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GASBO 2017 GaDOE

General Updates
November 8-9, 2017
Amy Rowell – Financial Review

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AGENDA

- Initial FY 2018 Budget
 - Military Counselors
- Salary Survey
- ESSA
- Financial Efficiency Star Rating
- HB 139 – Fiscal Transparency
- Audit Findings and Corrective Action Plans
- Chart of Account Updates

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AGENDA

- Financial Statement Deadline
- Schoolwide Consolidation of Funds
- Federal Administrative Consolidation of Funds
- Federal Transferability
- Completion Reports
- GASB Updates
- Special Education Cluster MOE and Excess Cost

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FY 2018 QBE and Other State Grants



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Initial FY 2018 QBE

- 2% Salary increase for certified employees - \$160,105,154
- Funded enrollment growth and T&E increase - \$133,317,976
- Nurses Increase (based on enrollment increases) - \$220,798
- TRS Increase 14.27% to 16.81% - \$177,960,254
- State Salary Scale Increase - \$160,105,154
- Initial FTE – 1,744,714
- Charter System Supplement - \$2,999,129
 - Adjusted for Increased FTEs
- State Commission Charter Schools - \$8,021,294
- Math and Science Supplement Reduction – (\$361,111)

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Initial FY 2018 QBE – Categorical Grants

- Sparsity – Updated FTEs and calculation for TRS
- Equalization - \$584,562,416
- Local Fair Share – \$1,777,164,321
- State Preschool Disabilities Grant –
 - \$432,960 for 2% salary increase (increase affects the grant award calculation)
 - \$637,635 for TRS increase
 - \$794,243 for enrollment growth and T&E
 - Funded as appropriated

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Initial FY 2018 QBE



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- Increase funds for school counselors (HB 283 from 2013 session)
- Increase funds for school counselors that have a large concentration of military students
 - Funding based on number of military students reported to House Budget Office by school district
- What to do with Military Counselor Funding?

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Transportation Funds – 2018



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- FY 2017
 - Salary - \$9,016.94
 - Social Security - \$689.44 (7.65%)
 - Sick Leave - \$125
 - Requirement Medical Examination - \$30
 - Total - \$9,861.38
- FY 2018
 - Salary - \$9,199.82
 - Social Security - \$703.79 (7.65%)
 - Sick Leave - \$125
 - Requirement Medical Examination - \$30
 - Total - \$10,058.61

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Transportation Funds – 2018



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- Bonds for Buses
 - Letter July 25, 2017
 - Remember you still have to submit copies of invoices to get reimbursed (Invoice Application in the Portal)
 - Assurance statement must be signed by Superintendent
 - There will be \$7.5 million in Bus Bonds in FY18
 - Funding @ \$77,319.58 per bus.

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Austerity 2018



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- FY 2018 - \$166,769,851
- FY 2017 - \$166,769,851
- Decreased - \$0
- Adjusted to 1.98% of QBE Earnings (less local 5 mills) for each district

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TRS



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- Employer Rates
 - FY 2018 – 16.81%
 - FY 2019 – 20.91%
- Employee Rates
 - FY 2018 – 6.00%
 - FY 2019 – 6.00%

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State Health Benefit Plan

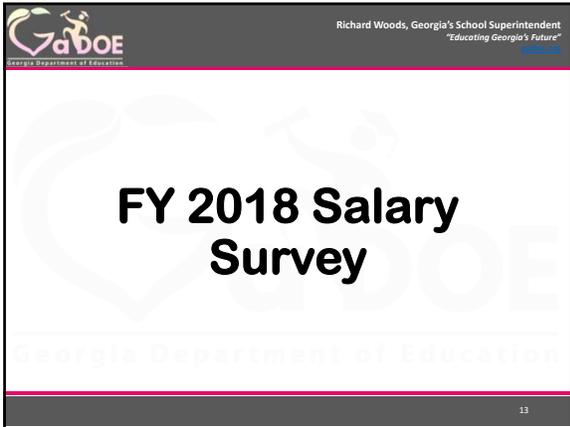


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- Employer Contributions
 - Certified Employees - \$945 PMPM
 - Non-certified Employees - **\$945 PMPM**
 - Increase from \$846.20 PMPM
 - Effective January 1, 2018

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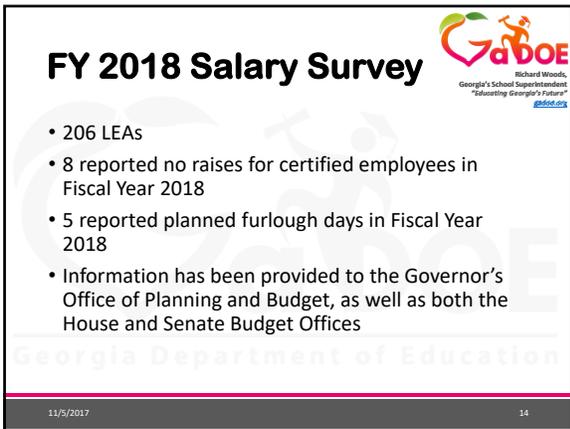


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FY 2018 Salary Survey

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FY 2018 Salary Survey

- 206 LEAs
- 8 reported no raises for certified employees in Fiscal Year 2018
- 5 reported planned furlough days in Fiscal Year 2018
- Information has been provided to the Governor's Office of Planning and Budget, as well as both the House and Senate Budget Offices

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ESSA

Every Student Succeeds Act

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ESSA – School Level Reporting



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- "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."

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ESSA – School Level Reporting



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- Regulations related to Law were eliminated
- This means each state must develop their own plan for calculating per pupil expenditures (PPE)
- PPE must be calculated at district level and school level, disaggregated between state/local and federal expenditures
- PPE is in total
- Disaggregation by fund source is in total

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ESSA – School Level Reporting



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What will we do to create our own calculation????



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ESSA – School Level Reporting

Financial Efficiency Star Rating



Methodology already developed for calculating the school level and the district level PPE



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ESSA & FESR – What is reported at school level?

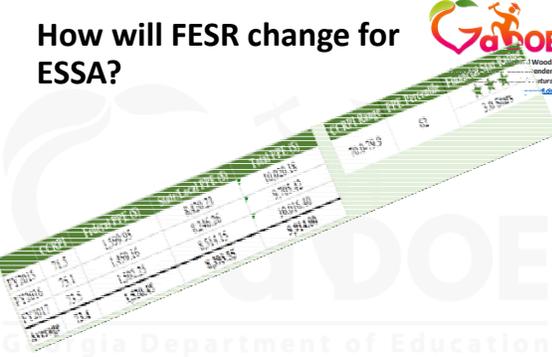
- School Level Expenditures
 - 1000, 2100, 2210, 2213, 2220, 2400
 - Includes Personnel and Non-Personnel Expenditures
- Centralized Expenditures - Determined by each State.
 - 2230, 2300, 2500, 2700
- What costs may fall in both categories? Depending on activity?
 - 2100, 2210, 2213, 2600, 2800, 2900



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How will FESR change for ESSA?



Category	FY2016	FY2017	Average
Personnel	75.5	75.1	75.3
Non-Personnel	1,599,991	1,590,165	1,595,078
Total	1,675,486	1,665,286	1,670,386
FESR	75.5	75.1	75.3



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FESR – Any changes for FY 2017?



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- Local Charter School Funds – 359, 659, 859, 959 are excluded
- Excluding expenditures in Object 594 if district correctly reports local charter school activity in Fund 599
- Alternative Programs – Allocated amount per grade spans reported in the Facility Registry. If not reported, then allocated as a centralized cost.
 - EX – Alternative School serves grades 6-12. Allocate expenditures to all schools on the school enrollment basis that serve those same grade spans.

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FESR – Any changes for FY 2017?



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Allocation of Expenditures of Alternative Programs

The expenditures of alternative programs are distributed to all schools in the district that serve students in the same grade cluster (elementary, middle, and high) based on proportional enrollment in those grade clusters. For the purposes of FESR, alternative programs are identified using a crosswalk provided by GaDOE's Facilities Division. Alternative programs have the following instructional purposes, regardless of whether the program is marked as open or closed:

- GNET
- Non-Traditional
- Non-Traditional School
- Blank

The expenditures for these programs are allocated to the schools which serve the same grade bands including charter schools, unless:

- The district did not provide the grade configuration for the program,
- The program serves all three grade bands, or
- The program serves only pre-k.

If any of the above three criteria are met, the expenditures are assigned to centralized costs.

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FESR – Any changes for FY 2017?



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Centralized Costs

Local Charter Schools – Centralized Costs are calculated at 3% of total amount transferred/allotted to local charter by the school district.

Centralized Cost Allocation to Local Charter
= Total Included Expenditures ÷ 0.97 * 0.03

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FESR – Any changes for FY 2017?



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Centralized Costs

Traditional Schools – Centralized Costs LESS amount allocated to local charter schools is proportionately distributed to all schools based on enrollment.

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FESR – Timeline



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- Provided data to GOSA for calculation on October 24, 2017
- School Level and District Level Calculations added to Portal in November
- District-Level Management Responses collected through mid-December
- Publicly Release December/January

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HB 139 – Financial Transparency




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HB 139 - Transparency



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- Intent: To provide transparency and accuracy of financial information at the local school system and school levels to the greatest extent practicable.
- Similar to HB 659 that was vetoed in 2016
- Requires GaDOE to disclose certain financial information of the school districts and schools
- Template to be ready by January 1, 2018
- Disclosure of information by October 2018

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HB 139 - Transparency



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- What does GaDOE have to do?
 - Develop rules and regulations for reporting no later than January 1, 2018
 - Publish all information by October 31, 2018
 - What information? FY 2017 financial data? FY 2018 financial data? What audits will be available? SPLOST schedule for FY 2018 is not due to DOAA until December 15, 2018?
 - Publish annually the underlying fiscal data that inform the financial efficiency rating calculated by GOSA with an explanation of the fiscal data that inform the rating on a disaggregated basis.

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HB 139 - Transparency



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Local property tax revenue: \$7,969,754,141.19

Revenue: \$25,531,199,433.59

Expenditures: \$25,531,199,433.59

Ratio of Expenditures to Revenue for General Funds: 96.6%

Ratio of Expenditures to Revenue for School Plant Funds: 100.1%

Ratio of Expenditures to Revenue for Special Revenue Funds: 103.1%

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Is Georgia Alone in Financial Transparency Requirements?

NO!!!

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Transparency – Nationwide

Edunomics – Georgetown University



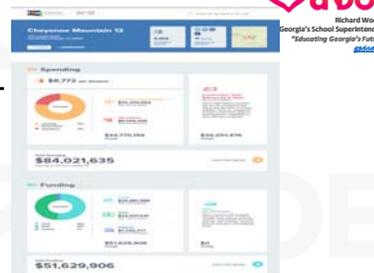
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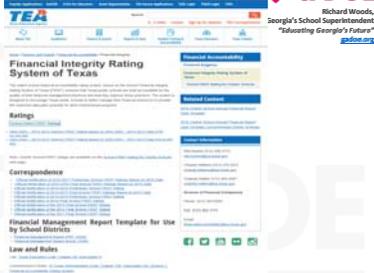
Transparency – Nationwide

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Transparency –Nationwide

Texas Education Agency

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Are there limitations to the financial data reported?

YES!!!

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Financial Data Limitations

- Maintenance and Building Costs
- Salary Costs
- Student Needs
- Programs that span more than one school
- Costs that are not recurring each year
- Higher concentration of set asides
- Centralized vs Decentralized Operations
- Overall Flexibility

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Financial Data Considerations



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- As Revenue Increases, Expenditures Increase
 - Is a school system fiscally irresponsible if costs are rising?
 - It depends!
- TRS Employer Rates Increasing Significantly
 - FY 17 – 14.27% FY 18 – 16.81% FY 19 – 20.91%
- Classified Health Insurance Employer Premiums Increasing
 - FY 17 - \$746.20 pmpm Y 18 - \$846.20 pmpm FY 19 - \$945 pmpm
 - pmpm – per member, per month
- Increasing Enrollment

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Financial Data



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- Important to assess where money is going and compare to results
- Financial data should be considered in conjunction with other information of the school district.

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Financial Data Explained



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- School Districts ---- Be ready to communicate the "story" behind the expenditures!
- What is the district's Strategic plan?
- What costs are associated with implementing the plan?
- The numbers tell the story.



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Audit Findings and Corrective Action Plans

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Corrective Action Plans

§ 200.511 Audit findings follow-up.

(a) General. The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. The auditee must also prepare a corrective action plan for current year audit findings.

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Corrective Action Plans

2 CFR §200.513(c)(3) Follow-up on audit findings to ensure that the recipient takes appropriate and timely corrective action. As part of audit follow-up, the Federal awarding agency must:

- (i) Issue a management decision as prescribed in § 200.521 Management decision;
- (ii) **Monitor the recipient taking appropriate and timely corrective action;**
- (iii) Use cooperative audit resolution mechanisms (see § 200.25 Cooperative audit resolution) to improve Federal program outcomes through better audit resolution, follow-up, and corrective action; and
- (iv) **Develop a baseline, metrics, and targets to track, over time, the effectiveness of the Federal agency's process to follow-up on audit findings and on the effectiveness of Single Audits in improving non-Federal entity accountability and their use by Federal awarding agencies in making award decisions.**

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Corrective Action Plans



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All Financial Findings are reviewed by Financial Review.

All Federal Findings are reviewed by both Financial Review and the affected Federal Programs Office(s).

If Corrective Action Plan reported in the Audit Report is not detailed enough, LEAs will be asked to provide **additional** detail.

Provide detailed corrective action to the auditors so you don't have to provide additional documentation!

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Corrective Action Plans



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Good Corrective Action: 

Views of Responsible Officials:
Supplement Sale Daily Procedure

- 1 - Cashiers will be responsible for counting the supplement sale inventory before displaying at their register daily. Cashier will record the beginning inventory on the Supplement Sale Daily log sheet. Employee will initial log sheet.
- 2 - At the end of the day, an employee different from the cashier that counted the beginning inventory will count the ending inventory and record the balance on the Supplement Sale Daily log sheet. Employee will initial log sheet.
- 3 - SNP Manager will print a Supplement Sale Report (Items Sold Report) and verify amount to Supplement Sale Daily Log Sheet. SNP Manager will investigate any discrepancies. In the event the SNP Manager is absent a staff member different from employee(s) that completed the beginning and ending inventory will print the Supplement Sale Report and verify items sold.

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Corrective Action Plans



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Not-So-Good Corrective Action: 

Corrective Action Plans:
In reference to FS 2016-002, Regarding Maintenance of Capital Assets, we have implemented district wide procedures to monitor our capital assets and our construction in progress. We concur with the finding.

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Financial Statements

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Financial Statements

- DE 46 due October 9, 2017
 - 28 school districts/state charters/RESAs did **not** meet the deadline
- **New Requirement** Prepared Financial Statements due December 31, 2017
 - Includes MD&A, Exhibits, Notes, Schedules
 - Upload more than one file in the DOAA portal
 - Upload the templates with the completed Exhibits
- **Will Continue to Utilize the DOAA Portal for Collecting the GaDOE Required Financial Statements**

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Chart of Accounts Updates

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Chart of Accounts



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- Survey sent in March, 2017
- SFS Program Code? Yes
- Title I Schoolwide Consolidation Program Code? Yes
- Function 2213 for Professional Development? Yes
- Fund for Local ASP? No
- Additional Program Codes? Not Yet

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Chart of Accounts



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- Function 2213 – Instructional Staff Training
- One location for all professional development costs, including substitute costs
- Used for both federal and state expenditures (with various program codes)
- Does not include any other Instructional Service Improvements such as technology, online learning programs for the students, etc..

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Chart of Accounts



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- Federal Definition of **Support Services – Instruction** Include:
 - 2210 – Improvement of Instruction
 - 2212 – Instruction and Curriculum Development
 - 2213 – Instructional Staff Training
 - 2219 – Other Improvement of Instruction Services
 - 2220 – Media Services
 - 2230 – Instruction-Related Technology
 - 2240 – Academic Student Assessment
 - 2290 – Other Support Services – Instructional Staff
- www.nces.ed.gov

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- GaDOE Definition of **Support Services – Instruction** Included **FY 2017 and Prior**:
 - 2210 – Improvement of Instructional Services
 - 2220 – Media Services
 - 2230 – Federal Grant Administration
- GaDOE Definition of **Support Services – Instruction** Includes **FY 2018 and Subsequent**:
 - 2210 – Improvement of Instructional Services
 - 2213 – Instructional Staff Development
 - 2220 – Media Services
 - 2230 – Federal Grant Administration

• **Breaking out one category to report separately**

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Chart of Accounts



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- Function 2213 is essentially a pull-out from 2210. If you used 2210 for **instructional staff development** in the past, you will use 2213 now.
- Function 2213 – If a teacher attends a professional development function, the salary for that day is still coded to 1000. A Substitute to stand in for the teacher can be coded to 2213.

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Chart of Accounts – Program Codes



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- 1779 – Title IV – Student Support and Academic Enrichment (SSAE) – Fund 462
- 1535 – QBE Military Counselors
- 3530 – Career & Technical Vocational Construction Related Equipment
- 3535 – Agricultural Education Construction Related Equipment
- 8881 – State/Local Expenditure Reduction of Consolidated Schoolwide Program – Fund 150
- 8882 – Federal Administrative Consolidation Program – Fund 400
- 9600 – School Food Service

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Chart of Accounts – Program Codes



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- 1974 – School Food Authority (SFA) Commercial Warehouse Storage and Delivery Reimbursement
- Created FY 2015
- Do not use 9600 if it is a grant that has to account for the expenditures separately from the school food service program

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Chart of Accounts – Object Codes



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- 882 – Federal Administrative Consolidation Program – Federal Funds Only. Must have a zero balance.
- Similar to 881 for schoolwide consolidation

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Chart of Accounts – School Codes



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School Activity Accounts

- For ESSA – do NOT have to report separately by school.
- HB 139 Transparency – if not reported separately by school, will be listed as Centralized Expenditure on Dashboard.
- Recommend report by school.

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Chart of Accounts – Program Codes



QBE Program Codes

- Expenditure Controls waive requirement to spend the money on the programs in which it was received.
- DOES NOT eliminate requirement to code how the funds were spent.
- Special Education Maintenance of Effort requirement uses the QBE Students with Disabilities program codes.

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Chart of Accounts - Local Charter Schools Funds



- Funds 359, 599, 659, 859, 959 are only for local charter school activity when reported by the school district.
- State Charter Schools should continue to use traditional funds for LEAs
- **Do not use these funds if not reporting activity for the local charter school**
- Transfer of allotment to local charter schools is reported from fund source, i.e., 100, 402, 404, etc..

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Chart of Accounts – New for FY 2019??



- Object Codes for Head Of Components
To further distinguish and to ensure the expenditures for executive, cabinet level employees are defined as disallowed costs (not allowable) in the calculation of the Restricted Indirect Cost Rate.

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Chart of Accounts – New for FY 2019??



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- Object Code for Infrastructure Depreciation
- Consideration of QBE program codes used in other functional categories
- Survey in early 2018 for possible updates

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Schoolwide Consolidation Pilot

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Schoolwide Consolidation of Funds



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- Atlanta Public Schools
- Calhoun City
- Cartersville City
- Dougherty
- Foothills Education Charter
- Long
- Lumpkin
- Madison
- Marietta City
- Mitchell
- Worth

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Schoolwide Consolidation of Funds



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Federal Administrative Consolidation Pilot

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Federal Administrative Consolidation



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The Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act of 2015 (ESSA), allows a local educational agency (LEA) flexibility to consolidate funds for administration of one or more ESSA programs, upon approval of the Georgia Department of Education (GaDOE). The authority for the consolidation of funds for local administration is found in ESSA Sec. 8201 and Sec. 8203.

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Federal Administrative Consolidation



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- Fund 400
- Function 2230
- Program Code 8882 – Federal Administrative Consolidation
- Follow same process as Federal Schoolwide Consolidation

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Federal Administrative Consolidation



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- Con App Budget – 1 LINE IN EACH PARTICIPATING FEDERAL GRANT!!!!
- 2230-882
- Federal Administration will utilize separate program code – 8882 – to distinguish activity
- If consolidating Federal funds for schoolwide, activity is disaggregated by function and program code

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Federal Administrative Consolidation



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- Con App Budget – Fund 400
- Only includes one functional category
- Ability to consolidate federal funds for administrative tasks

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Federal Transferability

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Federal Transferability – Example: SSAE to Title I

- SSAE Budget in Con App will budget the amount transferred to Title I in Function 5000-930 for approval.
- Amount Transferred will be reported in Total Amount to be Budgeted in Title I.

Program	Expend	Contd	YR	Total	Amount	Name	ALL
Title I-A, Improving The Academic Achievement	5000	930	1	\$12,946	\$12,946	Education	
				\$12,946			

Program	Total	Amount
Commod. Education		\$12,946.00
Additional Education		\$0.00
Comp. Cost		\$0.00
Total Grant Award		\$12,946.00
Transfer Amount		\$12,946.00
Total Amount to be Budgeted		\$12,946.00

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Federal Transferability – Example: SSAE to Title I

- Expenditures will be reported in Title I
- Cash drawdown requested from SSAE for amount transferred
- Report Revenue in SSAE fund
- Transfer Cash to Title I to cover expenditures
- Completion report prepared for both SSAE and Title I
- Title I completion report will include all expenditures
- SSAE completion report will include the transfer out

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Completion Reports

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Completion Reports

- Expenditures INCURRED prior to June 30th should be reported in the column for the grant period July 1, 2016-June 30, 2017
- This includes Salaries/Benefits Payable accrued at June 30th.
- Does not matter when cash is drawn down.
- Adjustments to prior year activity should NOT be posted to current year revenues and expenditures – post to 0799 and then adjust on the financial statements.

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Completion Reports

Expenditure Details							
Transfer In	Approved Grant	Funds Received / Reverted	7/1/2016-6/30/2017 Expenditures	7/1/2017-6/30/2017 Expenditures	Total Expenditures	Received Amount (Cash Shortage)	Variance
\$0.00	\$1,481,233.00	\$847,800.00	\$1,234,755.27	\$6,343.92	\$1,241,099.19	(\$174,099.13)	88.57%

Grant Budget						
Function	Object	Amount Budgeted	7/1/2016-6/30/2017 Expenditures	7/1/2017-9/30/2017 Expenditures	Variance	Budget vs Expense Diff
0000 - INSTRUCTION		\$811,553.00	\$774,962.00	\$1,000.00	88.62%	\$52,491.00
	115 - EXTENDED GAP - TEACHERS	\$7,125.00	\$6,447.50	\$0.00		\$677.50
	115 - EXTENDED GAP - TEACHERS	\$38,800.00	\$0.00	\$1,045.00		\$38,755.00

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GASB Updates

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GASB 68 Journal Entries

GASB 68 PENSIONS (Contact Financial Review with questions)

- GASB 68 Allocation Worksheets - Updated 8.17.xlsx
- TRS and ERS Allocation Worksheets for GASB 68 (FY 2017).xlsx
- TRS and PSERS On Behalf Allocations for GASB 68 (FY 2017).xlsx
- INSTRUCTIONS FOR POSTING THE NET PENSION LIABILITY - Updated 8.17.pdf

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GASB 68

- Overall Liability FY 2015 - \$15,224,007,000
- Overall Liability FY 2016 - \$20,631,115,000
- Liability increased over \$5 Billion in one year!
- Most employers saw a material increase in the liability between FY 15 and FY 16 measurement periods

YIKES!

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GASB 74



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- GASB 74
 - **Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**
 - Objective to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports.
 - Includes Retiree Health Benefit plans
 - Effective Date
 - Periods beginning after June 15, 2016 (FY 2017)

• This GASB is for the plans, not the members

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GASB 75



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- GASB 75
 - **Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**
 - Objective to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.
 - Encompasses Defined Benefit OPEBs and Defined Contribution OPEBs
 - Effective Date
 - Periods beginning after June 15, 2017 (FY 2018)

• This GASB is for the employer members

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GASB 77



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- GASB 77
 - **Tax Abatement Disclosures**
 - Objective to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs.
 - Encompasses tax abatements resulting from...agreements that are entered into by other governments and that reduce the reporting government's tax revenues
 - Effective Date
 - Periods beginning after December 15, 2015 (FY 2017)

11/5/2017

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GASB 77



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- How will districts obtain information to disclose?
 - County Tax Assessor's Office
 - County Tax Commissioner's Office
 - Any known Building Authorities
- Send certified letter to the organization
- Financial Review provided a sample letter via email on June 20, 2017
- FMGLUA Modified

11/5/2017 82

GASB 84



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- GASB 84
 - *Fiduciary Activities*
 - The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.
 - Effective Date for periods beginning after December 15, 2018 (FY 2020)

11/5/2017 83

GASB 87



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- GASB 87
 - *Leases*
 - Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.
 - Effective Date for periods beginning after December 15, 2019 (FY 2021)

11/5/2017 84

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Special Education Cluster – Excess Cost

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SEC – Excess Cost

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You have calculated the Minimum Expenditure.....now you have to calculate the actual expenditure incurred for students with disabilities.

SAY WHAT?

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SEC – Excess Cost

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Total Amount Expenditures in QBE Students with Disabilities Program Codes (2011, 2021, etc.)

PLUS: Allocated District-wide Expenditures Per Pupil, Multiplied by FTE Enrollment of Students with Disabilities (use the PPE of district-wide expenditures that was calculated for the minimum expenditure)

EQUALS: Amount Greater than Minimum Expenditure Requirements

IF NOT GREATER: Add in a Proportionate Share of Regular Ed expenditures that supported the Students with Disabilities

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SEC – Excess Cost



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- Excel Files filtered for each expenditure section of the Excess Cost calculation will be added to the portal for FY 2017
- Excel Files are built using the FY 2017 DE 46 data submitted in October
- Districts will have to analyze whether the expenditures are for PK-8 or 9-12

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Questions?

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Financial Review Division



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