



September 12, 2022

TO: Business Administrators
Los Angeles County School Districts
Regional Occupational Centers/Programs (ROC/Ps)
Charter Schools and Joint Powers Authorities (JPAs)

FROM: Octavio Castelo, Director
Business Advisory Services

SUBJECT: 2021-22 Unaudited Actuals Financial Reporting and
2022 Standardized Account Code Structure Software

The 2022 Standardized Account Code Structure (SACS) Financial Reporting Software (SACS2022ALL), the 2021-22 Charter School Unaudited Actuals Financial Report-Alternative Form, and other information that school districts need for preparing 2021-22 Unaudited Actuals and 2022-23 Interim Reports are available on the California Department of Education's (CDE) website.

www.cde.ca.gov/fg/sf/fr

The user guide and calendars are built into the software to facilitate the search for information about the software or the reporting process. Installing the software with the default settings will automatically copy the SACS Software User Guide (User Guide) and the Financial Reporting Calendar. Specific information about changes and updates can be found in the "What's New" section of the User Guide.

GENERAL INSTRUCTIONS FOR UNAUDITED ACTUALS

In compliance with Education Code (EC) Section 42100, the Los Angeles County Office of Education (County Office) requests that districts file their Board-approved 2021-22 Unaudited Actuals Financial Report to our office by September 15, 2022.

Any extension of a district's PeopleSoft and BEST FIN year-end closing granted by the Division of School Financial Services does not imply an extension to the September 15th mandated due date to the County Office.

Please mail the unaudited actuals package to:

Los Angeles County Office of Education
Business Advisory Services
Attention: Ms. Lily Madrigal

The report is required in the SACS software format. Submit one hard copy of the Board-certified report with original signatures. The package should include:

1. Unaudited actuals data file exported from the SACS software transmitted via the Reports and Data (RAD) system. Contact Ms. Jeanne Vargas for a RAD registration form at (562) 922-6136 or at Vargas_Jeanne@lacoe.edu.
2. Certification form with original signatures (Form CA). **Note: Stamped or electronic signatures are not acceptable.**
3. Technical Review Checklist (TRC) (Form TRC from SACS software).
4. Charter School's unaudited actual reports must be submitted for each charter school authorized by the district. Reports can be submitted via SACS or the Alternative Form.

UNAUDITED ACTUALS DATA SUBMISSION

In preparing an unaudited actuals report for submission, please ensure that the data is correctly exported as described in the software user guide. All the forms containing District's 2021-22 unaudited actuals data should be submitted in the heritage SACS format versus the web-based format. **To ensure that all technical accounting errors on the district's records are corrected in the BEST and PeopleSoft Financial System before the district's books are closed, each district is urged to run a preliminary closing "Dat-File" through the SACS software. Before the final close and preparing the final Unaudited Actuals SACS Financial Report, districts must resolve the errors and warnings reflected on the TRC. When requesting to close in PeopleSoft and BEST, districts must submit their unofficial "Dat-File" and TRC report to School Financial Services (SFS), General Ledger, Accounting and Budget Support Unit for review. Once the review is completed and approved by SFS, districts should proceed with generating the official "Dat-File".** The County Office will verify, approve, certify, and transmit each district's report to the CDE by the due date. The submission of unaudited actuals financial reports from **all** districts is required in order for the State to compile and report statewide financial data for 2021-22. Under EC Section 42129, the State Superintendent of Public Instruction may impose certain sanctions if a report is not submitted by the due date. The sanctions may include the withholding of all stipends, salaries, and expenses from the superintendent and governing board of any district that fails to file the report in a timely manner.

CHARTER SCHOOL FINANCIAL REPORTING

Charter Schools are required by EC Section 47604.33 and EC Section 42100 to submit the following reports to their authorizing agency and to the county superintendent of schools:

<u>Report</u>	<u>Due Date (to authorizing agency and county superintendent)</u> ¹
Budget	On or before July 1
First Interim	On or before December 15 (reflecting changes through October 31)
Second Interim	On or before March 15 (reflecting changes through January 31)
Unaudited Actuals	On or before September 15

Authorizing districts are required by EC Section 47604.32 to ensure that each charter school under their authority complies with all reports required of charter schools by law and to monitor the fiscal solvency of each charter school. EC Section 47604(c) specifies that the school district is not liable for debts or obligations of the charter school; although failure to comply with all oversight responsibilities could result in a district losing its protection against liability for any nonprofit public benefit corporation charter school that the district authorized.

Charter Schools must submit their 2021-22 year-end financial data to the County Office through their authorizing district by September 15, 2022, either in the SACS format or in the Alternative Form as described below. Charter schools are urged to discuss the options with their authorizing district and auditors before selecting the option they will use.

The SACS funds that are available to report charter school financial data are the General Fund (Fund 01), Charter Schools Special Revenue Fund (Fund 09), and the Charter Schools Enterprise Fund (Fund 62). Charter schools using the modified accrual basis of accounting should use Fund 01. Charter schools using the accrual basis (as is typically used by not-for-profit organizations) should use Fund 62. Fund 09 is used by authorizing LEAs only to account separately for the operating activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEAs general fund.

- When reporting charter school data along with the authorizing district's data, the charter school data may be reflected with the authorizing district's data in Fund 01, Fund 09, or Fund 62. Although more than one charter school may be reflected in any of the three funds, complete charter schools' data should be included in just one of the three funds.
- When reporting charter school data separately from the authorizing district's data, the charter school uses its County-District-School (CDS) code to access the SACS reports and funds to complete them on an individual basis. The authorizing agency should not duplicate this data

¹ If the statutory due date occurs on a Saturday, Sunday or holiday, the reporting due date shall be on the following workday

within any fund in the district's data. Charter school data reported with the authorizing district's Fund 01 will automatically be included in the calculation of the district's reserve requirement.

- The district may provide an explanation with the Criteria and Standards Form explaining the inclusion of the charter school data. The data will also be subject to the calculation of compliance with the classroom teacher salary percentage required by EC Section 41372. However, explanations may be provided with the TRC if failure to meet the required percentages is due to the inclusion of charter school data.

Alternative Form

The Alternative Form is not contained in the SACS2022ALL software, but is instead posted on the CDE's website as a separate file at:

www.cde.ca.gov/fg/sf/fr/csalternative.asp

The Alternative Form is provided for charter schools that do not wish to report their year-end financial data in the SACS format. However, charter schools using the Alternative Form may need to provide additional information as needed so the charter school's compliance with Federal Special Education Maintenance of Effort (SEMOE) requirements can be determined.

The attached letter, dated April 5, 2004, (Attachment No. 1), and the charter school reporting excerpts from the SACS User Manual provide additional information about charter school reporting requirements. School district budgets and unaudited actuals must continue to reflect financial data from their charter schools as follows:

- Receipt and transfer for revenues for locally-funded charter schools.
- Average Daily Attendance (ADA) (Form A) – Use the section at the end of Form A to separately account for charter school ADA. Please do not include charter school ADA in the K-12 ADA portion of these forms.
- In-lieu of Property Tax Transfers

REMINDERS

These supplemental forms must be completed using the SACS software and submitted with your unaudited actuals report.

Form A Average Daily Attendance

Form Asset Schedule of Capital Assets

Form CA	Unaudited Actuals Certification
Form CEA	Current Expense Formula/Minimum Classroom Compensation Unaudited Actuals
Form ESMOE	Every Student Succeeds Act Maintenance of Effort
Form DEBT	Schedule of Long-Term Liabilities (formerly the J-249)
Form GANN	Appropriation Limit Calculation
Form ICR	Indirect Cost Rate Worksheet (formerly a component of the J-380)
Form L	Lottery Report
Form NCMOE	No Child Left Behind Maintenance of Effort
Form PCR	Program Cost Report (formerly a component of the J-380)
Form PCRAF	Schedule of Allocation Factors (formerly a component of the J-300)
Form SEA	Special Education Revenue Allocation
Form SEAS	SEA Form Setup (SELPA Selection)
Form SIAA	Summary of Interfund Activities – Actuals

Bond Interest and Redemption Fund

Please use the information on bonded indebtedness provided by the County Office to complete the Fund 51 budget forms. Actuals for 2021-22 were provided to districts by the County Office in Informational Bulletin No. 6574, dated August 3, 2022. Please note that districts may have a ending fund balance from the 2020-21 Unaudited Actuals that does not match the beginning fund balance for 2021-22 that is reported by the Los Angeles County Auditor-Controller. This is mainly due to the GASB 31, Fair Market Value adjustment that was recorded in 2020-21 in the Unaudited Actuals. Districts must use the 2020-21 ending fund balance reported in the Unaudited Actuals as the 2021-22 beginning fund balance. When entering the Object 9111 – Fair Value Adjustment to Cash in County Treasury, and Object 8662 – Net Increase (Decrease) in the Fair Value of Investments in the SACS software, you will need to reverse the entered Object 9111 and Object 8662 (for revenue accounts, should be reversed into Object 9795 – Other Restatement) amount from 2020-21, then record the 2021-22 Fair Value Adjustment.

Example:

Fiscal Year 2020-21:

District's Unaudited Actuals Ending Fund Balance for Fund 51	\$4,965,000
Los Angeles County Auditor-Controller reported Ending Fund Balance	\$5,005,000

District recorded a Fair Value Adjustment to Cash in County Treasury	(\$40,000)
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Fiscal Year 2021-22:

District's Unaudited Actuals Beginning Fund Balance for Fund 51	\$4,965,000
Los Angeles County Auditor-Controller reported Ending Fund Balance	\$5,005,000

LA Auditor Controller reported balance		District Unaudited Actuals		
FY 2020-2021		FY 2020-2021		
Fund 51 Beginning balance	5,000,000.00	Fund 51 Unaudited Actuals beginning balance	5,000,000.00	
NET INCREASE (DECREASE) IN FUND	5,000.00	NET INCREASE (DECREASE) IN FUND	(35,000.00)	Includes recorded FY 2020-21 Fair Value Adjustment
Fund 51 Ending Balance	5,005,000.00	Fund 51 Unaudited Actuals Ending balance	4,965,000.00	
FY 2021-2022		FY 2021-2022		
Fund 51 Beginning Balance	5,005,000.00	Fund 51 Unaudited Actuals Beginning Balance	4,965,000.00	
		Reverse the 2020-21 Fair Value Adjustment (Object 9795)	40,000.00	
		Adjusted Beginning balance	5,005,000.00	

Once you have reconciled your beginning balance, you can enter your new FY 2021-22 Fair Value Adjustment balances.

Voted Indebtedness Tax Levies

If a district has tax overrides, Fund 53 must be completed and submitted with the district's approved unaudited actuals.

Joint Powers Agencies (JPAs)

EC Section 41023 specifies that any agency organized under a joint powers agreement, the parties of which consist solely of school districts and county offices of education, has the same financial reporting requirements (including auditing requirements) applicable to districts. This code section **does not** apply to JPAs formed for these purposes:

- Health and Welfare Benefits for employees
- School district property insurance
- Any liability insurance
- Workers' Compensation

ESMOE Report

Districts that do not meet the Federal maintenance-of-effort requirements, as reflected on the Every Student Succeeds (ESMOE) Report, must apply directly to the United States Department of Education for a waiver to avoid repayment of Federal Funds.

Common Errors in Unaudited Actual Submissions

The California School Accounting Manual (CSAM) serves as a comprehensive source of information and guidance for recording and reporting school district financial accounting activities. District staff are urged to closely study and follow the manual in preparing the unaudited actuals report. Information regarding downloading the CSAM 2019 Edition is available at the CDE website:

www.cde.ca.gov/fg/ac/sa/

This bulletin and its attachments are posted on the County Office website:

www.lacoe.edu/Bulletins.aspx

Use the "Search" box in the Bulletins section to locate a specific bulletin by number or keyword.

For questions regarding this bulletin, please contact Jeff Young at (562) 922-6419 or Jennifer Kirk at (562) 922-6508. For budget-related questions, districts should contact their Business Services Consultant (Attachment No. 2).

Approved:
Karen Kimmel
Chief Financial Officer
Business Services

JY/OC:lm
Attachments



Home / Finance & Grants / Accounting / Correspondence



CALIFORNIA
DEPARTMENT OF
EDUCATION

1430 N STREET
SACRAMENTO, CA
95814-5901

JACK O'CONNELL

State Superintendent of
Public Instruction

PHONE: 916-319-0800

April 5, 2004

Dear County and District Superintendents, County and District Chief Business Officials, and Charter School Administrators:

CHARTER SCHOOL FINANCIAL REPORTING FOR 2003-2004 AND SUBSEQUENT FISCAL YEARS

In a March 5, 2003, letter titled, "Financial Reporting for Charter Schools," the California Department of Education (CDE) informed districts, counties, and charter schools it was continuing to implement the requirements of Assembly Bill (AB) 1994, Chapter 1058, Statutes of 2002, regarding charter school financial reporting. Since that time, CDE developed regulations authorizing the standardized account code structure (SACS) as a financial reporting format available to school districts, county offices of education, joint powers agencies, and charter schools. Additionally, CDE developed regulations for an alternative format (hereinafter referred to as the Alternative Form) that may be used by those charter schools that choose not to report in the SACS format.

After a 45-day public comment period and a public hearing, the regulations and the Alternative Form for charter school reporting were approved at the September 2003 meeting of the State Board of Education (SBE). Subsequently, the Office of Administrative Law approved the regulations in November 2003, and they are now published in sections 15060, 15070, and 15071 of Title 5 (Education) of the *California Code of Regulations* (CCR). The CCR can be accessed from the Office of Administrative Law Web site at <http://www.oal.ca.gov> or <http://ccr.oal.ca.gov>. Also, the regulations and the Alternative Form are available for viewing on CDE's Web site at www.cde.ca.gov/regulations/, under School Finance. (Please note: CDE will be launching a new Web site in late April. Once the new Web site is active, the regulations and the Alternate Form will be at <http://www.cde.ca.gov/re/lr/rr/>.)

Required Charter School Financial Reporting

The submission of charter school financial data to CDE has been optional for the past two fiscal years. Now that the regulations and reporting formats required by *Education Code* sections 1628 and 42100 (as amended by AB 1994) are in place, **charter school financial reporting is required for fiscal year**

Attachment No. 1 to:

Informational Bulletin No. 6578

2003–2004 and for subsequent fiscal years. These year-end reports are due to each charter school's authorizing agency on or before September 15 each year. As previously mentioned, charter schools may choose to submit their financial data either in the SACS format or in the Alternative Form prescribed in the regulations. In either case, the data must be submitted to the charter school's authorizing agency, forwarded to and reviewed by the county office of education, and electronically submitted to CDE.

The specific reporting options for 2003–2004 are as follows:

- Charter school financial data can be reported in SACS, in the authorizing agency's General Fund (SACS Fund 01), Charter Schools Special Revenue Fund (SACS Fund 09), or a new Charter Schools Enterprise Fund (SACS Fund 62), which allows full accrual accounting for not-for-profit charter schools.
- Charter school financial data can be reported in SACS by the charter school, separate from the authorizing agency, by using the charter school's county-district-school (CDS) code to access the applicable forms, including the Charter Schools Enterprise Fund form.
- Charter school financial data can be reported by the charter school using the Alternative Form.

We encourage charter schools to thoroughly review the charter school financial reporting options (SACS and the Alternative Form) before choosing the format to use in submitting the 2003–2004 financial reports. We also suggest that charter schools discuss the options with their authorizing agencies and independent auditors before making a decision. To assist charter schools with this decision, here are some thoughts to consider about using SACS or the Alternative Form for financial reporting.

Using SACS

Many charter schools are already using SACS, either on their own or with the help of their authorizing agency. We encourage these charter schools to continue using SACS for a variety of reasons, including: SACS allows charter schools to take advantage of various automated software features, such as the ability to create program reports and automatically calculate an indirect cost rate; SACS allows charter schools to easily respond to requests for information needed to comply with federal special education maintenance of effort compliance requirements; and SACS provides CDE, the Legislature, other state and federal agencies, and the public with the most complete and comparable financial data.

For 2003–2004 reporting, we plan to modify the SACS software to accept a charter school's data separate from the charter school's authorizing agency. We will accomplish this by modifying the "LEAID" field in the Preferences menu in the SACS software. The specific details of this modification have been included in a separate SACS software letter, but briefly this means that for those school districts and county offices whose charter schools wish to report their data separately, the extract file will have to be amended to add an additional seven digits for a school code. For local education agencies whose charter schools do not report separately, no change is required to the extract program, because CDE will automatically backfill the seven-digit school code field with zeroes. The SACS software letter referred to above is on CDE's Web site at www.cde.ca.gov/fiscal/financial/corresp.htm. On CDE's new Web site, the letter will be at <http://www.cde.ca.gov/fg/ac/co/>.

Although the entire SACS package may look daunting to charter schools, keep in mind that charter schools need only complete the data elements that apply to them. For instance, it is not likely that a charter school will have more than one fund, so there is no need to report data in multiple funds. Also, compared to traditional school districts, charter schools will have fewer funding sources (due to block grant funding) and fewer instructional settings, which should simplify the use of SACS for charter schools.

In addition to the SACS software changes planned for 2003–2004, we hope to build into SACS, to the extent possible, the Senate Bill 740 (Chapter 892, Statutes of 2001) nonclassroom-based funding determination form. The SACS software will automatically pull most, if not all, of the data needed to complete the form. Because of the volume of changes being made this year, however, we may not be able to add this new feature until next year.

Using the Alternative Form

The Alternative Form is an option available for charter schools to prepare their unaudited actual financial reports without using the SACS format. Because the Alternative Form is less complex than the SACS reporting format, it may be easier for charter schools to use. However, charter schools using the Alternative Form may need to separately provide additional information, such as the information needed to determine a charter school's compliance with federal special education "maintenance of effort" requirements.

An indirect cost rate cannot be generated from data reported using the Alternative Form. CDE has asked the United States Department of Education (USDE) to grant the department authority to approve indirect cost rates for individual charter schools. Depending on the outcome of these negotiations with USDE, charter schools using the Alternative Form that request an indirect cost rate will need to provide CDE with additional information before a rate can be calculated. If a charter school does not request an indirect cost rate, this additional data will not be required.

The Alternative Form is currently available only for viewing and printing; however, it will soon be available in a downloadable Excel spreadsheet format that will be posted on CDE's Web site with other financial software. We expect the form will be posted on CDE's new Web site at <http://www.cde.ca.gov/fg/sf/> by the end of April.

If charter schools use the Alternative Form for financial reporting to CDE, the Excel spreadsheet version must be used, and the data must be submitted to CDE electronically, via either disk or Internet (see *Education Code* sections 1628 and 42100 and CCR Title 5 Section 15071); hard copies of the Alternative Form will not be accepted. Details about transmitting the Alternative Form to CDE will be provided with the release of the electronic version of the form.

Budgets and Interim Reporting

Beginning January 1, 2004, charter schools are required by *Education Code* Section 47604.33 (Assembly Bill 1137, Chapter 892, Statutes of 2003) to submit budgets and interim reports to their chartering agency for review. Because no particular format is required, CDE will not be developing the associated budget and interim forms. However, charter schools reporting as separate agencies in SACS will have access to existing budget and interim forms.

Charter School Accounting and Financial Reporting Guidance

In 2004–2005, CDE will be revising the *California School Accounting Manual* (CSAM) to include accounting and financial reporting guidance that is specific to charter schools. In the meantime, the latest edition of CSAM provides a wealth of information about school district accounting and financial reporting, much of which is applicable to charter schools. Both the CSAM and information about SACS are available on CDE's Web site at www.cde.ca.gov/fiscal/sacs/. On CDE's new Web site, CSAM and SACS information will be located at <http://www.cde.ca.gov/fg/ac/>.

Additional Information

For more information about financial accounting and reporting, and CDE's financial reporting software, charter school personnel should first contact their authorizing district or county office of education. If additional help is needed, contact our Financial Accountability and Information Services Office by calling 916-322-1770 or by email to sacsinfo@cde.ca.gov.

Sincerely,

Scott Hannan, Director
School Fiscal Services Division

Marta Reyes, Director
Charter School Division

Last Reviewed: Thursday, February 23, 2017

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services - Fiscal Monitoring District Assignments
2021-22 Unaudited Actuals Review Cycle

Abrar Alam (562) 922-6133	Dio Brache (562) 922-6802	Steven Choi (562) 940-1768
Arcadia USD Antelope Valley Sch. Trans Agcy. Antelope Valley Joint Union HSD El Rancho USD Keppel Union SD Las Virgenes USD Little Lake City SD Montebello USD Walnut Valley USD William S. Hart Union HSD	Azusa USD Beverly Hills USD Centinela Valley UHSD Inglewood USD Lynwood USD PINCO San Gabriel USD Saugus Union SD Sulphur Springs Union SD	El Monte Union HSD Glendale USD Glendora USD Lawndale Elementary SD Pasadena USD Rosemead SD Rowland USD San Antonio ROP San Marino USD Temple City USD
Kathy Connell (562) 922-6184	Belinda Martinez (562) 922-8739	Sean Lewis (562) 922-6779
Castaic Union SD East San Gabriel Valley ROP Eastside Union SD Hacienda La Puente USD Hawthorne SD La Cañada USD Mountain View SD South Pasadena USD Westside Union SD Wilsona SD	Baldwin Park USD Claremont USD Culver City USD El Monte City SD El Segundo USD Long Beach USD Los Nietos SD Monrovia USD Pupil Transportation Co-op Torrance USD	ABC USD Bellflower USD East Whittier City SD Palmdale SD Palos Verdes Peninsula USD Santa Monica-Malibu USD South Whittier SD Tri-Cities ROP Whittier City SD Whittier Union HSD
Demetra Moore (562) 401-5497	Andrew Surendranath (562) 922-6743	Hoyt Yee (562) 940-1705
Alhambra USD Bassett USD Burbank USD Compton USD Downey USD Los Angeles USD Redondo Beach USD Santa Clarita Valley Food Services Wiseburn USD	CALAPS JPA Hermosa SD Gorman Joint SD Hughes-Elizabeth Lakes SD Lancaster SD Manhattan Beach SD Newhall SD Norwalk-La Mirada USD Paramount USD Valle Lindo SD	Acton-Agua Dulce USD Bonita USD Charter Oak USD Covina-Valley USD Duarte USD Garvey SD Lennox SD Pomona USD SCROC West Covina USD