

AFR Accounting and Reporting Clarification

PA Office of the Budget, Comptroller Operations
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The Office of Comptroller Operations (OCO) is a separate agency from the Department of Education although we collaborate on many tasks including the AFR.

OCO Central Agencies and School Finance Unit staff who routinely work with the AFR include: Ann Graeff, Collette Kelly, Tammy Thebes, and Holly Rafalko. We also get additional AFR review assistance from OCO staff members Dhanashree Chitnis and Annie Lin. You're very likely to hear from one of us during AFR review season.

Notable changes implemented within the 2015-16 AFR included:

- Expansion of transportation revenue collection in accounts 7311, 7312, and 7313. This worked well and reporting will continue in this manner. Revenue code 7311 is validated with the revenues distributed per FAI.
- Validations were added to compare the prior year ending and current year beginning fund balances for each governmental fund. This assists in ensuring consistent fund reporting from year to year.

Changes planned for the 2016-17 AFR:

- Object 290 - Other Current Employee Benefits will be collected at the lower levels 291, 292, and 299 to more accurately capture all types of retirement plan costs.
- Object 240 – Tuition Reimbursement will only be available within functions 1806, 2271, 2272, 2834 and 2836.
- Objects 750 and 760 will be collected at the lower levels 752, 756, 758, 762, 766 and 768 in order for Pennsylvania to comply with Federal coding and reporting requirements
- Variance allowances have been built into many validations to avoid errors for rounding.

Clarification Items:

AFR Home Screen

- Displays completion status for individual sections of the AFR to be used by the LEA to track completion and submission tasks
- Accessing reports for different fiscal years is done from this screen
- AFR Revisions are initiated from this screen
- Commonwealth review status: Both OCO and PDE complete separate reviews of different areas of the AFR. The review status for each agency is displayed. PDE reviews and status' are labeled as "IC" indicating Indirect Cost
- The Commonwealth AFR reviews are done in the order the reports are submitted

AFR Contact person

- It is important to complete this section with a contact person who is knowledgeable about the AFR
- Most AFR correspondence is done through the CFRS messaging functionality which directs the messages to the email address listed for the contact person. Please be sure the email addresses are entered accurately
- It is important to update the contact person information if there is a staff change at the school
- Space is available to enter two separate email addresses which is highly recommended

AFR Revisions vs Returns

- What's the difference: An AFR can be returned for corrections until it has been approved by both OCO and PDE. Once both offices have approved the report, the package is locked as final and submission of any additional changes requires the LEA to initiate a Revision from the AFR Home Screen
- When a revision is initiated by the LEA, CFRS creates a separate copy of the original report which is available for LEA changes and submission

- What signature documents are required:
 - When resubmitting an OCO Returned AFR, only a new Accuracy Certification Statement is required to be signed and uploaded
 - When resubmitting an Indirect Cost (IC) only Returned AFR, no additional signature documents are required
 - When a new Revision is initiated by the LEA and submitted, a new Accuracy Certification Statement and a new Audit Certification must be signed and uploaded
- What agency can return what section of the AFR
 - PDE can return only the Indirect Cost section of the AFR for corrections
 - OCO returns all the remaining sections of the AFR for corrections
 - If changes are needed to both Indirect Cost Schedules and other areas of the AFR, both agencies must return their respective sections

Signature documents

- Be sure to select the correct document type when uploading signature documents
- Unacceptable/incorrectly completed documents will be deleted by the OCO during the AFR review process and the LEA will be notified accordingly
- Documents uploaded by the LEA in error can be also deleted by the OCO upon request
- Minor text changes have been made to the Audit Certification for 2016-17. The certification applicable section will now request only the date of the AFR data submission
- All signature documents require two signatures as indicated
- The auditor information must be manually completed on the Audit Certification prior to upload
- The LEA audit does not need to be completed prior to submission of the Audit Certification form

Capital Reserve Funds Overview

- Capital Reserve Funds are Funds 31 & 32 within the Capital Projects Fund type
- Although classified as Capital Projects fund types, the Capital Reserve Funds are subject to strict legislative restrictions of the Municipal Code and the School Code
- Refer to Chapter 6 of the Accounting Manual and Accounting Bulletins 2000-05, 2003-01, and 2007-01 for more detailed information
- A clear understanding of the legislation should be gained prior to the establishment or utilization of these funds

Statement of Indebtedness - SOIN

- Expenditures for principal and interest payments should be comparable to the amounts entered on the SOIN for debt reduction and interest paid during the fiscal year
- Bond Refunding should include entries in expenditure 5120 and revenue 9120. Do not net these amounts
- Bond issuance costs are coded to 2390-810
- Function 5140 for short term borrowing interest and costs has been deleted from the Chart of Accounts and the AFR. These costs are now to be coded to 2519
- There was some confusion regarding entry of the Net Pension Liability on the SOIN based on the text displayed on the debt data entry screens that references Governmental Funds. This text will be updated to clarify that the data being requested is the liability of the Governmental Activities rather than the Governmental Funds

Miscellaneous Revenue and Expenditure Coding

- Large or negative entries coded to "Miscellaneous" revenue and expenditure codes are often questioned during the review of the AFR. For example, miscellaneous codes such as 6999, 9910, and 2900 are to be used if the revenue or expenditure does not fall within a more applicable established code

Expenditure Functions 1600 versus 1700

- Function 1600 is for Adult Education costs
- Function 1700 is for Higher Education Programs for Secondary Students
- Community College sponsorship is considered adult education and should be coded to 1600

Revenue Reporting

- Basic Education Funding in revenue code 7110 must be reported net of all deductions rather than the cash amount indicated on the Audit confirmation report in FAI. Ensure that all deductions have been accounted for properly per the Deduction Letters in FAI.
- Review State balance due payments that will be received after the close of the fiscal year to accurately accrue any applicable revenues.
- All Federal revenue received as pass thru should be coded within the 6830 revenue codes rather than within the 8000 codes.

Salary and Employee Benefits

- Employee benefits should be coded to the same expenditure function as the corresponding salary.
- Benefits coded to a function with no salaries are validated and may also be questioned during the AFR review
- The exception to this statement is the reporting of Tuition Reimbursement (object 240)

Indirect Cost Section of the AFR

- This area of the AFR is under the purview of PDE. All instructions and guidance regarding Indirect Costs is provided by PDE staff rather than the Comptroller's Office
- Questions regarding Indirect Cost can be directed to RA-EDPDEINDIRECTCOST@pa.gov

Validations and Justifications

- All justifications to validations should contain relevant explanations. Statements such as "Per the Auditor" do not provide enough information to approve the entries in question

Valid Account Codes

- A listing of all revenue and expenditure account codes available for AFR data entry is posted to the AFR section of the PDE website for reference

Non-capitalized Equipment Object Codes

- The removal of non-capitalized equipment object codes from the 700 series was done in order to be in compliance with Federal coding/reporting structure

Accounting Clarifications

- The OCO is planning to create a webpage on PDE's website containing Accounting Clarifications for ongoing reference

Contacting the Comptroller's Office

- Most correspondence regarding an LEA's AFR will be done directly through the CFRS messaging section.
- All other correspondence to the Comptroller's Office can be directed to: RA-Schlfin@pa.gov