

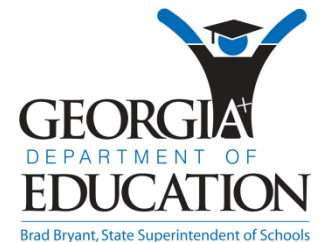


FINANCIAL REVIEW

Georgia Department of Education

GASBO November 2010
Augusta, Georgia

Brad Bryant, State Superintendent of Schools
“We will lead the nation in improving student achievement.”



Items for Discussion

- Transparency in Government Act (TIGA)
- Changes to W2 for Health Insurance (2011)
- School Districts in Deficit
- Financial Risk Assessments
- Move on When Ready
- Math and Science teacher Supplement
- 2011 Bonds for Buses

Items for Discussion

- Financial Reporting
- 65% Report Minimum Direct Classroom Expenditures – Waivers
- Budget FY 2011
- Budget FY 2012

Items for Discussion

- FFATA
- American Recovery and Reinvestment Act
- Cash Management

TIGA Reporting

- Transparency in Government Act
- Open.Georgia.gov
 - Salaries and Travel
 - Other Expenditure Information
 - Payments
 - Professional Services

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TIGA Reporting

The screenshot displays the 'Open Georgia' website with the following elements:

- Navigation Bar:** Home, Search Applications, Reports, Contact, Help
- Logo:** State of Georgia Seal (1776) and 'Open Georgia Transparency in Government' text.
- Introductory Text:** 'Open Georgia is a gateway for obtaining information and key documents about how the State of Georgia spends tax dollars and other revenues to provide services to Georgians. The information maintained on this site comes from various state agencies and is updated annually.'
- Secondary Navigation:** Help / Tips, Glossary, FAQ, Description, Feedback
- Main Content Categories:**
 - Salaries & Travel Reimbursements:** Find salaries and travel reimbursements paid to employees of the State of Georgia and employees of local boards of education.
 - Other Expenditure Information:** Find payments, obligations and professional services expenditures made by state organizations.
 - Financial Reports:** Obtain key reports related to the State of Georgia's budget and finances. Includes links for: Comprehensive Annual Financial Report, Budgetary Compliance, Budget in Brief, and Single Audit.
 - Program Reviews:** Search for reports that evaluate how well various state programs are operating. These reports include performance audits, program evaluations, and special examinations released by the Department of Audits and Accounts over the last five years.

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New W2 Information for Health Insurance

- IRS has deferred the requirement for employers to report cost of coverage under an employee-sponsored group health plan
- Reporting by employers optional in 2011
- IRS continues to stress that the amounts reportable are not taxable
- A draft of the 2011 W2 – Box 12, Code DD. Code DD is not taxable

School Districts in Deficit

- What happens when a school district reports a deficit
- OCGA 20-2-67
- Requires district to develop a Deficit Elimination Plan
- A monthly financial report signed by each member of the board
- Advertise a copy of actual financial operations

Risk Assessment of School Systems

- In order to better assist school systems, the Department is utilizing “Risk Assessments” to classify school systems so that resources can be targeted instead of using a shotgun approach
- The goal is to identify districts that are having difficulties early so that their problems don’t have a chance to grow

Risk Assessment of School Systems

- Both financial and programmatic assessments are being designed and implemented
- Title I has used this the past couple of years to determine who gets monitored
- We share assessments within the Department

Risk Assessment of School Systems

- Elements of the Financial Risk Assessment
 - Audit Report Information
 - Number of Financial Statement Findings
 - Number of Federal Award Findings
 - Auditors Opinion
 - Low Risk Auditee
 - Deficit
 - Irregularity (20-2-67)
 - Internal Control Finding

Financial Risk Assessments

- Elements of Financial Risk Assessment
 - DE46 Information
 - General Fund Deficit
 - Capital Projects Deficit
 - School Nutrition Program Deficit
 - Capital Assets Included
 - If in deficit, approved Deficit Elimination Plan
 - Has General Fund been in Deficit > 2 years
 - Has School Nutrition Program in Deficit > 2 years
 - DE46 submitted timely

Financial Risk Assessments

- Factors are not weighted evenly.
- Some carry more weight
- The heaviest weight is for systems in Deficit

Risk Assessment of School Systems

- Systems are ranked
 - High Risk
 - Medium Risk
 - Low Risk

Risk Assessment of School Systems

- Significance of Risk Assessment
 - High Risk
 - Request for early audit by the Auditors
 - Greater scrutiny by other areas in the Department

Move on When Ready

- 11th and 12 graders going full time to post secondary schools
- Student must have been included in prior year FTE counts
- FT070 Move on When Ready report from FTE gives a listing of students system is reporting
- Allotment sheets will be adjusted based on verification from post secondary school and the fall FTE data collection

Math and Science Teacher Supplements

- Will be funded as a separate grant
- Information will be collected on October CPI data collection
- Funding will be requested in the Supplemental Budget
- Guidance can be found at the Policy Division web site
- http://www.gadoe.org/pea_policy.aspx

2011 Bonds for Buses

- Notification of 2011 bus funds sent out on October 27, 2010 from Scott Austensen
- Similar to all other bond programs
- Submit copy of invoice to get reimbursed
- Grant is currently in GAORS
- Use Invoice Application system
- Fund 100; Program Code 2411

Financial Reporting

- Please save pdf reports from the collection to your local hard drive
- Please save Sign-off pdf report
- Thank you for all your hard work in getting the information submitted

Expenditure Controls FY 2011-13

- HB 908 was signed by the Governor on May 20, 2010
- QBE Expenditure controls shall be waived and shall not apply to nor be enforceable against a local school system
- Also includes expenditure controls against 20 additional day funds
- Will not have to distribute austerity
- Did not waive 65% report

Minimum Direct Classroom Expenditure (65%)

- For any given fiscal year a system must meet one or more of the following:
 - Spend at least 65% of total operating expenditures on direct classroom expenditures
 - Increase 2% or more from previous fiscal year
 - Qualify for Achievement or Hardship Waivers

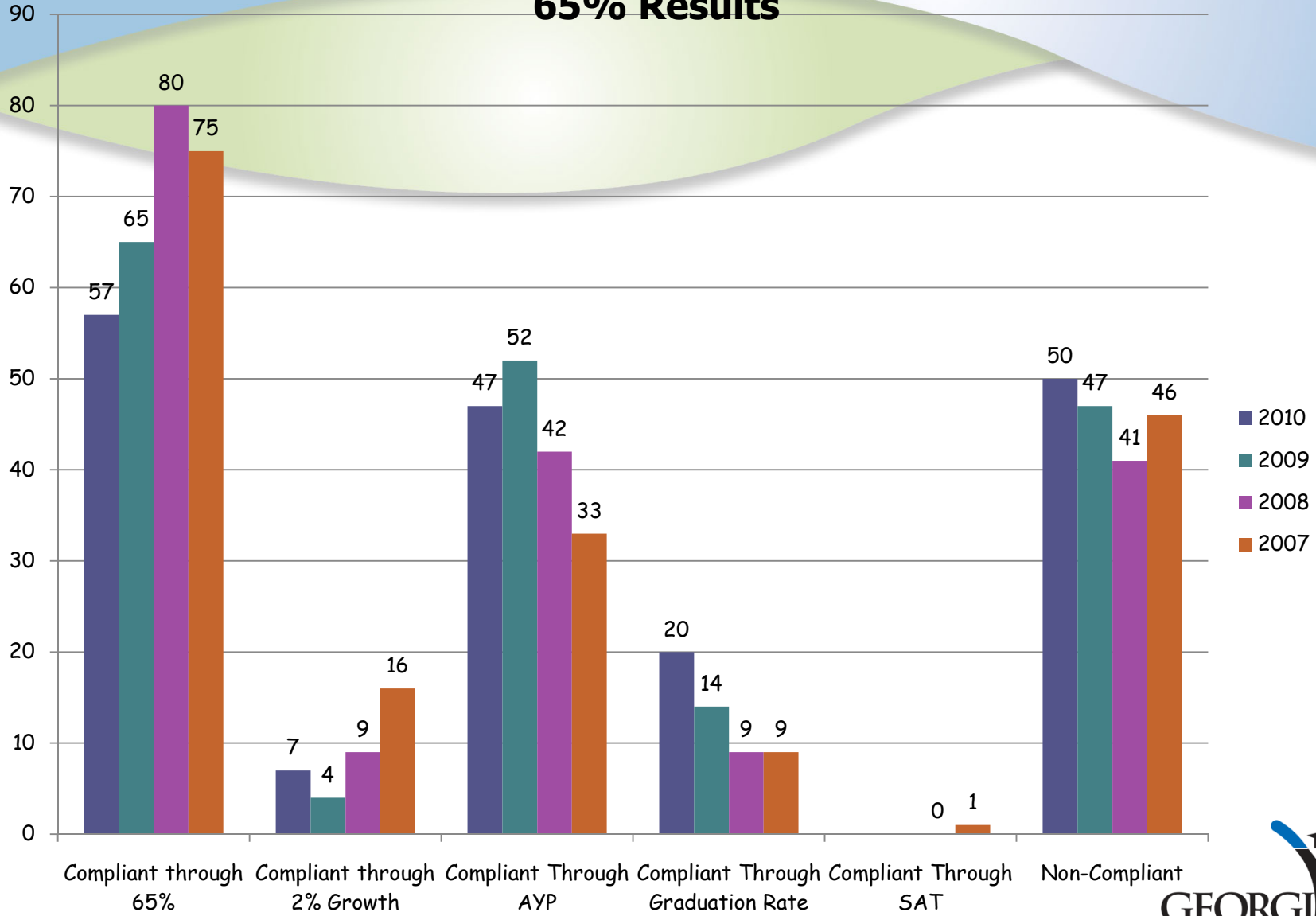
Minimum Direct Classroom Expenditure (65%)

- Reports are part of Financial Review Application
- There will be a time period for review by district
- Ability to make adjustments, if necessary, will be made available
- November 16 – December 4, 2010 will be the appeal window

Minimum Direct Classroom Expenditure (65%)

- What happens if you do not meet
 - District must submit a (multi-year) corrective action plan to show how they plan to come into compliance
 - This report will be submitted to Financial Review

65% Results



Minimum Direct Classroom Expenditure (65%) – Waiver Process

- Board Resolution showing intent to apply
- Letter from Superintendent
- Send to the Policy section of the Department
- Needs to include the year the waiver applies to

FY 2011 Budget Update

- The Department has been told to prepare a 4%, 6% or 8% cuts to the department budget.
Not including QBE
- Includes categorical grants
- QBE, Equalization view is a 2% cut

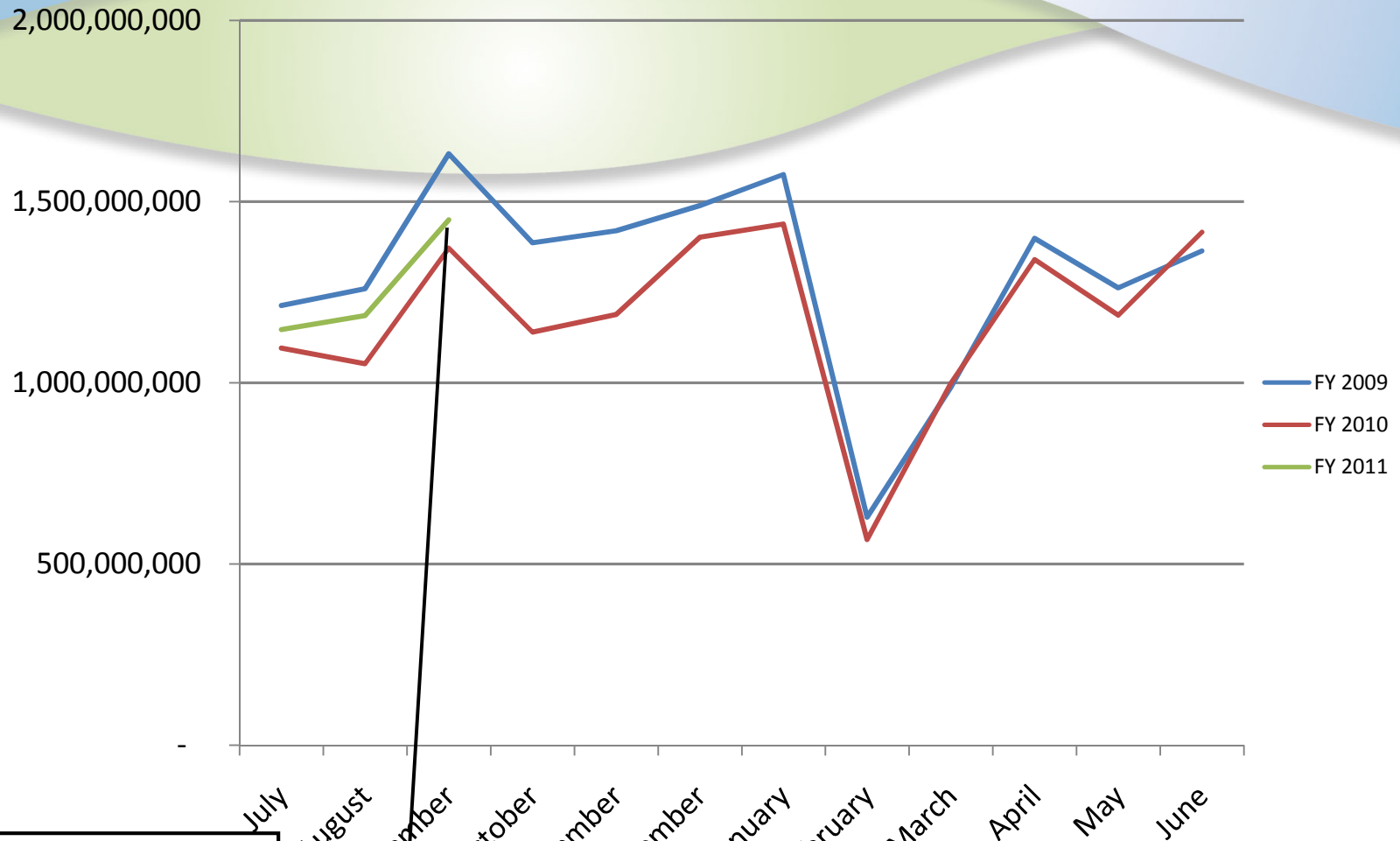
FY 2011 Budget Update

- Transportation, Nurses and Sparsity will be cut 4% on November allotment sheet

FY 2011 Revenue Collections

- YTD up 7.4% through September compared to the same period in FY 2010
- Budget based on ~4% growth in revenue of last years budget revenue

Monthly Revenues FY 2009-2011



**FY 2011 Thru
September**

QBE Payment Dates

Month	Date	Month	Date
July 2010	7/29/2010	January 2011	1/31/2011
August 2010	8/31/2010	February 2011	2/28/2011
September 2010	9/30/2010	March 2011	3/31/2011
October 2010	10/29/2010	April 2011	4/29/2011
November 2010	11/30/2010	May 2011	5/31/2011
December 2010	12/31/2010	June 2011	6/30/2011

Health Insurance

- July 2009, rate temporarily increased to 21.992% for 3 months
- Extended through March 2011. Change will show on the November allotment sheet
- At this time, the rate will still average 18.534% for the year

FY 2012 Budget Update

- The Department has been told to prepare a 6%, 8% or 10% cuts to the budget. Not including QBE
- QBE, Equalization view is a 2% and 4% cut

FFATA

- Federal Funding Accountability and Transparency Act (FFATA)
- FFATA was signed into law in September of 2006 and requires that information on federal contracts and grants be made available to the public via an easy to use single, searchable website.
- Applies to all entities that receive direct federal grants

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FFATA

- Applies to all direct federal grant awards issued after October 1, 2010
- Grant Awardees will be required to register into the CCR (Central Contractor Registration System)
- Grant Awardees will be required to register into the FFATA Sub-award Reporting System FSRS and report sub-award and/or sub-awardee executive compensation data through FSRS

FFATA

- Data Elements
 - The name of the entity receiving the award
 - The amount of the award
 - CFDA number
 - Location of the entity receiving the award and the primary location of performance under the award including the city, state, congressional district, and country

FFATA

- Data Elements

- A unique identifier of the entity receiving the award
- Names and total compensation of the five highest-paid officers of an entity if, in the preceding fiscal year, that entity received: 80% or more of its annual gross revenues in Federal awards, \$25,000,000 or more in annual gross revenues from Federal awards, and the public does not already have access to data on executive compensation through reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934, or section 6104 of the Internal Revenue Code of 1986

FFATA

- Webinar on Nov 9, 2010 with US Dept of Ed
- The goal of this webinar is to provide the guidance and resources necessary to help ED's grant community successfully meet these new requirements.
- Registration required at:
- <http://www2.ed.gov/policy/gen/leg/recovery/rms-web-conferences.html>

ARRA – Section 1512 Reporting

- Reporting is quarterly
- To meet deadlines, must collect information from school districts by the 5th following the end of the quarter
- Next collection will be due 5 pm January 5, 2011

Cash Management

- Cash Management is currently a hot topic
- Because of ARRA, Cash management has been brought to the forefront
- But applies to all federal grants, not just ARRA

Cash Management

- Must minimize the amount of time elapsed between the cash received and disbursed
- EDGAR 34 CFR 80.21
- Cash on hand should be spent within 3 days

Cash Management

- Noncompliance possible penalties
 - Identification as high risk
 - Temporarily withholding future cash draws
 - Suspension or termination of grant award
 - Withholding of future discretionary grants
 - Repayment of interest
 - Debarment or suspension from future federal funds

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