

**CHANGES, CLARIFICATIONS, AND HIGHLIGHTS TO THE  
2013-2014 ANNUAL SCHOOL REPORT FINANCIAL SECTION (ASRFIN)**

This attachment provides information regarding important changes and clarifications to the 2013-2014 (fiscal year 2014) Annual School Report Financial Section (ASRFIN).

**GENERAL ASRFIN CHANGES AND HIGHLIGHTS**

**Valid Excel File Extension**

The Department of Education (VDOE) budget office notified school divisions in spring 2013 that all VDOE computers would be upgraded to Windows 7 and that VDOE would no longer be able to accept data submissions from divisions in Excel 2003 format. To this end, the 2013-2014 ASRFIN Excel template has been updated to only allow the file to be saved using the **.xlsm** file extension. This restriction prevents saving as **.xls** (Excel 2003) and **.xlsx**, a file extension which will permanently erase the template's macros and require the user to start over with a new ASRFIN template. Directions for saving the ASRFIN template using this file extension are available at:

[http://www.doe.virginia.gov/school\\_finance/filedownload\\_instructions.shtml](http://www.doe.virginia.gov/school_finance/filedownload_instructions.shtml).

**Contact Information**

The "Fax Number" data entry cells on the Contact Information worksheet have been converted to accept telephone extension numbers instead of fax numbers. If you enter an extension number, please enter the number with no text, spaces, or special characters. Telephone extension numbers are not required data entry cells; however, if the division staff listed as contacts on this worksheet have telephone extension numbers, please enter them in order to enable budget office staff to contact them if necessary.

**ASRFIN REVENUE CHANGES AND HIGHLIGHTS:**

The following Revenue Codes have been added to or deleted from the Revenues worksheet of the 2013-2014 ASRFIN template to reflect actual payment activity in fiscal year 2014. Additional revenues that were new for fiscal year 2014 but paid to only a few divisions were not added to the Revenues worksheet as separate revenue items; however, these revenues will load to the Other State Funds worksheet of the ASRFIN template.

**State Revenue Codes Added**

Incentive Accounts

240211	Compensation Supplement
240520	Early Reading Specialist Initiative
240525	Strategic Compensation for Teachers
410407	School Security Equipment Grants

Lottery Funded Accounts

240316	Additional Assistance with Retirement, Inflation, and Preschool Costs
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Other State Funds

240427 Effective Schoolwide Discipline for LEAs  
(now known as Positive Behavioral Interventions and Supports Program)

**State Revenue Codes Deleted**

SOQ Accounts

240204 Remedial Summer School (SOQ)  
240214 Textbooks (SOQ)

Incentive Accounts

240362 EpiPen Grants

**Federal Revenue Codes Added**

84330 Advanced Placement (AP) Program (Title I, Part G)  
84394 ARRA State Fiscal Stabilization Fund – Education State Grants

Federal Revenue CFDA number 10550, “Cash in Lieu of USDA Commodities,” should be used by those divisions that receive the value of the food in cash in the CLOC (Cash in Lieu of Commodities) program. Please note school divisions should not report the value of the commodities received, only cash received, as this would incorrectly inflate the revenue of the school nutrition program.

**Two-month Sales Tax Revenue Update File**

As provided in the section entitled “State Retail Sales and Use Tax” on page 17 of Attachment B, the Governmental Accounting Standards Board (GASB) directs that local school divisions may accrue either one or two months of sales tax revenues (per GASB 33 and GASB 34). In order to assist school divisions in complying with this directive, the 2013-2014 ASRFIN template only allows entry of one- or two-month accrual of state sales tax revenues on the “Revenues” worksheet. The ASRFIN Excel template will preload the one-month accrual state sales tax data for both the one percent and the one-eighth percent amounts. For school divisions that accrue on a two-month basis, the Department will provide an Excel update file which will populate two-month accrual state sales tax data. This Excel update file will be distributed to school divisions in mid-August, after August sales tax payments are finalized. The Department will provide further instructions on executing the Excel update file when it is released.

**Literary Fund Subsidy Grants**

The 2013-2014 ASRFIN template has been modified to pre-populate Literary Fund Subsidy Grant payments (revenue source code 410406) made to school divisions in fiscal year 2014. In addition, edit checks built into the Revenues worksheet will compare amounts entered for Literary Fund Subsidy Grants (if there is no pre-populated fiscal year 2014 value), as well as VPSA Technology Grants (410405) and Benefits from Other State Agencies (250000) to revenues reported in fiscal year 2013 to identify potential data entry errors. If the amounts entered are correct, divisions will be prompted to enter an explanation for the variance.

**ASRFIN EXPENDITURE CHANGES AND HIGHLIGHTS:**

**VRS and Disability Insurance Object Codes**

Several object codes have been added to the 2013-2014 ASRFIN in response to changes to the Virginia Retirement System (VRS) Hybrid Retirement Plan and the Virginia Local Disability Program (VLDP).

**1) VRS Benefits Plan 1 and Plan 2 Employees Only (Employer Share Only) (Object Code 2210)**

This object is used to record payments into the trust fund of the Virginia Retirement System for Plan 1 and Plan 2 employees hired prior to January 1, 2014. Payments included here should only represent the employer share of payments into the Virginia Retirement System, and should not include any payments made directly by the employee. Payments should not include the employer share of payments into the Virginia Retirement System for those employees who participate in the new Hybrid Retirement Plan.

**2) VRS Benefits Hybrid Plan Employees Only (Employer Share Only) (Object Code 2220)**

This object reflects payments into the trust fund of the Virginia Retirement System for the Hybrid Retirement Plan. This includes all employees hired on or after January 1, 2014, and any employees hired before this date who opt-in to the new Hybrid Retirement Plan. Payments included here should only represent the employer share of payments into the Virginia Retirement System (both the defined benefit and defined contribution amounts), and should not include any payments made directly by the employee. The amount reported should not include the employer share of payments for any Virginia Retirement System Plan 1 or Plan 2 employees.

**3) Disability Insurance Plan 1 and Plan 2 Employees Only (Object Code 2500)**

This object should include payments into disability insurance plans for employees covered under Virginia Retirement System Plan 1 and Plan 2.

**4) Disability Insurance Hybrid Plan Employees Only (Object Code 2510)**

**This object is used to record payments for the VLDP or a comparable plan** for divisions that opted out of VLDP, for employees covered under the new Hybrid Retirement Plan.

**School Food Services – District 65000**

All school division revenues and expenditures related to School Food Services should be reported in the ASRFIN. School divisions whose School Food operations are decentralized should include School Activities Funds and any other associated school-level revenues on the Revenues worksheet under revenue source code 1612040, School Food Services. Accordingly, expenditures for salaries and wages, benefits, materials and supplies, and capital outlay should be reported in function 65100, School Food Services.

**Technology – District 68000**

All technology expenditures should be recorded in Technology – District 68000. This includes instructional and administrative expenditures. Technology capital and non-capital expenditures, in addition to the more common computer hardware and instructional software, would include copiers, telephone systems, and administrative systems and software (accounting, purchasing, human resources, etc.).

**Funds Associated with Self-Funded Insurance Plans**

The ASRFIN instructions (Attachment B to this memorandum) discuss the exclusion of revenues, expenditures, and balances related to self-funded insurance plans from the ASRFIN. This information has been further clarified to indicate that only pass-through funds related to the *employee* share should be excluded. Funds appropriated by the locality to the school division, as well as associated expenditures and balances, for the *employer* share of cost should be reported on the ASRFIN.

**Capitalized Lease Payments for Buses**

The ASRFIN instructions have been updated to clarify the guidelines for reporting capitalized lease payments for school buses. Function 67100 (Debt Service), Object Code 9250 (Capitalized Lease Payments for Lease/Purchase) is intended for reporting of capitalized facilities leases, which would distinguish them from operational facilities leases reported in Object Code 5400 (Leases and Rentals). Capitalized lease payments for school buses should be reported in Function 63600 (School Bus – Lease Purchase), Object Code 5400.

**FTE WORKSHEETS CHANGES AND HIGHLIGHTS:**

**Calculation of FTE Positions and FTE Calculation Tool**

The regular contract period for instructional positions on which FTE positions are based should reflect the annual hours considered full time for a contract. Attachment B uses an 1,100-hour work year, based on a 200 day contract multiplied by 5.5 hours of instruction per day. This is intended as an example only; actual FTE calculations should use the regular work year, in hours, that is considered full time for a contract.

Due to the increasing prevalence of local workweeks that differ from the standard 40 hours, the calculation of non-instructional FTE positions (highlighted in red in Column D on the FTE Positions worksheets) should be made based on the local contracted workweek. The FTE calculator provided on each of the FTE Positions worksheets now includes a cell that allows the school division to change the standard workweek used by the Calculator from the default of 40 hours.

### **FTE Reporting for Non-Teaching Substitutes**

FTE positions for non-teacher substitutes (for example, bus drivers) should be calculated and included with the FTEs reported for full-time positions. Calculate partial FTEs for such substitutes based on the local standard workweek.

## **SUPPLEMENTAL SCHEDULES CHANGES AND HIGHLIGHTS:**

### **Schedule B – Special Education Expenditures by Disability Category**

The “Severe Disabilities” category was discontinued and is no longer a valid disability category, as of the December 1, 2012, Special Education Child Count. This category has been removed from Schedule B.

### **NEW Schedule N – Terminal Leave Payouts**

[Superintendent's Memorandum No. 023-14](#), dated January 31, 2014, discussed additions to the 2013-2014 ASRFIN resulting from the U.S. Department of Education's (USED) review of Virginia's Local Education Agency (LEA) indirect cost rate methodology. Schedule N in the ASRFIN template addresses the first of these additions, Terminal Leave Payouts.

Object Code 2800, “Other Benefits,” includes payouts of annual and sick leave for personnel who terminate employment, as well as employer-paid benefits payments made on behalf of retirees and pension/retirement plans specific to a locality. In order to isolate the portion of Object Code 2800 expenditures for Terminal Leave Payouts, Schedule N requires school divisions to enter the portion of expenditures coded to Object Code 2800 that were for Terminal Leave Payouts, by Function and Object Code. In addition, Schedule N requires entry of Terminal Leave Payouts by employee name. NOTE: Employee-level detail for Terminal Leave Payouts reported in the ASRFIN template will not be reported or disclosed except by request from USED.

### **NEW Schedule O – Additional Information for Indirect Cost Rate Calculations**

In addition to the Terminal Leave Payout information collected in Schedule N, the 2013-2014 ASRFIN template is also collecting data on local retirement incentive and subcontract expenditures based on USED's review of Virginia's indirect cost rate methodology.

### **Identification of Subcontracts and Subcontract Expenditures**

Schedule O of the 2013-2014 ASRFIN includes a section to collect the portion of contract expenditures that represents subcontracts/subawards. USED defines a subaward as “an award made by a recipient to an eligible subrecipient. The term includes financial assistance provided by any legal agreement (including contracts) but does not include the procurement of goods and services.” Under a subcontract/subaward agreement, the secondary recipient receives funds from the primary recipient to carry out a portion of a program. The secondary recipient works independently from the primary recipient and is responsible for decision making.

Major subcontracts/subawards, defined as those exceeding \$25,000 per year, require less administrative support and management on the part of the primary recipient, and so should not

receive full reimbursement for Indirect Costs. Per USED requirements, only the first \$25,000 of expenditures for each subcontract/subaward will be included in the cost base used for calculating LEA Indirect Cost Rates. Similarly, Indirect Cost Rates can only be applied to the first \$25,000 of expenditures for each subcontract. For this reason, school divisions need only report major subcontracts/subawards on Schedule O.

Based on requirements of USED, only certain subcontracts should be reported in Schedule O. Activities such as pupil transportation, school nutrition, maintenance, physical therapists, etc., are part of a school division's responsibility and regular operation; therefore, contracting out these functions does not qualify as a subcontract/subaward for purposes of the Indirect Cost Rate calculation. An example of a subaward that should be included in Schedule O is if a school division receives a federal grant that covers instructional activities for a particular category of students (for example, a particular disability or behavioral concern), as well as a research piece for determining what factors contribute toward students falling into that category. The instruction of those students is part of the school division's responsibility and should not be reported. The research piece, however, is not within the regular scope of a school division's operation; therefore, contracting the research portion of this grant out to a second entity is considered a subaward.

USED's "Cost Allocation Guide for State and Local Governments" provides additional information regarding subcontracts and subawards, and how they are treated in the indirect cost rate calculation (see pages 12-13, 36, and 39-40). This resource is available at: <http://www2.ed.gov/about/offices/list/ocfo/fipao/guideigcwebsite.pdf>.

### **Local Retirement Incentives**

Schedule O also includes a section requiring school divisions to indicate whether any local retirement incentives were offered during the fiscal year. Unless the locality has received permission from the cognizant federal agency (such as USED) to use federal funds for such programs, retirement incentive programs are local expenditures, and therefore are excluded from the Indirect Cost Rate calculation.

On Schedule O, school divisions will enter the Function, Cost Center, Program, and Object Code associated with the local retirement incentive expenditures (as reported on the expenditures worksheets). For each Function/Cost Center/Program/Object Code, also report the total local retirement incentive expenditures, the number of employees receiving these payments, and a brief description of the program.

Please note that employee and subcontractor detail reported in the ASRFIN template will not be reported or disclosed except by request from USED.

### **ADDITIONAL INFORMATION**

The ASRFIN provides financial data on Virginia's public education programs to the Superintendent of Public Instruction, the Governor of Virginia, the Virginia General Assembly, the U. S. Department of Education (USED), and the U. S. Census, and the general public. State funding calculations for the Standards of Quality are based largely on data reported on the

ASRFIN, and ASRFIN data reported to USED is used to determine allocations for several major federal grants. Consequently, in order to ensure funding and reporting integrity, it is crucial that ASRFIN data is accurate and complete.

The edit checks and warnings that are incorporated into the ASRFIN template are intended to prevent common errors and identify potential issues with data entered. If the built-in edit checks prevent you from entering data that you are confident is correct, please contact the Budget Office for assistance. As you work through the template, please review closely any data that is flagged with a warning to ensure that it is correct. If you are confident that it is correct, you can proceed with your submission. NOTE: The ASRFIN template identifies potential inaccuracies in data entered and provides warnings; however, the template can still be submitted with warnings.