

## First Interim Period Financial Report

The reporting instructions and procedures for completing the First Period Interim Financial Report are as follows. Please carefully review this bulletin and allow for sufficient staff preparation time to meet your board agenda deadlines and the state submission deadlines.

### REPORT DEADLINE:

**FIRST PERIOD:** For the period ending October 31 -- must be approved by the governing board and submitted to Business Advisory Services on or before December 15 (or within 5 days of board meeting) (E.C. Section 42130)

All of the required Interim Financial Reports and documentation must be submitted to the Governing Board for certification and then transmitted to Business Advisory Services on or before the above-indicated date. Districts must submit the General Fund and summaries of any major changes in the Other District Funds to the governing board for review as part of this process.

Note: For districts filing a Qualified or Negative Certification, the district must also submit two (2) additional copies of all documentation to Business Advisory Services to be forwarded to the California Department of Education (CDE) and the State Controller's Office. Please contact your Business Advisory Services immediately if your district is filing a Qualified or Negative Certification.

### CERTIFICATIONS (E.C. Section 42131 (a) (1)):

- 1) A **Positive Certification** shall be assigned for those LEAs that WILL MEET their financial obligations for the current and two subsequent fiscal years.
- 2) A **Qualified Certification** shall be assigned for those LEAs that MAY NOT MEET their financial obligations for the current or two subsequent fiscal years.
- 3) A **Negative Certification** shall be assigned for those LEAs that WILL BE UNABLE TO MEET their financial obligations for the remainder of the current or subsequent fiscal year based upon current projections.

Please review "Instructions for Completing the First Interim Financial Report" (Attachment A-1) for a listing of documents required for submittal to our office.

**MULTI-YEAR PROJECTIONS AND ASSUMPTIONS:** Districts must submit a multi-year financial projection showing the current fiscal year and the two subsequent fiscal years (i.e. 2005-06 through 2007-08). Documentation of assumptions used for the multi-year projections is also required. Districts should complete, "Assumptions for Multi-Year Projections" (Attachment B-1) to meet this requirement. This form has been developed to clarify the assumptions upon which the district's projections for the current and subsequent two years are based. *If your district submits a similarly detailed format to your board for review with the projections, this may be substituted in place of this attachment, however, all relevant details must be included (i.e. ADA, COLA, growth staffing, utility increases, specific dollar amounts, etc.). Please submit all documents/correspondence submitted to your board as part of the interim review process. This will assist us in validating your projections.*

**STATE SOFTWARE:** The SACS software (SACS20XXALL) that was used for the 20XX-XX Unaudited Actuals contains the program for completing the interim reports.

**INTERM REPORT SUBMISSION CHECKLIST:** Attached is a checklist to ensure all appropriate certifications, reports, completed attachments and other documentation are submitted to us within the above stated timelines. Adherence to this checklist will save both district and county staff time searching for missing documents. Please send a copy of this completed checklist (Attachment C-1) with the listed items

within five days of your board taking action on the Interim Report and no later than December 15, 20XX to Business Advisory Services.

If you have any questions regarding completion of the First Interim Financial Report and additional documentation, please contact Business Advisory Services.

## Instructions for Completing the First Period Interim Financial

### Required Documentation

The Interim Financial Report documentation to be submitted and certified by the governing board and transmitted to Business Advisory Services consists of the following:

- **Form C-1** -- District Certification of Interim Report (must contain original signatures of the board president and district superintendent or designee)
- **Form A-1** -- Average Daily Attendance Detail (these are ADA figures and not dollars). The first column is used if you are a declining ADA district and must match to your P-2 attendance reports for the prior fiscal year. The second column reflects your ADA data as reported with your adopted budget Form A. The projected column should reflect where the district is projecting ADA to be by the P-2 reporting period.
- **Form OII -- General Fund Summary (Must be system generated using period date 7/1/20XX-10/31/20XX and imported into the SACS20XXALL software for processing).**
  - Total Restricted/Unrestricted
  - Restricted Amounts
  - Unrestricted Amounts

Include accruals -- Column D should include income to be received and expenditures to be paid after June 30th, which are applicable to the 20XX-XX fiscal year.

- **Other Funds -- If requested, your district should provide a detailed update on a specific district fund at First Interim with your Adopted Budget response letter, along with the appropriate Interim Fund Forms.** At a minimum, districts must supply their governing boards with a summary of the current year impact and any significant changes made in the Other Funds of the district at the interim reporting periods. Please provide Business Advisory Services with a copy of that summary format or copies of the individual fund forms for all district funds.
- **Form RLI -- Revenue Limit Summary** -- Districts can contact Business Advisory Services for assistance with an updated revenue limit calculation using current district projections for unemployment insurance (UI), Meals for Needy, PERS Reduction, Summer School allocations, etc. Please provide a copy of the county or district spreadsheet that reconciles to the Form RLI. The final amount provided on this form must reconcile back to the state aid revenues projected in object code 8011.
- **TRC -- Technical Review Checklist (Board Approved Operating Budget, Projected Totals, and Actuals to Date only).** All fatal errors must be corrected prior to submission of the Interim Reports to Business Advisory Services. All warning errors must have full explanations on why the errors are not being corrected at this time. Districts should make a concerted effort to correct warning errors listed on the Interim Report TRC in a timely manner, as this will save you time at the end of the fiscal year when you are trying to close the books, set up accruals, and will eliminate questions from our office.
- **Form CASH - Cash Flow** -- Actual and projected amounts for the total General Fund (*District format may be substituted for state form, but the specific data requested on a month-by-month basis and broken down by major object classification must be provided along with a projected accrual column for reconciling cash flow back to the district's current projected budget*). Districts must reconcile the monthly cash balances listed through October 20XX or November 20XX (depending on Board Meeting date) on this form to the monthly cash flow reports for Object 9110 from the financial system. Remaining months should be projected based on anticipated receipt of

actual revenues and payment of actual expenditures, not just an equal amount distributed for each remaining month. *Keep in mind the anticipated state funding deferrals for state aid, etc. and distributions of property tax revenues in key months only.*

### **STATE STANDARDS AND CRITERIA**

- **Summary Review** -- Districts must review the General Fund in accordance with the State's Standards and Criteria and provide full explanations where required (i.e. , debt obligations, salary settlements, pending litigation, etc.). All information should be completed or list N/A, if section is not applicable to your district. Please verify amounts listed for the multi-year financial commitments back to the district's audit report and the revised fund budgets and ensure all debt has been properly budgeted and accounted for in the applicable funds (indicate fund budgeted and object code where budgeted).
- **In-depth Review** -- Completed only if triggered by summary review or requested by county superintendent staff (BAS Consultant). Please contact Business Advisory Services immediately if your district triggers an In-depth Standards and Criteria Review.

**Completing the Form OII Summary Revenues, Expenditures,  
and Changes in Fund Balance**

- Column A** Must reflect the final budget adopted by the board and submitted to Business Advisory Services.  
**July 1--Single Budget Adoption**
- Column B** Must reflect the "latest" board-approved operating budget and the Unaudited Actuals adjustment to the 20XX-XX Adopted Beginning Balance in Account 9792 and any required Audit Adjustments in Account 9793 or restatements in Account 9795. Generally audit adjustments will not be known until the Second Interim Reporting Period. Budget transfers submitted and processed prior to October 31, 20XX will reflect in this column. "Pending" budget transfers received after October 31, 20XX will be reflected in Column D.
- Column C** Must reflect actual revenues received and expenditures paid as of the end of the reporting period, 7/1-10/31/20XX.
- Column D** District-projected "Totals" for the fiscal year.  
**NOTE: Column D represents projections of all anticipated revenues and expenditures applicable to 20XX-XX.** Amounts reflected in Column D represent the effect on the district's operating budget for budget transfers posted or "pending" as of the date report is extracted. Budget transfers should be sent to the attention of Business Advisory Services Accounting Technicians. Please indicate that the transfers are for the First Interim Financial Report process.
- Column E** Difference between Column B and Column D -- will calculate automatically and should reconcile to budget transfers posted after October 31 or pending at the time of report extraction.
- Column F** Percentage Difference (Column E divided by Column B) -- will calculate automatically.

## Required Documentation for Multi-Year Financial Projections

- **Form MYP** or district equivalent - Covering the current (i.e. 2005-06) through the two subsequent years (i.e., 2007-08) and indicating % and amount of unrestricted reserves available in ending fund balance for state reserve requirement.  
(All reports must be submitted in the following formats: Unrestricted, Restricted, Combined Restricted/Unrestricted)
- **Assumptions for Multi-Year Projections Form (Attachment B-1)** or district equivalent – Must include detailed assumptions for each year, current and two subsequent (i.e. 2005-06, 2006-07 and 2007-08), including how the district will cover any fund balance deficits below state required reserve levels.

### Other Funds

- Complete Forms 01I through 73I to record activity in **other district funds if the fund balance in any of these funds are projected to be negative by June 30, 20XX**. *Districts should summarize all major financial changes in the other district fund to the board as part of the Interim Review process.*

### Miscellaneous Tips

- Enter financial data in whole dollars
- Enter ADA rounded to nearest whole number (if not specified)
- Only amounts representing a "negative value" should be bracketed
- Carry all percentages to one decimal place (unless otherwise indicated on review form)
- Budget transfers reflecting the projected 20XX-XX budget data in Column D of the Form 01I should be processed by the district prior to obtaining final download to SACS software. Districts should not report negative ending fund balance in the Restricted Fund portion of the MYP. If the calculations come out with a negative ending fund balance in any subsequent fiscal year, due to increased costs, the district will need to show an additional contribution from the unrestricted general fund recognizing this additional encroachment.
- Districts should ensure contributions from Unrestricted to Restricted Funds on the MYP are balanced to zero on the Combined MYP page. Sometimes adjustments are made to the Restricted Fund when balances are negative and this adjustment is not reflected on the Unrestricted Fund page.
- If the MYP indicates an Unbalanced condition on the revenue limit section, districts need to adjust the revenue limit components to balance, **DO NOT JUST WHITE OUT THE ERROR MESSAGE**.
- Complete Attachment C-1 Interim Report Submission Checklist and include copy with required forms, attachments, certifications, and documentation submitted to the county office
- Ensure board meeting is held **prior to** December 15 and forms submission sent to county no later than December 15 or five days after board hearing date. If board meeting is scheduled to occur within a few days of the December 15<sup>th</sup> date, submit all documents with a cover letter indicating signed certification page will be submitted immediately after the board hearing date and district will notify county of any changes to previously submitted documents. This will allow county office staff sufficient review time, due to the holidays, to meet the deadline of January 15, 20XX to notify all districts of the review of the submitted documents.

**ASSUMPTIONS FOR MULTI-YEAR PROJECTIONS  
FOR FISCAL YEAR 20XX-XX THROUGH 20XX-XX FOR THE  
FIRST PERIOD INTERIM FINANCIAL REPORT**

**District** \_\_\_\_\_

**Contact Person/Phone:** \_\_\_\_\_

Please describe the assumptions and conditions upon which the following projections are based. Items in *italics* are suggested information to be provided as appropriate for your district and provide suggestions for items to consider in determining your district's future year financial projections.

**ADA (Average Daily Attendance/Enrollment)**

	<b>Current Year</b>	<b>First Subsequent Year</b>	<b>Second Subsequent Year</b>
Projected District K-12 ADA			
Projected Enrollment			
Projected Summer School hours			
Projected District Adult ADA			
Projected County ADA			
Method of Projection			

Other relevant information:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**REVENUES**

	<b>Current Year</b>	<b>First Subsequent Year</b>	<b>Second Subsequent Year</b>
RL COLA/Deficit	% /	% /	% /
Federal COLA	%	%	%
State COLA	%	%	%

List any amounts included in the fiscal year indicated above for prior year State Deferrals that were not accrued in that fiscal year:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DISTRICT NAME: \_\_\_\_\_

**EXPENDITURES (Salaries and Benefits)**

Certificated (Object 1000s)	Current Year	First Subsequent Year	Second Subsequent Year
Step/Col average % or amount	% \$	% \$	% \$
Change in # of certificated staff	#	#	#
Total # of certificated staff (FTE)	#	#	#
Estimated/negotiated salary % increase/(decrease)	%	%	%

Other relevant information:

\_\_\_\_\_  
\_\_\_\_\_

Classified (Object 2000s)	Current Year	First Subsequent Year	Second Subsequent Year
Step/Col average % or amount	% \$	% \$	% \$
Change in # of classified staff	#	#	#
Total # of classified staff (FTE)	#	#	#
Estimated/negotiated salary % increase/(decrease)	%	%	%

Other relevant information:

\_\_\_\_\_  
\_\_\_\_\_

Benefits (Object 3000s)	Current Year	First Subsequent Year	Second Subsequent Year
H/W Benefit package estimated per FTE \$ All employer paid or capped amount?	\$	\$	\$
% increase (decrease) from prior year	%	%	%
Statutory benefit % certificated	%	%	%
Statutory benefit % classified	%	%	%

Other relevant information:

\_\_\_\_\_  
\_\_\_\_\_

DISTRICT NAME: \_\_\_\_\_

**Expenditures (Supplies, Services, and Equipment):**

Object Series	Current Year	First Subsequent Year	Second Subsequent Year
Supplies (4000) % increase over prior year	%	%	%
Supplies (4000) one time costs	\$	\$	\$
Services (5000) % increase over prior year	%	%	%
Services (5000) one time costs	\$	\$	\$
Utilities: % increase	%	%	%
Capital Outlay (6000s) % increase (decrease) over prior year	%	%	%
Capital Outlay -one time costs \$	\$	\$	\$

Other relevant information:

\_\_\_\_\_

\_\_\_\_\_

**SOURCES, USES and INTERFUND TRANSFERS** (Indicate if onetime or ongoing, details of new/ongoing debt payments, anticipated transfers to/from other funds)

Sources/Uses	Current Year	First Subsequent Year	Second Subsequent Year
New ongoing sources \$ for: (describe)			
One-time sources \$ for: (describe)			
New ongoing uses \$ for: (describe, i.e., new debt payment)			
Ongoing debt payment \$ for: (describe)			
New inter-fund transfers in \$ from:(indicate fund/purpose)			
New inter-fund transfer out \$ to: (indicate fund/purpose)			

**FIRST INTERIM SUBMISSION CHECKLIST**

DISTRICT NAME: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Phone/Ext: \_\_\_\_\_ Email address: \_\_\_\_\_

BOARD HEARING DATE: \_\_\_\_\_ (ON OR BEFORE DECEMBER 15)

- Form CI:** Interim Report Certification Page (with original signature)
- Technical Review checklists** with explanations entered as necessary for W errors and F errors corrected:
  - Operating Budget,  Projected Totals,  Actuals to Date
- Form AI:** Average Daily Attendance (including both district and county operated ADA)
- Form RLI:** Revenue Limit Summary
- Form CASH:** Cash flow Worksheet (reconciled back to Object 9110 Cash for months through October 20XX and projected through June 20XX, *including accrual projections column*)
- Form MYP or equivalent:** Multiyear Financial Projections using base year 20XX-XX (which matches Form 01I), and projections for 20XX-XX and 20XX-XX with assumptions (Unrestricted, Restricted, Combined)
- Attachment B-1:** Multi-Year Projection Detailed Assumptions completed or equivalent
- Form 01I:** General Fund (Restricted and Unrestricted, and Combined)
- Form 01CSI:** General Fund Criteria and Standards (with explanations, filled out completely)
  - In-depth Review Required? Yes or NO (circle one)
- Form ROP**
- Interim Table of Contents**
- Copies of board agenda items/documentation** that will allow us a more complete review of projected budget assumptions/revisions.
- Board summary** of major changes in district funds, other than General Fund
- Copy of Long-Term Debt Summary** from June 200X Audit Report (ask audit firms for a preliminary copy) Must reconcile with Criteria and Standards Multi-year Commitments.
- Budget Transfers** matching Column E of Fund Forms,  indicate if already submitted.

***Other Fund Forms reflecting a negative ending fund balance projection for 6/30/XX:***

- Form \_\_\_\_\_ (list applicable fund forms included)
- Form \_\_\_\_\_
- Form \_\_\_\_\_

***(District should also include plan for resolving negative fund balance in subsequent fiscal year)***

ALL OF THE ABOVE ITEMS AS APPLICABLE TO YOUR DISTRICT SHOULD BE SUBMITTED  
ATTENTION: Business Advisory Services - no later than December 15, 20XX.