

SACS Forum

May 16, 2018

Slide 3: CASBO SACS Workshops

San Bernardino County Office of Education

- Basic – Thursday, May 17, 2018
- Advanced – Friday, May 18, 2018

Sutter County Office of Education

- Basic – Thursday, May 24, 2018
- Advanced – Friday, May 25, 2018

Slide 4: Approved Indirect Cost Rates

Local Educational Agency (LEA) approved indirect cost rates were released on April 11, and can be found on the CDE website at <https://www.cde.ca.gov/fg/ac/ic/>.

Slide 5: SACS2018 Budget Software

The SACS2018 Budget Software was released on April 27, and can be found on the CDE Website at <https://www.cde.ca.gov/fg/sf/fr/>.

Slide 6: Validation Table Update (1)

The SACS Validation table was updated on April 23, and can be found on the CDE Website at <https://www.cde.ca.gov/fg/ac/ac/validcodes.asp>.

The CDE is currently working on a solution to post the spreadsheets of the validation table that will meet the accessibility requirements of federal Section 508 of the Rehabilitation Act of 1973.

Slide 7: Validation Table Update (2)

Combination of Resource 0000, Object Code 8625

- Since the community redevelopment funds not subject to LCFF deduction are restricted in regards to what they can be spent on, LEAs should use Resource 9010, Other Restricted Local, or a locally-defined restricted resource that rolls up to Resource 9010.
- This is a holdover from a prior era and should now be accounted for as restricted. Therefore, we have updated the SACS validation tables in January 2018 to end the combination of Object 8625 and unrestricted resource effective 7/1/2018.

Slide 8: CSAM Update

CDE is currently working on an update for the CSAM.

The updated CSAM is scheduled to be completed by the end 2018, or beginning of 2019.

Slide 9: Unaudited Actuals Reporting Center Application

New web application for County Office's of Education (COEs)

Allows COEs to complete and submit both the Charter Schools Unaudited Actuals Reporting Status and the Request for SACS eTransfer Access form to the CDE electronically.

Instructions for accessing this new application will be attached to the software release email sent to all County Chief Business Officers in July.

Slide 11: Every Student Succeeds Act (ESSA) Per-pupil Expenditure (PPE) Reporting Update (1)

REQUIREMENT

ESSA, which reauthorizes the Elementary and Secondary Education Act of 1965 (ESEA), Section 1111(h), requires that states and local educational agencies (LEA) disseminate and make available to the public a concise, understandable, and widely accessible report card that contains a minimum set of required information, which includes LEA and school-level per-pupil expenditures.

Effective 2017-18 (except the PPE information; will be reported beginning 2018-19)

Link to the full text of the ESSA law:

<https://www.gpo.gov/fdsys/pkg/BILLS-114s1177enr/pdf/BILLS-114s1177enr.pdf>

Slide 12: Every Student Succeeds Act (ESSA) Per-pupil Expenditure (PPE) Reporting Update (2)

BRIEF HISTORY

November 2016 Regulations - Repealed

Would have required states to develop a methodology for LEAs to calculate per-pupil expenditures.

“Dear Colleague” Letter issued by U.S. Department of Education dated June 28, 2017

Provides one-year extension for per-pupil expenditure information to be included in report cards.

2018-19 information can be provided on 2018-19 report cards.

2017-18 report cards must provide brief description of the steps the SEA and LEAs are taking to ensure that per-pupil expenditure information is included on 2018-19 report cards.

Slide 13: Every Student Succeeds Act (ESSA) Per-pupil Expenditure (PPE) Reporting Update (3)

LATEST NEWS

CDE convened a workgroup of local educational agency (LEA) representatives to explore alternatives for and discuss technical accounting issues related to calculating LEA and school-level expenditures.

Three meetings have been held with the workgroup – February, March and April.

CDE held a stakeholder outreach meeting on May 14 to discuss the PPE reporting requirement with education advocacy representatives.

Although previously reported that the U.S. Department of Education was expected to issue non-regulatory guidance, the CDE now believes this is unlikely.

CDE’s goal is to provide final guidelines in June 2018.

CDE guidance will stress consistency in the methodology used at the district level, for comparability between LEA schools.

Slide 14: Every Student Succeeds Act (ESSA) Per-pupil Expenditure (PPE) Reporting Update (4)

REITERATION OF IMPORTANT POINTS

CDE is not required to prescribe a per-pupil expenditure calculation methodology. That requirement was included in the now-rescinded regulations.

CDE will not require LEAs to implement the School field of the standardized account code structure (SACS) to collect school-level data.

LEA and school-level per-pupil expenditures will be calculated at the LEA level and reported to CDE. Collection method still to be determined.

Slide 15: Every Student Succeeds Act (ESSA) Per-pupil Expenditure (PPE) Reporting Update (5)

REITERATION OF IMPORTANT POINTS (CONTINUED)

The data is not intended to be used to ensure compliance with federal laws (e.g., supplement not supplant) or to determine federal funding.

The per-pupil expenditure data will be reported in LEA and State reports cards, in conjunction with other required data elements, as prescribed in ESSA.

Per-pupil expenditure information will be reported beginning with reports cards for the 2018-19 school year. Note that reports cards containing all other required information must be provided for the 2017-18 school year.

Slide 16: California State Teachers' Retirement System (CalSTRS) On-behalf Contribution
Updated CalSTRS on-behalf contribution information can be found at
<https://www.calstrs.com/general-information/gasb-67-68-frequently-asked-questions>

Two on-behalf contribution amounts required

UNDER GASB 68 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNDER GASB 85 – FUND FINANCIAL STATEMENTS FOR GOVERNMENTAL FUNDS

Slide 17: Governmental Accounting Standards Board (GASB 84) – Fiduciary Activities (1)
EFFECTIVE 2019-20

Types of fiduciary funds:

Pension (and other employee benefit) trust funds

Investment trust funds

Private-purpose trust funds

Custodial funds

Slide 18: Governmental Accounting Standards Board (GASB 84) – Fiduciary Activities (2)
Investment trust funds – to report fiduciary activities from the external portion of investment pools and individual investment accounts that are held in a trust.

Custodial funds replace agency funds

Slide 19: Governmental Accounting Standards Board (GASB 75) Update (1)
Effective 2017-18

GASB Objectives

Similar to GASB 67/68 pension

Separates funding and financial reporting

CDE Assumption – single-employer and agent multiple-employer defined benefit OPEB plans

Slide 20: Governmental Accounting Standards Board (GASB 75) Update (2)

OPEB expenditures recognized in governmental funds depending whether OPEB plans are:

Administered through qualifying trusts (that meet the criteria in paragraph 4 of GASB 75)

Not administered through qualifying trusts (referred as Non-qualifying trusts)
including pay-as-you-go

[Slide 21: Governmental Accounting Standards Board \(GASB 75\) Update \(3\)](#)

Qualifying trusts – OPEB expenditures reported in governmental funds include:

Amounts paid by the employer to the OPEB plan, including

Amounts paid by the employer for OPEB as the benefits come due (if not reimbursed to the employer using OPEB plan assets)

Amounts paid by the employer to the OPEB trust

The change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources

[Slide 22: Governmental Accounting Standards Board \(GASB 75\) Update \(4\)](#)

Non-qualifying trusts – OPEB expenditures reported in governmental funds include:

Amounts paid by the employer for OPEB as the benefits come due

The change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources

[Slide 23: Governmental Accounting Standards Board \(GASB 75\) Update \(5\)](#)

Qualifying trust examples

Example 1: The LEA paid \$38,000 using its own resources for current year OPEB benefits for already retired employees as the benefits came due, and made \$12,000 contribution to the OPEB trust during the reporting period. The LEA did not receive any reimbursements from the OPEB trust. The total OPEB expenditures reported by the LEA for the reporting period is \$50,000 (\$38,000 + \$12,000).

[Slide 24: Governmental Accounting Standards Board \(GASB 75\) Update \(6\)](#)

Qualifying trust examples

Example 2: The LEA paid \$38,000 using its own resources for current year OPEB benefits for already retired employees as the benefits came due, and made \$12,000 contribution to the OPEB trust during the reporting period. The LEA did receive reimbursements in the amount of \$38,000 from the OPEB trust. The total OPEB expenditures reported by the LEA for the reporting period is \$12,000.

[Slide 25: Governmental Accounting Standards Board \(GASB 75\) Update \(7\)](#)

Allowability of OPEB costs to federal programs

Qualifying trusts:

OPEB expenditures (up to service costs amount) should be direct-charged (objects 3751-3752)

Direct charge as a fringe benefit on a per-eligible-FTE basis to program(s) to which each OPEB-eligible active employee's salary is charged (CSAM procedure 785-18)

Remaining OPEB expenditures (if any) should be allocated (objects 3701-3702)

Allocated to all activities in proportion to total salaries or total FTEs in all activities (CSAM Procedure 785-11)

Non-qualifying trusts (including pay-as-you-go)

All OPEB expenditures should be allocated (objects 3701-3702)

Slide 26: Governmental Accounting Standards Board (GASB 75) Update (8)

Qualifying trust examples:

Example 1: continued from previous example 1 (slide 23). The service costs from the actuarial valuation report for the period are \$45,000.

Total OPEB expenditures = \$50,000

Direct-charge \$45,000 (objects 3751-3752)

Allocate \$5,000 (objects 3701-3702)

Slide 27: Governmental Accounting Standards Board (GASB 75) Update (9)

Qualifying trust examples:

Example 2: continued from previous example 2 (slide 24). The service costs from the actuarial valuation report for the period are \$45,000.

Total OPEB expenditures = \$12,000

Direct-charge \$12,000 (objects 3751-3752)

Slide 28: Governmental Accounting Standards Board (GASB 75) Update (10)

Non-qualifying trust example:

The LEA paid \$38,000 using its own resources for current year OPEB benefits for already retired employees as the benefits came due. The LEA's OPEB plan is not administered through a qualifying trust.

OPEB expenditures = \$38,000

Allocate \$38,000 (objects 3701-3702)

Slide 29: Routine Restricted Maintenance Account Contribution

Prop. 51 Funding:

The Department of Finance (DOF) determined the required 3% contribution should be made in the year that the funds are received.

California Department of Education – School Fiscal Services Division

Previous guidance given to the CDE was for the required 3% contribution be made in the year following receipt of the funds.

The 2018-19 Audit Guide developed by the State Controller's Office (SCO), will be update to indicate that the contribution should be made in the current year.

The FCMAT Fiscal Procedure Manual will also be updated to reflect the change in guidance.

All LEAs will be required to make the required 3% contribution with the full implementation of the LCFF in FY 19/20.

[Slide 31: SACS2018ALL Software](#)

Software is scheduled to be available the first week of July 2018.

[Slide 32: CDE Fiscal listservs](#)

SACS Forum

Join-sacs-forum@mlist.cde.ca.gov

SACS Updates

Join-sacs-update@mlist.cde.ca.gov

Principal Apportionment Section (PASE)

Join-pase-contacts@mlist.cde.ca.gov

Local Control Funding Formula (LCFF)

join-lcff-list@mlist.cde.ca.gov

Federal Cash Management (FCM)

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