



Tier I Annual Update



2013-2014

CASBO Class SM401A



ARKANSAS
DEPARTMENT
OF EDUCATION

A.C.A. § 6-20-2204

Required Tier 1 Training

- **Superintendent, Education Service Cooperative Director, Open-enrollment Public Charter School Director, General Business Manager.**
- **12 hours of initial training.**
- **4 hours of annual update training.**
- **A method of obtaining a transcript or a certificate will be provided as proof of attendance by the host of the training.**

A.C.A. § 6-20-2204

Required Tier 1 Training (Cont'd)

- **ADE has approved the following AASBO courses for the 12 hours of initial training:**
 - **SF101A, Revenues**
 - **SF101B, Expenditures**
 - **SM102, Ethics and Audit Compliance**
 - **PS101, Introduction to Purchasing**
 - **SM401A, School Management Issues & Updates**
 - **SF401A, School Finance Issues & Updates**

A.C.A. § 6-20-2204

Required Tier 1 Training (Cont'd)

- If employed by July 1, Tier 1 training must be completed by December 31 of the same calendar year.
- If employed after July 1, Tier 1 training must be completed by December 31 of the following calendar year.
- Failure to complete the required training by December 31 shall constitute an accreditation citation.

A.C.A. § 6-20-2204

Required Tier 1 Training (Cont'd)

- **If a person fails to obtain the required training by December 31 and fails to cure the deficiency by March 1 of the following calendar year without filing a request for an extension as determined from the records of ADE, that person shall be unable to continue in his or her position.**

A.C.A. § 6-20-2204

Required Tier 2 Training

- **Four hours of annual training for employees who are involved in the process of recording and/or reporting of financial transactions but:**
 - Do not make decisions about selecting codes, or
 - Have a limited number of codes that they can use
- **School district trainers are required to attend Tier 1 training.**
- **Training materials should be based on Tier 1 material and focused on the specific needs of school district employees.**





A.C.A. § 6-20-2204

Required Tier 2 Training (Cont'd)

- **Maintain annual files and records indicating all employees who are required to have Tier 2 Training and those who have completed Tier 2 training in the district office.**
- **Provide ADE with assurance statement regarding the completion of Tier 2 training by the required individuals. (This is pulled in State Reporting Cycle 7 – June 15.)**





A.C.A. § 6-20-2204 & 6-20-2205

Sanctions-Tiers 1 & 2

- **Standards citation - Tier 1 only, school districts and open-enrollment charter schools**
- **Admonishment - Tier 1 only, education service cooperatives**
- **Fiscal distress - Tiers 1 & 2, school districts and open-enrollment charter schools**
- **Sanction - Tiers 1 & 2, education service cooperatives**

Pertinent Laws from the 2013 Legislative Session



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Act 1120 – Board Review of Salary Increases

§ 6-13-635

- Applies when an employee receives a salary increase of 5% or more for substantially the same job function
- Board shall review and approve by written resolution an increase for a school employee
- Resolution shall include reasons for salary increase
- Within 30 days of an auditor finding the district to be in noncompliance, the district must send audit to ADE.



Act 517 – Health Insurance

§ 6-17-1117

- Beginning January 1, 2014, school districts shall pay the health insurance contribution rate of \$150 per month for each eligible employee.
- The rate shall increase annually by the same percentage as foundation funding amount.



Act 1039 – Disclosure of Employment Information

§ 11-3-204

- Authorizes school districts, officers, agents, and employees to disclose employment information with or without the written consent of the current or former employee.
- The person giving the information is presumed to be acting in good faith and is immune from civil liability, unless the information is proved false.

Act 521 – Definition of Salary

§ 24-7-202

Definition of Salary: Paid to member in a position covered by ATRS on which the employer is **REQUIRED** by the IRS to withhold federal income tax from wages.

Salary Includes: incentive bonus; employer pick-up contributions, cafeteria plans

Does not include: Nonmonetary taxable income, (e.g. vehicles, housing, personal property) or contract buyouts, settlements, arbitration, etc.

Acts 602 and 1246 – ATRS Member & Employer Contributions

§ 24-7-406

This Act allows ATRS Board to increase the member contribution rate from 6% to 7% based on actuarial need.

- **Current member contribution remains at 6% until changed by the ATRS Board.**
- **Act 1246 allows ATRS, after July 1, 2015, to increase the employer rate in increments of .25% up to a maximum 15%, as necessary to pay unfunded liabilities of the system.**



Act 449 – School Resource Officers (SRO)

ATRS § 24-7-501 (a) - Effective August 2013

- SRO indirectly paid by a system employer is eligible to participate in the Arkansas Teacher Retirement System if the system employer adopts a resolution to authorize such participation
- The employer receiving the employment services of the SRO shall be the system employer.
- The Resource Officer cannot receive retirement credit in another public retirement system.

See ATRS document “Implementation of Act 449 of 2013” in the Appendices for further guidance

Act 448 – ATRS Penalty Payment

- **ATRS § 24-7-411**
- **Increase Penalty from 6% to 8%**
- **Compels the payment of delinquent contributions and imposes a \$500.00 penalty for a report that is filed over one month late (there is already a \$150.00 penalty for reports not received by the 15th of the month).**
- **Allows delinquent funds including contributions, penalties, and interest to be deducted from foundation funds due the district.**



Act 152 – Incentives for Conversion of Buses to Natural Gas

- **§ 15-13-102 et seq.**
- **Rebate incentives**
- **Conversion of diesel and/or gas buses to compressed natural gas**
- **Through the Arkansas Agriculture Department**
- **May receive up to \$50,000**

Act 1195 – Compressed Natural Gas School Bus Pilot Program

- **One pilot in each Congressional District**
- **Facilities Division will operate program**
- **Each pilot school shall be provided 10 compressed natural gas buses**
- **District must purchase 10 CNG buses before June 2015**
- **Funded by a district loan up to \$1.5 M from Revolving Loan Program**

Act 514 – Enrollment of Military Dependent

§ 6-18-107

- **Requires school districts to report to the ADE the enrollment of a student who is a military dependent.**
- **The data is to be collected during the Arkansas Public School state reporting cycles.**



Act 1278 – Amends Education Excellence Trust Fund (EETF)

§ 6-5-307

- **Changes the definition of “salary increase” to include increments for experience or advanced hours or degrees.**
- **This means that increments and steps on the district’s salary schedule can be counted toward the EETF requirement.**

Act 1227 – School Choice

- **Districts shall participate unless exempted by ADE for enforceable desegregation order**
- **Board shall adopt resolution with standards for acceptance which:**
 - **may include capacity of a program, class, grade level, or school building.**
 - **shall include priorities for enrolling siblings**
 - **shall not include applicant's academic, athletic, English prof. or previous discipline**

Act 1227 – School Choice – Con’t

- **School superintendent shall cause public announcement over broadcast media and either print media or the Internet**
- **Parent must submit application to nonresident district with copy to resident district**
- **The application form approved by ADE**
- **Postmarked no later than June 1**

Act 318 – Preservation or Disposal of School Property

- 2 years after effective date of consolidation
- If district isn't using the property, they **SHALL** make property available to:
 - publically supported institution of higher education, technical institute, community college, not-for-profit organization, county, or city
 - Donation or low cost long term lease
 - Procedure to follow for determination of "fair market" value



Act 1507 – Use of Facilities

- **A.C.A. § 6-21-101 - District may permit use of facilities for a community purpose, including: social, civic, recreation, health and wellness activities, and lawful meetings of community citizens.**
- **Cannot interfere with normal instructional day**
- **May charge a fee or accept gifts, grants, and donations from private sources, municipal and county governments, the state, and federal government**
- **May enter into joint use agreement with public agency, public or private entity, or nonprofit organization for shared use.**

Act 1482 – Special Transportation Funding

- **This act provides transportation funding aid to districts that transport students to a regional community alternative learning environment center:**
 - **The ADE may provide funding , if it is available, to districts that transport students to a center that serves three (3) or more contiguous counties with high rates of poverty or declining enrollment.**
 - **NSL State Categorical funding may be used to provide the transportation funding.**



Act 1358 – Athletic Reporting

Athletic Reporting Changes

§ 6-20-2002 and 6-20-2003

- **Eliminates the mandated athletic report formerly due on September 15 of each year**
- **Athletic expenditures will still be coded in APSCN**
- **Indirect cost such as insurance, utilities, maintenance, etc. will not be pro-rated**
- **No special athletic audit**



Act 1255 - Charter School Laws

- **Establishes the Open-Enrollment Public Charter School Facilities Loan Fund for:**
 - operations
 - improvements
 - construction
- **Administered by the Division of Public School Academic Facilities and Transportation.**
- **May be funded by general revenues, grants, donations or bequests.**
- **Loans funded in the amount of \$25,000,000 for 2013/14**
- **Stem Initiative Grants funded for \$500,000 for 2013/14**



Act 1064 – Charter School Capital Grant Program

- For open-enrollment charter schools
- Administered by the Facilities Division
- Grants for:
 - academic facilities
 - technology
 - Equipment
 - repayment of debt
- Not all open-enrollment charter schools qualify

Act 1064 – Charter School Capital Grant Program -Con't

- **Criteria for Open-Enrollment Charter Schools to receive grants includes:**
 - (1) Being in existence for five (5) or more years;**
 - (2) Having a population of 60% or more NSL students;**
 - (3) Providing transportation for its students**
 - (4) Having record of academic success.**

AUDITS



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Audit Findings for 2011-2012

- Findings based on 91% of audits having been reviewed by ADE (247 of 272).
 - 109 districts had no findings (40%)

Reminder:

- **10% variance on federal funds:** The variance will be based on the total budget, not by line item. Budget changes are allowed up to 10% of the total approved budget without ADE approval and will not receive an audit exception.

Audit Findings for 2011-2012 (Cont'd)

- Findings ranked in order of frequency of occurrence:
 - Segregation of duties /internal control
 - Reporting/exceeded program budget
 - Material misstatements
 - Allowable costs/cost principles
 - Procurement, suspension and debarment
 - Fixed assets not recorded in inventory

Audit Findings for 2011-2012 (Cont'd)

- Findings ranked by frequency of occurrence:
 - Financial statements corrected during field audit
 - Time certifications for federal programs
 - Eligibility for free and/or reduced lunch errors
 - Lack of support for reporting records
 - Federal funds not obligated before Sept. 30, 2011
 - Failure to pay CNU required cost differentials
 - Matching, level of effort, earmarking – Special Ed
 - Failure to get bid or performance bond

Audit Findings for 2011-2012 (Cont'd)

- Other findings and management letters included:
 - Failure to distribute EETF salary to licensed staff
 - Errors in payroll regarding overtime and comp time
 - Unused vacation days paid in violation of district policy
 - Employees paid through accounts payable and not reported to IRS
 - Uninsured and uncollateralized bank balances



Audit Findings for 2011-2012 (Cont'd)

- **Other findings and management letters included:**
 - **Misappropriated funds by employees**
 - **Personnel policy sick leave payout errors**
 - **Not reporting personal use of vehicles to IRS**
 - **Contracting with business in which employee has an interest without board resolution or ADE approval**
 - **Failure to obtain performance bonds for construction contracts**
 - **Failure to reconcile bank statements**

BUDGETS



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COMMON 2012-13 BUDGET ERRORS

- Not budgeting Property Tax Revenue to 11120.
- Improper accounting of debt including QZABs and QSCBs from proceeds to payoff.

Districts are responsible for budgeting to the proper codes as listed in the Arkansas Financial Handbook!

BUDGET MISCONCEPTIONS

- **Budgeting revenue to equal expenditures in the ACSIP plan when part of the revenue is already in the carryover balance.**
 - ✓ **Cash on-hand or carry-forward balance is NOT revenue in the current year.**
 - ✓ **If it cannot be receipted to cash (debit/increase cash and credit/increase revenue) it is NOT Revenue.**
 - ✓ **However, if revenue is earned and due district by June 30, it is accrued revenue and budgeted.**



BUDGET MISCONCEPTIONS

- **YES, the budget can be adjusted in APSCN AFTER the cycle 1 budget submission.**
 - ✓ The cycle 1 budget submission remains the “official budget” submitted to the ADE.
- **Isolated Funding cannot be used to meet the 9% Maintenance and Operation rule. Requirement is determined by using 9% of FOUNDATION FUNDING ONLY (Funds 2000 and 2100-2199)**



2013-14 AREAS FOR BUDGET & FINANCIAL REVIEWS

- **GT Requirement**
- **9% M & O Requirement**
- **Debt (proper coding)**
- **Food Service**
- **Revenues**
- **Expenditures**
- **Fund Balances**
- **Categorical Funds**
- **Capital Expenses**
- **Taxes**
- **Employee Benefits**

POSTINGS to WEB



NEW!!! Act 228 - Simplify Accessibility of Data on Websites

- Arkansas Annotated Code: § 6-11-129
- Requires district data to “Be easily accessible through the homepage of the website under a link titled **“State-required Information.”**”
- On the page where the information is located, the data must be subdivided by the categories required to be posted on the district website.
- Data posted must *consist of* the actual data for the two (2) previous school years and the projected budgeted information for the current school year.

REQUIRED WEBSITE POSTINGS

A.C.A. § 6-11-129

Required Financial Reports to be posted to district website:

- Local and state revenue sources
- Administrator & teacher salary; and benefit expenditures
- School district balances, including legal balances and building fund balance
- Minutes of regular and special meetings of school board
- District budgets for current year, posted by October 15.
- Financial listing of monthly expenses
- Salary schedules of all employees
- Current contract information for all district employees

LICENSED SALARY SCHEDULES AND PERSONNEL POLICIES - A.C.A. § 6-17-201

- Licensed Salary Schedules and Personnel Policies shall be posted to the district's website no later than September 15 (but as early as possible) and are to include:
 - Benefits
 - Compensation
 - Designation of workdays
 - Holidays & non-instructional Days
 - The annual calendar
 - Methods of evaluation
 - Extra duties
 - Leave
 - Grievance
 - Dismissal or non-renewal
 - Reduction in force
 - Assignment of teacher aides

CLASSIFIED SALARY SCHEDULES AND PERSONNEL POLICIES – A.C.A. § 6-17-2301

- **Classified Salary Schedules and Personnel Policies shall be posted to the district’s website no later than September 15 (but as early as possible) and are to include:**
 - **Salary schedule, fringe benefits and other compensation issues**
 - **Annual school calendar, incl. work days & holidays**
 - **Evaluation procedures**
 - **Leave**
 - **Grievance procedures**
 - **Termination, Non-renewal, or Suspension**
 - **Reduction in Force**
 - **Assignments**



NOTIFICATION TO ADE OF COMPLIANCE

- The district is to notify the ADE of the website location of their posted licensed and classified salary schedules and personnel policies no later than September 15 (earlier, if possible).
- Send website address, providing a direct link to the salary schedules and polices, by email to: ADEFinna@arkansas.gov no later than September 15 (earlier, if possible)
- If the district revises it's salary schedule during the school year, email a copy of the revised schedule to: ADEFinna@arkansas.gov



REQUIRED WEBSITE POSTINGS (Cont'd)

- **Current contract information for all district employees minus SS#, telephone, addresses, and signatures (may be in a list format instead of individual contracts)**
- **The annual school district statistical report**

Again, All this information and data shall be available and easily accessible on the district's website for the previous two years and the projected budgeted information for the current school year.

MORE REQUIRED WEBSITE POSTINGS

A.C.A. § 6-15-2202

- ACSIP School Improvement Plan
- Uses of NSL funding – current and previous year
- Annual District/School Report Card
- School Improvement status of each school
- Supplemental services available
- District status on any type of distress
- Distress Plans
- Parent Involvement Plan and Policy
- Teacher qualification for all schools

Compliance is required for accreditation. Data must be easily accessible, in parent friendly language and shall be the actual data for two years.

Duplicate Enrollment Audits



DUPLICATE ENROLLMENT AUDITS

- Duplicate enrollment audits begin after the data from cycles 3, 5, and 6 are loaded into the data warehouse.
- Notification that the website is open will be by Commissioner's Memo and posting to the FMS and SMS listservs. Instructions will be attached to the Commissioner's Memo.
- The person entering the data must have a Triand ID, password, and security setting for "district access"
- Contact Sarah Cox at 501-682-5660 or sarah.cox@arkansas.gov for help with Triand ID and/or security settings.
- Contact Alisa Moore (alisa.moore@arkansas.gov) or Kate Spitz (kate.spitz@arkansas.gov) for any other questions, or call 501-682-4488.

Special Education



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Special Education 2013/2014

- **FY 2013-14 Coding Additions/Changes:**
- **Revenue code 45650 has replaced 45910 for F/SOF 6750* Medicaid**
- **Three New F/SOF for Title VI-B as 6702 is being broken out to four funds:**
 - **6702* 45613 IDEA Title VI-B pass through funding**
 - **6705* 45616 Title VI-B BSS Grant**
 - **6706* 45617 Title VI-B Transition Grant**
 - **6707* 45618 Title VI-B ESVI Grant**

Commissioner's Memo FIN-13-063 is included in the Appendices



Special Ed 2013/2014 Coding Changes

Special Ed Program Codes for ALE F/SOF 1275 and 2275:

- The program code for all budget units in funds 1275 and 2275 (ALE) must be 438, with the **EXCEPTION** of special education expenditures, which require using special ed program codes 200, 250, 260, 264, 265, 266, 268 or 269.



Special Ed 2013/2014 Coding Changes

Special Ed program codes specific to certain functions codes:

- The program code for all budget units in funds 1275 and 2275 (ALE) must be **438**, ***EXCEPT*** for **special education** expenditures, which requires using special ed program codes 200, 250, 260, 264, 265, 266, 268 or 269.

Special Ed 2013/2014

- **10% Budget/Expenditure Variance**
- **EDGAR 80.30 (c) allows budget changes up to 10% of the total approved budget (Title VI-B) without ADE approval.**
- **Changes after Cycle 1 submission requires submitting an amendment and a Cognos Report Budget showing the revision to Special Ed Grants section to change the MySPED budget**

Categorical and NSL Funding

Categorical Funds

- **Categorical Funds (NSL, ALE, ELL, Prof Dev)**
 - The required Source of Fund code must be used for all revenue and expenditures related to Categorical Funds.
 - Categorical Funds cannot end the year with a negative balance.
 - Transfers are allowed between categorical funds but only within same Fund. For example, a transfer should not be made from NSL operating fund (Fund 2) to ALE salary fund (Fund 1), but could be made from NSL operating fund (Fund 2) to ALE operating fund (Fund 2).
 - All NSL expenditures must include one of the required program codes.
 - The planned and budgeted use of Categorical Funds shall be included in the ACSIP.

The Student Special Needs Funding Rule (Categorical Funds) is in the Appendices

CATEGORICAL FUNDS

A.C.A. § 6-20-2305

Funding for 2013-2014

ALE: \$4,305 multiplied by the number of identified ALE students enrolled in previous school year.

PD: up to \$53 (current estimated funding is \$44.45 x school district's prior year ADM)

ELL: \$ 311 for each identified English-language learner

NSL: \$1,549* free and reduced percentage of 90% or greater

\$1,033* free and reduced percentage of 70-89%

\$ 517* free and reduced percentage below 70%

*These rates do not apply to adjustments due to transition

Categorical Funds Balance Requirements Per Act 1220 of 2011

Commissioner's Memo FIN-12-095

- **A.C.A. § 6-20-2305(e)(2)** If the total aggregate balance of all state categorical fund sources exceeds twenty percent (20%) of the school district's total aggregate annual state categorical fund allocations for the current school year, the school district shall reduce the total balance by at least ten percent (10%) each school year until the school district's June 30 balance of aggregate annual categorical fund sources is twenty percent (20%) or less of the total aggregate annual state categorical fund allocations for the current school year.

FIN-12-095 included in Appendices

Categorical Funds Balance Requirements Per Act 1220 of 2011 Commissioner's Memo FIN-12-095

- **Total Aggregate Categorical Funding is the total of the current year funding for English Language Learners (ELL), Alternative Learning Environments (ALE), National School Lunch State Categorical (NSL), including transitional and NSL growth funds, and Professional Development (PD).**

CATEGORICAL FUNDS

A.C.A. § 6-20-2305

ALE, ELL, PD, and NSL:

- If the total categorical fund balance exceeds 20% of current allocations, the school district shall reduce the total balance by 10% each year until the aggregate balance is at or less than 20% of current allocations.
- Funds received from any categorical fund source may be transferred to another categorical fund source.
- The ADE is required to monitor district compliance



NSL Funding Changes

A.C.A. § 6-20-2305

NSL Funds

- A school district shall spend a minimum of 85% of its annual NSL allocation.
- A district with an NSL balance in excess of 15% of the current allotment shall reduce its total NSL balance by at least 10% each year so that by June 30, 2022, a district has a balance of no more than 15% of current allocation.



NSL Funding Changes (Cont'd)

A.C.A. § 6-20-2305

NSL

- Districts may ask for a one-year waiver from the ADE in "unusual and limited circumstances."
- Sanctions exist for failure to comply (withhold from next year's allocation.)
- The ADE may redistribute to other districts amounts withheld.
- Act 1473 of 2013 allows NSL funds to be expended for "implementing a school-wide evidence-based program intended to close achievement gaps with an arts-infused curriculum"

NSL Balance Requirements

Per Act 1220 of 2011 and Commissioner's Memo FIN-12-094

- **A.C.A. § 6-20-2305(b)(4)(F)(ii):** A school district that on June 30, 2012, has a NSL categorical funding balance in excess of fifteen percent (15%) of the school district's current year annual NSL allocation shall reduce its NSL balance by at least ten percent (10%) each school year so that by June 30, 2022, and by June 30 of each year thereafter, the school district has a balance of no more than fifteen percent (15%) of the school district's current year annual NSL funding allocation.

FIN-12-094 is included in the Appendices



Budget & Balances

- ACSIP and APSCN Must Agree
- NSL Min. Expenditures (85%)
- NSL Max. Fund Balance (15%)
- Fund Transfers
- Waiver

Budget & Balances

June 30, 2012 Balance	\$20,000
2012-2013 Allocation	\$100,000
Total Available	\$120,000
Min. Expenditure (85%)	(\$85,000)
Max. Balance (15%)	\$15,000
June 30, 2013 Balance	\$35,000
Min. Reduction (10%)	\$3,500



Budget & Balances

June 30, 2013 Balance	\$35,000
+ 2013-2014 Funding	\$100,000
=Funds Available	\$135,000
- Max. Balance	(\$31,500)
Min. Expenditures	\$103,500





Budget & Balances

Combined Categorical Fund Balances

- Max. Balance of 20%
- No Minimum Expenditure
- No Waiver Available

New Requirements – NOT OPTIONAL

- In March 2012, the House and Senate Education Committees passed a motion requiring the Arkansas Department of Education to implement APSCN coding changes necessary to facilitate the collection of data for specific purposes.
- The motion specified that these coding changes should NOT be optional.

New Requirements – NOT OPTIONAL

- **School improvement provider accounting records**—The funding paid to external providers should be recorded at the school level. Coding is needed for vendors used in response to school improvement status requirements. This should be maintained for the expenditures of SIG grant funding as well as other revenue sources used for school improvement providers.
 - (APSCN FMS will work with SIG grant funding to arrive at a method to capture this information beginning fiscal year 14.)

New Requirements – NOT OPTIONAL

- **Parental involvement efforts**—A coding method of tracking federal funds used for parental involvement efforts is currently being developed. That coding methodology should be used for state funds as well.
 - Function code 2170 is in place for parental involvement expenditures.

New Requirements – NOT OPTIONAL

- **Teacher absentee reporting**— Currently being reported as Teacher Leave Total (Days). According to ADE, this measure is an optional field for districts to enter, and they use the same database field differently, depending upon whether the employee is salaried or hourly.
- Recording this data should not be optional and should be recorded uniformly by the districts. These changes should be implemented to be effective for the 2012-13 school year. (APSCN will be contacting and working with the approximately 73 districts/charters to assist and support them in setting up employee leave and reporting through the APSCN/SunGard financial software by July 1, 2013, beginning of fiscal year 2014.)

Fiscal Distress



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Fiscal Distress Act 600 of 2013

- **§ 6-20-1908(d) Increases the time a district will be allowed to remain in fiscal distress to five (5) years.**
- **§ 6-20-1908(i) If district does not remove itself from the classification of fiscal distress within five (5) years , the state board shall consolidate or annex the district unless the Commissioner has assumed authority over the district under § 6-20-1910 (d)**
- **During second year following a fiscal distress status classification, the state board shall determine the extent of the district's progress**



Fiscal Distress Act 600 of 2013

- If sufficient progress is made , but not all issues are resolved, the commissioner, with state board approval, may appoint a community advisory committee
- The state board shall review the district's progress by April 1 each year and either:
 - Allow the community advisory board to remain in place for an additional year
 - Return the school to local control by calling for election of board
 - Annex, consolidate, or reconstitute the school district.



Fiscal Distress

- **Arkansas Code Annotated § 6-20-1901 thru 6-20-1911**
- **Indicators of Fiscal Distress**
 - **A declining balance determined to jeopardize the fiscal integrity of a school district.**
 - **However, capital outlay expenditures for academic facilities from a school district balance shall not be used to put the school district in fiscal distress.**

Fiscal Distress

- **Indicators of Fiscal Distress, cont'd:**
 - **An act or violation determined to jeopardize the fiscal integrity of a school district, including but not limited to:**
 - ✓ **Material failure to properly maintain school facilities.**
 - ✓ **Material violation of local, state, or federal fire, health, or safety code provisions or law.**
 - ✓ **Material violation of local, state, or federal construction code provisions or law.**
 - ✓ **Material state or federal audit exceptions or violations.**

Fiscal Distress

- **Indicators of Fiscal Distress, cont'd:**
 - ✓ **Material failure to provide timely and accurate legally required financial reports to the department, the Division of Legislative Audit, the General Assembly, or the Internal Revenue Service.**
 - ✓ **Insufficient funds to cover payroll, salary, employment benefits, or legal tax obligations.**
 - ✓ **Material failure to meet legally binding minimum teacher salary schedule obligations**
 - ✓ **Material failure to comply with state law governing purchasing or bid requirements**

Fiscal Distress

- **Indicators of Fiscal Distress, cont'd:**
 - ✓ **Material default on any school district debt obligation.**
 - ✓ **Material discrepancies between budgeted and actual school district expenditures.**
 - ✓ **Material failure to comply with audit requirements**
 - ✓ **Material failure to comply with any provision of the Arkansas Code that specifically places a school district fiscal distress based on non-compliance**
 - ✓ **Any other fiscal condition deemed to have a material detrimental negative impact on the continuation of educational services by the district.**

General Business Manager



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General Business Manager Qualifications

- **Applies to all school districts, open-enrollment charter schools, and education service cooperatives.**
- **A Chief Financial Officer or Business Manager or however titled:**
 - **Operates under the direction of superintendent**
 - **Meets minimum qualifications in ADE rule**
 - **Responsible for fiscal operations of entire entity**
 - **Person other than superintendent or charter/co-op director**



General Business Manager Qualifications

(Cont'd)

- **Must meet qualifications of a Certified Arkansas School Business Official (CASBO) based on the requirements established by the Arkansas Association of School Business Officials (AASBO) or be enrolled in the CASBO required courses of study.**
 - 10 required courses and five electives
 - See AAEA website under AASBO

General Business Manager Qualifications

(Cont'd)

- **Must complete at least 5 CASBO courses per year and must complete the 15 courses required within 3 years.**
- **Must renew certificate by completing at least 2 upper level CASBO courses per year after the date of certification.**
- **GBM failing to complete certification cannot function in that role until certification requirements are met. District/charter/co-op must appoint another person to the position and that person must meet qualifications.**



School District Treasurer



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School District Treasurer

- **A.C.A. § 6-13-701 authorizes a district or charter school to appoint a treasurer.**
- **Must be appointed at a regular board meeting.**
- **Must execute a Certificate of Appointment, which must be filed with the County Clerk, the County Treasurer, and the Director of the Department of Finance and Administration.**
- **Serves until board appoints a new treasurer and files a new Certification of Appointment.**

School District Treasurer (Cont'd)

- **Duties are outlined in A.C.A. § 6-13-701(e):**
 - **Receive and disburse funds. Issue receipts for funds received and maintain a duplicate.**
 - **Record all transactions in APSCN.**
 - **Provide monthly statement of financial condition to board.**
 - **Submit annual statement of finances to board in July each year.**
 - **Make required financial reports to ADE.**

School District Treasurer (Cont'd)

- **Duties are outlined in A.C.A. § 6-13-701(e)-cont'd:**
 - **Must not have an interest, directly or indirectly, in any contract made by the district or charter school board.**
 - **Make financial records available for inspection by any district taxpayer.**
 - **Perform all duties imposed by law upon school district treasurers and be subject to all regulations.**



School District Treasurer (Cont'd)

- **Disbursement of funds shall be made by treasurer only upon:**
 - **Checks or warrants signed by disbursing officer of district or charter school board and superintendent or charter school director; or**
 - **Electronic transfer of funds if electronic transfer is:**
 - **Initiated by the district or charter school; and**
 - **Authorized in writing by both the board disbursing officer and superintendent or charter school director.**

School District Treasurer (Cont'd)

- **Treasurer shall have on hand as evidence of authority for disbursement approved:**
 - **Invoices;**
 - **Payrolls that conform with written contracts on file; and**
 - **Other appropriate documentation that indicates authority for disbursement.**

School District Treasurer (Cont'd)

- **Fraudulent use of district/charter school funds by a treasurer is a Class C felony.**
- **Upon conviction, restitution to be made by treasurer is double the amount taken.**

Sample “Certificate of Appointment” is included in the Appendices

Tier I Annual Update



2013-2014

CASBO Class SF401A



ARKANSAS
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Accounting and Reporting



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Concepts of the Arkansas Uniform Accounting and Reporting System

- **Standard Chart of Accounts**
 - **Where do funds come from?**
 - **Fund Codes**
 - **Source of Fund Codes**
 - **Revenue Codes**
 - **Where do funds go?**
 - **Function Codes**
 - **Location Codes**
 - **Program Codes**
 - **Subject Codes**
 - **Object Codes**



What Funds Are On Hand

- **Balance Sheet Accounts**
 - **Assets**
 - » **Cash**
 - » **Investments**
 - » **Receivables**
 - » **Inventory**
 - **Liabilities**
 - » **Accounts Payable**
 - » **Payroll Deductions and Withholding**
 - » **Deferred Revenue**
 - » **Notes Payable**
 - » **Bonds Payable**
 - **Equity (Reserves & Fund Balances)**





Where is the Standard Chart of Accounts Located?

- Where is the Standard Chart of Accounts Located?
 - APSCN Web Page at www.k12.ar.us
 - » FMS>Financial Management System>Accounting Documentation
 - » Described as “Arkansas Financial Accounting Handbook 2013-2014”



Teacher Salary Expenditures – Fund 1

- Salaries paid to personnel whose POSITION requires a teacher license are to be paid from the Teacher Salary Fund unless funded by a federally sponsored program.
 - Teachers
 - Counselors
 - Librarians
 - School Administrators
 - District Administrators
 - All other licensed personnel with a 4-digit job code
 - Substitutes for those paid from the Teacher Salary Fund



Teacher Salary Expenditures – Fund 1 (Cont'd)

- **The Object Classifications Licensed Positions:**
 - 61110 Regular Certified Employees paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
 - 61210 Temporary Certified Employees – excluding substitute teachers paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
 - 61310 Overtime - Certified – Temporary or permanent - for work performed in addition to the normal work period paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**



Teacher Salary Expenditures – Fund 1 (Cont'd)

- 61410 Certified Sabbatical Leave paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
- 61510 Certified Additional Compensation such as bonuses or Incentives paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
- 61610 Certified Workshops – Attending workshops; Prof. Development paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**



Teacher Salary Expenditures – Fund 1 (Cont'd)

- 61710 Certified Substitutes paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
- 61810 Certified Unused Sick Leave paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**
- 61910 Certified Other (severance or early retirement) paid to certified employees from the teacher salary fund, unless funded by a federally sponsored program**

Operating Fund Expenditures – Fund 2

- *To record the receipts and expenditures for current operating expenses other than those that relate to the purposes set out for the other funds listed. Examples:*
 - **Personnel benefits not paid from Salary Fund (unless paid from Salary Fund as approved by majority of certified personnel).**
 - *Salaries and benefits of classified personnel not paid from the Building Fund, Federal Fund, the Activity Fund or the Food Service Fund.*
 - *All purchased services, supplies, capital outlay and other expenditures not paid from the Building Fund, Debt Service Fund, Capital Outlay Fund, Federal Fund, Activity Fund or Food Service Fund.*





Building Fund Expenditures – Fund 3

- **Used for major facilities construction and renovation projects.**
- **Required for any project funded with state Academic Facilities Partnership Program funds.**
- **If part of the legal fund balance is being retained for future construction/renovation projects, it should be transferred to the Building Fund.**
- **School Board approval should be obtained whenever funds are transferred to or from the Building Fund.**



Debt Service Fund Expenditures – Fund 4

- **Interest paid on bonded debt**
- **Principal paid on bonded debt**
- **Fees pertaining to bonded debt**

Bonded Debt Changes – Act 110 of 2013

- **§ 6-20-1204- On bonds issued before July 1, 2013, the Commissioner of Education shall cure a delinquency in bond payments by withholding state funding due the district.**
- **If state funds are withheld, the district shall be identified to be in Fiscal Distress**
- **Bonds issued on or after July 1, 2013, districts shall submit payments no later than 15 calendar days before due date**

Bonded Debt Changes – Act 110 of 2013

- If payment not received by paying agent as specified, the Commissioner and Superintendent of the district shall be notified in writing.
- If payment is not received within five (5) calendar days before the due date, the ADE will make the payment.
- If the ADE makes payment for the district, the district may be placed in fiscal distress and the district must either reimburse the ADE immediately or funding will be withheld.

Capital Outlay Fund Expenditures – Fund 5

Dedicated Maintenance and Operations

- Expenditures that conform to the reasons stated on the ballot when the Capital Outlay/Dedicated M&O millage was approved by voters.
- Cannot end the year with a negative balance in this fund.
 - Tax receipts should be allocated to this fund when received.
 - Pullback accrual applies to this fund (28% for 2013-2014)
 - Balances carryover each year.
 - Except for interest earnings, no other funds should be transferred to or deposited into this fund.





Federal Fund Expenditures – Fund 6

– Restricted Aid Direct from Federal Government

- Elementary/Secondary Education Programs (revenue codes 43110-43192)
- Indian Education Programs (revenue code 43610)
- Desegregation Programs (revenue codes 43710 & 43720)
- Other (revenue codes 43910-43976)

– Restricted Aid from the Federal Government through the State

- Elementary/Secondary Education Act (ESEA) (revenue codes 45110-45326)
- Adult Education (revenue codes 45410-45590)
- Special Education (revenue codes 45612-45670)
- Other (revenue codes 45910-45999)



Activity Fund Expenditures – Fund 7

▪ Student Activity Fund

- Expenditures from revenue other than local taxes, state, and federal government.
 - Fund raising activities
- Expenditures approved by Student Organization and its sponsor.
 - Supplies and equipment used by organization
 - Travel/Transportation expenses for organization
 - Items purchased for resale/fund-raising activities
 - Cash donations or purchases to benefit school or program

▪ District Activity Fund

- Expenditures from revenue other than local taxes, state and federal government:
 - *Gate Receipts* --*Vending Machines* --*Fees*
- Expenditures approved by school board or in compliance with board policy:
 - *Field Trips* --*Athletics* --*Band Uniforms* --*Book Fairs*



Food Service Fund Expenditures – Fund 8

- **Direct cost of operating food service program**
 - **Food purchases**
 - **Kitchen/Cafeteria labor**
 - **Administrative personnel who supervise food service staff**
 - **Supplies and equipment**

SOF – Source of Funds

- **Allows matching of expenditures to specific revenue sources.**
- **A three-digit number that when attached to the one-digit fund number, establishes a unique sub-fund containing separate balance sheet accounts (assets, liabilities, equity)**
- **Allows expenditures from specific revenue sources to be tracked (growth funding, declining enrollment funding, etc.).**
- **Required for all restricted funds (federal, categorical/special needs, state facilities funding, etc.).**
- **Allows fund balances pertaining to specific revenue sources to carry forward to next fiscal year**

SOF – Source of Funds - (Cont'd)

- **Table II of the Accounting Manual provides a listing of all Source of Fund codes.**
- **Source of Fund codes marked with an asterisk (*) are required for the specified revenue as well as the expenditures from that revenue (no transfers in or out).**
- **Source of Fund codes 002-099 are reserved for district/co-op use and are therefore defined by the district or co-op**



Function

- **Four-digit code that describes the activity being performed when a good or service is received.**
- **Function codes are grouped into five broad categories:**
 - **Instruction (1000-1999)**
 - **Support Services (2000-2999)**
 - **Operation of Non-Instructional Services (3000-3999)**
 - **Facilities Acquisition and Construction (4000-4999)**
 - **Other Uses (5000-5999)**
 - » **Debt Service**
 - » **Fund Transfers**
 - » **Indirect Costs**





Location

- **The three-digit number that identifies the campus or other cost center where the goods and services are being used. The number for school campuses matches the ADE assigned LEA number.**

Program

- **A three-digit number pertaining to a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives.**
- **Required Program Codes include:**
 - All NSL Expenditures
 - Pre-School
 - Extracurricular/Athletics
 - Recruitment/Retention Incentives
 - Teachers in Special Settings
 - Special Education
 - Gifted & Talented
 - Alternative Ed
 - State Academic Facilities Projects





Object

- **A five-digit number that describes the type of expenditure-Examples:**
 - **Salary**
 - **Employee Benefit**
 - **Purchased Service**
 - **Supplies and Materials**
 - **Capital Outlay**

Coding for Foundation Funding

- **Commissioner's Memo FIN-09-047 contains financial coding requirements for revenues and expenditures specific to foundation funding.**
 - **All revenue pertaining to foundation funding, and all expenditures paid with that revenue, is to be coded to funds 1000, 1100-1199, 2000 and 2100-2199.**
 - **This requirement is in response to a motion passed by the House and Senate Joint Education Committee on December 24, 2008, to determine and implement coding changes required in order to better compare school district expenditures with the components of the Adequacy Funding Matrix.**

Commissioner's Memo FIN-09-047 is included in the Appendices

Coding for Foundation Funding (Cont'd)

- **The coding requirement for 2013-2014 (same as FY 13)**
 - **All property tax, state foundation funding and miscellaneous funds will be receipted in Fund 2001.**
 - **An amount exactly equal to the foundation funding amount will be transferred from Fund 2001 to Fund 2000.**
 - **No revenue will be posted in Funds 1000, 1100-1199, 2000 and 2100-2199.**



Coding for Foundation Funding (Cont'd)

- **The amount to be transferred from Fund 2001 to Fund 2000 for FY 2013-2014 will be \$6,393 times the 2012-2013 3-QTR ADM.**
- **The revenue transfer code is 52201**
- **The expenditure transfer code is 69321**

Refer to Commissioner's memo FIN-11-080 for example Journal Entry recording transfer included in the Appendices

9% Maintenance & Operation

- A.C.A. § 6-21-808 (d) (1) (A) requires districts to expend 9% of foundation funding exclusively to payment of utilities, and costs of custodial, maintenance, repair, and renovation activities, including related personnel costs.
- 9 percent of foundation funding multiplied by the prior year 3-Quarter ADM
- **Code as follows:** Fund = 2000 or 2100-2199
Function = 2600 through 2699
Objects = 61000 – 65199 and 65300 – 69999
- If the 9% Requirement is not met, an amount equal to the variance must be moved to SOF 391 in the same fiscal year.
- A Y-T-D Report is updated each cycle and maintained on the APSCN website. On the APSCN main menu bar click on [REPORTS>District Financial Reports](#)

Gifted and Talented

- A.C.A. § 6-20-2208 (c) (6) requires districts to expend state and local revenues on gifted and talented programs in an amount equal to 15% of the foundation funding amount multiplied by 5% of the district's prior year 3 quarter ADM.
- The District's budget for GT should have an amount equal to this requirement.
- A Commissioner's memo is posted each year with the required amounts listed in an spreadsheet for each district
- Classroom expenditures must be coded to Function 1910 and Program Code 270. The GT Coordinator, Function 2291 should also be coded to Program Code 270.
- A Y-T-D Report is updated on the APSCN website. On the APSCN main menu bar click on [REPORTS>District Financial Reports](#)



Student Growth Funding/Declining Enrollment Funding



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Overview

- **A.C.A. § 6-20-2303 (22) and 6-20-2305 (c) (2)**
- **ADE Rules Governing the Calculation Methods for Declining Enrollment and Student Growth Funding for Public School Districts**
- **One-fourth of current-year per-student foundation funding x any increase in each of:**
 - **CY Qtr 1 ADM over PY 3-Qtr ADM**
 - **CY Qtr 2 ADM over PY 3-Qtr ADM**
 - **CY Qtr 3 ADM over PY 3-Qtr ADM**
 - **CY Qtr 4 ADM over PY 3-Qtr ADM**



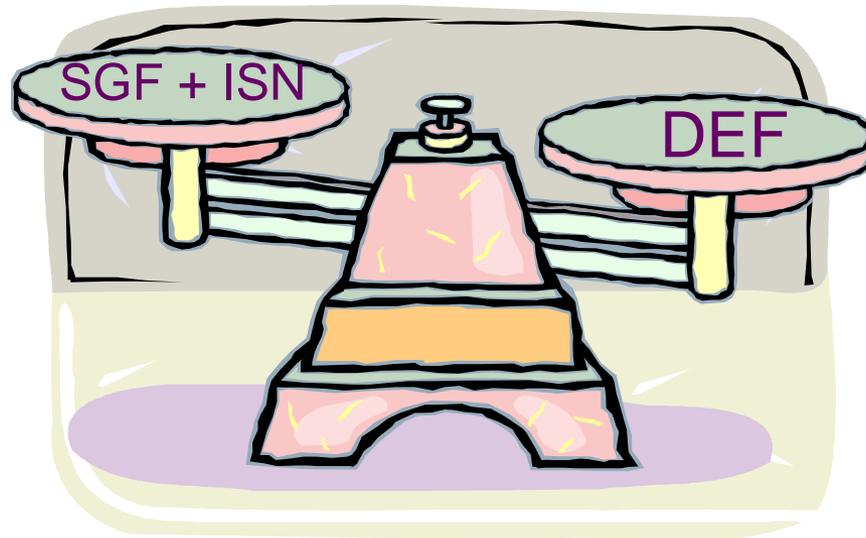
Timeline

- **By January 31**
 - Estimated SGF is calculated using actual CY Qtr 1 ADM & estimates of CY Qtrs 2, 3, & 4 ADM
 - 60% of estimated SGF is disbursed
- **By April 30**
 - Remaining 40% of estimated SGF is disbursed
- **By Period 13 close-out for end of fiscal year**
 - Districts should calculate actual SGF and make appropriate journal entries for accrual of the adjustment to actual SGF funding
- **By July 31**
 - Actual SGF is calculated by ADE using actual ADM from cycle 7 for all 4 quarters
- **By August 31**
 - Any SGF plus ISN, or DEF due to districts is distributed and any over-funded SGF plus ISN, or DEF paid to districts is recouped by ADE
- **By Period 1 (or as soon as possible thereafter)**
 - Reverse journal entries made in prior year Period 13



Considerations

- An eligible district cannot receive both DEF and SGF
- An eligible district cannot receive both DEF and ISN
- An eligible district can receive both SGF and ISN



If $DEF > (SGF + ISN)$, district receives DEF

If $(SGF + ISN) > DEF$, district receives SGF + ISN



Important Notes

- **SGF is initially disbursed based on Cycle 3 current year quarter 1 ADM growth and estimates of current year quarters 2, 3 & 4 ADM growth. (See Rules for details on calculating estimates)**
- **Cycle 3 current year quarter 1 ADM and estimates of current year quarters 2, 3, & 4 ADM are provided on the second and third state aid notices**
- **SGF is **UNRESTRICTED** funding**
- **Revenue & expenditures from SGF revenue sources are tracked**



Important Notes

- **Districts may be required to repay an entire amount received for a funding category (SGF, DEF, or ISN) due to the difference between actual SGF calculated and estimated SGF disbursed**
- **Actual SGF is calculated by ADE by July 31 and the adjustment from estimated to actual is disbursed or recouped by ADE by August 31 – after the fiscal year has ended**
- **Districts are required to calculate actual SGF and make appropriate journal entries to record actual SGF by June 30 of the current fiscal year – including any effect on DEF or ISN – and the appropriate journal entries to record adjustment to actual by August 31**

Coding Instructions

- Repaying SGF to ADE

	SOF	Revenue	Debit	Credit
PY Period 13 Journal Entry (See Timeline)	2217	31450	\$\$	
	2217	04110		\$\$
CY Period 1 Reverse Journal Entry (See Timeline)	2217	04110	\$\$	
	2217	31450		\$\$
Check payable to ADE charged to (See Timeline)			2217	31450

Coding Instructions

- Repaying DEF to ADE

	SOF	Revenue	Debit	Credit
PY Period 13 Journal Entry (See Timeline)	2218	31460	\$\$	
	2218	04110		\$\$
CY Period 1 Reverse Journal Entry (See Timeline)	2218	04110	\$\$	
	2218	31460		\$\$
Check payable to ADE charged to (See Timeline)			2218	31460

Coding Instructions

- Receiving SGF from ADE

	SOF	Revenue	Debit	Credit
PY Period 13 Journal Entry (See Timeline)	2217	01410	\$\$	
	2217	31450		\$\$
CY Period 1 Reverse Journal Entry (See Timeline)	2217	31450	\$\$	
	2217	01410		\$\$
Receipt funds from ADE to (See Timeline)			2217	31450

Coding Instructions

- Receiving DEF from ADE

	SOF	Revenue	Debit	Credit
PY Period 13 Journal Entry (See Timeline)	2218	01410	\$\$	
	2218	31460		\$\$
CY Period 1 Reverse Journal Entry (See Timeline)	2218	31460	\$\$	
	2218	01410		\$\$
Receipt funds from ADE to (See Timeline)			2218	31460





Miscellaneous Funds



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Act 322 – Miscellaneous Funds

A.C.A. § 6-20-2303 (11), 6-20-2303 (21), 6-20-2305 (a) (1) (A), and 6-20-2503 (a) (3) revised and 6-20-2308 added by Act 322 of 2013

- For the initial calculation of miscellaneous funds used to calculate FY 14 and FY 15 state foundation funding aid:
 - The miscellaneous funds received in the 2012 calendar year X (the 25 mills URT/total mills in effect on January 1, 2012)



Act 322 – Miscellaneous Funds

- For the mid-year calculation of miscellaneous funds used to calculate FY14 state foundation funding aid:
 - If district receives FY 14 state foundation funding aid and
 - Receives less in calculated miscellaneous funds during calendar year 2013 than 2012,
 - State foundation funding aid will be increased by the difference between calculated 2012 miscellaneous funds and 2013 miscellaneous funds multiplied by the ratio of the URT over total mills in effect as of January 1, 2013.
 - However, total state foundation funding aid, miscellaneous funds, net revenues, and adjustments shall NOT exceed the statutory foundation funding amount.



Act 322 – Miscellaneous Funds

- For the mid-year calculation of miscellaneous funds used to calculate FY15 state foundation funding aid:
 - If district receives FY15 state foundation funding aid and
 - Receives more in calculated miscellaneous funds during calendar year 2014 than 2012,
 - State foundation funding will be reduced by the difference between calculated 2012 miscellaneous funds and 2014 miscellaneous funds multiplied by the ratio of the URT over total mills in effect as of January 1, 2014.
 - However, total state foundation funding aid, miscellaneous funds, net revenues, and adjustments shall NOT exceed the statutory foundation funding amount.



Act 322 Miscellaneous Funds

- A.C.A. § 6-20-2503 revised by Act 322 of 2013
- The calculation of miscellaneous funds used to calculate FY14 and FY15 bonded debt assistance:
 - The miscellaneous funds received in the 2012 calendar year x (the 25 mills uniform rate of tax/total mills in effect on January 1, 2012)
- *The ADE Rules Governing the Calculation of Miscellaneous Funds will be amended to reflect the changes in law*

Data

- Miscellaneous funds categories and revenue codes:

Category	Revenue Codes
Federal Flood Control	42200
Federal Forest Reserves	42100
*Federal Grazing Rights	42400
Federal Impact Aid	42500
Federal Mineral Rights	42300
**Local Sales & Use Taxes	11200
Severance Taxes	21200
Wildlife Refuge Funds	41200
Payment in Lieu of Taxes	12800
	28000
	41300
	48000

* Not currently received by any AR districts

** Sales and use taxes for capital improvements dedicated to education only



Additional Information

- In calendar year 2013, out of 239 school districts in the state, 47 school districts had a calculated amount of miscellaneous funds of \$0 and the remaining 192 districts ranged from a calculated low of \$3 to a calculated high of over \$750,000.

Important Notes

- **It is important to review miscellaneous funds to ensure that accurate data is used to calculate funding.**

Common errors:

- **Ad valorem taxes miscoded as miscellaneous funds or miscellaneous funds miscoded as ad valorem taxes**
- **Revenue erroneously coded to local sales and use taxes dedicated to education (11200) or federal grazing rights (42400-42499)**
- **One category of miscellaneous funds erroneously coded to another (federal forest reserves coded as federal flood control)**

TAXES



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Property Taxes Account Codes

10000 Revenue from Local Sources

11000 Taxes. Compulsory charges levied by a governmental entity for the purpose of financing services for the common benefit.

11100 Property Taxes. Taxes levied as a result of a vote by the electorate of a millage rate on personal property, real estate and utilities.

11110 Property Taxes - Taxes received from the general levy July through December

11115 Property Tax Relief – Relief Taxes received July through December. (May be receipted to 11110 Property)

11120 Property Taxes – Taxes received from the general levy January through June

11125 Property Tax Relief - Relief Taxes received January through June. (May be receipted to 11120 Property)



AD Valorem Tax

- **County treasurer reports revenue to:**(see A.C.A. § 26-80-101 (b)(4)(A)(ii))
 - **ADE**
 - **State Treasurer**
 - **School District Superintendent**
 - **School district should verify that county treasurer's report matches district records and reconcile differences**
- **ADE publishes county reported data on:**
http://www.arkansased.org/divisions/fiscal-and-administrative-services/publication-and-reports/report_categories/miscellaneous
- **ADE publishes URT funding adjustment calculations as an attachment to a Commissioner's Memo**

**Commissioner's Memo FIN-12-082 and
County Treasurer's Ad Valorem Tax
Report is included in Appendices**

Rules on Accounting and Reporting





Rules Governing the Arkansas Financial Accounting and Reporting System

- By February 15 of each year, the Financial Accountability Unit of the Department shall review the LEAs' most currently submitted AFR, AFB, FTEs, and Average Salaries to determine if the financial records are deficient.
- Any error related to the coding and reporting of financial information that causes a material misstatement of financial information will be cause for determining a deficiency.
- A material misstatement occurs whenever the submitted data has more than a **ten percent** variance or when the Department has sent written notification to an LEA regarding specific errors discovered in the financial records.

*Rules on Ark. Financial Accounting and Reporting System
& Annual Training Requirements included in Appendices*

Rules Governing the Arkansas Financial Accounting and Reporting System

- The Department shall notify in writing, via certified mail, the superintendent or director of the LEA whose financial records are found to be deficient.
- The SBE may require the superintendent or director and board members to explain and/or appear before the SBE to explain why the district is not complying with state laws or rules.

Rules Governing the Arkansas Financial Accounting and Reporting System

- Any school district that does not comply with and meet the requirements of these rules, shall, after receiving notice as required by law, be identified by the Department as being in fiscal distress.

Non-Recurring Bonuses



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Nonrecurring Bonuses

- **Ark. Code Ann. § 6-20-412 provides information related to nonrecurring salaries paid to personnel from revenues “not considered to be recurring sources of revenue.”**
 - **Fund balances**
 - **Proceeds from sale of property**



Nonrecurring Bonuses (Cont'd)

- Divided equally among licensed personnel employed by the school district at the time approved by the board of directors of the school district unless:
 - The school board and a majority of teachers agree to a different distribution.
- “Equal” means an equal dollar amount.
 - **Not** equal percentage
 - **Not** prorated based on days contracted or worked
 - **Not** prorated based on full-time or part-time status





Nonrecurring Bonuses (Cont'd)

- Act 989 of 2011 amended § 6-20-412
 - Changed requirement that it be paid to licensed personnel employed by the school district at the “time of payment” to employed by the school district at the time “approved by the board of directors of the school district.”
 - Removed requirement that a report be submitted to ADE and Legislative Audit.

Sales Tax Exemptions



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Sales Tax Exemptions

- **School buses sold to Arkansas school districts. (A.C.A. § 26-52-410(b))**
- **Sale of school buses that will be used exclusively by purchaser to provide school bus service for an Arkansas school district. (A.C.A. § 26-52-410(c))**
- **Sales of motor vehicles to public school districts in Arkansas. (A.C.A. § 26-52-410(a))**
- **Sales of food in public school cafeteria and lunchrooms. (A.C.A. § 26-52-410(3))**

Sales Tax Exemptions (Cont'd)

- Sales of textbooks, library books, or other items purchased by the State of Arkansas to be distributed free of any charge to public schools of Arkansas. (A.C.A. § 6-21-411)
- Sales of tickets for admissions to athletic events and interscholastic activities at public and private schools in Arkansas. (A.C.A. § 26-52-412(a))
- Sales of sheet music, electronic software, maps, globes, charts, videotapes, DVDs, films and cassettes for use as instructional materials. (A.C.A. § 26-52-437)





Sales Tax Exemptions (Cont'd)

- Sales of digital resources when purchased as instructional materials for Arkansas public schools. (Act 288 of 2011)

“Digital resources” has yet to be defined. (As of April 29, 2013, Arkansas Department of Finance & Administration considered I-Pads as computer hardware, and therefore taxable.)

SEE GR-35-69 Exemptions from Tax – Schools included in Appendices from the Dept. of Finance & Administration

Resources

- ADE Web Site - <http://www.arkansased.org>
 - Commissioner Memos
 - Publications and Reports
 - Rules
- APSCN Web Site – <http://www.apscn.org>
 - FMS Listserv – <http://list.k12.ar.us/mailman/listinfo/fms>
 - SMS Listserv – <http://list.k12.ar.us/mailman/listinfo/sms>
- APSCN Field Support
 - On-site, phone, email support M-F, 8:00 a.m.-4:30 p.m. or 7:30 a.m.-4:00 p.m. – APSCN Main Number: 501-682-4887
 - Emergency after-hours support -DIS Call Center: 800-435-7989



Other Resources

- ADE Data Center - <http://adedata.arkansas.gov>
- Special Education - <http://arksped.k12.ar.us/>
- Child Nutrition - <http://cnn.k12.ar.us>
- Academic Facilities and Transportation
 - <http://www.arkansasfacilities.com/>
- Arkansas Division of Legislative Audit
 - <http://www.legaudit.state.ar.us/>

ADE Contacts

- Questions regarding financial coding
 - Kathleen Crain – 501-682-1297
 - Kathleen.Crain@Arkansas.gov
- Questions regarding transportation expenditure of funds
 - Mike Simmons - 501-682-4261
 - Mike.Simmons@Arkansas.gov
- Questions regarding state LEA funding and loans and bonds
 - Cindy Hollowell - 501-682-4484
 - Cindy.Hedrick@Arkansas.gov
- Questions regarding fiscal distress
 - Hazel Burnett - 501-683-5288
 - Hazel.Burnett@Arkansas.gov



ADE Contacts

- Questions regarding financial audits, budgets, duplicate enrollments, property assessments and millage:
 - Alisa Moore– 501-682-5059
 - Alisa.Moore@arkansas.gov
- Questions regarding federal program
 - Annette Pearson or Kim Bajorek
 - 501-683-1243, 501-683-6530, respectively
 - Annette.Carlton-Pearson@Arkansas.gov
 - Kim.Bajorek@Arkansas.gov



APPENDICES LIST

1. **Implementation of SB146, Act 449 of 2013 from ATRS**
2. **Commissioner's Memo FIN-13-063 Financial Coding Requirements for 2013-2014**
3. **Student Special Needs Funding Rule (Categorical Funds)**
4. **Commissioner's Memo FIN-12-095 Aggregate Categorical Funds Balance**
5. **Commissioner's Memo FIN-12-094 NSL Fund Balances**
6. **Certificate of Appointment Form – District Treasurer**
7. **Commissioner's Memo FIN-09-047 – New Financial Coding Requirements for 2009/2010**

APPENDICES LIST

- 8. Commissioner's Memo FIN-11-080 – New Financial Coding Requirements for 2011-12**
- 9. Declining Enrollment and Student Growth Funding Rule**
- 10. Commissioner's Memo FIN-12-082 – Preliminary URT Calculations for FY2011-12**
- 11. County Treasurer's Ad Valorem Tax Report**
- 12. Rules Governing the Arkansas Financial Accounting and Reporting System and Annual Training Requirements Rule**
- 13. School District Sales Tax Exemptions from the Ark. Dept. of Finance and Administration**