



USFR MEMORANDUM NO. 252

TO: School District Administrators; County School Superintendents

FROM: Laura Miller, Office of the Auditor General
Stacy Morley, Arizona Department of Education (ADE)

DATE: August 18, 2011

SUBJECT: Fiscal Year (FY) 2011 Annual Financial Report (AFR) and reporting forms for Current Expenditures by School and the Classroom Site Fund (CSF) (Supersedes USFR Memorandum No. 247)

Arizona Revised Statutes (A.R.S.) §15-904 requires school districts to prepare and submit an AFR, in electronic format, by October 15. The Auditor General in conjunction with ADE is required to prescribe the AFR format to be used by all school districts. The Auditor General and ADE developed the AFR format in Microsoft Excel, to incorporate the information districts are statutorily required to include in their AFR.

If you have any questions on this guidance or need assistance, please call ADE School Finance at (602) 542-5695, or the Office of the Auditor General, Accounting Services Division at (602) 553-0333.

SUMMARY OF SIGNIFICANT CHANGES

All of the forms have been revised for recent legislation. The more significant changes from last year's forms are summarized below.

1. Instructions are now included within the Excel forms to provide easier access to information for the preparer. Line numbers and some section headings throughout the forms have been linked (light blue highlight) directly to the related instructions.
2. Page 8, Federal Projects—Line 16 was added for Impact Aid reporting. Districts may assign their own fund number within the 300-399 range for FY 2011 and FY 2012. However, effective July 1, 2012, districts must use the fund number (378—Impact Aid) designated in the 07/11 USFR Chart of Accounts revision. (Laws 2010, 2nd Regular Session, Ch. 332, §16)
3. Page 9, Section G—A column was added to allow districts to report Education Jobs Fund expenditures.
4. Food Service page, Expenditures—Line 20 was added for reporting object code 6634—Storage Costs for USDA Commodities.

5. Desegregation AFR, Districtwide Impact Aid Fund Desegregation Expenditures—A sheet was added to allow districts to report districtwide desegregation expenditures from the Impact Aid Fund. [A.R.S. §§15-910(J) and 15-905(R)]

SUBMISSION AND PUBLICATION

ADE will only accept FY 2011 AFR forms submitted electronically using either the Excel forms with the 8/11 revision date or software that produces an electronic file in a format approved by ADE. Districts may download the forms from the Auditor General's or ADE's Web sites at www.azauditor.gov/forms_schooldistrict.htm or www.azed.gov/schoolfinance/Forms/Budgets.

Submission

Once the governing board, superintendent, and business manager have completed and signed the printed cover page of the AFR, the completed electronic forms must be uploaded via the Common Logon on ADE's Web site at www.ade.az.gov/CommonLogon by October 15. Data validation checks are included in ADE's file upload system. These initial checks will ensure that formulas have not been overwritten, that total fields reflect the sum of their details, and that fields that should equal each other are in fact equal. Formulas should not be changed and applicable footnotes and instructions should be followed to ensure uploaded files will pass all validation checks. After uploading the files; districts should verify the files have been successfully processed by checking their file submission page at <http://www.ade.az.gov/Budget/>. If the file did not process, districts should click on the linked error message. If unable to correct the error; districts should then contact the budget team at SFBudgetTeam@azed.gov. For Common Logon password information or help, please contact ADE's Support Center at (602) 542-7378 [outside the Phoenix area call (866) 577-9636] or e-mail enterprise@ade.az.gov.

Districts not participating in the accounting responsibility program must also submit the AFR to the County School Superintendent (CSS) for approval by October 15. Districts should contact the CSS for specific submission procedures.

After Submission

After the AFR has been electronically submitted to ADE, complete the following steps:

- Within 5 days, submit a copy of the **completed cover page only** signed by the Governing Board members, the Superintendent and Business Manager by scanning and e-mailing it to ADE's budget team at SFBudgetTeam@azed.gov. If districts are not able to submit cover pages via e-mail, districts can mail cover pages to ADE, School Finance, Bin 13, 1535 West Jefferson, Phoenix, AZ 85007.
- In accordance with A.R.S. §15-904(A), as amended by Laws 2011, Ch. 197, §2, districts that maintain a Web site must provide a link to ADE's Web site where the district's AFR can be viewed (<http://www.ade.az.gov/SchoolFinance/Forms/LEAQuery/SubmittedFiles.aspx>).
- Electronically submit the District's summary accounting data file to both the Office of the Auditor General, Division of School Audits, at sddata@azauditor.gov and to ADE at SFBudgetTeam@azed.gov. Instructions for preparing the data file for both CIMS and Infinite Visions accounting systems are available on the Auditor General's Web site at <http://www.azauditor.gov/Reports/School Districts/SD AcctFile Instructions.htm>.

Publication

In accordance with A.R.S. §15-904, by November 15, the entire AFR, or AFR summary, must either be printed in 8-point type in the official newspaper of the county as defined in A.R.S. §11-255 or in a newspaper of general circulation within the district (since the report provides information for the residents and taxpayers of the district, a newspaper that is widely read should be selected for publication), or mailed to each household in the district. The affidavit of publication or evidence of mailing must be filed with ADE within 30 days after publication or mailing, but not later than December 15. To meet this requirement, districts should scan and e-mail the affidavit to ADE's budget team at SFBudgetTeam@azed.gov. If districts are not able to submit the affidavit via e-mail, districts can mail a copy of the affidavit to ADE, School Finance, Bin 13, 1535 West Jefferson, Phoenix, AZ 85007.

Alternatively, districts that maintain a Web site may satisfy the publication requirement in A.R.S. §15-904 by placing a link on the district's Web site to their submitted AFR on ADE's Web site at <http://www.azed.gov/SchoolFinance/Forms/LEAQuery/SubmittedFiles.aspx>. **Districts wishing to publish in this manner should email ADE at SFBudgetTeam@azed.gov, by November 15 with a direct link to the district's Web site where the AFR link was placed.**

ADDITIONAL REQUIRED REPORTS

The Current Expenditures by School and Classroom Site Fund Narrative Results Summary report forms are not part of the AFR as prescribed by A.R.S. §15-904. However, these reports are statutorily required and districts should submit them to ADE with the AFR, as they are required to be filed by November 1st and November 15th, respectively. The Classroom Site Fund Expenditures by School form has been removed as districts are no longer required to report this information. (Laws 2011, Ch. 344, §17)

Current Expenditures by School

In accordance with A.R.S. §15-746(A)(4), districts are required to report each school's current expenditures for classroom instruction excluding classroom supplies, classroom supplies, administration, support services-students, and all other support services and operations in its School Report Cards. The current expenditures by school should include all expenditures reported on page 9 of the AFR, Section C, on a school-by-school basis. Any districtwide current expenditures should be allocated to each school based on student counts. Current expenditures include expenditures from all funds for elementary and secondary education (e.g., M&O, CSF, Auxiliary Operations, Extracurricular Activities Tax Credit, most federal and state projects, etc., for PSD-12). Current expenditures do **not** include expenditures for tuition, land and improvements, buildings and improvements, furniture, equipment, technology, vehicles, Internal Service Fund operations, Community School Fund operations, debt retirement, student activities, and non-PSD-12 school programs appropriately recorded in Program Codes 700, 800, and 900 (e.g., adult/continuing education, community college education, community services, and day care centers). **Districts with only one school that have completed the current expenditure by category information on page 9 of the AFR are not required to submit the separate school-by-school form.**

When completed, the file must be uploaded via ADE's Common Logon, School Finance File Upload (Budget/AFR). Select Fiscal Year: 2011, then File Type: Excel (.xls), and Type and Version: 2011 Current Expenditures—School Level—Actual, then locate the file to be uploaded. Click "Upload File".

Classroom Site Fund Narrative Results Summary

The Classroom Site Fund Narrative Results Summary form has been included in this memo so districts can meet the requirements of A.R.S. §15-977(J), as amended by Laws 2011, Ch. 344, §17. The Summary has two pages included in one worksheet. Two questions were added to provide information on how base salary, menu options, and performance payments were made; the columns to report prior year performance payment amounts were deleted; and the instructions for the menu options (Fund 013) reporting requirements were expanded. Notes, comments, and drop-down menus have been included to help districts complete the Summary. If you have any questions regarding the Classroom Site Fund Narrative Results Summary **only**, please contact Brit Baxter or Tara Lennon from the Office of the Auditor General, Division of School Audits at (602) 553-0333.