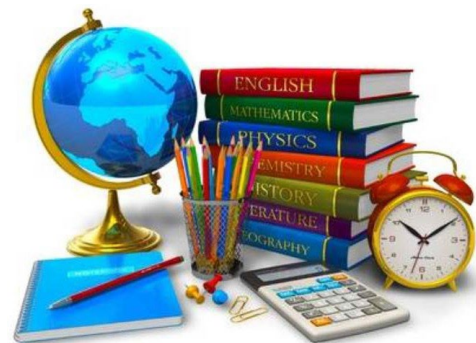


Financial Accounting and Reporting Manual



Business Services Division
District Financial Services
Financial Accounting and Reporting
6401 Linda Vista Road, Room 608
San Diego, CA 92111-7399
www.sdcoe.net



INTRODUCTION

This manual was prepared to assist districts with the year-end closing process. The material was compiled with intent to address comprehensive fiscal year end accounting processes and to help ensure that district's financial statements are accurate and ready for an audit. The manual is divided into different sections, which are organized by specific topics. The material includes sample journal entries, year-end checklist and shares additional resources to provide more information and further demonstrate various accounting concepts.

We wish to acknowledge and thank the *California Department of Education* and *School Services of California* for their contributions, in the preparation of this manual.

For additional resources, please visit the District Financial Services website at: <https://www.sdcoe.net/administrative-services/business-services/district-financial-services>

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GENERAL ACCOUNTING INFORMATION

This section includes: Contact information for San Diego County Office of Education (SDCOE) District Financial Services (DFS) staff, website links for additional resources, information on how to establish a new fund, oracle funds listing, and the wire transfer process.

Financial Accounting and Reporting Contact Information

Roxanna Travers, Financial Accounting & Data Support Manager
(858) 295-6700 • roxanna.travers@sdcoe.net

Patricia Fogliano, Financial Accounting & Data Support Specialist
(858) 295-6703 • pfogliano@sdcoe.net

Financial Accounting	Financial Reporting
<p>E-mail: finacct@sdcoe.net</p> <p>Website: https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting</p> <p>Maria Soto-Delfin, Fiscal Technician (858) 295-6709 • msoto@sdcoe.net</p> <ul style="list-style-type: none"> • Apportionments <ul style="list-style-type: none"> ○ Principal Apportionments ○ Education Protection Account (EPA) ○ Interest ○ Lottery • Deposit Permits for Electronic Funds Transfer • Establish/Close Treasury Accounts/Funds • Special Tax Apportionment • Temporary Transfer of funds (TTF) <p>Sokphanny Jones, Account Clerk III (858) 295-6668 • sokphanny.cheam@sdcoe.net</p> <p>Chris Alcaraz, Account Clerk III (858) 295-6699 • chris.alcaraz@sdcoe.net</p> <p>Luisa Herrera, Account Clerk III (858) 295-6697 • luisa.herrera@sdcoe.net</p> <ul style="list-style-type: none"> • Auditor Transfers • Cancel/Voided PeopleSoft Warrants • Cash Journal Entries • County Treasury Liaison • Deposits/ Deposit Permits • JP Morgan Account Information • Monthly Cash Balancing • PeopleSoft Tree Managers • PeopleSoft Combination Codes • Property Tax Apportionment • Signature Card Resolutions • Treasury Oracle Reports • Treasury Wire Access Request Portal (WARP) • Warrant Stock Orders - Online/Off-line/Payroll • Wire Transfers 	<p>E-mail: finrep@sdcoe.net</p> <p>Website: https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-reporting</p> <p>Patricia Fogliano, Financial Accounting & Data Support Specialist (858) 295-6703 • pfogliano@sdcoe.net</p> <ul style="list-style-type: none"> • Assessed Valuations • Calculator/Tools Updates – OPEB, Interest, Time Accounting, SARC & ESSA PPE • Custom Reports • General Fund Composite and Expenditure Report • J-29 B/C Tax Reports • LCFF Projection • MYP Updates & Projections • PeopleSoft/Financial Reporting Fees • SACS Web System Administrator • SACS Reporting Support <p>Cailey Rodrigues, Financial Reporting Analyst (858) 295-6277 • cailey.rodrigues@sdcoe.net</p> <ul style="list-style-type: none"> • Actuarial Reporting • Annual Financial Transaction Report • External Auditor Contracts • Financial Data Analysis Tool • Five-Year Comparison • MYP Projections • Public Hearing Notices • SACS Web System Administrator • SACS Reporting Support

District Financial Services Staff List

Department	Fax #	Email
Business Services	(858) 541-0697	
Commercial Warrants	(858) 278-1478	
Financial Accounting		Finacct@sdcoe.net
Financial Reporting		Finrep@sdcoe.net
Payroll Services	(858) 715-0091	PayrollSvc@sdcoe.net
Retirement Reporting	(858) 279-2953	Retiremt@sdcoe.net

Name	Department	Phone #	Room #
Alcaraz, Chris	Financial Accounting and Reporting	(858) 295-6699	608
Andrew, Cameron	Retirement Reporting	(858) 292-3505	605
Angelina, Ria	Retirement Reporting	(858) 295-6927	605
Aquino, Denise	Retirement Reporting	(858) 295-6906	605
Aquino, Vanessa	Commercial Warrants	(858) 295-6688	607
Aragon, Alex	Retirement Reporting	(858) 295-6917	605
Austin, Wayne	Retirement Reporting	(858) 295-6905	605
Azzam, Natalie	Business Advisor	(858) 295-6657	609
Badr, Abdullah	Retirement Reporting	(858) 295-6902	605
Benavides, Laura	Retirement Reporting Supervisor III	(858) 295-6932	605
Cordova, Claudia	Commercial Warrants	(858) 295-6675	607
Davis, Amanda	Business Advisor	(858) 295-6652	609
De Los Santos, Clarissa	Retirement Reporting	(858) 295-6925	605
Etcheverry, Karina	Payroll Services	(858) 295-6710	605
Evans, Renee	Retirement Reporting	(858) 295-6898	605
Fernandez, Mia	Commercial Warrants	(858) 295-6563	607
Fogliano, Patricia	Financial Accounting and Data Support Specialist	(858) 295-6703	608
Gilroy, Matt	Payroll Services Supervisor	(858) 295-6736	605
Hamada, Sakura	Business Services	(858) 295-6660	609
Hasey, Julia	Payroll Services	(858) 295-6693	605
Hernandez, Nick	Payroll Services	(858) 295-6722	605
Herrera, Luisa	Financial Accounting and Reporting	(858) 295-6697	608
James, Carolyn	Retirement Reporting	(858) 295-6919	605
Juarez, Maria	Payroll Services	(858) 295-6727	605
Jones, Sok	Financial Accounting and Reporting	(858) 295-6668	608
Pilapil, Gemma	Payroll Services	(858) 295-6719	605
Pulido, Marisa	Payroll Services	(858) 292-3555	605
Rahbin, Lina	Retirement Reporting	(858) 295-6615	605
Rivera, Amanda	Commercial Warrants	(858) 295-6679	607
Rodrigues, Cailey	Financial Accounting and Reporting	(858) 295-6277	608
Sam, Luis	Payroll Services	(858) 295-6737	605
Schuff, Natalie	Director, Business Advisory Services	(858) 295-6659	609
Shelton, Vandee	District Financial Services	(858) 295-6701	609
Soto-Delfin, Maria	Financial Accounting and Reporting	(858) 295-6709	608
Travers, Roxy	Financial Accounting and Data Support Manager	(858) 295-6700	608
Valderrama, Beth	Retirement Reporting Manager	(858) 295-6913	605
Valenzuela-Diaz, Cindy	Commercial Warrants	(858) 295-6678	607
Vickery, Ben	Retirement Reporting	(858) 295-6734	605
Walden, Sheri	Commercial Warrants Manager	(858) 295-6692	607
Watson, Brent	Executive Director, District Financial Services	(858) 295-6702	609
White, Allie	Retirement Reporting	(858) 295-6920	605
Wigg, Lori	Business Advisor	(858) 295-6607	609
Wilmot, Alex	Business Advisor	(858) 295-6649	609
Wise, David	Payroll Services	(858) 295-6848	605
Zendejas, Ofelia	Commercial Warrants	(858) 295-6682	607

Commercial Warrants Audit Assignments and Contact Information

Sheri Walden, Commercial Warrants Manager
858-295-6692, sheri.walden@sdcoe.net

Vanessa Aquino, Commercial Warrants Systems Analyst
858-295-6688, vaquino@sdcoe.net

Ofelia Zendeja, Commercial Warrants Technician
858-295-6682, ozendejas@sdcoe.net

District	Mayria (Mia) Fernandez
	Mayria Fernandez, 858-295-6563 mayria.fernandez@sdcoe.net
01	*Alpine Union SD
17	*Jamul-Dulzura Union SD
21	*Lemon Grove SD
28	Rancho Santa Fe SD
34	*Solana Beach SD
36	*Spencer Valley SD
41	*Fallbrook Union High SD
43	*Julian Union High SD
47	*Coronado Unified SD
49	*Ramona Unified SD
61	*Poway Unified SD
63	*Carlsbad Unified SD
66	*Warner Unified SD

District	Amanda Espiritu
	Amanda Espiritu, 858-295-6679 amanda.espiritu@sdcoe.net
10	*Dehesa School District
14	*Encinitas Union SD
16	*Fallbrook Union Elem SD
19	*Lakeside Union SD
20	*La Mesa-Spring Valley SD
37	*Vallecitos SD
40	*Escondido Union High SD
48	*Mt. Empire Unified SD
51	*Vista Unified SD
99	*SDCOE
189	*Bonsall Unified SD

District	Cindy Valenzuela-Diaz
	Cindy Valenzuela-Diaz, 858-295-6678 cindy.valenzueladiaz@sdcoe.net
07	*Cardiff School District
18	*Julian Union SD
23	*National SD
31	*San Pasqual Union SD
32	*Santee SD
33	*San Ysidro SD
45	*San Dieguito Union SD
62	*Borrego Springs Unified SD
64	*Oceanside Unified SD
65	*San Marcos Unified SD
67	*Valley Center-Pauma Unified

District	Claudia Cordova
	Claudia Cordova, 858-295-6675 ccordova@sdcoe.net
06	*Cajon Valley Union SD
09	*Chula Vista Elementary SD
11	*Del Mar Union SD
15	*Escondido Elementary SD
35	*South Bay Union SD
46	*Sweetwater Union High SD
Charters	
12	Literacy First Charter
30	Heritage K-8 Charter
73	Guajome Park Academy
77	Escondido Charter High
83	SIA Tech
92	Pacific View Charter
165	Guajome Learning Centers

* = CUPCAA Districts
Bold = Offline Districts

Retirement Reporting Staff Assignments

Room 605 - Fax: 858-279-2953

Ria Angelina Retirement Technician (CalSTRS) 858-295-6927	CalSTRS Defined Benefit Accounting; CalSTRS Cash Balance Accounting; CalSTRS Service Credit Repurchase Accounting; CalSTRS Year to Date Salary Subject Figures; CalSTRS Address File; CalSTRS Penalties and Interest
Cameron Andrew Account Clerk III (CalSTRS) 858-292-3505	CalSTRS Certificated Calendar Days (CDAYS); Certificated Reduced Workload Program (RWP) Contracts; CalSTRS Excess Contribution Refunds; Service Credit Repurchases (General Deductions); Service Credit Discrepancy Inquiries; CalSTRS Special Projects
Renée Evans Account Clerk II (CalSTRS 1-45, 50 50, 52) 858-295-6898	CalSTRS Payroll Reporting; Retirement Membership Enrollments; Permissive Elections; Right of Elections; Payroll Adjustments; 60 Hours and 100 Days Reports; Salary Computations Worksheets; Refund Applications; Retirements (Express Benefit or MS 554 forms); Certificated Retiree I-30s
Ryan Anderson Account Clerk II (CalSTRS 46-189, 60) 858-290-5994	CalSTRS Payroll Reporting; Retirement Membership Enrollments; Permissive Elections; Right of Elections; Payroll Adjustments; 60 Hours and 100 Days Reports; Salary Computations Worksheets; Refund Applications; Retirements (Express Benefit or MS 554 forms); Certificated Retiree I-30s
Benjamin Vickery Retirement Technician (CalPERS) 858-295-6734	CalPERS Defined Benefit Accounting; Salary Overpayments; Right of Elections Review; PERS Summer School Reporting; CalPERS Year to Date Salary Subject Figures
Wayne Austin Account Clerk III (CalPERS) 858-295-6905	CalPERS Service Credit Repurchases (General Deductions), CalPERS Special Projects.
Abdullah Badr Account Clerk II (CalPERS 1-45, 50, 52) 858-295-6902	CalPERS Payroll Reporting; Retirement Membership Enrollments, Right of Elections; Payroll Adjustments; 1,000 Hours Reports; AESD-2 Forms: Memberships, Separations, Name Changes, and Address Changes; Refunds; Retirements; Service Credit Discrepancy Inquiries.
Lina Rahbin Account Clerk II (CalPERS 46-189, 60) (858) 295-6615	CalPERS Payroll Reporting; Retirement Membership Enrollments, Right of Elections; Payroll Adjustments; 1,000 Hours Reports; AESD-2 Forms: Memberships, Separations, Name Changes, and Address Changes; Refunds; Retirements; Service Credit Discrepancy Inquiries.
Allie White Retirement Technician Charter Schools (858) 295-6920	CalSTRS Charter School Independent Reporting; CalPERS Charter School Independent Reporting; Charter School Fees; Special Projects
Clarissa DeLos Santos Retirement Technician (CalPERS & CalSTRS) (858) 295-6925	PeopleSoft Monthly Payroll Reports, Retirement Unit Support, CalPERS and CalSTRS Special Projects

Retirement Reporting Staff Assignments

Room 605 - Fax: 858-279-2953

Denise Aquino Account Clerk III, (CalPERS & CalSTRS) (858) 295-6906	Retirement Unit Support; CalPERS and CalSTRS Special Projects
Alex Aragon Retirement Reporting Analyst (858) 295-6917	PeopleSoft Unit Support; PeopleSoft Testing; PeopleSoft Special Projects
Carolyn Squeo Retirement Reporting Analyst (858) 295-6919	Retroactive Pay - School District Contact; PeopleSoft Unit Support; PeopleSoft Testing; PeopleSoft Special Projects
Laura Benavides Supervisor III (858) 295-6932	Retirement Reporting Unit Supervision
Beth Valderrama Manager, Retirement Reporting (858) 295-6913	CalPERS system access administrator, CalSTRS system access administrator, PeopleSoft maintenance of: CHRS, Job Codes, Retirement related EE and ER Rates, PeopleSoft Unit Support, PeopleSoft Testing, PeopleSoft Special Projects

Who to Contact with Payroll Questions?

Topic	Contact
SUI Reporting; TSA Returns; Assign, Add or Delete Vendor Codes; Vendor Change of Address; Vendor Warrant Cancellations; Overage/Lost Vendor Warrants; Annual Resolutions; ACH (Reversals, etc.); Lost Payroll Warrants; Overage Payroll Warrants; End of Year County W-2 Balancing; Payroll Calendar; Reconciled Payroll Warrant Copies; Forgeries; Current Year Salary Overpayments; Federal and State Tax Payments; State Tax Reporting; Current Year Workers Compensation Abatements; Social Security and Medicare Tax Payments; Federal Tax Reporting; W2/W3 and 941; Payroll Tax Deductions/Refunds; Year-end Adjustments; Corrected Tax Forms; W2-C/W3-C and 941-X Form Audits, Questions and Filing	payrollsvcs@sdcoe.net Payroll Services Team 858-295-6719
Garnishments/Wage Attachments; Lost Garnishment Warrants; Mail/Warrant Distribution; Credential Holds / Releases	garnishment@sdcoe.net Payroll Services / Garnishment Team 858-295-6737

Mail Stop — Room 607
Fax: 858-715-0091

San Diego County Treasurer Bank Information

JP Morgan Chase
201 N. Central Avenue 21st
Floor Phoenix, AZ 85004

JP Morgan Chase Bank:

All questions regarding JP Morgan Chase deposits should go through the SDCOE Financial Accounting & Reporting department.

SDCOE Liaison: Sokphanny Jones, (858) 295-6668
Sokphanny.Cheam@sdcoe.net

Chris Alcaraz, (858) 295-6699
Chris.Alcaraz@sdcoe.net

Luisa Herrera, (858) 295-6697
Luisa.Herrera@sdcoe.net

Auditor & Controller – Accounts Payable:

Warrant Information: Katherine Lineback, (858) 694-2087
Katherine.Lineback@sdcounty.ca.gov

Christine Ancheta, (858) 694-2068
Christine.Ancheta@sdcounty.ca.gov

Treasurer's Office:

Banking Administration: Liliana Montes, (619) 531-5628
TTCbanking.eft@sdcounty.ca.gov

WARP Administration: TTCbanking.eft@sdcounty.ca.gov

Gregg Rosner, (619) 531-5609
Gregg.Rosner@sdcounty.ca.gov

Rosella Perez, (619) 531-5685
Rosella.Perez@sdcounty.ca.gov



How to Establish a New Fund at the County Treasury

1. Districts will need to complete a board resolution and submit this to SDCOE Financial Accounting & Reporting. Sample resolutions can be accessed on our website via the following link:
<https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting>
2. SDCOE Financial Accounting & Reporting will complete the San Diego County Treasury's Fund Set Up form.
3. The board resolution and the completed fund set up form, along with a cover letter will be sent to the San Diego County Auditor & Controller - Financial Accounting & Reporting Division.
4. Once the County has established the fund and an oracle number has been assigned, SDCOE Financial Accounting & Reporting will notify the district by email.

Treasury Deposit Information

School districts are responsible for depositing their funds into their JP Morgan Chase Bank Account. Methods of deposits include:

- Walk-In Service to JP Morgan Chase Branch by 5 PM
- Remote Deposit Capture (JPM Scanner)
- U.S. Mail
- Lock Drop Box
- Wire Transfers

A JP Morgan Chase bank deposit slip and the SDCOE deposit permit in Excel format emailed to finacct@sdcoe.net with the following subject:

District Number_Date of Deposit_Amount of Deposit

This is due to Financial Accounting & Reporting by **9 a.m.** the next day following a deposit.

The Deposit Permit form is available at: <https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting>

For any questions regarding the deposit process please email finacct@sdcoe.net.

Due to the large number of NSF checks, the Financial Accounting & Reporting Department has requested funds other than the general fund be notated on the check.

*Remember to use the 5-digit Oracle ID number.

* XXXXX		1906
JOE HENRY 8 LINCOLN AVE. HOMETOWN USA		Date: <u>May 20, XXXX</u>
Pay to the order of	<u>XYZ School District</u> <u>Twenty Five Dollars and 00/100 **</u>	\$ <u>25.00</u> DOLLARS
ABC BANK 1 MAIN STREET DISNEYLAND, CA 90000		
For _____	_____ Joe Henry	
		1906

Foreign Funds

1. The check must be payable through a U.S. bank.
2. **U.S. Funds or U.S. Dollars must be printed by the written and numeric amount.

Process for Wiring Funds out of the County Treasury Wire Administration and Request Portal (WARP)

The San Diego County Treasurer has implemented an on-line system for school districts and charter schools to wire funds out of the county treasury.

Process for School Districts:

The district initiates wire transfer requests from the county portal located at: <https://www2.sdcounty.ca.gov/WFtrans/Default.aspx>. A login name and password should be requested from the County Treasurer's Office. The Commercial Warrants Audit Unit at the San Diego County Office of Education (SDCOE) will be the POETA approvers of wire transfers for school districts before sent to the County Treasurer. School districts must include the SACS account information in the "Transaction Description" field (see sample form on next page).

The district creates a two-lined journal entry with the accounting date that matches the settlement date and source FA. The first line will be for the expense debit and the second line will be an offset to suspense (object 7999). The district must leave the journal entry in valid status and email the journal number and a copy of the Edit Wire Transfer Request to finacct@sdcoe.net. Financial Accounting & Reporting will validate the amount of the wire and change the suspense line to cash and post.

Process for Charter Schools:

Charters that are a fund of a school district: As with current practice, school districts will request wire transfers for charter schools that are a fund of the district. The process will be the same as described above for school districts.

Charters with own treasury fund: Wire transfers for charter schools that have their own fund number at the County Treasury will be approved by the sponsoring school district. Email a copy of the Edit Wire Transfer Request with the applicable SACS account number and the PeopleSoft journal number to finacct@sdcoe.net.

Note that each wire request must be submitted two days prior to the settlement date.

For more information and/or assistance, contact the County Treasurer's Office:

WARP Administration: TTCbanking.eft@sdcounty.ca.gov
Gregg Rosner Gregg.Rosner@sdcounty.ca.gov (619) 531-5609
Rosella Perez Rosella.Perez@sdcounty.ca.gov (619) 531-5685
Liliana Montes liliana.montes@sdcounty.ca.gov (619) 531-5628

Email: finacct@sdcoe.net for additional questions



CLOSING SCHEDULE

This section provides San Diego County Office of Education year-end timelines which must be incorporated into the District Closing Schedule. These deadlines must be followed throughout the closing process.

SAN DIEGO COUNTY OFFICE OF EDUCATION

District Financial Services Financial Accounting & Reporting

YEAR-END CLOSING SCHEDULE

Fiscal Year 2023-24

June 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

July 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

June 14: Year-end Closing Workshop – Zoom Meeting.
Presentation will be posted on the Financial Accounting website (when available): <https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting>

June 25:

- Last day to cancel warrants.
- Last day to enter vouchers in the system by close of business day. Vouchers entered after this date will be denied and will need to be re-entered on July 1.
- Last day to issue inventory orders.

June 26: Final date for all deposits to J.P. Morgan by close of business day.

June 27: Last day to submit auditor's transfers due to Financial Accounting by 10 AM.

July 1:

- First day to post to period 998 with 06/30/24 date.
- Fiscal Year 2024-25 activity begins - Use July date (7/2024).
- First day to enter new vouchers against current year (2024-25) purchase orders.

July 5: First day commercial warrants are issued for 2024-25.

July 8: Finalize all 2023-24 POs, and enter goods received on or before June 30th by 5 PM.

July 9: Last day for districts to run their PO Rollover process.

July 15: Period 12 for 2023-24 closes at close of business day (5 PM).

August 2: Payroll Accruals posted by Financial Accounting.

September 6:

- Last day to post to period 998.
- Send completed district closing checklist and TRC to Financial Accounting: finacct@sdcoe.net

September 16: Governing Board shall approve, and district shall submit to SDCOE, 2023-24 SACS Unaudited Actuals [E.C. 42100(a)].

Wednesday, June 19th, Juneteenth National Independence Day

Thursday, July 4th, Independence Day

Monday, September 2nd, Labor Day



FISCAL YEAR-END CHECKLIST

Year-end closing is the process of reviewing and adjusting all accounts to ensure that they accurately reflect the activities for the fiscal year. It is the final step in the accounting cycle before preparing a financial statement. The goal of year-end closing is to provide readers of a school district's financial statements with the most accurate financial picture possible. To do this, school districts apply various recognized policies. These policies are derived from several sources, including the California School Accounting Manual and the pronouncements of the Governmental Accounting Standards Board (GASB).

After the closing entries have been made and all revenue and expenditure accounts have been closed, the ending fund balance is known and available for making adjustments to the current budget year.

Procedures to Ensure Accurate Closing

1. Prepare a closing schedule. The first step in the closing process is to plan and develop a schedule of events. There are various due dates that must be met such as report deadlines, data processing deadlines at the County Office of Education and within the LEA, physical inventory and so forth. A calendar combining all the important events should be established and followed throughout the closing process.
2. Review all asset accounts. Various asset accounts must be reviewed at year-end. A reconciliation of all cash accounts must be prepared, and any adjusting entries must be recorded. The stores inventory account must be adjusted to agree with the physical count. Prepaid expenditures must be reviewed and analyzed to ensure that no adjustments are needed.
3. Analyze and close out prior year receivable and payable accounts. At year-end, the agency must close out any amounts remaining in the prior year receivable or payable accounts. During the year, differences will occur between amounts actually received or paid versus what had been accrued. These adjustments should be made throughout the year as they occur, but a final analysis must be made if a balance remains on these accounts.
4. Accrue accounts receivable. Various sources of revenues are due to the agency at year-end. These amounts must be recorded as accounts receivable. This will record the revenue in the proper fiscal year. There are specific revenue recognition policies referring to such items as LCFF, special education master plan, interest, deficits, state lottery, etc. that provide guidance on how to calculate these receivables.
5. Accrue accounts payable. Any amounts due to others at year- end for receipt of goods or services must be recorded as accounts payable. This will record the expenditure in the proper fiscal year. There are common types of payables such as payroll, employee benefits, utilities, contracts and so forth.
6. Adjust grants and entitlements: Specific recognition policies must be followed in accounting for grants and entitlements. Each project must be reviewed separately and appropriate entries must be made. The FORM CAT in the SACS software must be completed prior to closing.
7. Ensure accurate accounting for leases, COPs and Mello-Roos debt. A variety of accounting entries relating to these must be recorded before or during the year-end closing process.
8. Ensure that all inter-program and inter-fund transactions are reconciled. Any transfers of expenditures between programs or funds must be reconciled.
9. Review unique closing procedures for other funds and account groups. Unique items must be considered at year-end regarding funds other than the general fund.
10. Properly identify the components of the ending fund balance. Year-end entries are necessary to classify the components of the ending fund balance correctly. Amounts may be reserved, legally restricted, designated or undesignated.
11. Are the books ready for the annual audit? The goal of year-end closing is to ensure that the LEA's financial statements are accurate and ready for audit.
12. Complete the year-end closing checklist audit. A master checklist that is provided by the County Office of Education should be completed to ensure that all areas have been addressed.



Year-End Checklist

The next few pages contain a checklist for your use during the closing process. Some districts may vary the order from that shown on this checklist, but the CAT FORM needs to be completed before the district is closed.

Year-End Closing Checklist

Entries Made Prior to Closing

- ☐ Clear prepaid expense (9330)
- ☐ Clear unearned revenue (9650)
- ☐ Clear deposits in transit (9140)
- ☐ Balance prior year accounts receivable accruals (9201/02)
- ☐ Clear prior year due to / due from (9312 & 9612)
- ☐ Balance prior year current liabilities (9510/11)
- ☐ Clear suspense for all funds (resource 9999 &/or objects 7999 & 8999)
- ☐ Transfer of in-lieu property taxes to charter schools (refer to EC 47635)
- ☐ Physical inventory
- ☐ Verify audit adjustments are posted
- ☐ Clear encumbrances

Closing Entries/Accrual

- ☐ Set up liability accruals (9510)
- ☐ Set up accounts receivable accruals (9201)
- ☐ State Aid accrual (9290 or 9590)
- ☐ Post interest earned on bond proceeds invested outside of the county treasury
- ☐ Reconcile petty cash
- ☐ Reconcile revolving cash
- ☐ Reconcile clearing accounts
- ☐ Reconcile CNS claims & post accruals
- ☐ State aid 50% reduction

Deferred Maintenance (optional)

- ☐ Deferred Maintenance transfer (Auditor's transfer before 6/30 or Due To/From after 6/30)
- ☐ Transfer LCFF funds using Object 8091

Categorical Programs

- ☐ Accrue Lottery (1100 & 6300)
- ☐ Federal transferability (if consolidating)
- ☐ Distribute accumulated NCLB administrative costs to participating programs (if consolidating)
- ☐ Special Education contribution from the unrestricted General Fund
- ☐ Routine Restricted Maintenance Account (RMA) transfer from unrestricted General Fund
- ☐ Complete form CAT
- ☐ Post accounts receivable
- ☐ Post unearned revenue
- ☐ Federal interest

Direct/Indirect Costs

- ☐ Direct costs
- ☐ Intrafund in balance (5710)
- ☐ Interfund in balance (5750)
- ☐ Indirect costs
- ☐ Intrafund in balance (7310)
- ☐ Interfund in balance (7350)

Reserves

- ☐ Establish reserves for revolving cash fund (9711)
- ☐ Reconcile stores general ledger to physical inventory
- ☐ Establish reserves for stores
- ☐ Establish reserves for prepaid expenditures
- ☐ Establish reserves for legally restricted balances
- ☐ Establish reserves for economic uncertainties
- ☐ Establish other assignments, commitments, & unassigned reserves

Year-End Closing Checklist (Continued)

GASB Entries

GASB 31 (see CSAM Procedure 425)

- ☐ Report investments and cash in the County Treasury at Fair Value (includes Fund 51)

GASB 34

- ☐ Verify all expenditures charged to function 8500 and/or object 6XXX
- ☐ Extract fund data into GASB 34 component of SACS software, analyze results, review SACS accounting for reconciliation, and do any necessary conversion entries
- ☐ Ensure that ASSET & DEBT forms match GSNA

GASB 75 (replaces GASB 45, effective for reporting periods beginning after June 15, 2017)

- ☐ Review government-wide statements to ensure that accounts have extracted properly into the SACS software and do any necessary OPEB conversion entries

GASB 82 (amendment of GASB 68, effective for fiscal years ending June 30, 2017)

- ☐ Post STRS on-behalf contributions

GASB 84

- ☐ Ensure that ASB non-fiduciary activity is recorded in Fund 08 or 01 Resource 8210.

GASB 87 (implemented FY2021-22)

- ☐ Ensure that Lessee transactions have been recognized appropriately
- ☐ Ensure that Lessor transactions have been recognized appropriately

GASB 96 (implemented FY2022-23)

- ☐ Recognize Subscription Based Information Technology (SBITAs) accordingly

District Checklist

- ☐ Complete district checklist
- ☐ Complete SACS Web-based software unaudited actuals technical review checks (TRC) and resolve exceptions
- ☐ E-mail completed district checklist and TRC (EXCEPTIONS ONLY) to Financial Accounting finacct@sdcoe.net to begin their audit process (DO NOT promote SACS file at this time)
- ☐ Financial Accounting will notify district of audit results
- ☐ Finalize Unaudited Actuals and promote Official SACS file to SDCOE. Related closing documents email to Financial Reporting at finrep@sdcoe.net. Mail original signed certification form CA to FAR Room 608 .



Inventory

During year-end closing, these questions should be answered regarding inventory accounting.

1. If inventory is a material asset, has the auditor been notified of the dates that the physical inventory is to be taken? (Some auditors like to be present to check procedures and do a sampling.)
2. If the physical inventory has been completed, have the adjusting entries been made to bring the book inventory to actual?
3. Have fuel inventories been taken and the expenditures for gas, diesel and oil been reduced to properly reflect expenditures in the transportation account?
4. Are there other inventories that need to be considered in the transportation, maintenance, or food service department?

District Closing Checklist Audit

After all the year-end processes are completed and before taking Unaudited Actuals to your Board, it is time to begin the final checklist audit. On-line districts should complete this checklist.

Once this checklist is completed, e-mail the documents listed below to Financial Accounting to finacct@sdcoe.net, so that they may begin the audit procedures for your district.

- Closing Checklist
- Budget TRC, exceptions only
- Estimated Actuals TRC, exceptions only

Financial Accounting will email districts to inform them of any Audit issues and once the Audit is completed and has passed.

The checklist is available in MS excel format on the Financial Accounting website, under Quick Links: <https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting>

Note: Please do not promote the SACS file to SDCOE oversight until you are notified by Financial Accounting that the closing Audit is finalized, and the SACS file has been completed. Supporting documentation email to finrep@sdcoe.net. Original signed certification form CA mail to Financial Accounting and Reporting Room 608, Attn: Patricia Fogliano.



ENTRIES MADE PRIOR TO CLOSING

There are a few entries that should be done before the end of the fiscal year that will make the closing process a little smoother. Included are some examples for your reference.

Prepaid Expenditures

Object 9330 - Payments made in advance of the receipt and use of services.

STEP 1 Reverse (or adjust) any prior year closing entries.

Insurance premiums paid in the Prior Fiscal Year for the Current Fiscal Year of \$1,500.

The accrual entry in the *Prior Fiscal Year* was:

Account	Resource	Goal	Function	Object	Debit	Credit
Prepaid Expense	XXXX			9330	\$1,500	
Insurance	XXXX	XXXX	XXXX	5400		\$1,500

The reversing entry in the Current Fiscal Year is:

Account	Resource	Goal	Function	Object	Debit	Credit
Insurance	XXXX	XXXX	XXXX	5400	\$1,500	
Prepaid Expense	XXXX			9330		\$1,500

STEP 2 Establish *Current Fiscal Year* accrual. This will be done after June 30 with 06/30/XXXX (*Current Fiscal Year*) date.

Insurance premiums paid in the Current Fiscal Year for the Subsequent Fiscal Year of \$2,000.

Account	Resource	Goal	Function	Object	Debit	Credit
Prepaid Expense	XXXX			9330	\$2,000	
Insurance	XXXX	XXXX	XXXX	5400		\$2,000

Unearned Revenue

Object 9650 - Revenue which has been received, but is unearned, as of June 30. Complete the FORM CAT to determine amount of unearned revenue.

GASB 65 - The use of the term “Deferred” should be limited to items reported as deferred outflows of resources or deferred inflow of resources. Thus, when discussing activity in 9650 we will use the term “unearned.”

- STEP 1** Reverse any remaining prior year closing entries. This reversal must be posted with a journal entry before June 30. Please remember to use the correct resource numbers when reversing the prior year’s closing entries.

Example: Title I revenues exceeded expenditures on Form CAT for the Prior Fiscal Year causing the unearned revenue to be recognized in the Current Fiscal Year.

The unearned revenue entry in the Prior Fiscal Year was:

Account	Resource	Goal	Function	Object	Debit	Credit
All Other Federal Revenue	3010			8290	\$3,000	
Unearned Revenue	3010			9650		\$3,000

The reversing entry in the *Current Fiscal Year* is:

Account	Resource	Goal	Function	Object	Debit	Credit
Unearned Revenue	3010			9650	\$3,000	
All Other Federal Revenue	3010			8290		\$3,000

- STEP 2** Establish the *Current Fiscal Year* closing entry. Use a journal with a June 30 date (*Current Fiscal Year*) to post this entry.

Example: Title I revenues exceeded expenditures on Form CAT for the Current Fiscal Year so excess revenue must be deferred to the Subsequent Fiscal Year.

Account	Resource	Goal	Function	Object	Debit	Credit
All Other Federal Revenue	3010			8290	\$3,500	
Unearned Revenue	3010			9650		\$3,500

Section 9 of the Financial Accounting Manual provides additional guidance on categorical programs including grants, entitlements and other financial assistance received by a school district from governmental or other entities.

Establishing Due To/Due From Accounts

STEP 1 Make sure that all expenditures are accounted for in the proper fund. If one fund owes another fund at year-end, establish a due to/due from account.

Object 931X - DUE FROM - (Asset) amount due from another district fund.

Object 961X - DUE TO - (Liability) amount due to another district fund.

The Due To (9611) in one district fund must equal the Due From (9311) in another district fund or the district general ledger will be out of balance. A tip when establishing Due To/Due From is to use sub-accounts.

STEP 2 EC 42603 requires that prior fiscal year due to/due from accounts must be repaid the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year.

Posting and Clearing “Due To/Due From” Transaction

Example 1: Interfund payroll adjustment (transfer that cross funds).

The district completes the following Journal Entry in PeopleSoft using source "PAJ."

Payroll adjustment from fund 01 to fund 11.

Account	Fund	Resource	Goal	Function	Object	Debit	Credit
Certificated Salaries	0100	XXXX	XXXX	XXXX	1XXX		\$100
Benefits	0100	XXXX	XXXX	XXXX	3XXX		\$20
Due from other funds	0100	XXXX			93XX	\$120	
Certificated Salaries	1100	XXXX	XXXX	XXXX	1XXX	\$100	
Benefits	1100	XXXX	XXXX	XXXX	3XXX	\$20	
Due to other fund	1100	XXXX			96XX		\$120

Example 2: Clear due to/ due from by creating an Auditor's Transfer (cash movement).

The district completes the following Journal Entry in PeopleSoft using source "AT."

Clear due to/due from.

Account	Fund	Resource	Goal	Function	Object	Debit	Credit
Due from other funds	0100	XXXX			93XX		\$120
Due to other fund	1100	XXXX			96XX	\$120	

For Fiscal Year 2023-24, June 27th is the last day to submit auditor's transfers due to Financial Accounting by 10 AM.



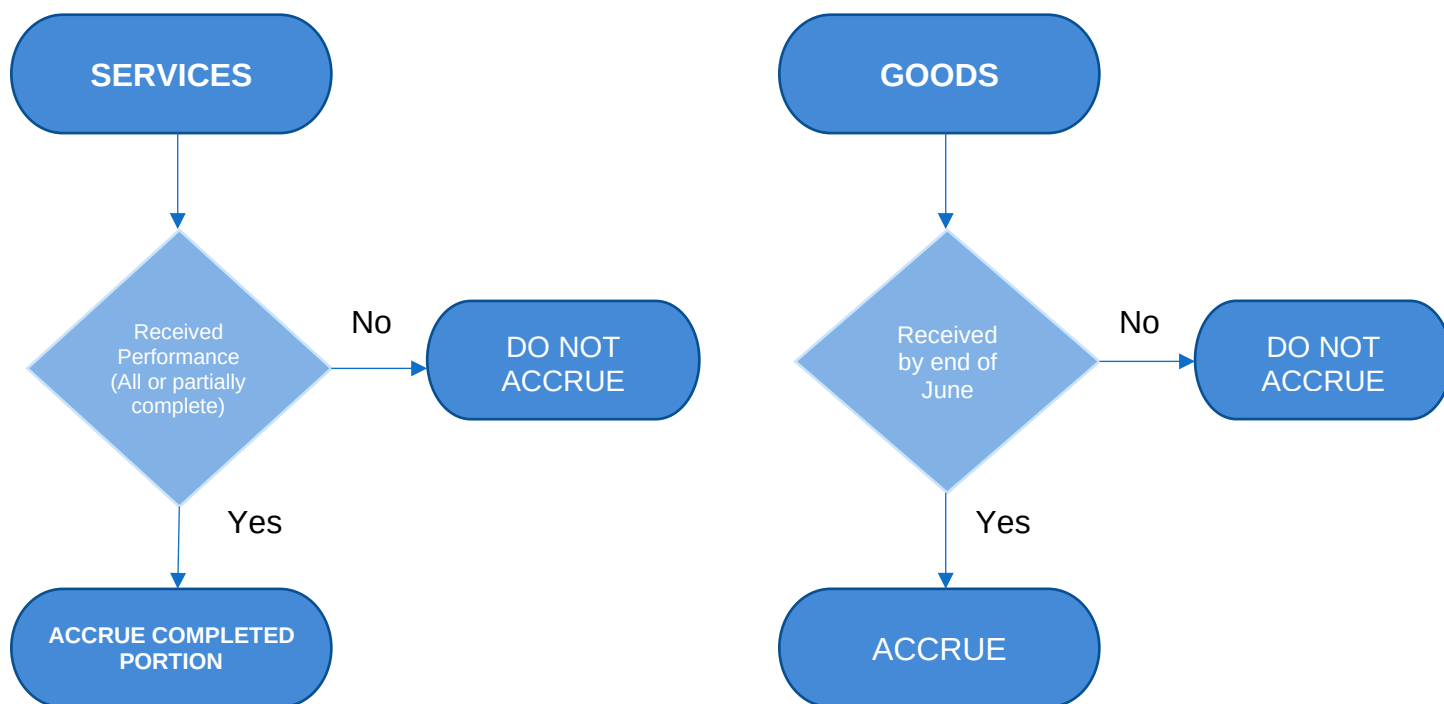
CLOSING ENTRIES/ACCRUALS

After current liabilities (9510/9511) and accounts receivable (9201/9202) for the prior fiscal year are balanced, the closing entries must be made. This will bring the accounts to a zero balance. After this process is complete, expenditure accruals and income accruals for the current year may be input.

This section will cover transactions which appear on the schedule of expenditures accruals (9510) and income accruals (9201). There are some sample schedules for later use.

Expenditure Accruals

Object Account Code 9510 – Current Liabilities



Examples:

Utilities: Up to and including those with mailing dates in June

Commercial Contracts: Amounts due for services received by the end of June

Wages & Benefits: Payroll and services performed by the end of June

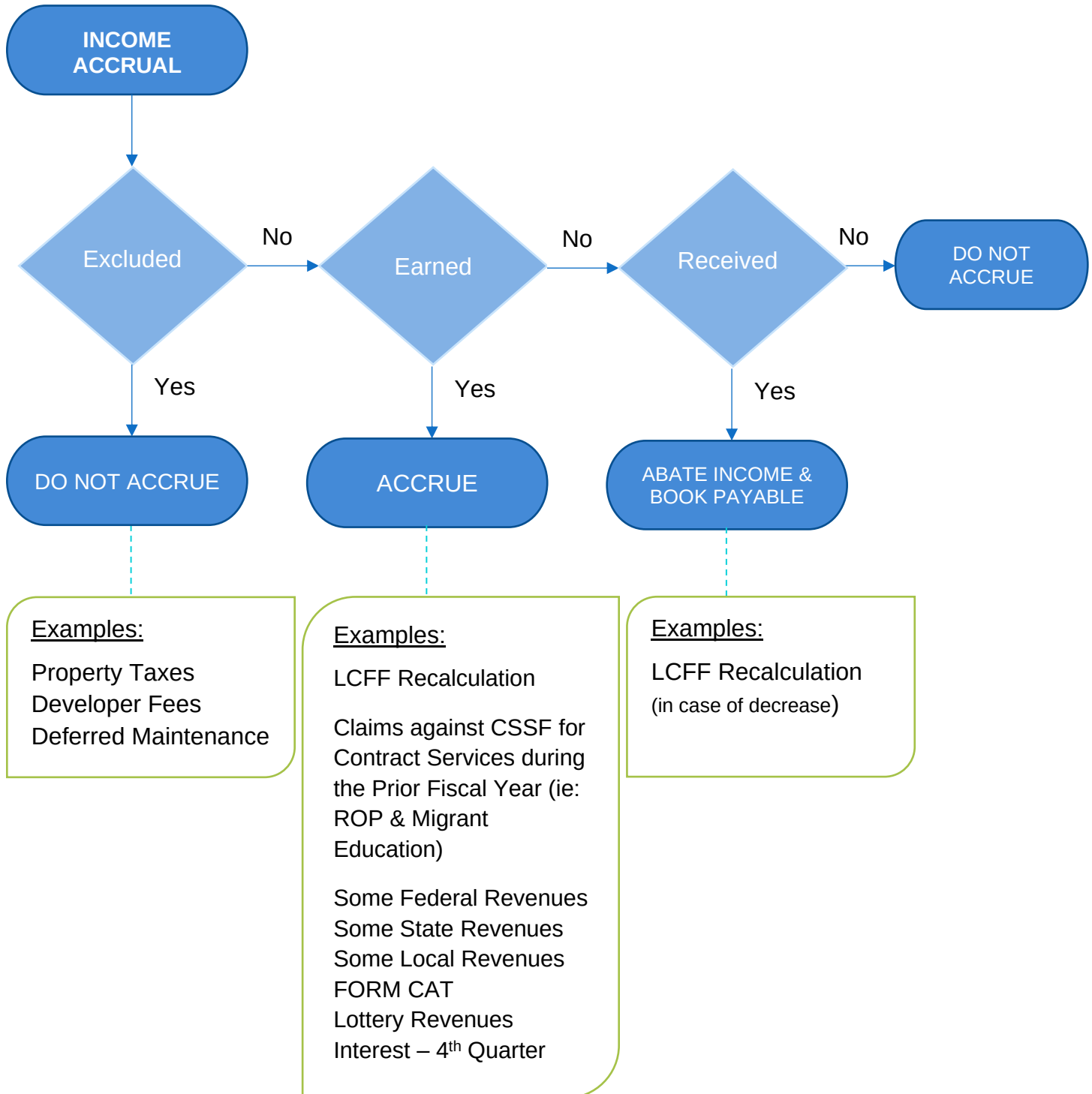
Accrued for FY: _____

SACS Fund: _____
(One fund per page)

[illegible]

Income Accruals

Object Account Code 9210 – Accounts Receivable



Accrued for FY: _____

SACS Fund: _____
(One fund per page)

[illegible]

Accrual Samples

- A.** Current year LCFF should be increased by \$100,000 due to a lower collection of property taxes than J-29B estimate submitted by Property Tax Services Division of the County Auditor:

Account	Resource	Goal	Function	Object	Debit	Credit
Due from Grantor Governments	XXXX			9290	\$100,000	
LCFF State Aid	XXXX			8011		\$100,000

- B.** Unpaid invoices of \$20,000 for merchandise or services received by June 30:

Account	Resource	Goal	Function	Object	Debit	Credit
Books & Supplies	XXXX	XXXX	XXXX	4000	\$6,000	
Svc/Operating Exp	XXXX	XXXX	XXXX	5000	\$4,000	
Capital Outlay	XXXX	XXXX	XXXX	6000	\$10,000	
Current Liabilities	XXXX			9510		\$20,000

- C.** Additional unposted expenditures for July payroll which were not included in the automated payroll accrual process:

Account	Resource	Goal	Function	Object	Debit	Credit
Certificated Salaries	XXXX	XXXX	XXXX	1000	\$16,000	
Classified Salaries	XXXX	XXXX	XXXX	2000	\$5,000	
Employee Benefits	XXXX	XXXX	XXXX	3XXX	\$2,100	
Current Liabilities	XXXX			9510		\$23,100

- D.** Developer fees received in the Current Fiscal Year to be refunded in the Subsequent Fiscal Year:

Account	Resource	Goal	Function	Object	Debit	Credit
Developer Fees	XXXX			8681	\$1,000	
Current Liabilities	XXXX			9510		\$1,000

- E.** Accrue reimbursement due for Child Nutrition Program for the current Fiscal Year:

Account	Resource	Goal	Function	Object	Debit	Credit
A/R	XXXX			9201	\$200,000	
Child Nutrition	XXXX			8220		\$200,000

- F.** The following expenditures should have been abated in the Current Fiscal Year for a reimbursement received for lost books (see CSAM Procedure 560 for Abatement of Expenditures):

Account	Resource	Goal	Function	Object	Debit	Credit
A/R	XXXX			9201	\$4,000	
Books & Supplies	XXXX	XXXX	XXXX	4000		\$4,000

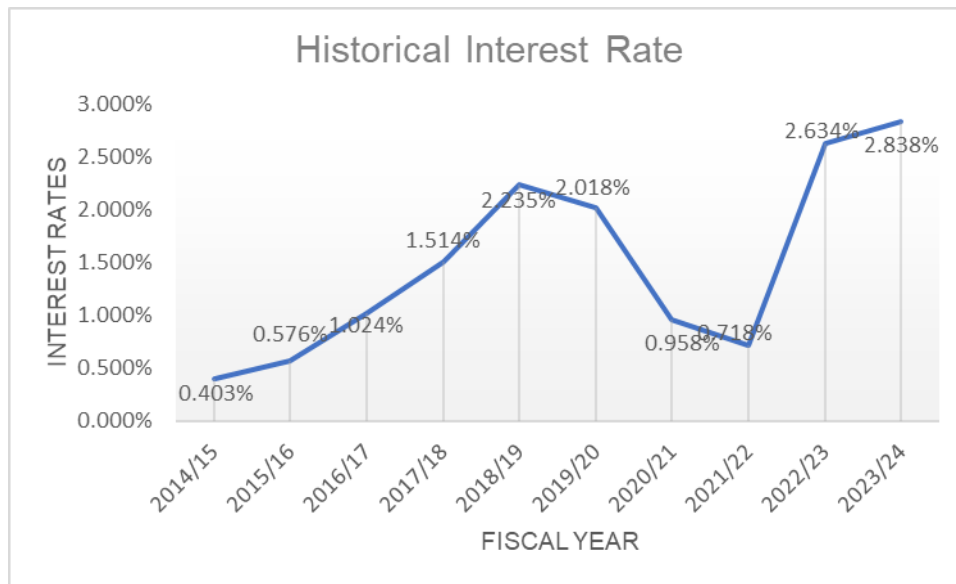
San Diego County's Historical Interest Rates

2014 through 2024

Annualized Rates by Quarter and Year

Fiscal Year	1st Quarter JUL-SEP	2nd Quarter OCT-DEC	3rd Quarter JAN-MAR	4th Quarter APR-JUN	Average Annual Rate
2014/15	0.360%	0.410%	0.452%	0.391%	0.403%
2015/16	0.483%	0.690%	0.557%	0.574%	0.576%
2016/17	0.872%	0.860%	1.172%	1.193%	1.024%
2017/18	1.256%	1.404%	1.557%	1.837%	1.514%
2018/19	1.951%	2.184%	2.370%	2.435%	2.235%
2019/20	2.258%	2.118%	2.015%	1.679%	2.018%
2020/21	1.339%	0.961%	0.841%	0.692%	0.958%
2021/22	0.684%	0.644%	0.642%	0.903%	0.718%
2022/23	1.536%	2.331%	3.196%	3.473%	2.634%
2023/24	3.490%	3.892%	3.971%	0.000%	2.838%

10 Year Average 1.492%



Petty Cash Reconciliation

Period Ending: _____

Denomination	Count	Amount
\$20.00		
\$10.00		
\$5.00		
\$2.00		
\$1.00		
\$0.50		
\$0.25		
\$0.10		
\$0.05		
\$0.01		

Total Cash on Hand A. 0

B. Reimbursable Vouchers on Hand

Date	Payee	Purpose	Amount

Total Vouchers on Hand B. 0

C. Other Items

Item & Explanation	Amount

Total Other Items C. 0

Total Petty Cash

A + B + C = 0

Revolving Cash Reconciliation

School District: _____

Period Ending: _____

A. Balance in Checking Account

A.

B. Cash on Hand

B.

C. Checks Written that have NOT been reimbursed by Commerical Warrant

Check Number	Payee	Purpose	Amount

Total Unreimbursed Checks

C.

D. Deposits in Transit

D.

E. Other Items (e.g. Voided Checks)

Items and Explanation	Amount

Total Other Items

E.

Total Revolving Cash

A + B + C + D + E

* This amount must agree with the amount in 9130, Revolving Cash and the amount on file in the Commerical Warrant Audit Unit.

9130

Revolving Cash Fund Custodian

** This must agree with the name on file in the Commercial Warrant Audit Unit



PAYROLL ACCRUALS

Wages and benefits for time worked prior to July 1st that are unpaid as of June 30th need to be accrued. This section will cover the manual process of accruing payroll and information on accruing 9910 (payroll holding) account balances. Sample entries are included in this section to use for reference.

Payroll Accrual Samples

- A.** June time paid in July: District enters timesheet with June (or prior months) date. July payroll is confirmed and processed. All prior year payroll is compiled into a journal entry with source "PAC" and posted as of June 30 with period 998.

June 30 PAC – Accrual Entry

Account	Resource	Goal	Function	Object	Debit	Credit
Payroll Expenditures	XXXX	XXXX	XXXX	1000-3999	\$15,000	
Current Liabilities				9510		\$15,000

The payroll account entry will reverse on July 1st.

July 1 PAC Reversal – Accrual Reversal

Account	Resource	Goal	Function	Object	Debit	Credit
Current Liabilities				9510	\$15,000	
Payroll Expenditures	XXXX	XXXX	XXXX	1000-3999		\$15,000

Note: The current liability is now cleared. Negative amounts are reflected in the payroll expenditure accounts for June payroll accruals.

An accrual report will be provided to each district. The accrual process is only run for the month of July. Prior year payroll expenditures made in August and September will need to be accrued manually by each district.

July payroll will run with the normal monthly process. All payroll expenditures will debit objects 1000-3999, including prior year amounts. The prior year amounts will net to zero with the July 1 PAC reversal entry above.

Retro payments will need to be accrued manually by each district.

July 31 PAY – July Payroll

Account	Resource	Goal	Function	Object	Debit	Credit
Payroll Expenditures	XXXX	XXXX	XXXX	1000-3999	\$120,000	
Payroll Suspense	XXXX			9910-000		\$105,000
FICA	XXXX			9910-331		\$5,000
Medicare	XXXX			9910-332		\$4,000
H&W	XXXX			9910-340		\$3,000
W/C	XXXX			9910-360		\$2,000
Other Benefits	XXXX			9910-390		\$1,000

- B.** Payroll Benefits Accruals – STRS & PERS: District enters journal entry with June 30 date and period 998 for outstanding STRS and PERS amounts.

June 30 Accrual – Outstanding STRS & PERS

Account	Resource	Goal	Function	Object	Debit	Credit
STRS Suspense	XXXX			9910-311	\$2,000	
PERS Suspense	XXXX			9910-321	\$1,000	
Current Liabilities	XXXX			9510		\$3,000

The payroll benefits account entry should be reverse on July 1st

July 1 Accrual Reversal – Outstanding STRS & PERS

Account	Resource	Goal	Function	Object	Debit	Credit
Current Liabilities	XXXX			9510	\$3,000	
STRS Suspense	XXXX			9910-311		\$2,000
PERS Suspense	XXXX			9910-321		\$1,000

Note: Accrue the estimate and the final transfers for STRS and PERS. If there is a difference between the payroll posting and the cash transfers, increase or decrease the appropriate 31XX or 32XX accounts. Any other STRS or PERS transfers for adjustments should also be accrued using the appropriate expenditure accounts.

- C.** Payroll Benefit Accruals – SUI: District enters journal entry with June 30 date and period 998 for outstanding SUI amounts. Although, SUI charges accrue at every payroll, the cash transfer is generally completed within two weeks following the end of each quarter.

June 30 Accrual – SUI

Account	Resource	Goal	Function	Object	Debit	Credit
SUI Suspense	XXXX			9910-350	\$2,000	
Current Liabilities	XXXX			9510		\$2,000

The payroll benefits account entry should be reverse on July 1st

July 1 Accrual Reversal – SUI

Account	Resource	Goal	Function	Object	Debit	Credit
SUI Suspense	XXXX			9910-350		\$2,000
Current Liabilities	XXXX			9510	\$2,000	

Note: If there is a difference between the payroll posting and the cash transfers, increase or decrease the appropriate 35XX accounts.

DIRECT AND INDIRECT COST

Direct costs are charged to the appropriate programs, while direct and indirect support charges are distributed for support service programs to various user programs. These accounting procedures provide the means for assessing the fiscal impact of operating such programs. This section will cover the differences between the charges and methods of accounting for them.

An excellent reference is the California School Accounting Manual. Procedures 320, 325, 910 and 915 cover direct, direct support, and indirect costs accounting methods in detail.

The United States Department of Education (USDE) has approved a cost allocation plan for California which will govern the methodology for determining restricted indirect cost rates for school districts, charter schools, and county offices of education. Lists of approved indirect cost rates, frequently asked questions (FAQs), and letters can be found on the California Department of Education's (CDE) website: <https://www.cde.ca.gov/fg/ac/ic/icrate2425ltr.asp>

Direct Cost

Direct costs are expenses that can be separately identified and charged as part of the cost of a product, service, or department. Typical direct costs include items such as instructional materials printed in the district print shop, fuel, oil and repairs of district vehicles, centralized data processing services, in-house equipment repairs, and field trips.

Calculating Direct Costs

Direct costs can be calculated using different methods, which are described in the accounting manual. An example is a charge to district administration for the printing of workshop materials.

Intrafund Direct Costs

When direct costs are charged to programs within the same fund, object code **5710** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 5710 accounts must have a zero balance for each fund.**

The following is a sample entry charging Title I for School Choice Transportation:

Account	Fund	Resource	Goal	Function	Object	Site	Debit	Credit
School Choice - Program Impr	0100	3010	1110	3600	5710	000	\$XXX	
Cash	0100	3010			9110			\$XXX
HTS Transportation	0100	0000	0000	3600	5710	000		\$XXX
Cash	0100	0000			9110		\$XXX	

Interfund Direct Costs

When direct costs are charged to another fund, such as, Child Nutrition, Child Development, or the Adult Education Fund, object code **5750** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 5750 accounts must have a zero balance across all funds.**

The following is a sample entry charging the child development program for printing:

Account	Fund	Resource	Goal	Function	Object	Site	Debit	Credit
Child Dev-Print Charges	1200	0000	0000	0000	5750	000	\$XXX	
Cash	1200	0000			9110			\$XXX
Print Shop	0100	0000	0000	7200	5750	000		\$XXX
Cash	0100	0000			9110		\$XXX	

Direct Support Costs

Direct support costs are charges for a support program and services that directly benefit other programs. These are costs identified in provider programs that can be transferred to user programs during the year. Typical direct support costs are for supervision, utilities, and psychological and nursing services.

Intrafund Direct Support Costs

When direct support costs are charged to programs within the same fund, object code **5710** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 5710 accounts must net to a zero by function and fund.**

The following is a sample entry:

Account	Fund	Object	Debit	Credit
Special Education Assessment	0100	5710	\$XXX	
Pupil Services Special Education Assessment	0100	5710		\$XXX

Interfund Direct Support Costs

When direct support costs are charged to the Cafeteria, Child Development or Adult Education Funds, object code **5750** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 5750 accounts must net to zero by object and function.**

The following is a sample entry:

Account	Fund	Object	Debit	Credit
Developer Fees - Administrative Expenses	2519	5750	\$XXX	
Cash	2519	9110		\$XXX
General Fund - Administrative Expenses	0100	9110	\$XXX	
Cash	0100	5750		\$XXX

Intrafund Indirect Costs

When indirect costs are charged to programs within the same fund, object code **7310** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 7310 accounts must have a zero balance by fund.**

Account	Fund	Resource	Goal	Function	Object	Site	Debit	Credit
Title I	0100	3010	1110	7210	7310	000	\$XXX	
GF	0100	0000	0000	7210	7310	000		\$XXX

Interfund Indirect Costs

When indirect costs are charged to programs within the Child Nutrition, Child Development or Adult Education Funds, object code **7350** is used. The program receiving the service is charged (a debit entry) and the program providing the service is credited. **The total of all 7350 accounts must be a zero balance.**

The following is a sample entry:

Account	Fund	Resource	Goal	Function	Object	Site	Debit	Credit
Food Services	1300	5310	0000	7210	7350	000	\$XXX	
Cash	1300	5310			9110			\$XXX
GF	0100	0000	0000	7210	7350	000		\$XXX
Cash	0100	0000			9110		\$XXX	



Home / Finance & Grants / Accounting / Indirect Cost Rates (ICR)

**California Department of Education
Official Letter**

April 19, 2024

Sent by electronic mail

Dear County Chief Business Officials:

2024–25 Approved Indirect Cost Rates

As the agency authorized by the United States Department of Education to approve California kindergarten through grade twelve (K–12) local educational agency (LEA) indirect cost rates, the California Department of Education (CDE) has reviewed the 2022–23 standardized account code structure (SACS) expenditure data and has finalized the approved indirect cost rates. The rates are for use, as allowable, with 2024–25 federal and state programs.

Approved Indirect Cost Rates

Please advise the school districts and joint powers agencies (JPAs) in your county that the indirect cost rates are posted on the CDE Indirect Cost Rate (ICR) web page at <https://www.cde.ca.gov/fg/ac/ic/index.asp>.

Indirect Cost Rates for JPAs

As a reminder, because JPAs do not generally meet the guidelines for receiving approved indirect cost rates, they are not given an approved rate unless it is requested during the SACS data submission process. For further information on indirect cost rates applicable to JPAs, including the guidelines that must be met to receive an indirect cost rate, see Procedure 805 of the *California School Accounting Manual* which is available on the CDE Accounting Definitions, Instructions & Procedures web page at <https://www.cde.ca.gov/fg/ac/sa/>.

Charter School Indirect Cost Rates

The approved 2024–25 indirect cost rates for charter schools are also posted on the ICR web page listed above. Please share them with the applicable school districts and charter schools.

Statewide Average Indirect Cost Rates

The 2024–25 statewide average indirect cost rate is 5.94 percent.

California *Education Code* Section 38101(c) limits food service program indirect costs to amounts derived using the lesser of a school district's approved indirect cost rate or the statewide average indirect cost rate. Each district should compare this statewide average rate with its individual indirect cost rate to determine the lesser rate for use with this program.

A listing showing the statewide average rates for the last five years is also available on the ICR web page listed above.

SACS Query Page

To aid staff in identifying the allowable indirect cost rates for various programs, the SACS Query system available on the CDE Standardized Account Code Structure (SACS) web page at <https://www.cde.ca.gov/fg/ac/ac/index.asp> includes this information for most programs.

If you have any questions regarding the indirect cost rates, please contact our office by email at sacsinfo@cde.ca.gov.

Sincerely,

/s/

John Miles, Administrator
Fiscal Oversight and Support Office

JM:dm
2024-2701

Last Reviewed: Monday, April 22, 2024

2024–25 Restricted Indirect Cost Rates for K–12 Local Educational Agencies (LEAs) – Five Year Listing

California Department of Education (CDE) - School Fiscal Services Division

Rates approved based on standardized account code structure expenditure data

As of April 19, 2024

C: County

CA: Common Administration

D: District

J: Joint Powers Agency

Non Op : Closed or LEA not yet operational

Approved Rates. For use with state and federal programs, as allowable in:

County Code	LEA Code	Type	LEA Name	2020–21 (based on 2018–19 expenditure data)	2021–22 (based on 2019–20 expenditure data)	2022–23 (based on 2020–21 expenditure data)	2023–24 (based on 2021–22 expenditure data)	2024–25 (based on 2022–23 expenditure data)
37	67967	D	Alpine Union Elementary	5.12%	6.30%	6.31%	7.21%	7.43%
37	76851	D	Bonsall Unified	3.40%	4.58%	4.80%	5.83%	9.02%
37	67983	D	Borrego Springs Unified	11.95%	8.14%	6.56%	8.03%	10.68%
37	67991	D	Cajon Valley Union	6.26%	6.60%	8.42%	8.75%	7.41%
37	68007	D	Cardiff Elementary	4.52%	5.76%	5.18%	5.83%	5.87%
37	73551	D	Carlsbad Unified	6.31%	6.23%	6.34%	6.32%	6.61%
37	68023	D	Chula Vista Elementary	3.39%	4.06%	4.16%	4.38%	4.33%
37	68031	D	Coronado Unified	4.22%	4.51%	5.17%	6.32%	5.62%
37	68049	D	Dehesa Elementary	11.81%	6.80%	20.32%	15.74%	7.69%
37	68056	D	Del Mar Union Elementary	6.70%	7.99%	8.90%	7.68%	8.26%
37	68080	D	Encinitas Union Elementary	3.82%	4.41%	5.47%	5.33%	5.13%
37	68098	D	Escondido Union Elementary	6.82%	5.45%	4.49%	6.02%	6.53%
37	68106	D	Escondido Union High	4.94%	6.28%	7.07%	6.22%	6.20%
37	68114	D	Fallbrook Union Elementary	7.00%	7.06%	8.18%	7.88%	6.94%
37	68122	D	Fallbrook Union High	5.30%	7.80%	6.94%	6.79%	6.45%
37	68130	D	Grossmont Union High	5.90%	6.38%	6.36%	7.56%	7.63%
37	68155	D	Jamul-Dulzura Union Elementary	7.48%	8.77%	8.89%	9.07%	8.19%
37	68163	D	Julian Union Elementary	5.70%	5.61%	6.73%	5.89%	6.35%
37	68171	D	Julian Union High	9.35%	9.18%	8.67%	10.98%	8.59%
37	68197	D	La Mesa-Spring Valley Elementary	4.83%	5.65%	5.57%	6.00%	6.02%
37	68189	D	Lakeside Union Elementary	7.02%	6.44%	7.73%	7.95%	8.42%
37	68205	D	Lemon Grove	7.86%	10.29%	12.39%	11.20%	7.63%
37	68213	D	Mountain Empire Unified	4.21%	3.22%	4.13%	5.48%	7.45%
37	68221	D	National Elementary	5.96%	8.57%	6.28%	4.57%	6.73%
37	73569	D	Oceanside Unified	4.50%	4.64%	4.07%	3.67%	9.10%
37	68296	D	Poway Unified	5.51%	5.45%	5.32%	5.29%	5.27%
37	68304	D	Ramona City Unified	9.05%	7.49%	7.65%	10.84%	6.83%
37	68312	D	Rancho Santa Fe Elementary	7.84%	11.62%	12.53%	7.98%	11.60%
37	10371	C	San Diego County Superintendent	9.44%	9.49%	9.42%	9.46%	9.41%
37	68338	D	San Diego Unified	2.86%	3.76%	4.67%	3.52%	3.00%
37	68346	D	San Dieguito Union High	5.55%	6.87%	8.93%	8.59%	6.44%
37	73791	D	San Marcos Unified	3.42%	4.47%	4.63%	5.02%	5.19%
37	68353	D	San Pasqual Union Elementary	4.19%	4.78%	5.99%	5.24%	7.24%
37	68379	D	San Ysidro Elementary	8.34%	5.86%	4.91%	6.31%	9.15%
37	68361	D	Santee Elementary	6.37%	5.50%	6.58%	6.85%	6.21%
37	68387	D	Solana Beach Elementary	5.37%	6.86%	7.08%	6.67%	7.85%
37	68395	D	South Bay Union Elementary	7.06%	7.57%	7.77%	7.07%	7.90%
37	68403	D	Spencer Valley Elementary	4.46%	3.27%	3.68%	2.67%	2.45%
37	68411	D	Sweetwater Union High	5.18%	5.15%	5.72%	3.33%	5.52%
37	68437	D	Vallecitos Elementary	7.22%	7.30%	13.96%	16.41%	3.92%
37	75614	D	Valley Center-Pauma Unified	5.64%	6.50%	6.31%	6.69%	6.79%
37	68452	D	Vista Unified	4.27%	4.94%	4.27%	4.43%	3.97%
37	75416	D	Warner Unified	12.79%	13.00%	9.42%	10.04%	9.74%

2024–25 Indirect Cost Rates - Charter Schools

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Approved April 2024 by CDE based on 2022–23 standardized account code structure expenditure data

(New charter schools not yet on the list may use the 2024–25 statewide average rate of 5.94%)

As of April 19, 2024

County Code	District Code	School Code	Charter Number	Charter School Name (sorted by county-district-school code)	2024–25 Approved Rates (for use with state and federal programs, as allowable)
37	68338	0111898	0773	Albert Einstein Academies	5.94%
37	75416	6119275	1057	All Tribes Charter	5.94%
37	75416	0122796	1262	All Tribes Elementary Charter	5.94%
37	68338	0136663	1301	America's Finest Charter	5.94%
37	68023	6116859	0483	Arroyo Vista Charter	4.33%
37	68338	3731395	0406	Audeo Charter	5.94%
37	10371	0134577	1835	Audeo Charter II	5.94%
37	68106	0137034	1935	Audeo Charter School III	5.94%
37	68189	6120901	0469	Barona Indian Charter	8.42%
37	77172	0138099	1966	Baypoint Preparatory Academy - San Diego	5.94%
37	68452	0128223	1515	Bella Mente Montessori Academy	5.94%
37	67991	0140558	2105	Bostonia Global	7.41%
37	68163	0139402	2055	Brookfield Engineering Science Technology Academy	5.94%
37	68049	0132506	1748	Cabrillo Point Academy	5.94%
37	75416	0132472	1758	California Pacific Charter - San Diego	12.23%
37	68403	6120893	0493	California Virtual Academy @ San Diego	5.94%
37	68338	3730959	0028	Charter School of San Diego	5.94%
37	68023	6115778	0135	Chula Vista Learning Community Charter	4.33%
37	68338	0124347	1312	City Heights Preparatory Charter	5.94%
37	68098	6116776	0199	Classical Academy	5.94%
37	68106	0111195	0759	Classical Academy High	5.94%
37	10371	0138404	2016	Classical Academy Vista	5.94%
37	73569	0136267	0516	Coastal Academy Charter	5.94%
37	77164	0137356	1967	College Preparatory Middle	5.94%
37	10371	0137695	1947	Community Montessori	5.94%
37	68213	0127084	1454	Compass Charter Schools of San Diego	5.94%
37	68338	6039457	0033	Darnall Charter	5.94%
37	68049	0136614	1909	Diego Hills Central Public Charter	2.28%
37	68163	0137109	1934	Diego Valley East Public Charter	6.26%
37	10371	0137752	1946	Dimensions Collaborative	5.94%
37	68023	6111322	0054	Discovery Charter	4.33%
37	10371	0138594	2023	Dual Language Immersion North County	5.94%
37	68338	0127647	1302	E3 Civic High	5.94%
37	67991	0108563	0683	EJE Elementary Academy Charter	5.94%
37	67991	0119255	1063	EJE Middle Academy	5.94%
37	68338	0129395	1633	Elevate	5.94%
37	68213	0136978	1924	Elite Academic Academy - Mountain Empire	5.94%
37	68338	0129387	1634	Empower Language Academy	5.94%
37	68106	3731023	0109	Escondido Charter High	5.94%
37	75416	0139386	2053	Excel Academy Charter	5.94%
37	68023	6037956	0121	Feaster (Mae L.) Charter	4.33%
37	68338	0119610	1080	Gompers Preparatory Academy	5.94%
37	68155	6117303	0261	Greater San Diego Academy	8.19%
37	77099	0136077	1889	Grossmont Secondary	5.94%
37	68452	0124917	1351	Guajome Learning Center	5.94%
37	68452	3730942	0050	Guajome Park Academy Charter	5.94%
37	68163	0128421	1589	Harbor Springs Charter	7.65%
37	68338	6040018	0046	Harriet Tubman Village Charter	5.94%
37	68411	0126086	1407	Hawking S.T.E.A.M. Charter	5.94%
37	68338	0114462	0876	Health Sciences High and Middle College	5.94%
37	68130	3732732	0150	Helix High	5.94%
37	68098	0101535	0556	Heritage K-8 Charter	5.94%
37	68338	0131565	1709	High Tech Elementary	5.94%
37	76471	0123059	0756	High Tech Elementary Chula Vista	5.94%
37	68338	6117683	0278	High Tech Elementary Explorer	5.94%

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As of April 19, 2024

County Code	District Code	School Code	Charter Number	Charter School Name (sorted by county-district-school code)	2024–25 Approved Rates (for use with state and federal programs, as allowable)
37	76471	0138776	0756	High Tech Elementary Mesa	5.94%
37	76471	0127605	0756	High Tech Elementary North County	5.94%
37	68338	3731247	0269	High Tech High	5.94%
37	76471	0114678	0756	High Tech High Chula Vista	5.94%
37	68338	0106732	0623	High Tech High International	5.94%
37	68338	0108787	0622	High Tech High Media Arts	5.94%
37	76471	0137067	0756	High Tech High Mesa	5.94%
37	76471	0114694	0756	High Tech High North County	5.94%
37	68338	0101204	0546	High Tech Middle	5.94%
37	76471	0123042	0756	High Tech Middle Chula Vista	5.94%
37	68338	0107573	0660	High Tech Middle Media Arts	5.94%
37	76471	0138768	0756	High Tech Middle Mesa	5.94%
37	76471	0119271	0756	High Tech Middle North County	5.94%
37	68338	6117279	0264	Holly Drive Leadership Academy	5.94%
37	10371	0124321	1308	Howard Gardner Community Charter	5.94%
37	10371	0108548	0680	IFTIN Charter	5.94%
37	68395	6040505	1418	Imperial Beach Charter	7.90%
37	68338	0131979	1719	Ingenuity Charter	5.94%
37	68338	0118083	1024	Innovations Academy	5.94%
37	68403	0125401	1371	Insight @ San Diego	5.94%
37	68221	0101360	0553	Integrity Charter	6.73%
37	68163	0138628	2022	JCS - Cedar Cove	2.77%
37	10371	0138792	2024	JCS - Manzanita	5.94%
37	68163	0138156	1992	JCS - Mountain Oaks	2.76%
37	68213	0138636	2021	JCS - Pine Valley	5.94%
37	68163	3731239	0267	Julian Charter	2.48%
37	68338	0126730	1447	Kavod Charter	5.94%
37	68338	6039812	0695	Keiller Leadership Academy	5.94%
37	67991	0139394	2054	Kidinnu Academy	5.94%
37	68338	6119598	0420	King-Chavez Academy of Excellence	5.94%
37	68338	0109033	0704	King-Chavez Arts and Athletics Academy	5.94%
37	68338	0118851	1015	King-Chavez Community High	5.94%
37	68338	0111906	0772	King-Chavez Preparatory Academy	5.94%
37	68338	6040190	0705	King-Chavez Primary Academy	5.94%
37	68338	0101345	0550	KIPP Adelante Preparatory Academy	5.26%
37	68338	0106799	0659	Learning Choice Academy	5.94%
37	68023	0138073	2001	Learning Choice Academy - Chula Vista	5.94%
37	68023	0119594	1082	Leonardo da Vinci Health Sciences Charter	5.94%
37	10371	6119119	0405	Literacy First Charter	5.94%
37	68411	3731304	0303	MAAC Community Charter	5.94%
37	68338	0109157	0698	Magnolia Science Academy San Diego	5.94%
37	68338	6113211	0095	McGill School of Success	5.94%
37	68049	0129221	1617	MethodSchools	5.94%
37	68213	0129668	1628	Motivated Youth Academy	5.94%
37	68023	6037980	0064	Mueller Charter (Robert L.)	4.33%
37	68338	6115570	0081	Museum	5.94%
37	68395	6040513	1252	Nestor Language Academy Charter	7.90%
37	68452	0114264	0884	North County Trade Tech High	5.94%
37	68338	0123778	1279	Old Town Academy K-8 Charter	5.94%
37	68049	0136416	1892	Pacific Coast Academy	5.94%
37	10371	0138016	1989	Pacific Springs Charter	9.11%
37	73569	3731221	0247	Pacific View Charter	5.94%
37	75416	0139451	2052	Pathways Academy Charter School - Adult Education	5.94%
37	73791	0138222	1983	Pivot Charter School - San Diego II	5.94%
37	68338	3731189	0169	Preuss School UCSD	5.94%

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As of April 19, 2024

County Code	District Code	School Code	Charter Number	Charter School Name (sorted by county-district-school code)	2024–25 Approved Rates (for use with state and federal programs, as allowable)
37	68189	3731072	0120	River Valley Charter	8.42%
37	75416	0139378	2051	Sage Oak Charter School - South	5.94%
37	68338	6119168	0396	San Diego Cooperative Charter	5.94%
37	68338	0121681	1190	San Diego Global Vision Academy	5.94%
37	75416	0138651	2020	San Diego Mission Academy	6.20%
37	68213	0123224	1264	San Diego Virtual	5.94%
37	67983	0134890	1832	San Diego Workforce Innovation High	6.90%
37	10371	0136085	1883	Scholarship Prep - Oceanside	5.94%
37	68338	0122788	1253	School for Entrepreneurship and Technology	5.94%
37	68452	0106120	0627	SIATech	5.94%
37	68197	0136408	1901	Sparrow Academy	5.94%
37	68130	3731262	0893	Steele Canyon High	5.94%
37	77107	0136473	1903	Sweetwater Secondary	5.94%
37	68049	0127118	1488	The Heights Charter	5.94%
37	68130	0139063	2039	The Learning Choice Academy - East County	5.94%
37	68338	6061964	0048	The O'Farrell Charter	5.94%
37	68338	0135913	1008	Urban Discovery Academy Charter	5.94%
37	77156	0137323	1968	Vista Springs Charter	3.60%
37	76851	6113468	0104	Vivian Banks Charter	9.02%

INTERFUND TRANSFERS

This section is a reference for transfers of funds or expenditures between funds that are permanent. A temporary transfer of funds is known as an interfund loan and is covered in section 13 Temporary Borrowing.

Interfund transfers are flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers are not used to account for interfund loans or borrowing. The two major categories of interfund transfers are:

1. Residual equity transfers. Residual equity transfers are nonrecurring or nonroutine transfers of equity between funds. Examples of transfers of this type are (a) transfers of residual balances of discontinued funds to the general fund; and (b) nonroutine contributions of internal service fund capital by the general fund.
2. Operating transfers. Operating transfers, which comprise all interfund transfers other than residual equity transfers, are routine, legally authorized transfers between funds. Examples of operating transfers are (a) transfers from the general fund to a special revenue or capital projects fund; and (b) operating subsidy transfers from the general fund to an enterprise fund.

Both residual equity transfers and operating transfers are nonreciprocal interfund activities. Reciprocal interfund activities, such as interfund loans or borrowing and interfund services provided and used, are not recorded as interfund transfers.

Interfund transfers are not classified as expenditures; instead they are classified as other financing uses, because they do not decrease the financial resources of the LEA as a whole. They represent a transfer of existing resources between funds.

Interfund transfer accounts are closed at the end of the fiscal year in the same manner as that used for closing expenditure accounts.

Object account numbers 7600–7629 are used to record an LEA's interfund transfers out.

Interfund Transfers In & Out

The total of all Interfund Transfers **In** must equal the total of all Interfund Transfers **Out** on the SACS Software Financial Reports. The following is a list of accounts the transactions are posted to:

Interfund Account Description	Debit Transfer Out	Credit Transfer In
From General to Child Development	7611	
To Child Development from General		8911
Interfund Transfers between General	7612	
and Special Reserve Funds 17, 20 & 40		8912
From Authorized District Fund	7613	
To State School Building Fund/ County School Facilities Fund		8913
From Bond Interest and Redemption	7614	
To General Fund		8914
From General Fund	7616	
To Cafeteria Fund		8916
From Authorized District Fund	7619	
To Authorized District Fund		8919

NOTE: In SACS, use goal 0000 and function 9300 (Other Outgo) to record the Transfers Out. (Transfers In do not need the goal or function fields).

Interfund Transfers In and Out

Continued

1. The following is a sample interfund cash transfer entry before June 30:

Account	Fund	Object	Debit	Credit
Cash	4000	9110	\$200,000	
I/F Transfers In	4000	8912		\$200,000
I/F Transfers Out	0100	7612	\$200,000	
Cash	0100	9110		\$200,000

2. The following is a sample Due To/Due From Journal Entry after June 30:

Account	Fund	Object	Debit	Credit
Due From Other Funds	4000	9311	\$200,000	
I/F Transfers In	4000	8912		\$200,000
I/F Transfers Out	0100	7612	\$200,000	
Due to Other Funds	0100	9611		\$200,000

3. The following is a sample Auditor's Transfer in the subsequent year to clear prior year Due To/Due From:

Account	Fund	Object	Debit	Credit
Cash	4000	9110	\$200,000	
Due From Other Funds-PY	4000	9312		\$200,000
Due To Other Funds-PY	0100	9612	\$200,000	
Cash	0100	9110		\$200,000



CATEGORICAL PROGRAMS

Categorical programs include grants, entitlements and other restricted funds received by a school district from governmental or other entities. These programs are designed to fund specific activities such as special education costs. All costs charged to categorical programs must comply with the requirements of the program.

Note: Please refer to the California School Accounting Manual (CSAM), Procedure 310. **U/F** refers to whether the resource is a grant or an entitlement. **U** stands for unearned revenue and represents a grant. **F** stands for fund balance and represents an entitlement.

Characteristics of Categorical Programs:

- Governed by additional laws and regulations
- Accounting requirements under GASB
- Additional fiscal management
- Additional reporting
- Additional audit reporting

Sources of Categorical Programs

- **Federal Government:** Federal categorical programs may run on the federal fiscal year of October 1 to September 30. Funds are received primarily from the U.S. Department of Education. Federal categorical programs may also come from other federal agencies such as the U.S. Department of Labor. Examples of federal categorical programs include Every Student Succeeds Act (ESSA) programs and Individuals with Disabilities Education Act (IDEA) programs.
- **State of California:** Examples: Special Education and After School Education and Safety (ASES). State categorical programs operate on a fiscal year of July 1 to June 30.
- **Pass through federal categorical programs:** For pass through grants, the State of California is the recipient organization and the school district is the sub-recipient. Pass through categorical programs to California schools primarily flow through the California Department of Education. The State of California receives the grant award and then apportions the funds to school districts. The school districts then submit financial reports to the State of California. Examples of pass through grants include the Every Student Succeeds Act (ESSA), Carl Perkins Act, and Workforce Investment Act.

GASB 33 addresses specific revenue recognition policies that are to be used in accounting for categorical funds. Applying the appropriate policy is an extremely important part of the year-end closing process. An LEA should review each project separately and determine the proper entries to close the year. To account for categorical programs properly, an LEA must first determine if the categorical program is a grant or an entitlement.

Grant or Entitlement

Grant (Unearned Revenue) - A grant is a contribution of funds to an LEA to be used for a specific purpose, activity or facility. In general, expenditure is the prime factor for determining grant eligibility, and revenue is recognized when the expenditure is made. **Grants are considered earned when the expenditure is recorded (expended).**

- Recorded as revenue when cash is received.
- At the end of the year, if revenue received exceeds donor-authorized expenditures, the difference is recorded as unearned revenue in object code 9650. Unearned revenue is revenue that has been received but not yet earned (expended). The total expenditures used in this calculation may not exceed the grant award.
- If donor-authorized expenditures exceed the total revenues received, the difference is recorded as accounts receivable. A program cannot have accounts receivable and unearned revenue at the same time.
- Unused grant award (carryover) is the difference between the total grant award and the total donor authorized expenditures for the year. Any unused grant that exceeds the unearned revenue or accounts receivable is not recorded in the books, but is added to the amount of the award for the subsequent year to determine the total grant available. The unused grant award should not be recorded as an accounts receivable because it has not been earned.
- Examples of grants are: Every Student Succeeds Act programs and Carl Perkins programs.

Grant or Entitlement (Continued)

Entitlement (Fund Balance) - An entitlement is a payment based on an allocation formula. Like grants, entitlements are restricted. **Entitlements are considered earned when the entitlement is awarded.**

- The entitlement is recorded as revenue when it is received.
- The amount of any entitlement, which has not been received by June 30, yet is expected to be received by September 30, should be accrued.
- At the end of the year, any entitlement funds that have not been expended are recorded as restricted ending balances. This is because restrictions remain on the use of the revenue from the entitlement; therefore the fund balance for this entitlement must be separated from the fund balance available for general use.
- Examples of entitlements are: Medi-Cal and Proposition 20 Restricted Lottery.

The CDE SACS Query website provides useful information on categorical programs. It is located at <http://www2.cde.ca.gov/sacsquery/querybyresource.asp>.

The following pages illustrate the accounting transactions necessary to close categorical programs for the fiscal year.

Contributions from the Unrestricted General Fund

The revenue for some programs, such as Special Education, is often insufficient to cover all the costs incurred by the district. In these cases, the district must do a contribution from the Unrestricted General Fund as shown below. This information is also entered on the CAT Form.

Example:

The school district needs to transfer \$50,000 into Special Education to cover costs that are not supported by the revenue in that resource. The entry would be as follows:

Account	Fund	Resource	Object	Debit	Credit
Unrestricted Revenue	0100	0000	8980	\$50,000	
Special Education	0100	6500	8980		\$50,000

Federal Transferability

Federal transferability of funds is governed by Title V in Every Student Succeeds Act Section 5102. A local educational agency may transfer up to 100 percent of Title II, Part A and Title IV, Part A program funds to other allowable programs.

Allowable Title Programs:

- Title I, Part A;
- Title I, Part C;
- Title I, Part D;
- Title II, Part A;
- Title III English Learner;
- Title III Immigrant;
- Title IV, Part A;
- Title V, Part B, Subpart 1;
- Title V, Part B, Subpart 2;

Regardless of transfers, the LEA will continue to be responsible for meeting Title II, Part A and Title IV, Part A legal requirements, which are required as a condition of accepting the funds. In addition, funds transferred to other allowable programs are subject to the legal requirements for those programs.

Example:

The district received a \$20,000 grant for Title II, Part A. The district wishes to transfer 50% (\$10,000) to Title I, Part A. The entry would be as follows:

Account	Fund	Resource	Object	Debit	Credit
Title II, Part A	0100	4035	8990	\$10,000	
Title I, Part A	0100	3010	8990		\$10,000

The expenditures would then be accounted for within Title I, Part A.

Consolidated Federal Administration

School districts have the option to consolidate ESEA funds for the administration of one or more programs under ESEA, as authorized in Section 8203 of the ESEA. Programs that may be included in the consolidation of administrative funds are:

- Title I, Part A (Basic)
- Title I, Part C (Migrant Education)
- Title I, Part D (Delinquent)
- Title II, Part A (Supporting Effective Instruction)
- Title III (Immigrant Students)
- Title III (English Learner Students)
- Title IV, Part B (21st Century Community Learning Centers)
- Title IV, Part A (Student Support and Academic Enrichment)

Consolidation of funds provides flexibility in charging administrative costs and results in simplified accounting and personnel activity timekeeping. Districts will take the following steps:

- Determine the amount to be consolidated. For most programs, a maximum may not be specified, but the district must ensure that the amount of administration plus indirect costs does not exceed 15% of the grant amount. For programs without a specified maximum, federal cost principals provide that the maximum amount available for administrative costs shall not exceed what is reasonable and necessary for efficient administration of the program. An LEA may use no more than two percent for direct administrative costs for the Title III, English Learner Students grant.
- Charge administrative costs to Resource 3155 (ESSA: Consolidated Administration Funds) throughout the year, with Function 2100 (Supervision of Instruction) or Function 2150 (Instructional Administration of Special Projects).

Example:

Account	Fund	Resource	Function	Object	Debit	Credit
ESSA Consolidated Admin	0100	3155	2100	1300	\$900	
ESSA Consolidated Admin	0100	3155	2100	3401	\$250	
ESSA Consolidated Admin	0100	3155	2100	4300	\$130	
ESSA Consolidated Admin	0100	3155	2100	9110		\$1,280

Consolidated Federal Administration (Continued)

- At the end of the year, the undistributed costs in Resource 3155 are distributed to the participating programs using Object 5710 (Transfers of Direct Costs). The district has discretion as to how much to transfer to each program, as long as the amount is within the maximum allowable administrative cost for that program. The total grant amount should not be exceeded after the distribution.

Example:

Account	Fund	Resource	Function	Object	Debit	Credit
Title I, Part A	0100	3010	2100	5710	\$800	
Title II, Part A	0100	4035	2100	5710	\$300	
Title III	0100	4203	2100	5710	\$180	
ESSA Consolidated Admin	0100	3155	2100	5710		\$1,280

- Federal Timekeeping Requirements:** Consolidated administration can be treated as a single cost objective for purposes of federal timekeeping requirements. Therefore, LEAs are not required to maintain personnel activity reports to document the time spent for administrative activities performed exclusively for these programs. Semi-annual certification must still be completed. Refer to Procedure 905, Documenting Salaries and Wages, in CSAM for more information.

For more information on consolidated federal administration, see CSAM Procedure 780.

Completing the CAT Form

Districts use the CAT Form in the SACS Software to calculate unearned revenue, accounts receivable, accounts payable and/or ending fund balance for each categorical program. There are six separate worksheets in the CAT Form based on the source of funds and the applicable accounting treatment:

- Unearned Revenue- Federal (see sample)
- Unearned Revenue- State (see sample)
- Unearned Revenue- Local
- Restricted Ending Balance- Federal
- Restricted Ending Balance- State (see sample)
- Restricted Ending Balance- Local

Instructions for completing the CAT Form are included in the SACS software.

To complete the CAT Form, districts fill in the requested information for the award, revenue received, and expenditures. At the bottom of the CAT Form, the district calculates the deferred revenue, accounts receivable, accounts payable, and/or restricted ending balance. Once the CAT Form has been completed, the applicable entries can be made as shown in the following examples. Note that unrestricted programs do not need to be shown on the CAT Form because they are unrestricted funds.

Example 1: Unearned Revenue. Please note that unearned revenue programs should not have both unearned revenue and accounts receivable.

Account	Fund	Resource	Object	Debit	Credit
ESSA Title I, Part A	0100	3010	8290	\$10,000	
ESSA Title I, Part A	0100	3010	9650		\$10,000

Completing the CAT Form (Continued)

Example 2: Accounts Receivable

Account	Fund	Resource	Object	Debit	Credit
Lottery Instruct. Materials	0100	6300	920X	\$5,000	
Lottery Instruct. Materials	0100	6300	8560		\$5,000

Example 3: Accounts Payable

Account	Fund	Resource	Object	Debit	Credit
Special Ed Mental Health	0100	6512	8590	\$3,000	
Special Ed Mental Health	0100	6512	951X		\$3,000

Example 4: Unused Grant Award

The Unused Grant Award calculation on the CAT Form for unearned revenue programs is the difference between the available award and the total expenditures.

In some cases, this amount is the same as the unearned revenue. In other cases, the unused grant award exceeds the unearned revenue. In these cases, no accounting entry is done for the difference between the unearned revenue and the unused grant award because the funds have not been earned. Instead, this amount will be budgeted as revenue in the subsequent year.

In other cases, there is a receivable, but the district did not spend the total available award. In these cases, the unused grant award will be an amount in excess of the receivable. This unused award cannot be claimed as a receivable because it has not been earned.

Entries in the Subsequent Year

In the subsequent year, accounting transactions must be done to reverse or clear the closing entries.

Unearned Revenue

Step 1: Clear Unearned Revenue. The unearned revenue set up at closing will become a beginning balance in object 9650 in the subsequent year. It is necessary to reverse the unearned revenue so that it will be recognized as current-year revenue.

Account	Fund	Resource	Object	Debit	Credit
ESSA Title I, Part A	0100	3010	9650	\$10,000	
ESSA Title I, Part A	0100	3010	8290		\$10,000

Step 2: Budget Unearned Revenue and an Equal Amount of Expenditures. The unearned revenue must be budgeted so it can be recognized as current-year revenue. In addition, expenditures of an equal amount must be budgeted because an ending balance is not permitted for unearned revenue programs.

Accounts Receivable

Step 1: Revenue Posted to Suspense by Financial Accounting

Financial Accounting posts \$7,500 in prior-year Lottery revenue in Suspense. However, the receivable was only \$5,000.

Account	Fund	Resource	Object	Debit	Credit
Suspense	0100	9999	9110	\$7,500	
Suspense	0100	9999	8999		\$7,500

Step 2: Clear Suspense

Because the amount deposited into suspense exceeds the receivable, the amount of the receivable is cleared against Object 9202 and the remainder is recognized as revenue in the current year. The district may want to establish a sub-object code to distinguish the difference between current year revenues and revenues that carried over from the prior year (example: 8560-009)

Account	Fund	Resource	Object	Debit	Credit
Suspense	0100	9999	8999	\$7,500	
Lottery Instruct. Materials	0100	6300	920X		\$5,000
Lottery Instruct. Materials	0100	6300	8560009		\$2,500

Entries in the Subsequent Year (Continued)

Step 3: Clear Accounts Receivable

Once 9201 equals 9202 for a resource, the receivable can be cleared as shown below.

Account	Fund	Resource	Object	Debit	Credit
Lottery Instruct. Materials	0100	6300	920X	\$5,000	
Lottery Instruct. Materials	0100	6300	920X		\$5,000

Accounts Payable

The California Department of Education bills the district for grant funding that will not be used.

Step 1: Pay Invoice

Account	Fund	Resource	Object	Debit	Credit
Special Ed Mental Health	0100	6512	951X	\$3,000	
Special Ed Mental Health	0100	6512	9110		\$3,000

Step 2: Clear Payable

Once 9510 equals 9511 for a resource, the payable can be cleared as shown below.

Account	Fund	Resource	Object	Debit	Credit
Special Ed Mental Health	0100	6512	951X	\$3,000	
Special Ed Mental Health	0100	6512	951X		\$3,000

Restricted Ending Balance

The restricted ending balance will become the beginning balance in the subsequent year. Because this revenue has already been recognized at closing, it should not be budgeted in the following year. However, the district can budget additional expenditures to utilize the carryover.

Unused Grant Award

The unused grant award from the previous year that could not be accounted for in the closing entries should be budgeted in the subsequent year on both the revenue and expenditure side of the budget.

Interest Earned on Federal Funds

School districts and charter schools are required to calculate and remit the interest earned on federal programs on at least a quarterly basis. The interest should be calculated based on the cash balances of federal program advances, therefore, the cash balances of federal reimbursement programs and school food service funds should not be included in the calculation. In addition, if any interest was earned on non-CDE administered programs, the amount of interest should be calculated separately and remitted to the Federal Treasury via the appropriate state or federal agency.

Districts may retain up to \$500 in interest earned per year for administrative expense across all federal funds. A district cannot reduce or offset federal interest earned during times when the district does not have federal revenue and is using other revenue sources to temporarily cover federal program expenditures. Please note that SELPAs will not be remitting interest to the California Department of Education (CDE) on behalf of school districts for IDEA funds.

How to Calculate Interest:

The CDE indicates that districts should calculate federal interest based on the daily cash balance. Districts should calculate the interest for all federal resources together to minimize the amount of interest due. To explain, when a resource has a negative balance and it is kept separate then the interest earned is calculated to be zero. In contrast, when a resource with a negative balance is combined with a resource which has a positive balance, then the combined balance is lower. This will cause the interest earned to be lower when calculated on the combined balance.

Links & Tools:

<https://www.cde.ca.gov/fg/ac/co/intfedfunds.asp>

<https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-reporting>

<https://resources.finalsite.net/images/v1637260892/sdcoenet/t9w9wuxajg49p3ffqb9i/InterestCalculationInstructionsPS.pdf>

Interest Earned on Federal Funds (Continued)

Example

On a quarterly basis, the interest from the county treasurer is posted to the unrestricted general fund. For child development and other funds, the interest is posted in each of the funds. In this example a total of \$1,300 was earned: \$700 for non-federal revenues and \$600 for federal revenues.

Fund	Resource	Object	Debit	Credit
0100	0000	9110	\$1,300	
0100	0000	8660		\$1,300

Of the \$600 earned on federal revenues, the district will keep \$500 and return \$100. This entry will move the \$100 into Object 9590: Due to Grantor Governments in the unrestricted general fund

Fund	Resource	Object	Debit	Credit
0100	0000	8660	\$100	
0100	0000	9590		\$100

When issuing the warrant, the district will charge the payment to object code 9590.

Fund	Resource	Object	Debit	Credit
0100	0000	9590	\$100	
0100	0000	9110		\$100

Districts will need to maintain supporting documentation of the interest calculations and the amounts remitted to provide to the district's auditors at the close of each fiscal year.

How to Remit Interest

Each district is responsible for remitting interest to CDE on a quarterly basis. CDE has not developed a specific form for remitting interest on federal funds. Once you have calculated your quarterly interest, mail a check with a cover letter that specifies the time period of the interest earned and itemizes the amounts for each federal program by resource to the following address:

California Department of Education

PO Box 515006

Sacramento, CA 95851

Attn.: Cashier's Office

DEFERRED MAINTENANCE AND THE ROUTINE RESTRICTED MAINTENANCE ACCOUNT

Beginning with fiscal year 2013/14, the Deferred Maintenance program was incorporated in to the Local Control Funding Formula (LCFF) base funding. At this time, Education Code (EC) 17584, relating to the required district matching contribution, was repealed. The California Department of Education (CDE) has kept the Deferred Maintenance Fund open for districts that choose to continue operating the fund. The Deferred Maintenance Fund, Fund 14 for Standardized Account Code Structure (SACS) purposes, is classified as a special revenue fund, and requires an ongoing source of restricted or committed revenues. If the district chooses to continue using the Deferred Maintenance Fund, the governing board must commit LCFF revenue to Fund 14, and the revenue must be coded in object 8091 (LCFF Transfers – Current Year) from the General Fund to the Deferred Maintenance Fund.

Fund 14, Deferred Maintenance Fund

- A school district using Fund 14 must account for it pursuant to GAAP for special revenue funds, as previously discussed.
- If Fund 14 combined with the general fund for presentation in the audited financial statements, this is an indication that the fund does not meet GAAP. To avoid this:
 - Start using in accordance with GAAP, i.e., account for inflow correctly, or ensure ongoing inflows.
 - Close out fund; may expend remaining balance in Fund 14, but ideally should be done by the subsequent year.

E.C. 17070.75 requires school districts that receive state bond funds to establish and maintain an account for the ongoing and major maintenance of their facilities and to deposit at least 3% of their General Fund expenditures including other financing uses into a Routine Restricted Maintenance Account (RRMA) for this purpose.

Things to consider:

- i. Verify expenditures in resource 8150 to meet requirements.
 - 3% of total General Fund expenditures

- ii. 3% contribution is calculated on total General Fund expenditures, including other financing uses and inclusive of RRMA expenditures. Statute excludes the following resource codes from the total general fund expenditures calculation: 3212, 3213, 3214, 3216, 3218, 3219, 3225, 3226, 3227, 3228, 5316, 5632, 5633, 5634, 7027, and 7690. See comprehensive list below.

Automatically excluded:

Resource	Resource Name
3212	Elementary and Secondary School Emergency Relief II (ESSER II) Fund
3213	Elementary and Secondary School Emergency Relief III (ESSER III) Fund
3214	ESSER III Fund: Learning Loss
3216	Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve
3218	ELO Grant: ESSER III State Reserve Emergency Needs
3219	ELO Grant: ESSER III State Reserve Learning Loss
3225	After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Summer Learning Program
3226	ASES Rate Increase: ESSER III State Reserve Afterschool programs
3227	21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve Afterschool Program
3228	21st CCLC: ESSER III Summer Learning Program
5316	Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement
5632	American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program
5633	ARP Homeless Children and Youth - Statewide Activities (ARP- HYC Statewide Activities)
5634	American Rescue Plan - Homeless Children and Youth II (ARP HYC II)
7027	Child Nutrition: COVID State Supplemental Meal Reimbursement
7690	STRS On-Behalf Pension Contributions

- iii. 3% contribution is developed based on budget but must be trued up using actual expenditures.
- Budget is monitored through the Criteria and Standards report.
 - Actual contribution will be audited as part of the School Facility Program Bond Audit.
- iv. If the district chooses to continue the use of Fund 14, the governing board must commit a portion of LCFF revenues.
- v. The reserve for economic uncertainties will increase if the expenditures typically incurred in Fund 14 are moved to the General Fund.

For further information, contact Roxanna Travers at roxanna.travers@sdcoe.net or your district's Business Advisor.



RESERVES

Reserves are accounts earmarked for a portion of a fund balance to indicate that it is not available for expenditure. Examples of these are reserves for revolving cash, stores, and prepaid expense.

Reserves are also established to designate a portion of the fund equity for a specific future use. Examples of these are restricted program balances and economic uncertainty. Reserves can also be designations by the board.

Reserve Samples

Account	Title	Normal Balance
9711	Reserve for Revolving Cash	Credit
9712	Reserve for Stores	Credit
9713	Reserve for Prepaid Expense	Credit
9719	All Other Nonspendable Assets	Credit
9740	Restricted Balance	Credit
9750	Stabilization Arrangements	Credit
9760	Other Commitments	Credit
9780	Other Assignments	Credit
9789	Reserve for Economic Uncertainties	Credit

Example - XYZ School District's general ledger has the following balance:

Fund 01-00	Object 9320	Stores	5,000
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When the stores physical inventory was taken, the actual stock was valued at \$5,500.

The following adjustments are needed to the general ledger accounts:

Account	Fund	Resource	Goal	Function	Object	Debit	Credit
Stores	01-00	XXXX			9320	\$500	
Supplies	01-00	XXXX	XXXX	XXXX	4000		\$500
Reserve for Stores (SACS)	01-00	XXXX			9712		\$5,500

GASB 54 – Fund Balance Reporting

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement significantly changed the categories and terminology used to describe the components of the ending fund balance. These changes are intended to enhance how fund balance information is reported by establishing new classifications that are easier to understand. GASB 54 also clarifies the definition of some governmental funds.

GASB 54 eliminates the reserved/unreserved component of fund balance in favor of a hierarchy of restricted/unrestricted classifications which are based upon the level of spending constraints placed upon the funds. The five classifications are:

Restricted Funds

1. Nonspendable
2. Restricted

Unrestricted Funds

3. Committed
4. Assigned
5. Unassigned

GASB 54 affects only the Governmental Funds of the school district (SACS Funds 01-60), and is effective the close of fiscal year 2010-11 for audited financial statements as of June 30, 2011.

The CDE letter and related attachments dated January 7, 2011, *New Requirements for Reporting Fund Balance in Governmental Funds*, can be found on their website at: <http://www.cde.ca.gov/fg/ac/co/>.

Fund Balance Classifications

Nonspendable

- Amounts are not in spendable form (i.e. inventory, prepaids, long-term portion of loans receivable).
- Legally or contractually required to be maintained intact (i.e. the principal amount of a permanent fund.)

Restricted

- Amounts are subject to *externally* imposed and legally enforceable constraints.
- Constraints may be imposed by grantors, creditors, contributors, laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Restricted General Fund (Object 9740)

Committed

- Amounts are subject to *internal* constraints self-imposed by *formal action* of the government's highest level of decision-making authority.
- "Formal action" varies by governments. For school districts, governing board actions taken at a public meeting can vary from a vote, a resolution, or the adoption of a budget.
- The amounts cannot be used for any other purpose unless the same type of action is taken to remove or change the constraint.
- The constraint for committed fund balances must be imposed no later than June 30th. (The actual amounts can be determined subsequent to that date at year-end closing.)

Assigned

- Amounts that the government *intends* to be used for specific purposes.
- Assigned amounts can be established by a) the governing board; or b) a *body* (budget committee, finance committee, site council, etc.), or *official(s)* that has been designated by the governing board.
- The constraints that are imposed are more easily removed or modified than those classified as committed.
- The assignment does not need to be made before the end of the reporting period (June 30th), but rather can be made any time prior to the issuance of the financial statements (at year-end closing).

Fund Balance Classifications (Continued)

Unassigned

- General Fund only, it is the residual balance that is not restricted, committed or assigned.
- All Other Funds, a positive unassigned fund balance is never reported. (Fund 17 exception; discussion to follow)
- Deficits in another classification that cannot be eliminated are reported as a negative unassigned fund balance. (Object 9790)

Stabilization Arrangements

- Classified as a *committed* fund balance under Object Code **9750**.
- Level of constraint must meet the criteria to be reported as committed.
- Circumstances for spending must be both *specific* and *non-routine* in nature; and identified in the formal action that imposes the parameters for spending.

Reserve for Economic Uncertainties

- Does not meet the criteria for being classified as a *committed* fund balance.
- Classified as *unassigned* using Object Code **9789**.
- Available in the General Fund and in Fund 17, Special Reserve for Other Than Capital Outlay.



Governmental Accounting Standards Board (GASB) Pronouncements

- STRS On-Behalf
- GASB 31
- GASB 34
- GASB 54
- GASB 75
- GASB 84

STRS On-Behalf

Since its implementation, GASB Statement 24 has required that school districts recognize the contributions made by the State of California to CalSTRS on behalf of school districts for their employees. This funding situation was brought to the forefront with the implementation of GASB Statements 68 and 71 in the 2014-15 fiscal year. The contributions made by the state are based on rates defined in Education Code Sections 22955.1 and 22954 and vary from year to year.

See Mock Calculation on CalSTRS Frequently Asked Questions under:

How do I calculate my proportionate share of the State's on-behalf contributions under GASB 85?

FAQ: <https://www.calstrs.com/general-information/gasb-67-68-frequently-asked-questions>

This is one method for determining an employer's share of State on-behalf contributions; different calculation methods may yield different results. It is recommended that each district review their accounting policies and follow external auditor recommendations. Please evaluate and apply a consistent methodology to comply with these pronouncements.

Once you have the calculated STRS on-behalf contribution amount, input the amount, along with your .dat file, into the STRS on-behalf calculator using the instructions included in the file. This will create a journal entry file for data entry or upload. When preparing your unaudited actuals, refresh your data with the most current .dat file and generate a new SACS import file.

This should be done as one of the last steps prior to closing. STRS On-Behalf entries should be booked to Resource 7960, with credits to object 8590 and debits to expenditure objects 3101/3102.

Below is the link to CDE's website where the template can be downloaded.

[Http://www.cde.ca.gov/fg/ac/co/](http://www.cde.ca.gov/fg/ac/co/)

Correspondence

Advisories, bulletins, and letters related primarily to local educational agency accounting and reporting issues.

[2019-20 Approved Indirect Cost Rates Letter](#) (Dated 02-Apr-2019)

The California Department of Education (CDE) has reviewed the 2017-18 standardized account code structure (SACS) expenditure data and has finalized the approved indirect cost rates. The rates are for use, as allowable, with 2019-20 federal and state programs.

[2019 Edition of the California School Accounting Manual \(CSAM\)](#) (Dated 22-Jan-2019)

Letter to county and district chief business officials and charter school administrators.

[Attachment - Summary of Changes to CSAM 2019](#) (Dated 22-Jan-2019)

[Bid Threshold Adjustment Letter](#) (Dated 01-Dec-2018)

Annual Adjustment to Bid Threshold for Contracts Awarded by School Districts.

[Willful Pupil Misconduct Letter](#) (Dated 01-Dec-2018)

Annual Adjustment to Liability Limit of Parent or Guardian for Willful Pupil Misconduct.

[The Every Student Succeeds Act Per-Pupil Expenditure Reporting Requirement](#) (Dated 01-Aug-2018)

Letter providing information and guidance to LEAs regarding the Every Student Succeeds Act (ESSA) per-pupil expenditure reporting requirement.

[New Financial Reporting Requirements for Pensions](#) (Dated 02-Jul-2015)

Letter to county and district chief business officials and charter school administrators regarding Governmental Accounting Standards Board (GASB) Statement 68. The guidance in this letter supersedes the guidance in Management Advisory 96-03 from 1996 relating to accounting for on-behalf pension payments made by the state.

[Attachment 02-Jul-2015: STRS On-Behalf Analysis Spreadsheet Application](#) EXE; 124MB; Revised 09-Feb-2017) Spreadsheet application to calculate and create the journal entry necessary for local educational agencies to recognize the state's on-behalf contribution to CalSTRS in their funds. Use of this application is optional. Download Instructions: Using the preceding link, a self-extracting zipped file named "strsonbehalf.exe" must be downloaded and saved to your "C:" drive. Once done, using your Windows Explorer, double click on the "strsonbehalf.exe" file on your "C:" drive. The file will unzip and put the state teacher retirement system (STRS) on-behalf analysis spreadsheet application in excel format (XLSM), into a default folder named C:\GASB68STRSONBehalf.

STRS On-Behalf Analysis Spreadsheet Application

File Path:

Select and Load File

Select a Dataset:

Fiscal Year	CDS Code	Reporting Period	Column Code

STRS On-Behalf:

Reset Worksheet

Run Extraction and Analysis



GASB 31

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

Governmental Accounting Standards Board (GASB) Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, establishes accounting and reporting standards for certain investments held by governmental entities, including school districts and county offices of education. GASB Statement 31 requires school districts and county offices to report their investments at fair value on the balance sheet.

Local educational agency (LEA) investments affected by this statement are as follows:

- Participating interest-earning investment contracts.
- External investment pools, including cash with county treasurer.
- Open-end mutual funds.
- Debt securities.
- Equity securities, option contracts, stock warrants, and stock rights.

The provisions of GASB Statement 31, as amended by GASB Statement 72, apply only to investments that (a) are held primarily for the purpose of income or profit and (b) have present service capacity based on their ability to generate cash or to be sold to generate cash. Most school districts and county offices deposit their receipts and collections of moneys with their county treasurer because they are required to by *Education Code* Section 41001, not “primarily for the purpose of income or profit.” The LEA’s cash is nonetheless in external investment pools, however, because most of the county treasurers in California sponsor external investment pools. An external investment pool commingles (pools) the moneys of more than one entity and invests, on the participants’ behalf, in an investment portfolio. Because GASB Statement 31 applies to external investment pools, LEAs should report their cash in the county treasury at fair value on the balance sheet.

GASB Statement 31 provides certain exceptions to the general rule requiring that investments be reported at fair value. These exceptions include:

- Investments with a remaining maturity of one year or less at the time of purchase
- Nonparticipating investment contracts, such as nonnegotiable certificates of deposit
- Investments in 2.a.7-like pools, which are external investment pools that adopt policies similar to those of private companies that operate under the Securities and Exchange Commission’s Rule 2.a.7 of the Investment Company Act of 1940. They invest only in short-term securities and are required to sell securities whose market values deviate more than a set percentage from amortized costs.

Determining Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined from the published market price in newspapers or trade journals and quotes from recognized stock exchanges or over-the-counter markets. For investments without a quoted

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

market price, the fair value may be determined by using the market price of similar instruments, discounted cash flow, or any other valuation technique that provides the best estimates. The fair value of investments in external pools (i.e., cash in the county treasury) is based on the fair value of the pools' underlying portfolio. LEAs should obtain this information from the county treasurer.

Recognition and Reporting of Investment Income

All investment income, including changes in the fair value of investments, should be recognized as revenue on the operating statement. The change in fair value of investments should be captioned "net increase (decrease) in the fair value of investments." Realized gains and losses should not be reported separately from unrealized gains and losses except in the notes to the financial statements.

There are two revenue object accounts for reporting investment income:

- Object 8660, Interest
- Object 8662, Net Increase (Decrease) in the Fair Value of Investments

All investment income other than changes in the fair value of investments should be reported in Object 8660. The change in the fair value of investments, which includes realized and unrealized gains and losses, should be reported in Object 8662.

The change in the fair value of investments is defined as the ending fair value, plus proceeds from investments maturing or sold during the year, less investment purchases made during the year, less the beginning fair value. The following examples illustrate how to calculate the changes in the fair value for cash in the county treasury and the accompanying accounting entries. The examples cover two fiscal years.

Note that Object 9110, although titled Cash in County Treasury, really represents the book value of the LEA's share of an external investment fund. However, for most purposes, Object 9110 is administered as a cash account. To avoid making noncash adjusting entries to this "cash" account, entries for unrealized gains or losses on the value of cash with the county treasurer are made to Object 9111, Fair Value Adjustment to Cash in County Treasury.

Fiscal Year 2013–14

Assume that on July 1, 2013, the school district had \$100,000 cash in the county treasury with a fair value of \$105,000. During the fiscal year, the district had deposits of \$900,000 and disbursements of \$925,000. On June 30, 2014, the district has \$75,000 cash in the county treasury with a fair value of \$78,000.

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

The change in fair value is calculated as follows:

Description	Amount
Fair value, ending 6-30-14	\$78,000
Add: Disbursements (comparable to proceeds of investments sold)	925,000
Less: Receipts (comparable to costs of investments purchased)	(900,000)
Less: Fair value, beginning 7-1-13	(105,000)
Net increase (decrease) in fair value for fiscal year 2013–14	\$(2,000)

Although the fair value of the cash in the county treasury at the end of the fiscal year is \$3,000 higher than the actual cash balance (\$78,000 minus \$75,000), the change in fair value during the year is a decrease of \$2,000. The reason is that the fair value of the cash in the county treasury at the beginning of the fiscal year was \$5,000 higher than the actual cash balance (\$105,000 minus \$100,000), and the \$5,000 difference would already have been recognized by the end of the prior year.

The entry is as follows:

Date	Object Title	Object Code	Debit	Credit
6-30-14	Net Increase (Decrease) in the Fair Value of Investments	8662	\$2,000	
	Fair Value Adjustment to Cash in County Treasury	9111		\$2,000
	To report the ending cash balance at fair value and the current year decrease in the fair value of investments.			

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

Fiscal Year 2014–15

Assume that during fiscal year 2014–15, the district had deposits of \$1,000,000 and disbursements of \$985,000. On June 30, 2015, the district has \$90,000 cash in the county treasury with a fair value of \$94,000.

The change in fair value is calculated as follows:

Description	Amount
Fair value, ending 6-30-15	\$94,000
Add: Disbursements (comparable to proceeds of investments sold)	985,000
Less: Receipts (comparable to costs of investments purchased)	(1,000,000)
Less: Fair value, beginning 7-1-14	(78,000)
Net increase (decrease) in fair value for fiscal year 2014-15	\$1,000

Although the fair value of the cash in the county treasury at the end of the fiscal year is \$4,000 higher than the actual cash balance (\$94,000 minus \$90,000), the change in fair value during the year is an increase of \$1,000. The other \$3,000 difference between the fair value of cash and the actual cash balance was already recognized at the end of the prior fiscal year.

The entry is as follows:

Date	Object Title	Object Code	Debit	Credit
6-30-15	Fair Value Adjustment to Cash in County Treasury	9111	\$1,000	
	Net Increase (Decrease) in the Fair Value of Investments	8662		\$1,000
	To report the ending cash balance at fair value and the current year increase in the fair value of investments.			

To achieve an understanding of the cumulative effect of the preceding entries and those following, it is helpful to consider the entries from the perspective of the account for Object 9111, a permanent account.

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

Following is a recap of the changes in Object 9111:

Account 9111 – Fair Value Adjustment to Cash in County Treasury

Activity Type and Date	Amount	Adjustment
Ending balance 6-30-13:	\$5,000	(\$105,000 Fair Value versus \$100,000 “Cash” in County Treasury)
2013–14 Change in fair value:	\$(2,000)	
Ending Balance 6-30-14:	\$3,000	(\$78,000 Fair Value versus \$75,000 “Cash” in County Treasury)
2014–15 Change in fair value:	\$1,000	
Ending balance 6-30-15:	\$4,000	(\$94,000 Fair Value versus \$90,000 “Cash” in County Treasury)

Alternative Method for Adjusting Fair Value

As an alternative, LEAs may choose to reverse their prior-year fair value adjustments for cash in the county treasury at the beginning of each fiscal year. If the LEA chooses to reverse the prior-year adjustments, the entries for 2014–15 would be as follows:

Date	Object Title	Object Code	Debit	Credit
7-1-14	Net Increase (Decrease) in the Fair Value of Investments	8662	\$3,000	
	Fair Value Adjustment to Cash in County Treasury	9111		\$3,000
	To reverse the 6-30-14 fair value adjustment to cash in county treasury.			

Procedure 425 Fair Value: Accounting and Reporting for Certain Investments

Date	Object Title	Object Code	Debit	Credit
6-30-15	Fair Value Adjustment to Cash in County Treasury	9111	\$4,000	
	Net Increase (Decrease) in the Fair Value of Investments	8662		\$4,000
	To report the ending cash balance at fair value and the current year increase in the fair value of investments.			

The effect on the account balances is the same by either method.

Fund Balance Classification for Unrealized Gains

The fair value of unrealized gains of investments is reported in the same fund balance classification as the underlying investment.

Materiality of Adjustments to Fair Value

Generally accepted accounting principles (GAAP) require that LEAs report their cash in the county treasury at fair value. However, like all other GASB statements, GASB Statement 31 states that it does not apply to nonmaterial items. For many LEAs, the difference between the fair value and the book value of their cash in the county treasury may not be material.

If an LEA chooses not to record the adjustment necessary to report its cash with the county treasurer at fair value, the LEA's independent auditor must determine whether the omission is material enough to the financial statements to require an adjustment and whether the LEA's departure from GAAP is significant enough to impact the auditor's opinion on the financial statements.



GASB 34

GASB 34

Basic Financial Statements – M D & A

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 (GASB 34) which fundamentally changed the financial reporting model for state and local governments, including school districts. Under GASB 34, the financial statements must include:

- Management Discussion and Analysis (MD&A)
- Government-wide Statements
 - > Statement of Activities
 - > Statement of Net Assets
 - > Full accrual including depreciation
- Fund Statements
- Notes to the Financial Statements
- Required Supplementary Information (RSI)
 - > Budgetary Comparison

The requirements of GASB 34 became effective in three phases based on 1998-99 total revenues reported. The implementation dates were as follows:

- Phase 1 District Revenue >\$100 million
 FY 2001-02
- Phase 2 District Revenue >\$10 million
 FY 2002-03
- Phase 3 District Revenue <\$10 million
 FY 2003-04

Fixed Assets Year End Process

1. Update timeline for year-end processes for ordering and receiving items.
2. Notify sites or departments about the cutoff date in ordering items.
3. Make sure that all items received were properly tagged, recorded in the system and sent to their permanent location.
4. Prepare physical count worksheet to be used by the person/s responsible for doing inventory count.
5. Distribute worksheet to sites/departments along with inventory procedures.
6. Take the physical inventory.
7. Reconcile inventory from the actual count against your system and update as necessary. Identify items that were acquired but not recorded; transferred from one location to another; disposed due to being retired, missing or donated; need to be removed from inventory listing due to low value.
8. Prepare a list of items being disposed and items acquired via donation and send it to the board for approval.
9. Identify items that are inventoried but do not need to be capitalized.
10. Identify items that need to be depreciated. Tag as depreciable in your system.
11. Run processes to depreciate your assets.
12. Verify that assets were depreciated properly. Compare with prior year records.

GASB 34

Step 1: Review Coding Before You Close

- In the SACS software, go to Reports < Government-wide Reporting < ENTRY.
- Open and print the tabs called:
 - o CE001 Data by Function; and
 - o CE001 Data by Object.
- Both documents show the same information, just organized differently.
- The expenditures shown on these documents represent what will be capitalized: everything in Function 8500 and everything in Objects 6000-6999.
- Cross-reference these expenditures with the software or spreadsheet the district is using to keep track of capitalized assets. These two records should be exactly the same for the fiscal year.
- If something should not be capitalized, change the coding before you close.
- When should something be capitalized?
 - o Above the capitalization threshold- usually \$5,000; AND
 - o Adds value to the improvement and extends the useful life.
 - o Everything associated with a capital project should be capitalized, including project manager salary, architect fees, inspection fees, etc.
- Do not capitalize
 - o A \$25,000 painting project, even though it exceeds the capitalization threshold
 - o This does not add value to the improvement. It is maintenance and should be coded to Function 8100.

Unaudited Actuals
2016-17 Unaudited Actuals
San Diego County Conversion from Governmental Funds to Governmental Activities
Conversion Entry - CE001 Data by Function

37 00000 0000000
Report ENTRY

By Function						
Fund	Resource	Project Year	Goal	Function	Object	Value
01	6500	0	5750	1190	6500	33,876.20
Total, Instruction (Functions 1000-1999)						33,876.20
01	9010	0	8600	2100	6400	5,910.10
Total, Instructional Supervision and Administration (Functions 2000-2999 except 2420 and 2700)						5,910.10
01	9010	0	0000	2420	6400	101,292.63
Total, Instructional Library, Media, and Technology (Function 2420)						101,292.63
Total, School Site Administration (Function 2700)						0.00
Total, All Other Pupil Services (Functions 3000-3999 except 3600 and 3700)						0.00
Total, Home-to-School Transportation (Function 3600)						0.00
Total, Food Services (Function 3700)						0.00
Total, Ancillary Services (Functions 4000-4999)						0.00
Total, Community Services (Functions 5000-5999)						0.00
Total, Enterprise Activities (Functions 6000-6999)						0.00
01	0000	0	0000	7200	6400	11,418.50
01	0000	0	0000	7200	6500	8,750.39
01	0000	0	0000	7550	6400	7,321.62
Total, All Other General Administration (Functions 7000-7999 except 7700)						27,490.51
01	0000	0	0000	7700	6400	104,218.85
01	0000	0	0000	7700	6500	52,987.01
01	0000	0	8600	7700	6400	3,261,394.89
Total, Centralized Data Processing (Function 7700)						3,418,600.75
01	0000	0	0000	8100	6500	6,643.72
01	0000	0	8600	8100	6400	14,654.00
01	0000	0	8600	8100	6500	5,624.99
14	0000	0	0000	8100	6500	17,525.00
Total, Plant Services (Functions 8000-8999 except 8500)						44,447.71
01	0000	0	3500	8500	4300	32,457.00

Unaudited Actuals
2016-17 Unaudited Actuals
San Diego County Conversion from Governmental Funds to Governmental Activities
Conversion Entry - CE001 Data by Function

37 00000 0000000
Report ENTRY

By Function						
Fund	Resource	Project Year	Goal	Function	Object	Value
01	0000	0	3500	8500	4400	68,901.81
01	0000	0	8600	8500	6200	6,710.00
01	8150	0	0000	8500	6200	1,280,000.00
14	0000	0	0000	8500	6200	1,308,000.00
40	0000	0	0000	8500	4300	57,943.46
40	0000	0	0000	8500	4400	446,789.24
40	0000	0	0000	8500	5600	107,758.95
40	0000	0	0000	8500	6400	458,716.59
Total, Facilities Acquisition and Construction (Function 8500)						<u>3,767,277.05</u>
						<u><u>7,398,894.95</u></u>

By Object						
Fund	Resource	Project Year	Goal	Function	Object	Value
Total, Certificated Personnel Salaries (Objects 1000-1999)						0.00
Total, Classified Personnel Salaries (Objects 2000-2999)						0.00
Total, Employee Benefits (Objects 3000-3999)						0.00
01	0000	0	3500	8500	4300	32,457.00
40	0000	0	0000	8500	4300	57,943.46
Total, Books and Supplies (Objects 4000-4999 except 4400)						90,400.46
01	0000	0	3500	8500	4400	68,901.81
40	0000	0	0000	8500	4400	446,789.24
Total, Noncapitalized Equipment (Object 4400)						515,691.05
40	0000	0	0000	8500	5600	107,758.95
Total, Services and Other Operating Expenditures (Objects 5000-5999)						107,758.95
Total, Land (Object 6100)						0.00
Total, Land Improvements (Object 6170)						0.00
01	0000	0	8600	8500	6200	6,710.00
01	8150	0	0000	8500	6200	1,280,000.00
14	0000	0	0000	8500	6200	1,308,000.00
Total, Buildings and Improvement of Buildings (Object 6200)						2,594,710.00
Total, Books and Media for New School Libraries (Object 6300)						0.00
01	0000	0	0000	7200	6400	11,418.50
01	0000	0	0000	7550	6400	7,321.62
01	0000	0	0000	7700	6400	104,218.85
01	0000	0	8600	7700	6400	3,261,394.89
01	0000	0	8600	8100	6400	14,654.00
01	9010	0	0000	2420	6400	101,292.63
01	9010	0	8600	2100	6400	5,910.10
40	0000	0	0000	8500	6400	458,716.59
Total, Equipment (Object 6400)						3,964,927.18
01	0000	0	0000	7200	6500	8,750.39
01	0000	0	0000	7700	6500	52,987.01
01	0000	0	0000	8100	6500	6,643.72
01	0000	0	8600	8100	6500	5,624.99
01	6500	0	5750	1190	6500	33,876.20

By Object

Fund	Resource	Project Year	Goal	Function	Object	Value
14	0000	0	0000	8100	6500	17,525.00
Total, Equipment Replacement (Object 6500)						125,407.31
						7,398,894.95

Step 2: Beginning Balances

- Obtain a copy of the district audit for the prior fiscal year.
- Review the schedules in the audit showing the ending fund balances for Capital Assets and Long-Term Obligations. These schedules should be in the section called Notes to the Financial Statements.
- In the SACS software, go to Reports < Government-wide Reporting < ENTRY < Begin Balance.
- Use the ending fund balances from the prior-year audit to fill in the beginning fund balances in the SACS software.
- Assets are always debits, depreciation is a credit.
- Deferred Outflows of Resources are a debit balance.
- Liabilities are always credits.
- Deferred Inflows of Resources are credit balances.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

Example of schedule of
Capital Assets from
prior year's audit report

E. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,877,796	\$ -	\$ -	\$ 1,877,796
Work in progress	-	1,000,000	-	1,000,000
Total capital assets not being depreciated	1,877,796	1,000,000	-	2,877,796
Capital assets being depreciated:				
Buildings	34,736,773	324,425	31,055	35,030,143
Improvements	2,119,249	-	-	2,119,249
Equipment	40,487,270	7,088,404	194,513	47,381,161
Total capital assets being depreciated	77,343,292	7,412,829	225,568	84,530,553
Less accumulated depreciation for:				
Buildings	(12,909,596)	(990,038)	(23,875)	(13,875,759)
Improvements	(666,946)	(104,219)	-	(771,165)
Equipment	(9,331,130)	(3,215,407)	(129,646)	(12,416,891)
Total accumulated depreciation	(22,907,672)	(4,309,664)	(153,521)	(27,063,815)
Total capital assets being depreciated, net	54,435,620	3,103,165	72,047	57,466,738
Governmental activities capital assets, net	\$ 56,313,416	\$ 4,103,165	\$ 72,047	\$ 60,344,534

Beginning Balances

To record beginning balances of capital assets, long-term liabilities, deferred outflows of resources, and deferred inflows of resources relating to governmental activities, but not reported in governmental funds.

Object	Debit	Credit	Account Description
9330			Prepaid Expense
9410	1,877,796		Land
9420	2,119,249		Land Improvements
9425		771,165	Accumulated Depreciation - Land Improvements
9430	35,030,143		Buildings
9435		13,875,759	Accumulated Depreciation - Buildings
9440	47,381,161		Equipment
9445		12,416,891	Accumulated Depreciation - Equipment
9450	1,000,000		Work In Progress
9490	20,214,705		Deferred Outflows of Resources - pensions only
9490			Deferred Outflows of Resources - other
9661	-		General Obligation Bonds Payable
9662	-		State School Building Loan Payable
9663		105,585,211	Net Pension Liability (Asset)
9664			Net OPEB Obligation
9665		2,627,838	Compensated Absences Payable
9666		-	COPs Payable
9667		357,483	Capital Leases Payable
9668		-	Lease Revenue Bonds Payable
9669			Other General Long-Term Debt
9690		18,587,871	Deferred Inflows of Resources - pensions only
9690			Deferred Inflows of Resources - other
979Z	46,599,164	-	Fund Balance/Net Position
Total	154,222,218	154,222,218	

Step 3: Conversion Entries

- In the SACS software, go to Reports < Government-wide Reporting < ENTRY < Detail.
- SACS automatically extracts data for some of the conversion entries.
- SACS automatically performs a default conversion entry for some entries.
- Make changes in the User Adjustments section.
- See sample conversion entries on the next page.
- Instructions for the conversion entries are available in the manual that is downloaded as part of the SACS software.
- Key points
 - o The default entry is not always right and must be changed if needed.
 - o Your district will not use all of the entries.
 - o Look at last year's conversion entries to get an idea of which ones apply to your district.

Entry CE001 Capital Outlay Expenditures

To eliminate capital outlay expenditures made in governmental funds for acquisition or construction of capital assets, and instead report capital assets on the statement of net position.

Object	Function (Resource)	Extracted Data	Default Conversion of Extracted Data		User Adjustments		Conversion Entry		Account Description
			Debit	Credit	Debit	Credit	Debit	Credit	
[see extract]	1000	33,876	-	33,876			-	33,876	Instruction
[see extract]	2100	5,910	-	5,910			-	5,910	Instructional Supervision and Administration
[see extract]	2420	101,293	-	101,293			-	101,293	Instructional Library, Media and Technology
[see extract]	2700	0	-	-			-	-	School Site Administration
[see extract]	3600	0	-	-			-	-	Home-to-School Transportation
[see extract]	3700	0	-	-			-	-	Food Services
[see extract]	3900	0	-	-			-	-	All Other Pupil Services
[see extract]	4000	0	-	-			-	-	Ancillary Services
[see extract]	5000	0	-	-			-	-	Community Services
[see extract]	6000	0	-	-			-	-	Enterprise Activities
[see extract]	7200	27,491	-	27,491			-	27,491	All Other General Administration
[see extract]	7700	3,418,601	-	3,418,601			-	3,418,601	Centralized Data Processing
[see extract]	8100	44,448	-	44,448	713,852		669,404	-	Plant Services
[see extract]	8500	3,767,277	-	3,767,277			-	3,767,277	Facilities Acquisition and Construction
9410			-	-			-	-	Land
9420			-	-			-	-	Land Improvements
9430			3,308,560	-	286,150		3,594,710	-	Buildings
9440			4,090,334	-			4,090,334	-	Equipment
9450						1,000,000	-	1,000,000	Work In Progress
TOTALS			7,398,894	7,398,896	1,000,002	1,000,000	8,354,448	8,354,448	

Entry CE002 Debt Service Expenditures

To eliminate expenditures for debt service - principal, and instead reduce the related liabilities.

Object	Function (Resource)	Extracted Data	Default Conversion of Extracted Data		User Adjustments		Conversion Entry		Account Description
			Debit	Credit	Debit	Credit	Debit	Credit	
7432	9100	0	-	-			-	-	Debt Service, State School Building Repayment
7433	9100	0	-	-			-	-	Debt Service, Bond Redemptions
7435	9100	0	-	-			-	-	Debt Service, Repayment of State School Building Aid Funds - Proceeds From Bonds
7436	9100	0	-	-			-	-	Debt Service, Payments to Original District for Acquisition of Property
7439	9100	1,001,296	-	1,001,296			-	1,001,296	Debt Service, Other Debt Service - Principal
9661			-	-			-	-	General Obligation Bonds Payable
9662			-	-			-	-	State School Building Loan Payable
9666							-	-	COPS Payable
9667					501,296		501,296	-	Capital Leases Payable
9668							-	-	Lease Revenue Bonds Payable
9669			1,001,296	-		501,296	500,000	-	Other General Long-Term Debt
TOTALS			1,001,296	1,001,296	501,296	501,296	1,001,296	1,001,296	

Step 4: Conversion Worksheet

- In the SACS software, go to Reports < Government-wide Reporting < CNVRT < Conversion Worksheet.
- This worksheet shows how the conversion entries you have done will affect the beginning balances that were entered.
- Review this document to ensure that the end result shown in the Statement of Net Position column is the final result you are expecting.
- The worksheet shows which conversion entry numbers apply to each line.
- Enter any Other Worksheet Adjustments if necessary.
- If anything needs to be changed, go back to the ENTRY < Detail worksheet to make the change.
- Click on the Program Revenue-Detail tab. This worksheet distributes your revenue for each program by function. The SACS software uses expenditure data for the program to determine which functions to use.
- Sometimes you will see “Unbalanced” in red. In these cases, you need to fix rounding errors or choose a function for the revenue because the software was unable to do this automatically.
 - o Entry rounding adjustments in rows titled “User Adjustment.”
- REMEMBER TO OPEN AND SAVE the CNVRT worksheet before moving on. Failure to do so will result in inaccurate data in the final reports.

					Conversion Entries				
	Resource	Function	Object	Governmental Funds, Capital Assets, Deferred Outflows of Resources, Long-Term Liabilities, and Deferred Inflows of Resources	Entry Amounts	Entry Numbers	Other Worksheet Adjustments *	Statement of Activities	Statement of Net Position
Assets		Funds 01-57, except where indicated							
Cash			9110-9140	180,312,633	138,271,575	CE014			318,584,208
Investments			9150	0	0	CE014	1,577,992		1,577,992
Receivables			9200-9290	46,542,543	3,186,193	CE014, CE018			49,728,736
Due from Other Funds			9310	7,225,715	(7,225,715)	CE014, CE018, CE020			0
Stores			9320	0	0	CE014			0
Prepays			9330	2,211,615	530,084	CE003, CE013, CE014			2,741,699
Other Current Assets			9340	0	0	CE014			0
Land			9410	1,877,796	0	CE001, CE004, CE005, CE011, CE014			1,877,796
Land Improvements			9420	2,119,249	0	CE001, CE004, CE005, CE011, CE014			2,119,249
Accumulated Depreciation - Land Improvements			9425	(771,165)	(102,476)	CE005, CE012, CE014			(873,641)
Buildings			9430	35,030,143	4,594,710	CE001, CE004, CE005, CE011, CE014			39,624,853
Accumulated Depreciation - Buildings			9435	(13,875,759)	(1,001,079)	CE005, CE012, CE014			(14,876,838)
Equipment			9440	47,381,161	4,034,309	CE001, CE004, CE005, CE011, CE014			51,415,470
Accumulated Depreciation - Equipment			9445	(12,416,891)	(3,159,916)	CE005, CE012, CE014			(15,576,807)
Work in Progress			9450	1,000,000	(2,000,000)	CE001, CE004, CE005, CE011, CE014			(1,000,000)
Deferred Outflows of Resources - pensions only			9490	20,214,705	14,182,811	CE014, CE023, CE024			34,397,516
Deferred Outflows of Resources - other			9490	0	1,571,522	CE003, CE013, CE014			1,571,522

Charges for Services: Governmental Activities			Extracted expenditures by function, default identification of program revenues by function, and user adjustments																	
Funds	Resource	Program Revenues by Resource	Function:	1000	2100	2420	2700	3600	3700	3900	4000	5000	6000	7200	7700	8100	8500	9000	Total	
01-57	6500 Special Education	9,318,972	Expenditures by function	17,037,970	10,794,499	-	-	-	105,110	2,217,838	-	-	-	1,624,126	-	670,131	-	141,927,845	174,377,519	
			Percentage of total	9.77074%	6.19030%				0.06028%	1.27186%				0.93138%		0.38430%		81.39114%	100.00000%	
			Default revenue by function	910,533	576,872	-	-	-	5,617	118,524	-	-	-	86,795	-	35,813	-	7,584,818	9,318,972	
			User adjustments		2													(2)	-	
			Adjusted revenue by function	910,533	576,874	-	-	-	5,617	118,524	-	-	-	86,795	-	35,813		7,584,816	9,318,972	
01-57	6512 Special Ed: Mental Health Services	1,225,978	Expenditures by function	1,151,379	293,407	-	-	-	-	-	-	-	-	65,915	-	-	-	18,412,504	19,923,205	
			Percentage of total	5.77909%	1.47269%									0.33085%				92.41738%	100.00001%	
			Default revenue by function	70,850	18,055	-	-	-	-	-	-	-	-	4,056	-	-	-	1,133,017	1,225,978	
			User adjustments															-	-	
			Adjusted revenue by function	70,850	18,055	-	-	-	-	-	-	-	-	4,056	-	-		1,133,017	1,225,978	
01-57	9010 Other Restricted Local	16,332,470	Expenditures by function	709,432	15,474,912	342,264	-	-	84	129,902	51,873	443	18,743	1,065,927	-	199,357	-	123,873	18,116,810	
			Percentage of total	3.91588%	85.41742%	1.88921%				0.00046%	0.71702%	0.28633%	0.00245%	0.10346%	5.88364%		1.10040%		0.68375%	100.00002%
			Default revenue by function	639,560	13,950,774	308,555	-	-	75	117,107	46,765	400	16,898	960,944	-	179,722	-	111,673	16,332,473	
			User adjustments		(3)														(3)	-
			Adjusted revenue by function	639,560	13,950,771	308,555	-	-	75	117,107	46,765	400	16,898	960,944	-	179,722		111,673	16,332,470	
Total Charges for Services (from fund consolidation worksheet)																				
Subtotal of Charges for Services by function:				1,620,943	14,545,700	308,555			5,692	235,631	46,765	400	16,898	1,051,795		215,535		8,829,506	26,877,420	
User identification of conversion entries, adjustments, and rounding differences, by function:																				
Adjusted Charges for Services by function (agrees to conversion worksheet):				1,620,943	14,545,700	308,555	-	-	5,692	235,631	46,765	400	16,898	1,051,795	-	215,535		8,829,506	26,877,420	

Step 5: Statement of Net Position and Statement of Activities

- In the SACS software, go to Reports < Government-wide Reporting < GSNP.
- Verify that the information on the Government-wide Statement of Net Position matches what is shown on the Conversion Worksheet.
- Distribute long-term liabilities due within one year and due in more than one year.
- Distribute Net Assets into the amount restricted for certain categories or unrestricted.
- Open the ASSET and DEBT forms available under Forms < Supplementals.
- Ensure that the information on the ASSET and DEBT forms match both the Beginning Balances and the final result shown in the GSNP.
- In the SACS software, go to Reports < Government-wide Reporting < GSA.
- This document is called Government-wide Statement of Activities. It summarizes program revenues by function.
- Information is obtained from the Program Revenue-Detail worksheet. No data entry is permitted.

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	318,584,208	0	318,584,208
Investments	1,577,992	0	1,577,992
Receivables	49,728,736	0	49,728,736
Due from (to) other funds	0	0	0
Stores	0	0	0
Prepaid expenses	2,741,699	0	2,741,699
Other current assets	0	0	0
Capital assets:			
Land	1,877,796	0	1,877,796
Land Improvements	2,119,249	0	2,119,249
Buildings	39,624,853	0	39,624,853
Equipment	51,415,470	0	51,415,470
Work in progress	(1,000,000)	0	(1,000,000)
Less accumulated depreciation	(31,327,286)	0	(31,327,286)
Total assets	435,342,717	0	435,342,717
Deferred Outflows of Resources	35,969,038	0	35,969,038
Liabilities			
Accounts payable and other current liabilities	101,766,921	0	101,766,921
Current loans	0	0	0
Unearned revenue	6,957,878	0	6,957,878
Long-term liabilities:	151,332,190	0	151,332,190
Due within one year	3,339,711		3,339,711
Due in more than one year	147,992,479		147,992,479
Total liabilities	260,056,989	0	260,056,989
Deferred Inflows of Resources	14,414,063	0	14,414,063
Net Position			
Net investment in capital assets	62,421,867		62,421,867
Restricted for:			
Capital projects	11,778,542		11,778,542
Debt service			0
Educational programs	15,224,917		15,224,917
Other purposes (expendable)	687,593		687,593
Other purposes (nonexpendable)	2,239,015		2,239,015
Unrestricted	104,488,769		104,488,769
Total net position	196,840,703	0	196,840,703

NOTES:

Long-term liabilities should agree to Form DEBT

Net invested in capital assets = Net capital assets from Form ASSET less
any debt associated to capital asset from Form DEBT

Back into *Unrestricted* amount

Unaudited Actuals
2016-17 Unaudited Actuals
Schedule of Capital Assets

	Unaudited Balance July 1	Audit Adjustments/ Restatements	Audited Balance July 1	Increases	Decreases	Ending Balance June 30
Governmental Activities:						
Capital assets not being depreciated:						
Land	1,877,795.50		1,877,795.50			1,877,795.50
Work in Progress	1,000,000.00		1,000,000.00		1,000,000.00	0.00
Total capital assets not being depreciated	2,877,795.50	0.00	2,877,795.50	0.00	1,000,000.00	1,877,795.50
Capital assets being depreciated:						
Land Improvements	2,119,248.68		2,119,248.68			2,119,248.68
Buildings	35,030,142.83		35,030,142.83	3,594,710.00		38,624,852.83
Equipment	47,381,161.49		47,381,161.49	4,090,334.49	56,025.44	51,415,470.54
Total capital assets being depreciated	84,530,553.00	0.00	84,530,553.00	7,685,044.49	56,025.44	92,159,572.05
Accumulated Depreciation for:						
Land Improvements	(771,165.39)		(771,165.39)	(102,475.63)		(873,641.02)
Buildings	(13,875,758.61)		(13,875,758.61)	(1,001,079.13)		(14,876,837.74)
Equipment	(12,416,891.07)		(12,416,891.07)	(3,206,948.31)	(47,031.53)	(15,576,807.85)
Total accumulated depreciation	(27,063,815.07)	0.00	(27,063,815.07)	(4,310,503.07)	(47,031.53)	(31,327,286.61)
Total capital assets being depreciated, net	57,466,737.93	0.00	57,466,737.93	3,374,541.42	8,993.91	60,832,285.44
Governmental activity capital assets, net	60,344,533.43	0.00	60,344,533.43	3,374,541.42	1,008,993.91	62,710,080.94
Business-Type Activities:						
Capital assets not being depreciated:						
Land			0.00			0.00
Work in Progress			0.00			0.00
Total capital assets not being depreciated	0.00	0.00	0.00	0.00	0.00	0.00
Capital assets being depreciated:						
Land Improvements			0.00			0.00
Buildings			0.00			0.00
Equipment			0.00			0.00
Total capital assets being depreciated	0.00	0.00	0.00	0.00	0.00	0.00
Accumulated Depreciation for:						
Land Improvements			0.00			0.00
Buildings			0.00			0.00
Equipment			0.00			0.00
Total accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Total capital assets being depreciated, net	0.00	0.00	0.00	0.00	0.00	0.00
Business-type activity capital assets, net	0.00	0.00	0.00	0.00	0.00	0.00

Unaudited Actuals
2016-17 Unaudited Actuals
Schedule of Long-Term Liabilities

	Unaudited Balance July 1	Audit Adjustments/ Restatements	Audited Balance July 1	Increases	Decreases	Ending Balance June 30	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds Payable			0.00			0.00	
State School Building Loans Payable			0.00			0.00	
Certificates of Participation Payable			0.00			0.00	
Capital Leases Payable	357,482.70		357,482.70	432,027.00	501,295.70	288,214.00	99,842.00
Lease Revenue Bonds Payable			0.00			0.00	
Other General Long-Term Debt			0.00			0.00	
Net Pension Liability	105,760,407.00		105,760,407.00	32,733,190.00		138,493,597.00	
Net OPEB Obligation	7,690,722.25		7,690,722.25	1,619,788.35		9,310,510.60	
Compensated Absences Payable	2,627,837.59		2,627,837.59	612,030.94		3,239,868.53	3,239,868.53
Governmental activities long-term liabilities	116,436,449.54	0.00	116,436,449.54	35,397,036.29	501,295.70	151,332,190.13	3,339,710.53
Business-Type Activities:							
General Obligation Bonds Payable			0.00			0.00	
State School Building Loans Payable			0.00			0.00	
Certificates of Participation Payable			0.00			0.00	
Capital Leases Payable			0.00			0.00	
Lease Revenue Bonds Payable			0.00			0.00	
Other General Long-Term Debt			0.00			0.00	
Net Pension Liability			0.00			0.00	
Net OPEB Obligation			0.00			0.00	
Compensated Absences Payable			0.00			0.00	
Business-type activities long-term liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
Instruction	54,391,309	1,620,943	29,231,767	320	(23,538,279)		(23,538,279)
Instruction-related services:							
Instructional supervision and administration	103,390,169	14,545,700	68,315,733	0	(20,528,736)		(20,528,736)
Instructional library, media and technology	2,546,562	308,555	334,570	0	(1,903,437)		(1,903,437)
School site administration	7,382,408	0	473,105	0	(6,909,303)		(6,909,303)
Pupil services:							
Home-to-school transportation	0	0	0	0	0		0
Food services	1,690,606	5,692	458,694	0	(1,226,220)		(1,226,220)
All other pupil services	6,773,040	235,631	4,523,911	0	(2,013,498)		(2,013,498)
General administration:							
Centralized data processing	19,670,108	0	7,496	0	(19,662,612)		(19,662,612)
All other general administration	22,547,315	1,051,795	3,939,161	0	(17,556,359)		(17,556,359)
Plant services	12,831,483	215,535	929,825	0	(11,686,123)		(11,686,123)
Ancillary services	116,741	46,765	5,170	0	(64,806)		(64,806)
Community services	23,682	400	44	0	(23,238)		(23,238)
Enterprise activities	349,638	16,898	1,868	0	(330,872)		(330,872)
Interest on long-term debt	(123,657)				123,657		123,657
Other outgo	247,033,141	8,829,506	224,704,730	0	(13,498,905)		(13,498,905)
Depreciation (unallocated)*	661,073				(661,073)		(661,073)
Business-type activities							
Instruction	0	0	0	0		0	0
Instruction-related services:							
Instructional supervision and administration	0	0	0	0		0	0
Instructional library, media and technology	0	0	0	0		0	0
School site administration	0	0	0	0		0	0
Pupil services:							
Home-to-school transportation	0	0	0	0		0	0
Food services	0	0	0	0		0	0
All other pupil services	0	0	0	0		0	0
General administration:							
Centralized data processing	0	0	0	0		0	0
All other general administration	0	0	0	0		0	0
Plant services	0	0	0	0		0	0
Ancillary services	0	0	0	0		0	0
Community services	0	0	0	0		0	0
Enterprise activities	0	0	0	0		0	0
Interest on long-term debt	0					0	0
Other outgo	0	0	0	0		0	0
Total expenses	479,283,618	26,877,420	332,926,074	320	(119,479,804)	0	(119,479,804)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					75,111,739	0	75,111,739
Taxes levied for debt service					0	0	0
Taxes levied for other specific purposes					3,121,552	0	3,121,552
Federal and state aid not restricted to specific purposes					37,059,895	0	37,059,895
Interest and investment earnings					1,905,995	0	1,905,995
Interagency revenues					0	0	0
Miscellaneous					20,021,667	0	20,021,667
Special and extraordinary items					0	0	0
Internal transfers					0	0	0
Total general revenues, special and extraordinary items, and transfers					137,220,848	0	137,220,848
Change in net position					17,741,044	0	17,741,044
Net position beginning					179,099,659	0	179,099,659
Net position ending					196,840,703	0	196,840,703

*This amount excludes depreciation that is included in the direct expenses of various programs.

Step 6: Management Discussion & Analysis

- The Management Discussion & Analysis (MD&A) provides a narrative introduction and analysis of the financial statements. This will be included in your final audit.
- Compare current-year to prior year.
- Provide an analysis of the district's overall financial position.
- Provide analysis of individual funds.
- Provide an analysis of budget to actual results.
- Provide a description of capital asset and long-term debt activity.
- Charts and graphs are encouraged.
- Provide a description of known facts, conditions, or decisions expected to have a significant effect on financial position such as declining enrollment, state budget cuts, opening new schools, etc.



GASB 54

GASB 54

Governmental Fund Type Definitions

In February 2009, the Governmental Accounting Standards Board issued Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement significantly changed the categories and terminology used to describe the components of the ending fund balance. These changes are intended to enhance how fund balance information is reported by establishing new classifications that are easier to understand. GASB 54 also clarifies the definition of some governmental funds.

Governmental Fund Type Definitions

General Fund (SACS 01)

- To account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds (SACS 09-20)

- To account for and report the proceeds of *specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects*.

Capital Projects Funds (SACS 21-50)

- To account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay.

Debt Service Funds (SACS 51-56)

- To account for and report financial resources that are restricted, committed or assigned to expenditures for principal & interest.

Permanent Funds (SACS 57-60)

- To account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Special Revenue Funds

- Used only to report the proceeds of specific revenue sources that are restricted or committed to purposes other than debt service and capital outlay.
- One or more specific restricted or committed revenue sources should be the foundation for a special revenue fund.
- The restricted or committed revenue source expected to continue and comprise a "substantial" portion of the inflows reported in the fund (industry standard is around 20 – 50%).
- The restricted or committed revenue source is expected to continue.
- Other revenue sources (i.e. interfund transfers) may be reported in the fund if those resources are restricted or committed to the specified purpose of the fund.
- Discontinue use of a Special Revenue fund if restricted or committed revenue sources no longer compose a substantial portion of the fund.
- If no further inflows expected, LEA can spend down remaining restricted balances and then close the fund.
- Maintaining a committed or restricted balance, alone, is NOT sufficient to justify the continued use of a special revenue fund.

Special Revenue Funds 11 and 14

- Adult Education and Deferred Maintenance
- Flexibility provisions make these revenue sources unrestricted.
- Districts that elect to continue using these funds must take formal board action to *commit* fund balances. Amounts transferred into these funds must also be formally committed.
- Flexibility provisions will subset, so CDE has elected not to close these funds.
- Fund 14, Deferred Maintenance Fund, funding consolidated into LCFF effective 2013-14, however, Education Code 17582 allows school districts to maintain a deferred maintenance fund.
 - Not required, may use general fund for deferred maintenance.

Special Revenue Funds 17 and 20

- Special Reserve Funds 17 and 20 does not contain *specific revenue sources that are restricted or committed to expenditures for specified purposes*.
- They basically function as an extension of the general fund.
- Fund balance will be classified as *assigned* in Funds 17 and 20.
- Fund 17 will also allow *unassigned* under Object Code 9789, Reserve for Economic Uncertainties.
- May be combined with the general fund for presentation in the audited financial statements, or the departure from GAAP can be explained in the financial statements.

Actions to Take

- Adopt policies before year end (year adopted).
- Take formal action on commitments before year end.
- Evaluate fund use and make changes if needed (i.e. Funds 11, 14, 17 and 20).
- Explain the requirements to your Board.
- Read CDE advisory and consult with auditors.

Policies and Note Disclosures

- Description of the authority and actions that lead to *committed* and *assigned* fund balance.
- Identify highest level of decision-making authority.
- Type of formal action required to establish, modify or rescind a commitment of fund balance.
- The body or official authorized to *assign* amounts to specific purposes, and the policy pursuant to that authorization.

Classifying Fund Balance Amounts (Spending Order Policy)

- When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, determine whether the district considers restricted or unrestricted funds to have been spent first.
- When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, determine whether the district considers *committed* amounts reduced first, then *assigned*, and then *unassigned*.

Minimum Fund Balance Policy

- Reserve for Economic Uncertainties (REU).
- The governing board should describe in the notes to its financial statements the policy established by the district that sets forth the minimum amount or percentage.
- If the district uses Fund 17 for a portion of the REU, the policy should reflect some language for this.

Stabilization Arrangements

Stabilization arrangements more formal than the minimum fund balance policy should include the following in the note disclosure:

- The authority for establishing stabilization arrangements;
- The requirements for additions to the amount;
- The conditions under which stabilization amounts may be spent; and
- The stabilization balance, if not apparent.

Sample resolutions can be found at our website at:

<http://www.sdcoe.net/business-services/financial-services/Pages/Fund-Resolutions.aspx>



GASB 75

GASB 75

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

GASB 75 supersedes GASB 45. Effective for fiscal years beginning after June 15, 2017.

Applies to employers that provide OPEB through plans (a) administered or (b) not administered through qualifying trusts or equivalent arrangements.

Provides accounting & financial reporting guidance for governments that provide OPEB to their employees and for governments that are legally required to finance OPEB for employees of other governments.

Relates only to how costs and liabilities are measured and reported in the financial statements, not how a government should fund its OPEB plan.

New Terminology:

Current Terminology	GASB 74 & 75
Normal Cost (NC)	Service Cost (SC)
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Actuarial Value of Assets (AVA)	OPEB Fiduciary Net Position
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability
Annual Required Contribution (ARC)/Annual OPEB Cost	OPEB Expense
Amorization Bases	Deferred Inflows/Outflows of Resources
Amorization Payments	Recognition of Deferred Inflows/Outflows of Resources
Net OPEB Obligation - cumulative difference between expenses and contributions	Net OPEB Liability & Deferred Inflows/Outflows of Resources

Actuarial Determined Contribution (ADC) must conform to actuarial standards; not required to be disclosed unless calculated.

GASB Basics

Employer provides OPEB through plan administered through **qualifying trust**

- Recognize Net OPEB Liability
- Net OPEB Liability = Total OPEB Liability – OPEB Plan's Fiduciary Net Position

Employer provides OPEB through **plan NOT administered through qualifying trust**

- Recognize Total OPEB Liability

Plan contribution ≠ OPEB Expense

Significant additional note disclosures and RSI required.

Similar to GASB 68 pension accounting standards

GASB Key Dates & Rules

Actuarial valuation should be done at least biennially.

Valuation Date - Employer: No later than 30 months prior to the financial statement date.

- For FY 06/30/18, the Actuarial Valuation date could be from 12/31/15 through the Measurement Date.

Measurement Date: Date liability and assets measured (Net/Total OPEB Liability measured); no later than the financial statement date and no earlier than the prior year financial statement date (up to 12 month lag allowed).

- For FY 06/30/18, the Measurement Date could be from 06/30/17 through 06/30/18.

Note: Measurement Date ≥ Valuation Date

Allocating OPEB Costs

This section describes the accounting entries that need to be done by school districts. There are two options discussed in this manual:

- Option 1: Performing manual entries at the end of the fiscal year.
- Option 2: Using the Payroll System throughout the fiscal year

OPTION 1
Manually Allocating Retiree Benefit Costs at Year-End Closing utilizing OPEB
Calculator for PeopleSoft
Districts Fully Implementing GASB 45

1. See Excel OPEB Calculator – See Instructions tab
<http://www.sdcoe.net/business-services/financial-services/financial-reporting/Pages/Forms-and-Documents.aspx>

SDCOE » BUSINESS SERVICES » DISTRICT FINANCIAL SERVICES » FINANCIAL REPORTING » FORMS AND DOCUMENTS

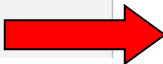
Financial Reporting
Business Services Upload
Business Services Upload User Guide - PDF
Charter School Unaudited Actuals Alternative
Principal Apportionments
Recap of SACS Forum Meetings
SACS Validation Tables
SACS Financial Reporting Software
Standardized Account Code Structure (SACS)

Forms and Documents

- [Property Taxes 2018-19 P-2 \(PDF\)](#)
- [Property Taxes 2017-18 Annual \(PDF\)](#)
- [Property Taxes 2016-17 Annual \(PDF\)](#)
- [Property Taxes 2015-16 Annual \(PDF\)](#)
- [Property Taxes 2014-15 Annual \(PDF\)](#)
- [Property Taxes 2013-14 Annual \(PDF\)](#)
- EPA
 - [Requirements](#)
 - [Sample Resolution](#)
 - [Sample Exhibit Form](#)
- [Financial Data Analysis Tool Training Guide \(PDF\)](#)
- [GANN Resolution Sample \(Word\)](#)
- [LCFF - Assumptions Sheet \(Excel\)](#)
- [Multi-year Projection Assumption Worksheet \(Excel\)](#)
- [Notice of Public Hearing Form \(Excel\)](#)

Tools*:

- [Interest Calculator PeopleSoft - July 2017](#)
 - [Interest Calculator PeopleSoft Instructions](#)
- [SARC Calculator for PeopleSoft - July 2017](#)
- [OPEB Calculator - August 2018](#)



OPEB CALCULATOR vs2.0 - INSTRUCTIONS

rev 8.14.18

Key

 Indicates data needs to be entered by district

ALLOCATE OPEB Final Calculation button - [click button in "OPEB District Data" tab, after all data has been entered]

Data Entry Tabs (yellow tabs)

OPEB District Data
FAR_GL_ACTUALS_FOR_OPEB
FAR_POSITION_W_EE_AND_ACCOUNT

Calculation Tabs

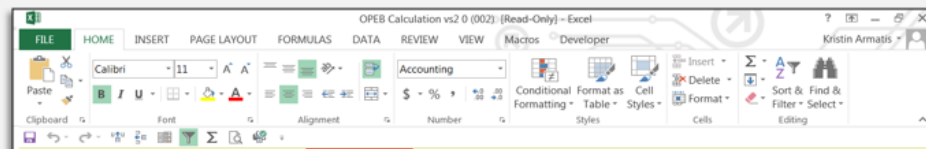
OPEB Pivot Table

Output Tabs

Journal Entry Form
PS Journal Upload

Instructions

Enable Macros using the ribbon that shows at the top of the Excel menu bar. If this ribbon does not appear, follow the instructions after step 8 to enable macros through the file menu.



Instructions

OPEB District Data

FAR_GL_ACTUALS_FOR_OPEB

FAR_POSITION_W_EE_AND_ACCOUNT

OPEB

OPTION 2

Using Payroll System to Allocate Retiree Benefit Costs

Note: Must have been previously set up at implementation/contacted CRC to utilize option 2.

Part 1: Allocating costs to Objects 3711 and 3712

See CRC Guide Other Post-Employment Benefits:

https://3fa0c64c-a-1433abf9-s-sites.googlegroups.com/a/sdcoe.net/crc/resources/peoplesoft/guides/OPEB%20v1.0.pdf?attachauth=ANoY7comwbUtmqjLG65Md4_zfxTVDI5UtgITC_ec3Ng81U1hmH0ZaGalHj0FMF8caO2g-ri-006wsALLEzccfMSP6O_9PSfQBukjPPdBlwQPxmTL8-9qBIHSSPa5ofM6e_Eexr7NhzeoJKRnDMXBI7wVpIE_mAF5ZNai3cHwyftKi2jL6EiME-AmdIFTmbIL6Xqu-sj9s4pgTX4L7R-DhziZID-JPRh5zx_o--6_uFpulgKbhixi0M%3D&attredirects=0

Part II: Direct charging costs to Objects 3751 and 3752

See CRC Guide Other Post-Employment Benefits:

https://3fa0c64c-a-1433abf9-s-sites.googlegroups.com/a/sdcoe.net/crc/resources/peoplesoft/guides/OPEB%20v1.0.pdf?attachauth=ANoY7comwbUtmqjLG65Md4_zfxTVDI5UtgITC_ec3Ng81U1hmH0ZaGalHj0FMF8caO2g-ri-006wsALLEzccfMSP6O_9PSfQBukjPPdBlwQPxmTL8-9qBIHSSPa5ofM6e_Eexr7NhzeoJKRnDMXBI7wVpIE_mAF5ZNai3cHwyftKi2jL6EiME-AmdIFTmbIL6Xqu-sj9s4pgTX4L7R-DhziZID-JPRh5zx_o--6_uFpulgKbhixi0M%3D&attredirects=0



GASB 84

GASB 84

Fiduciary Activities

NOTE: GASB NO. 95 Postponement of Effective Dates of Certain Authoritative Guidance approved on May 7, 2020, delayed the implementation of GASB 84 for 2020-21 fiscal year.

SCOPE:

Established criteria for identifying fiduciary activities for all state and local governments and how those activities should be reported.

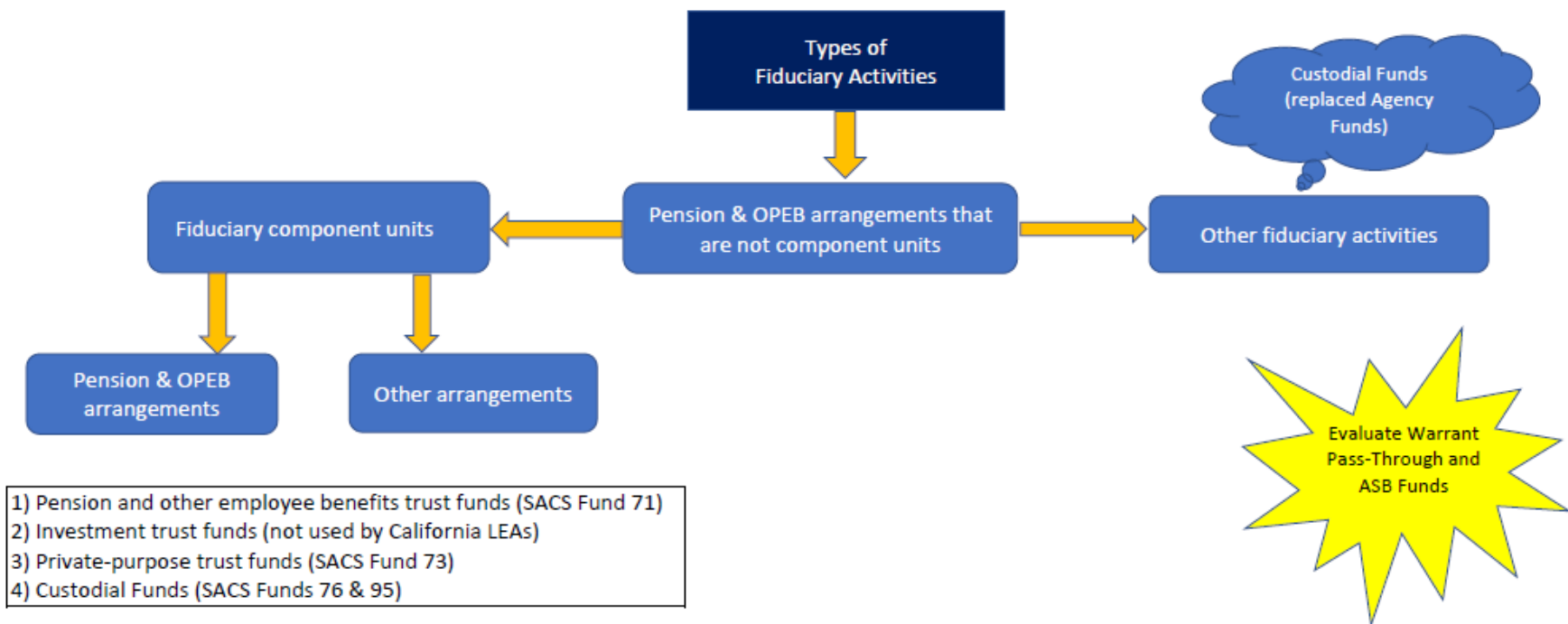
TIMING:

Effective for reporting periods beginning after December 15, 2018.

GASB Draft Implementation Guide:

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true

FIDUCIARY ACTIVITIES - GASB 84



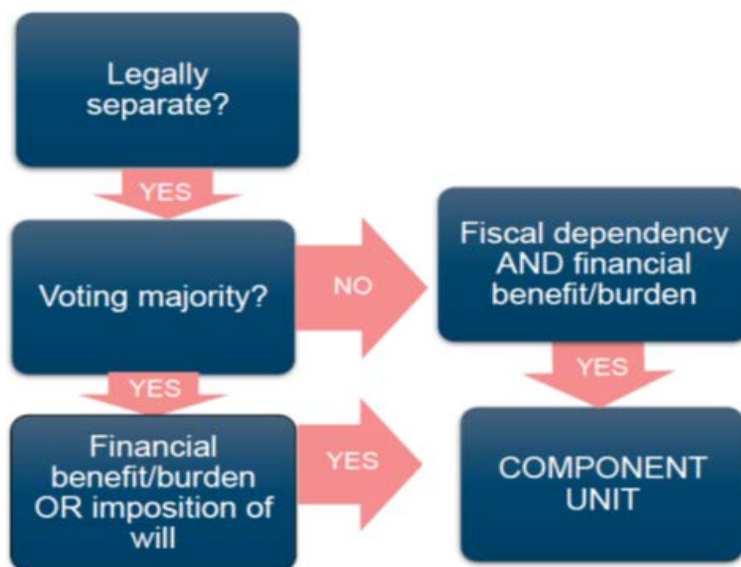
Component Units

First steps in determining whether an activity is a fiduciary activity is determining if the entity is a **component unit** pursuant to GASB 14, as amended.

Component Unit Defined:

- Organizations that are legally separate from the Primary Government & which the elected officials of the primary government are fiscally accountable
- Or misleading to exclude criteria

When Is There A Component Unit?



Component Units

Legally Separate:

- Pension/OPEB plans administered through trusts under GASB 67/74 are legally separate entities for purposes of GASB 84

Board Composition:

- Retirement benefits administered through trusts may not have a traditional board

Financial Burden:

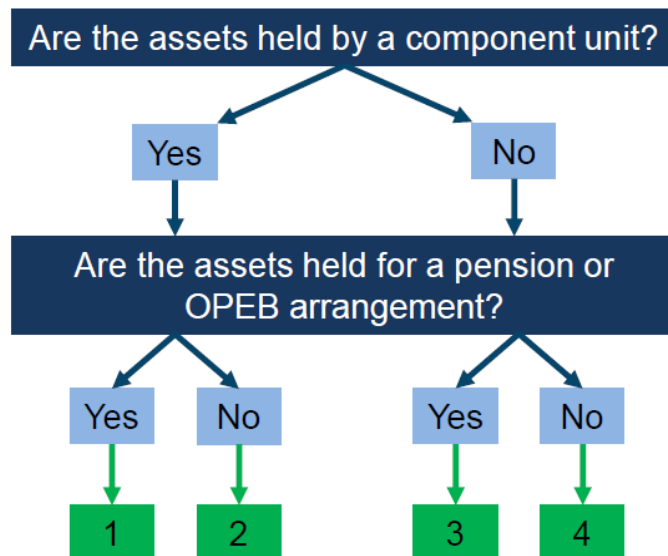
- Primary Government considered to have financial burden if legally obligated or has otherwise assumed obligation to make contributions to pension or OPEB plan

GASB 84

Fiduciary Activities

When Should a Government Report Assets in a Fiduciary Fund?

Four paths to making this determination:



Four Paths

PATH 1

Fiduciary Component Units - Pension and OPEB Plans (SACS Fund 71)

Meets component unit (CU) criteria of GASB 14, as amended, AND
Is one of the following arrangements

- Pension plan administered through a trust (GASB 67, paragraph 3)
- Assets accumulated for pensions not in a trust from entities not part of the reporting entity (GASB 73, paragraph 116)
- OPEB plan administered through a trust (GASB 74, paragraph 3)
- Assets accumulated for OPEB not in a trust from entities not part of the reporting entity (GASB 74, paragraph 59)

PATH 2

Fiduciary Component Units - Other Arrangements (if not a pension or OPEB arrangement)

Have one or more of the following characteristics (GASB 84, paragraph 8)

- The assets are (1) Administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary (2) Dedicated to providing benefits to recipients in accordance with the benefit terms (3) Legally protected from the creditors of the government
- The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.
- The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.

Four Paths (Continued)

PATH 3

Pension and OPEB arrangements that are **not component units** are fiduciary if the government **controls the assets** of the arrangement and the arrangement is **one of the following arrangements from Path 1.**

PATH 4

Other Fiduciary Activities (must meet all three)

- Assets are controlled (holds the assets) by the government, and
- Assets not derived from own-source revenues (i.e. property taxes, state & federal grants), and
- Assets have one of the following characteristics

Administered through a trust or equivalent arrangement	For the benefit of individuals	For the benefit of other organizations
<ul style="list-style-type: none">• Government is not the beneficiary• Assets dedicated to providing benefits to recipients under benefit terms• Assets legally protected from creditors of the government	<ul style="list-style-type: none">• Government does not have administrative or direct financial involvement (similar to GASB 24 ¶5)• Assets not derived from government's provision of goods and services to those individuals	<ul style="list-style-type: none">• Not part of the financial reporting entity• Assets not derived from government's provision of goods and services to other organization

CERBT/OPEB trust under PARS Determination

Not considered fiduciary to LEAs and districts will NOT need to record transactions in Fund 71 as part of GASB 84 implementation.

Determination is based upon the California Committee on Municipal Accounting's (CCMA) White Paper on GASB 84:

<https://www.calcpa.org/~media/resources/public%20white%20papers/gasb%2084%20white%20paper%20-%20final%203-31-2020.pdf?h=16&thn=1&w=16&la=en>

Section 2 – OPEB Plans (Continued)

Agent Multiple Employer Plan – OPEB under PARS

- 1) Legally separate – *Yes*
- 2) Voting Majority – The OPEB Plan Board is the same as the Employer's Governing Body - *No*
- 3) Financial benefit/burden or imposition of will and Fiscal Dependency
 - a. Employer makes contributions to the plan (financial burden) – *Yes*
 - b. Approval of the plan's budget or contributions requirements by Primary Government (imposition of will AND fiscal dependency) – *No*
- 4) Employer has control of the assets – *No*, while the employer has the ability to direct use, exchange or employment of total trust assets, providing benefits to specified recipients for their portion of the trust, the employer does not have control of the assets of the PARS OPEB Plan as a whole.

Recommendation: Not a fiduciary activity; exclude from Fiduciary Fund Financial Statements.

CALIFORNIA SPECIFIC PLANS

Agent Multiple Employer Plan – OPEB under CERBT (CalPERS)

- 1) Legally separate – *Yes*
- 2) Voting Majority – The OPEB Plan Board is the same as the Employer's Governing Body - *No*
- 3) Financial benefit/burden or imposition of will and Fiscal Dependency
 - a. Employer makes contributions to the plan (financial burden) – *Yes*
 - b. Approval of the plan's budget or contributions requirements by Primary Government (imposition of will AND fiscal dependency) – *No*
- 4) Employer has control of the assets – *No*, while the employer has the ability to direct use, exchange or employment of assets, providing benefits to specified recipients for their portion of the trust, the employer does not control the assets of the CERBT as a whole.

Recommendation: Not a fiduciary activity; exclude from Fiduciary Fund Financial Statements.

GASB 84

Other Fiduciary Activities

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities for all state and local governments. This statement is effective for fiscal years beginning after Dec. 15, 2018.

GASB 84, eliminated Agency Funds and replaced them with Custodial Funds

- Used for reporting fiduciary activities that are not required to be reported in the Other Fiduciary Funds
- Additional financial statement reporting (i.e., statement of changes in fiduciary net position)

SACS Fund 08 - Student Activity Special Revenue Fund is a new special revenue fund established to allow LEAs to account for governmental associated student body activities in accordance with the provisions of GASB Statement 84.

SACS Fund 76 Warrant/Pass-Through Fund and Fund 95 Fiduciary Activities Fund expanded to include additions to and deductions from reporting elements.

Associate Student Body (ASB)

Evaluate if meets criteria to be reported as a Fiduciary Activity

- ✓ School district controls the assets
- ✓ Not from owner-source revenues
- ? No administrative involvement

Administrative Involvement Sample Determination

"In assessing whether a government has administrative involvement, a "Substance versus form" consideration is appropriate. **That is, the government's role would have substance** if the school board, school administrator, or faculty advisor (representative of the school) **establishes how the resources can be spent through approved policies.**" - draft GASB Implementation Guide for GASB 84

EXAMPLES:

Scenario 1: The student club president, with the members of the club, establishes how resources can be spent and approves disbursements from the account.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Scenario 2: Parents of the club members establish how resources can be spent.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Scenario 3: School board establishes and approves policies which only addresses issues such as authorized account signers and the prohibition of spending for illegal activities.

Determination: No administrative involvement by school district. - FIDUCIARY ACTIVITY

Associate Student Body (Continued)

Scenario 4: Disbursements from the club are approved by a faculty advisor assigned to the club on behalf of the school district.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 5: School board establishes and approves policies related to the receipt, disbursement and holding of funds for student clubs.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 6: State establishes specific guidelines on how club resources can be spent through administrative policy.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Scenario 7: A school board is responsible for establishing fees charged by student clubs.

Determination: Administrative involvement by the school district. -
GOVERNMENTAL ACTIVITY

Associate Student Body (Continued)

Most unorganized ASB activities in California school district are not considered fiduciary because they do not appear to meet the criteria established by GASB 84, paragraph 11(c)(2)., thus, report in Fund 08 or General Fund.

Unorganized ASBs (EC 48938) – expenditures are subject to the approval of an appointed employee or official designated by the school district governing board

Organized ASBs (EC 48933) – expenditures are subject to the preapproval of three people: an employee official of the school district designated by the governing board, the ASB advisor (must be a certificated employee), and a student representative of the ASB organization

The key determination regarding whether LEAs have administrative involvement in organized ASB activities is if LEA staff designated by the governing board to approve ASB expenditures have the authority to disapprove or amend the ASB expenditures, versus “rubber stamp” approval.

Factors to Consider:

- ASBs are generally not legally separate from school districts
- School districts controls the assets
- Assets are for the benefit of individuals and school districts do have administrative or direct financial involvement with the assets; as ASB board designee (principal/school administrator) is an employee of the district.

RECOMMENDATION: Most ASB activities are Governmental Activities (Report in General Fund or **New Fund 08**). If reporting in Fund 95, must be able to support decision that activity qualifies and meets criteria as Fiduciary under GASB 84.

Associate Student Body (Continued)

NEW Fund 08 (will apply to most):

- Must include in 2020-21 Unaudited Actuals.
- Take Resolution to board to establish new fund for recording purposes.
- It is an LEAs local policy determination on frequency of recording transactions onto district's financial system.
- Record summary of activity in Fund 08 (or Fund 95, if activity determined to be fiduciary) and ensure that it reconciles to your ASB recordkeeping. Auditors will request a reconciliation.
- Districts may choose to record governmental ASB activities in Fund 01, in-lieu of Fund 08, dependent on district policy.
- Year of Implementation - DR. Object 9120 Cash in Bank and CR. Object 9795 Other Restatements
 - o Using Object 9791 Beginning Balance will cause a SACS TRC

Note: GASB 84 does not require these transactions to be processed at the County Treasury and transactions should generally remain at the district's local bank account level (cash in bank) and not the County Treasury.

Accounting for ASB Activities

- NEW Resource 8210 - Student Activity Established
- See SACS January 29, 2020 Matrix Tables for valid combinations
 - o [SACS Summary of Changes 01-29-2020.docx](#)
 - o [SACS Matrix Updates January 29, 2020.docx](#)

Fund 76 - Warrant Pass-Through Funds

- Acceptable for COE to record accumulation of payroll withholdings on behalf of its school districts in Fund 76
- Accumulation of payroll withholdings from the county office's own operation should not be accounted for in Fund 76

Example:

The COE collected \$10 million in payroll withholding on behalf of school districts and \$5 million for its own employees, for a total amount collected of \$15 million. By fiscal year end, \$9 million was distributed to the appropriate agencies on behalf of school districts and \$3.5 million was distributed for itself, for a total of \$12.5 million distributed.

Pre-GASB 84 (Fund 76)	Post GASB 84 (Fund 76)
<p>1) \$15 million payroll withholding collected and held for COE and its school districts.</p> <p>Debit Object 9110, \$15 million Credit Object 9620, \$15 million</p> <p>All payroll withholding, COE and school districts, reported in Fund 76.</p>	<p>1) \$10 million payroll withholding collected for its school districts</p> <p>Debit Object 9110, \$10 million Credit Object 8800, \$10 million</p> <p>Debit Object 7500, \$10 million Credit Object 9620, \$10 million</p> <p>Only school district payroll withholding reported in Fund 76. (Note the use of new object codes for reporting amounts received and disbursed.)</p>
<p>2) \$12.5 million distributed</p> <p>Debit Object 9620, \$12.5 million Credit Object 9110, \$12.5 million</p>	<p>2) \$9 million distributed</p> <p>Debit Object 9620, \$9 million Credit Object 9110, \$9 million</p>

Fund 76 - Warrant Pass-Through Funds (Continued)

Pre-GASB 84 (Fund 01)	Post-GASB 84 (Fund 01)
<p>1) \$5 million COE payroll withholding expenditures</p> <p>Debit Object 3XXX, \$5 million Credit Object 9110, \$5 million</p> <p>The payroll withholding (benefit) expenditures are reported in Fund 01, but cash is transferred and liability established in Fund 76.</p>	<p>1) \$5 million COE payroll withholding expenditures</p> <p>a) Debit Object 3XXX, \$5 million Credit Object 9500, \$5 million</p> <p>b) \$3.5 million was distributed Debit Object 9500, \$3.5 million Credit Object 9110, \$3.5 million</p> <p>The COE's payroll withholding liability is established in and paid from Fund 01.</p>

Liability Recognition

LEA is holding scholarship donations on behalf of a student body group, and if the activity is Fiduciary & recorded in Fund 95 (will NOT apply to most as a majority of ASB activities considered governmental and recorded in Fund 08).

- o Prior to GASB 84: LEA would record the transaction by debiting assets (cash) and crediting liabilities for the same amount when the donations were received.
- o GASB 84 accounting: The LEA should not recognize a liability immediately in the custodial fund when the donations are received. The LEA should record the transaction by debiting assets (cash) and crediting new Object 8800 to record the donations received. The donations are reported as part of the net position at year-end to the extent the LEA is not compelled to disburse those donations, e.g., scholarship recipients have not been selected.

NOTE: In certain cases, an LEA incurs a liability as soon as it takes control of fiduciary resources if the beneficiary does not need to take action to compel the LEA to disburse the fiduciary resources. For example, when a county office of education receives payroll tax withholding on behalf of its school districts.

Scholarship Funds

Reported in Fund 73, Foundation Private-Purpose Trust Fund if,

- Administered through a trust agreement and GASB 84 fiduciary criteria are met.
- Scholarship funds are not administered through a formal trust agreement, but fiduciary criteria are otherwise met.

Scholarship funds that are not administered through a trust and do not meet fiduciary criteria should be reported in the general fund.

Cash Conduit

When a recipient LEA transfers pass-through grants or other pass-through funds to a subrecipient LEA, and the recipient LEA has no administrative or direct financial involvement.

- Meets all three criteria of GASB 84, paragraph 11 (11.a through 11.c.) for determining the “other” type of fiduciary activity that would be reported in a custodial fund, i.e., Fund 76.

Note: See *CSAM Procedure 750, Pass-Through and Cooperative Projects*, regarding cash conduit and other models of funding passed through to other LEAs.

See: May 14, 2019 SACS Forum Meeting Minutes

Reference Links

GASB 84 Implementation Guide

https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true

CDE SACS Forum

<https://www.cde.ca.gov/fg/ac/ac/sacsforumrecap.asp>

October 9, 2018 SACS Forum Meeting Minutes

February 12, 2019 SACS Forum Meeting Minutes

May 14, 2019 SACS Forum Meeting Minutes

October 8, 2019 SACS Forum Meeting Minutes

February 24, 2020 SACS Forum Meeting Minutes

May 12, 2020 SACS Forum Meeting Minutes

October 19, 2020 SACS Forum Meeting Minutes



TEMPORARY BORROWING

School districts are allowed to borrow money when cash flow is insufficient for payment of obligations. This section provides districts with options to consider in case of cash flow shortfalls. These options include:

Interfund Borrowings

- Temporary loans between funds using Due To and Due From Accounts

Short-term Borrowings from External Sources

- Temporary Transfer of Funds (TTF) at the County Auditor and Treasurer
- Tax and Revenue Anticipation Notes (TRANS)

Included are instructions and some sample resolutions for your reference.

Interfund Borrowings

Temporary loans using the Due To/Due From accounts must have governing board approval and conform to Education Code section 42603. For your reference, a sample resolution is provided on the next page.

EC 42603. Transfer of special or restricted fund moneys

The governing board of any school district may direct that moneys held in any fund or account may be temporarily transferred to another fund or account of the district for payment of obligations. The transfer shall be accounted for as temporary borrowing between funds or accounts and shall not be available for appropriation or be considered income to the borrowing fund or account. Amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. Borrowing shall occur only when the fund or account receiving the money will earn sufficient income, during the current fiscal year, to repay the amount transferred. No more than 75 percent of the maximum of moneys held in any fund or account during a current fiscal year may be transferred.

(Stats.1976, c. 1010, § 2, operative April 30, 1977. Amended by Stats.1977, c. 36, § 177, eff. April 29, 1977, operative April 30, 1977; Stats.1978, c. 434, p. 1509, § 1; Stats.1987, c. 586, § 5.)

9311	Due From Other Funds	(Asset) amount due from another district fund
9611	Due To Other Funds	(Liability) amount due to another district fund

The Due To (9611) in one district fund must equal the Due From (9311) in another district fund or the district general ledger will be out of balance. A recommendation when establishing Due To/Due From accounts is to use sub-accounts. When the posting the repayment, reverse the original entry.

Account	Fund	Resource	Object	Debit	Credit
Due From Other Funds	0100	0000	9311013	\$100,000	
Cash	0100	0000	9110000		\$100,000
Cash	1300	0000	9110000	\$100,000	
Due To Other Funds	1300	0000	9611001		\$100,000

(Sample Resolution for Interfund Borrowings)

_____**SCHOOL DISTRICT**
RESOLUTION NO. _____

RESOLUTION TO ESTABLISH TEMPORARY INTERFUND)
TRANSFERS OF SPECIAL OR RESTRICTED FUND MONEYS)

ON MOTION of Member _____, seconded by Member _____, the following resolution is hereby adopted:

WHEREAS, the governing board of any school district may direct that moneys held in any fund or account may be temporarily transferred to another fund or account of the district for payment of obligations as authorized by Education Code section 42603, and

WHEREAS, the transfer shall be accounted for as temporary borrowing between funds or accounts and shall not be available for appropriation or be considered income to the borrowing fund or account, and

WHEREAS, amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year,

THEREFORE, BE IT RESOLVED that the Governing Board of the _____ School District, in accordance with the provisions of Education Code section 42603 adopts the following authorization for fiscal year 20____-20 ____ to temporarily transfer funds between the following funds provided that all transfers are approved by the Superintendent or his designee:

(List applicable funds)

PASSED AND ADOPTED by the Governing Board on _____ 20____, by the following vote:

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN DIEGO)

I, _____, Clerk/Secretary of the Governing Board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Board at a regularly called and conducted meeting held on said date.

WITNESSED my hand this _____ day of _____, 20_____.

Clerk/Secretary of the Governing Board

Temporary Transfer of Fund from the County Treasurer

Education Code Section 42620 allows for the county board of supervisors to loan money to school districts when certain conditions exist. Section 6 of Article XVI of the Constitution of the State of California requires that such loans must be made before the last Monday in April. The San Diego County policies regarding the Temporary Transfer of Fund (TTF) are as follows:

1. School districts can borrow up to 85% of the revenue accruing to the district by June 30, 2025. Allowable revenue(s) to leverage are: property taxes, principal apportionment (PA), and/or education protection account (EPA).
2. The loan repayment will be taken from the leverage revenues at the time of distribution to the school district. Therefore, the entire loan will be repaid by June 30, 2025.
3. The County requires 30 days to review the TTF documents when borrowing against PA and/or EPA revenues. As such, the firm deadline for the final documents to be received by SDCOE is **March 17, 2025** for the April (last Monday) drawdown.
4. Districts that are interested in participating in the TTF program must complete and submit the attached four documents:
 - i. TTF Checklist CoSD
 - ii. TTF Resolution
 - iii. TTF Transfer Agreement
 - iv. TTF Transfer Request

Completed documents should be emailed as soon as approved and signed to Maria Soto at msoto@sdcoe.net and Roxanna Travers roxanna.travers@sdcoe.net but no later than the dates listed in item 3 above. Submit the hardcopy of the forms with original signatures to Maria Soto San Diego County Office of Education, Financial Accounting & Reporting, room 608 as soon as possible but no later than the dates listed in item 3 above.

(Sample of TTF Checklist)

San Diego County Office of Education Temporary Transfer of Funds Checklist of Required Forms & Actions

District: _____

Resolution No: _____

Check the revenue type(s) related to the TTF documents:

☐ Property Taxes ☐ Principal Apportionment ☐ Education Protection Account

IMPORTANT Please ensure that the current version of the Board Resolution, Temporary Transfer Agreement, and Request for Temporary Transfer of Funds templates have been used by the District before completing the checklist. The documents that should be in use must have an effective date of March 12, 2021. These documents in their current form have been reviewed & approved by the County of San Diego's legal department as such Districts cannot change any of the content that is typed in black font. Upon our review, if any content in black font has been changed the documents will be invalid and returned to the District.

1. Board Resolution

a. ☐ Completed all required fields:

- i. ☐ Resolution number in header
- ii. ☐ Revenue type(s) in header
- iii. ☐ District name must match on:
 - 1. ☐ Top – Page 1
 - 2. ☐ Top – Page 3
 - 3. ☐ Bottom – Page 3
- iv. ☐ Name of board members – motioned & second (Page 1)
- v. ☐ Date of board approved budget (Page 1) must be **EQUAL TO** or **BEFORE** the date on Page 3 **"PASSED and ADOPTED"** date
- vi. ☐ Check type of budget (Page 1)
- vii. ☐ Fiscal year of borrowing filled in (Page 1)
 - 1. ☐ Check revenue type(s) (The same types must be checked in vii, viii, xi, & xiii)
 - 2. ☐ Estimated Annual amount(s) filled in for each revenue type(s) checked
 - 3. ☐ Check Annual total amount is calculated properly
- viii. ☐ PRIOR fiscal year filled in (Page 1)
 - 1. ☐ Check revenue type(s) (The same types must be checked in vii, viii, xi, & xiii)
 - 2. ☐ Amount(s) filled in for each revenue type(s) checked
 - 3. ☐ Check total amount is calculated properly
- ix. ☐ Year for last Monday in April (Page 2)
- x. ☐ 85% not to exceed amount – confirm amount is calculated correctly & must be greater than or equal to amount on **Request for TTF** form (Page 2)

- xi. ☐ Check revenue type(s) (Page 2 section 1 - the same types must be checked in vii, viii, xi, & xiii)
 - xii. ☐ Fiscal year of borrowing (Page 2)
 - xiii. ☐ Check revenue type(s) (Page 2 section 3 - the same types must be checked in vii, viii, xi, & xiii)
 - xiv. ☐ "**PASSED and ADOPTED**" date is EQUAL TO or AFTER the date of board approved budget date (Page 3)
 - xv. ☐ Vote shows majority AYES
 - xvi. ☐ Name of Board Clerk/Secretary
 - xvii. ☐ Verify all the red font instructions have been removed from the document
- b. ☐ Sign & date (Page 3)
- i. Signature of Clerk/Secretary of the governing board
 - ii. Date is BEFORE or EQUAL TO date on the **Temporary Transfer Agreement**
- c. ☐ Email a copy of the **TTF Resolution** (must be submitted with **Temporary Transfer Agreement**) to msoto@sdcoe.net
- d. ☐ Send **TTF Resolution** with original signature (must be submitted with **Temporary Transfer Agreement**):
- San Diego County Office of Education
6401 Linda Vista Rd., Room 608
San Diego, CA 92111
Attention: Maria Soto-Delfin
- e. ☐ Must be received at the Auditor & Controller's office:
- i. 15 days before the drawdown of a property tax TTF
 - ii. 30 days before the drawdown of a principal apportionment TTF or EPA

2. Temporary Transfer Agreement

- a. ☐ Complete all required fields:
- i. ☐ Revenue type(s) in header must match the revenue types in the **TTF Resolution**
 - ii. ☐ "**Made and effective**" date on **Temporary Transfer Agreement** (Page 1) must be EQUAL TO or AFTER the "**PASSED and ADOPTED**" date of the **TTF Resolution** date
 - iii. ☐ District name matches
 - ☐ Top – Page 1
 - ☐ Middle – Page 3
 - ☐ End – Page 4
 - iv. ☐ RECITALS (Page 1) – Resolution number must match the number on **TTF Resolution**
 - v. ☐ Fiscal year of borrowing (Page 1 section 1 & page 2 section 4)

- vi. ☐ Check Revenue Type(s) must match the revenue types in the **TTF Resolution**
 - vii. ☐ Enter exhibit reference letter (A, B, C, etc.) for necessary documentation for each type of revenue as indicated in table (Page 2 section 1)
 - viii. ☐ Enter the date of the last Monday in April in the fiscal year of borrowing
 - ix. ☐ District contact information (Page 3 section 5)
 - x. ☐ Name & title of signatory is completed – can be CBO or Superintendent
 - xi. ☐ Verify all the red font instructions have been removed from the document
- b. ☐ Sign & date (Page 4)
- i. ☐ Signature of CBO or Superintendent
 - ii. ☐ Date of signature must be **EQUAL TO** or **AFTER** the date of the signature on the **Resolution**
- c. ☐ Submit with the **TTF Resolution** (item 1.c. & 1.d. above)

3. Request for Temporary Transfer of Funds

- a. ☐ Complete all required fields:
- i. ☐ District name must match on:
 - 1. ☐ Top – Page 1
 - 2. ☐ Top – Page 2
 - ii. ☐ The actual amount to borrow on the **Request for TTF** must be **LESS THAN** or **EQUAL TO** 85% of the remaining revenues and must not exceed the amount authorized on the **TTF Resolution** (Page 2 section 1)
 - 1. ☐ Top – Page 1 must match 3.a.ii.2
 - 2. ☐ Top – Page 2 must match 3.a.ii.1
 - iii. ☐ Fiscal year of borrowing
 - iv. ☐ The “*board approval date*” matches the “*PASSED and ADOPTED*” date on the **TTF Resolution**
 - v. ☐ “*Funds needed by this date*” must be **AFTER** the “*PASSED and ADOPTED*” date on **Resolution** and the “*made and effective*” date on the **Temporary Transfer Agreement**
 - 1. ☐ Top – Page 1 must match 3.a.v.2
 - 2. ☐ Top – Page 2 must match 3.a.v.1
 - 3. Property tax TTF – the drawdown date must be greater than 15 days after the date the Auditor & Controller’s office receives the **Request for TTF**
 - 4. Principal apportionment TTF – the drawdown date must be greater than 30 days after the date the Auditor & Controller’s office receives the **Request for TTF**
 - 5. Education Protection Account TTF- the drawdown date must be greater than 30 days after the date the Auditor & Controller’s office receives the **Request for TTF**

- 6. TTFs are not available in-lieu of participating in the TRAN pool thus drawdown date on Request for TTF cannot be between July to December without prior (written) approval
 - vi. ☐ District contact person
 - vii. ☐ Contact telephone number
 - viii. ☐ Verify all the red font instructions have been removed from the document
- b. ☐ Sign & date
 - i. Signature of CBO or Superintendent
 - ii. Date of signature must be AFTER the “*PASSED and ADOPTED*” date on the **Resolution** and the **Temporary Transfer Agreement** but BEFORE the “*funds needed by this date*”
- c. ☐ Email a copy of the **Request for TTF** to msoto@sdcoe.net
- d. ☐ Send **Request for TTF** with original signature to:

San Diego County Office of Education
 6401 Linda Vista Rd., Room 608
 San Diego, CA 92111
 Attention: Maria Soto-Delfin

4. Required Documentation (For Within-Year TTF or Current-Year TTF)

- a. ☐ Current Cashflow
 - i. ☐ Verify TTF drawdown
 - ii. ☐ Verify TTF repayment
 - iii. ☐ If Principal Apportionment TTF, verify amount(s) on cash flow schedule reconciles to the California Department of Education schedules
 - 1. ☐ On cash flow schedule for the months February to August, the sum of State Aid Principle Apportionment (PA), PA Sp. Ed (SDUSD, Poway, & Infant), PA Categoricals, PA Recomputations and Adjustments reconciles to the monthly amounts on the CDE schedule ‘PA by Month’ tab
 - iv. ☐ If Education Protection Account TTF, verify amount on cash flow schedule reconciles to the California Department of Education schedules
- b. ☐ If Principal Apportionment TTF, provide the ‘California Department of Education Certification of the 20XX-XX First Principal Apportionment Monthly Payment Schedule Summary’
- c. ☐ If Education Protection Account TTF, provide the ‘Education Protection Account Entitlement and ...Principal Apportionment Payment Calculator 20XX-XX Fiscal Year’

RESOLUTION (i ENTER RESO #)
(ii ENTER REVENUE TYPE(S))

RESOLUTION OF GOVERNING BOARD OF (iii ENTER NAME OF DISTRICT) DISTRICT
REQUESTING TEMPORARY TRANSFER OF FUNDS

On motion of member (iv ENTER NAME), seconded by member (iv ENTER NAME) the following resolution is adopted:

WHEREAS, the California Constitution, Article XVI, Section 6 and Education Code section 42620 or 85220 provide that the Treasurer of the County of San Diego (Treasurer) shall have the power and it shall be his duty to make such temporary transfer from the funds in his custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any district whose funds are in his custody and are paid out solely through his office; such temporary transfer of funds shall be made only upon resolution adopted by the governing board of the County to make such temporary transfer; such temporary transfer of funds shall not exceed 85% of anticipated revenue accruing to the District, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such District before any other obligation of the District; and

WHEREAS, on (v ENTER MONTH, DAY, YEAR), the governing board will/has:

(vi CHECK ONE BUDGET TYPE BELOW)

- _____ Adopt(ed) a tentative budget (community college only)
- _____ Adopt(ed) a final budget (community college only)
- _____ Adopt(ed) an original budget (K-12 school district only)
- _____ Adopt(ed) a revised budget (community college or K-12 school district)

for this District for the fiscal year 20__ - __ (vii ENTER FISCAL YEAR IN WHICH THE TTF WILL BE MADE) pursuant to the provisions of Education Code sections 42127 or 70901, and the revenue type(s) accruing to the District for said fiscal year are estimated to be as follows:

<u>Revenue Type(s)</u>	<u>Estimated Amount(s)</u>
_____ Property Taxes	\$ _____
_____ Principal Apportionment(s)	\$ _____
_____ Education Protection Account	\$ _____
	\$ _____ Total

and

WHEREAS, the revenue type(s) and amount(s) accrued to this District during the 20__ - __ (viii ENTER PRIOR FISCAL YEAR) fiscal year were as follows:

<u>Revenue Type(s)</u>	<u>Amount(s)</u>
_____ Property Taxes	\$ _____
_____ Principal Apportionment(s)	\$ _____
_____ Education Protection Account	\$ _____
	\$ _____ Total

and

WHEREAS, it is necessary to provide funds for meeting obligations incurred for maintenance purposes by this District; AND NOW THEREFORE

RESOLUTION (i ENTER RESO #)
(ii ENTER REVENUE TYPE(S))

IT IS RESOLVED AND ORDERED pursuant to the provisions of the California Constitution, Article XVI, Section 6, and Education Code section 42620 or 85220 as follows:

1. The Board of Supervisors of the County of San Diego is requested to direct the Treasurer to make a temporary transfer from the funds in his custody on or before the last Monday in April, 20__ **(ix ENTER FISCAL YEAR IN WHICH THE TEMPORARY TRANSFER OF FUNDS WILL BE MADE.)** to this District to meet obligations incurred for maintenance purposes in the amount of \$(**x ENTER NOT TO EXCEED AMOUNT TO BORROW**), which does not exceed a total of 85% of remaining:

Revenue Type(s)
(xi CHECK REVENUE TYPE(S) BELOW)

_____ Property Taxes
_____ Principal Apportionment(s)
_____ Education Protection Account

accruing to the District by June 30, 20__ **(xii ENTER THE FISCAL YEAR IN WHICH THE TEMPORARY TRANSFER OF FUNDS WILL TAKE PLACE.)**, as certified by the District Superintendent and verified by the County Auditor and Controller.

2. Funds will be transferred to this District by the Treasurer in sums as requested by the District Superintendent and certified by him/her to be necessary to provide funds for meeting the obligations incurred for maintenance purposes by the District not to exceed the maximum amount herein specified, provided the Treasurer determines that funds in his custody are available for such transfers.
3. Repayment of the funds is anticipated to be made from the:

Revenue Type(s)
(xiii CHECK REVENUE TYPE(S) BELOW)

_____ Property Taxes
_____ Principal Apportionment(s)
_____ Education Protection Account

accruing to the District, however the District recognizes that the source of repayment may be from other revenues accruing to the District before any other obligation. Interest on any transferred funds will accrue and be payable by the District, at the greater of the same interest rate the County of San Diego Investment Pool is earning or a proxy TRAN cost as determined by the market until the entire amount transferred is repaid. Each month, the appropriate interest rate to be used will be identified, and the resulting calculated interest will be charged.

4. The Clerk/Secretary of this Board is directed to file a copy of this resolution with the Board of Supervisors, the County Superintendent of Schools, the County Auditor and Controller, and the County Treasurer-Tax Collector.
5. Authorize the District Superintendent or designee to sign a Temporary Transfer Agreement consistent with the terms of this Resolution.

**RESOLUTION (i ENTER RESO #)
(ii ENTER REVENUE TYPE(S))**

PASSED AND ADOPTED by the Governing Board of the (iii ENTER NAME OF DISTRICT) District, County of San Diego, State of California, this (xiv ENTER DAY) day of (xiv ENTER MONTH), 20(xiv ENTER YEAR) by the following vote:

(xv BOARD ACTION MUST SHOW MAJORITY AYES)

AYES:

NOES:

ABSENT:

STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

I, (xvi ENTER NAME), Clerk/Secretary of the Governing Board of the (iii ENTER NAME OF DISTRICT) District, County of San Diego, State of California, do hereby certify that the foregoing is a true copy of a resolution adopted by said Board at a meeting thereof, at the time and by the vote therein stated, which original resolution is on file in the office of said Board.

Date

Clerk/Secretary of the Governing Board

(xvii BLACK FONT CONTENT CANNOT BE CHANGED. IF ANY BLACK FONT CONTENT HAS BEEN CHANGED, THE DOCUMENT WILL BE INVALIDATED. ALL RED FONT INSTRUCTIONS-INCLUDING THIS ONE-MUST BE REMOVED FROM THIS DOCUMENT BEFORE IT WILL BE ACCEPTED.)

TEMPORARY TRANSFER AGREEMENT (i ENTER REVENUE TYPE(S))

This Temporary Transfer Agreement (Agreement) is made and effective this (ii ENTER DAY) day of (ii ENTER MONTH), 20(ii ENTER YEAR), by and between the County of San Diego, California (County) and (iii ENTER NAME OF SCHOOL DISTRICT) (District).

RECITALS

WHEREAS, by Resolution No. (iv ENTER THE RESOLUTION #) of its Board of Trustees (attached as Exhibit A), the District has requested the Board of Supervisors to make a temporary transfer (Transfer) of monies to meet its current maintenance expenses; and

WHEREAS, California Constitution Article XVI, Section 6, provides that the County Treasurer (Treasurer) shall have the power and the duty to authorize temporary transfers of monies upon the resolution of the Board of Supervisors authorizing such temporary transfer; and

WHEREAS, the Board of Supervisors by Administrative Ordinance Section 119.1 et seq. (Ordinance) has authorized and directed the Auditor and Controller and the County Treasurer-Tax Collector to make the Transfer to the District in accordance with the terms of the Ordinance; and

WHEREAS, this Agreement represents the agreement of the County and the District with respect to the Treasurer's authorization of the Transfer and its repayment by the District.

AGREEMENT

Section 1. **Transfer; Timing.** Upon receipt of the District's written request, the Treasurer will authorize such Transfer and the Auditor and Controller will transfer to the District, subject to review and approval, the amount requested within 30 days from the District's Transfer request, provided however, that in no event shall the total amount of all Transfers made in accordance with this Agreement exceed 85% of the remaining revenue type(s), shown below, accruing to the District through June 30, 20(v ENTER THE FISCAL YEAR OF THE BORROWING), prorated as of the date of the written request.

Revenue Type(s)
(vi CHECK REVENUE TYPE(S) BELOW)

_____ Property Taxes
_____ Principal Apportionment(s)
_____ Education Protection Account

The written request must contain the amount requested and documentation must be provided demonstrating that the amount requested is necessary to meet current maintenance expenses. Where indicated in the table below, such documentation shall include detailed cash flows for the applicable period that support maintenance expenses and anticipated revenues. Required supporting documentation by revenue type is also presented in the table below.

TEMPORARY TRANSFER AGREEMENT (i ENTER REVENUE TYPE(S))

Documentation		
Revenue Type	Description of Documentation Needed	Found in Exhibit
Property Taxes	Not Needed. The necessary documents are compiled by the County of San Diego.	Not Applicable
Principal Apportionment(s)	Cash Flows	(vii ENTER EXHIBIT LETTER HERE)
	Verifiable State documents supporting State allocation(s) including deferred allocation(s).	(vii ENTER EXHIBIT LETTER HERE)
Education Protection Account	Cash Flows	(vii ENTER EXHIBIT LETTER HERE)
	Verifiable State documents supporting State allocation(s).	(vii ENTER EXHIBIT LETTER HERE)

The amount requested must be reviewed and approved by the County Auditor and Controller. An authorized Transfer may be made to the District in one or more installments.

No Transfer shall be made after (viii ENTER THE DATE THAT REPRESENTS THE LAST MONDAY IN APRIL OF THE FISCAL YEAR OF THE BORROWING).

The Transfer will be made from and limited to the County of San Diego Investment Pool (Pool).

Section 2. **Deposit of Transfer.** Any Transfer made by the Treasurer to the District shall be deposited in the District's General Fund (Fund) for the purpose of lending funds to the District to meet its maintenance obligations.

Section 3. **Repayment; Interest.** Repayment of the funds is anticipated to be made from the revenue type(s) identified in Section 1, accruing to the District. However the District recognizes that the source of repayment may be from other revenues accruing to the District before any other obligation. Interest on any transferred funds will accrue and be payable by the District, at the greater of the same interest rate the Pool is earning or a proxy TRAN cost as determined by the market until the entire amount transferred is repaid. Each month, the appropriate interest rate to be used will be identified, and the resulting calculated interest will be charged.

Upon receipt and deposit, the District agrees that the County may immediately transfer the cash from said revenues to the Pool's Fund for the purpose of repaying the "temporary transfer of funds" obligations.

Section 4. **District Covenant.** The District represents and covenants with the County that the District's anticipated revenue for fiscal year 20__-20__ (v ENTER THE FISCAL YEAR OF THE BORROWING), as documented in the attached exhibit referred to in Section 1, represents the District's best estimate of the remaining revenues. The County Auditor and Controller shall review and approve the District's anticipated revenue calculations included in these documents.

TEMPORARY TRANSFER AGREEMENT

(i ENTER REVENUE TYPE(S))

Section 5. **Notices.** Any and all notices between the County and the District provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly given when personally delivered to one of the parties or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to such party at the following address:

If to the County:

Lauren Warrem, Chief Deputy Treasurer County of San Diego Treasurer-Tax Collector 1600 Pacific Highway, Room 101 San Diego, California 92101 619-531-5686 Lauren.Warrem@sdcounty.ca.gov	Brian Ruehle, Deputy Controller County of San Diego Auditor and Controller Department 5530 Overland Avenue, Suite 410 San Diego, California 92123 858-694-2199 Brian.Ruehle@sdcounty.ca.gov
---	---

If to the District:

(ix ENTER CONTACT INFORMATION)

Section 6. **Governing Law, Venue and Entire Agreement.** This Agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in San Diego, California.

This Agreement constitutes the entire agreement between the County and the District with respect to the Transfer and supersedes any previous agreement(s), negotiations, proposals or understanding, whether written or oral concerning such matter, unless expressly included in this Agreement.

Section 7. **Amendment or Modifications.** No amendment, modification or other alternation of this Agreement shall be valid unless in writing and signed by the parties.

TEMPORARY TRANSFER AGREEMENT

(i ENTER REVENUE TYPE(S))

Section 8. **Severability.** In the event that any provision of this agreement is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and such invalidity shall in no way affect, impair, or invalidate any other provision contained herein if there is no substantive effect to the services to be rendered to the County by such judicial finding of invalidity.

Section 9. **Counterparts.** This Agreement may be executed in any number of counterparts, each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first written above.

County of San Diego, California
Treasurer-Tax Collector

Date: _____

By: _____
Chief Deputy Treasurer

APPROVED AS TO FORM AND LEGALITY
Thomas E. Montgomery, County Counsel

Date: _____

By: _____
Senior Deputy

(iii ENTER NAME OF SCHOOL DISTRICT)

Date: _____

By: _____
(x NAME OF AUTHORIZED OFFICIAL)
(x TITLE)

(xi BLACK FONT CONTENT CANNOT BE CHANGED. IF ANY BLACK FONT CONTENT HAS BEEN CHANGED, THE DOCUMENT WILL BE INVALIDATED. ALL RED FONT INSTRUCTIONS-INCLUDING THIS ONE-MUST BE REMOVED FROM THIS DOCUMENT BEFORE IT WILL BE ACCEPTED.)

(Sample of Request for TTF)

REQUEST FOR TEMPORARY TRANSFER OF FUNDS

(California Constitution Article XVI Sec. 6)

To: County Auditor and Controller
County Treasurer

From: (i ENTER NAME OF DISTRICT)

Request is made for temporary transfer of \$ (ii ENTER THE AMOUNT TO BORROW) from funds in the custody of the County Treasurer which are certified to be necessary to provide funds for meeting the obligations incurred for maintenance purposes by the above named District for the (iii ENTER THE FISCAL YEAR IN WHICH THE TTF WILL TAKE PLACE) fiscal year pursuant to a resolution of the governing board of the District adopted on (iv ENTER BOARD APPROVAL DATE), pursuant to California Constitution Article XVI, Section 6.

Funds needed by this date: (v ENTER DATE)

District contact person: (vi ENTER CONTACT INFORMATION)

Telephone number: (vii ENTER CONTACT INFORMATION)

I further certify that our District has no monies, including Tax & Revenue Anticipation Notes, invested or held outside of the San Diego Pooled Fund and we have exhausted our ability to borrow funds internally.

Dated: _____

Authorized Signature and Title

AUDITOR'S NOTATION

Request received by County on:

	Property Taxes		%	Principal Apportionment		%	EPA		%	TOTAL
Board approved amount										
85% estimated revenues										
Amount available to be loaned (Lesser of Board or 85% amount)										
Previous amounts loaned			%			%			%	
This loan			%			%			%	
Total loans			%			%			%	
Balance available for future loans										

	Property Taxes			Principal Apportionment(s)		EPA(s)		TOTAL
Remaining property taxes receivable by June 30 (ACAP232A)		Apport #		Remaining principal apportionment(s) receivable		Remaining EPA(s) receivable		
		Dated						
Property Tax(es) loan(s) repaid to date				Principal Apportionment(s) loan(s) repaid to date		EPA(s) loan(s) repaid to date		
Property Tax(es) loan balance(s) outstanding				Principal Apportionment(s) loan balance(s) outstanding		EPA(s) loan balance(s) outstanding		

FAR Approval
(Sample of Request for TTF)

Date

REQUEST FOR TEMPORARY TRANSFER OF FUNDS

(California Constitution Article XVI Sec. 6)

Name of district: **(i ENTER NAME OF DISTRICT)**

Funds needed by: **(v ENTER DATE)**

Amount of loan: **(ii ENTER THE AMOUNT TO BORROW)**

CERTIFICATION OF COUNTY TREASURER

To: County Auditor and Controller

From: County Treasurer

☐ Funds are available for transfer to the above named District

☐ Funds are NOT available. Please notify the District.

**** (Check only one box.) ****

Dated: _____

County Treasurer



Tax and Revenue Anticipated Notes (TRANS)

Tax Revenue Anticipation Notes (TRANS) are short-term, interest bearing notes issued by a government agency in anticipation of tax revenues that will be received at a later date. The notes are retired from the tax revenues to which they are related. Many local education agencies issue TRANS for cash flow management purposes every year. Districts within San Diego County have the option of joining a pooled TRANS issuance. If a district is interested in participating, they should contact Roxanna Travers, roxanna.travers@sdcoe.net or their Business Advisor.

TRANS

Frequently Asked Questions

What are TRANS?

TRANS are Tax and Revenue Anticipation Notes, also known as TANS (Tax Anticipation Notes) and RANs (Revenue Anticipation Notes).

Why are TRANS issued?

TRANS are issued by local governments to finance short-term cash flow deficits, which occur due to the irregular receipt of certain taxes and/or revenue and the ongoing requirement for regular disbursements of operating expenses.

What are the benefits of issuing TRANS?

There are two primary benefits of issuing TRANS. First, TRANS are an inexpensive method of financing short-term cash shortfalls. Second, TRANS usually produce additional income through arbitrage earnings.

What is arbitrage?

Arbitrage is a gain, which occurs when the cost of borrowing funds is lower than reinvestment earnings.

How do TRANS produce arbitrage earnings?

TRANS are issued at tax-exempt borrowing rates, which are typically one to two percentage points lower than available reinvestment rates.

Is it legal to earn arbitrage on TRANS?

Yes – Provided the TRANS are issued in accordance with federal tax regulations relating to the sizing and issuance of tax-exempt short-term notes.

How are TRANS issued?

TRANS are permitted under Government Code 53850 and are authorized when the governing body adopts a resolution. Most local governments engage a bond attorney to prepare documentation, and use the services of an investment professional for the placement or underwriting of the notes.

June 7, 2024

To: Business Managers
TRANS Pool Participating Districts

From: Roxanna Travers
Accounting and Data Support Manager

Re: 2024-25 TRANS Chart of Account Numbers

Financial Accounting will process the 2024-25 TRANS and post the corresponding entries on the PeopleSoft Information System for your transactions.

Participating districts may want to use sub-account numbers to distinguish between the 2023-24 TRANS and the 2024-25 TRANS.

We request that districts complete the following sub-account information and e-mail it to Financial Accounting at finacct@sdcoe.net, Attention: Maria Soto Delfin, by **Monday, July 1, 2024**.

Please post the 2024-25 TRANS transactions to the following accounts:

District Name _____

Cash with Trustee
TRANS Payable
TRANS Interest Earned
TRANS Expense

FUND	RESOURCE	GOAL	FUNCTION	OBJECT	SITE
0100	0000000			9135	
0100	0000000			9641	
0100	0000000	0000	0000	8660	000
0100	0000000	0000	9100	5800	000

(Expense includes Underwriter's Discount, Issuance Cost, Credit Enhancement, and Interest Expense.)

PLEASE SET UP THE ABOVE ACCOUNT NUMBERS ON PEOPLESFT.

Accounting for TRANS

Entry to post TRANS issuance:

Account	Fund	Resource	Function	Object	Debit	Credit
Cash at Treasury	0100	0000		9110	\$XXX	
Underwriter's Discount	0100	0000	9100	5800	\$XXX	
Cost of Issuance (COI)	0100	0000	9100	5800	\$XXX	
Premium	0100	0000	0000	8660		\$XXX
Principal	0100	0000		9641		\$XXX

Some issues are structure to have any excess at the time of funding to be set aside in an early repayment account:

Account	Fund	Resource	Function	Object	Debit	Credit
Cash with Trustee	0100	0000		9135	\$XXX	

Entry to post at time of debt service payment set aside:

Account	Fund	Resource	Function	Object	Debit	Credit
Cash with Trustee	0100	0000		9135	\$XXX	
Cash at Treasury	0100	0000		9110		\$XXX

Entry to post at time of repayment:

Account	Fund	Resource	Function	Object	Debit	Credit
Interest Expense	0100	0000	9100	5800	\$XXX	
Principal	0100	0000		9641	\$XXX	
Cash with Trustee	0100	0000		9135		\$XXX

Some issues are structure to have any excess at the time of funding to be credited to the COI account:

Account	Fund	Resource	Function	Object	Debit	Credit
COI	0100	0000	9100	5800		\$XXX

Note: Refer to the California School Accounting Manual, Procedure 715

SACS FINANCIAL REPORTING SOFTWARE

Effective Fiscal Year 2022-23 the California Department of Education (CDE) released a new standardized account code structure (SACS) web-based Financial Reporting System. For additional information please visit CDE's page: <https://www.cde.ca.gov/fq/sf/fr/>

SACS Web-Based System User Guide Resources

- SACS Web Log-in: <https://sacs-cde.org/security/login>
- SACS Software User Guide: [SACS System User Manual \(sacs-cde.org\)](#)
- SACS Navigation: [Navigating SACS - SACS System User Manual \(sacs-cde.org\)](#)

Additional Resources:

Fund 51 – Clearing Fatal TRC	14.1
Common Technical Review Exceptions	14.5

FUND 51 – CLEAR FATAL TRCs

Rev 5/7/2024

Fund 51(Bond Interest and Redemption Fund): Prior year's ending balance is preloaded in the SACS Web based software. TRC: PY-EFB=CY-BFB validates current year beginning balance agrees with prior fiscal year ending balance. A fatal TRC will generate for Estimated Actuals at budget reporting period due to the missing county auditor's fund data. The County of San Diego does not provide SDCOE with the financial information for fund 51 until Unaudited Actuals reporting, which is after the budget cycle.

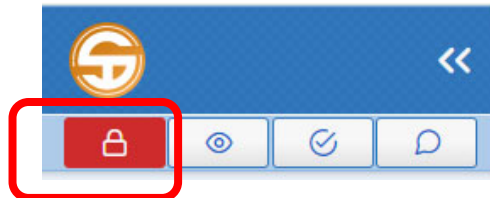
This TRC can be eliminated by entering the Beginning Fund Balance in the User Data Input/Review Screen.

Note: If fund 51 is reported in your financial system, Do Not follow the steps below but rather make the necessary adjustments in your financial system.

>	Exception	PY-EFB=CY-BFB - F - Prior year ending fund balance (preloaded from last year's unaudited actuals submission) does not equal current year beginning fund balance (Object 9791) for the following funds:	✓
>	Exception	PY-EFB=CY-BFB-RES - F - Prior year ending balance (preloaded from last year's unaudited actuals submission) does not equal current year beginning balance (Object 9791), by fund, for the following resources:	✓

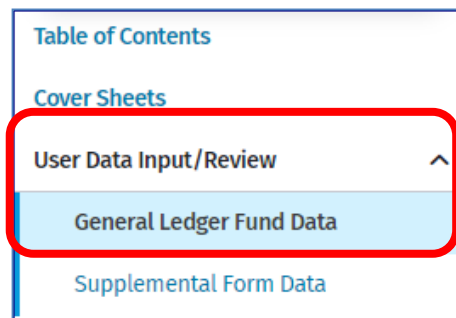
A. ADD THE BEGINNING BALANCE. FD 51, Object 9791, amount equal to the TRC exception.

1.- Lock the submission



2.- Navigate to **User Data Input/Review** screen

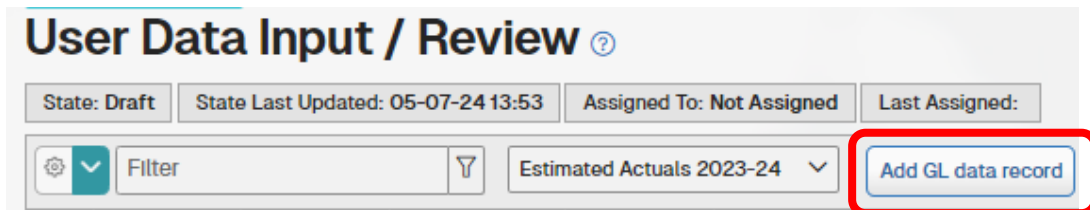
Left Navigation Pane >> User Data Input/Review >> General Ledger Fund Data



SACS WEB-BASED SOFTWARE
FUND 51 – CLEAR FATAL TRCs
Rev 5/7/2024

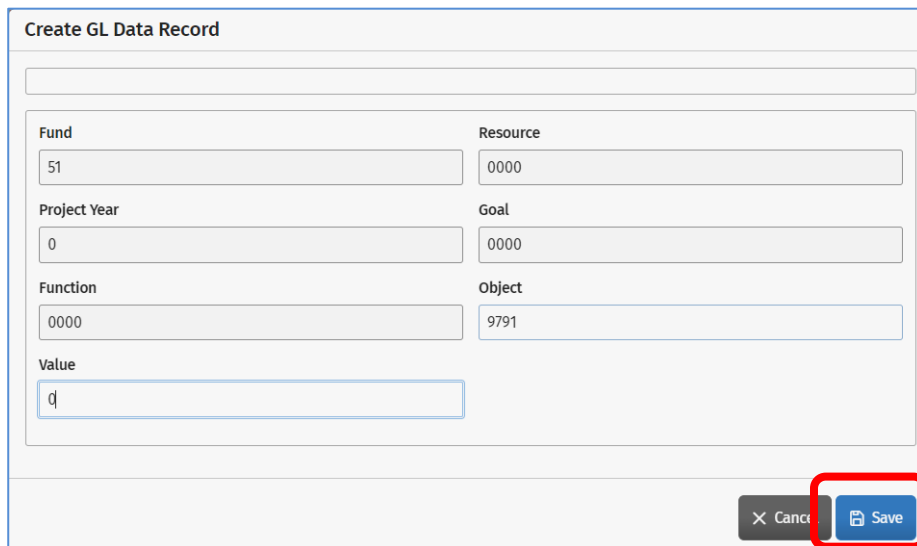
3.- Select - Estimated Actuals >> Click button 'Add GL Data Record.'

If button “Add GL Data Record” is not visible, please ‘Lock Submission.’



4.- Add Beginning Balance (see TRC For amount)

- Fund: 51
- Object: 9791
- Resource: 0000 or 9010 (see FD 51 resource TRC for prior used resource)
- Project Year, Goal, Function use zero(s)
- Amount: Same amount from TRC
- Click 'save' button



SACS WEB-BASED SOFTWARE
FUND 51 – CLEAR FATAL TRCs
Rev 5/7/2024

B. ASSIGN

1. For Resource 0000 you will need to Assign the same Amount in both **Estimated Actuals and Budget**

Note: Resource 9010 will automatically assign to Obj 9740 – Restricted.

General Ledger CHECKS		
✓	Exception	UNASSIGNED-NEGATIVE - (F) - Unassigned/Unappropriated Balance (Object 9790) is greater than zero in the following resources by fund. Positive balances, in funds other than the general fund and funds 61 through 95, must be reported as restricted, committed, or assigned. ✓
FUND RESOURCE AMOUNT		
17	0000	382.48
20	0000	523.62
25	0000	104,029.23
40	0000	1,020.10
51	0000	307,953.00

2. Left Navigation Pane >> CEFB >> Select Estimated Actuals (or Budget) Fund 51 and resource used.

CEFB - Components of Ending Fund Balance / Net Position ?

State: Draft State Last Updated: 05-07-24 13:53 Assigned To: Not Assigned Last Assigned:

Select a fund from the list below

2023-24 Estimated Actuals Fund: 51 Resource: 0000 Unrestricted

2023-24 Estimated Actuals Fund: 57 Resource: 0000 Unrestricted

2023-24 Estimated Actuals Fund: 57 Resource: 9010 Other Restricted Local

2024-25 Budget Fund: 01 Resource: 0000 Unrestricted

SACS WEB-BASED SOFTWARE

FUND 51 – CLEAR FATAL TRCs

Rev 5/7/2024

3.- Assign the amount to 9780 – Other Assignments for both Estimated Actuals. Repeat for Budget.

- Enter amount (same as TRC).
- Click Save at the top right-hand corner.

2024-25

Find forms and reports

Table of Contents
Cover Sheets
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TRC
Forms
CEFB
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Version History
Import
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LEA Custom Information

Show/hide header

CEFB - Components of Ending Fund Balance / Net Position

State: Draft State Last Updated: 05-07-24 13:53 Assigned To: Not Assigned Last Assigned:

Select a fund from the list below

- 2023-24 Estimated Actuals Fund: 51 Resource: 0000 Unrestricted
- 2023-24 Estimated Actuals Fund: 57 Resource: 0000 Unrestricted
- 2023-24 Estimated Actuals Fund: 57 Resource: 9010 Other Restricted Local
- 2024-25 Budget Fund: 01 Resource: 0000 Unrestricted

Fund: 51 Bond Interest and Redemption Fund
Resource: 0000 Unrestricted 0000

+ Add Commitment + Add Assignment

Description	Object	2023-24 Estimated Actuals	Action
Ending Fund Balance	979Z	546,832.00	
Components of Ending Fund Balance			
Nonspendable			
Revolving Cash	9711	0.00	
Stores	9712	0.00	
Prepaid Expenditures	9713	0.00	
All Others	9719	0.00	
Restricted	9740	0.00	
Committed			
Stabilization Arrangements	9750	0.00	
Other Commitments	9760	0.00	
Assigned			
Other Assignments	9780	546,832.00	



san diego county office of
EDUCATION

FUTURE WITHOUT BOUNDARIESSM

**District Financial Services
Financial Accounting & Reporting**



Common Technical Review Exceptions

ADOPTED BUDGET .

Example 1

EFB-POSITIVE - (W) - Ending balance (Object 979Z) is negative for the following resources. Please explain the cause of the negative balances and your plan to resolve them. NOTE: Negative ending balances in Fund 01 restricted resources will be offset against available reserves calculated in Form 01CS and Form MYP, which can negatively affect the criteria and standards.

FUND	RESOURCE	NEG. EFB
01	0000	-149,959.12
Total of negative resource balances for Fund 01		-149,959.12

- ✓ **FIX:** All resources between the range of 0001-0999 roll into resource 0000 for SACS purposes. Check the PeopleSoft to see which resources are being used within that range and see which ones have a negative balance in their budget. These are the resources that need to be fixed.

Example 2

OBJ-POSITIVE - (W) - The following objects have a negative balance by resource, by fund:

FUND	RESOURCE	OBJECT	VALUE
01	9010	9790	-495,825.78

- ✓ **FIX:** All resources from 9000-9999 roll into resource 9010. Check the PeopleSoft to see which resources are being used within that range and see which ones have a negative balance in their budget. These are the resources that need to be fixed.

Example 3

OBJ-POSITIVE - (W) - The following objects have a negative balance by resource, by fund:

FUND	RESOURCE	OBJECT	VALUE
11	3555	4300	-73.98

- ✓ **FIX:** This is an abatement of prior year's supplies. The receipt should be recorded as revenue whenever the expense was incurred in the prior fiscal year. CSAM Procedure 560 Abatement of Expenditures.

Example 4

INTRAFD-INDIRECT - (F) - Transfers of Indirect Costs (Object 7310) must net to zero by fund.

FUND	OBJECT 7310
01	-534,648
13	534,648

✓ **FIX:** The entry should be charged to object 7350. The transaction should not be in the above object (Indirect Costs).

Example 5

INTERFD-IN-OUT - (F): Interfund Transfers In (objects 8910-8929) must equal Interfund Transfers Out (objects 7610-7629).

FUND	OBJECT	INTERFUND IN	INTERFUND OUT
01	7619	-----	357,894.00
01	8919	945,781.00	-----
12	7619	-----	658,796.00
40	7619	-----	1,458.00
52	8919	42,165.00	-----
67	7619	-----	17,841.00
TOTALS		987,946.00	1,035,989.00
DIFFERENCE:		-48,043.00	

✓ **FIX:** This exception has occurred since the total budget for all accounts in Objects 7610-7629 does not equal the total budget for all accounts in Objects 8910-8919. The difference of -\$48,043 needs to be accounted for. The district should review which fund needs to be adjusted to balance objects 7610-7619 with objects 8910-8929, thereby eliminating the exception.

Example 6

CHK-RESOURCExOBJECTA (W): The following combinations for RESOURCE and OBJECT (objects 8000 through 9999, except for 9791, 9793, and 9795) are invalid. Data should be corrected or narrative must be provided explaining why the exception(s) should be considered appropriate

ACCOUNT	RESOURCE	OBJECT	VALUE
FD - RS - PY - GO - FN - OB			
11-3926-0-0000-0000-9790	3926	9790	245,137.00

✓ **FIX:** The above resource is an Unearned Revenue (U) Resource (see CDE's website: <http://www.cde.ca.gov/fg/ac/ac/resource.asp> OR <https://www2.cde.ca.gov/sacsquery/querybyresource.asp>) This means that it cannot have an ending fund balance. Object 9790 is a component of the ending fund balance. All amounts in this Unearned Revenue Resource and in object 9790, must be cleared.

AUDIT

In April, the Education Audit Appeals Panel publishes the Standards and Procedures for Audits of California K-12 Local Educational Agencies (***Audit Guide***). Once published, the guide is made available at their web address at <http://www.cde.ca.gov/fg/au/ag/requirements.asp>. The audit guide provides direction for your contracted independent auditor to audit your financial statements. New and discontinued audit compliance areas for the fiscal year are addressed.

By December 15th of each year, the auditor must file an annual audit report with the County Office of Education, the California Department of Education and the State Controller's Office. This report will address the financial disposition of your school district. In addition, your auditor may report exceptions and make recommendations of corrective action in one or more of the following areas: 1) Attendance; 2) Inventory/Equipment; 3) Internal Controls; 4) State Compliance; 5) Federal Compliance; 6) Miscellaneous; 7) Instructional Materials; 8) Teacher Misassignments; 9) Associated Student Body and 10) School Accountability Report Card etc.

Ensuring a proper closing and an accurate reflection of the financial statements of your district reduces the possibility of audit exceptions.

Districts can establish a folder with frequently requested audit documents that can be used throughout the year and during the year-end closing process.

Annual Audit Checklist

ALL DISTRICT FUNDS AND GENERAL INFORMATION

The following checklist is designed to assist in the preparation of documents required by the auditors. We recommend that you take the time to gather as many of these items as possible prior to the visit, so that the audit can proceed more efficiently. This checklist is not all-inclusive, and additional documents not listed below may be requested by the auditors.

The annual audit is often performed in two phases. The interim phase of the audit is usually completed in the spring. During this time, the auditors will be testing attendance and ASBs at selected school sites as well as testing internal controls and compliance with Federal and State programs at the District Office. In the fall, the year-end phase of the audit is completed. During this time, the auditors will be following up on anything not completed during the interim phase as well as testing the account balances reported in the financial statements.

The following items will need to be reviewed throughout the year by the auditors. They will not need copies of this information, but the information has to be available for review:

1. Governing Board minutes from the period July 1 through the present. _____
2. Warrant registers/warrant detail query
(FAR_AP_WARRANT_DETAIL_ADDL) for the period July 1 through
the present. _____
3. Receipt books/all general ledger entries (FAR_GL_JOURNAL) for the
period July 1 through the present. _____
4. Payroll registers. _____
5. Payroll Expenditure Detail Report (PEDR). _____
6. Copies of TRANS, COPS or Bonds or other long term debt issued
during the year. _____
7. Form 700, Statement of Economic Interest for all board members and
members of management. _____

The following items will be needed for school sites selected for testing

Attendance

1. Monthly attendance reports. _____
2. Teacher scantrons or signed registers. _____
3. Absence notes and logs. _____
4. Tardy slips and logs. _____
5. School calendar, bell schedules, and listing of minimum days, staff development days, etc. _____
6. Independent study records, if applicable _____
7. Signed Kindergarten Retention forms, if applicable. _____

ASB

1. Student council minutes. _____
2. ASB annual budget. _____
3. ASB bank statements and reconciliations. _____
4. Listing of deposits and checks written to date. _____
5. Support for selected disbursements such as check requests, purchase orders, invoices, and cancelled checks. _____
6. Support for selected deposits such as bank deposit slips, revenue potentials, pre-numbered receipts, ticket control worksheets, cash count worksheets, etc. _____

The following items will be needed for Interim Fieldwork

General

1. 1st and 2nd Interim Budget Reports. _____
2. Copy of audit findings and corrective action plan for prior year audit findings. _____
3. Updates to certificated and classified collective bargaining agreements. _____
4. Certificated and classified salary schedules. _____
5. Copies of new capital lease agreements (for items such as copiers, portable buildings, buses, etc.). _____
6. Official statements for any new bond, COP, or other long-term debt issuances. _____

Cash

1. Cash receipt logs, original cash receipts and bank deposit receipts for any cash collection activities, including child care fees, adult education fees, developer fees, and transportation fees. _____
2. Bank statements, cancelled checks, and reconciliations for all District bank accounts, including revolving fund, clearing account, and food service account. _____

Cafeteria

1. Free and reduced-price meal applications. _____
2. Monthly claim forms for meal reimbursements and supporting documentation for meals claimed. _____
3. State remittances (bottom portion of checks accompanying Federal/State reimbursement checks). _____

State Compliance

See Education Audit Appeals Panel (EAAP) current year audit guide for complete listing of state compliance audit items: <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>

1. District instructional minutes summaries, including supporting documentation (school site calendars and bell schedules). _____
2. Any waiver received for emergency days or any other waiver for non-school days used in the calculation of instructional minutes. _____
3. List of any schools within the District that are subject to special instructional minutes requirements, if applicable. _____
4. P-2 and Annual attendance reports, including backup spreadsheets and site attendance summaries from attendance system. _____
5. CALPADS Report 1.17 & 1.18 _____
6. Notice of public hearing as required by EC Section 60119(b) for IMF (include when and where notice was posted), and resolution passed by the Board regarding sufficiency of textbooks and other instructional materials. _____
7. School Accountability Report Cards (SARCs) for each school selected for site attendance testing and relative Facility Inspection Tool (FIT) report. _____
8. Quarterly reports of summarized complaint data and facilities interim evaluation instruments (for Decile 1-3 schools) or equivalent facility inspection documents. _____
9. Ratio of Administrative employees to teachers, with supporting documentation attached. _____
10. List of teachers and assignments (identify classes with 20% or more English language learners). _____
11. Teacher credentials, including evidence of CLAD or equivalent credential to teach English language learners (will be inspected on a sample basis). _____
12. Local Control and Accountability Plan and related documents. _____
13. GANN limit calculation. _____
14. K-3 Grade Span Adjustment documentation, if applicable. _____

- 
15. Transportation maintenance of effort, if applicable. _____
 16. Listing of mental health expenditures, if applicable _____
 17. Listing of educator effectiveness expenditures, if applicable, and related supporting documentation (copy of plan, board meeting minutes presenting plan and board meeting minutes of board adoption). _____
 18. Listing of California Clean Energy expenditures, if applicable, and related supporting documentation. _____
 19. Education Protections Account – provide annual EPA resolution & final expenditure report must be posted on school district’s online website. _____
 20. Immunizations supporting documentation, if applicable. _____

Federal Compliance

During this phase of the audit, the Federal programs that will be tested in the current year are selected. It is best to let your program managers know the dates when the audit will be performed and that they may need to provide documentation to the auditors.

The following items will be needed for Year-End Fieldwork

General

1. SACS Unaudited Actuals Data File. _____
2. Fund 51 from County Auditor-Controller. _____
3. Adopted and Final Revised Budget Reports by Fund. _____
4. GASB 34 Conversion entries and supporting worksheets. _____
5. Management’s Discussion & Analysis (MD&A). _____
6. Detail of all Inter-fund Transfers, Due To and Due From accounts, including purpose of transactions. _____
7. Most recent audited financial statements for each JPA the District belongs to. _____
8. Outstanding construction commitments at June 30. _____
9. Conflict of Interest Statements from the board and management. _____
10. Board and County approval of any new funds. _____

11. List of all attorneys used by the district during the year. _____

12. List of all governing board members and District administrators who should be listed in the audit report as of June 30. Include name, office, and date term expires. _____

13. Supporting documentation for deferred inflows and outflows of resources. _____

14. GASB 68 & 75 supporting documentation. _____

15. Listing of charter schools authorized by school district, if applicable. _____

Assets

1. June 30 bank statements and reconciliations for all District and ASB bank accounts. _____

2. Accounts receivable detail listing by fund and resource. _____

3. June 30 warehouse inventory detail listing with final adjustments. _____

4. For other assets, such as prepaid expenses, provide a detailed listing that agrees to the general ledger. _____

Capital Assets

1. Capital assets inventory detail listing. _____

2. Support for additions, disposals, and depreciation expense through June 30. _____

Fund Balance

1. Explanations for any restatements made to the July 1 beginning fund balances, if applicable. _____

2. Provide detailed balances for all non-spendable, restricted, committed and assigned balances. Board policy approving committed balances, if applicable. _____

Liabilities

1. Accounts payable detail listing by fund and resource. _____

- 
2. Copy of current year and subsequent year TRAN documents, if applicable. _____
 3. Deferred revenue detail by fund and resource. _____
 4. For other liabilities, provide a detailed listing that agrees to the general ledger. _____

Long Term Debt

1. Accrued vacation listing by employee as of June 30. Include all employees, rate of pay, hours of unused vacation, and statutory benefits applicable. _____
2. Schedule of vacation taken between July 1 and August 31 for all employees included in accrued vacation listing. _____
3. Copies of any new lease agreements (both capital and operating), including payment schedules. _____
4. Copy of most current actuarial study & calculation of Actuarially Determined Contribution (ADC). _____
5. Official statements for any new bond, COP, or QZAB issuances. _____
6. If you had a "Golden Handshake" early retirement incentive, provide copies of the County Office approved certification forms and all supporting schedules used to prepare the certification form. _____
7. Copies of any other long-term debt supporting documentation, including any other type of early retirement incentives. _____

Revenue

1. Supporting schedules for revenue limit calculations. _____
2. Final Form J-29B (Actual property taxes collected). _____
3. County quarterly interest printouts. _____
4. 4th Quarter lottery apportionment schedule and support for accrual calculation. _____
5. Listing of developer fee collections that tie to the general ledger. _____
6. Form CAT or alternative form used. _____
7. Grant and Award letters for all categorical funds received. _____

8. Consolidated Application (Parts I & II).

Cafeteria

1. June 30 financial report (if not on the County system).

2. Detail listing of accounts receivable and accounts payable.

3. Stores inventory at June 30. Make sure that the "commodity" items are reflected at fair market value.

4. Schedule of donated commodities.

5. Monthly claim forms.

6. Free and reduced-price meal applications.

7. State remittances (bottom portion of checks accompanying Federal/State reimbursement checks).

ASB Funds

1. Balance sheet and income statement for all ASBs

2. Inventory records for student stores, if applicable

3. June 30 bank reconciliations and bank statements.

** Note: Some of the items from the Interim phase of the audit may still be required if not already provided to your auditor*

State Compliance

1. Annual attendance report, including supporting schedules.

2. Expenditure report for the ASES program (resource 6010) by object and function, if applicable.

3. Support for ASES program cash or in-kind local contribution, if applicable.

Federal Compliance

1. Detail listing of the Federal programs recorded in object 8290, with an unrestricted resource, or with resource 5810 (other Federal).

- 
2. Listing of federal expenditures for the year and any pass-through federal revenue to other organizations. _____

ACCOUNTING UPDATES

This section provides SACS accounting changes for the current year, as well as for subsequent years.

Additional Resources

1. California School Accounting Manual (CSAM) 2019 Edition
<http://www.cde.ca.gov/fg/ac/sa/>
2. California Department of Education (CDE) Correspondence Website at
<http://www.cde.ca.gov/fg/ac/co/>
3. School Services of California (SSC) Fiscal Report Articles at
<http://www.sscal.com/>
4. SACS Matrix Updates included with CDE's SACS Validation Tables Update Notification <http://www.cde.ca.gov/fg/ac/ac/validcodes.asp>
5. SACS Forum Meetings
<https://www.cde.ca.gov/fg/ac/ac/sacsforumrecap.asp>
6. SACS Frequently Asked Questions. Enclosed
<https://www.cde.ca.gov/fg/ac/ac/sacsfaq.asp>



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**California Department of Education
Official Letter**

March 7, 2024

Dear County and District Superintendents, Chief Business Officials:

**Notification of School District Reserve Cap
Requirements
2024–25 Fiscal Year**

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves continues to be in effect for the 2024–25 budget period, pursuant to *Education Code (EC)* Section 42127.01(e).

The district reserve cap requires that a school district's adopted or revised budget pursuant to *EC* Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap.

The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to *EC* Section 42127.01(c), defined as follows:

- Small School Districts: Average daily attendance of fewer than 2,501 pupils.
- Basic Aid Districts: Local property taxes are greater than Local Control Funding Formula Entitlement, less funding for Categorical Minimum State Aid, pursuant to *EC* Section 42238.02(o).

A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap, pursuant to *EC* Section 42127.01(b).

As a condition of receiving an exemption from the county superintendent of schools, school districts must do the following:

1. Provide a statement that substantiates the need for a combined assigned and unassigned ending general fund balance that is in excess of the reserve cap.
2. Identify the funding amounts in the adopted or revised budget that are associated with the extraordinary fiscal circumstances.
3. Provide documentation that no other fiscal resources are available to fund the extraordinary fiscal circumstances.

If you have any questions, please email the Fiscal Oversight and Support Office at sacsinfo@cde.ca.gov.

Sincerely,

/s/

John Miles, Administrator
Fiscal Oversight and Support Office

Last Reviewed: Tuesday, March 12, 2024



[Home](#) / [Finance & Grants](#) / [Accounting](#) / [Standardized Account Code Structure \(SACS\)](#)

SACS Forum Meeting Minutes, November 2023

Standardized Account Code Structure (SACS) November 7, 2023 meeting minutes.

Meeting held via webinar at the California Department of Education (CDE), Sacramento

Meeting Agenda

Announcements and Information

- [2022–23 Unaudited Actuals \(UA\) Submissions – California Department of Education \(CDE\) Review](#)
- [Email Contact Information](#)
- [Staff Updates](#)

Accounting Update

- [Special Education Goals to Child Development \(Fund 12\) Update](#)
- [Every Student Succeeds Act \(ESSA\) Per-Pupil Expenditure \(PPE\) Reporting Update](#)
- [School Level Finance Survey \(SLFS\)](#)
- [Resource Code Updates](#)
- [Indirect Cost Rate Calculation – Office of Management and Budget Proposed Changes to the Uniform Guidance for Federal Awards \(OMB 2 C.F.R Part 200\)](#)
- [Governmental Accounting Standards Board \(GASB\) 100 – Accounting Changes and Error Corrections](#)
- [GASB 101 – Compensated Absences](#)

SACS Financial Reporting

- [SACS Web-based Financial Reporting System \(SACS Web System\) Updates](#)
- [Proposed SACS Web System 2024 Changes: Criteria and Standards](#)

Next Meeting

Meeting Minutes

Announcements and Information

2022–23 Unaudited Actuals (UA) Submissions – California Department of Education (CDE) Review

In November CDE will begin the process of reviewing the 2022–23 unaudited actuals data submissions.

A focus of the review will be local education agency (LEA) indirect cost rate calculations, which will provide the rates to be used in 2024–25. The review is to ensure the rates calculated are in accordance with the CDE's delegation agreement with the U.S. Department of Education (ED). In addition, the CDE wants to ensure the financial data is accurate, consistent, and reliable.

CDE staff may contact LEA staff with questions regarding the indirect cost rate calculation or any other financial reporting questions. CDE appreciates LEA staff's timely assistance with these questions in order to ensure the statewide financial data will be published in a timely manner.

Email Contact Information

The CDE provided the following list of email accounts for LEAs to direct their questions:

sacsinfo@cde.ca.gov: Questions pertaining to accounting and financial reporting, including using the standardized account code structure (SACS) (e.g., resource coding, valid codes and combinations for specific programs, SACS Query), indirect cost rate (ICR) usage, any other area besides the SACS Web System and submitting unaudited actuals data to the CDE (see below).

sacsweb@cde.ca.gov: Questions pertaining to the SACS Web System, including system access, system technical issues, system workflow issue, issue promoting and submitting datasets.

unauditedactuals@cde.ca.gov: Questions pertaining to submitting the unaudited actual year-end financial data, including submission due dates and promoting or resubmitting or certifying unaudited actual data to the CDE.

Staff Updates

CDE announced that a new consultant, Cindi Mallet, was recently hired in the Fiscal Oversight and Support Office.

Accounting Updates

Special Education Goals to Child Development (Fund 12) Update

The discussion regarding opening Special Education goal codes (5XXX) to Fund 12, Child Development Fund, was proposed during the [SACS Forum meeting February 14](#) and [SACS Forum meeting May 16, 2023](#). CDE received inquiries from LEAs requesting the combinations be opened to better track Special Education expenditures recorded in Fund 12. The CDE had requested

feedback from LEAs but did not receive much. A concern with opening the Special Education goal codes in Fund 12 is it would potentially cause issues in calculating the Maintenance of Effort (MOE). Therefore, CDE decided we will not open 5XXX goal codes to Fund 12 at this time.

Every Student Succeeds Act (ESSA) Per-Pupil Expenditure (PPE) Reporting Update

The collection period for 2022–23 data will begin in December of 2023 with data due to be submitted by March 1, 2024. The CDE will be emailing LEAs access codes at the beginning of December or end of November.

LEAs are instructed to use the enrollment data prepopulated in the ESSA PPE Application for this reporting. One informational webinar will be held in January of 2024 which will provide additional information necessary for ESSA PPE reporting. Any questions regarding ESSA PPE may be sent to essappe@cde.ca.gov.

School Level Finance Survey (SLFS)

The Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by ESSA, requires state educational agencies and their LEAs to prepare and publish annual report cards that contain specified data elements, including LEA and school-level per-pupil expenditures. To strengthen the data that has been collected via the ESSA PPE requirements, the National Center for Education Statistics (NCES) within the ED, along with the Office of Civil Rights (OCR), is implementing a new requirement. The SLFS will allow for more continuity in reporting data at the school-level so that expenditures can be compared on a local, state, and national level.

The Civil Rights Data Collection, through which the SLFS is completed, is a mandatory data collection that recipients are required to meet. The SLFS is utilized to provide data to researchers, state and federal agencies, and the general public on topics such as resource inequities, correlation at the school and per-pupil level of expenditures across states, how expenditures vary between low and high-income schools, and how spending on different functions affects student outcomes.

The SLFS data collection differs from the ESSA PPE requirement in that it collects financial data at a higher level of detail at the school level while not collecting data at a per-pupil level. CDE will collect the SLFS data from LEAs via the existing ESSA PPE data collection system. ESSA PPE data will be utilized to fulfill the reporting requirements for LEAs through 2022–23, however, additional information will be required of LEAs to fulfill this requirement starting with 2023–24 data. The table below contains information as to the required data beginning with the reporting of 2021–22.

Fiscal Year	Required Data
2021–22	ESSA PPE submission
2022–23	ESSA PPE submission
2023–24	NCES Function Instruction (1000)

2024–25 and beyond	<p>NCES Functions:</p> <ul style="list-style-type: none">■ Instruction (1000)■ Pupil Support Services (2100)■ Instruction Support Services (2200)■ School Administration (2400) <p>Plus, three exhibits:</p> <ul style="list-style-type: none">■ Salaries paid to teachers (With NCES Function 1000)■ Salaries paid to instructional staff or assistants (With NCES Function 1000)■ Books and Periodicals (with NCES Functions 1000 and 2200)
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Calculating School-Level SLFS Data

Please note that the guidance below works within the current standardized account code structure (SACS) and the current CDE financial data collection process. SLFS does not require that states or LEAs develop new accounting structures or data collection systems to implement this reporting requirement.

The SLFS rollout will be gradual, starting with the 2023–24 data collection. LEAs must report total instructional costs per site, utilizing current expenditures from SACS Functions 1000, 1100, 1110–1130, and 1190. Starting in 2024–25, all SLFS data elements must be reported, including salary information tied to specific function codes, instructional costs, books and periodicals, and technology-related expenses. Please see Figures 1a and 1b below for additional information.

LEAs, including charter schools, will calculate school-level SLFS data using the financial data available in their local accounting systems. The SLFS data collection is designed to supplement, not supplant, data already collected via the ESSA PPE data reporting requirements.

Figure 1a

NCES Function	NCES Description	SACS Function(s)
---------------	------------------	------------------

1000	Instruction	<p>1000 - Instruction</p> <p>1110- Special Education: Separate Specialist Instruction</p> <p>1120 - Special Education: Resource Specialist Instruction</p> <p>1130 - Special Education: Supplemental Aids and Services in Regular Classrooms</p> <p>1190 - Special Education: Other Specialized Instructional Services</p>
2100	Student Support Services	<p>3110 - Guidance and Counseling Services</p> <p>3120 - Psychological Services</p> <p>3130 - Attendance and Social Work Services</p> <p>3140 - Health Services</p> <p>3150 - Speech, Pathology, and Audiology Services</p> <p>3900 - Other Pupil Services</p>
2200	Instructional Staff Support	<p>2100 - Instructional Supervision and Administration</p> <p>2130 - Curriculum Development</p> <p>2140 - In-House Instructional Staff Development</p> <p>2420 - Instructional Library, Media, and Technology</p> <p>2490 - Other Instructional Resources</p> <p>3160 - Pupil Testing Services</p>
2400	School Administration	2700 - School Administration

Figure 1b

NCES Description	SACS Object(s)
Salaries paid to teachers (with NCES Function 1000)	1100 - Certificated Teachers' Salaries

Salaries paid to instructional staff or assistants (with NCES Function 1000)	2100 - Classified Instructional Salaries 2200 - Classified Support Salaries 2900 - Other Classified Salaries
Books and Periodicals (with NCES Functions 1000 and 2200)	4100 - Approved Textbooks and Core Curricula Materials 4200 - Books and Other Reference Materials

The following are guidelines and other information to assist LEAs with their SLFS calculations. To conform with federal financial data collections, the CDE used National Public Education Financial Survey (NPEFS) guidelines to calculate current expenditures.

Included Expenditures

To meet the SLFS requirement, LEAs need to report all expenditures related to the day-to-day operation of public schools, which includes those incurred by school districts. These expenses involve staff salaries, benefits, supplies, purchased services, as well as general and school administration costs. It is important to note that the law requires actual expenditures, not budgeted or estimated, to be used in the SLFS calculation.

Excluded Expenditures

Certain expenditures should be excluded when reporting school-level financial information. For example, expenditures not associated with prekindergarten through grade twelve students, such as adult education. Additionally, one-time significant expenditures, such as facility acquisition, should be excluded as it may distort the school-level data. The CDE recommends LEAs consider the following categories for exclusion:

- Adult Education (Fund 11; Goal 4XXX)
- Capital Outlay (Function 8500; Object 6XXX)
- Community Services (Goal 8100, Function 5000)
- Debt Service (Function 9100, Object 74XX)
- Nonagency (Goals 7110 and 7150)
- Tuition (Function 9200, Object 71XX)
- Transfers (Functions 9200 and 9300; Object 72XX, 76XX)
- County Services to Districts (Goal 8600)

Resource Code Updates

The CDE released a validation table update dated September 29, 2023. All code combinations contained in the table update were included in the October 25 release of the SACS Web System.

The validation tables will continue to be posted on the CDE [SACS Valid Codes and Combinations](#) web page for those LEAs who continue to use the tables in their local accounting systems.

The September 29 update included three new resource codes:

4129 – Bipartisan Safer Communities Act - Stronger Connections Grant (BSCA-SCG)

6018 – Student Support and Enrichment Block Grant (COE's only)

7399 – Local Control Funding Formula (LCFF) Equity Multiplier

CDE also added end dates to the following programs, which will no longer be valid after June 30, 2024:

4810 – Other ARRA Programs

7431 – COVID-19 Supplemental Funding for ROCPs

The following programs were also ended and will no longer be valid after June 30, 2025:

7422 – In-Person Instruction (IPI) Grant

7425 – Expanded Learning Opportunities (ELO) Grant

7426 – Expanded Learning Opportunities (ELO) Grant – Paraprofessional Staff

Participants who wish to receive email notifications of future table updates can subscribe to the mailing list by sending a blank message to join-sacs-update@mlist.cde.ca.gov. The email notification contains links to the downloadable files and a summary document of the changes.

Indirect Cost Rate (ICR) Calculation – Office of Management and Budget Proposed Changes to the Uniform Guidance for Federal Awards (OMB 2 C.F.R. Part 200)

The Office of Management and Budget (OMB) has proposed changes to the Uniform Guidance, OMB 2 C.F.R. Part 200, which establishes uniform administrative requirements, cost principles and audit requirements for federal awards.

The CDE shared that OMB has proposed changes to several other sections of Part 200, however CDE is focusing on the following proposed changes that impact the ICR calculation.

- Increase the Federal Single Audit compliance threshold from \$750,000 (2.CFR 200.501) to \$1,000,000. SACS Function Code 7190 is used to record annual financial audits conducted pursuant to the Single Audit Act. Costs reported in this function are included in the LEA's indirect cost pool on the Form ICR.

- Increase the threshold from \$5,000 to \$10,000 in determining items that are considered equipment. Currently, property costing up to \$5,000 (2.CFR.200.33) can be charged to federal grants as supplies rather than equipment. Amounts charged as supplies (Objects 4000-4999) are included in the total base costs. Amounts charged to Object 6400, Equipment, and 6500, Equipment Replacement, are excluded entirely from the ICR calculation.
- Increase the exclusion threshold of subagreements from \$25,000 to \$50,000. Current indirect cost guidelines allow that up to \$25,000 (2.CFR.200.68) for each individual subagreement may be coded to Object 5800, Professional/Consulting Services & Operating Expenditures, with the remainder charged to Object 5100, Subagreements for Services. Amounts charged to Object 5800 are included in the ICR calculation and in eligible program expenditures on which indirect costs are charged. Amounts charged to Object 5100 are excluded entirely from the ICR calculation and excluded from eligible program expenditures on which indirect costs are charged.

A participant asked if CDE will change the inventory threshold which is currently set at \$500. CDE clarified that the inventory threshold is a state law and not something CDE can change. CDE is not aware of any current legislation proposing to change the inventory threshold.

Another participant asked if the proposed changes affecting the ICR calculation are taking effect for 2024. CDE responded there was no effective date in the proposal document. CDE is awaiting more information from OMB.

Governmental Accounting Standards Board (GASB) 100 – *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*

GASB 100 was issued in June 2022 and is effective for 2023–24. It is an amendment of GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, which was issued in December, 2010.

Prior-period adjustments were addressed in GASB 62 but were removed from this Statement because the Board found that the term “prior-period adjustments” was for transactions that resulted in an adjustment to or restatement of prior periods, so it is method of recognition, rather than a type of transaction. The elimination of prior-period adjustments is to remove redundancies and to alleviate confusion in practice.

This Statement addresses accounting and financial reporting for accounting changes and error corrections. Four types of transactions are grouped into two main categories:

1. Accounting Changes

- a. Change in Accounting Principle
- b. Change in Accounting Estimate
- c. Change to or within the Financial Reporting Entity

2. Error Corrections

The following are key points for implementing the provisions of GASB 100 for each type of transaction.

Change in Accounting Principle

- Change from one generally accepted accounting principle (GAAP) to another GAAP – justification is required to explain why the new principle is preferable.
- Adoption of a new accounting principle: justification is not required.
- A change from non-GAAP to GAAP is error correction, not a change in accounting principle.
- A change in accounting principle should be reported retroactively by restating prior periods, if practicable.
- For governments that report a single period in financial statements, the beginning position should be restated for the cumulated effect of the change.
- For governments that report comparative financial statements, all periods should be restated, and the beginning position of the earliest period should be restated for the cumulated effect of the change. If it is not practicable to restate all prior periods, restate beginning balances of current period.

Change in Accounting Estimate

- This Statement clarifies that accounting estimates are outputs determined based on inputs.
- A change in accounting estimate occurs when inputs change.
 - ◆ Example: change from straight-line method to double-declining balance method for capital asset depreciation.
- A change in accounting estimated should be reported prospectively by recognizing the change in the current period.

Change to or within the Financial Reporting Entity

- This Statement is expanded from GASB 62 to include certain changes in the funds.
 - ◆ Example: addition or removal of a fund resulting from movement of resources.
- The change to or within the financial reporting entity should be reported by adjusting the current reporting period's beginning net position, fund balance, or fund net position, as applicable, for the effect of the change as if the change occurred as of the beginning of the reporting period.

- ❖ Example: Fund A is combined into Fund B. The beginning balance of Fund B should be adjusted to include the balance of Fund A.

Error Correction

- Examples include mathematical miscalculations, misapplication of accounting principle, and misuse of all the facts that existed as of the financial statement date.
- As stated earlier, a change from non-GAAP to GAAP is error correction, not a change in accounting principle.
- An error correction should be reported retroactively by restating prior periods presented.
- For governments that report a single period in the financial statements, the beginning position should be restated for the cumulated effect of the change.
- For governments that report comparative financial statements, all periods should be restated, and the beginning position of the earliest period should be restated for the cumulated effect of the change. If it is not practicable to restate all prior periods, restate beginning balances of current period.

This Statement also requires disclosure in notes in financial statements and addresses how the information should be presented in required supplementary information, including management's discussion and analysis, and supplementary information, including the statistical section tables.

[GASB 100](#)  (PDF) is available on the GASB website.

GASB 101 – *Compensated Absences*

GASB 101 was issued in June 2022 and will be effective for 2024–25. This Statement supersedes GASB 16, *Accounting for Compensated Absences*, that was issued in 1992.

Under GASB 16, compensated absences were defined as absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave.

The definition of compensated absences under GASB 101:

“A *compensated absence* is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payments for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits.”

Examples are vacation (or annual) leave, sick leave, paid time off, holidays, parental leave, bereavement leave, and certain types of sabbatical leave (such as unrestricted sabbatical leave).

Following are the exceptions that are not recognized as a liability for compensated absences:

- Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits.

- Parental leave, military leave, and jury duty leave until the leave commences.
- Unlimited leave until the leave is used.
- Holiday leave that is taken on specific date not at the discretion of employees.
- Restricted sabbatical leave.

For governments that have the “use-it-or-lose-it” policy, i.e., unused leave will be forfeited at the end of fiscal year, no liability is to be recognized because the governments do not have an obligation to provide time off or payment or settlement in the future period.

Recognition and Reporting of Compensated Absence in Government-wide Financial Statements

1. Leave that has not been used

- Recognize a liability if all the following are met:
 - ❖ Services already rendered.
 - ❖ Leave accumulates.
 - ❖ More likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

2. Leave that has been used but is not settled in cash or through other means

- Recognize a liability, including any applicable salary-related payments.

As stated in GASB 101, appendix B, paragraph B12, the definition of “more likely than not” has been established as the likelihood of occurrence is more than 50 percent.

Recognition and Reporting of Compensated Absence in Governmental Funds

- No change from previous statement, i.e., GASB 16.
- Recognize expenditures only when payments come due upon the occurrence of relevant events (e.g., employee resignations and retirements).

No expenditure would be recognized for unpaid balance of compensated absence for active employees.

- For portion of compensated absences used but not yet paid as of fiscal year end, the liability may be reported as salaries payable.

California School Accounting Manual Procedure 465, Liability for Compensated Absences in Governmental Funds

Overall, the procedure is still correct, except the following:

“...In most LEAs, because sick-leave days are not normally paid at termination, they are not a liability for purposes of this procedure...”

Under GASB 16, no liability would be calculated or accrued in the government-wide financial statements. The rationale was that unused sick leave accumulated and might be used by employees at any time, but any unused sick leave would be forfeited upon termination.

Under GASB 101, LEAs will be required to perform an analysis to determine a liability in government-wide financial statements to estimate how much sick leave balances are more likely than not to be used as time off in future reporting periods. The rationale is that some of the accrued sick leave may be used before separation by employees and some will be forfeited when the employees separated from the government.

Considerations for implementation

- Review types of leave provided by the LEA.
- Review the employment policies for each type of leave.
- Start to gather historical information about the use, payments, or forfeiture of compensated absences.

[GASB 101](#)  (PDF) is available on the GASB website.

SACS Financial Reporting

SACS Web-based Financial Reporting System (SACS Web System) Updates

Release Dates

- 2022–23 Unaudited Actuals released June 30
 - ◆ Special Education Maintenance of Effort reports released August 25
 - ◆ Government-wide reports released September 29
- 2023–24 1st Interim released October 25
- 2023–24 2nd Interim anticipated by mid-January 2024

Reminders

Issue: The 2023–24 Interim period forms do not extract data from 2022–23 Unaudited Actual submissions. 2022–23 Unaudited Actual amounts will need to be manually entered into the following 2023–24 Interim period forms:

- Criteria and Standards (Form 01CSI)
- Every Student Succeeds Act Maintenance of Effort (Form ESMOE)
- Update: Indirect Cost Rate Worksheet (Form ICR)
- Special Education Maintenance of Effort (Report SEMAI)

Proposed SACS Web System 2024 Changes: Criteria and Standards

CDE recently convened a Criteria and Standards (C&S) committee on September 18, 2023. Pursuant to *Education Code* Section 33127, updates to the C&S will need to be reviewed by a committee and adopted by the State Board of Education (SBE). The last committee convened in 2013 for the implementation of LCFF. The recently convened committee was mainly language clean-up such as removing terminology no longer applicable to LCFF, technical changes to improve fiscal monitoring reviews, and change ADA threshold from 400,000 to 250,000 to conform to Senate Bill 913 (Chapter 920, Statutes of 2022).

The proposed changes will be presented to the SBE in January 2024 for adoption. If adopted by the SBE, the revisions will deploy in the SACS Web System 2024–25 budget and interim reporting periods and the changes will be applicable to districts, COEs, and JPAs.

Following are the criteria affected by the proposed changes:

1. Remove terminology no longer applicable to LCFF

- LCFF Revenue – Criterion 2/4
- Salaries and Benefits – Criterion 3/5

2. Technical changes to improve fiscal monitoring reviews where Form CASH will be required for the budget reporting period. Note that LEAs may continue to use their own cashflow worksheet. Currently, Form CASH is only required for interim reporting periods. The projected end of fiscal year cash balance criterion will be added to the budget period C&S. Consequently, the Fund Balance Criterion will be renamed to Fund and Cash Balances Criterion (7/9).

3. The ADA threshold will be changing the last tier from 400,000 to 250,000, which will be applicable to school districts and JPAs only.

- Fund Balance – Criterion 9
- Reserves Criterion – Criterion 10

NOTE: Subsequent to the November 7th meeting, the SBE reviewed and adopted the above changes to C&S at the January 18, 2024 State Board Meeting.

Next Meeting

The next SACS Forum is tentatively scheduled for Tuesday, February 13, 2024. CDE is again planning on offering the forum via webinar only.

UPDATE: The February 13 SACS Forum was cancelled. The next forum is scheduled for May 14, 2024.

Questions: Financial Accountability & Information Services | sacsinfo@cde.ca.gov | 916-322-1770

Last Reviewed: Friday, February 2, 2024



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SACS Forum Meeting Minutes, May 2024

Standardized Account Code Structure (SACS) May 14, 2024 meeting minutes.

Meeting held via webinar at the California Department of Education (CDE), Sacramento

Meeting Agenda

Announcements and Information

- [Local Education Agency \(LEA\) Approved Indirect Cost Rates Posted](#)
- [2022–23 Unaudited Actuals \(UA\) Submissions – Observations](#)
- [SACS Web System 2024 Budget Release](#)
- [California School Accounting Manual Update \(CSAM\)](#)

Accounting Update

- [Validation Tables](#)
- [Every Student Succeeds Act \(ESSA\) Per-Pupil Expenditure \(PPE\) Reporting Update](#)
- [School Level Finance Survey \(SLFS\)](#)
- [Child Care and Development Programs Transferred to Department of Social Services \(DSS\) Reminder](#)

Accounting Discussion

- [Proposition \(Prop\) 28: Arts and Music in Schools \(AMS\) Discussion](#)

Next Meeting

Meeting Minutes

Announcements and Information

Local Education Agency (LEA) Approved Indirect Cost Rates Posted

The 2024-25 approved indirect cost rates have been published and can be found on the CDE's [Indirect Cost Rate \(ICR\)](#) web page.

2022–23 Unaudited Actuals (UA) Submissions – Observations

The CDE provided a list of accounting and reporting observations (DOCX) made during review of the 2022–23 unaudited actuals data reviews. Once again, indirect cost rate calculations were the focus of these reviews and associated observations are also noted on this list.

The document also includes several observations made during Charter School Alternative Form reviews. Note that this was the first year of the Alternative Form data collected in SACS Web System with a number of new technical review checks.

SACS Web System 2024 Budget Release

The 2024–25 Budget reporting period was released on May 3rd.

California School Accounting Manual Update (CSAM)

The CDE announced it is working on a CSAM update which is planned for publishing late 2024 – early 2025. The last CSAM update was in 2019. Some of the updates will include account code and other accounting changes associated with Governmental Accounting Standards Board (GASB) statements and resource code changes (new and obsolete).

Accounting Updates

Validation Tables

An overview was given of the latest validation table update. All new account codes and combinations were included in the SACS Web System 2024-25 Budget reporting period released May 3.

The update included the following updates:

New Resource Codes

Resource	Title	Effective Year
6620	Reversing Opioid Overdoses	2023–24
7034	Child Nutrition: Commercial Dishwasher Grant	2023–24

New Combination

Fund	Resource	Effective Year
Child Development Fund (Fund 12)	6670 – Arts and Music in Schools (AMS) – Funding Guarantee and Accountability Act (Proposition 28)	2023–24

Change of Accounting

Resource	Title	Change
6334	CA Community Schools Partnership Act – Technical Assistance Center Contacts	Now subject to unearned revenue

Programs Ending

Resource	Title	Effective Year
3180	NCLB: Title I, School Improvement Grant	2024–25
3215	Governor’s Emergency Education Relief Fund: Learning Loss Mitigation	2023–24
5653	Project School Emergency Response to Violence (SERV)	2023–24
5654	Immediate Aid to Restart School Operations (Restart)	2023–24

The validation tables will continue to be posted on CDE’s [SACS Valid Codes and Combinations - Standardized Account Code Structure \(SACS\) \(CA Dept of Education\)](#) web page for those LEAs who continue to use the tables in their local accounting systems.

Every Student Succeeds Act (ESSA) Per-Pupil Expenditure (PPE) Reporting Update

The 2022–23 report has been finalized and data is currently being prepared for inclusion in the Local Agency Report Card (LARC).

Common issues identified in the 2022–23 reporting were discussed. It was noted that LEA level expenditures need to include school expenditures in their calculations. Discrepancies in the LEA level expenditures were the most common reason for LEAs having their submittal returned this year.

Other common issues included LEAs failing to list any excluded expenditures (LEAs are expected to have some excluded expenditures each year) and the failure of LEAs to certify after entering their data.

LEAs will receive 2023–24 reporting instructions in November 2024. LEAs are encouraged to wait until after the annual webinar, typically scheduled in January, to complete their report.

For related questions, please contact ESSAPPE@cde.ca.gov, which is monitored year-round.

School Level Finance Survey (SLFS)

The CDE shared the new [School Level Finance Survey \(SLFS\) Reporting](#) web page. The webpage includes:

- SLFS information presented at prior SACS Forums
- 14-minute video explaining the new requirement
- Copy of the CDE notification about this new requirement
- Frequently asked questions which include questions received as early May 2024

The CDE has been working with its developers to modify the existing ESSA-PPE reporting application to capture SLFS data. Once the modifications have been completed, the CDE will create a video tutorial to familiarize users with the application.

The collection window of December 2024 to March 2025 will collect FY 2023–24 financial data. LEAs will need to provide the total current expenditures (both school-level and central) for NCES Function 1000 (Instruction) for each of its schools. Crosswalks have been created and are available at the SLFS webpage to assist LEA's in converting NCES Functions to SACS Functions. For example, to calculate NCES Function 1000, an LEA will need to obtain the sum of SACS Function codes 1000, 1110, 1120, 1130, and 1190 for total current expenditures at the school level and the share of central expenditures.

For SLFS related questions, please contact SLFS@cde.ca.gov.

Child Care and Development Programs Transferred to Department of Social Services (DSS) Reminder

CDE reminded LEAs they may continue to use existing SACS resource codes previously established for the child care and development programs that are now administered by DSS. As a reminder, CDE will not update the SACS Query for new funding administered by DSS. Any new Program Cost Account codes (PCAs) administered by DSS for existing programs will not be added to the SACS Query. LEAs will need to search by resource code or title name to confirm that there is an existing resource code. Generally, CDE only assigns resource codes for programs that are administered by CDE.

For new DSS administered child care and development programs, CDE established the following locally defined resource code ranges for LEAs to further track the funding in their local systems:

- Federally funded resource range 5160–5199: Must roll up to Resource 5160 when reporting data to CDE
- State funded resource range 6160–6199: Must roll up to Resource 6160 when reporting data to CDE

For additional information on DSS administered child care and development programs, please refer to DSS webpage: <https://www.cdss.ca.gov/inforesources/child-care-and-development> .

Accounting Discussion

Proposition (Prop) 28: Arts and Music in Schools (AMS) Discussion

Background: Proposition 28 has several reporting requirements, both at the school site and local education agency (LEA) level. One of the reporting requirements at the LEA level is the Expenditure Report. The Expenditure Report requires LEAs to report to the CDE the amount of unexpended funds by October 1 after the three-year expenditure spending period concludes, or 60 days after ceasing operation (charter schools only). The CDE suggested two options to demonstrate compliance: 1) using locally defined SACS Resource Codes to differentiate expenditures by allocation fiscal year, and 2) using a locally defined SACS Function or Goal Code to identify all arts education program expenditures regardless of funding source.

CDE asked for feedback from LEAs on how they are differentiating expenditures by allocation fiscal year.

Many of the participants expressed that they are using Project Year to distinguish between the allocation years. Participants provided examples on how to use Project Year to record expenditures. Some mentioned that it may be challenging when districts within the same county may be using the Project Year field inconsistently from each other.

A few LEAs requested for a locally defined resource code range (e.g. 6771, 6772, and 6773). Participants discussed that using the locally defined resource codes would cause an additional burden to set up the accounts each year and train staff on how to properly code expenses each year.

A comment was made to use the First in, First Out method as this streamlines the expenditure reporting process throughout the year. Another comment was made that for a small LEA they can use a spreadsheet program such as Excel to track expenditures and roll up information to Resource Code 6770.

Comments were made that some LEAs are using locally defined goal and function codes to track expenditures by allocation year.

NOTE: CDE reviewed LEA feedback and concluded it will not be opening additional resource codes to capture future year allocations for Proposition 28. CDE suggests LEAs utilize their local accounting systems and tools to differentiate expenditures for audit purposes. The CDE would like to remind LEAs of the previously suggested guidance of using locally defined Goal and Function codes. Additionally, for LEAs that are using Project Year, CDE recommends review of CSAM Procedure 315.

Next Meeting

The next SACS Forum is tentatively scheduled for Tuesday, November 5, 2024. CDE is planning on offering the forum via webinar only.

To receive email notification of future meetings, meeting handouts, and notice when meeting minutes and recordings are posted to the web, please send a blank message to join-sacs-forum@mlist.cde.ca.gov to subscribe to the sacs-forum mailing list.

Questions: Financial Accountability & Information Services | sacsinfo@cde.ca.gov | 916-322-1770

Last Reviewed: Tuesday, June 18, 2024



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Frequently Asked Questions - SACS

Frequently asked questions regarding standardized account code structure (SACS) financial reporting.

Education Protection Account

1. Have unique account codes been established for the Education Protection Account (EPA) entitlement?
 2. How should the adjustment of the EPA entitlement from P-2 to Annual be recorded?
 3. How should Local Educational Agencies (LEAs) record EPA expenditures? Since the EPA entitlement merely replaces state aid funds that have always been reported in Resource 0000, is it appropriate to accumulate the costs in Resource 0000 and then make a direct cost transfer from Resource 0000 to Resource 1400?
 4. Must expenditures of EPA funds be charged directly to the EPA resource at the time of expenditure, or may periodic or annual adjusting entries be made between another resource and Resource 1400?
 5. Can EPA funds be transferred to other resources?
 6. Can contributions from other resources (funding sources) be made to Resource 1400?
 7. Can EPA funds be carried over into the following year?
 8. Must the EPA entitlement be allocated proportionately to the programs that generate Average Daily Attendance (ADA)?
 9. The law specifies that LEAs may not use EPA funds for salaries or benefits of administrators or any other administrative costs. What is the definition of administrative costs?
 10. Specifically, for what types of activities may EPA funds be used?
 11. May EPA funds be used for indirect costs?
 12. Will the California Department of Education (CDE) provide a template that LEAs can use for reporting EPA revenues and expenditures?
 13. The law requires that the use of EPA funds be determined by the governing board at an open public meeting. Does this meeting need to be a separate meeting only for the discussion of EPA funding?
 14. When should the open public meeting for discussing the use of EPA funding be held?
 15. Will the CDE provide guidance or sample language for a governing board's approval of the use of EPA funds at an open public meeting?
 16. What are some example journal entries?
 17. Can the charter school 1% supervisorial oversight fee be charged on EPA funds?
 18. Has the CDE provided any additional EPA information?
-

1. Have unique account codes been established for the Education Protection Account (EPA) entitlement? (Updated 06-Jun-2017)

Yes, standardized account code structure (SACS) Resource 1400, Education Protection Account, and revenue Object 8012, Education Protection Account Entitlement, have been established. These codes are required to be used by all local educational agencies (LEA), including charter schools, receiving EPA funds.

Charter schools reporting financial data via the Alternative Form, which does not contain resource codes, should use Object 8012 to record the EPA entitlement.

2. How should the adjustment of the EPA entitlement from P-2 to Annual be recorded? (Updated 06-Jun-2017)

Any amount received in the current year that was not accrued in the prior year should be recorded to Resource 1400 using Object 8019, LCFF/Revenue Limit State Aid – Prior Years.

Charter schools reporting financial data via the Alternative Form should use Object 8019.

3. How should LEAs record EPA expenditures? Since the EPA entitlement merely replaces state aid funds that have always been reported in Resource 0000, is it appropriate to accumulate the costs in Resource 0000 and then make a direct cost transfer from Resource 0000 to Resource 1400?

EPA expenditures should be reported in Resource 1400 using the actual expenditure account lines where feasible, and not lump-sum transferred using Object 5710, Transfers of Direct Costs. The intention of the EPA reporting requirement is transparency. Reporting actual expenditure items achieves this better than a lump-sum transfer. The use of a unique resource code facilitates this transparency in the LEA's accounting records.

4. Must expenditures of EPA funds be charged directly to the EPA resource at the time of expenditure, or may periodic or annual adjusting entries be made between another resource and Resource 1400?

It is appropriate to record periodic adjusting entries between another resource and Resource 1400. However, as mentioned previously, the entries should be made using the actual expenditure account lines and not as a lump-sum direct cost transfer.

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5. Can EPA funds be transferred to other resources? (Updated 06-Jun-2017)

Allowable expenditures should be recorded directly to EPA Resource 1400 to the extent possible. The CDE expects that school districts and charter schools incur sufficient

unrestricted educational expenditures that should allow for easily identifying amounts to be reported in Resource 1400.

However, due to a unique characteristic of county offices of education (COEs) in that they may operate many programs on a fee for service model, it may be necessary for COEs to transfer EPA funds to other resources in order to keep program accounting intact.

An example is an excess tax COE that historically has operated a program on behalf of school districts on a fee for service basis. This COE may decide to use its new minimum \$200 per ADA EPA entitlement towards the cost of running the program, thus enabling them to charge less to participating school districts. Although the program is partially funded with unrestricted revenues, the COE may want to keep expenditures together in order to determine the charges for services.

6. Can contributions from other resources (funding sources) be made to Resource 1400?

No. Because LEAs have a legal requirement to report the receipt and use of EPA funds, contributions to Resource 1400 from other resources would distort EPA expenditures and not result in the intended reporting transparency. Also note that the EPA is not a “program,” in the sense that it is not “a group of related activities that operate together to accomplish specific purposes or objectives.” The normal reason for recording a contribution to a program is to keep program expenditures together, which does not apply in this context. Therefore, contributions from other funding sources should not be made to Resource 1400.

7. Can EPA funds be carried over into the following year? (Updated 06-Jun-2017)

The law does not restrict the amount of EPA funds that may be carried over. As a practical matter, though, most EPA funds probably will be expended each year.

8. Must the EPA entitlement be allocated proportionately to the programs that generate ADA? (Updated 06-Jun-2017)

There are no statutory requirements on how EPA funds should be allocated and each LEA decides locally how to best allocate funds.

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9. The law specifies that LEAs may not use EPA funds for salaries or benefits of administrators or any other administrative costs. What is the definition of administrative costs? (Updated 06-Jun-2017)

The CDE has interpreted that administrative costs, as used within Section 36 of Article XIII of

the California Constitution, means anything defined as administration in the *California School Accounting Manual*. Administrative costs include general administration, school administration, and instructional administration:

- General administration refers to agency-wide administrative activities including governing board, superintendent, and district-level fiscal, personnel, and central support services.
- School administration refers to activities concerned with directing and managing the operation of a particular school.
- Instructional administration refers to activities for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for students.

The CDE has determined that expenditures by county offices of education for certain administrative activities they are required to perform on behalf of the school districts within the county are not administrative costs for purposes of the law. These expenditures are separately identifiable within the county office's financial reports.

The CDE believes that defining administration at the functional level, rather than by specific items of expenditure, will make it easier for LEAs to identify costs that may be charged to EPA. Furthermore, the CDE is confident that LEAs incur a sufficient level of non-administrative costs, e.g., instruction and pupil services, to easily meet the intent of the law to not use EPA funding for administrative costs.

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10. Specifically, for what types of activities may EPA funds be used?

Except as provided below for COEs, the following tables of SACS functions show the activities for which EPA funds may and may not be used:

1000–1999 INSTRUCTION

SACS Function	Chargeable to EPA?
1000 Instruction	Yes
1110 Special Education: Separate Classes	Yes
1120 Special Education: Resource Specialist Instruction	Yes
1130 Special Education: Supplemental Aids and Services in Regular Classrooms	Yes
1180 Special Education: Nonpublic Agencies/Schools	Yes
1190 Special Education: Other Specialized Instructional Services	Yes

2000–2999 INSTRUCTION-RELATED SERVICES

SACS Function	Chargeable to EPA?
2100 Instructional Supervision and Administration	No
2110 Instructional Supervision (optional)	No
2120 Instructional Research (optional)	No
2130 Curriculum Development (optional)	No
2140 In-house Instructional Staff Development (optional)	No
2150 Instructional Administration of Special Projects (optional)	No
2200 Administrative Unit (AU) of a Multidistrict SELPA	No
2420 Instructional Library, Media, and Technology	Yes
2490 Other Instructional Resources	Yes
2495 Parent Participation (optional)	Yes
2700 School Administration	No

3000–3999 PUPIL SERVICES

SACS Function	Chargeable to EPA?
3110 Guidance and Counseling Services	Yes
3120 Psychological Services	Yes
3130 Attendance and Social Work Services	Yes
3140 Health Services	Yes
3150 Speech Pathology and Audiology Services	Yes
3160 Pupil Testing Services	Yes

3600 Pupil Transportation	Yes
3700 Food Services	Yes
3900 Other Pupil Services	Yes

4000–4999 ANCILLARY SERVICES

SACS Function	Chargeable to EPA?
4000 Ancillary Services	Yes
4100 School-Sponsored Co-curricular (optional)	Yes
4200 School-Sponsored Athletics (optional)	Yes
4900 Other Ancillary Services (optional)	Yes

5000–5999 COMMUNITY SERVICES

SACS Function	Chargeable to EPA?
5000 Community Services	Yes
5100 Community Recreation (optional)	Yes
5400 Civic Services (optional)	Yes
5900 Other Community Services (optional)	Yes

6000–6999 ENTERPRISE

SACS Function	Chargeable to EPA?
6000 Enterprise	No

7000–7999 GENERAL ADMINISTRATION

SACS Function	Chargeable to EPA?
7100 Board and Superintendent	No
7110 Board	No
7120 Staff Relations and Negotiations (optional)	No
7150 Superintendent (optional)	No
7180 Public Information (optional)	No
7190 External Financial Audit—Single Audit	No
7191 External Financial Audit—Other	No
7200 Other General Administration	No
7210 Indirect Cost Transfers	No
7300 Fiscal Services (optional)	No
7310 Budgeting (optional)	No
7320 Accounts Receivable (optional)	No
7330 Accounts Payable (optional)	No
7340 Payroll (optional)	No
7350 Financial Accounting (optional)	No

7360 Project-Specific Accounting (optional)	No
7370 Internal Auditing (optional)	No
7380 Property Accounting (optional)	No
7390 Other Fiscal Services (optional)	No
7400 Personnel/Human Resources Services (optional)	No
7410 Staff Development (optional)	No
7430 Credentials (optional)	No
7490 Other Personnel/Human Resources Services (optional)	No
7500 Central Support (optional)	No
7510 Planning, Research, Development, and Evaluation (optional)	No
7530 Purchasing (optional)	No
7540 Warehousing and Distribution (optional)	No
7550 Printing, Publishing, and Duplicating (optional)	No
7600 All Other General Administration (optional)	No
7700 Centralized Data Processing	No

8000–8999 PLANT SERVICES

SACS Function	Chargeable to EPA?
8100 Plant Maintenance and Operations	Yes
8110 Maintenance (optional)	Yes
8200 Operations (optional)	Yes
8300 Security (optional)	Yes
8400 Other Plant Maintenance and Operations (optional)	Yes
8500 Facilities Acquisition and Construction	Yes
8700 Facilities Rents and Leases	Yes

9000–9999 OTHER OUTGO

SACS Function	Chargeable to EPA?
9100 Debt Service	Yes
9200 Transfers Between Agencies	Yes

County Office of Education only

SACS Goal	Chargeable to EPA?
8600 County Services to Districts (without regard to function)	Yes

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11. May EPA funds be used for indirect costs?

Indirect costs are not an allowable use of EPA funds because they are primarily administrative costs.

12. Will the CDE provide a template that LEAs can use for reporting EPA revenues and expenditures? (Updated 06-Jun-2017)

The law did not prescribe a format for LEAs to report their receipt and expenditure of EPA funds, nor did it require the CDE to develop a format. Therefore, the CDE will not be providing a template. It will be at an LEA's discretion to determine the format for reporting its EPA revenue and expenditures on its Web site.

13. The law requires that the use of EPA funds be determined by the governing board at an open public meeting. Does this meeting need to be a separate meeting only for the discussion of EPA funding? (Updated 06-Jun-2017)

The language within the law does not specify that the open public meeting has to be a separately held meeting. Therefore, this requirement may be satisfied at a regularly scheduled meeting, which the CDE believes could be the annual budget adoption meeting.

14. When should the open public meeting for discussing the use of EPA funding be held? (Updated 06-Jun-2017)

The CDE believes that this could be at the annual budget adoption meeting, although it could be at any open public meeting before expenditures are recorded for each applicable fiscal year.

15. Will the CDE provide guidance or sample language for a governing board's approval of the use of EPA funds at an open public meeting? (Updated 06-Jun-2017)

No. Section 36 of Article XIII of the California Constitution did not prescribe the format that the governing board's approval of the use of EPA funding must take, and did not require the CDE to develop a format. Therefore, it will be at an LEA's discretion to determine the appropriate approval format, based on local governing board policies.

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16. What are some example journal entries? (Updated 06-Jun-2017)

a. The LEA records receipt of its 2012–13 EPA entitlement in June 2013.

Debit (Dr)/ Credit (Cr)	Fund	Resource	Project Year	Goal	Function	Object	Amount
Cr	01	1400	0	0000	0000	8012	\$10,000

b. For 2012–13, the school district reclassifies \$10,000 of instructional expenditures (teacher salaries and benefits) originally accumulated in Resource 0000 to Resource 1400, according to the spending determination made by the governing board.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	1110	1000	1100	\$7,000
Dr	01	1400	0	1110	1000	3101	\$1,000
Dr	01	1400	0	1110	1000	3401	\$ 700
Dr	01	1400	0	1110	1000	3501	\$ 600
Dr	01	1400	0	1110	1000	3601	\$ 400
Dr	01	1400	0	1110	1000	3801	\$ 300
Cr	01	0000	0	1110	1000	1100	\$7,000
Cr	01	0000	0	1110	1000	3101	\$1,000
Cr	01	0000	0	1110	1000	3401	\$ 700
Cr	01	0000	0	1110	1000	3501	\$ 600
Cr	01	0000	0	1110	1000	3601	\$ 400
Cr	01	0000	0	1110	1000	3801	\$ 300

c. The LEA records receipt of its 2013–14 EPA entitlement.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
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Cr	01	1400	0	0000	0000	8012	\$9,000
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d. The LEA records receipt of its 2012–13 EPA entitlement adjustment, based on 2012–13 Annual apportionment (assumes the amount was not accrued in 2012–13).

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Cr	01	1400	0	0000	0000	8019	\$2,000

e. For 2013–14, the school district reclassifies \$11,000 of instructional expenditures (teacher salaries and benefits) originally accumulated in Resource 0000 to Resource 1400, according to the spending determination made by the governing board. (Note that an LEA could instead charge expenditures directly to EPA from the beginning.)

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	1110	1000	1100	\$7,000
Dr	01	1400	0	1110	1000	3101	\$1,000
Dr	01	1400	0	1110	1000	3401	\$ 700
Dr	01	1400	0	1110	1000	3501	\$ 600
Dr	01	1400	0	1110	1000	3601	\$ 400
Dr	01	1400	0	1110	1000	3801	\$ 300
Cr	01	0000	0	1110	1000	1100	\$7,000
Cr	01	0000	0	1110	1000	3101	\$1,000

Cr	01	0000	0	1110	1000	3401	\$ 700
Cr	01	0000	0	1110	1000	3501	\$ 600
Cr	01	0000	0	1110	1000	3601	\$ 400
Cr	01	0000	0	1110	1000	3801	\$ 300

Example specific to county offices of education (COEs)

f. An excess tax COE determines that it will use its EPA entitlement to fund some of the costs of a program that it operates on a fee-for-service basis on behalf of school districts. The program incurs costs that are allowed to be charged to EPA. In this case, the program is funded with unrestricted revenues. Therefore, EPA funds are transferred to the unrestricted resource.

Dr/Cr	Fund	Resource	Project Year	Goal	Function	Object	Amount
Dr	01	1400	0	0000	0000	8091	\$15,000
Cr	01	0000	0	0000	0000	8091	\$15,000

NOTE: If EPA funds are transferred out of Resource 1400 then the LEA should keep local accounting records to document that the EPA funds have been spent for non-administrative costs for purposes of the reporting requirement and the annual audit.

17. Can the charter school 1% supervisorial oversight fee be charged on EPA funds?
(Updated 06-Jun-2017)

Yes. Pursuant to *Education Code (EC)* sections 47613 and 47632, the amount that can be charged for the charter supervisorial oversight fee is based on revenues which, for purposes of calculating the oversight fee, is defined as the general-purpose entitlement. Section 36 of Article XIII of the California Constitution did not change the definition of those revenues or the calculation for the general purpose entitlement; rather, it changed where the funds for general

purpose entitlement will come from.

18. Has the CDE provided any additional EPA information?

Yes, additional EPA information [<http://www.cde.ca.gov/fg/aa/pa/epa.asp>] is available on the CDE Web site.

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GLOSSARY OF COMMON TERMS

SCHOOL FINANCE TERMS

Courtesy of,



<https://www.sscal.com/tools-resources/other-resources>

Glossary of School Finance Terms

Average daily attendance (ADA)—There are several kinds of attendance, and these are counted in different ways. For regular attendance, ADA is equal to the average number of pupils actually attending classes who are enrolled for at least the minimum school day. Ever since 1998–99, excused absences no longer count toward ADA. Attendance is counted every day of the school year and is reported to the California Department of Education (CDE) three times a year (see Attendance Reports).

Ad valorem Taxes—Taxes that are based on the value of property, such as the standard property tax. The only new taxes based on the value of property that are allowed today are those imposed by voter approval for capital facilities bonded indebtedness, with a vote requirement of either 55% for a Proposition 39 bond or a two-thirds requirement for other bonds.

Apportionment—State aid given to a school district or county office of education. Apportionments for the Local Control Funding Formula (LCFF) and special education are calculated four times for each school year: (1) the Advance Apportionment, which is based on an agency's prior year's state aid, is certified in July, (2) the First Principal Apportionment (P-1) is certified February 20 of the school year corresponding to the P-1 ADA (see Attendance Reports), (3) the Second Principal Apportionment (P-2) is certified by July 2 corresponding to the P-2 ADA, and (4) the annual recalculation of the apportionment is certified in February following the school year (at the same time as the P-1 Apportionment) and is based on P-2 ADA, except for programs where the annual count of ADA is used.

Appropriation Bill—A bill before the Legislature authorizing the expenditure of public money and stipulating the amount, manner, and purpose for the expenditure items.

Assembly Bill (AB) 1200—Reference to AB 1200 (Chapter 1213/1991) that imposed major fiscal accountability controls on school districts and county offices of education, by establishing minimum reserve levels and other requirements for agency budgets and fiscal practices. See especially Education Code Sections (EC §) 1240 et seq. and 42131 et seq.

Assessed Valuation (also, assessed value)—The total value of property within a school district as determined by state and county assessors. The "AV" of a school district will influence the total property tax income. The percentage growth in statewide AV from one year to the next is an important ingredient in determining appropriations levels required from the state for fully funding district and county LCFF entitlements, as well as for Proposition 98 calculations. Ever since Proposition 13, assessed value is reset to be the true market value only at the time of property transfer or new construction.

Attendance Reports—Each school district reports its attendance three times during a school year. The First Principal Apportionment (P-1) ADA, called the P-1 ADA or the P-1 count, is counted from July 1 through the last school month ending on or before December 31 of a school year. The

Second Principal Apportionment (P-2), called the P-2 ADA, is counted from July 1 through the last school month ending on or before April 15 of a school year. Fiscal or annual ADA is based on the count from July 1 through June 30. The final recalculation of the apportionment is based on the P-2 ADA except for nonpublic school, community day school, extended year, and nonpublic school funding, all of which use the annual count of ADA. Also, under certain circumstances when a district has a very large influx of migrant students in the spring, a district may request the use of annual ADA in lieu of P-2 ADA.

Base Grant—The base grant (along with the supplemental and concentration grants) replaces previously existing K–12 revenue limits and approximately forty state-funded categorical funding streams. The base grant varies based on grade span (K–3, 4–6, 7–8, 9–12).

Basic Aid—The California Constitution guarantees that each school district will receive a minimum amount of state aid, called “basic aid,” equal to \$120 per ADA or \$2,400 per district, whichever is greater. Per a change in state law effective 2003–04, state categorical aid is counted first toward meeting the minimum allocation of basic aid (ref. EC § 41975). Basic aid school districts are districts where property taxes exceed the computed LCFF entitlement; such districts receive no state aid from the LCFF.

Categorical Aid—Funds from the state or federal government granted to qualifying school agencies for specialized programs regulated and controlled by federal or state law or regulation. Examples include programs for children with special needs (such as special education) or special programs (such as child nutrition). Expenditure of most categorical aid is restricted to its particular purpose. The funds are granted to districts in addition to their LCFF entitlement.

California Longitudinal Pupil Achievement Data System (CALPADS)—Is used to maintain individual-level data including student demographics, course data, discipline, assessments, staff assignments, and other data for state and federal reporting.

California Public Employees’ Retirement System (CalPERS)—State law requires that classified employees and their employer contribute to this retirement fund.

California State Teachers’ Retirement System (CalSTRS)—State law requires that certificated employees, their employer, and the state contribute to this pension fund.

California State Teachers’ Retirement System (CBEDS)—The statewide system of collecting classified staffing, graduation requirements, and technology data from all school districts on an “Information Day” each October.

Certificated Personnel—School employees who hold positions for which a credential is required by the state—teachers, librarians, counselors, and most administrators.

Classified Personnel—School employees who hold positions that do not require a credential—like instructional aides, custodians, clerical support, cafeteria workers, bus drivers, etc.

Class Size Penalties—The penalties imposed on school districts that have classes in excess of certain maximum sizes. (Class size penalties result in a reduction in ADA which, in turn, results in a loss in LCFF income.) See EC § 41376 and 41378.

Concentration Grant—The concentration grant (along with the supplemental and base grants) replaces previously existing K–12 funding streams. For targeted students (English learners, free or reduced-price meal (FRPM) recipients, or foster youth unduplicated counts) exceeding 55% of a local educational agency’s (LEA’s) enrollment, the concentration grant will provide 50% of the adjusted base grant.

Consumer Price Index (CPI)—A measure of the cost-of-living compiled by the United States Bureau of Labor Statistics. Separate indices of inflation are calculated regularly for the United States, California, some regions within California, and selected cities. The CPI is one of several measures of inflation.

Contribution—The expenditure of general purpose funds in support of a categorical program, i.e., the categorical expense requires a contribution from the district’s General Fund for support. This occurs in most districts and county offices of education (COE) that provide special education and transportation. Contributions to other programs may be caused by deficit factors or local decisions to allocate general purpose funds to special purpose programs.

Cost-of-Living Adjustment (COLA)—An increase in funding for government programs, including the LCFF entitlement calculation and categorical programs. Current law ties the COLA percentage for most education programs to the annual percentage change in the “Implicit Price Deflator” for state and local governments—a government price index. See EC § 42238.1.

Criteria and Standards—Local district budgets must meet state-adopted provisions of “criteria and standards.” These provisions establish minimum fiscal standards that school districts, COE and the state use to monitor district fiscal solvency and accountability. See EC § 33127 et seq.

Declining Enrollment Adjustment—A formula that cushions the drop in income in a district with a declining student population. Under current law, districts are funded for the greater of current-year or prior-year ADA. See EC § 42238.5.

Deficit Factor—When an appropriation to the State School Fund for any specific program is insufficient to pay all claims for state aid, a deficit factor is applied to reduce the allocation of state aid to the amount appropriated.

Education Protection Account (EPA)—The EPA was created by Proposition 30 of 2012, which increased sales and income taxes on a temporary basis. Proposition 55 of 2016 continued the EPA and the increased income taxes of Proposition 30 through the year 2030. Funds collected from the increased taxes are deposited into the EPA, which is then issued to LEAs as a replacement for the state aid portion of the LCFF.

Education Revenue Augmentation Fund (ERAF)—The fund used to collect the property taxes that are shifted from cities, the county, and special districts within each county, prior to their distribution to K–14 school agencies.

Excess Cost—Costs in excess of the average annual per-student expenditure (all resources) in a LEA during the preceding school year for an elementary or secondary school student and is computed after deducting (Title 34 Code of Federal Regulations 300.16 and 300.202):

- Amounts received under Part B of the Elementary and Secondary Education Act (ESEA)
- Amounts received under Part A of Title I of the ESEA
- Amounts received under Parts A and B of Title III of the ESEA
- Any state or local funds expended for programs that qualify under this subsection, but excluding any amounts for capital outlay and debt service
 - Each must be calculated separately

Forest Reserve Funds—25% of funds received by a county from the United States government from rentals of forest reserve lands are apportioned among the various districts in the county according to scholastic population.

Full-Time Equivalent (FTE)—The ratio of time expended in a part-time position to that of a full-time position.

Gann Limit—A limit on the appropriation of tax revenues of all levels of California government—the state, cities, counties, school agencies, and special districts imposed by Proposition 4, an initiative passed in November 1979 (reference Article XIII B of the California Constitution). Using 1978–79 as a base year, subsequent years’ limits have been adjusted for: (1) an inflation increase which is currently equal to the annual change in California per-capita personal income, and (2) the change in population, which for school agencies is the change in ADA. Although officially called “Appropriation Limits,” these limits are commonly called “Gann Limits” after Paul Gann, the author of Proposition 4.

Grade Span Adjustments (GSA)—Added to the base grants in the LCFF calculation. There is a 10.4% GSA for reduced class sizes in grades TK–3 and a 2.6% GSA for career technical education (CTE) that applies to grades 9 K–12.

Hold Harmless—A formula providing a guarantee of no loss in funding for an agency when a change in law or data would otherwise require a loss in funding.

Implicit Price Deflator—See *Cost-of-Living Adjustment*.

Individuals with Disabilities Education Act of 2004 (Formerly PL94-142)—States must develop and implement policies that assure a free appropriate public education to all children with disabilities. The state plans must be consistent with the federal statute, Title 20 United States Code Section 1400 et seq.

Learning Continuity and Attendance Plan—The Learning Continuity and Attendance Plan (Learning Continuity Plan) is a part of the overall 2020–21 State Budget package for K–12 that seeks to address funding stability for schools while providing information at the local educational agency (LEA) level for how student learning continuity will be addressed during the COVID-19 crisis in the 2020–21 school year.

Local Control and Accountability Plan (LCAP)—Under the LCFF, districts, COEs, and charter schools are required to create and update a three-year LCAP, which will describe how annual goals will be met and address state and local priorities identified in EC § 52060(d). The State Board of Education (SBE) is required to create evaluation standards to assist with analyzing strengths, weaknesses, areas of improvement, technical assistance, and identify intervention needs.

Local Control Funding Formula (LCFF)—The LCFF, which replaced revenue limits and most categorical programs starting in 2013–14. It is the amount that a district or charter school can collect annually from local property taxes and state aid. It is comprised of a base grant by grade span multiplied per unit of ADA, with grade span adjustments for class-size reduction in grades TK–3 and for CTE at the high school level. Supplemental and concentration grants are added based upon the percentage of the student population that is FRPM eligible, English learners, foster youth unduplicated counts.

Mandate Block Grant (MBG)—In 2012–13, the MBG program was established for LEAs (COEs, school districts, and charter schools [both direct and locally funded]) that elect to participate to receive reimbursement for 49 mandated activities (specified in Government Code Section [GC §] 17581.6[e]). LEAs make an annual choice to receive funds for mandated activities either through the MBG or through the traditional claim reimbursement process, for which reimbursements have been suspended indefinitely. The MBG funds are unrestricted and allocated on a per-ADA rate.

Mandated Costs—School district expenses that occur because of federal or state laws, decisions of state or federal courts, federal or state administrative regulations. See Senate Bill 90, 1977, and also Proposition 4, 1979.

Maintenance Factor—See *Proposition 98*.

Miscellaneous Funds—Local revenues received from mineral royalties or bonuses and other payments in lieu of taxes. Fifty percent of such revenues are used as an offset to state aid in the LCFF.

Necessary Small School (NSS)—An elementary school with 96 or fewer ADA or high school with 286 or fewer ADA that meets the standards of being “necessary.” See EC § 42280 et seq.

Parcel Tax—A special tax that is a flat amount per parcel and not ad valorem based (i.e., not based on the assessed value of the property). Parcel taxes must be approved by a two-thirds vote of the electorate. See GC § 50079, et al.

Permissive Override Tax—Prior to Proposition 13, any of a number of local tax levies that were for specific purposes and that required only the permission of a school board to be levied. School agencies are no longer allowed to levy such taxes.

PL81-874—A federal program of “Impact Aid” that provides funds to school agencies that educate children whose families live and/or work on federal property, such as military bases. Also called “PL874.”

Prior Year’s Taxes—Tax revenues that had been delinquent in a prior year and that are received in the current fiscal year. These revenues offset state aid in the current year in the LCFF.

Proposition 13—An initiative amendment passed in June 1978 adding Article XIII A to the California Constitution. Under Proposition 13, the maximum total property tax rate for all government operations—including school agencies, cities, counties, and special districts—is 1% of assessed value and additional property tax levies may only be made for voter-approved debt. Proposition 13 also defined assessed value and required a two-thirds vote to levy any special purpose tax.

Proposition 98—An initiative adopted in 1988 and then amended by Proposition 111 in 1990. Proposition 98 contains three major provisions: (1) a minimum level of state funding for K–14 school agencies (unless suspended by the Legislature); (2) a formula for allocating any state tax revenues in excess of the state’s Gann Limit; and (3) the requirement that a School Accountability Report Card be prepared for every school. The minimum funding base is set equal to the greater of the amount of state aid determined by two formulas, commonly called “Test 1” and “Test 2” unless an alternative formula, known as “Test 3,” applies.

- “Test 1” originally provided that K–14 school agencies shall receive at least 39.5% of state General Fund tax revenues in each year, the same percentage as was appropriated for K–14 school agencies in 1986–87.
- “Test 2” provides that K–14 school agencies shall receive at least the same amount of combined state aid and local tax dollars as was received in the prior year, adjusted for the statewide growth in K–12 ADA and an inflation factor equal to the annual percentage change in per-capita personal income.
- “Test 3” only applies in years in which the annual percentage change in per-capita state General Fund tax revenues plus 1/2% is lower than the “Test 2” inflation factor (i.e., the change in per-

capita personal income), in which case the inflation factor is reduced to the annual percentage change in per capita state General Fund tax revenues plus 1/2%.

One of the provisions of Proposition 98 (as amended by Proposition 111) applies only if the minimum funding level is reduced due either to “Test 3” or the suspension of the minimum funding level by the Legislature and Governor. In such a situation, a “maintenance factor” is initially set equal to the amount of that year’s funding reduction due to “Test 3” or suspension, and this amount grows each year by statewide ADA growth and the “Test 2” inflation factor. In subsequent years when state taxes per-capita grow faster than personal income per capita, this “maintenance factor” is restored by increasing the Proposition 98 minimum funding level until the funding base is fully restored. This restoration process is applied prospectively only, and there is no requirement that the revenue loss in the year or years prior to the maintenance factor being fully restored be made up.

Reserves—Funds set aside in a school agency budget to provide for economic uncertainties, future expenditures, working capital, or other purposes.

Regional Occupational Center or Program (ROC/P)—A vocational educational program for high school students and adults. An ROC/P may be operated by a single district, by a consortium of districts under a joint powers agreement, or by a COE for the districts within the county.

Senate Bill (SB) 90—Reference to either:

1. SB 90/1972, which established the revenue limit system for funding school districts. The first revenue limit amount was determined by dividing the district’s 1972–73 state and property tax income by that year’s ADA. This original per-ADA amount became the historical base for all subsequent revenue limit calculations.
2. SB 90/1977, which required that the state reimburse state-imposed mandates on local governments.

SB 813—Reference to SB 813/1983 that provided a series of education “reforms” in funding calculations. Longer day, longer year, mentor teachers, and beginning teacher salary adjustments are a few of the programs implemented by this 1983 legislation.

Secured Roll—That portion of the assessed value that is stationary, i.e., land and buildings. See also *Unsecured Roll*. The secured roll averages about 90% of the taxable property in a district.

Serrano Decision—In 1974, the California Superior Court in Los Angeles County ruled in the *Serrano v. Priest* case that school district revenues in California depended so heavily on local property taxes that students in districts with a low assessed value per pupil were denied an equal educational opportunity in violation of the “Equal Protection” clause of the California Constitution. This ruling established certain standards under which the school finance system would be constitutional and was upheld by the California Supreme Court in 1976. In 1983, the

California Superior Court in Los Angeles County ruled that the system of school finance in effect at that time was in compliance with the earlier California Superior Court order. After several appeals, in March 1989, all of the plaintiffs in the case agreed to dismiss their legal challenges, thereby settling *Serrano v. Priest* as a legal issue.

State School Fund—Each year the state appropriates money to this fund, which is then used to make state aid payments to school agencies. Section A of the State School Fund is for K–12 education and Section B is for community college education.

Subventions—The term used to describe assistance or financial support, usually from higher governmental units to local governments or school agencies. State aid to school agencies is a state subvention.

Sunset—The termination of a categorical program. A schedule is in current law for the Legislature to consider the “sunset” of most state categorical programs. If a program sunsets under this schedule, the funding for the program shall continue for the general purposes of the program, but the specific laws and regulations shall no longer apply.

Supplemental Grant—Created under the LCFF, the supplemental grant (along with the concentration and base grants) replaces previously existing K–12 funding streams. The supplemental grant equals 20% of the adjusted base grant for targeted disadvantaged students (English learners, FRPM recipients, or foster youth unduplicated counts).

Supplemental Roll—An additional property tax assessment for properties that are sold or newly constructed that reflect a higher market value than on their prior lien date. By taxing this increase in assessed value immediately—rather than waiting until the next lien date—additional property taxes are generated.

Test 1/Test 2/Test 3—See *Proposition 98*.

Transitional Kindergarten (TK)—A developmentally appropriate program offered to children (at ages 4 or 5) that are too young to start kindergarten in that year. Essentially, California offers a two-year kindergarten program.

Unsecured Roll—That portion of assessed property that is movable, such as boats, planes, etc.

Waivers—Permission from the SBE—or, in some cases, from the State Superintendent of Public Instruction—to set aside the requirements of an Education Code provision upon the request of a school district. See EC § 33050.