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## Section 500 Interim Reporting

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### Overview

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Education Code Section 42130 requires each school district to submit two interim financial reports to the governing board:

- i. First Interim Report – For the period ending October 31.
- ii. Second Interim Report – For the period ending January 31.

The interim reports are prepared on state-approved forms. The governing board of each school district is required to approve the reports no later than 45 days after the close of the period being reported and certify in writing within 45 days after the close of the period being reported, whether or not the district is able to meet its financial obligations for the remainder of the current fiscal year and two subsequent fiscal years.

Per Education Code 42131, there are three possible certifications:

- iii. Positive: Based upon current projections, the district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- iv. Qualified: Based upon current projections, the district may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- v. Negative: Based upon current projections, the district will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.

After the governing board of each school district approves the reports, the school district is required to file a copy of the certification page and the interim report with the county superintendent of schools.

### Timeline

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	First Interim	Second Interim	June 1 Update "Third Interim"
<b>Report Period Ending</b>	October 31	January 31	April 30
<b>Board Approval Deadline</b>	December 15*	March 17*	June 1*
<b>Submit Complete Board Approved Report to RCOE</b>	December 15*	March 17*	June 1*
<b>Notification to District &amp; SSPI</b>	January 16*	April 17*	August 15* (AB139 Letter)
<b>*Dates are subject to change depending on calendar</b>			

## Galaxy Interim Module

During interim reporting periods, the Galaxy Interim Module is used to update district projections to their current budget. The Interim Module is nested within the Budget Development System in Galaxy.

## Galaxy Screens

**Step 1: Populate Projected Year Totals**

The first step to preparing interim reports is to populate projected year totals within the Interim Module. It is only necessary to populate the projected totals ONCE after the interim cut-off dates (October 31/January 31). By populating projected year totals, the district is importing budget data from the live Financial System into the Interim Module in order to make interim budget adjustments.

The screen can be found at Galaxy → Budget Development System → Interim Module → Modify Interim Projected Year Totals. To populate Projected Year Totals, follow the steps below:

- A. Select a reporting period from the current fiscal year (CFY) and click Populate Projected Totals.

The screenshot displays the 'Modify Interim Projected Year Totals' interface. At the top, there are tabs for 'Search', 'Modify', and 'Budget Resolution Errors'. Below the tabs, the 'County' is set to '33 - RIVERSIDE COUNTY' and the 'District' is selected. The form contains several rows of 'From' and 'To' fields, each with a dropdown menu icon. A 'Reporting Period' dropdown menu is highlighted with a red box, showing three radio button options: '1st Interim' (selected), '2nd Interim', and '3rd Interim'. Below these options are two checkboxes: 'Include General Fund Only' and 'Include Adjustments Only'. At the bottom left, the 'Populate Projected Totals' button is highlighted with a red box. At the bottom right, there are 'Find' and 'Upload' buttons.

- B. You will receive confirmation that totals were populated. Click *OK* to proceed.

The screenshot shows a 'Confirmation' dialog box. The title bar reads 'Confirmation'. The main text area contains the message 'Totals were populated successfully.' At the bottom right of the dialog box, there is an 'OK' button.

**WARNING:** The district's current budget in the live Financial System has now been populated into the Interim Module and is ready to be modified for the interim reporting period. As a reminder, if you populate the projected totals again after any manual adjustments, the adjustments made in the Interim Module will be lost and need to be re-entered. There is a warning within Galaxy if totals have already been populated:

**Confirmation**

1st Interim is already populated. Any adjustments will be lost. Continue anyway?

### Step 2: Modify Interim Projected Year Totals

The second step to preparing interim reports is modifying projected year totals within the Interim Module to reflect spending patterns and updated assumptions. The adjustments made within the Interim Module will be reflected in SACS and ultimately generate budget resolutions into the live Financial System. The screen to make modifications is located at the following path: *Galaxy* → *Budget Development System* → *Interim Module* → *Modify Interim Projected Year Totals*.

- A. Enter at least one search criteria to avoid an unnecessarily long wait time. Click *Find*.

**Modify Interim Projected Year Totals**

County: 33 - RIVERSIDE COUNTY
 District: [Redacted]

From Fund: <input type="text"/> <input type="button" value="..."/>	To Fund: <input type="text"/> <input type="button" value="..."/>	<b>Reporting Period</b> <input checked="" type="radio"/> 1st Interim <input type="radio"/> 2nd Interim <input type="radio"/> 3rd Interim
From School: <input type="text"/> <input type="button" value="..."/>	To School: <input type="text"/> <input type="button" value="..."/>	
From Resource: <input type="text" value="1100"/> <input type="button" value="..."/>	To Resource: <input type="text" value="1100"/> <input type="button" value="..."/>	
From Project Year: <input type="text"/> <input type="button" value="..."/>	To Project Year: <input type="text"/> <input type="button" value="..."/>	
From Goal: <input type="text"/> <input type="button" value="..."/>	To Goal: <input type="text"/> <input type="button" value="..."/>	
From Function: <input type="text"/> <input type="button" value="..."/>	To Function: <input type="text"/> <input type="button" value="..."/>	
From Object: <input type="text"/> <input type="button" value="..."/>	To Object: <input type="text"/> <input type="button" value="..."/>	

Include General Fund Only  
 Include Adjustments Only

- B. The screen defaults to the Modify tab. Checkboxes are available to show additional columns: Current Totals, Adopted Budget, and Actuals/Encumbrances (as of the interim cut-off date).

**Modify Interim Projected Year Totals**

Search Modify Budget Resolution Errors

County: 33 - RIVERSIDE COUNTY District: Fiscal Year: Period: 1st Interim

Show Current Totals  Show Adopted Budget  Show Actuals / Encumbrances(combined)

Total Rows: 7

Delete	Fund	School	Resource	Project Year	Goal	Function	Object	Adopted Budget	Operating Budget	Current Operating Budget	Actuals / Encumbrance	Current Actuals / Encumbrance	Adjustments	Projected Totals
<input type="checkbox"/>	03	105	1100	0	1110	1000	4300	3,473	3,473	4,321	1,507	1,507	848	4,321
<input type="checkbox"/>	03	105	1100	0	0000	0000	8560	3,473	3,473	4,321	37	4,523	848	4,321

- C. To modify Projected Totals, use the Adjustments column.

**Modify Interim Projected Year Totals**

Search Modify Budget Resolution Errors

County: 33 - RIVERSIDE COUNTY District: Fiscal Year: Period: 1st Interim

Show Current Totals  Show Adopted Budget  Show Actuals / Encumbrances(combined)

Total Rows: 4

Delete	Fund	School	Resource	Project Year	Goal	Function	Object	Operating Budget	Actuals / Encumbrance	Adjustments	Projected Totals	Comments
<input type="checkbox"/>	03	105	1100	0	1110	1000	4300	3,036	0	1,000	4,036	INCREASE FOR ADA
<input type="checkbox"/>	03	105	1100	0	0000	0000	8560	3,036	0	1,000	4,036	INCREASE FOR ADA

$\$3,036 + \$1,000 = \$4,036$

Note: A line cannot be added/deleted if budget, actuals, or encumbrances already exist in Galaxy for that line. **Objects 9110-9650 make up the beginning balance for each line and therefore districts should not make adjustments to these object codes, as it will alter their beginning fund balance when importing from Galaxy to SACS. If adjustments are made to these object codes, it will generate a fatal technical error.**

**WARNING:** Do not make changes to existing account line components (fund, resource, object, etc.). This will change the accuracy of the data and currently there is no way for Galaxy to edit for this. *Modify Projected Year Totals* is a data entry screen only and does not have business rules to keep the budget in balance. Enter adjustments in a systematic way to avoid imbalanced funds/resources/objects.

### Step 3: Clear the Beginning Balance Adjustments (9700)

The third step to preparing interim reports is to clear beginning balance adjustments in object 9700, if the district did not do so prior to October 31. A district that has not cleared all 9700 object codes prior to this cut-off will have to utilize this step. If beginning balance adjustments have been cleared, skip to Step 4.

The screen to complete this step can be found at *Galaxy* → *Budget Development System* → *Interim Module* → *Modify Interim Projected Year Totals*.

- A. Adjust the balance in object 9700 to the corresponding 97XX account or expenditure account.

**Modify Interim Projected Year Totals**

Search   Modify   Budget Resolution Errors

County: 33 - RIVERSIDE COUNTY   District: [REDACTED]   Fiscal Year: [REDACTED]   Period: 1st Interim

Show Current Totals    Show Adopted Budget    Show Actuals / Encumbrances(combined)

Total Rows: 6

Delete	Fund	School	Resource	Project Year	Goal	Function	Object	Operating Budget	Actuals / Encumbrances	Adjustments	Projected Totals	Comments
<input type="checkbox"/>	03	105	1100	0	1110	1000	4300	3,036	0	4,016	7,052	INCREASE FOR ADA / CLEAR 9700
<input type="checkbox"/>	03	105	1100	0	0000	0000	8560	3,036	0	1,000	4,036	INCREASE FOR ADA
<input type="checkbox"/>	03	000	1100	0	0000	0000	9110	8,902	0	0	8,902	
<input type="checkbox"/>	03	000	1100	0	0000	0000	9200	0	0	0	0	
<input type="checkbox"/>	03	000	1100	0	0000	0000	9700	3,016	0	-3,016	0	CLEAR 9700
<input type="checkbox"/>	03	000	1100	0	0000	0000	9780	5,886	0	0	5,886	

- B. Use the *View Interim Projected Year Balance* screen to view how the adjustments entered have affected the ending balance. The screen can be found at *Galaxy* → *Budget Development System* → *View Budget* → *View Interim Projected Year Balance*.
  - i. In this example, the Current Year Revised column is out of balance by the beginning balance adjustment amount (Object 9700). The Projected Totals column is now in balance, with a grand total of 0.00.

**View Interim Projected Year Balance**

Search   Balance Information

County: 33 - RIVERSIDE COUNTY   District: [REDACTED]

Fiscal Year: [REDACTED]   Period: 1st Interim   Fund: 03   Resource: 1100

	Current Year Adopted	Current Year Revised	Current Year Rev/Exp	Adjustments	Projected Totals
Revenues	3,036.00	3,036.00	0.00	1,000.00	4,036.00
Expenditures	3,036.00	3,036.00	0.00	4,016.00	7,052.00
Sources	0.00	0.00	0.00	0.00	0.00
Uses	0.00	0.00	0.00	0.00	0.00
Sub-Total	0.00	0.00	0.00	-3,016.00	-3,016.00
Beginning Balance	5,886.00	8,902.00	0.00	0.00	8,902.00
Ending Balance	5,886.00	5,886.00	0.00	0.00	5,886.00
Grand Total	0.00	3,016.00	0.00	-3,016.00	0.00

Excel   Print

**Note:** The *View Interim Projected Year Balance* screen and the *View Interim Balance by Fund and Resource* screen can be used interchangeably for checking ending fund balance. However, if the LEA tracks a resource by Project Year, then the *View Interim Balance by Fund and Resource* screen will need to be used.

**Step 4: Balance Projected Totals**

The fourth step to preparing interim reports is to confirm that each resource within the Interim Module is balanced. In order to confirm that each resource is balanced, use the *View Interim Projected Year Balance* screen to scroll through each resource separately. Those resources which are still out of balance will need to be adjusted using Step 2. The screen can be found at *Galaxy* → *Budget Development System* → *View Budget* → *View Interim Projected Year Balance*.

- A. Leave the screen blank in order to scroll through each resource individually. Click *Find*.

B. Grand totals must be zero for the resource to be in balance.

**View Interim Projected Year Balance**

Search Balance Information

County: 33 - RIVERSIDE COUNTY District: [REDACTED]

Fiscal Year: [REDACTED] Period: 1st Interim Fund: 03 Resource: 1100

	Current Year Adopted	Current Year Revised	Current Year Rev/Exp	Adjustments	Projected Totals
Revenues	3,036.00	3,036.00	0.00	1,000.00	4,036.00
Expenditures	3,036.00	3,036.00	0.00	4,016.00	7,052.00
Sources	0.00	0.00	0.00	0.00	0.00
Uses	0.00	0.00	0.00	0.00	0.00
Sub-Total	0.00	0.00	0.00	-3,016.00	-3,016.00
Beginning Balance	5,886.00	8,902.00	0.00	0.00	8,902.00
Ending Balance	5,886.00	5,886.00	0.00	0.00	5,886.00
Grand Total	0.00	3,016.00	0.00	-3,016.00	0.00

Excel Print

C. Other View Options:

- i. Other view options include sorting by fund. To see a fund with all resources combined, use XXXX in the resource field. This view shows the Unrestricted General Fund which is currently out of balance by \$0.2 million.

**View Interim Projected Year Balance**

Search Balance Information

County: 33 - RIVERSIDE COUNTY District: [ ] Fiscal Year: [ ]

From Fund: 03 To Fund: 03  Show Combined General Fund

From Resource: XXXX To Resource: XXXX

Reporting Period

- 1st Interim
- 2nd Interim
- 3rd Interim

Show

- Current Year Adopted and Revised
- Current Year Rev/Exp

Find

**View Interim Projected Year Balance**

Search Balance Information

County: 33 - RIVERSIDE COUNTY District: [ ]

Fiscal Year: [ ] Period: 1st Interim Fund: 03 Resource: XXXX

	Current Year Adopted	Current Year Revised	Current Year Rev/Exp	Adjustments	Projected Totals
Revenues	1,438,039.00	1,438,039.00	0.00	1,000.00	1,439,039.00
Expenditures	1,405,369.00	1,405,369.00	59,352.88	4,016.00	1,409,385.00
Sources	0.00	0.00	0.00	0.00	0.00
Uses	0.00	0.00	0.00	0.00	0.00
Sub-Total	32,670.00	32,670.00	-59,352.88	-3,016.00	29,654.00
Beginning Balance	1,767,904.00	1,938,083.99	1,938,083.99	0.00	1,938,083.99
Ending Balance	1,800,574.00	1,800,574.00	1,878,731.11	0.00	1,800,574.00
Grand Total	0.00	170,179.99	0.00	-3,016.00	167,163.99

Excel Print

- ii. In order to show a combined General Fund, leave the Fund field blank and click the box on the right stating "Show Combined General Fund".

**View Interim Projected Year Balance**

Search Balance Information

County: 33 - RIVERSIDE COUNTY District: Fiscal Year:

From Fund: To Fund:  Show Combined General Fund

From Resource: XXXX To Resource: XXXX

Show

- Current Year Adopted and Revised
- Current Year Rev/Exp

Reporting Period

- 1st Interim
- 2nd Interim
- 3rd Interim

Find

**Step 5: View Interim Screens**

The fifth step to preparing interim reports is to confirm balances by SACS components prior to creating a SACS import. The screen can be found at *Galaxy* → *Budget Development System* → *View Budget* → *View Interim Balance by Fund and Resource*.

- A. Use this screen before creating a SACS import to verify the Projected Totals column is correct.

**View Interim Balance by Fund and Resource**

Search Summary

County: 33 - RIVERSIDE COUNTY District: Fiscal Year:

From Fund: 03 To Fund: 03  Show Combined General Fund

From School: XXX To School: XXX

From Resource: 1100 To Resource: 1100

From Project Year: X To Project Year: X

Select Sort Criteria

Fund School Resource Project Year

Clear Criteria Find

Reporting Period

- 1st Interim
- 2nd Interim
- 3rd Interim

B. The data displayed will be as of the last date of the current reporting period.

View Interim Balance by Fund and Resource							
Search		Summary					
County: 33 - RIVERSIDE COUNTY		District: [REDACTED]					
Fiscal Year: [REDACTED]	Fund: 03	School: XXX	Resource: 1100	Project Year: X	End Date: 10/31	Period: 1st Interim	
		Adopted Budget	Revised Budget	Rev/Exp Net of Abatements	Encumbrances	Adjustments	Projected Totals
A. REVENUES	1) LCFF Sources	0	0.00	0.00	0.00	0.00	0.00
	2) Federal Revenues	0	0.00	0.00	0.00	0.00	0.00
	3) Other State Revenues	3,038	3,038.00	0.00	0.00	1,000.00	4,038.00
	4) Other Local Revenues	0	0.00	0.00	0.00	0.00	0.00
	5) TOTAL REVENUES	3,038	3,038.00	0.00	0.00	1,000.00	4,038.00
B. EXPENDITURES	1) Certificated Salaries	0	0.00	0.00	0.00	0.00	0.00
	2) Classified Salaries	0	0.00	0.00	0.00	0.00	0.00
	3) Employee Benefits	0	0.00	0.00	0.00	0.00	0.00
	4) Books and Supplies	3,038	3,038.00	0.00	0.00	4,016.00	7,052.00
	5) Services, Other Op Exp	0	0.00	0.00	0.00	0.00	0.00
	6) Capital Outlay	0	0.00	0.00	0.00	0.00	0.00
	7) Other Outgo	0	0.00	0.00	0.00	0.00	0.00
	8) Direct/Indirect Costs	0	0.00	0.00	0.00	0.00	0.00
	9) TOTAL EXPENDITURES	3,038	3,038.00	0.00	0.00	4,016.00	7,052.00
C. EXCESS (DEFICIENCY) OF REV/EXP (A5 - B9)		0	0.00	0.00	0.00	-3,016.00	-3,016.00
D. OTHER FINANCING SOURCES/USES	1a) Interfund Transfers In	0	0.00	0.00	0.00	0.00	0.00
	1b) Interfund Transfers Out	0	0.00	0.00	0.00	0.00	0.00
	2a) Other Sources	0	0.00	0.00	0.00	0.00	0.00
	2b) Other Uses	0	0.00	0.00	0.00	0.00	0.00
	3) Contributions	0	0.00	0.00	0.00	0.00	0.00
4) TOTAL OTHER		0	0.00	0.00	0.00	0.00	0.00
E. CHANGE IN FUND BALANCE (C + D4)		0	0.00	0.00	0.00	-3,016.00	-3,016.00
F. BEGINNING BALANCE		5,888	8,902.00	8,902.00		0.00	8,902.00
G. ENDING BALANCE		5,888	5,888.00	8,902.00		0.00	5,888.00
GRAND TOTAL		0	3,016.00	0.00		-3,016.00	0.00

Excel Print

- C. An additional tool to view a range of resources is the View Interim Balance Summary by SACS Component screen. The screen can be found at *Galaxy* → *Budget Development System* → *View Budget* → *View Interim Balance by SACS Component*. By defining the resource range, combined balances can be viewed for the selected resources only.

- D. This view shows the combined balances for resources 0000 through 1999 only.

		Adopted Budget	Revised Budget	Rev/Exp Net of Abatements	Encumbrances	Adjustments	Projected Totals
<b>A. REVENUES</b>	1) LCFF Sources	1,409,392	1,409,392.00	0.00	0.00	0.00	1,409,392.00
	2) Federal Revenues	0	0.00	0.00	0.00	0.00	0.00
	3) Other State Revenues	3,647	3,647.00	0.00	0.00	1,000.00	4,647.00
	4) Other Local Revenues	25,000	25,000.00	0.00	0.00	0.00	25,000.00
	5) TOTAL REVENUES	1,438,039	1,438,039.00	0.00	0.00	1,000.00	1,439,039.00
<b>B. EXPENDITURES</b>	1) Certificated Salaries	372,912	372,912.00	0.00	262,593.30	0.00	372,912.00
	2) Classified Salaries	370,280	370,280.00	45,395.00	288,782.77	0.00	370,280.00
	3) Employee Benefits	336,501	336,501.00	13,957.88	141,072.45	0.00	336,501.00
	4) Books and Supplies	119,441	119,441.00	0.00	0.00	4,016.00	123,457.00
	5) Services, Other Op Exp	195,552	195,552.00	0.00	0.00	0.00	195,552.00
	6) Capital Outlay	10,703	10,703.00	0.00	0.00	0.00	10,703.00
	7) Other Outgo	0	0.00	0.00	0.00	0.00	0.00
	8) Direct/Indirect Costs	0	0.00	0.00	0.00	0.00	0.00

- E. The selected resources can also be viewed on the Modify Interim Projected Year Totals screen. This screen can be given to staff that need to view the adjustments, but not modify them.

**Step 6: Create SACS Import File**

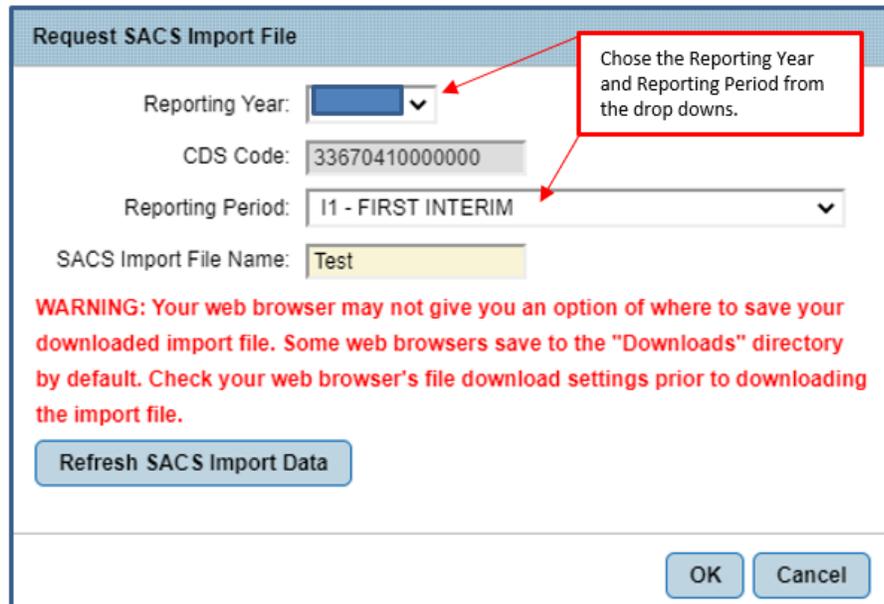
The sixth step to preparing interim reports is to generate a SACS import file to be uploaded into SACS Web. The screen can be found at *Galaxy* → *Budget Development System* → *Modify District Budget Status*.

- A. Click *Generate SACS Import File* and click *OK*.

	Status	Last Date and Time
Recalc Required:	N	06/17/2020 2:34:54 PM
Populated:	P/Re-Pc	05/26/2020 6:43:10 AM
Frozen:	Y	07/01/2020 7:06:44 AM
Transfer Budget To Financial Requested:	Y	07/01/2020 7:06:12 AM
Approved By County:	Y	07/01/2020 7:06:16 AM
Dual Adoption Transfer Requested:	Y	07/01/2020 7:06:47 AM
Dual Adoption Appr:	N	
SACS Import File:	Y	06/17/2020 3:39:59 PM

Total Rows: 2			
Fund	Fund Description	Balance	Difference
03	GENERAL FUND UNRESTRICTED	0	0
06	GENERAL FUND RESTRICTED	0	0

- B. Select the reporting year and period from the drop down lists then click OK. Enter a SACS Import File Name, then click OK.



**Request SACS Import File**

Reporting Year:

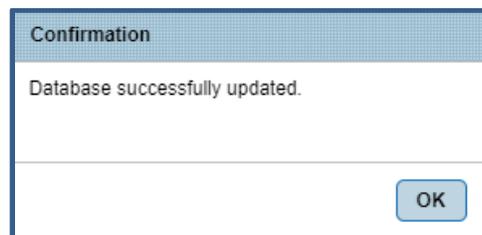
CDS Code:

Reporting Period:

SACS Import File Name:

**WARNING: Your web browser may not give you an option of where to save your downloaded import file. Some web browsers save to the "Downloads" directory by default. Check your web browser's file download settings prior to downloading the import file.**

- C. You will receive a confirmation that the request was completed. The file will download into your browser downloads.



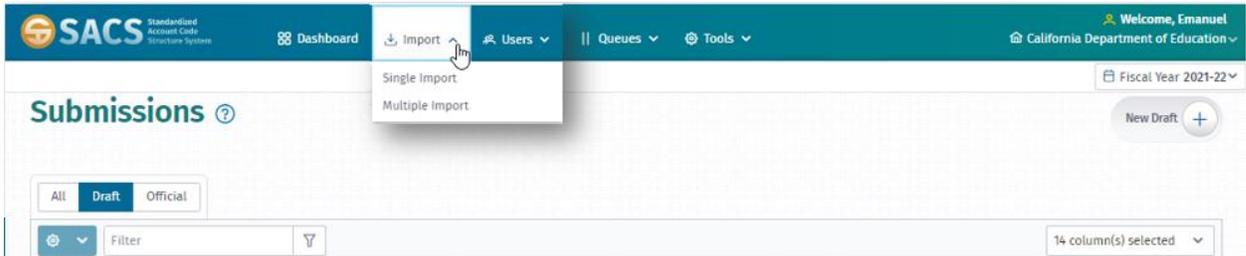
**Confirmation**

Database successfully updated.

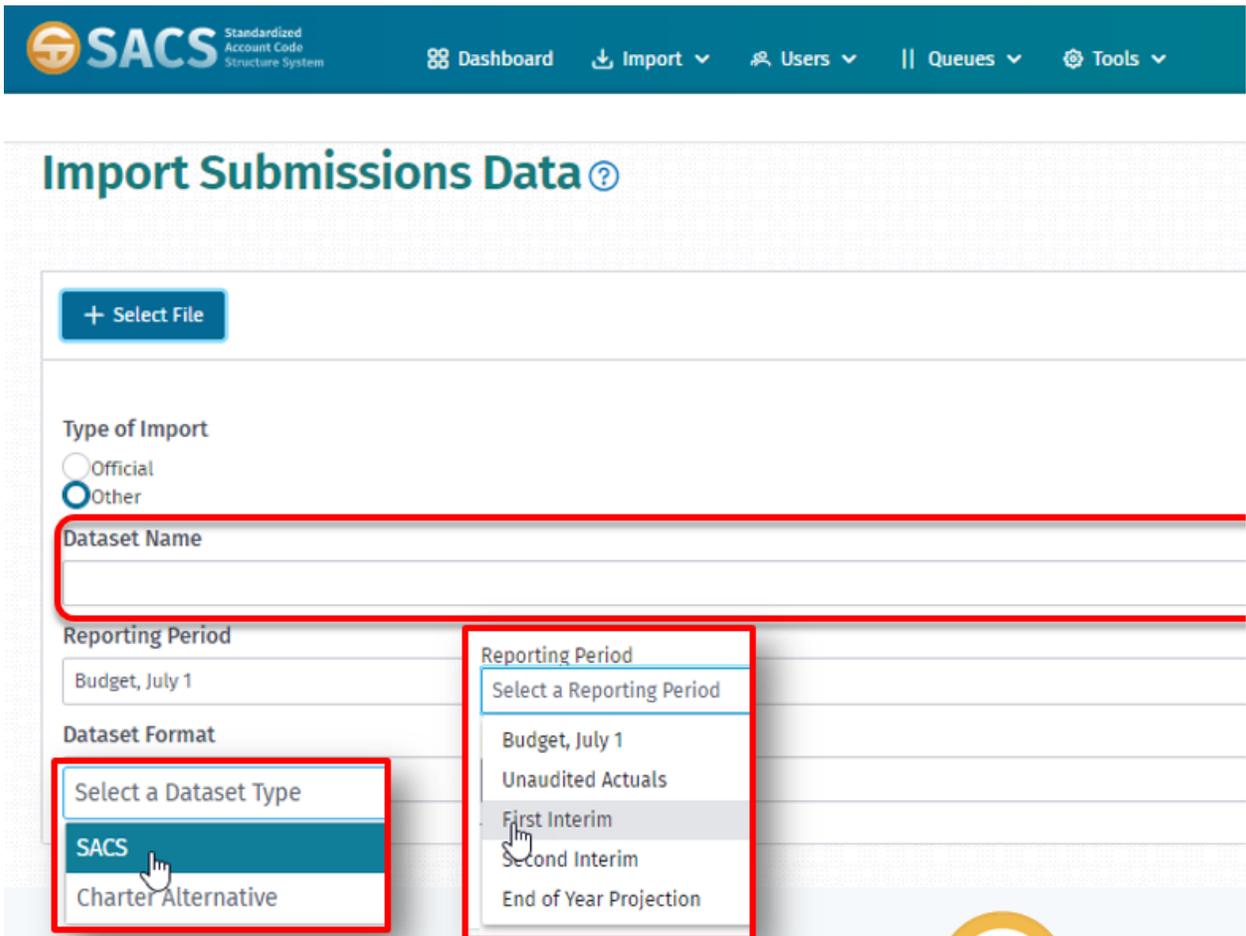
**Step 7: Import the SACS Import File to SACS Web**

The seventh step to preparing interim reports is to import the SACS import file into SACS Web. SACS Web can be accessed [here](#).

- A. Import the file generated from Galaxy to SACS Web by selecting Import and Single Import.



- B. Click Select File to find the import file generated in Galaxy and click Open. Select Type of Import, enter Dataset Name, select Reporting Period, select Dataset Format, and Upload.



## Data Processing Sequence

---

The following process is the recommended sequence in completing SACS forms within SACS Web during interim report preparation:

1. Preferences—Select the reporting period.
2. Supplemental Forms—Complete, save, and print supplemental forms AI and CASH (if using the SACS format for cash flow analysis).
3. Import/User Data Input—Import general ledger Original Budget, Board Approved Operating Budget, Actuals to Date, and Projected Year Totals data, as applicable, from the LEA accounting system. Manually input, using the [User Data Input/Review](#) screen, any general ledger data that is not maintained in the LEA accounting system.
4. TRC-Import and TRC-General Ledger—Run the TRC-Import and TRC-General Ledger modules for each of the four types of interim data, to validate SACS codes and combinations of codes on the imported/input general ledger data and to check interfund, intrafund, and various other balances. Fatal exceptions must be corrected; warning exceptions must be corrected or, if the data is correct, must be explained; informational exceptions should be corrected or, if the data is correct, an explanation is optional but encouraged.
5. General Ledger Data Corrections—Make general ledger data corrections, as necessary, in the LEA accounting system, then reimport the applicable fund(s).
  - a. **EXCEPTION:** Only Imported Projected Year Totals (PYT) data may be modified or deleted, or new PYT data may be added, in the User Data Input/Review screen.
  - b. Re-run TRC-Import and TRC-General Ledger to verify changes.
6. Components of Ending Fund Balance/Net Position—Within the Components of Ending Fund Balance/Net Position screen, enter or revise applicable components of ending fund balance/net position, by resource. Re-run TRC-Import and TRC-General Ledger to verify changes.
7. Fund Forms—When the general ledger data is finalized (including the components of ending fund balance/net position), open, review, save, and print the applicable fund forms. **Save Form 01I** so applicable data will extract appropriately into the Multiyear Projections (Form MYPI) and Criteria and Standards Review (Form 01CSI) forms.
8. Forms ICR and ESMOE, if applicable.
9. Multiyear Projections—Complete, save, and print Form MYPI if using the SACS form for multiyear projections. **Form 01I and Form AI must be completed and saved first.** Also, complete and save Form MYPIO, if using the SACS MYP format, for each fund other than the general fund with a projected negative ending fund balance.
10. Criteria and Standards Review—Complete, save, and print the Criteria and Standards Review form. **Form 01I, Form AI, Form CASH (if using the SACS format for cash flow analysis), and Form MYPI (if using the SACS MYP format), must be completed and saved** before completing Form 01CSI.

11. TRC-Supplemental—Run the TRC-Supplemental module, which checks for required supplemental and/or criteria and standards forms and for conditions within those forms. Fatal exceptions must be corrected; warning exceptions must be corrected or, if the data is correct, must be explained.
12. Supplemental Data Changes—Make supplemental data changes, as necessary, in the applicable supplemental and/or criteria and standards forms. If it is necessary to make changes to, and subsequently reimport, general ledger data, see the next step for General Ledger Data Corrections. Re-run TRC-Supplemental to verify changes.
13. General Ledger Data Corrections—Make general ledger data corrections, as necessary, in the LEA accounting system or in the Components of Ending Fund Balance/Net Position screen, and then reimport the applicable fund(s), if necessary. Re-run TRC-Import and TRC-General Ledger to verify changes.
14. Form CI—Interim Report Certification. **Review the Criteria and Standards Review Summary for any areas of potential concern for fiscal solvency.**
15. TRC-Export Validation—Run the TRC-Export Validation module, which checks for required forms, forms that have unbalanced or incomplete data, and forms that need to be opened and saved due to general ledger and/or supplemental data changes (dependencies).
16. Technical Review Checklist, All—To verify all Exceptions have been corrected, or explained where applicable.
17. Table of Contents—View or print the Table of Contents to ensure all applicable forms are completed.
18. Export and Promote—Export Official dat file for your records and promote SACS file to reviewing agency.

## Required Forms

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At each reporting period, RCOE will provide a submission checklist. The required forms at interim reporting periods are:

### *All Districts:*

- **Board Agenda**
- **Board Narrative** – Include PowerPoint presentation, if available
- **Technical Review Checklists**
- **Form CI** – Interim Certification, signed
- **LCFF Calculator**
  - FCMAT Electronic Version - include a separate calculator for locally funded charters as well
- **Form AI** – Average Daily Attendance
- **Form 01** - General Fund Revenues, Expenditures & Changes in Fund Balance
- **Form CSI** – Criteria & Standards
- **Form CASH** – Cash Flow Worksheet, or equivalent, for 18-month period
- **Form XX** – All other fund forms
- **Form MYPI** - Multi-Year Projections – General Fund
  - Detailed list of reductions supporting MYP, if applicable
- **Form MYPIO** - Multi-Year Projections – Other Funds
  - Multi-Year Financial Projections for the Special Reserve Fund (Fund 17), if Fund 17 is included in reserve for economic uncertainties, objects 9789 & 9790
- **Detailed Multi-Year Assumptions**
- **Summary of Assumptions**
- **Cash Survey**
- **Copies of Budget Resolutions for Approval**
- **Official Export from SACS Web**

### *Corona-Norco USD and Moreno Valley USD only:*

- Financial Summary/Budget Report by fund, for periods ending October 31, and November 30, including total revenues, expenditures, sources, and uses plus beginning and ending balances for ALL funds. Our office needs to verify SACS reports that are provided.
- General Ledger Recap for ALL funds, for periods ending October 31 and November 30.
- Historical Cash Flow Ledgers for General Fund, for periods ending October 31 and November 30.
- The most recent cash reconciliations for all treasurer funds.

Form 01I

Form 01I is a summary of all General Fund activity for the current fiscal year. It includes columns for the Original Budget, the Board Approved Operating Budget, Actuals to Date, and Projected Year Totals.

Blank District Form (may contain zeros)		2015-16 - First Interim General Fund Unrestricted (Resources 0000-1999) Revenues, Expenditures, and Changes in Fund Balance				00 00002 0000000 Form 01I		
Description	Resource Codes	Object Codes	Original Budget (A)	Board Approved Operating Budget (B)	Actuals To Date (C)	Projected Year Totals (D)	Difference (Col B & D) (E)	% Diff (E/B) (F)
<b>A. REVENUES</b>								
1) LCFF Sources		8010-8099	0.00	0.00	0.00	0.00	0.00	0.0%
2) Federal Revenue		8100-8299	0.00	0.00	0.00	0.00	0.00	0.0%
3) Other State Revenue		8300-8599	0.00	0.00	0.00	0.00	0.00	0.0%
4) Other Local Revenue		8600-8799	0.00	0.00	0.00	0.00	0.00	0.0%
5) TOTAL, REVENUES			0.00	0.00	0.00	0.00		
<b>B. EXPENDITURES</b>								
1) Certificated Salaries		1000-1999	0.00	0.00	0.00	0.00	0.00	0.0%
2) Classified Salaries		2000-2999	0.00	0.00	0.00	0.00	0.00	0.0%
3) Employee Benefits		3000-3999	0.00	0.00	0.00	0.00	0.00	0.0%
4) Books and Supplies		4000-4999	0.00	0.00	0.00	0.00	0.00	0.0%
5) Services and Other Operating Expenditures		5000-5999	0.00	0.00	0.00	0.00	0.00	0.0%
6) Capital Outlay		6000-6999	0.00	0.00	0.00	0.00	0.00	0.0%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299 7400-7499	0.00	0.00	0.00	0.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	0.00	0.00	0.00	0.00	0.00	0.0%
9) TOTAL, EXPENDITURES			0.00	0.00	0.00	0.00		
<b>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER</b>								

- Columns A, B, C and D: Imported into SACS Web.
- Column E: Automatically calculates the differences between Board Approved Operating Budget and Projected Year Totals.
  - Totals should be the amount of the Budget Revisions.
- Column F: Automatically calculates the percent difference between Board Approved Operating Budget and Projected Year Totals.

**Tip - Prior to completing the Projected Year Totals:** Review actual and anticipated activity. Keep in mind that encumbrances and other known expenditures that are not yet encumbered. Examples of projected year totals include, but are not limited to, the following:

- Adjustments for board approved collective bargaining agreements
- New debt issuances
- Carryover adjustments

Include these changes in the submitted Detailed MYP Assumptions. An Interim Adjustment Analysis will be completed by DFS, and supporting documentation may be required.

## Components of Ending Fund Balances

Ending Fund balances are displayed on each fund form and can be adjusted using the Components of Ending Fund Balance section in SACS Web.

- **Restricted Balance (9740):** Record any portion of a fund balance for restricted funds, such as ending fund balances for restricted programs. Unrestricted funds cannot be designated in this object code.
- **Committed Balances (9750/9760):** Record any portion of a fund balance that has been committed by *formal board action* for a specific purpose or activity.
- **Reserve for Economic Uncertainties (9789):** Record the unrestricted fund balance that has been set aside by the Board to provide for unanticipated emergencies or economic events. Districts must meet or exceed the state’s minimum reserve requirements. RCOE continues to recommend higher reserves. Additionally, districts can use Fund 17, Special Reserve for Other than Capital Projects, to meet reserve requirement; however, the district must provide an MYP for Fund 17 (if recorded in Object 9789).
- **Assigned Balances (9780):** Record any portion of a fund balance that is assigned by the Board or CBO for a specific purpose should be recorded here (i.e. LCFF Gap contingencies). Indicate any amounts assigned for LCFF Gap funding changes or provide a contingency plan to RCOE.
- **Unassigned/Unappropriated (9790):** Record any portion of the General Fund ending fund balance that is not restricted, committed, assigned, or reserved for economic uncertainties. **This classification will count towards available reserves.**
  - Unassigned/Unappropriated is typically valid only in unrestricted governmental funds and resources, as well as proprietary and fiduciary funds. However, it is also available to restricted funds only when the fund is reporting a negative ending balance (encroachment on unrestricted funds).

The ending fund balance designations on the multi-year projection (MYP) should match Form 011 designations. After entering the designations within Form 011, make sure the amounts tie to what is displayed in the MYP.

Note: Make sure the SACS Components of Ending Fund Balance tie to other documents throughout the interim report, such as the Board Narrative.

## Audit Adjustments and Restatements

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Adjustments are reported in the audit report as “*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements*”. In order to enter an audit adjustment into the Financial System, the district should obtain additional details (i.e. resources codes etc.) from their auditors. The audit adjustments can only be posted into actuals after the audit report is received by the board. Once the audit report is received, the county will input all adjustments and restatements into Galaxy. Contact the district’s designated DFS Coordinator to initiate entries.

- **First Interim:** Audit adjustments should be included in the Modify Projected Year Totals screen, in order to be reflected on Form 01, Column (D), on Line F.1b, Object 9793.
- **Second Interim:** Audit adjustments will have been posted by DFS and should be reflected on Form 01, Column (B), Line F.1b, Object 9793.
- Record any prior year material adjustments not reported in the audit report as restatements. A letter from your auditor is required to substantiate restatements.

**First Interim Audit Adjustments**

1. Add a line in the Galaxy interim module, Projected Year Totals screen.
2. Code it to the appropriate fund, resource, and use object code 9793.
3. Make the entry easy to locate by using a memorable, goal, resource, and/or description in the comments box.
4. When generating BR's for the county, entries related to the audit adjustment(s) must be excluded. Audit adjustments are not *officially* posted until after the board receives the audit report.

For questions about this process, contact the district's designated DFS Coordinator.

Delete	Fund	School	Resource	Project Year	Goal	Function	Object	Operating Budget	Actuals / Encumbrances	Adjustments	Projected Totals	Comments
<input type="checkbox"/>	03	000	0000	0	0000	0000	9200	0		300,000	300,000	AUDIT ADJUSTMENT
<input type="checkbox"/>	03	000	0000	0	0000	0000	9780	1,712,798		300,000	2,012,798	AUDIT ADJUSTMENT
<input type="checkbox"/>	03	000	0000	0	0000	0000	9793	0		300,000	300,000	AUDIT ADJUSTMENT
<input type="checkbox"/>	03	000	0000	0	0000	0000	9110	1,999,546	0	0	1,999,546	
<input type="checkbox"/>	03	000	0000	0	0000	0000	9130	1,000	0	0	1,000	
<input type="checkbox"/>	03	000	0000	0	0000	0000	9700	-3,016	0	0	-3,016	
<input type="checkbox"/>	03	000	0000	0	0000	0000	9711	1,000	0	0	1,000	
<input type="checkbox"/>	03	000	0000	0	0000	0000	9789	77,000	0	0	77,000	
<b>Total:</b>								3,788,328	0	900,000	4,688,328	

**Second Interim Audit Adjustments**

For Second Interim, audit adjustments will have already been posted by the County and will be reflected on Form 01, Column (B), Line F.1b, Object 9793. Confirm that audit adjustments are reflected as intended per the audit report. No additional action is required.

**Other Funds**

At interim reporting, districts should review and submit forms for all funds. Districts with locally funded charters must complete and submit Fund 09, Charter School Special Revenue Fund.

**Any fund projected to have a negative fund balance must include a plan of action to restore to a positive fund balance.** If you are planning to borrow cash from other funds, make sure that projected fund balances are sufficient for borrowing. **The funds intended for borrowing should not be projected with a zero fund balance.**

## Form AI

Attendance data for the current year is reported on Form AI. Form AI compares July 1 Estimated ADA from Adopted Budget to current and projected ADA. Districts should review enrollment and ADA for the school months-to-date and make necessary adjustments to P-2 attendance projections.

**Hints & Tips:** Enrollment/ADA projections should be consistent between Form AI and the LCFF calculator. Update ADA figures with any submitted attendance revisions. Please be sure to include any locally funded charter ADA on the Charter School ADA tab, as Charter ADA is required in order to properly calculate MOE requirements.

In order to calculate which funded ADA to use, consult the following chart:

Category	Which ADA to Use?
<b>District ADA</b>	Greater of Current, Prior, or 3 Prior Year Average
Regular K-12	P-2 ADA
<b>County Programs – a.k.a. “COE Operated”</b>	
County Community Schools (EC 1982[a])	Current Year P-2 ADA
Special Education	
Special Day Class – Regular	Current Year P-2 ADA
Special Day Class – Extended	Current Year Annual ADA
Non-public, Nonsectarian (EC 56366[a][7])	Current Year Annual ADA
Non-public, Nonsectarian – Licensed (LCI)	Current Year Annual ADA

The FCMAT LCFF calculator will automatically pull the appropriate combination as reported on the calculator. Additionally, the latest LCFF ADA exhibit can assist in understanding the district’s calculation.

## Criteria and Standards

All districts must thoroughly complete Form 01CSI. The Criteria and Standards form was developed to help assess the fiscal solvency of school districts using supplemental information and additional fiscal indicators. If the information is not extracted into the form, the district must enter the information manually. **For any standards “not met”, please provide detailed comments and/or explanations.**

Using Form MYPI in SACS will save time when completing the Criteria and Standards due to various links that will automatically populate. If you use your own MYP form, data for out years must be entered manually.

**WARNING:** When using a district made MYP form, do not open and save the SACS Form MYPI. If you do, SACS Web will automatically lock the corresponding Criteria & Standards cells and not allow manual entries. The school district will then be forced to enter the data in the SACS Form MYPI.

**Reminder: Actuarial Evaluation** Education Code Section 17566(e) requires districts that are self-insured/funded for health and welfare benefits to have an actuarial evaluation for those benefits every three years. For OPEB Benefits (GASB 75), districts with 100 or more members are required to have an

actuarial evaluation every two years, with more frequent valuations encouraged. District with fewer than 100 members can use a specified alternative measurement method in place of an actuarial valuation. A copy must be filed with the County Superintendent.

### LCFF Calculator

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The FCMAT LCFF Calculator is used to calculate the district's revenue based on the latest assumptions. In order to complete the calculator, the district will need the following information:

- CALPADS data
- Multi-year ADA and enrollment projections
- Any adjustments to 2012-13 Data
- Prior Year actual and future estimated Property Taxes
- DOF/SSC Gap funding percentages
- Class size compliance (yes or no)
- In-lieu tax information for charters

COE ADA should be included; don't forget to record the corresponding expenditure in object 7142 per CDE guidance. Always use the most recent version available. The FCMAT calculator can be found on the [FCMAT.org](https://www.fcma.org) website.

**WARNING:** The calculator requires several manual entries which increase the risk of human error. Please provide an electronic copy to the County. The LCFF calculator revenues should tie to Form MYP.

### Multi-Year Financial Projections

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At interim reporting periods, districts must submit a multi-year projection for the current and two subsequent fiscal years. The multi-year projections are required to be in the Restricted/Unrestricted/Combined format. The district may use Form MYPI in SACS Web (recommended) or an equivalent worksheet. Include Detailed MYP Assumptions and the Summary of Assumptions form with the submission.

Review the MYP for reasonableness. Make sure that large differences between years are justified and can be explained. Additional questions to consider are listed below:

- Does current and projected ADA tie across the following documents: Form AI, LCFF Calculator, Form MYPI and the Criteria and Standards?
- Is the district estimating ADA growth larger than historical trends? If so, what are the methods used to project ADA? Is the district's ADA declining?
- Have revenues been adjusted for prior year one-time funding?
- Are reserve requirements being met?
- Are the costs and percentages for step and column clearly defined?
- Have STRS and PERS rate increases been incorporated in the out years?
- Have bargaining unit negotiations settled since the last report was filed?
- Is all General Fund Long Term Debt budgeted and does it tie to the debt payment schedule?
- Are any transfers-out incorporated in projections?

### Form MYPIO

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Form MYPIO is a multi-year projections form used for all other funds. The form should be used to project the current and two subsequent fiscal years for other funds. Form MYPIO prompts if total components of ending fund balance do not equal the ending fund balance.

DFS may also request Form MYPIO for other funds if debt service or reserves are reliant on a fund other than the General Fund.

### Cash Flow Projections

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Districts are required to prepare and submit Cash Flow Projections for the General Fund with interim reports. The district may use Form CASH in SACS Web or an equivalent worksheet. Projections can be used to determine when cash balances will be low and certain expenditures need to be deferred or scheduled to be paid at a later date. The cash flow can help determine if categorical funding is received timely or if the Unrestricted General Fund is fronting revenues, reducing potential interest earnings. Additionally, it determines when a district may need to borrow funds during the fiscal year.

In order to create a cash flow projection, the district will need the following documents:

- Historical Cash Flow Summary, both current and prior year
- General Ledger, both current month and final June 30<sup>th</sup>
- Current Budget Projections
- Temporary loan or TRAN information
- Apportionment Schedules

Revenues for the cash flow should take into account that timing is critical. Projections should break apart state and property tax portions of LCFF revenue. Categorical cash flow that is not part of LCFF funding can be found on [the CDE website](#). Pool interest will be distributed quarterly. Follow the tax apportionment schedule for property tax cash distribution.

Expenditures should be distributed based on historical trends and changes in the budget year. Review salaries and benefits to determine if there is a 10 month payment schedule. Payments in 4XXXs through 6XXXs are usually 2-3 months after school begins, but consider your districts' spending patterns. Review TRAN and debt service payment schedules to accurately reflect all payments. Consider any prior or current one-time costs including retro payments.

### Cash projections should be based on the following:

- July - January
  - Amounts are determined based on the advance apportionment schedule
  - Current Year Advance was certified in July based on prior year P-2
  - Apportionments are reduced by the Education Protection Account (EPA) funds
  - EPA will be apportioned quarterly (September, December, March and June)
- February - May
  - Amounts determined based on the P-1 certification
- June
  - Amounts determined based on the P-2 certification

### *Principal Apportionment Schedules*

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July	5.00%	January	9.00%
August	5.00%	February	9.00%
September (+EPA)	9.00%	March (+EPA)	9.00%
October	9.00%	April	9.00%
November	9.00%	May	9.00%
December (+EPA)	9.00%	June (+EPA)	9.00%

#### **Perris Union and Murrieta only**

July	15.00%	January	6.00%
August	15.00%	February	6.80%
September (+EPA)	15.00%	March (+EPA)	6.80%
October	15.00%	April	6.80%
November	0.00%	May	6.80%
Dec (+EPA)	0.00%	June (+EPA)	6.80%

#### ***Steps to take when building the SACS Form CASH:***

- Input Projected Budget
- Input July 1 Cash in County Treasurer Balance, verify that it matches the June 30<sup>th</sup> balance
- Input Actuals to Date
- Input Estimates for the Remainder of Year
  - Use last year's Cash Flow Analysis and revise for any timing/anticipated changes
  - Remember overtime, substitute costs, mileage and other non-encumbered items
- Input Accrual Estimate for Year End

Cash flow projections should tie to the General Ledger. If not, determine the reasons for the differences in the ending cash balance on the Cash Flow to the General Ledger. Update the cash flow to the most current operating budget.

Common errors in cash flow projections are:

- Cash totals do not match projected budget
- Prior year accruals do not tie to the June 30<sup>th</sup> General Ledger
- Principal Apportionment distribution does not tie to the latest schedule
- Temporary loans/TRANs repayments are not included
- Expenditures are evenly distributed between months

#### **Final Step – Budget Resolutions**

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**WARNING: DO NOT GENERATE BUDGET RESOLUTIONS UNTIL THE INTERIM REPORT IS COMPLETE AND THOROUGHLY REVIEWED!** Once you have generated budget resolutions, you cannot re-populate your adjustments or change the Interim Projected Totals. By generating budget resolutions, the district is confirming a board approved interim that will be reflected within the live system.

- A. Districts will receive this error once budget resolutions have been generated.



To generate budget resolutions, the district will use the Modify District Budget Status Screen. The screen can be found at *Galaxy* → *Budget Development System* → *Modify District Budget Status*.

- B. Click on *Generate Budget Resolutions for current reporting period*, then click *OK*.

**Modify District Budget Status**

County: 33 - RIVERSIDE COUNTY    District: [ ]    Budget Year: [ ]

**Status**

	Status	Last Date and Time
Recalc Required:	N	06/17/2020 2:34:54 PM
Populated:	PIRe-Pc	05/26/2020 6:43:10 AM
Frozen:	Y	07/01/2020 7:06:44 AM
Transfer Budget To Financial Requested:	Y	07/01/2020 7:06:12 AM
Approved By County:	Y	07/01/2020 7:06:16 AM
Dual Adoption Transfer Requested:	Y	07/01/2020 7:06:47 AM
Dual Adoption Appr:	Y	09/25/2020 9:32:16 AM
SACS Import File:	Y	09/23/2020 3:37:04 PM

**Balances**

Total Rows: 2

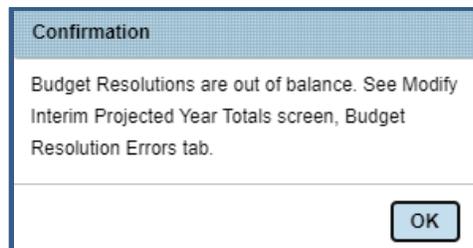
Fund	Fund Description	Balance	Difference
03	GENERAL FUND UNRESTRICTED	0	0
06	GENERAL FUND RESTRICTED	0	0

**Action**

Freeze Budget   
  Request Transfer Of Budget To Financial   
  Generate SACS Import File  
 Unfreeze Budget   
  **Generate Budget Resolutions for current reporting period**   

  
    
 **Isolate Salary Schedules**  
 Isolate Salary Schedules

- C. If the budget resolutions are out of balance, the district will receive an error message.



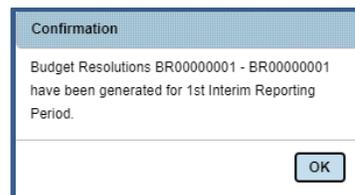
- D. Errors can be viewed on the Budget Resolution Errors tab on the Modify Interim Projected Year Totals screen. The screen can be found at *Galaxy* → *Budget Development System* → *Interim Module* → *Modify Interim Projected Year Totals*.

In this example, the district has a resource, contributions, transfers of direct costs, and transfers of indirect costs that are not in balance.

Modify Interim Projected Year Totals			
Search   Modify   Budget Resolution Errors			
County: 33 - RIVERSIDE COUNTY		District: <input type="text"/>	
Fund	Resource	Balance	Error Description
03	0000	9,400.00	BALANCE FOR FUND/RESOURCE MUST BE ZERO.
XX	XXXX	10,000.00	BALANCE FOR OBJECT CODES 898X MUST BE ZERO.
XX	XXXX	-100.00	BALANCE FOR OBJECT CODES 5710 THROUGH 5799 MUST BE ZERO.
XX	XXXX	-500.00	BALANCE FOR OBJECT CODES 7310 THROUGH 7399 MUST BE ZERO.

**Note:** Check this screen periodically throughout the interim process and before printing board package.

- E. To correct the budget resolutions data, go to the *Modify* tab of the *Modify Interim Projected Year Totals* screen and make the necessary changes. Once complete, go back to the *Modify District Budget Status* screen and *Generate Budget Resolutions for the current reporting period*.
  - i. You will receive a confirmation of the budget resolutions that were generated.



- ii. A resolution is created for each batch of fund/roll-up resource combination adjustments that are entered on the *Modify Projected Interim Totals*.
- iii. You can modify, edit or delete a system generated budget resolution on the Enter Budget Resolutions-Increases/Decreases screen by entering the transaction date and clicking *Find*.

Enter Budget Resolutions - Increases/Decreases			
Search   Enter Transfers			
County: 33 - RIVERSIDE COUNTY	District: <input type="text"/>	Transaction ID: <input type="text"/>	
Fiscal Year: 2021	Date: 11/15/2020	<input type="button" value="Upload"/>	
<input type="button" value="Add"/>	<input type="button" value="Find"/>		

- iv. A pop-up list of pending budget resolutions will be displayed. Select the Budget Resolution that needs to be modified, make the necessary changes, and then click *OK*.

- F. If no changes are needed, go to the *Approve Budget Resolutions – Increases/Decreases* screen to approve budget resolutions. Click *Find*.

- G. Budget resolutions pending approval will display. Check the box to approve, and then click Save.

Approve	Transaction ID	Transaction Date	Debit Total	Credit Total							
<input type="checkbox"/>	BR00000002	09/25/2020	4,016.00	4,016.00							
Fund	School	Resource	Project Year	Goal	Function	Object	Normal Balance	Debit Amount	Credit Amount	Document Number	Reference
03	000	1100	0	0000	0000	9700	CR	3,016.00	0.00		1ST INTERIM ADJ / CLEAR 9700
03	105	1100	0	0000	0000	8560	DR	1,000.00	0.00		1ST INTERIM ADJ / INCREASE FOR ADA
03	105	1100	0	1110	1000	4300	CR	0.00	4,016.00		1ST INTERIM ADJ / INCREASE FOR ADA / CLEAR 9700
Total:								4,016.00	4,016.00		

- H. Once these budget resolutions are approved by RCOE, the Interim Budget will be live in Galaxy.

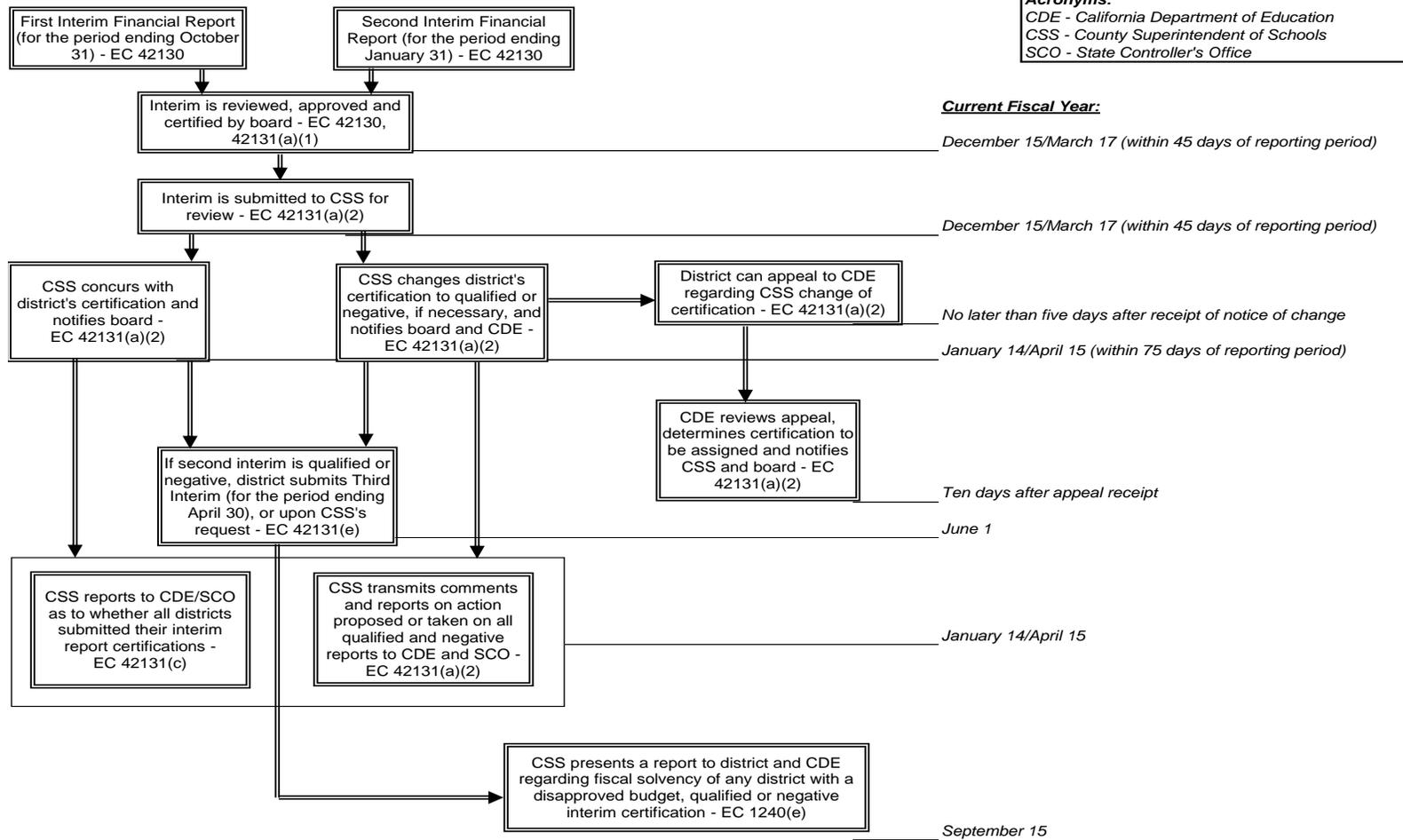
Things to do before October 31/January 31

- Complete SACS import periodically to check for the exceptions and fatal errors in the Current Budget and Actuals to Date.
- Clean up invalid financial detail.
- Review current budgets to ensure resources are in balance. Use the *View Financial Summary by Fund and Resource* screen - the amount on Grand Total line for Revised Budget should be 0.00.
- Clear Object 9700 (before October 31).
- Review PO/Contract encumbrances to ensure Rev/Exp Net of Abatements plus outstanding Encumbrances are accurate and complete.
- Review revenue invoices for accuracy and completeness. Note: Invoices in Galaxy do not encumber.
- Obtain latest grant awards.
- Document known changes since last budget reporting period (i.e. personnel changes, settlements, etc.)
- Work with your designated DFS Coordinator to post Audit Adjustments (before January 31).

Section 501 Appendix

AB1200 Interim Reports

INTERIM REPORTS - AB1200



## ATTACHMENT A

### SSC School District and Charter School Financial Projection Dartboard 2023-24 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2023–24 Enacted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2022-23	2023-24 <sup>1</sup>	2024-25	2025-26	2026-27
Department of Finance Statutory COLA	6.56%	8.22%	3.94%	3.29%	3.19%
Planning COLA	6.56%	8.22%	3.94%	3.29%	3.19%

LCFF GRADE SPAN FACTORS FOR 2023-24				
Entitlement Factors per ADA <sup>a</sup>	TK-3	4-6	7-8	9-12
2022-23 Base Grants	\$9,166	\$9,304	\$9,580	\$11,102
Statutory COLA of 8.22%	\$753	\$765	\$787	\$913
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,032	–	–	\$312
2023-24 Adjusted Base Grants <sup>2</sup>	\$10,951	\$10,069	\$10,367	\$12,327
Transitional Kindergarten (TK) Add-On <sup>3</sup>	\$3,044	–	–	–

<sup>a</sup>Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors	2022-23	2023-24	2024-25	2025-26	2026-27	
California CPI	5.69%	3.55%	3.03%	2.64%	2.90%	
California Lottery	Unrestricted per ADA	\$204	\$177	\$177	\$177	\$177
	Restricted per ADA	\$100	\$72	\$72	\$72	\$72
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12
Interest Rate for Ten-Year Treasuries	3.72%	3.60%	2.98%	2.90%	3.00%	
CalSTRS Employer Rate <sup>4</sup>	19.10%	19.10%	19.10%	19.10%	19.10%	
CalPERS Employer Rate <sup>4</sup>	25.37%	26.68%	27.70%	28.30%	28.70%	
Unemployment Insurance Rate <sup>5</sup>	0.50%	0.05%	0.05%	0.05%	0.05%	
Minimum Wage <sup>6</sup>	\$15.50	\$16.00	\$16.50	\$16.90	\$17.30	

STATE MINIMUM RESERVE REQUIREMENTS FOR 2023-24	
Reserve Requirement	District ADA Range
The greater of 5% or \$80,000	0 to 300
The greater of 4% or \$80,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

<sup>1</sup>Applies to Special Education, Child Nutrition, State Preschool, Foster Youth, Mandate Block Grant, Adult Education, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education.

<sup>2</sup>Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

<sup>3</sup>Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

<sup>4</sup>California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2023-24 are final, and the subsequent years' rates are subject to change based on determination by the respective governing boards.

<sup>5</sup>Unemployment rate in 2023-24 is final based on determination by the Employment Development Department and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

<sup>6</sup>Minimum wage rates are effective January 1 of the respective year.



Cash Options Survey

**ATTACHMENT B**

District Name:

Date:

**GENERAL FUND**

- The district has sufficient cash in the General Fund and does **NOT** anticipate needing to borrow funds internally or externally from July 2023 to December 2024.
- The district does **NOT** have sufficient cash in the General Fund and will do an **internal temporary loan**, as indicated below. *(Please indicate the amounts, the fund(s) that will loan monies to the General Fund, the anticipated loan date, and the repayment date(s)).*

Amount	Fund	Loan Date	Repayment Date(s)

- The district does **NOT** have sufficient cash in the General Fund and will issue a **TRAN**. *(Please indicate the TRANs amount, type (mid, cross, regular), and the anticipated funding date).*

Amount	Type	Funding Date	Repayment Date(s)

- The district does **NOT** have sufficient cash in the General Fund and is interested in borrowing funds from the County Board of Supervisors or the Riverside County Office of Education. *(Please indicate the amounts, the fund(s) that will loan monies to the General Fund, the anticipated loan date, and the repayment date(s)). (May not be a viable solution, recommend alternative cash options explored first).*

Amount	Funding Date	Repayment Date(s)

- The district does **NOT** have sufficient cash and has applied for a state deferral exemption.
- Other Options – please describe below.

**OTHER FUNDS**

- The district does **NOT** have sufficient cash in the Fund indicated below and will complete a temporary loan from another Fund. *(Please indicate the amounts, the fund(s) that will loan and receive monies, the anticipated loan date, and the repayment date(s)).*

Amount	From Fund	To Fund	Loan Date	Repayment Date(s)

- ✓ Tax and Revenue Anticipation Notes (TRANs): TRANs are short term debt instruments used to finance cash flow deficits in anticipation of receiving taxes and other revenues. Although TRANs are more readily available than some of the other options listed, they may be time consuming, and in recent years, a more expensive means of financing cash flows. Depending on the period issued, a TRANs is classified as a “mid-year,” if a district issues sometime after the beginning of the fiscal year, or as a “cross-year,” if one crosses fiscal years. Districts repay TRANs with revenues attributable to the same fiscal year. Therefore, districts repay a cross-year TRANs with revenues deferred from one fiscal year to the next. Districts may issue TRANs on a stand-alone basis, or in a pool, or grouping of several school districts. **Our office recommends districts evaluate all alternatives to determine the most cost-effective approach prior to pursuing this option.** Finally, once received, please be sure to include the TRANs and its set-asides or repayments in the district’s cash flow projections.
- ✓ Internal Temporary Borrowing: California Education Code (EC) Section 42603 authorizes school districts to temporarily transfer monies from one fund or account to another for the purpose of short-term borrowing. Districts are required to repay transferred amounts either in the same fiscal year or, if the transfer takes place within the final 120 calendar days of the fiscal year, in the subsequent fiscal year. Please be sure to include the temporary loans and repayments in the district’s cash flow projections, even if the district plans to reinstate the temporary loan(s) in the next fiscal year. Certain temporary loans, such as those from the Capital Facilities Funds (Fund 25), require the repayment of interest earned (Government Code Sections 66006 and 66013). Additionally, our office strongly advises districts to consult with legal counsel prior to using *Cafeteria Special Revenue Fund (Fund 13)* and *Building Fund (Fund 21)* for temporary interfund borrowing purposes to remedy cash shortfalls.
- ✓ Riverside County Office of Education: EC Sections 42621 and 42622 authorize the county superintendent of schools to issue temporary cash loans to districts with insufficient funds to meet current operating expenses. Please note this option, which is subject to the county board of education’s approval, is limited by RCOE’s cash balance. Please contact our office as soon as possible if the district anticipates making such a request.
- ✓ County Board of Supervisors: EC Section 42620 and Article 16, Section 6, of the California Constitution authorize the county board of supervisors to loan funds to school districts. As with RCOE temporary loans, this option is limited by the county’s cash balance. Additionally, our office’s understanding is this option may not be feasible at this time. Therefore, please contact our office immediately if the district anticipates needing this option.



**ATTACHMENT C**

**First Interim Financial Report  
Submission Checklist**

District Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

First Interim Certification:     Positive     Qualified     Negative

*(Please submit two hard copies of these documents, and an electronic copy, if certification is qualified or negative)*

*(Please submit an electronic copy of these documents, if certification is positive)*

**Indicate a check mark by each included item:**

- Board Agenda Item
- Board Narrative *(include PowerPoint presentation, if available)*
- Form MYPI, Multi-Year Financial Projections, or equivalent  
*(for the current & two subsequent years, in unrestricted/restricted/combined format)*
- Multi-Year Financial Projections for the Special Reserve Fund (Fund 17)  
*(If Fund 17 included in reserve for economic uncertainties, objects 9789 & 9790)*
- Detailed Multi-Year Assumptions *(Attachment E)*
- Summary of Assumptions & Collective Bargaining Survey *(Attachment D)*
- Detailed list of reductions supporting MYP *(if applicable)*
- Form 01, Statement of Revenues, Expenditures, and Changes in Fund Balance  
*(Unrestricted/Restricted/Combined General Fund)*
- Form CI, Interim Certification *(with original signature)*
- Form AI, Average Daily Attendance
- LCFF Calculation (FCMAT) Electronic Version
- Locally funded charter(s) LCFF Calculation (FCMAT) Electronic Version *(if applicable)*
- Form CSI, Criteria and Standards
- Form CASH, or equivalent cash flow for the period of July 2023 through December 2024
- Cash Options Survey *(Attachment B)*
- Form TRC, Technical Review Checklist *(2023-24 Projected Totals)*
- Other SACS Fund Forms
- Copies of Budget Resolutions for Approval
- Official Export from SACS Web

**Corona-Norco USD and Moreno Valley USD only**

- Financial Summary/Budget Report by fund, for periods ending October 31, and November 30, 2023, including total revenues, expenditures, sources, and uses plus beginning and ending balances for ALL funds. Our office needs to verify SACS reports that are provided.
- General Ledger Recap for ALL funds, for periods ending October 31 and November 30, 2023.
- Historical Cash Flow Ledgers for General Fund, for periods ending October 31 and November 30, 2023.
- The most recent cash reconciliations for all treasurer funds.

All of the above were board reviewed and approved at the \_\_\_\_\_ board meeting.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Please submit this checklist with the items indicated above on or before December 15, 2023.**

MYP Summary of Assumptions

**ATTACHMENT D**

**SUMMARY OF ASSUMPTIONS**

**2023-24 through 2025-26**

School District Name Here

2023-24

2024-25

2025-26

**Budgeted CalSTRS & CalPERS Rates**

CalSTRS Percentage Rate Budgeted

CalPERS Percentage Rate Budgeted

Unemployment Insurance Rate Budgeted

**One Percent Salary Change (Include Management & Confidential)**

Certificated (Salaries & Fixed Charges)

Classified (Salaries & Fixed Charges)

**Staffing Change from Prior Year (Include New Schools Opening)**

Number of Certificated FTE (Increase/Decrease)

Number of Classified FTE (Increase/Decrease)

Certificated (Salaries only)

Classified (Salaries only)

Management (Salaries only)

**Number of New Schools Opening/Other**

Cost of Operations for New Schools (Objects 4XXX-6XXX)

**Potential Settlements (Not Yet Board Approved) Included in Projections**

Dollar Amount

Percentage

Funding Line/Location

Bargaining Unit

**Operating Expenditures Related to the Current Pandemic**

Use the box below to describe any ongoing or one time operational expenditures related to the current pandemic incorporated into the budget and their funding source. Ex: PPE expenditures, technology needs related to online learning, costs related to changes to the district school day.

**Contingency Plan**

Fiscal Oversight

MYP Detailed Assumptions

Multi-Year Financial Projection Assumptions	Combined General Fund										ATTACHMENT E						
											Total	LCFF	Federal	State	Local	Other	Total
	1XXX	2XXX	3XXX	4XXX	5XXX	6XXX	7100-7299	7400-7499	7300-7399	7610-7629	Exp Change	80XX	81XX-82XX	83XX-85XX	86XX-87XX	89XX	Rev Change
2023-24 Adopted Budget / 45-Day Revise (if applicable)											-						-
2023-24 Adjustments											-						-
<i>List separately:</i>											-						-
(e.g. ADA change, LCFF, step/column increase, negotiations, furlough days, one-time expenditures, etc.)											-						-
2023-24 First Interim TOTALS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2024-25 Adjustments											-						-
<i>List separately:</i>											-						-
(e.g. ADA change, LCFF, step/column increase, negotiations, furlough days, one-time expenditures, etc.)											-						-
2024-25 TOTALS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2025-26 Adjustments											-						-
<i>List separately:</i>											-						-
(e.g. ADA change, LCFF, step/column increase, negotiations, furlough days, one-time expenditures, etc.)											-						-
2025-26 TOTALS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Tax Apportionment Schedule

**ATTACHMENT F**



**COUNTY OF RIVERSIDE  
OFFICE OF THE  
AUDITOR-CONTROLLER**

County Administrative Center  
4080 Lemon Street, 11<sup>th</sup> Floor  
P.O. Box 1326  
Riverside, CA 92502-1326  
(951) 955-3800



**Ben J. Benoit**  
County Auditor-Controller

**Tanya S. Harris, DPA, CPA**  
Assistant Auditor-Controller

October 5, 2023

**TO:** Taxing Agencies of Riverside County

**FROM:** Jennifer Baechel  
Property Tax Division Deputy Auditor-Controller

**SUBJECT:** Fiscal Year 2023-2024 Tax Apportionment Schedule

The distribution of property taxes largely depends upon when the tax collection process is completed. Our estimated distribution dates are based on the timely receipt of collection data from the Tax-Collector. Should the receipt be delayed, you may experience a similar delay in the distribution.

<b>Apportionment Description</b>	<b>Apportionment Code</b>	<b>Estimated Date Auditor to Receive Funding</b>	<b>Estimated date Auditor to Distribute Collections to Taxing Agencies</b>
<b><u>Secured</u></b>			
Advance 1	CY SEC SA1		December 4-8, 2023
Settlement 1	CY SEC SS1	January 8, 2024	January 22-26, 2024
Advance 2	CY SEC SA2		April 8-12, 2024
Settlement 2	CY SEC SS2	May 9, 2024	May 20-24, 2024
Settlement 3	CY SEC SS3	July 22, 2024	July 29-August 2, 2024
Teeter Settlement	CY SEC SS4		October 8-11, 2024
<b><u>State Board of Equalization (SBE)</u></b>			
Collection 1	CY & PY SBE CS1	January 8, 2024	January 16-19, 2024
Collection 2	CY & PY SBE CS2	May 9, 2024	May 6-10, 2024
Collection 3	CY & PY SBE CS3	July 22, 2024	July 29-August 2, 2024
<b><u>Redevelopment</u></b>			
RPTTF Collection 1	RPTTF Jan		December 26-January 2, 2024
RPTTF Collection 2	RPTTF Jun		May 28-June 3, 2024
Land Sale Proceeds <sup>(2)</sup>	RDV Assets		As needed
<b><u>Unsecured</u></b>			
Collection 1	CY UNS UC1	September 13, 2023	October 23-27, 2023
Collection 2	CY UNS UC2	November 15, 2023	December 18-22, 2023
Collection 3	CY UNS UC3	July 22, 2024	July 29-August 2, 2024
<b><u>Secured Prior Year (SPY)</u></b>			
Collection 1 – Tax & Penalty	PY SEC SP1	January 8, 2024	February 5-9, 2024
Collection 2 – Tax & Penalty	PY SEC SP2	July 22, 2024	July 29-August 2, 2024

<b>Apportionment Description</b>	<b>Apportionment Code</b>	<b>Estimated Date Auditor to Receive Funding</b>	<b>Estimated date Auditor to Distribute Collections to Taxing Agencies</b>
<b><u>Unsecured Prior Year</u></b>			
Collection 1	PY UNS PYU	July 22, 2024	July 29-August 2, 2024
<b><u>Homeowner's<sup>(3)</sup></u></b>			
15%	CY HOX SH1	November 19, 2023	December 11-15, 2023
35%	CY HOX SH2	January 8, 2024	January 29-February 2, 2024
35%	CY HOX SH3	April 30, 2024	May 6-10, 2024
15%	CY HOX SH4	May 28, 2024	June 10-14, 2024
<b><u>Supplemental Taxes – AB 2345<sup>(1)</sup></u></b>			
CY Supplemental Dec.	CY SUP Dec.		January 8-12, 2024
PY Supplemental Dec.	PY SUP Dec.		January 8-12, 2024
CY Supplemental Feb.	CY SUP February		March 11-15, 2024
PY Supplemental Feb.	PY SUP February		March 11-15, 2024
CY Supplemental June	CY SUP June		July 2024
PY Supplemental June	PY SUP June		July 2024
<b><u>Miscellaneous Taxes</u></b>			
CY and PY Non Com Air, Collection 1 and 2			December 2023
CY and PY Non Com Air, Collection 3			August 2024
Racehorse, Collection 1			August 2024
CA Fish and Game	CA F&G		Annually
US Fish and Wildlife	US F&W		Annually
Highway Rental			Annually
Timber Tax			Annually
<b><u>INTERNAL ONLY</u></b>			
<b><u>SB2557 Property Tax Administrative Costs (to ACR, CREST, AAB, TTC, ACO)</u></b>			
SB2557 Annual Distribution from Redevelopment (RPTTF)			1/2/2024
SB2557 Annual Distribution from Secured (SS1)			1/26/2024
<b><u>Supplemental 5% Distribution (to ACR, TTC, ACO)</u></b>			
Supplemental 5% Distribution - 1st payment			1/31/2024
Supplemental 5% Distribution - 2nd payment			3/31/2024
Supplemental 5% Distribution - 3rd payment			6/30/2024

<sup>(1)</sup> The supplemental roll process produces many negative assessments that result in refunds to taxpayers. Certain months of the year, refunds may surpass the monthly collections. Negative distributions will be adjusted from the next available positive distributions and/or deducted from an apportionment of another tax type.

<sup>(2)</sup> Proceeds from the sale of former redevelopment agency real properties to be transferred to the County Auditor-Controller for distribution pursuant to Health & Safety code § 34177(e).

<sup>(3)</sup> Supplemental Homeowner's funding is included in the four Homeowner's distributions.

**AUDIT ADJUSTMENTS**

**REMINDER:** *Audit adjustments are not posted until after the board approves the audit report. Contact your County Coordinator prior to posting any audit adjustments.*

Audit Adjustments are considered Budget Revisions. Adjustments found by the Auditors that require fund balance restatements are identified in the Audit report under the heading of Fund Balance Reconciliation. The Auditor should provide the District with work papers, which will identify the specific transactions in which the auditor feels materially, distorts District's financial position. District will need to:

- Restate the beginning balance component for the value change
- Journal the specific transaction to the proper account.

Audit adjustments relating to revenues or expenditures are posted to the general ledger in the fiscal year subsequent to the audit year as adjustments to the beginning fund balance using **Object 9793**, *Audit Adjustments*.

**EXAMPLES OF RECORDING AUDIT ADJUSTMENTS**

**I. Overstating of Revenues (Accounts Receivable).**

**Example 1:** The Audit found that in 12-13, a district has overstated redevelopment revenue by \$140,000 and booked this amount as accounts receivable. In 13-14, after beginning balance roll, the accounts receivable has a debit of \$140,000.

The beginning fund balance is to be adjusted. Since it is an unbalanced, "three-legged" transaction, the district writes it up and sends it to the County Office for posting:

Account Number	Trans. Type	Debit	Credit	Description
06-000-9986-0-0000-0000-9793	1	140,000		13-14 Decrease in Beginning Fund Balance
06-000-9986-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-9986-0-XXXX-XXXX-expense*	1	140,000		13-14 Decrease in Ending Fund Balance and/or expense
06-000-9986-0-0000-0000-9200	1		140,000	Clear Accounts Receivable
		280,000	140,000	

**\*NOTE:** *Depending on the district's budgeting practice, either fund balance or expense account, or combination of both, could be used for audit adjustments. Before posting the decrease to ending fund balance, the district needs to check, if the fund balance is sufficient for such decrease (fund 03: objects 9780, 9789, 9790; fund 06: objects 9740, 9780).*

If, for some reasons, the district cleared the accrual before the audit adjustments (debit revenue and credit accounts receivable with the type 2 transaction), the entry needs to be reversed (credit revenue and debit accounts receivable, transaction type 2).

**Example 2:** The Audit found that out of \$140,000 Accounts Receivable in redevelopment revenue, \$40,000 was set up in excess of actual funds to be received. In this case, the 12-13 revenue was overstated by \$40,000. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
06-000-9983-0-0000-0000-9793	1	40,000		13-14 Decrease in Beginning Fund Balance
06-000-9986-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-9986-0-XXXX-XXXX-expense (See <b>NOTE</b> in Example 1)	1	40,000		13-14 Decrease in Ending Fund Balance and/or expense
06-000-9986-0-0000-0000-9200	1		40,000	Partial Clear Accounts Receivable
		80,000	40,000	
<i>Step 2. After \$100,000 is received, clear the rest of Accounts Receivable (posted by District)</i>				
06-000-9986-0-0000-0000-8625	2	100,000		Clear the rest of Accounts Receivable
06-000-9986-0-0000-0000-9200	2		100,000	Clear the rest of Accounts Receivable

If, for some reasons, the district cleared the entire accrual of \$140,000 before the audit adjustments (debit revenue and credit accounts receivable with the type 2 transaction), the amount of \$40,000 needs to be reversed (credit revenue and debit accounts receivable, transaction type 2).

### **II. Understating of Revenues (Accounts Receivable)**

**Example 3:** The Audit found that in 12-13, a district has understated redevelopment revenue by \$140,000 and did not book this amount as accounts receivable. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
06-000-9986-0-0000-0000-9793	1		140,000	13-14 Increase in Beginning Fund Balance
06-000-9986-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-9986-0-XXXX-XXXX-expense (See <b>NOTE</b> in Example 1)	1		140,000	13-14 Increase in Ending Fund Balance and/or expense
06-000-9986-0-0000-0000-9200	1	140,000		Set up Accounts Receivable
		140,000	280,000	
<i>Step 2. After \$140,000 is received, clear Accounts Receivable (posted by District)</i>				
06-000-9986-0-0000-0000-8625	2	140,000		Clear the rest of Accounts Receivable
06-000-9986-0-0000-0000-9200	2		140,000	Clear Accounts Receivable

### **III. Overstating of Expenditures (Accounts Payable)**

**Example 4:** The district had a purchase order for a bus in 12-13. The bus was not received until 13-14 (after June 30, 2013), but the district went ahead and set up the payable of a \$120,000 (cost of the bus). As a result, the 12-13 expenditures were overstated by \$120,000. In 13-14, after beginning balance roll, the accounts payable has a credit of \$120,000.

The beginning fund balance is to be adjusted. Since it is unbalanced, "three-legged" transaction, the district writes it up and sends it to the County Office for posting:

Account Number	Trans. Type	Debit	Credit	Description
06-000-7230-0-0000-0000-9793	1		120,000	13-14 Increase in Beginning Fund Balance.
06-000-7230-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-7230-0-XXXX-3600-6400/6500 (See <b>NOTE</b> in Example 1)	1		120,000	13-14 Increase in Ending Fund Balance and/or 6XXX
06-000-7230-0-0000-0000-9500	1	120,000		Clear Accounts Payable
		120,000	240,000	

If, the district cleared the accrual before the audit adjustments (debit accounts payable and credit expense with the type 2 transaction), the entry needs to be reversed (credit accounts payable and debit expense, transaction type 2).

**Example 5:** The district set up Accounts Payable of \$120,000 for a bus purchased and received in 12-13. The invoice received in 13-14 (after June 30, 2013), indicated the purchase price of only \$90,000. As a result, the 12-13 expenditures were overstated by \$30,000. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
06-000-7230-0-0000-0000-9793	1		30,000	13-14 Increase in Beginning Fund Balance
06-000-7230-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-7230-0-XXXX-3600-6400/6500 (See <b>NOTE</b> in Example 1)	1		30,000	13-14 Increase in Ending Fund Balance and/or 6XXX
06-000-7230-0-0000-0000-9500	1	30,000		Partial Clear Accounts Payable
		30,000	60,000	
<i>Step 2. After the invoice of \$90,000 is paid, clear the rest of Accounts Payable (posted by District)</i>				
06-XXX-7230-0-XXXX-3600-6400/6500	2		90,000	Clear the rest of Accts Payable
06-000-7230-0-0000-0000-9500	2	90,000		Clear the rest of Accts Payable

If the district cleared the entire accrual of \$120,000 before the audit adjustments (debit accounts payable and credit expense with the type 2 transaction), the amount of \$30,000 needs to be reversed (credit accounts payable and debit expense, transaction type 2).

#### **IV. Understating of Expenditures (Accounts Payable)**

**Example 6:** The district had purchased a bus for \$120,000 in 12-13 (received before July 1, 2013) and did not set up the Accounts Payable. As a result, the 12-13 expenditures were understated by \$120,000. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
06-000-7230-0-0000-0000-9793	1	120,000		13-14 Decrease in Beginning Fund Balance
06-000-7230-0-0000-0000-9740/9780 <i>and/or</i> 06-XXX-7230-0-XXXX-3600-6400/6500 (See <b>NOTE</b> in Example 1)	1	120,000		13-14 Decrease in Ending Fund Balance and/or 6XXX
06-000-7230-0-0000-0000-9500	1		120,000	Set up Accounts Payable
		240,000	120,000	
<i>Step 2. After the invoice of \$120,000 is paid, clear the Accounts Payable (posted by District)</i>				
06-XXX-7230-0-XXXX-3600-6400/6500	2		120,000	Clear the rest of Accounts Payable
06-000-7230-0-0000-0000-9500	2	120,000		Clear the rest of Accounts Payable

**V. Prepaid Expenditures**

**Prepaid Expenditures** are payments made in advance of the receipt and user of services. The example is the prepaid insurance premiums. That portion of the premium paid in advance for coverage beyond the current fiscal year may be charged to Prepaid Expenditures. Adjustments to this account in the succeeding fiscal years apportion the premium over the period covered.

**Example 7 (Understatement of Prepaid Expenditures):** In 12-13, the district paid \$400,000 of health insurance premiums for the 12-13 and 13-14 fiscal years, \$200,000 for each year. Instead of booking only \$200,000 as an expense in 12-13, and recording another \$200,000 as prepaid expenses for 13-14, the district posted the entire amount of \$400,000 as 12-13 expenditures. As a result, the 12-13 expenditures were overstated and the ending fund balance was understated by \$200,000. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
03-000-0000-0-0000-0000-9793	1		200,000	13-14 Increase in Beginning Fund Balance
03-000-0000-0-0000-0000-9780/9790 <i>and/or</i> 03-XXX-0000-0-XXXX-XXXX-34XX (See <b>NOTE</b> in Example 1)	1		200,000	13-14 Increase in Ending Fund Balance and/or 34XX
03-000-0000-0-0000-0000-9330	1	200,000		Increase in Prepaid Expenses (intended for 13-14 payment)
		200,000	400,000	
<i>Step 2. 12-13 portion of prepaid expense is reclassified to expense (posted by District)</i>				
03-XXX-0000-0-XXXX-XXXX-34XX	2	200,000		Reclass 13-14 Prepaid Expense to expense
03-000-0000-0-0000-0000-9330	2		200,000	Reclass 13-14 Prepaid Expense to expense

**Example 8 (Overstatement of Prepaid Expenditures):** In 12-13, the district paid \$400,000 of health insurance premiums for the 12-13 and 13-14 fiscal years, \$200,000 for each year. Instead of booking \$200,000 as an expense in 12-13, and recording another \$200,000 as prepaid expenses for 13-14, the district posted the entire amount of \$400,000 as prepaid expenditures. As a result, the 12-13 expenditures were understated and the ending fund balance was overstated by \$200,000. The following entries would have to be processed in 13-14:

Account Number	Trans. Type	Debit	Credit	Description
<i>Step 1. Audit Adjustment of the beginning fund balance (posted by County)</i>				
03-000-0000-0-0000-0000-9793	1	200,000		13-14 Decrease in Beginning Fund Balance
03-000-0000-0-0000-0000-9780/9790 <i>and/or</i> 03-XXX-0000-0-XXXX-XXXX-34XX (See <b>NOTE</b> in Example 1)	1	200,000		13-14 Decrease in Ending Fund Balance and/or 34XX
03-000-0000-0-0000-0000-9330	1		200,000	Decrease in Prepaid Expenses (for 12-13 payment)
		200,000	400,000	
<i>Step 2. 12-13 portion of prepaid expense is reclassified to expense (posted by District)</i>				
03-XXX-0000-0-XXXX-XXXX-34XX	2	200,000		Reclass 13-14 Prepaid Expense to expense
03-000-0000-0-0000-0000-9330	2		200,000	Reclass 13-14 Prepaid Expense to expense