initial FTE – 1,725,961
- Mid-Term FTE – 1,736,628
- Charter System Supplement Enrollment Growth and New Charters - \$2,338,622 (Charters approved by July 1, 2015 – Candler, Colquitt, Fannin, Liberty)
- State Commission Charters - \$665,045
- Transportation Allotment – added additional distribution \$1,359,733

# FY 2017 QBE and Other State Grants

# Initial FY 2017 QBE



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- Funded enrollment growth and T&E increase - \$124,057,498
- Nurses Increase (based on enrollment increases) - \$220,798
- TRS remains at 14.27%
- Initial FTE – 1,736,628
- Reduced Austerity \$300,000,000 – down to 2.08%
- Charter System Supplement - \$2,999,129
  - Adjusted for Increased FTEs
  - Charter Systems approved after July 1, 2015 will see supplement as appropriated at the FY 17 Mid-Term
- State Commission Charter Schools - \$8,021,294
- Math and Science Supplement - \$307,704

# Initial FY 2017 QBE – Categorical Grants



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- Sparsity – Continue funding based on FY 16 calculation.
- Equalization - \$498,729,036
- Local Fair Share
- Capital Outlay Vocation Equipment - \$8,000,000
- Capital Outlay Regular and Low Wealth - \$222M
- FY 17 - \$14,285,000 in Bonds for 185 Buses
  - Plus \$154,440 for 2 buses carry over from FY 15

# Initial FY 2017 QBE



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- Audio-Video Technology and Film Grants
  - \$2,500,000
  - The purpose of this appropriation is to provide funds for grants for film and audio-video equipment to local school systems.
  - Middle and High Schools
- Information Technology Services
  - \$2,838,315
  - Increase funds for information technology supporting local school systems only.



# Nursing – FY 17



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- Provided for 3% salary increase for nursing
- Funding for FY2017 increased by \$912,213
  - (salary adjustment)
- Raised pay for RN in formula from \$45,000 to \$46,350
- Raised pay for LPN in formula from \$32,000 to \$32,960
- (Note: Does not mean you have to pay at that rate)
- Salary is earned based on FTEs reported. You earn positions. (OCGA §20-2-186)

# Transportation Funds – 2017



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- Categorical Grant
  - Funding increase based on 3% increase for salaries (OCGA §20-2-188)
  - Salary allotment per bus increases from \$9,574.16 to \$9,864.19
  - Recalculated based on formula
  - Remember, you earn funding for salaries of individuals to drive the buses you qualify for based on the latest survey results utilized.

# Transportation Funds – 2017



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- FY 2016
  - Salary - \$8,749.80
  - Social Security - \$669.36 (7.65%)
  - Sick Leave - \$125
  - Required Medical Examination - \$30
  - Total - \$9,574.16
- FY 2017
  - Salary - \$9,016.94
  - Social Security - \$689.44 (7.65%)
  - Sick Leave - \$125
  - Requirement Medical Examination - \$30
  - Total - \$9,861.38

# Transportation Funds – 2017



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- Bonds for Buses
  - Remember you still have to submit copies of invoices to get reimbursed (Invoice Application in the Portal)
  - There will be \$14.285 million in Bus Bonds in FY17
  - Unspent \$154K from FY 15 Bonds
  - Funding \$77,216.250 per bus.
  - Funding for 187 buses
  - Announcement for FY17 allocation expected in Mid-July 2016 (after bonds are sold)

# Nutrition – 2017



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- “Provide funds for a 3% salary adjustment for lunchroom workers effective July 1, 2016”
- Calculation set forth in O.C.G.A. §20-2-187
- Appropriations increased for a 3% salary adjustment based on current manager and non-manager staffing and estimated lunches served in FY 17
- State Board Rule stipulates the amount of lunches to be served in an 8 hour day by each employee as 85
- Formula calculates the amount of employees needed
- Divides number of employees needed by amount of funding appropriated to determine base salary

# Equalization – 2017



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- Fully Funded for FY2017
  - Formula Calculated a total amount of \$498,729,036
  - Decrease in funding of \$7,798,869.62 (1.5% decrease)
- The Equalization Benchmark (statewide system average of wealth) for the state increased from \$135,047 per FTE in FY 2016 to \$135,782 per FTE in FY 2017.
- If District's digest per weighted FTE did not decline, or remain constant, then the equalization would have declined.
- For funding to have increased, the wealth digest per district would have had to decrease.

# Equalization – 2017



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- 46 districts decreased equalization funding
- 60 districts had no change (i.e., no funding in either year)
- 74 districts increased equalization funding
- Above the benchmark, did not receive funding
- Below the benchmark, received funding

# Austerity 2017

- FY 2017 - \$166,769,851
- FY 2016 - \$466,769,851
- Decreased - \$300,000,000
- Adjusted to 2.08% of QBE Earnings (less local 5 mills) for each district
- Survey Requested
- Budgetary impact reported on survey should equal the increase in funding, due to Austerity reduction



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# Austerity 2017



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Increase funds to offset the austerity reduction in order to provide local education authorities the flexibility to eliminate teacher furlough days, increase instructional days, and increase teacher salaries.

# Austerity 2017



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- What if we provide a 3% one-time bonus?
- Per TRS, earnings, including several types of supplements, in a member's contract for normal duties/hours are earnable compensation for TRS purposes. Bonuses, which are normally awarded to certain employees only based on performance, are not considered earnable compensation. However, a salary adjustment paid to all employees is considered earnable compensation. For example, an employer may decide to pay all permanent status employees employed as of a specific date a one-time 2% adjustment.
- Contact TRS before awarding any type of compensation supplement to ensure it is handled correctly.

# State Health Benefit Plan



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- Employer Contributions
  - Certified Employees - \$945 PMPM
  - Non-certified Employees - \$846.20 PMPM
    - Increase from \$746.20 PMPM
    - Effective January 1, 2017
- Authorize a pilot program for non-certificated system-directed health care coverage for a 24-month pilot effective for coverage year January 1, 2017, at the end of which the participating systems may opt to return to the state plan without penalty.

# TRS



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- Employer Rates
  - FY 2016 – 14.27%
  - FY 2017 – 14.27%
  
- Employee Rates
  - FY 2016 – 6%
  - FY 2017 – 6%



# Financial Efficiency Star Rating

# Financial Efficiency Star Rating



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## Includes:

- Expenditures charged by school code
- Allocation of expenditures charged to central office code

## Excludes:

- Functions 2700, 3100, 4000, 5000, 5100
- Facilities 8012, 8015
- Funds 200, 300, 422, 500, 510, 514, 560, 600, 700, 800, 900

# Financial Efficiency Star Rating



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School Per Pupil Expenditures =

$$\frac{\text{School expenditures} + (\text{District expenditures} * \text{proportional enrollment percentage})}{\text{Fall FTE Enrollment}}$$



# Financial Efficiency Star Rating



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Expenditures Per Pupil – calculated as a 3-year average

FY 2015 Star Rating =

3 year average of Per Pupil Expenditures

3 year average of CCRPI Score

FY 2013, FY 2014, FY 2015

# Financial Efficiency Star Rating



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★★★★★	CCRPI Average					
Percentile of Average PPE	Less than 50	50-59.9	60-69.9	70-79.9	80-89.9	90 and Above
80-100 (High Spending)	0.5	1	1.5	2	2.5	3
60-79	1	1.5	2	2.5	3	3.5
40-59	1.5	2	2.5	3	3.5	4
20-39	2	2.5	3	3.5	4	4.5
0-19 (Low Spending)	2.5	3	3.5	4	4.5	5

# FESR FY 2015 Results



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## Districts and State Commission Charter Schools:

- 1 - .5 Star
- 7 – 1 Star
- 15 – 1.5 Stars
- 25 – 2 Stars
- 32 – 2.5 Stars
- 29 – 3 Stars
- 41 – 3.5 Stars
- 21 – 4 Stars
- 8 – 4.5 Stars
- 1 – 5 Stars

# FESR – Non School Code Expenditures



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Centralized Expenditures	24,112,835.20			
Total FTEs	13,582			
SCHOOL NAME	AMOUNT	FTE Per School	Allocated Centralized Expenditures	Total Expenditures Per School
XXX-0101 Middle School at Total	5,533,485.94	841	1,493,071.30	7,026,557.24
XXX-0104 Elementary School Total	4,400,994.90	533	946,262.79	5,347,257.69
XXX-0105 High School Total	6,577,402.69	983	1,745,171.33	8,322,574.02
XXX-0106 New Elementary School #3 Total	3,223,607.59	365	648,003.60	3,871,611.19
XXX-0107 Elementary School Total	4,538,298.60	536	951,588.84	5,489,887.44
XXX-0111 New High School Total	656.81	0		
XXX-0112 Middle Replacemnt Facility Total	4,931,170.00	0		
XXX-0113 Elementary School Facility Total	3,644,463.24	0		

**What happens to the expenditures coded to facilities without FTES?**

# FESR – Non School Code Expenditures



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- What happens to expenditures not coded to a facility with reported FTES?
  - Central Office
  - Alternative Schools
  - Psychoeducational Centers
  - Facility Codes (new school building)
- If not an excluded fund or function, **ALLOCATED** to all schools with FTEs reported.

# FESR



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- Key to Financial Efficiency Star Rating:
  - Understand how it is calculated
  - Understand the decisions made by your district for coding expenditures
    - Maintenance costs to facilities versus schools
    - Salaries coded to central office facility code

# FESR FY 2015 Results



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- Highest PPE Percentile - \$14,694.19 per FTE
  - 178 students
  - Average 13.69 students per grade, K-12
  - 25 certified employees at schools; 1 for every 7 students
  - Indirect Costs (Central, School, Business Admin) = \$420,470.47; \$2,362.19 per FTE
- Lowest PPE Percentile - \$6,336.24 per FTE
  - 3,131 students
  - Average 240.85 students per grade, K-12
  - 202 certified employees at schools; 1 for every 16 students
  - Indirect Costs (Central, School, Business Admin) = \$2,218,687.38; \$708.62 per FTE

# HB 659 - Transparency



# HB 659 – Transparency



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- **GaDOE** shall publish annually all underlying fiscal data that informs the financial efficiency rating calculated by GOSA; and an explanation of the fiscal data that informs the rating on a disaggregated basis.
- FESR GUIDE – GOSA and Financial Review website

# HB 659 – Transparency



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- Required Website School Level:
  - **Budget and Cost of all materials, equipment, and other nonstaff support**
  - What if your district's board policy does not require budget at school level?
  - Link to Budget policy
  - Link to Board-approved budget on District Website
  - Disclose expenditures coded to object codes other than 1XX and 2XX

# HB 659 – Transparency



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- Required Website School Level:
  - **Budget and Cost of all salary and benefit expenditures for all staff**
  - What if your district's board policy does not require budget at school level?
  - OCGA §20-2-167 has budget requirements per law
  - Link to Budget policy
  - Link to Board-approved budget on District Website
  - Disclose expenditures coded to object codes 1XX and 2XX

# HB 659 – Transparency



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- Required Website School Level:
  - **Budget and Cost of all professional development, including training, materials, and tuition provided for instructional staff on an annual basis**
  - What if your district's board policy does not require budget to school level?
  - Link to Budget policy
  - Link to Board-approved budget on District Website
  - Disclose expenditures for professional development (include all funding sources)

# HB 659 – Transparency



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- Required Website School Level:
  - **Budget and Cost of facility maintenance and small capital projects**
  - What if your district's board policy does not require budget to school level?
  - Link to Budget policy
  - Link to Board-approved budget on District Website
  - Facility Maintenance coded to Function 2600
  - What defines small capital projects?

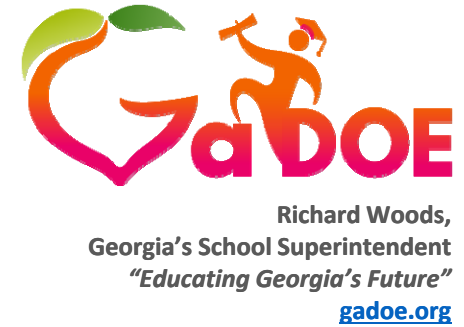
# HB 659 – Transparency



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- Required Website School Level:
  - **Budget and Cost of new construction or major renovation reported on a cost-per-square-foot basis, based on the school system facility plan**
  - Provide link to SPLOST referendum/project detail
  - Provide link to local facilities plan at district level
  - Provide link to Board minutes by approved construction/renovation project
  - Include cost-per-square-foot in board approved minutes

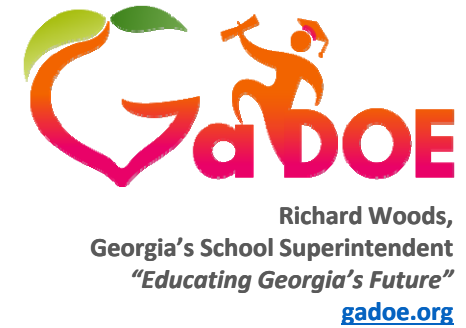
# HB 659 – Transparency of local school systems and schools



- Required Website School District:

- **Annual budget of the local board of education**
- HB 65 requires tentative and final budgets to be posted on website
- Post the budget that is approved per board policy
- Link to budget policy

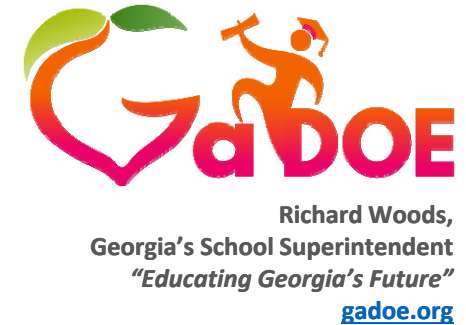
# HB 659 – Transparency of local school systems and schools



- Required Website School District:
  - **Annual audits conducted on the finances of the local board of education**
  - Could district link to Department of Audits website?



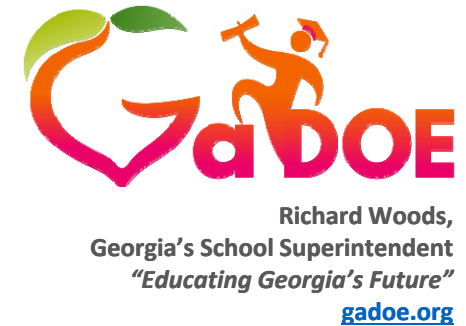
# HB 659 – Transparency of local school systems and schools



- Required Website School District:

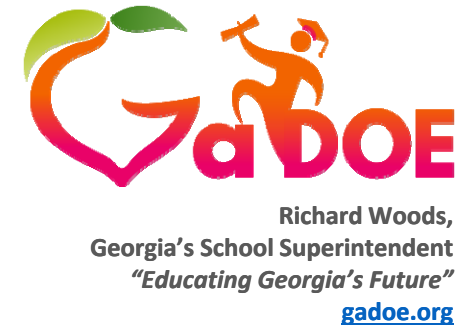
- **Ratios of expenditures to revenues**
- Is this relevant for federal programs that are on a reimbursement basis?
- Is this relevant for capital projects that are based on board approved contracts? The revenue will generally be earned in period other than period expended.
- Is this relevant for debt service? SPLOST revenue earned in periods other than principal and interest debt payments
- Could districts disclose ratio of amounts disclosed on Revenues/Expenditures web report?

# HB 659 – Transparency of local school systems and schools



- Required Website School District:
  - **Total dollar amount of local property tax revenue the school system is authorized to collect in addition to the total program mill levy**
  - Disclose total levied amount per latest tax confirmation
  - Disclose total Ad Valorem Tax reported on fiscal year

# HB 659 – Transparency of local school systems and schools



- Required Website School District:
  - **Total dollar amount of all other tax revenue that is collected by the school system**
  - Disclose the following taxes recorded in fiscal year:
    - Sales Tax (SPLOST)
    - Title Ad Valorem Tax
    - Railroad Car Equipment Tax
    - Real Estate Transfer Tax
    - Intangible Tax – Clerk of Superior Court

# HB 659 – Transparency



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- Required Links to Other Information on School District's webpage:
  - **Annual budget submitted to the State Board of Education** – HB 65 requires disclosure of Tentative and Final Budget
  - **Annual personnel report prepared by the state auditor** – Link to DOAA website
  - **Most recent audit** – Link to DOAA website
  - **Annual SPLOST Schedule as required to be provided to DOAA** – Link to DOAA website

# HB 659 – Transparency



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- Required Links to Other Information on School District's webpage:
  - **Any findings of irregularities or budget deficits reported by DOAA**
  - **Include Statement of Actual Operations on website**

# HB 659 – Transparency



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- Required Links to Other Information on School's webpage:
  - **Financial efficiency ratings for the school published by GOSA – Link to GaDOE CCRPI page**
  - **Link to school district's webpage**

# HB 659 – Transparency



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- WHEN?

- Initially, GaDOE to have instructions by January 2017, Districts report by October 2017
- Transparency will return with 2017 Legislation.
- Compliance estimated in 2018

# HB 65 – Budget Hearings



# HB 65 – Budget Hearings



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- Includes school districts and state charter schools
- Excludes:
  - College and Career Academies
  - Conversion Charter Schools
  - System Charter Schools
- Exclusions will be included in the budget of the School System

# HB 65 – Budget Hearings



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- Requires **at least** two public hearings before adopting any budget
- Two public hearings cannot be held within the same week
- Any other public meetings or hearings related to the budget shall satisfy all or a portion of such requirement

# HB 65 – Budget Hearings



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- One Public Hearing
- One Public Hearing
- Adopt Tentative Budget
- Advertise Tentative Budget
- Adopt the Final Budget
- Tax Estimates Received from Commissioner
- Increase needed to meet Approved Budget
- Now 3 More Public Hearings
- Vote on Millage Increase

Public Hearings can be held before or after adoption of tentative budget, as long as it is before adoption of the final budget.

# HB 65 – Budget Hearings



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- Timeline very important:
  - If budget is adopted before millage is set, there is a chance you will hold 2 public hearings before adoption, then 3 public hearings when millage is set.

# Accounting for Schoolwide Program

# Role of Financial Review in Consolidation of Funds?



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- Ensure general ledger accounting method is established that provides option to consolidate state, local, and federal funds while maintaining data to meet all other federal and state requirements.
- Ensure the method is reasonable and barriers are eliminated to implement a consolidation of funds method to support schoolwide programs.

# What Reporting Requirements?



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O.C.G.A. §20-2-320 – Requirements for uniform computerized budget and accounting system

State Board Rule 160-5-2-.21 – Requirements for uniform system of reporting by Fund, Revenue Source, Function, Program, and Object Code

# Why the Reporting Requirements?



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What reporting requirements?

- National Center for Education Statistics
- U.S. Census Bureau
- Maintenance of Effort
- Indirect Cost Calculation
- Special Ed Excess Cost Calculation
- Report Card Data
- Financial Efficiency Star Rating
- Audit Reports



# What do Federal Regulations Say about Reporting?



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## Uniform Grant Guidance

- 2 C.F.R. Part 200, Sections 300 - 302
- SEA is to manage and administer the federal program.
- SEA is to use OMB-approved standard information collections when providing financial and performance information.
- SEA required to expend and account for the Federal award in accordance with state laws and procedures.

# What does the new ESSA Bill Require?



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## Annual State Report Card – Minimum Requirements

“The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.”

# What Can Financial Review NOT Provide?



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- Assurance that the amount of consolidated funds is enough to provide the desired level of flexibility with the federal funds
- Directives on budget detail for the schoolwide plan required on the Consolidated Application
- Waive requirements for other Federal reporting to ease the burden of accounting for the consolidation of funds
- Assurance that there will be no audit findings resulting in questioned costs that lead to a refund

# Accounting



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What considerations should be made when consolidating state and local funds?

- O.C.G.A. §20-2-320 – requires districts to use the format as prescribed by State Board of Education when reporting budget and financial reports.
- O.C.G.A. §20-2-161(e) – drives the funding for the Training and Experience appropriation, based on employees funded through state funds.

# Accounting



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Develop allocations for funding each of the schoolwide schools in the district:

- The LEA may use any reasonable method to demonstrate how the funds in a schoolwide program have been expended.
- The allocation must support the needs assessment of the school, included in the approved schoolwide plan.

# Accounting – Fund 150



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Develop allocations for funding each of the schoolwide schools in the district:

- Complete the **SCHOOLWIDE STATE, LOCAL, AND/OR FEDERAL ALLOCATION PLAN** form to calculate the total amount of funding and percentages for each schoolwide school.
  - The completed form will report the total state and local, and/or federal funds and the percentage participation from each program and grant for each schoolwide school.
  - The allocation will take place using monthly journal entries to transfer the expenditures to each participating federal program.

# What method will be used?



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Fund 150: Consolidate all State, Local, Federal Expenditures in support of a schoolwide program

Functional Codes:

- 1000 – Instruction
- 2100 – Pupil Services
- 2210 – Improvement of Instructional Services
- 2220 – Educational Media Services

# Accounting – Fund 150



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## Accounting For Activity

- Record the expenditures in the General Fund using the schoolwide program budget.
- Record the expenditures using prescribed format of Fund, Function, Program, and Object Code.
- Preferably, at the end of the month, post manual journal entries to reduce the expenditures in the General Fund, by Program and Function, and increase the expenditures in each participating Federal fund.



# What method will be used?



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## Fund 150:

- Activity can be moved monthly or at year end to disaggregate the expenditures at the functional level to the federal funding sources.
- Activity allocated to General Fund can remain in Fund 150, and consolidate with General Fund for reporting purposes
- Fund 150 = Zero Fund Balance at June 30th

# DE 147s and Completion Reports - Both methods



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- The monthly cash drawdowns will be based on expenditures recorded in each funding source, allocated with Manual Journal Entries
- Completion reports will be based on expenditures recorded in each funding source, allocated with Manual Journal Entries
- If budget is amended, there are no specific requirements to reallocate previous expenditures based on the amended percentages

# How does this affect the “DE46” Transmissions?



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Applies to Initial Budget, Final Budget, and Final Financial File:

- All activity will be charged by school code
- Final Amended Budget will correspond with Final Approved schoolwide allocations by school
- Expenditures will continue to be reported using current format, fund, program, function, object, school code

# GASB 68

# GASB 68



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## Corrections to Initial GaDOE Guidance

- Entry #5 – To record Deferred Outflow at June 30, 2015  
Entry for amount **billed** July through June
- RSI Schedules – If the information is available for previous 10 years, it should be recorded
- TRS Covered Payroll – total amount paid to employees that are members

# GASB 68



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## Updates for FY 2016

- Request the activity to be recorded in Fund 902
  - A unique fund will allow the expenses/revenues to all close to the Net Position 0717 account.
- Record the activity on the DE 46 submitted to GaDOE

# GASB 68



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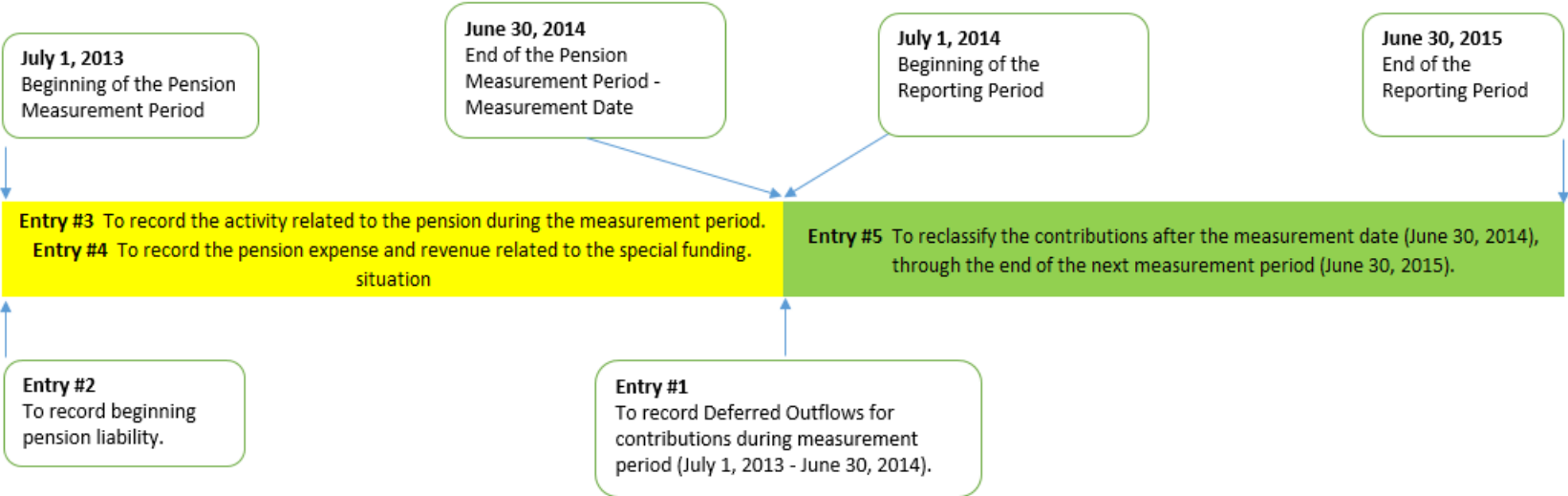
## RSI Schedule – Required District Contributions

- FY 16
- Only include contributions by district
- Will not include on-behalf payments
- Percentage of required contribution will not equal 100%

# GASB 68



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# GASB 68



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## Example of On-Behalf Entries for TRS

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

# GASB 68



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## Example of Alternate Method: On-Behalf Entries for TRS – Update FY 2016

<b>Amount of Payments to TRS by GaDOE on-behalf of the school district:</b>			14,000.00
(Based on worksheet provided by GaDOE - May 2015 through April 2016)			
<b>Amount of State's Portion of Pension Expense:</b>			8,000.00
(provided by TRS in the school district's actuary packet)			
<b>Journal Entry for Fund Level:</b>			
Debit - Expenditures	14,000.00		}
Credit - Revenues		14,000.00	
<b>Journal Entries for District-wide Level:</b>			
Debit - Revenues	14,000.00		}
Credit - Expenses		14,000.00	
Entry at District-level reverses the entry posted at the Fund level.			
Debit - Expenditures	8,000.00		}
Credit - Revenues		8,000.00	
Entry at District-level for the amount of state support that agrees with actuarially determined pension expense.			

# Austerity Survey

# Austerity– 2016



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- Survey Results
- 94% of all school districts reported either decreasing, eliminating, or avoiding furlough days in FY 2016.
- 58% of all school districts had already eliminated furlough days in FY 2015.
- Approximately 27% of all school districts reduced class sizes.
- Approximately 20% of all school districts reduced, eliminated, or maintained zero furloughs AND reduced class sizes.
- Approximately 37% of school districts indicated salaries were increased or one time supplements were awarded.

# Austerity– 2017



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- HB 751 states “Increase funds to offset the austerity reduction in order to provide local education authorities the flexibility to eliminate teacher furlough days, increase instructional days, and increase teacher salaries.”

# Austerity– 2017



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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– 2017



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- Questions for FY 2017 Survey may include:
  - Were furloughs eliminated?
  - What category of employees continue to be subject to furloughs?
  - Are salary increases approved for FY 17?
  - What category of employees are subject to a raise?
  - Is the raise an increase in local supplement?
  - Is the raise a one-time supplement adjustment?
  - How many instructional days are scheduled?
  - How many professional days are scheduled?
  - Other items budgeted due to reduction in Austerity?





# Education Reform Commission

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

# Education Reform Commission



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- Tasked by Governor Deal to provide recommendations related to the following:
  - K12 funding model
  - Teacher recruitment and retention
  - Early childhood education
  - School choice and expanded educational opportunities
  - Moving on when ready
- Recommendations presented to Governor in December 2015

# Education Reform Commission



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- Funding Committee adopted preliminary recommendations to be reviewed and voted upon by full committee in December.
- Initial recommendations include the following:
  - Infusion of nearly \$467 million in additional funding by FY 2018 as compared to FY 2016 QBE earnings.
  - A student-based (enrollment) funding model driven by individual student characteristics.
  - Fewer categories of weighted student characteristics.
  - The introduction of an economically disadvantaged characteristic for the purposes of additional funding.
  - A homogenized earnings formula for what is currently designated as training and experience.

# Education Reform Commission



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- 2015 recommendations can be found here:
- <https://gov.georgia.gov/education-reform-commission>
- <https://gov.georgia.gov/materials-1>
- [https://gov.georgia.gov/sites/gov.georgia.gov/files/related\\_files/document/FinalGovERCReport\\_121415.pdf](https://gov.georgia.gov/sites/gov.georgia.gov/files/related_files/document/FinalGovERCReport_121415.pdf)

# Funding Formula



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## Student Base Model (6-8 Student)

Direct Costs (what is earned for these costs):

Teacher Salaries

Counselors

Art/Music/PE/Foreign Language

Technology Specialist

Instructional Operations

# Funding Formula



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## Student Base Model

Indirect Costs (what is earned for these costs):

- Social Worker
- Psychologist
- Principals
- Assistant Principals
- School Secretary
- School Operations
- Facility M&O

# Funding Formula



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## Student Base Model

Media Specialists, Operations

Staff and Professional Development

Nursing

Transportation

Technology

**Training and Experience** (difference between state average teacher salary and T&E = \$52.60)

# Funding Formula



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## Student Base Model

### DOES NOT INCLUDE:

Training and Experience (except for average cost per student for those that fall below the state average)

Teacher Retirement

Health Insurance

**Funded outside of base cost per student**



# Funding Formula



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## Student Base Model

Based on Student Enrollment,  
**not** FTE Segments

# Differences in Proposal



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## Proposed Formula

### Add On Weights:

- K-3
- 4-5
- 9-12
- CTAE
- Special Ed A-E
- ESOL
- Economically Disadvantaged
- Gifted

## Current Formula

### Current Categories:

- Kindergarten
- Kindergarten EIP
- Primary EIP
- Upper Elem (4-5)
- Upper Elem EIP
- Middle Grades
- Middle School
- Remedial
- Alternate Ed

# Education Reform Commission



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- Student Base = \$2,393.13
- Included in Base:
  - Teacher Salaries
  - Counselors
  - Art/Music/PE/Foreign Language
  - Technology Specialist
  - Instructional Operations

# Due Dates – Financial Reports and Statements

# Due Dates



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## September 30th

- Annual Financial Report, CY Final Budget, Subsequent Year Initial Budget
- Submit to GaDOE Financial Review

## December 31st

- Final financial statements for presentation for audit.
- Submit to DOAA, regardless of CPA used for audit.

# Waivers?



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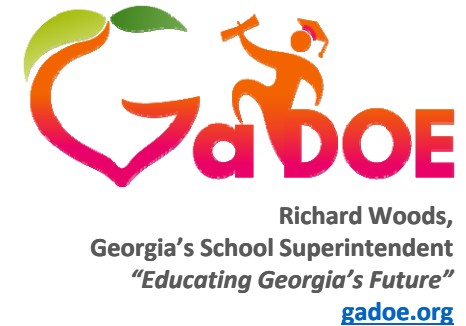
Only for extenuating circumstances.....

- Board floods
- Family/medical emergency

Waivers will not be granted for:

- New Finance Officer
- New Accounting Software
- Budget Approvals

# What does this mean?

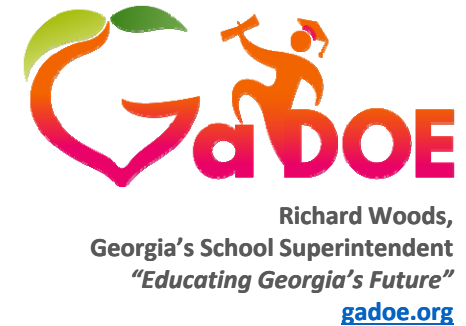


- Post as many entries as possible to the DE 46 before submission
- Download the Financial Statement Checklists on the DOAA website
- Attend Financial Statement Prep workshops July/August hosted by DOAA

# Financial Statements



# Financial Statements



- Mapping Issues
- FY 2015 – Financial Statements built with new program
- Currently, our IT Department is not staffed to finish this project.
- Exhibits A and C are the only exhibits included in the new portal location

# Financial Statements



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## Financial Review

- View Alerts
- AYP Reports
- View Calendar
- Consolidated Application
- COPS Financial
- CPI-Active
- View Documents
- Finance Applications
- Invoice Application
- View News
- School Nutrition
- Title I LEA
- Message Center
- Grants Application
- ARRA Reporting
- Financial Review Application

New location for Financial Review Applications. Currently only Exhibits A and C.

Financial Review Application

- Reports
- Financial Review
- Admin

Amy Rowell

# What's Next?

- Exhibit A and C were first
- Exhibit B
- Exhibit C
- Reconciliation Exhibits
- Schedules



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# Step 1: Is Actuals Ledger Mapping Correctly?

# Check Actuals Ledger to Financial Statements



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- Are funds mapped correctly?
- Are all accounts mapping in correctly?
  - Program Codes
    - Revenues on Exhibit B
    - Expenditures on Schedule of Expenditures of Federal Awards
    - Schedule of State Revenue

# Check Actuals Ledger to Financial Statements



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- Are all accounts mapping in correctly?
  - Capital Assets
    - Are capital assets recorded on the Actuals Ledger?
    - Is the activity recorded in the Expenditures?
    - Is the activity recorded by netting the prior year and current year change in Accounts 303 and 304?
    - How it is recorded makes a difference in the mappings.

# Check Actuals Ledger to Financial Statements



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- Are all accounts mapping in correctly?
  - Long Term Debt
    - Is debt recorded on the Actuals Ledger?
    - Is the activity recorded in the Expenditures?
    - Is the activity recorded by netting the prior year and current year change in Accounts 303 and 304?
    - How it is recorded makes a difference in the mappings.

# Step 2: Check the Detail

Reconcile Expenses Reported on Exhibit B to  
Expenditures Reported on Exhibit E



# Review Expense Column on Exhibit B



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- Reconcile the Expenses recorded on Exhibit B to the Expenditures recorded on Exhibit E.
- Only differences between Fund Statements and District-wide statements are due to activity in Funds 800 and 900.

# Review Expense Column on Exhibit B



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- Save a pdf or csv file of the drill-down on the Expense column on Exhibit B.
- If the programmed mapping is not correct for your district, adjustments to your financial statements are necessary.
- Remember: programming is standardized for all districts.

# Step 2: Check the Detail

Reconcile Revenues Reported on Exhibit B to  
Revenues Reported on Exhibit E

# Review Revenue Column on Exhibit B



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- Reconcile the Revenue recorded on Exhibit B to the Revenue recorded on Exhibit E.
- Only differences between Fund Statements and District-wide statements are due to activity in Funds 800 and 900.

# Review Revenue Column on Exhibit B



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- Save a pdf or csv file of the drill-down on the Operating Grants and Contributions column on Exhibit B.
- If the programmed mapping is not correct for your district, adjustments to your financial statements are necessary.
- Remember: programming is standardized for all districts.

# Does Revenue Reconcile Between E and B?



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<u>Exhibit E</u>		<u>Exhibit B</u>	
State Revenue	25,780,858.87	Operating Grants and Contributions	34,262,048.61
Federal Revenue	9,614,751.74	Capital Grants and Contributions	77,220.00
	<hr/>	Grants Not Allocated Not Restricted to Specific Programs	<hr/>
	<u><u>35,395,610.61</u></u>	<b>If Amounts Do Not Agree, Look at Mappings and Funds 800 &amp; 900</b>	<u><u>35,395,610.61</u></u>

# Operating Grants and Contributions



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Program Code	Program Description	Expenses	Revenues	Total Expenses	Expense Percentage	Program Revenues Operating Grants and Contributions
<b>1000 Instruction</b>						
<b>100 General Fund</b>						
1011	Kindergarten	1,796,164.29	2,113,557.00	1,796,164.29	100	2,113,557.00
1021	Primary Grades Program 1-3	3,685,305.16	4,444,156.00	3,685,305.16	100	4,444,156.00
1041	High School General Education Program 9-12	4,508,096.01	2,477,869.00	4,508,096.01	100	2,477,869.00
1051	Upper Elementary Grades Program 4-5	2,299,431.26	2,049,615.00	2,299,431.26	100	2,049,615.00
1061	Kindergarten Early Intervention Program	147,279.72	189,285.00	147,279.72	100	189,285.00
1071	Primary Grades Early Intervention Program 1-3	672,944.28	464,511.00	672,944.28	100	464,511.00

**Revenue is allocated on a proportionate basis**

# Operating Grants and Contributions



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Revenue By Program Code		
Program Code	Description	Revenue Amount
1750	Title I - Grants to LEAs	2,768,743.00

**Total Revenue for Title I – Grants to LEAs**



# Operating Grants and Contributions



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Expenditure Functions in Which Program Code Is Charged					
1000	2210	2300	2220	2900	Total Expenditures
1,968,664.00	474,141.00	37,112.00	2,431.00	127,378.00	2,609,726.00

**Total Expenditures for Title I – Grants to LEAs**

# Operating Grants and Contributions



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Percentage of Expenditures Charged to Each Function					
1000	2100	2210	2220	2900	Total Percentage
75.44%	18.17%	1.42%	0.09%	4.88%	100.00%

## Percentage of Expenditures Charged to Each Function

# Operating Grants and Contributions



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Percentage of Revenue Allocated to Each Function					
1000	2100	2210	2220	2900	Total Revenues
2,088,619.52	503,031.57	39,373.33	2,579.13	135,139.45	2,633,603.55

## Revenues Allocated to Each Function

# What to Check?

- GSFIC Revenue
- Transportation Revenue
- Medicaid Revenue
- Any misclassifications of Revenue adjusted on Exhibit E?



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# Chart of Accounts

# Chart of Accounts



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## Object Codes

- 113 and 114 – Updated to include substitutes and **temporary employees**
- 310 – **Contracted Service – Administration** - Services in support of the various policymaking and managerial activities of the school district. Included are management consulting activities oriented to general governance or business and financial management of the school district; school management support activities; and election services and tax assessing and collecting services. (Usually used with functions 2230, 2300, 2400, and 2500.)

# Chart of Accounts



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## Object Codes

- **432 Repairs and Maintenance Services – Technology Related** - Expenditures for repairs and maintenance services for technology equipment that are not directly provided by school district personnel. This includes ongoing service agreements for technology hardware (eg Personal computers and services, main frames...) and software maintenance agreements for software already purchased.
- **530 Communications** - Services provided by persons or businesses to assist in transmitting and receiving messages or information. This category includes telephone and voice communication, data communication services to establish or maintain computer-based communications, networking, and internet services; video communications services to establish or maintain one-way or two-way video communications via satellite, cable, or other devices; and postal communication services to establish postage machine rentals, postage express delivery services and couriers. [Update account description.]

# Chart of Accounts



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## Object Codes

- **611 Supplies - Technology Related** - include supplies that are typically used in conjunction with technology-related hardware or software. Some examples are CDs, flash or jump drives, parallel cables, and monitor stands. E-readers, including Kindles, and iPads, that fall below capitalization thresholds should be reported here as well. Purchased software costs below the capitalization threshold should be reported in 612 – Computer Software. Licenses and fees for services such as subscriptions to research materials over the Internet should be reported under 532 Communications – Web-based Subscriptions and Licenses. [Update account description.]



# Chart of Accounts



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## Object Codes

- **641 Textbooks – Printed** - Expenditures for the purchase of printed (hardcopy) textbooks and workbooks used in the classroom. The cost of binding and repairing textbooks is reported here also. [Update account description.]
- **734 Purchase or Lease-Purchase of Equipment – Technology Related** - Expenditures for technology-related equipment and technology infrastructure. These cost include those associated with the purchase or lease-purchase of network equipment, servers, PCs, printers, other peripherals, devices, and any wiring/cables/network switches (network infrastructure). Items charged here must meet the two criteria noted in object for 730 for equipment purchases. [Update account description.]

# Chart of Accounts



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## Object Codes

- **279 Pension Expense** - Account to be used to record pension expense activity for TRS, ERS, PSERS and any local retirement systems for GASB 68 reporting requirements for the school districts. District-wide activity only. (Fund 9xx only)
- **532 Communications – Web-based Subscriptions and Licenses** - This category includes licenses and fees for services such as subscriptions to research materials over the Internet (such as downloads). Expenditures for purchased software should be coded to object 612 if the software was not capitalized or object 735 if the purchased software is eligible for capitalization.

# Chart of Accounts



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## Object Codes

- **640 Digital/Electronic Textbooks** - Expenditures for the purchase of digital/electronic textbooks and workbooks used in the classroom or as instructional materials (including any licensing and software fees for these materials). Also would include the software licenses and fees for subscriptions for instructional materials over the Internet (such as downloads). For example, an electronic alternative to hardcopy textbook or workbook.

# Chart of Accounts



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## Program Codes

- **7060 – 7065**
- **RESERVED FOR GOVERNOR'S OFFICE OF STUDENT ACHIEVEMENT (GOSA) GRANT**
- Fund 100, 300 and 580-588
- If a multi year grant is already coded to another program code, continuing using the old program code
- These codes are added for your use in identifying the revenues and expenditures separately for the GOSA grants

# Chart of Accounts



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## Proposed Function Code – FY 2018

- **2213 INSTRUCTIONAL STAFF TRAINING**
- Activities associated with the professional development and training of instructional personnel. These include such activities as in-service training (including mentor teachers), workshops, conferences, demonstrations, courses for college credit (tuition reimbursement), and other activities related to the ongoing growth and development of instructional personnel. Training that supports the use of technology for instruction should be included in this code. The incremental costs associated with providing substitute teachers in the classroom (while regular teachers attend training) should be captured in this function code. All costs should be charged to this code regardless of whether training services are provided internally or purchased from external vendors. It should be noted that the salary of a teacher who is attending training would still be reported in function 1000. [Will be added to Function 2210 for financial reporting purposes.]

# Chart of Accounts



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## Proposed Function Code – FY 2018

- **2213 INSTRUCTIONAL STAFF TRAINING**
- Allows all professional development training to be captured, regardless of funding source

# GAO Greenbook

# GAO Greenbook



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- Greenbook defines the internal control framework criteria through components and principles
- State of Georgia is shifting guidance to the Greenbook model
- [www.sao.ga.gov](http://www.sao.ga.gov)
- For school districts, Department of Audits and Accounts is updating the Risk Assessment Template
- Target Date July/August



# GAO Greenbook – 5

## Components and 17 Principles



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### • Control Environment

- The oversight body and management should demonstrate a commitment to integrity and ethical values.
- The oversight body should oversee the entity's internal control system.
- Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
- Management should demonstrate a commitment to recruit, develop, and retain competent individuals.

### • Risk Assessment

- Management should define objectives clearly to enable the identification of risks and define risk tolerances.
- Management should identify, analyze, and respond to risks related to achieving the defined objectives.
- Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
- Management should identify, analyze, and respond to significant changes that could impact the internal control system.

# GAO Greenbook – 5

## Components and 17 Principles



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### • Control Activities

- Management should design control activities to achieve objectives and respond to risks.
- Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.

### • Information and Communication

- Management should use quality information to achieve the entity's objectives.
- Management should internally communicate the necessary quality information to achieve the entity's objectives.
- Management should externally communicate the necessary quality information to achieve the entity's objectives.

### • Monitoring

- Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
- Management should remediate identified internal control deficiencies on a timely basis.

# Other Items

# Data Reporting



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- 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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# QBE Expenditure Reports



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- DE 0420 Reports still available in the portal
- Current IT software cannot “hide” reports from those districts that are not subject to expenditure controls
- If district is a charter system, state charter school, or strategic waiver system, ignore reports and warning messages
- If district is a status quo system or flexibility contract not effective for FY 2016, expenditure controls apply

# QBE Expenditure Reports



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- SSWS or Charter System Contract Effective July 1, 2016 (FY 2017)
- Are Expenditure Controls 20-2-167 waived for FY 2016?
- Austerity can be applied

# 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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# Contact Information



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