

**CHANGES, CLARIFICATIONS, AND HIGHLIGHTS TO THE
2008-2009 ANNUAL SCHOOL REPORT FINANCIAL SECTION (ASRFIN)**

This attachment provides information regarding important changes and clarifications to the 2008-2009 (FY 2009) Annual School Report Financial Section (ASRFIN).

GENERAL ASRFIN CHANGES AND HIGHLIGHTS:

AutoSave Feature Discontinued:

Several school divisions have upgraded to Excel 2007. Because of differences between Excel 2003 and Excel 2007, we are no longer able to provide the automatic naming and saving of your Excel template to your computer.

Excel 2007

Directions for accessing the ASRFIN template using Excel 2007 have been included in the Attachment A – ASRFIN Download Instructions and in Attachment C - ASRFIN Instruction Manual.

Requests for Deadline Extension

As required by Section 22.1-81, *Code of Virginia*, the submission deadline for the 2008-2009 ASRFIN is September 15, 2009. School divisions and regional programs who wish to file for an extension (until September 30, 2009, per Section 22.1-81, *Code of Virginia*) for their 2008-2009 ASRFIN must request the extension in writing to Kent Dickey, Assistant Superintendent for Finance, prior to the September 15, 2009, deadline. If an extension is granted, the deadline for submitting the 2008-2009 ASR Financial Section will be Wednesday, September 30, 2009. Please note, however, that the *Code of Virginia* does not permit submission extensions beyond this date. An explanation for the requested extension as well as an anticipated submission date must be included in the written request.

ASRFIN REVENUE CHANGES AND HIGHLIGHTS:

Revenue Codes were reorganized in order to accommodate the new revenue structure and the addition of “State Lottery Funds” (Category E). The new revenue structure is as follows:

Standards of Quality	Category A
School Facilities	Category B
State Incentive Funds	Category C
State Categorical Funds	Category D
State Lottery Funds	Category E
Other State Funds	Category F
Federal Funds Paid Through the Virginia Department of Education	Category G
Federal Funds Paid Directly to Locality	Category H
City-County Funds	Category I
District Funds	Category J
Other Funds	Category K
Loans, Bonds and Investments	Category L

In addition, the following Revenue Codes have been added and deleted in the 2008-2009 ASRFIN template to reflect actual payments.

State Revenue Codes Added

240261	Virtual Virginia	Categorical
240293	Virtual Advanced Placement	Incentive
240389	PIF Project – Mecklenburg County	Incentive
240395	Academic Year Governor's School Planning Grant	Other State Funds
240412	Verizon Thinkfinity Grant	Other State Funds
240467	Career Switcher Mentoring Grants	Incentive
240470	Learning Without Boundaries	Other State Funds
240600	School Improvement Office	Other State Funds
240602	Governor School Programs	Other State Funds
240605	PASS Partnership	Other State Funds
240399	National Board Certification Bonus	Other State Funds

State Revenue Codes Deleted

270273	National Board Certification Bonus
240211	Compensation Supplement
240392	Pre K Pilot Programs
240397	Virginia Preschool Initiative Startup Expansion Grants

Federal Revenue Codes Added

10579	Child Nutrition Discretionary Grant (ARRA)
10582	Fresh Fruit and Vegetables
84206	Javits Education Program
84281	Title II, Part A, Hard to Staff Schools
84377	1003 G School Improvement Grant
84391	IDEA, Part B Special Education Grants to States (ARRA)
84392	IDEA, Part B Special Education Preschool Grants (ARRA)

A separate sheet, titled “Other Funds Worksheet,” has been added in order for the division to provide additional detail for revenues coded to 1899120, “Other Funds,” in Category K. This sheet functions in the same way as the other revenue detail sheets (“State Funds Worksheet,” “Federal Funds Worksheet,” etc.). Please provide a detailed breakout and descriptions of all revenues reported under revenue code 1899120 on this sheet.

ASRFIN BEGINNING AND END OF YEAR BALANCE CHANGES AND HIGHLIGHTS

The “Textbook Escrow Fund” item in both the Beginning of Year (“Revenues” sheet) and End of Year (“Recapitulation” sheet) balance sections has been removed. Balances that were reported in this item in the past have been added to the “Textbook Fund” item and may be reported as such beginning with the 2008-2009 ASRFIN template.

Chapter 879, 2008 Acts of Assembly, allowed for the carryover of state funds from all accounts from fiscal year 2008 into fiscal year 2009, provided that the division had met its local match requirements. Because this provision was carried forward by the 2009 General Assembly into fiscal year 2009, the balance category, "Other State Accounts," that was added in the 2007-2008 ASRFIN template has also been added to the Beginning of Year Carry-Forward balances on the "Revenues" sheet. The existing balance category now encompasses the state funds portion of these funds, and a new category, "Other State Accounts – Local Share of Matching Requirements Only," has been added to account for the local funds that are carried forward in association with the state funds. These categories should be utilized to account for any state funds carried over from fiscal year 2008, or carried forward into fiscal year 2010, that are not accounted for in other State fund balance categories. In addition, local matching funds associated with these state funds should be reported in "Other State Accounts – Local Share of Matching Requirements Only." This information is used in the Required Local Effort calculations on Schedule E.

ASRFIN EXPENDITURE CHANGES AND HIGHLIGHTS:

Object Codes 9410 (Fund Transfers - State Funds Paid to Escrow from Additional Support for School Construction & Operating Costs and School Construction) and 9420 (Fund Transfers - Local Funds Paid to Escrow from Additional Support for School Construction & Operating Costs and School Construction) have been added to the "District 67000" sheet, under function 67200. These codes were created in order to distinguish between state and local funds paid to escrow from School Construction grants and Additional Support for School Construction and Operating Costs funds for purposes of calculating divisions' contributions toward their Required Local Effort. Report transfers from state funds to the School Construction escrow and Lottery Proceeds escrow in object code 9410. Report transfers from local funds to the School Construction escrow and Lottery Proceeds escrow in object code 9420. All other payments to escrow accounts should be reported in object code 9400.

In accordance with Standard 2 of the Standards of Quality (Section 22.1-253.13:2 of the *Code of Virginia*) and Item 140, Paragraph B.7 of Chapter 781, 2009 Acts of Assembly, divisions are required to employ full-time professional instructional positions for Special Education, Occupational/Vocational Education and Gifted Education. Expenditures for these positions should be recorded in object code 1120 ("Instructional Salaries and Wages") in the respective program and function. Divisions will not be allowed to complete their 2008-2009 ASRFIN submission if the total reported expenditures in object 1120 for each of programs 1-4 (Regular, Special, Vocational and Gifted) is equal to zero.

SUPPLEMENTAL SCHEDULES CHANGES AND HIGHLIGHTS:

Schedule B – Special Education Expenditures by Disability Category

Per pupil expenditure data by disability category from Schedule B is used in the calculation of Foster Care payments for Special Education students, as well as in reporting to both federal authorities and the General Assembly. For this reason, an additional edit check has been added to Schedule B to ensure the reported per pupil expenditures are accurate at the disability category

level. Every effort should be made to allocate expenditures as accurately as possible across disability categories. Please see page 35 of the ASRFIN Instruction Manual for more information regarding what types of expenditures to include.

Schedule D – Health Care Expenditures

Three additional data entry cells were added to Schedule D in order to capture participation data for each of the categories (Employee, Employee + 1, Family). Please enter the number of full-time equivalent employees that participated in each of these three categories during school year 2008-2009. This data may be used in order to calculate a more accurate weighted average of the health care premium for use in determining state funding for health care premiums in future biennia.

Schedule E – Required Local Effort

Similar to previous years, the data for Schedule E, including the new expenditure codes described above, are populated as the Excel template is completed and does not require any additional data entry for completion.

Section Two, “Adjustment for State Funds”

This section now includes an item that allows payments to escrow from state funds for School Construction Grants and Additional Support for School Construction and Operating Costs to count toward the division’s overall local effort requirement if the deposit was made on or before June 30, 2009. This item represents data entered in function 67200, object 9410, which is described in the Expenditure section above.

The “Total Excluded State Revenues” calculation now handles changes in state funds carry-over balances differently in order to provide a more accurate accounting of state funds in the Required Local Effort calculation. If a division increases its total balance of carried forward state funds during the reported fiscal year (2008-2009), the amount of the *increase* is removed from the total calculated in this section. This change prevents an artificial decrease in the amount of state revenues excluded from the division’s total operational expenditures, leading to a more accurate accounting of the net local expenditures for operations.

Section Three, “Adjustment for Federal Funds”

The deduction for Federal revenues in Section three no longer excludes Impact Aid & Forest Reserve revenues.

Section Four, “Adjustment for Other Local Revenue”

The “Additional Lottery” item no longer applies and has been removed. In addition, the description of the adjustment for balances carried forward from the prior year for Lottery has been changed to “Add’l Support for School Construction & Operating Costs” instead of “Lottery,” to be consistent with the name assigned by the General Assembly.

The following additional adjustments were added to this section in order to provide a more inclusive calculation of “Total Excluded Local Revenues.” The addition of these items enables

the Required Local Effort calculation to recognize the carry-forward of local matching funds associated with carried-over state funds as expenditures qualifying toward the satisfaction of the division's local match requirements.

1. "(Less) Local Funds Beginning of Year Carry-Forward Balance for Other State Funded Accounts"
2. "(Plus) Unspent Local Funds for Textbooks (End of Year Balance)"
3. "(Plus) Unspent Local Funds for School Construction Grants (End of Year Balance)"
4. "(Plus) Unspent Local Funds for Add'l Support for School Construction & Operating Costs (End of Year Balance)"
5. "(Plus) Unspent Local Funds for Other State Funded Accounts (End of Year Balance)"

Schedule E.2 – Required Local Match

The Required Local Match Schedule E.2 has been modified to allow for the entry of in-kind contributions toward the Required Local Match for the Virginia Preschool Initiative (VPI). Divisions wishing to apply an in-kind contribution toward their VPI local match requirement should click on "Yes" in cell F37 of Schedule E.2. In the new data entry cell that appears (cell F39), enter the value of the division's in-kind contribution for VPI. Please be advised that the value of an in-kind contribution cannot exceed 25 percent of the division's Required Local Match amount. The following paragraph provides more detail on the definition of in-kind contributions. Please see [Superintendent's Memo #115-09](#), dated April 24, 2009, for more information.

In-kind contributions are defined as cash outlays that are made by the locality that benefit the program, but are not directly charged to the program. The value of fixed assets cannot be considered as an in-kind contribution. In-kind contributions are:

1. Limited to no more than 25 percent of the total local match requirement;
2. Justified in the program plan as necessary and reasonable for proper and efficient implementation of the program;
3. Verifiable from the recipient's records;
4. Not included as contributions for any other federally-assisted or state-assisted project or program; and
5. Not paid by the federal government or state government under another award.

Effective in fiscal year 2009, the General Assembly has restructured the service areas used to classify state funding to localities (see the Revenues section of this document for more information). As a result, many of the programs listed on Schedule E.2 are no longer classified as "Incentive" programs. These programs are now referred to as "Other Optional" programs for purposes of the Required Local Match calculation.

The programs listed in the "Other Optional" program portion of Section Three will automatically be sorted in ascending order by the Required Local Match value. This change helps to prioritize these programs for divisions that may not be able to satisfy all of the local match requirements. Budget staff can modify the order of the accounts on this schedule at a division's request in order to facilitate local priorities if necessary.

NEW Schedule K – Table 15

A new schedule has been added that contains the calculations made for the annual posting of Table 15 of the Superintendent's Annual Report. Schedule K is populated as the Excel template is completed and does not require any additional data entry for completion. The format for this schedule resembles that of the division-level worksheets included in Table 15 as posted (<http://www.doe.virginia.gov/VDOE/Publications/asrstat/2007-08/asrbook.html>). The "Preliminary FY 2009" section reflects the data contained in the ASRFIN template as it would be displayed in Table 15. Prior year (fiscal year 2008) data, as posted on the above Web site, is also included for reference purposes. Large variances on this schedule could indicate potential errors in the data as currently entered into the template. Please review this schedule closely before submitting your ASRFIN template through SSWS.

For Table 15 purposes, expenditures for jointly operated divisions are consolidated and reported under the fiscal agent only. As a result, for the division that is not the fiscal agent (i.e., Bedford City, Fairfax City, Emporia and James City County), Schedule K will display zeros for the prior year data. In addition, because Schedule K is populated as the template is completed, it will display current year data for only the individual division whose data is contained in the template, not the combined entity.

NOTE: End of Year Average Daily Membership (ADM) values contained in Schedule K for fiscal year 2009 represent the data, as submitted by divisions, as of July 23, 2009. If your division's End of Year ADM value is changed subsequent to this date, the Per Pupil Amount calculations on Schedule K will no longer be accurate. The 2008-2009 ASRFIN template will not be refreshed with updated ADM data.

FURTHER INFORMATIONAL ITEMS

The 2008 General Assembly session amended section 22.1-115, *Code of Virginia*, to include Technology as a new expenditure classification. Effective July 1, 2008, for fiscal year 2009, school divisions will be permitted to classify their expenditures directly to the Technology category, in addition to the existing classifications. Because the ASRFIN already includes this function (Function 68000) to collect information regarding technology-related expenditures, this legislative change will not affect your ASRFIN submission.

School Activity Funds are not currently included in the definition of "public deposits," as defined in the Security for Public Deposits Act. As such, they should not be included in any funds reported on the ASRFIN.

Reimbursement for Medicaid expenditures received through the Department of Medical Assistance Services should be reported under revenue source code 250000, "Benefits from Other State Agencies."

Teacher housing allowances or homeownership grant expenditures should not be reported in any "Salaries and Wages" object codes. Expenditures of this nature are not salaries and would be more appropriately reported under object 2800, "Other Benefits."

A number of divisions have developed self-funded insurance plans, for which the division collects the employee share of premiums and uses these funds, together with the employer portion, to make payments to an insurance provider for administrative and claims expenditures. Because funds of this nature are handled as pass-through funds, revenues, expenditures and balances related to self-funded insurance plans should not be reported on the ASRFIN.

Finally, beginning with the 2007-2008 ASRFIN, the template contains a green box at the bottom of the “Final Check Worksheet,” which appears after the division has successfully completed the Final Error Check (see example below). After reviewing the warnings listed on the “Final Check Worksheet,” click on the green box to complete the last step to completing the Excel file. Once the box has turned yellow, the file has been validated and is ready for submission. Immediately save and close the file prior to submitting it through SSWS. If any changes are made to the file, or if the user navigates to a different sheet prior to closing the file, the validation will be lost and the SSWS submission will fail. If you would like to print the template, please do so prior to clicking on the green box or after submitting the file through SSWS.

“Final Check Worksheet” Example:

FINAL FY 2009 ANNUAL SCHOOL - WARNINGS REPORT					
FUNCTION	OBJECT	DESCRIPTION	Amount You Entered	Comparison Amount	Warning Message
Revenues					
	240475	Turnaround Specialist Incentive Program	9,456,720.60	.00	amount change
	410405	VPSA Technology Grants	26,000.00	.00	VPSA Technology G
Possible Errors Reviewed and All Corrections Completed. Prepare EXCEL File For Submission.				PRINT FY 2009 ASR TEMPLATE	

Salary Survey - Schedule I / Breakout Tech. FTEs - Sched J / Table 15 - Sched K / Final Check Worksheet

CHANGES FOR THE FISCAL YEAR 2010 ASRFIN

On July 10, 2009, the Virginia Department of Education (VDOE) was notified by the U.S. Department of Education (USED) of additional data that will be required when reporting expenditures of federal funds received through the American Recovery and Reinvestment Act of 2009 (ARRA). In order to accommodate the new requirements, additional data entry cells will be added to the expenditure sheets in the FY 2010 ASRFIN template. Divisions will be required to itemize expenditures of ARRA funds, for which they were reimbursed during the fiscal year, by function and major object code (1000, 2000, etc.). In addition, divisions will need to report these expenditures in aggregate for all ARRA fund sources and also break out expenditures from ARRA Title I and Title V, Part A, funds. The purpose of this reporting requirement is to collect data needed at the federal level for the Title I and Impact Aid funding formulas. Total ARRA reimbursements paid to divisions during the fiscal year for these funds will be preloaded into the

FY 2010 ASRFIN template to aid in completing this portion of the report. This information will also be detailed in the FY 2010 ASRFIN template as a new schedule, summarizing the data that is entered into the expenditures sheets in a manner consistent with the new USED reporting requirements.

The VDOE Budget Office has developed a worksheet that school divisions may use to track ARRA expenditures at the required program, function, and object level throughout the fiscal year to assist in meeting the new reporting requirement. A preliminary draft of this worksheet will be communicated through a Finance Director e-mail on July 24, 2009.

When submitting requests through OMEGA for reimbursement from ARRA funds, divisions are encouraged to utilize the Description and Comments fields in OMEGA to record the program, function and object codes, as defined in the ASRFIN template, associated with the expenditures being reimbursed. Documenting ARRA expenditures in this manner in OMEGA, in conjunction with tracking the expenditures on the abovementioned worksheet provided by VDOE, is not mandatory but will assist division personnel in completing the ARRA portion of the FY 2010 ASRFIN with minimal additional time and resources.

Finally, as the U.S. Department of Education continues to revise guidelines and reporting requirements for ARRA funds, there is the potential that VDOE could receive additional communications with more detailed reporting requirements. VDOE staff will supplement and amend the ASRFIN as necessary to meet the additional reporting requirements and communicate these changes to divisions as soon as VDOE is notified.