



Santa Clara County Office of Education

Charles Weis, Ph.D.
County Superintendent of Schools

2010- 11

Fiscal Year End Closing Guide



District Business
&
Advisory Services



Santa Clara County Office of Education

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Introduction

This document was prepared to assist the Local Educational Agencies (LEAs) with the year- end closing process. The manual is divided into different sections, which are organized by specific topics, so that the district personnel with different closing responsibilities can easily refer to the material in their area. The material was prepared with intent to address comprehensive fiscal year end accounting processes. Most of the procedures and necessary steps are required for closing and reporting from the Quintessential School Systems (QSS) will be provided by the Technology Services Branch. Whenever appropriate, sample journal entries, appendices, and website links are presented to provide more detailed information and further demonstrate various accounting concepts.

We hope you find this material helpful. If you have any questions during the year-end closing process, you may contact any of the following individuals for their respective expertise:

#	District Name	Advisor		Phone	Accountant	Phone	Accounting Specialist	Phone
4	Alum Rock	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
7	Berryessa	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Doris Lopez	453-6613
8	Cambrian	Jason	Vann	453-6576	Anita Maharaj	453-6617	Jenny Chen	453-6667
9	Campbell Elem	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Rachelle Herrera	453-6608
51	Campbell Union High	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
10	Cupertino Union	Jason	Vann	453-6576	Anita Maharaj	453-6617	Janie Huang	453-6614
52	East Side Union High	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Doris Lopez	453-6613
66	East Valley JPA	Ann	Redd-Oyedele	453-6593			Sherryl Santos	453-6890
12	Evergreen	Jenina	Salcedo	453-6594	Emma Eclevia	453-6617	Doris Lopez	453-6613
71	Foothill-DeAnza	Ann	Redd-Oyedele	453-6593			Regina Jetomo	453-6615
13	Franklin-McKinley	Jason	Vann	453-6576	Anita Maharaj	453-6617	Jenny Chen	453-6667
53	Fremont Union High	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Amrita Bhatti	453-6607
72	Gavilan Joint	Ann	Redd-Oyedele	453-6593			Regina Jetomo	453-6615
83	Gilroy Unified	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Doris Lopez	453-6613
17	Lakeside Joint	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
19	Loma Prieta	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Rachelle Herrera	453-6608



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#	District Name	Advisor		Phone	Accountant	Phone	Accounting Specialist	Phone
20	Los Altos	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Amrita Bhatti	453-6607
56	Los Gatos - Saratoga	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
21	Los Gatos Union	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Rachelle Herrera	453-6608
22	Luther Burbank	Jason	Vann	453-6576	Anita Maharaj	453-6617	Janie Huang	453-6614
62	Metro Ed	Ann	Redd-Oyedele	453-6593			Sherryl Santos	453-6890
85	Milpitas Unified	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Doris Lopez	453-6613
26	Moreland	Jason	Vann	453-6576	Anita Maharaj	453-6617	Janie Huang	453-6614
84	Morgan Hill Unified	Jason	Vann	453-6576	Anita Maharaj	453-6617	Jenny Chen	453-6667
28	Mt. Pleasant	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Amrita Bhatti	453-6607
57	Mtn. View - Los Altos	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Amrita Bhatti	453-6607
29	Mtn. View Whisman	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Rachelle Herrera	453-6608
63	North County ROP	Ann	Redd-Oyedele	453-6593			Sherryl Santos	453-6890
30	Oak Grove	Jason	Vann	453-6576	Anita Maharaj	453-6617	Janie Huang	453-6614
31	Orchard	Jason	Vann	453-6576	Anita Maharaj	453-6617	Jenny Chen	453-6667
81	Palo Alto Unified	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
82	San Jose Unified	Jason	Vann	453-6576	Anita Maharaj	453-6617	Jenny Chen	453.667
76	San Jose/Evergreen	Ann	Redd-Oyedele	453-6593			Regina Jetomo	453-6615
88	Santa Clara Unified	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Rachelle Herrera	453-6608
36	Saratoga Union	Jenina	Salcedo	453-6594	Emma Eclevia	453-6673	Tami Camarena	453-6619
90	SCCOE	Ann	Redd-Oyedele	453-6593			Regina Jetomo	453-6615
64	Silicon Valley JPA	Ann	Redd-Oyedele	453-6593			Sherryl Santos	453-6890
37	Sunnyvale	Kolvira	Chheng	453-6510	Yen Lam	453-6772	Amrita Bhatti	453-6607
39	Union	Jason	Vann	453-6576	Anita Maharaj	453-6617	Janie Huang	453-6614
61	W. Valley Trans	Ann	Redd-Oyedele	453-6593			Regina Jetomo	453-6615
75	West Valley-Mission	Ann	Redd-Oyedele	453-6593			Sherryl Santos	453-6890

We wish everyone a smooth year-end closing process. If there is anything we can do to assist, please do not hesitate to contact us: Cathy McKim at (408) 453-6588 Cathy_McKim@sccoe.org or Nimrat Johal at (408) 453-6599 Nimrat_Johal@sccoe.org



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SCCOE Fiscal Year End Closing Deadlines

Date	Time	Transaction
6/29/2011	11:00 AM	On-Line Cash Deposits and Affidavits Of Deposit to COE (MC 242) FY 10/11
6/29/2011		Last Day For Deposits to be Made at Bank Of America
6/30/2011	3:00 PM	On-Line Accounts Payable Cancels for FY 10/11
6/30/2011	5:00 PM	Last Accounts Payable Batch for FY 10/11
6/29/2011	5:00 PM	Last CSAR Invoices and Receipts for FY 10/11
7/01/2011	10:00 AM	Last Accounts Payable Warrant Pick Up for FY 10/11
7/01/2011	3:00 PM	First Accounts Payable Batch for FY 11/12
7/04/2011		SCCOE Closed - Holiday
7/05/2011	10:00 AM	First Accounts Payable Warrant Pick Up for FY 11/12
7/15/2011	5:00 PM	Last Cash Transfers Between SACS Funds FY 10/11 (Dated 6/30/11)
8/19/2011	5:00 PM	Last Journal Entries for FY 10/11 (Dated 6/30/11)
8/19/2011	5:00 PM	FY 10/11 Cut Off**
8/26/2011	5:00 PM	FY 10/11 Financial Reports to Districts
9/15/2011	5:00 PM	Unaudited Actual Reports are Due to the SCCOE (Soft & Hard Copy)
9/15/2011	5:00 PM	Gann Limit Resolution Due to the SCCOE

*** If Districts need more time to close books and keep QSS system open for FY 10/11, contact Jan Howard in the Technology Services Branch at (408) 453-6727.*



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Training and Workshops

Date	Time	Class Title
4/19/11	1:00-3:00 PM	QSS Position Control Year End Processing***
5/03/11	8:30-10:15 AM	DBAS Fiscal Year End Training- Register on SCCOE Website http://santaclara.k12oms.org/eventdetail.php?id=47286
5/03/11	10:30-Noon	QSS Financial Year End Overview – <i>follows the DBAS Fiscal Year End Training at the San Jose/Eastside</i>
5/19/11	9:00-Noon	QSS Payroll Year End Processing
5/26/11	9:00-Noon	QSS Stores Year End Workshop***
6/09/11	9:00-Noon	QSS Invoicing and Billing (QCC AR) Year End Workshop***
6/21/11	1:00-4:00 PM	QSS Position Control Year End Processing***
6/28/11	1:00-3:00 PM	QSS Absence Tracking Fiscal Year End Processing***
Register for all QSS Classes on AccessPoint: http://accesspoint.sccoe.org/		

***** All Districts using this module must attend*****



Fiscal Year End Closing Activities

Pre-Closing Activities

Activity	Object
<input type="checkbox"/> Establish an Internal Fiscal Year-End Closing Calendar based on your internal and SCCOE Deadlines	
<input type="checkbox"/> Establish a School Site Fiscal Year-End Calendar with Deadlines	
<input type="checkbox"/> Identify tasks to be completed	
<input type="checkbox"/> Assign staff	
<input type="checkbox"/> Prior Fiscal Year Activities:	
<input type="checkbox"/> Reconcile all Fiscal Year End 09/10 Entries (Prior Year). The following items should have been resolved earlier this fiscal year; however, it is important to ensure that all prior year transactions in 10/11 have reconciled.	
<ul style="list-style-type: none"> ▪ Reconcile all 09/10 Accounts Receivable closing items on balance sheet ▪ If payments were not received, follow-up with granting agency or customers for payment status. If balances need to be carried forward, maintain supporting documents. 	9209
<ul style="list-style-type: none"> ▪ Reconcile all 09/10 Accounts Payable closing items on balance sheet ▪ Verify that accounts payable for goods and services are paid. If balances need to be carried forward, maintain supporting documents. 	9516
<ul style="list-style-type: none"> ▪ Reconcile 09/10 Pre-Paid Expenditures 	9330
<ul style="list-style-type: none"> ▪ Reverse 09/10 Deferred Revenue 	9650
<ul style="list-style-type: none"> ▪ Reconcile 09/10 Due To/ Due From Entries 	9310 / 9610



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Current Fiscal Year End Closing Activities	
Activities	Object
<input type="checkbox"/> Audit Findings for 09/10	
<input type="checkbox"/> In accordance with Education Code (EC) Sections 41020 through 41020.8, all school districts are required to file their annual audit reports for the preceding fiscal year no later than December 15th with the Santa Clara County Superintendent of Schools (County Superintendent), the California Department of Education (CDE), and the State Controller's Office (SCO).	
<input type="checkbox"/> On or before January 12th, the Governing Board of every LEA must have reviewed the prior year audit report, exceptions, adjustments made, and plan of correction (EC Section 41020.3).	
<input type="checkbox"/> Reconcile prior year audit adjustments	9793
<input type="checkbox"/> General Ledger Transactions	
<input type="checkbox"/> Confirm that ALL Unapproved Journal Entries and Transfers have been Approved or Deleted for Fiscal Year 10/11	
<input type="checkbox"/> Confirm that Inter-fund Transactions of Direct Costs are balanced	5710 / 5750
<input type="checkbox"/> Confirm that Other Authorized Inter-fund Transfers Out/Other Authorized Inter-fund Transfers In are balanced	7619 / 8919
<input type="checkbox"/> Set up Accounts Receivable Accruals for Revenue that has been earned but not yet received	
<input type="checkbox"/> Post 3 rd Quarter Lottery accruals and all other accruals	
<input type="checkbox"/> Set up Accounts Payable Accrued for supplies that have been received or services that have been performed but have not been paid	



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<input type="checkbox"/> Indirect Costs	
<ul style="list-style-type: none"> ▪ Book Indirect costs; ensure that all programs that are exempt from indirect have not been charged indirect 	
<ul style="list-style-type: none"> ▪ Ensure that the maximum allowable indirect charge is not exceeded for any program 	
<ul style="list-style-type: none"> ▪ Administrative costs for Federal programs have a maximum limit of 15%. Ensure that the maximum limit is not exceeded. 	
<input type="checkbox"/> Prepaid Expenditures	
<input type="checkbox"/> Districts often disburse cash for services or materials, and a portion of which actually applies to future fiscal periods. The portion of the cash paid in advance beyond the current fiscal year may be charged to Prepaid Expenditures	
<ul style="list-style-type: none"> ▪ The normal entry for Prepaid Expenditures will be: <ul style="list-style-type: none"> ○ Debit to Prepaid Expenditure (9330) ○ Credit to the expenditure account ▪ The Prepaid Expenditures are considered assets and will be rolled over to the next fiscal year. 	9330
<ul style="list-style-type: none"> ▪ Prepaid Expenditures for Categorical Programs ▪ If the prepayment is recorded in a categorical program subject to deferred revenue, the recording of the prepaid expenditures will create a timing problem. A prepaid expenditure requires a reserve to the fund balance. Because there is no fund balance for some categorical programs, the reserve would generate a negative undesignated fund balance for the program. The prepayment should, therefore be recorded in an unrestricted resource and later expended against the categorical program at the time when the service is received. ▪ For more information on prepaid expenditures, please refer to the CSAM, Procedure No. 420 	



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<input type="checkbox"/> Purchasing
<ul style="list-style-type: none">▪ Review all outstanding purchase orders
<ul style="list-style-type: none">▪ If order is not received but still wanted---roll purchase order to FY 11/12
<ul style="list-style-type: none">▪ If order is not received and not wanted---cancel purchase order
<ul style="list-style-type: none">▪ If order is received but unpaid, pay prior to A/P warrant cutoff date or Accrue as Accounts Payable Liability
<input type="checkbox"/> Revolving Cash
<ul style="list-style-type: none">▪ Reconcile and Replenish Revolving Cash
<input type="checkbox"/> Close out of Fund or Resources
<p>Occasionally districts need to close out a fund due to policy or business practice changes or simply because the projects have been completed or resources exhausted in that Fund Authorization from the governing board is required for closing out a fund and a copy of the Board approval has to be submitted to DBAS, who will then process the requests to inactivate the funds.</p>
<ul style="list-style-type: none">▪ Fund Balances must equal to zero prior to closing.▪ Normal accounting entries to transfer balances would include:▪ Fund/Resource being closed:<ul style="list-style-type: none">○ Debit to Other Authorized Inter-fund Transfers Out (7619) Credit to Cash (9110)▪ Fund/Resource balances that are being transferred to:<ul style="list-style-type: none">○ Debit to Cash (9110) Credit to Other Authorized Inter-fund Transfers In (8919)
<ul style="list-style-type: none">▪ Alternative- Restate the Beginning Balance▪ Districts may choose to use the "Restatement to Beginning Balance (Object 9795) to close out fund or resources when the objects used in the correction cannot pass the SACS validation. The District's auditors should be notified when districts employ the restatement method to close out a fund or resource.



Stores- Physical Inventory

- Section 41010 of the California Education Code requires LEAs to follow the California School Accounting Manual (CSAM) published by the California Department of Education (CDE). CSAM procedure 410 states that: *“For good internal control systems, CDE recommends that a physical inventory of the LEA’s property and equipment be taken at least annually.”*
- As part of the year-end closing, districts will perform a physical count of warehouse stock and reconcile to their General Ledger Inventory account (9320). This process should be completed by June 30th.

- Establish a firm cutoff date/time for Receiving Items into the Warehouse
- Establish a firm cutoff date/time for Issuing items from the Warehouse
- Receive all Orders into your perpetual inventory system
- Issue all items into your perpetual inventory system
- Print a count sheet of all items within your inventory
- A physical count of items on hand in your warehouse
- Upon completion of the warehouse physical accounting activity, the quantities should be entered into your perpetual inventory system and reconciled for discrepancies.
- All discrepancies must be resolved
- Districts on the SCCOE QSS system should notify TSB for closing deadlines.

District Will Post

- 4th Quarter Lottery
 - Reminder: 4th Quarter Lottery is based on the 09/10 Annual ADA
 - Record Revenue in Object 8560,
 - Restricted and Unrestricted portions must be distinguished

DBAS Will Post

- Revenue Limit A/P, A/R
- 3rd Quarter Lottery
- 4th Quarter Interest Apportionment Accrual
- FY 10/11 Apportionment Deferrals
- SELPA A/R, A/P – Determined by your SELPA Advisor



Final Closing Activities

<input type="checkbox"/> Validate Balance Sheet Accounts for reasonability
<input type="checkbox"/> Do asset accounts have debit balances?
<input type="checkbox"/> Do Liability accounts have credit balances?
<input type="checkbox"/> Confirm that beginning balances correspond with prior year ending balances on SACS forms
<input type="checkbox"/> Adjust stores as needed to match physical inventory
<input type="checkbox"/> Ensure That Indirect Costs net to zero at function and fund level
<input type="checkbox"/> Transfers of Direct Costs – Interfund (Object 5750) must net to zero for all funds.
<input type="checkbox"/> Transfers of Indirect Costs – Interfund (Object 7350) must net to zero for all funds.
<input type="checkbox"/> Transfers of Indirect Costs – Interfund (Object 7350) must net to zero by function.
<input type="checkbox"/> Interfund Transfers in(obj 8910-8929)must equal Interfund Transfers Out (obj7610-7629).
<input type="checkbox"/> Due from Other Funds (objects 9310) must equal Due to Other Funds (Object 9610).
<input type="checkbox"/> PERS Reduction Transfer (Objt 8092) in the General Fund must equal PERS Reduction, certificated and classified positions (objt 3801-3802) in all funds.
<input type="checkbox"/> Revenue Limit Transfers (objects 8091 and 8099) must net to zero individually.
<input type="checkbox"/> Transfers of Direct Costs (Object 5710) must net to zero by fund.
<input type="checkbox"/> Transfers of Indirect Costs (Object 7310) must net to zero by fund.
<input type="checkbox"/> Transfers of Indirect Costs (Object 7310) must net to zero by function.
<input type="checkbox"/> Contributions from Unrestricted Revenues (Object 8980) must net to zero by fund.



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<input type="checkbox"/> Contributions from Restricted Revenues (Object 8990) must net to zero by fund.
<input type="checkbox"/> Transfers of Restricted Balances (Object 8997) must net to zero.
<input type="checkbox"/> There should be no contributions (Obj 8980-8999) to the lottery (resr1100&6300) or from the Lottery: Instructional Materials (Resr6300).
<input type="checkbox"/> Pass-through revenues from all sources (objects 8287, 8587 and 8697) should equal transfers of pass-through revenues to other agencies(objects 7211 through 7213, plus 7299 for resources 3327 and 3328) by resource.
<input type="checkbox"/> Components of Ending Fund Balance (objects 9710-9790) must agree with Fund Equity (Assets [objects 9100-9499] minus Liabilities [objects 9500-9699])
<input type="checkbox"/> Legally restricted and other designation amounts reported in objects 9740 through 9780 should not create a negative undesignated/unappropriated balance (Object 9790) by fund and resource (for all funds except Fund 67)
<input type="checkbox"/> Legally restricted and other designation amounts reported in Fund 67, Self-Insurance Fund, objects 9740 through 4780 with rare exceptions should not create a negative undesignated/ unappropriated balance B (Object 9790) by resource.
<input type="checkbox"/> All ending fund balances (Object 9792) should be positive by resource, by fund.
<input type="checkbox"/> Revenue amounts exclusive of contributions (objects 8000-8979) should be positive by resource, by fund.
<input type="checkbox"/> Expenditure amounts (objects 1000-7999) should be positive by function, resource and fund.
<input type="checkbox"/> Accounts Receivable (Object 9200), Due from Other Funds (Object 9310), Accounts Payable (Object 9500), and Due to Other Funds (Object 9610) should have a positive balance by resource, by fund.
<input type="checkbox"/> Components of Ending Fund Balance (object 9700-9789) must be positive individually by resource and by fund.
<input type="checkbox"/> Total revenues exclusive of contributions (objects 8000-8979) should be positive, by fund.



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<input type="checkbox"/> Expenditure amounts (objects 1000-7999) should be positive by function, resource and fund
<input type="checkbox"/> Accounts Receivable (Object 9200), Due from Other Funds (Object 9310), Accounts Payable (Object 9500) and Due to Other Funds (Object 9610) should have a positive balance by resource, by fund.
<input type="checkbox"/> Components of Ending Fund Balance (objects 9700-9789) must be positive individually by resource, by fund.
<input type="checkbox"/> Download SACS 2011
<ul style="list-style-type: none">▪ Begin completing SACS forms▪ Run a Technical Review Checklist and make all corrections

Resources

California School Accounting Manual

Education Code Section 41010 requires local educational agencies (LEAs) to follow the definitions, instructions, and procedures in the California School Accounting Manual (CSAM). CSAM provides accounting policies and procedures, as well as guidance in implementing those policies and procedures, which include:

- Basis of accounting
- Revenue and expenditure recognition
- Fund types
- Types of transactions
- Methods of posting transactions, including adjusting entries
- Documentation required to substantiate certain transactions
- Year-end closing process, including the recording of accruals and deferrals

For the 2008 edition of the CSAM manual, in addition to routine coding updates and clarifying guidance, a procedure has been added that addresses postemployment benefits other than pensions.

CSAM does not provide guidance on every possible transaction. LEAs encountering problems not addressed in the manual should consult the Governmental Accounting Standards Board's (GASB's) publication or contact their independent auditors, their county office of education, or the California Department of Education, School Fiscal Services Division, (916) 322-1770, for technical assistance. CSAM can be viewed or downloaded from the CDE website:

<http://www.cde.ca.gov/fg/ac/sa>

Accounting personnel should be familiar with the principles and statements issued by the GASB, which is recognized nationally as the primary standard-setting body for governmental accounting. The principles and statements of GASB are available in its publication titled Codification of Governmental Accounting and Financial Reporting Standards, available from:

Governmental Accounting Standards Board
P.O. Box 30784
Hartford, CT 06150
(800) 748-0659
<http://www.gasb.org>



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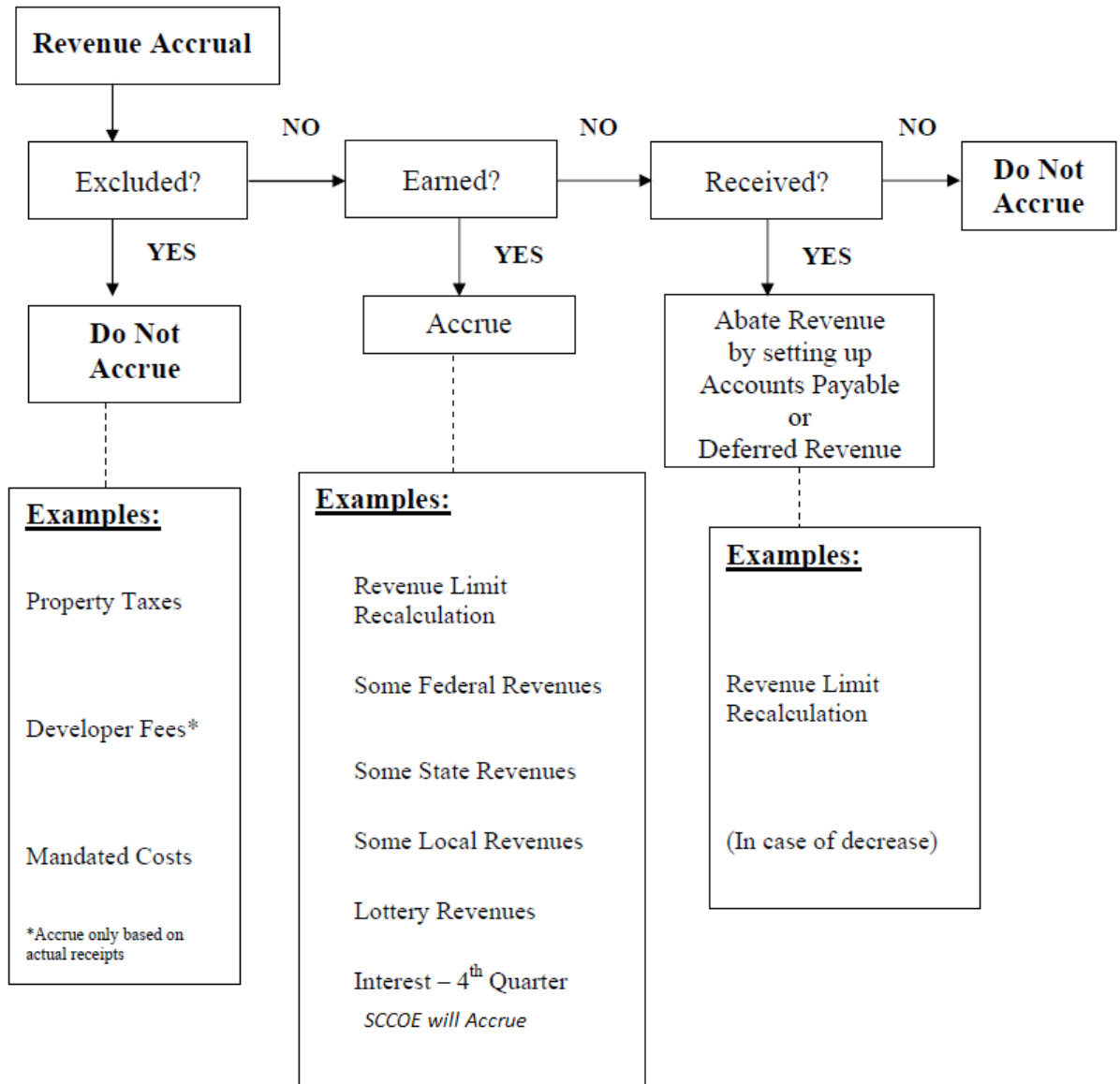
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Indirect Cost Rates

		----- APPROVED RATES -----				
		For use with state and federal programs, as allowable, in:				
LEA Code	LEA Name	2006-07 (based on 2004-05 expenditure data)	2007-08 (2005-06 expenditure data)	2008-09 (2006-07 expenditure data)	2009-10 (2007-08 expenditure data)	2010-11 (based on 2008-09 expenditure data)
10439	Santa Clara County Superintendent	6.54%	9.17%	11.41%	9.03%	10.03%
40360	Metropolitan Education District	0.00%	9.44%	8.81%	0.00%	0.00%
40899	West Valley Schools Transp. Agency	0.00%	0.00%	0.00%	0.00%	0.00%
40949	East Valley Transportation JPA	0.00%	0.00%	0.00%	0.00%	0.00%
41004	Institute of Computer Tech JPA (lapsed 7/08)	0.00%	0.00%	0.00%	0.00%	0.00%
69369	Alum Rock Union Elementary	6.45%	3.25%	5.50%	5.89%	5.44%
69377	Berryessa Union Elementary	8.17%	4.46%	5.86%	4.79%	2.80%
69385	Cambrian	6.52%	4.77%	3.25%	5.38%	4.39%
69393	Campbell Union	5.09%	4.13%	5.03%	5.74%	5.47%
69401	Campbell Union High	4.59%	7.87%	9.92%	5.47%	6.45%
69419	Cupertino Union Elementary (reorg. 07/09)	5.68%	5.73%	6.91%	4.71%	3.38%
69427	East Side Union High	4.94%	2.52%	3.50%	8.02%	7.24%
69435	Evergreen Elementary	3.60%	3.51%	4.53%	3.10%	2.35%
69450	Franklin-McKinley Elementary	5.27%	5.84%	7.26%	5.99%	4.57%
69468	Fremont Union High	7.87%	5.69%	6.28%	6.72%	7.49%
69484	Gilroy Unified	3.27%	4.44%	5.39%	4.65%	4.08%
69492	Lakeside Joint Elementary	6.09%	7.06%	5.46%	8.97%	3.51%
69500	Loma Prieta Joint Union Elementary	5.37%	10.29%	11.96%	7.61%	6.86%
		----- APPROVED RATES -----				
		For use with state and federal programs, as allowable, in:				
		2006-07	2007-08	2008-09	2009-10	2010-11
69518	Los Altos Elementary	5.69%	4.81%	4.27%	5.06%	4.87%
69526	Los Gatos Union Elementary	3.18%	6.30%	7.46%	6.88%	7.11%
69534	Los Gatos-Saratoga Joint Union High	5.66%	6.26%	6.09%	7.30%	6.19%
69542	Luther Burbank Elementary	6.65%	6.06%	4.40%	3.83%	4.19%
69567	Montebello Elementary (lapsed 07/09)	4.84%	2.93%	5.43%	43-69419	see 43-69419
69575	Moreland Elementary	6.30%	7.01%	6.77%	10.53%	8.72%
69583	Morgan Hill Unified	6.35%	7.35%	7.78%	5.72%	4.59%
69591	Mountain View Whisman Elementary	6.61%	6.64%	5.79%	5.76%	4.52%
69609	Mountain View-Los Altos Union High	7.54%	6.25%	6.15%	7.13%	7.82%
69617	Mt. Pleasant Elementary	5.38%	6.23%	5.56%	5.41%	3.96%
69625	Oak Grove Elementary	5.84%	6.98%	5.74%	6.46%	5.89%
69633	Orchard Elementary	5.28%	5.24%	5.57%	5.63%	3.07%
69641	Palo Alto Unified	5.79%	6.28%	6.76%	3.57%	3.30%
69666	San Jose Unified	3.61%	3.64%	4.81%	4.53%	4.29%
69674	Santa Clara Unified	4.49%	4.39%	4.52%	3.19%	2.68%
69682	Saratoga Union Elementary	6.45%	7.84%	8.72%	7.84%	7.52%
69690	Sunnyvale	5.64%	5.41%	7.65%	7.18%	6.39%
69708	Union Elementary	5.56%	5.62%	4.73%	5.08%	5.02%
73387	Milpitas Unified	7.34%	5.15%	3.01%	3.93%	4.87%
75689	Silicon Valley Jt. Powers Transp. Agency	0.00%	0.00%	0.00%	0.00%	0.00%



Revenue Accrual Chart



Revenue Recognition and Accrual

A. General Accounting Principles in Revenue Recognition for school districts

In the modified accrual basis of accounting, used for governmental funds, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. The term *available* means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Generally, *available* is defined as collectible within 45, 60, or 90 days. However, to achieve comparability of reporting among California school districts, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined *available* as collectible within one year.

B. Guidance for Recognition of Common Revenue Sources

▪ Revenue from the State

Year-End Correction for Revenue Limits and other State Apportionments

Second period to annual corrections for revenue limits and other state apportionments (either positive or negative) should be accrued at the end of the fiscal year. For example, the annual calculations of the revenue limit should be made, and the actual tax receipts as reported by the county auditor (Form J-29) should be subtracted, to determine the annual state aid to which the LEA is entitled. Any difference between the annual calculated state aid and the state aid received on the second principal apportionment would be recorded as an accounts receivable (if positive) or accounts payable (if negative).

Under SBXI18 of 2003, Period 2 apportionment is permanently shifted from June to July.

SBXI18 authorizes school agencies to book the P-2 apportionment deferred, along with the amounts previously deferred, as a receivable.

A spreadsheet of the payment schedule is available on the CDE website at:

www.cde.ca.gov/fg/

Prior Years' Corrections to State Apportionment

Any corrections to state apportionments from amendments to prior years' state reports are reflected as revenue and accrued as accounts receivable or payable in the year in which the adjustment amounts become known and the amendments are filed, provided that the actual cash adjustments are expected to be made no later than the following fiscal year.



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County Superintendent of Schools

Property Taxes

LEAs should recognize property tax revenues actually received as reported on the CDEs Principal Apportionment Tax Software, used by county offices of education and county auditors to report school district and county taxes. LEAs should make no accrual for property taxes receivable as of June 30.

Mandated Costs Revenue

Mandated costs revenue does not become available until appropriated by the legislature and approved by the Governor. Therefore, revenue from claims for mandated costs is recorded on a cash basis. However, if a known amount is received within 60 days of the close of the fiscal year, the LEA will accrue the amount as receivable and recognize the revenues in the year in which it becomes known.

In the past few years, funding has been inconsistent in the state budget for reimbursing school districts for the additional costs incurred due to state mandates. In addition, recent statistics show 81% of claimed costs were disallowed. It was recommended at one point that school districts reserve 80% of the reimbursements received in the unrestricted ending balance pending final audit. With the change of guard in the state controller's office late in 2006, the handling of disallowable claims has been shifted from demanding cash payback to an offset against future claims. As a result, districts are no longer required to reserve the mandated costs revenues. Nonetheless, districts still need to exercise extreme care in projecting cash flow and upcoming revenues for the mandated cost reimbursements.

Deferred Maintenance Apportionment

The Deferred Maintenance Apportionment is recognized in the year it is appropriated in the state budget act and apportioned to LEAs. The LEAs matching transfer to the deferred maintenance fund for FY 09-10 is suspended for 2009-10 through 2012-13 and will be reinstated in 2013-14 per the enacted 2008-09 budget reduction package and the 2009-10 budget act signed by the Governor on February 20, 2009.

State Lottery Revenue

The estimated fourth quarter payment of State lottery revenues is accrued at the end of the fiscal year. The adjustment payment of lottery revenues from prior year to current year ADA is reflected as revenue in the year in which the adjusting payment is received. Districts should use the most recent estimate for the year and subtract the apportionments received; the difference should be accrued as a receivable for the year. Accruals must be posted no later than August 19, 2011.



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Categorical Funds Subject to Deferred Revenue

Districts commonly receive grant awards that are “reimbursement-type” or “expenditure-driven.” These awards may be mandated by the government or may have been accepted voluntarily by the district. The eligibility requirements of these awards have not been met until the district has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received, but unspent, at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended. For example, if a \$10,000 federal grant has been received, but only \$8,125 has been expended by the end of the fiscal year, only \$8,125 revenue is recognized. The unspent \$1,875 should be deferred to the next fiscal year to be recognized as revenue if spent.

Categorical Funds Subject to Fund Balance

Districts commonly receive funds for which they have fulfilled specific eligibility requirements or have provided a particular service. For example, a district may be granted funds to transport students, to provide meals to students, or to offer supplemental classes to at-risk students. Once districts have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the district’s ending fund balance.

Labels such as “grants” or “entitlements” are sometimes used for restricted categorical resources. These terms do not necessarily define the characteristics necessary for proper revenue recognition. Care should be taken to understand the characteristics of each resource to determine how revenue should be recognized by the district.

Revenue from Internal Transfers

Routine Repair and Maintenance Account (RRMA)

Education Code 17070.75 states that any school district or County Office of Education (COE) with a School Facility Program project funded after November 1998 must establish a Routine Repair and Maintenance Account (RRMA) (resource 8150). As part of the School Facility Program ongoing requirements, an annual minimum contribution must be made into the RRMA. Per the enacted 2008-09 Budget Reduction Package and the 2009-10 Budget Act signed by the Governor on February 20, 2009, the required contribution amount for 2008-09 through 2012-13 is reduced from 3% to 1% of adopted district general fund budget. The RRMA contribution will revert back to 3% in 2013-14.



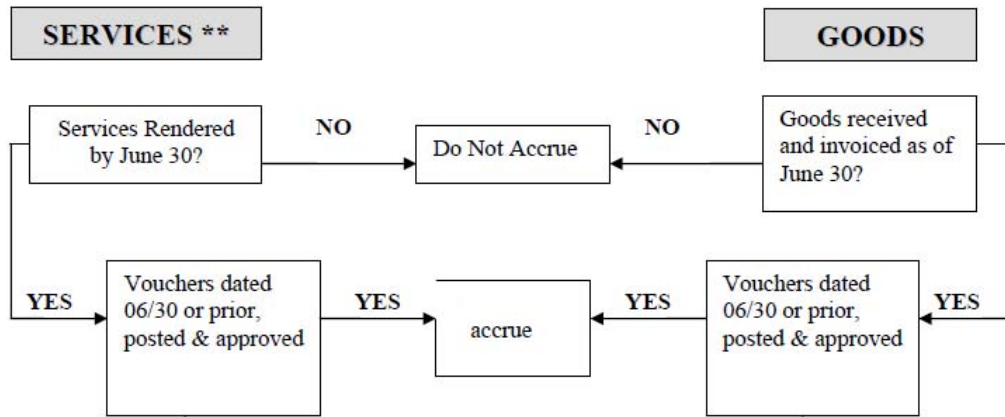
Tax and Revenue Anticipation Notes (TRANS)

Tax and revenue anticipation notes (TRANS) are short-term debt instruments issued by school districts (both K-12 and community colleges) in anticipation of taxes or other revenues to be collected at a later date. They are used to finance temporary cash flow shortfalls arising from the normal mismatch between the timing of expenditures and the receipt of revenues. The notes are repaid from the revenues to which they relate.

TRANS can mature in either the same fiscal year as issued or in the following fiscal year. Because TRANS are short term rather than long term; they are reported as a current loan (object 9640) in the fund receiving the proceeds.

Districts should refer to the California School Accounting Manual, procedure 715 for an illustrated example of the TRANS journal entries.

Expenditure Accrual Flowcharts



**** Services would include:**

- Utilities
- Commercial/Professional Contracts
- Contracts with County Office of Education



Exporting Data—Official

Once all of your data have been imported and/or entered, edited, and reviewed by LEA staff, and the certification forms have been printed and signed, the data can be exported to disk for submission to your reviewing agency, if necessary.

During the Official export process, the software will run the TRC for the applicable data types to ensure the data are ready for an Official export. (See the table below for the data types applicable to each reporting period's official export.) If any of the technical review checks fail, the export process will abort, and the Export Log will display the names of the exceptions, for each applicable data type, that prevent the official export from occurring, as well as direct you to the TRC Explanations screen to review the failed checks (exceptions) that are still outstanding. All outstanding exceptions must be corrected or explained before an Official export can occur. If you are using an Official option and exporting several LEAs, those that pass the checks will be exported; only the LEAs with exceptions outstanding will not export.

If Officially Exporting Data From This Reporting Period	Then These Types of Data Must Pass the TRC
July 1 Single/Dual Budgets	Budget and Estimated Actuals
September 8 Dual Budget	Budget and Estimated/Unaudited Actuals
Unaudited Actuals	Unaudited Actuals*
1 st /2 nd Interims/End of Year Projection	Original Budget* and Projected Year Totals*

*Although budget data during unaudited actuals period, and board approved budget and actuals to date data during the interim periods, are not checked for Official export, we strongly recommend all fatal exceptions are corrected and warning exceptions are corrected or explained for these types of data.

Follow these steps to perform an Official export:

- Select the Official export option.
 - The default drive for this type of export is C:\. If desired, select a different drive from the Export Drive and Directory dropdown box (e.g., your system's CD or diskette drive). Upon export, the software will create a subdirectory named "SACS2010ALL\Official" on the selected drive; you are not able to designate any other subdirectory for an Official export.
- Select the LEA(s) you wish to export; the software will default to the LEA set in Preferences. To select multiple LEAs, press and hold the **Ctrl** key, then click on each LEA to export.
- Once the Export Drive, the Official option, and the LEA(s) have been selected for export, click on the Export button to begin the export process, including the validation checks.

At the end of each LEA's export, the Export Log displays the location (drive and subdirectory) to which the LEA's file was exported. Any existing files in the destination subdirectory with the same CDS codes and "reporting period" identifiers as those being exported will be overwritten.

After the data are exported, the exported .dat file can then be used to import the data into another computer by following the "IMPORT—OFFICIAL" directions in the IMPORTING DATA section of the SACS Software User Guide.



Santa Clara County Office of Education

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County Superintendent of Schools

District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599 Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 11-034

Date: March 29, 2011

To: District Fiscal Directors

From: Cathy McKim

Re: GASB54 Sample Fund Balance Policies – Bulletin 11-034

The Governmental Accounting Standards Board (GASB) has issued Statement 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions* which is effective for financial statements for fiscal year 2010-11. GASB Statement No. 54 will shift the focus of fund balance reporting from the availability of fund resources for budgeting to “the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent.”

The new standard establishes five components of fund balance. Because circumstances differ among governments, not every government or every governmental fund will report all of those components.

With the implementation of GASB 54, fund balance classifications comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints (restrictions or limitations) imposed upon the use of the resources reported in governmental funds.

While GASB Statement No. 54 does not change the actual amount of fund balance reported, and does not change most aspects of day-to-day accounting; however, it is important that your district establish a Fund Balance Policy. The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. Attached to this bulletin are some sample policies that you may use.

Please share this information internally as appropriate.

Approved by: Nimrat Johal- Director- District Business & Advisory Services



GASB 54- Sample Policy #1

SAMPLE XYZ SCHOOL DISTRICT POLICY NO. 3XXX

CLASSIFICATION: Business and Non-instructional Operations

ADOPTED: xx/xx/xx

REVISED: xx/xx/xx

SUBJECT: Fund Balance Policy PAGE: 1 of 1

The Fund Balance Policy is intended to provide guidelines during the preparation and execution of the annual budget to ensure that sufficient reserves are maintained for unanticipated expenditures or revenue shortfalls. It also is intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. The Fund Balance Policy should be established based upon a long-term perspective recognizing that stated thresholds are considered minimum balances. The main objective of establishing and maintaining a Fund Balance Policy is for the district to be in a strong fiscal position that will allow for better position to weather negative economic trends.

The Fund Balance consists of five categories: Non-spendable, Restricted, Committed, Assigned, and Unassigned.

- **Nonspendable Fund Balance** consists of funds that cannot be spent due to their form (e.g. inventories and prepaids) or funds that legally or contractually must be maintained intact.
- **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
- **Committed Fund Balance** consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- **Assigned Fund Balance** consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

GASB54- Sample Policy #1

Unassigned Fund Balance consists of excess funds that have not be classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

Non-spendable and Restricted Funds

Non-spendable funds are those funds that cannot be spent because they are either:

- 1) Not in spendable form (e.g. inventories and prepaids)
- 2) Legally or contractually required to be maintained intact

It is the responsibility of the Chief Business Official to report all Non-spendable Funds appropriately in the District's Financial Statements.

Restricted funds are those funds that have constraints placed on their use either:

- 1) Externally by creditors, grantors, contributors, or laws or regulations or other governments
- 2) By law through constitutional provisions or enabling legislation.

It is the responsibility of the Chief Business Official to report all Restricted Funds appropriately in the District's Financial Statements.

Classifying Fund Balance Amounts

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last; unless the governing board has provided otherwise in its commitment or assignment actions.

Authority to Commit Funds

The district's governing board has the authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution by a simple majority vote. The passage of a resolution must take place prior to June 30th of the applicable fiscal year. If the actual amount of the commitment is not available by June 30th, the resolution must state the process or formula necessary to calculate the actual amount as soon as information is available.

GASB 54- Sample Policy #1 Cont'd.

Stabilization Arrangement

Maintaining a Financial Stabilization Account is a necessity for sound financial management and fiscal accountability. The district's governing board has the authority to establish a Financial Stabilization Account that will be a Committed Fund Balance. A Financial Stabilization Account is established for the purpose of providing funds for an urgent event that affects the safety of the employee and student population (e.g. earthquake, wildfires, etc.). The minimum level for the Financial Stabilization Account is 5% of General Fund expenditures. The recognition of an urgent event must be established by the governing board or their designee (e.g. Superintendent). If established by the governing board's designee, the specific urgent event must be reported to the governing board at their next meeting. A budget revision must be approved by the district's governing board. In the event that the balance drops below the established minimum level, the district's governing board will develop a plan to replenish the Financial Stabilization Account balance to the established minimum level within four years.

Authority to Assign Funds

Upon passage of the Fund Balance Policy, authority is given to the district's Chief Business Official to assign funds for specific purposes. Any funds set aside as Assigned Fund Balance must be reported to the district's governing board at their next regular meeting. The governing board has the authority to remove or change the assignment of the funds with a simple majority vote.

The district's governing board has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as Assigned Fund Balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment.

Unassigned Fund Balance

Unassigned Fund Balance is the residual amount of Fund Balance in the General Fund. It represents the resources available for future spending. An appropriate level of Unassigned Fund Balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls.

Unassigned Fund Balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision by the District's governing board. In the event of projected revenue shortfalls, it is the responsibility of the Chief Business Official to report the projections to the district's governing board on a quarterly basis and shall be recorded in the minutes.



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GASB 54- Sample Policy #1 Cont'd.

Any budget revision that will result in the Unassigned Fund Balance dropping below the minimum level will require the approval of 2/3 vote of the district's governing board.

The Fund Balance Policy establishes a minimum Unassigned Fund Balance equal to 8% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the District's governing board will develop a plan to replenish the fund balance to the established minimum level within two years.



GASB 54- Sample Policy #2

POLICY AND PROCEDURES

Subject: Fund Balance for the General Fund

Effective Date

Issued Date

Resolution Number: 2011-

Approval Date:

I. PURPOSE

This Fund Balance Policy establishes the procedures for reporting unrestricted fund balance in the General Fund financial statements. Certain commitments and assignments of fund balance will help ensure that there will be adequate financial resources to protect the District against unforeseen circumstances and events such as revenue shortfalls and unanticipated expenditures.

The policy also authorizes and directs the Chief Business Official to prepare financial reports which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

II. GENERAL POLICY

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the District is bound to honor constraints on the specific purpose for which amounts can be spent.

- Nonspendable fund balance (*inherently nonspendable*)
- Restricted fund balance (*externally enforceable limitations on use*)
- Committed fund balance (*self-imposed limitations on use*)
- Assigned fund balance (*limitation resulting from intended use*)
- Unassigned fund balance (*residual net resources*)

GASB 54- Sample Policy #2 Cont'd.

The first two components listed above are not addressed in this policy due to the nature of their restrictions. An example of nonspendable fund balance is inventory. Restricted fund balance is either imposed by law or constrained by grantors, contributors, or laws or regulations of other governments. This policy is focused on the financial reporting of unrestricted fund balance, or the last three components listed above. These three components are further defined below.

III. PROVISIONS

Committed Fund Balance

The Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined subsequent to the release of the financial statements. At the time of adoption of this policy, the District does not have any reserves that meet this component of fund balance.

Assigned Fund Balance

Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance

These are residual positive net resources of the general fund in excess of what can properly be classified in one of the other four categories. There are some reserves that do not meet the requirements of the fore mentioned components of fund balance.

GASB 54- Sample Policy #2 Cont'd.

For financial statement reporting purposes these reserves are included in unassigned fund balance. This includes:

Reserve For Economic Uncertainty Reserve – The District will maintain an economic uncertainty reserve of at least 3% of total General Fund operating expenditures (including other financing). The primary purpose of this reserve is to avoid the need for service level reductions in the event of an economic downturn causes revenues to come in lower than budget. This reserve may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.).

Fund Balance Classification

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. This policy is in place to provide a measure of protection for the District against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy or procedure supersedes the authority and provisions of this policy.



GASB 54- Sample Policy #4

FUND BALANCE POLICY

A. Fund Balance Policy

The District hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Policy shall only apply to the District's governmental funds. Fund Balance shall be composed of nonspendable, restricted, committed, assigned and unassigned amounts.

Fund Balance information is used to identify the available resources to repay long-term debt, reduce property taxes, add new governmental programs, expand existing ones, or enhance the financial position of the District, in accordance with policies established by the Governing Board.

B. Definitions

Fund Balance – refers to the difference between assets and fund liabilities in the governmental funds balance sheet and is referred to as fund equity.

Non-Spendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (principal of an endowment fund, for example).

Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors), or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision making authority. Commitments may be changed or lifted only by the Governing Board taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – Amounts the District intends to use for a specific purpose.

Unassigned Fund Balance – The residual classification for the general fund and includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.



C. Classification of Fund Balance

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

The fund balances of the District's governmental funds include but are not limited to:

Non-spendable Fund Balance

- a. Stores-* The stores fund balance is established to indicate those amounts relating to inventories that are not in spendable form.

- b. Prepaid and Revolving Cash-* The prepaid and revolving cash fund balance is established to indicate those amounts relating to pre-pays and deposits that are not in spendable form.

Restricted Fund Balance

*Encumbrances-*The District encumbers funds associated with a purchase order which is evidence of a contract by third party restriction.

Committed Fund Balance

The Governing Board hereby establishes the following committed fund balance:

a. Deferred Maintenance

The District has elected to continue the use of the Deferred Maintenance Fund 14 and transfer state apportionments into the fund. Expenditures are also authorized according to the five-year plan and may be made with appropriate approval.

b. Fiscal Stabilization Arrangement

A minimum reserve of 15 percent of the General Fund beginning adopted appropriations (expenditure budget) should be incrementally established and maintained for use in meeting unanticipated needs and/or emergencies.



GASB 54- Sample Policy #4

Use of Stabilization Fund Balance. The amount shall be used only after all efforts have been exhausted to fund unanticipated needs and/or emergencies, such as would occur in the event of a natural disaster (i.e. earthquake, wildfires, etc). Once the Chief Administrative Officer or his/her designee has determined that it is necessary to draw down fund balance, written communication should be provided by the CAO to the Governing Board, explaining the nature of the unanticipated need and/or emergency and requires approval by a two-thirds vote of Governing Board. A maximum of fifty percent of the shortfall or fifty percent of the prior fiscal year ending balance in the Stabilization may be drawn, whichever is less. At no time may the balance be less than 7.5 percent of adopted annual appropriations or half of the prior fiscal year ending balance, whichever is greater. The Stabilization Fund Balance may not be used for more than two consecutive years.

Replenishment of Stabilization Fund Balance. If the reserves are drawn down below the minimum required level of 15 percent, then a budgetary plan shall be implemented to return the reserve to a minimum 15 percent level in no more than a 5 year period. The progress of replenishment should be reported in the annual budget.

Funding of Stabilization Fund Balance. Proceeds from the sale of District owned surplus property and any other funds identified in the budget will be used to increase the reserve. Interest earnings will be applied on the reserve balance each fiscal year.

Assigned Fund Balance

- b. *Carry Forward* The carry forward fund balance is identified by the Chief Business Official (CBO) at the close of each fiscal year, subject to approval of Governing Board, and is comprised of the district and departmental/site carry forwards.
- c. District Carry Forward – funds identified in the annual budget (and any revisions thereto) to provide for differences, if any, between budgeted revenues and expenditures.

Departmental/site carry forward – funds for which appropriations have been made in previous fiscal years that have been approved by the CBO to be carried forward to subsequent fiscal years, subject to Governing Board approval.

D. Authority to Assign

The CBO shall have authority to assign amounts of fund balance to a specific purpose; however, before expenditure, amounts must be appropriated by the Governing Board.



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E. Minimum Level of Unassigned Fund Balance

The District does not currently have a formal minimum fund balance policy.

F. Annual Review and Determination of Fund Balance Reserve Amounts

Compliance with the provisions of this policy shall be reviewed, presented and discussed as part of the Unaudited Actuals Financial Reporting process and presentation to Governing Board, and the amounts of non-spendable, restricted, committed, assigned and unassigned fund balances shall be reported.

G. Additional Information, Requirements and Responsibilities

It will be the responsibility of the Chief Administrative Officer to keep this policy current and up-to-date.



Santa Clara County Office of Education

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County Superintendent of Schools

GASB 54- Sample Resolution #1

SAMPLE RESOLUTION TO ESTABLISH FUND BALANCE POLICIES AS REQUIRED BY GASB 54 #R_____

At a regular meeting of the _____ School District Board of Trustees held on _____, 2011, on a motion made by _____ and seconded by _____, the Board adopts the following resolution:

WHEREAS, the Governmental Accounting Standards Board (GASB) has adopted Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, that is effective in fiscal year 2010-2011, and

WHEREAS, the _____ School District wishes to comply with GASB 54 as required beginning with the current July 1, 2010 – June 30, 2011 fiscal year;

NOW THEREFORE BE IT RESOLVED that the Board of Trustees hereby adopts the following policy:

FUND BALANCE POLICY NO.

Fund balance measures the net financial resources available to finance expenditures of future periods. The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees.

Fund Balance of the District may be committed for a specific source by formal action of the Board of Trustees. Amendments or modification to the committed fund balance must also be approved by formal action of the Board of Trustees. Committed fund balance does not lapse at year-end. The formal action required to commit fund balance shall be by board resolution or majority vote.

The Board of Trustees delegates authority to assign fund balance for a specific purpose to the Chief Business Official of the District.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and lastly, the unassigned fund balance.



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GASB 54- Sample Resolution #1

The Board of Trustees recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board intends to maintain a minimum fund balance of ____% of the District's general fund annual operating expenditures. If a fund balance drops below ____%, it shall be recovered at a rate of 1% minimally, each year.

This policy should be revisited each year for review.

The above Resolution is adopted this _____.

Ayes:

Nays:

Abstain:

Sample Memorandum of Agreement to Reopen QSS
 Sample Memorandum of Agreement

Between Name of School District and Technology Services Branch

This agreement is made and entered into good faith between the **Technology Services Branch (TSB)** of the Santa Clara County Office of Education and the **Name of School District** (Client). This agreement involves the reopening of the 2010-2011 fiscal year records to enable the client to make adjustments after the initial closing date of August 19, 2011. TSB will permit the client to reopen its books beginning August 22, 2011 for a fee of **\$1,000.00**.

Client will close their 2010-2011 year by **March 2011**. Reports will be available 5-10 working days after the new closing date depending on TSB's production schedule.

Any subsequent reopening of records will cost **\$1,000.00**.

Please sign this agreement to confirm your understanding of the services that will be provided and fax to TSB at 408-453-3672. Note that any deletions, additions or modifications to this memorandum of agreement must be mutually acceptable to both parties.

For security purposes please list the user name and user ID of people needing access:

User Name: _____	User ID: _____
User Name: _____	User ID: _____
User Name: _____	User ID: _____
User Name: _____	User ID: _____
User Name: _____	User ID: _____

In witness whereof, this _____ day of _____, 2011.

Technology Services Branch (TSB)

Name of School District

By _____
 Name _____
 Title _____

By _____
 Name _____
 Title _____

cc: Cindy Buck, Application Support Coordinator, TSB
 Jan Howard, Administrative Assistant, TSB (408) 453-6727



Sample Internal Closing Schedule

BUSINESS SERVICES

Schedule of Important Closing Dates

Fiscal Year End June 30, 2011

- Purchase Order, Purchase Requisition, and Store Order Deadlines
 - April 29 - Purchase Requisitions over \$50k
 - May 06 - Purchase Requisitions between \$25k & \$50k
 - May 13 - Purchase Requisitions between \$5,000 & \$25,000
 - May 20 - Purchase Requisitions under \$5,000
 - June 03 – Last day for stores orders for FY 2010-11
 - June 10 – Last day for P.O. Change Orders
- P-Card Deadlines
 - Approve transactions & submit receipts within three business days of month-end
 - May 4 – April P-Card transactions
 - June 3 – May P-Card transactions
 - July 6 – June P-Card transactions
- Reimbursement Claim Deadlines (Mileage, Travel, etc.)
 - Due Monthly, anything prior to April is due by April 29
 - May 27 – April Reimbursements
 - June 30 – May Reimbursements
 - July 6 – June Reimbursements
- AR Billing & Invoice Deadlines
 - June 24 – AR cancel requests
 - June 24 – AR invoices
- Journal, Cash Transfer, Deposit, A/P Invoice Deadlines
 - June 13 – Begin submitting A/P Invoices and Journal Entries (JE) corrections to avoid missing final close deadlines
 - June 24 – Cash Transfers between funds 120, 350 and General Fund
 - June 24 – Cash Deposits
 - July 15 – Final A/P Invoices for products/services received by June 30th
 - July 15– Final Journal Processing for corrections needing to be posted by June 30th

Please Note: It is important that you immediately contact your purchasing and accounting representative if you have large or complicated purchases that have not been previously communicated via requisition or email.

If you have any questions regarding your program(s), contact your accountant or Kris Duarte at (408) 453-6787 for accounting inquiries. For Purchasing related questions, please contact Vy Robles at (408) 453-6855.



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Sample Fiscal Year End Closing Activities

Fiscal Year End Closing Activities		
Activity	Due Date	Assigned
<input type="checkbox"/> Establish an Internal Fiscal Year-End Closing Calendar based on your internal and SCCOE Deadlines		
<input type="checkbox"/> Establish a School Site Fiscal Year-End Calendar with Deadlines		
<input type="checkbox"/> Identify tasks to be completed		
<input type="checkbox"/> Assign staff		
Prior Fiscal Year Activities:		
<input type="checkbox"/> Reconcile all Fiscal Year End 09/10 Entries (Prior Year).		
<input type="checkbox"/> Reconcile all 09/10 Accounts Receivable closing items on balance sheet		
<input type="checkbox"/> Reconcile all 09/10 Accounts Payable closing items on balance sheet		
<input type="checkbox"/> Reconcile 09/10 Pre-Paid Expenditures		
<input type="checkbox"/> Reverse 09/10 Deferred Revenue		
<input type="checkbox"/> Reconcile 09/10 Due To/ Due From Entries		



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Current Fiscal Year End Closing Activities		
Activities	Due Date	Assigned
<input type="checkbox"/> Audit Findings for 09/10		
▪ Reconcile prior year audit adjustments		
<input type="checkbox"/> General Ledger Transactions		
▪ Confirm that ALL Unapproved Journal Entries and Transfers have been Approved or Deleted for Fiscal Year 10/11		
▪ Confirm that Inter-fund Transactions of Direct Costs are balanced		
▪ Confirm that Other Authorized Inter-fund Transfers Out/Other Authorized Inter-fund Transfers In are balanced		
▪ Set up Accounts Receivable Accruals for Revenue that has been earned but not yet received		
▪ Post 3rd Quarter Lottery accruals and all other accruals		
▪ Set up Accounts Payable Accruals for supplies that have been received or services that have been performed but have not been paid		
<input type="checkbox"/> Indirect Costs		
▪ Book Indirect costs; ensure that all programs that are exempt from indirect have not been charged indirect		
▪ Ensure that the maximum allowable indirect charge is not exceeded for any program		
▪ Administrative costs for Federal programs have a maximum limit of 15%. Ensure that the maximum limit is not exceeded.		
<input type="checkbox"/> Book Prepaid Expenditures		



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Activities	Due Date	Assigned
<input type="checkbox"/> Purchasing:		
<ul style="list-style-type: none"> ▪ Review all outstanding purchase orders 		
<ul style="list-style-type: none"> ▪ If order is not received but still wanted---roll purchase order to FY 11/12 		
<ul style="list-style-type: none"> ▪ If order is not received and not wanted---cancel purchase order 		
<ul style="list-style-type: none"> ▪ If order is received but unpaid, pay prior to A/P warrant cutoff date or Accrue as Accounts Payable Liability 		
<input type="checkbox"/> Revolving Cash		
<ul style="list-style-type: none"> ▪ Reconcile and Replenish Revolving Cash 		
<input type="checkbox"/> Close out of Fund or Resources		
<input type="checkbox"/> Stores- Physical Inventory		
<ul style="list-style-type: none"> ▪ Establish a firm cutoff date/time for Receiving Items into the Warehouse ▪ Establish a firm cutoff date/time for Issuing items from the Warehouse ▪ Receive all Orders into your perpetual inventory system ▪ Issue all items into your perpetual inventory system ▪ Print a count sheet of all items within your inventory ▪ A physical count of items on hand in your warehouse ▪ Upon completion of the warehouse physical accounting activity, the quantities should be entered into your perpetual inventory system and reconciled for discrepancies. ▪ All discrepancies must be resolved ▪ Districts on the SCCOE QSS system should notify TSB for closing deadlines. 		



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Final Closing Activities		
Activities	Due Date	Assigned
<input type="checkbox"/> Validate Balance Sheet Accounts for reasonability		
<ul style="list-style-type: none"> ▪ Do asset accounts have debit balances? 		
<ul style="list-style-type: none"> ▪ Do Liability accounts have credit balances? 		
<input type="checkbox"/> Confirm that beginning balances correspond with prior year ending balances on SACS forms		
<input type="checkbox"/> Adjust stores as needed to match physical inventory		
<input type="checkbox"/> Ensure That Indirect Costs net to zero at function and fund level		
<input type="checkbox"/> Transfers of Direct Costs – Interfund (Object 5750) must net to zero for all funds.		
<input type="checkbox"/> Transfers of Indirect Costs – Interfund (Object 7350) must net to zero for all funds.		
<input type="checkbox"/> Transfers of Indirect Costs – Interfund (Object 7350) must net to zero by function.		
<input type="checkbox"/> Interfund Transfers in (objects 8910-8929) must equal Interfund Transfers Out (objects 7610-7629).		
<input type="checkbox"/> Due from Other Funds (objects 9310) must equal Due to Other Funds (Object 9610).		
<input type="checkbox"/> PERS Reduction Transfer (Object 8092) in the General Fund must equal PERS Reduction, certificated and classified positions (objects 3801-3802) in all funds.		
<input type="checkbox"/> Revenue Limit Transfers (objects 8091 and 8099) must net to zero individually.		
<input type="checkbox"/> Transfers of Direct Costs (Object 5710) must net to zero by fund.		
<input type="checkbox"/> Transfers of Indirect Costs (Object 7310) must net to zero by fund.		
<input type="checkbox"/> Transfers of Indirect Costs (Object 7310) must net to zero by function		
<input type="checkbox"/> Contributions from Unrestricted Revenues (Object 8980) must net to zero by fund.		
<input type="checkbox"/> Contributions from Restricted Revenues (Object 8990) must net to zero by fund.		



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Activities	Due Date	Assigned
<input type="checkbox"/> Transfers of Restricted Balances (Object 8997) must net to zero.		
<input type="checkbox"/> There should be no contributions (Objects 8980-8999) to the lottery (resources 1100 and 6300) or from the Lottery: Instructional Materials (Resource 6300).		
<input type="checkbox"/> Pass-through revenues from all sources (objects 8287, 8587 and 8697) should equal transfers of pass-through revenues to other agencies(objects 7211 through 7213, plus 7299 for resources 3327 and 3328) by resource.		
<input type="checkbox"/> Components of Ending Fund Balance (objects 9710-9790) must agree with Fund Equity (Assets [objects 9100-9499] minus Liabilities [objects 9500-9699])		
<input type="checkbox"/> Legally restricted and other designation amounts reported in objects 9740 through 9780 should not create a negative undesignated/ unappropriated balance (Object 9790) by fund and resource (for all funds except Fund 67)		
<input type="checkbox"/> Legally restricted & other designation amounts reported in Fund 67, Self-Insurance Fund, objects 9740 through 4780 with rare exceptions should not create a negative undesignated/ un-appropriated balance B (Object 9790) by resource.		
<input type="checkbox"/> All ending fund balances (Object 9792) should be positive by resource, by fund.		
<input type="checkbox"/> Revenue amounts exclusive of contributions (objects 8000-8979) should be positive by resource, by fund.		
<input type="checkbox"/> Expenditure amounts (objects 1000-7999) should be positive by function, resource and fund.		
<input type="checkbox"/> Accounts Receivable (Object 9200), Due from Other Funds (Object 9310), Accounts Payable (Object 9500), and Due to Other Funds (Object 9610) should have a positive balance by resource, by fund.		
<input type="checkbox"/> Components of Ending Fund Balance (object 9700-9789) must be positive individually by resource and by fund.		
<input type="checkbox"/> Total revenues exclusive of contributions (objects 8000-8979) should be positive, by fund.		
<input type="checkbox"/> Expenditure amounts (objects 1000-7999) should be positive by function, resource and fund		
<input type="checkbox"/> Accounts Receivable (Object 9200), Due from Other Funds (Object 9310), Accounts Payable (Object 9500) and Due to Other Funds (Object 9610) should have a positive balance by resource, by fund.		
<input type="checkbox"/> Components of Ending Fund Balance (objects 9700-9789) must be positive individually by resource, by fund.		



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<input type="checkbox"/> Download SACS 2011		
<ul style="list-style-type: none">▪ Begin completing SACS forms▪ Run a Technical Review Checklist & Make all corrections		



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Sample Gann Resolution

ABC SCHOOL DISTRICT
BOARD OF TRUSTEES

SAMPLE GANN RESOLUTION

SUBJECT: Resolution No. 998-09/10 Consent X
Appropriations Expenditure Limitation Increase

DATE: September 9, 2010 Agenda Item A-7

REPORTED
BY/PERSON
RESPONSIBLE:

RECOMMENDED ACTION: It is recommended that the Board approve Resolution No. 998-09/10 Appropriations Expenditure Limitation Increase, as presented.

Description/Proposal:

Proposition 4 (the Gann Initiative) of 1979 established specific limitations upon school district expenditures. SB 98 (Chapter 82/89) and AB 198 (Chapter 83/89), passed in 1989-90 to implement Proposition 98, amended the statutes which determine how school districts calculate their appropriations limit and population adjustment, as well as how much state aid is counted in local education agency (LEA) limits. Proposition 111 amended sections of Proposition 98 and was approved in 1990-91 by voters.

The District would like to establish the final Gann Limit for the 2009-10 fiscal year and a projected Gann Limit for the 2010-11 fiscal year in accordance with the provisions of Article XIII-B and applicable statutory provisions and whereas, Government Code Section 7902.1 provides that school districts may increase their Gann Limits under specified circumstances.