SCOE

Siskiyou County Office of Education Budget Guide

Your resource for budget development and maintenance.

Welcome to our Annual Budget Kick-Off!

Purpose:

The purpose of this document is to provide a resource guide to help in budget development and maintenance. Budgeting can seem overwhelming because of all of the accounting terminology, accounting requirements, various components of the account string, different resources, rules for expending different funding and Generally Accepted Accounting Principles.

This guide is only a resource and is not intended to be a replacement for direct assistance from the business department.

Please feel free to suggest changes or additions that will be beneficial for all of us. We're here to help!

Thank you,

The Business Department

Budget Building Blocks



- **Financial Management System**
  - The Siskiyou County Office of Education (SCOE), a Local Educational Agency (LEA), maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met. Failure to meet a requirement may result in return of funds or termination of the award.

- **Financial Management Standards**
  - The standards required as a condition of receipt of Federal and State funding for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

  - **Identification:** The LEA must identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and, if applicable, name of the pass-through entity.

  - **Financial Reporting:** Accurate, current, and complete disclosure of the financial results of each federal award or program must be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).

  - **Accounting Records:** The LEA must maintain records which adequately identify the source and application of funds provided for federally-assisted activities. These records must contain information pertaining to grant or sub-grant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.

- **Internal Controls**
  - Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The LEA must adequately safeguard all such property and must assure that it is used solely for authorized purposes. “Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls are designed to provide reasonable assurance that the following objectives are achieved:
    - Effectiveness and efficiency of operations;

- Adequate safeguarding of property;
- Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
- Compliance with applicable laws and regulations.

Budget Control

- Actual expenditures or outlays must be compared with budgeted amounts for each Federal award.

Cash Management

- The LEA must maintain written procedures to implement the cash management requirements found in EDGAR.

Allowable Costs

- The LEA must maintain written procedures for determining allowability of costs in accordance with EDGAR.

Overview of the Financial Management/Accounting System

- The Siskiyou County Office of Education (SCOE), a California Local Educational Agency (LEA) utilizes a financial management and accounting system developed and maintained by Harris School Solutions/QSS/QCC system. The system modules include purchasing, accounts payable, payroll, retirement reporting, invoicing, budget development, general ledger and human resources. Written documentation, webinars and references are available online when logged on to the system under Help + Video.

- Business staff (Budget Technician III, Executive Assistant and Associate Superintendent) assist with providing references/information/links to the following documents that contain relevant accounting, bidding, budgeting, contracting, memorandums of understanding (MOUs), grants management requirements, internal control, performance and financial monitoring/reporting, and procurement. All transactions must be supported by the appropriate back up (contract, MOU, funding commitment, invoice, purchase order, etc.) for audit trail. Staff should be familiar with these materials and consult them when making decisions related to Federal grants.

- The system uses State assigned Resource numbers to track funding sources. The LEA identifies Federal funding with CFDA title and number.

- Federal Grant References:

  - Education Department General Administrative Regulations (EDGAR)

  - http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html

Budget Planning and Preparation

- Review:
  - State and Federal trends
    - Economic

        - State Board of Education approved changes
        - State Superintendent of Public Instruction changes
        - Funding increases or decreases
    - Local trends
        - LEA needs assessment
        - Parent requests
        - Staff requests
    - Student/staff/district needs
    - Organizational needs and trends
    - Analysis of each of your programs and where to allocate resources
        - Strengths
        - Weakness
        - Opportunities
        - Threats
- Strategic themes
- Collaboration and/or leveraging funding between programs
- Collaboration between programs and business department
- Establish the baseline performance
- Engage stakeholders

Set Priorities and Goals

- By funding source (Resource)
- By department
- Goal setting
    - Identify cause of any gaps between goal and current state
- Robust analysis
    - Research and develop priorities
- Develop strategies to address priorities
    - Specific
    - Measurable
        - Use available performance data
        - Develop strategies to collect data not otherwise tracked
    - Achievable
    - Relevant
- Develop priorities – Planning for current and subsequent two years is recommended (think at least 3 years out)
    - Evaluate priority choices
    - Year 1
    - Year 2
    - Year 3
- Communication of priorities that change for the subsequent years can be included on budget documents (not required)

Funding sources to pay for priorities

- Example 1: Special Education Curriculum Replacement
  Student needs drive priorities

        - Committee/Selection/Purchase
        - Professional Development
        - Further Professional Development
    - Example 2: Technology Replacement Cycle
      Student/staff needs and equipment rotation drive priorities
        - Technology Department tracks age and condition
        - Suggests best configuration
        - Purchases and sets up
    - Plan of action articulated in Local Control Accountability Plan (LCAP)
        - Court School, Foster Youth, English Learners, Socioeconomically Disadvantaged, Students with Disabilities and related programs are part of Local Control Accountability Plan (LCAP) and process

Plan implementation strategies

- Resource analysis
    - Leveraging opportunities
- Outline implementation process
- Impacts to other departments/programs

Sustainability

- Analyze current programs
- Evaluate new proposals
- Allocate resources
- Measure results
- Evaluate

Ongoing budget monitoring

- Periodic assessment of comparing budget to actual
- If misaligned, adjust for variances to insure continuity of program/service delivery

Clearinghouse:

- New or expanded Programs/Grants involve the Clearinghouse process (forms can be found on our website, after signing in, under the "Staff" tab, then Grants and Other Funding Requests).

    - Departments request personnel cost estimates from Human Resources based on best estimates of staff time. For multi-year programs/grants, request for all years needed.
    - Request indirect cost rates from the Business Department. Approved rates are available for current and one subsequent year, years 2 and 3 are estimates.
    - Questions to consider:
        - What other funding may be leveraged/develop partnership with
        - If not ongoing, what other funds could be leveraged to continue good work
        - Use most restrictive funds, or funds with the shortest allowable use period first

- Currently there is an unusual amount of one-time or limited term funding due to pandemic
- Other priorities based on needs assessments
- Prioritization

- Clearinghouse forms are submitted to Jamie Cramer, she will schedule the meeting with the submitting department, the County Superintendent, Assistant Superintendent, Human Resources and Business. Please provide the timeline, to determine the need for an expedited meeting (we just need to know the need).
- The meeting is used to discuss the new program/grant's impact on our operations, matching fund obligations, allowable costs, allowable budget revisions, reporting requirements, tracking requirements, etc.
- Program/Grant amendments and/or extensions are approved by the Superintendent or designee.
- All financial reporting is done by the Business Office. Once approved by Clearinghouse, the final grant application is submitted to Jamie for processing and the County Superintendent's signature.

Accounting:

- The accounting treatment for budget and actual transactions is dictated by California School Accounting Manual (CSAM), Generally Accepted Accounting Principles (GAAP), Governmental Accounting Standards Board (GASB), California School Audit Guide, Internal Revenue Service requirements, etc.
- What is the California School Accounting Manual (CSAM)? CSAM is a continually evolving document published by the California Department of Education. It provides the details of proper accounting for all the various types of entries made throughout the year. Accounting entry combinations must fit within State defined parameters.
- What is GAAP? Generally accepted accounting principles, or GAAP, are a set of rules that encompass the details, complexities, and legalities of business and corporate accounting. The Financial Accounting Standards Board (FASB) uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.
- Who is GASB? The Governmental Accounting Standards Board (GASB) is the independent, private-sector organization that establishes accounting and financial reporting standards for United States state and local governments that follow Generally Accepted Accounting Principles (GAAP). The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA).

County Office Budget Cycle – Contact the Business Department.

Standardized Account Code Structure (SACS)

- **Fund - Resource - Year - Object - Goal – Function**
  The combination of all of these elements is referred to as the "account string". The Standardized Account Code Structure or what we commonly refer to as SACS, (from the California School Accounting Manual), provides the following definitions:

- **Fund:** The Fund is a two-digit designation that identifies the fund that is receiving the revenue, paying the expenditure, or otherwise being affected by the transaction.

- **Resource:** The Resource is a four-digit designation that tracks those activities that are funded with revenues that have special accounting or reporting requirements, or, that are legally restricted. This includes Resource 0000 - accounting for activities funded with revenues that are unrestricted.

  0000-1999 Unrestricted or Locally-Defined
  2000-2999 Currently not in use
  3000-5999 Restricted Federal Resources
  6000-7999 Restricted State Resources
  8000-8999 Restricted Maintenance Resources
  9000-9999 Restricted Locally-Defined Resources

- **Year:** The Year is a one digit designation that is used to distinguish the activities of grants with different project years within the same fiscal year. It is used primarily for certain Federal programs.

2022-23	-	3
2023-24	-	4
2024-25	-	5

- **Object:** The Object is a four-digit designation that classifies revenues by source and type (e.g., Local Control Funding Formula sources, federal revenue, other state revenue, fees, and contracts, etc.). It also classifies expenditures by type of commodity or service (e.g., certificated salaries, classified salaries, employee benefits, books and supplies, other services and operating expenditures) (see **Object Number General Rules** below).

  It includes:

  - ✓ Assets
  - ✓ Liabilities
  - ✓ Fund Balance
  - ✓ Revenue
  - ✓ Expenditures
  - ✓ Transfers

  1000-1999 Certificated Salaries
  2000-2999 Classified Salaries
  3000-3999 Employee Benefits
  4000-4999 Books & Supplies
  5000-5999 Services & Other Operating Expenses
  6000-6999 Capital Outlay
  7000-7999 Other Outgo
  8000-8999 Revenue
  9000-9999 Balance Sheet

*Please see below for common "Object" general rules.

- **Goal:** The Goal is a four-digit designation that accumulates costs by instructional goals and objectives of an LEA. The Goal groups costs by population being served, setting, and/or educational mode. It also identifies special education revenue (*the only revenue that requires a Goal*). Examples include regular K-12 education, continuation schools, migrant education, and special education.

0000	Undistributed
0001	General Education, Pre-K
1000-1999	General Education, K-12
2000-2999	Reserved for future State definition
3000-3999	Alternative Education
4000-4749	Adult Education
4750-4999	Supplemental Education
5000-5999	Special Education
6000-6999	Regional Occupational Programs
7000-9999	Other Goals
7100-7149	Non-Agency – Educational
7150-7199	Non-Agency - Other
8100-8199	Community Services
8600-8699	County Services to Districts
9000-9999	Locally-Defined Goals

- **Function:** The Function identifies activities or services performed to support or accomplish one or more goals or objectives. It describes the activity for which a service or material is acquired. Examples include instruction, school administration, pupil transportation and general administration. The Function code applies to all expenditures but is optional for revenue accounts.

0000	Not Applicable
1000-1999	Instruction
1100-1199	Special Education (not paid by school districts)
2000-2999	Instruction Related Services
3000-3999	Pupil Services
4000-4999	Ancillary Services
5000-5999	Community Services
6000-6999	Enterprise Services
7000-7999	General Administration
8000-8999	Plant Services
9000-9999	Other Outgo

- **Object Number General Rules and Chart of Accounts:** A copy of the entire Chart of Accounts is available here.

- **8000s - Revenue:** New revenue must be supported by documentation (approved grant, district commitment for services (i.e. nursing, science education, Sisnet or other funding commitment).

- **Contract Rate Increases:** The County Superintendent makes the annual determination for district contract rate increases. The typical increase is the amount of salary schedule Cost of Living Adjustment (COLA) that staff will receive effective July 1 of the budget year (exceptions are formula driven contract rates like Sisnet).

- **4300 - Materials and Supplies:** Supplies are things that are used up during use, last less than a year and would be replaced rather than repaired, if broken.
  Optional Designation:

- **4325 - Supplies – Refreshments**

- **4341 - Gas, Oil, Lube, Etc**.: Fuel cost estimates should be based on 2022-2023.

- **4400** – **Non-capitalized Equipment (Per unit cost $500 - $4,999): ** Non-capitalized equipment is for costs for movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and a per unit acquisition between $500 and $4,999 (more simply, items that are not used up during use, last more than a year and are repaired rather than replaced, if broken). Cost includes Sales/Use Tax, shipping and recycle fees.

- **5200 - Travel and Conferences:** Estimate actual and necessary expenditures incurred by and/or for employees and other representatives of the LEA for travel and conferences. Included in this object are registration fees paid for those individuals to attend conferences or training classes. Expenditures for the employee conferences charged to this object should follow the goal and function of the employee's payroll account string. Due to the pandemic, travel cost estimates should be based on 2018-19 due to the suspension of most travel in 2019-20 and 2020-21.

- **5700s - Transfers of Direct Costs**: Transfers of direct costs occur when one department or program pays another department (interoffice charges) (See Attachment B)
  Examples:
    Fees to attend workshops
    Color copies
    Business cards
    Nursing services

- **5800 - Professional and Other Services:** Other Services should be used when paying for personal services rendered by personnel who are not on the payroll of the LEA. In other words, service provided by a company that offers its services to the public. These services are usually considered to be temporary or short term in nature,

normally in areas that supplement the expertise of the LEA. This includes all related expenditures covered by the personal services contract. For each individual contract over $25,000, only the first $25,000 is budgeted in Object 5800, the remaining amount is budgeted in Object 5100, and no indirect cost is allowable in this Object.

- **Catering Service Optional Designation:**
  - **5825** Catering Services

- **One-Time Only Expenditure Option:** SCOE has designated the following Object numbers for tracking one-time only expenditures. Examples include supplies, computers, small equipment, repairs, and other services and operating costs.
  - 4398
  - 4498
  - 5298
  - 5698
  - 5898



Budget Development and Monitoring

- Budget development is the process of reviewing current year budget and actuals, and comparing to prior year actuals (on the *Comparative Budget Reports* you receive at the end of April or early May).

- Departments determine budget needs to meet program goals. If departments want to project changes for the coming year that are different than the prior year history on the report, please provide an explanation. We use the explanations in our summaries and meetings with Allan

- for final approval.

- Setting up the budget is step one in the accounting process. We provide budget worksheets with data from the last several year's actual year-end figures, as well as the current year budget vs. actual to date. When assessing your budget needs, please remember to note the reason for changes from prior year trends and current year budget. Increased costs not otherwise supported by granting agency approved budgets are reviewed/approved by the County Superintendent.

- Monitoring the budget on an ongoing basis insures that the plan you established during budgeting is still meeting the needs of the program, and revenue and expenditures remain consistent with the budget. Budgets established at the beginning of the year almost always require changes throughout the year.

- Grant programs with formal budgets with the sponsoring agency should be monitored and aligned in our financial system regularly.

- The best way to monitor the budget is through reports. We can set up "preset" reports in the system for you at any time. "Presets" allow you to request, print, and review financial information for your area(s) of responsibility. Those that don't have access to PCs should contact us for any reports or information needed.

- Each program's budget is a building block in the overall County Office budget. Program budgets add into either the overall Unrestricted or Restricted budget that is imported into the State SACS software. The documents from the SACS software are used for reporting to the Board to request budget approval, and California Department of Education for technical review and approval.

Budget Worksheets

- **Non-Capitalized and Capital Equipment:** Detail of requests for equipment include:
  - Account String
  - Description of Equipment
  - Estimated Cost
  - Explanation
  - Exception: Computer replacement rotation and antivirus software is managed by IT, costs will be included based on their list and cost estimate.

- **Interfund Transfers (5710, 5720, 5750):** Budget only the expenditure side of the transaction. The revenue side will be completed during data entry for the receiving department. Detail of anticipated payments to another department or program include:
  - 5710 – Transfers to another department or program within the same fund
  - 5720 – Transfers for color copy costs (Fund 01 only)
  - 5750 – Transfers to another department or program accounted for in a different fund
  - Checklist
    - Business Cards
    - Color Copies
    - Educational Services Department Fees
    - Nursing Contract
    - Technology Support

- **Revenue:** Detail of anticipated revenues
  - Include a copy of the grant award letter, entitlement, spreadsheets, etc. to the corresponding worksheet.

- **Manual Payroll:** Detail of anticipated payroll for positions that are not in Position Control.
  - Substitutes
  - Personnel Services Agreements

- **One-Time Only Purchases:** Detail of anticipated one-time only purchases include:
  - Supplies
  - Equipment
  - Travel
  - Rents, Leases and Repairs

- Other Professional Services

- **Rates**: Detail of historic and anticipated rates include:
  - CalSTRS
  - CalPERS
  - FICA
  - Medicare
  - Unemployment
  - Workers compensation
  - Medical and dental cap
  - Life insurance
  - Life flight
  - Indirect rate
  - Annual district contract rate increase



Reading Financial Reports

- Our financial system software is developed and supported by Harris School Solutions/Quintessential School Systems (QSS)/QCC. This software is designed to enable us to provide our financial information to the State in the required SACS format. It also provides many other functions and reports. See *QCC Management Guide* (available on our website), for detailed information on reading reports. We are available to set up QCC presets (PC users only), print reports, help reading reports or help with QCC access any time.

- How Do I Know If I Have Money In An Account? To check account balances, you can print or request reports, email or call us. If you are PC user and want report "presets," let us know and we will set them up for you. Sometimes it can be frustrating if you don't know the best report to run or the exact account string to look up. Don't get frustrated, email or call us: We can help you find available funding, just let us know you want help.

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- When reviewing remaining balances, not all unencumbered balances are available for budget revisions or to spend. Expenditures are encumbered, not all expenditures may be in the system at this point in time. Examples:

  - Position Control: Objects 1000 through 3999 are driven by Position Control. Position Control is managed by the Human Resources Department based on current staff assignments. Payroll encumbering for those lines can be affected by 10 or 11-month staff that receive 12 checks (with up to three different payroll warrants processed in June). Communicate changes for the budget year with Human Resources as soon as possible.

  - Purchase Orders: Purchase orders are encumbered at the time we enter them into QCC.

- Travel: Not all travel expenditures are encumbered. Purchase order requests should be completed in advance for all registration and lodging (including charges on county credit card) and will encumber when entered into the financial system. Meals are not encumbered at all. Example, upcoming travel that is authorized, will not be encumbered until purchase orders are complete. There is no provision in our system to encumber without a purchase order.

- Inter-program Charges (57xx): Many of these charges are not completed until near year end, or during the year end closing process.

- Indirect Support (73XX): Most of these charges are not completed until year end closing as they are based on total annual expenditures.

- Sales Tax: Must be included on purchase orders (including out of state vendors). The only exception is prepayments.



Cost Containment and Custodians of the Public Trust

- As public employees, we are all custodians of the public trust. That responsibility makes us stewards of taxpayer dollars. This stewardship begins with the budget that is the plan for the use of the funds. It extends through each level of any transaction. Please accept your role in this stewardship with our thanks and respect.

- Costs that we cannot control have increased dramatically, especially in the CalPERS and CalSTRS rates. To maintain our programs at the highest level possible, we need to offset these increases with our best cost containment efforts whenever possible.

- Purchasing: Procurement of goods and services with public funds, as well as the people involved, are subject to complete public accountability. Public funds are taxpayer dollars, and we are entrusted to follow strict guidelines and insure fair and open competition with equal opportunities for vendors. We must follow fair and impartial procedures in obtaining the best prices possible.

- Gift of Public Funds: Per FCMATs Deputy Executive Officer, Michelle Giacomini, included in *To Gift or Not to Gift* (part of Budget Kickoff April 2019) unallowable costs are:

  - Meals for social gathering
  - Donations to non-profit groups
  - Purchase of flowers for personal gift
  - Giving flowers or items to convey compassion, sympathy or meet a perceived moral obligation
  - Presents or gifts to anyone including employees, volunteers, or students
  - Alcohol
  - Holiday or other staff parties or picnics
  - Employee reimbursement or use of County vehicle for mileage from their residence to their place of work

- **CASBO Code of Purchasing Ethics:**
  - Regard the public service as a sacred trust of the community by whom we are employed
  - Demand truth and honesty in the purchase of goods and services
  - Avoid conflicts of interest or the abuse of our trust as representatives of the County Office
  - Purchase without prejudice or unfair practices
  - Purchase the proper product for the purpose required, when and where it is needed
  - Purchase goods and services at the most competitive price possible with maximum benefit to the County Office
  - Provide all qualified vendors with an equal opportunity for purchases by the County Office
  - Treat vendors with the same fairness, dignity and respect that the County Office wishes to receive
  - Respect the County Office's obligations and to require that the vendor respect their obligation(s) to the County Office
  - To constantly improve the quality of products that are purchased and the District's purchasing methods
  - To counsel and assist fellow purchasers in the performance of their duties

- To achieve the most competitive prices, you should solicit three informal quotes whenever possible (use the internet, phone calls, catalogues, etc.). Capital Outlay $2,500 or above, requires three formal written estimates.

- Contracts or Purchase Orders involving trades required to have State issued contractor's licenses for $1,000 or more must be performed by licensed contractors. Projects $15,000 or more also require registration with the Department of Industrial Relations (DIR). The Business Department must report the contract or purchase order on the DIR website within 5 days of issuance.

- To achieve the best product for SCOE, consult with County Office departments that are users of the goods/services you are purchasing. Technology Department approval is needed for all technology purchases (computers, printers, software, etc.). Personal cell phones should be coordinated with the Technology Department for individuals that want to synchronize with County Office email.

- Please help your staff understand our processes. If you would like us to explain any of this information directly to your staff, we are happy to do so at any time. I you have any questions, we are available to explain, or work with you in any way.

  Thank you!