



BRIGHT FROM THE START
Georgia Department of Early Care and Learning
2 Martin Luther King Jr. Drive, SE
Suite 754, East Tower
Atlanta, Georgia 30334
(404) 656-5957

Nathan Deal
GOVERNOR

Amy Jacobs
COMMISSIONER

**GEORGIA'S PRE-K PROGRAM
YEAR-END RECONCILIATION FORM INSTRUCTIONS
2015-2016 SCHOOL YEAR**

Listed below are general guidelines for the completion of your reconciliation in PANDA.

The following instructions includes information from your 2015-2016 School Year Pre-K Providers' Operating Guidelines (20.0). *Please remember funds can only be used to cover costs of Georgia's Pre-K Program and the Pre-K program's prorated share of other allowable expenses incurred through normal operation of the facility. Funds are to be used only for ordinary and necessary expenses, directly benefiting or resulting from Pre-K program operations. Only these allowable and verifiable expenditures should be recorded on the reconciliation report via PANDA.*

Generally Accepted Accounting Principles (GAAP) referred to in the guidelines (20.1) provide authoritative guidance that must be followed for identifying the appropriate basis for allocating shared costs. The basis of allocating cost should be similar to the unit of measure for incurring the costs or consuming the expensed item. Examples include using a square footage basis for rent/mortgage expense and utilities. A per person or average daily attendance basis is appropriate for office supplies, management staff, and custodial services. Expenses must be allocated using the most logical basis for the costs incurred. As an example, food costs would be allocated based on the number of children rather than square footage.

Expenses involving related parties must also be charged in accordance with GAAP. Related parties are one or more entities subject to the significant influence over the operating and financial policies of another entity. Providers involved in related party transactions with their centers should survey the surrounding business area and provide support that financial charges to the Pre-K program are within the range of same or similar arms-length transactions for their area. An example of a related party transaction occurs when the owner of the facility is paid rent by the Pre-K program.

Providers must submit reconciliation reports electronically via PANDA. Documentation and records of all financial transactions must be available in order to prepare for an Agreed upon Procedures (AUP) review. This audit referenced in the guidelines (20.3) requires clear verification for all costs charged to Georgia's Pre-K. *Georgia's Pre-K Program is a non-profit program.*

IMPORTANT:

- When entering data into PANDA, please do not use any special characters such as dollar symbols, commas, nor apostrophes.
- Please note the addition of a COMMENT BOX at the end of the Reconciliation in PANDA. Examples of comments could include expenditures not reflected on the Reconciliation document and/or any additional financial information you would like to share.
- **REFURBISHMENT FUNDS** (if applicable) - Please include expenses related to the use of refurbishment funds on LINE 5 – Instructional Other for this year’s reconciliation. Do not include these expenses on LINE 4.

The directions below are designed to assist in completing the reconciliation report and to assist in maintaining the appropriate documentation of expenditures. Please note: The examples of documentation are intended to provide guidance and are not intended to be a complete listing.

Start-Up Reconciliation:

“Start-Up” Grant Funds represent funds paid to purchase equipment and consumable supplies/materials for a new or expansion Georgia’s Pre-K Program. It is paid under its own grant agreement. For each new/expansion classroom, providers are allotted \$8,000, paid as a lump sum to purchase needed supplies and materials to properly equip a new/expansion Pre-K classroom.

1. **Total Start-Up Payments:** The amount received in the school year grant agreement for start-up purchases of supplies and materials is PRE-POPULATED.
2. **Total Start-Up Purchases:** Enter the amount expended for start-up purchases of supplies and materials for the new/expansion classroom for the school year.
3. **Start-Up Balance:** The amount received in excess of total expenditures should be returned (unless amount paid is for the subsequent fiscal year). This amount should be returned to Bright from the Start at the following address:

**Bright from the Start
Georgia Department of Early Care and Learning
Attn: Finance Unit
2 Martin Luther King Jr. Drive, SE
Suite 754, East Tower
Atlanta, GA 30334**

In the memo section of the check/money order, please include:

Pre-K / Start Up / 2015-2016

Pre-K Grant Agreement and Roster Payments Reconciliation:

4. **Instructional Supplies and Materials:** Enter the amount expended for supplies and materials not purchased with refurbishment funds and not included in Total Start-Up purchases. This total should include, at a minimum, \$1,000 per classroom, including Start-Up classrooms. Expenditures must be documented by class.
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, cancelled checks, etc.
5. **Instructional Other** (e.g., field trips, music, dance instruction, character education, storyteller, etc.): Enter amount expended for instructional costs not included in Instructional Supplies and Materials. **ALSO INCLUDE THE AMOUNT EXPENDED USING THE REFURBISHMENT FUNDS** (if applicable).
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, executed contracts, etc.
6. **Stationary Playground Equipment:** Enter amount expended for playground equipment and cycle tracks. Your consultant must provide prior authorization for these expenses. This amount should not include non-stationary outdoor equipment such as tricycles or balls. It also should not include playground maintenance materials such as mulch. These expenditures would be reported in Other Non-Instructional Costs.
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, etc.
7. **Computers:** Enter amount expended for computer equipment. Approval is not required for technology included in Georgia's Pre-K Program Basic Equipment, Materials, and Supplies inventory list. Examples include digital cameras, desktops/laptops/notebook computers, tablets, and printers. Your consultant's prior authorization should be obtained for all other expenses to be incurred using Pre-K Funds.
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, etc.
8. **Food:** Enter amount expended for food used for the Pre-K program. Costs should be net of reimbursements and/or revenue collected. Costs should also be net of food costs included in tuition or parent fees. Net expenditures are then allocated to determine Pre-K's portion of expenses.
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, cancelled checks, etc.
9. **Lead Teacher Salary:** Enter amount expended for lead teacher salaries. Please check your payment advice each month to ensure that payments for lead teacher salaries correspond to the appropriate lead teacher credentials.
EXAMPLES OF DOCUMENTATION: completed time records, payroll records,
10. **Substitute-Lead Teacher Salary:** Enter amount expended for substitutes for the lead teacher(s). Keep complete time records for staff who serve as a substitute but also have other job duties.
EXAMPLES OF DOCUMENTATION: completed time records, payroll records
11. **Lead Teacher Benefits:** Enter amount expended for lead teacher benefits and fringe benefits (employer portion of taxes).
12. **Assistant Teacher Salary:** Enter amount expended for assistant teacher salaries.
EXAMPLES OF DOCUMENTATION: completed time records, payroll records

13. **Substitute-Assistant Teacher Salary:** Enter amount expended for substitutes for the assistant teacher(s). Keep complete time records for staff who serve as a substitute but also have other job duties.
EXAMPLES OF DOCUMENTATION: completed time records, payroll records
14. **Assistant Teacher Benefits:** Enter amount expended for assistant teacher benefits and fringe benefits (employer portion of taxes).
15. **Other Employees:** Enter amount expended for other employees associated with the Pre-K program (e.g., cooks, bus drivers, etc.).
EXAMPLES OF DOCUMENTATION: completed time records, contracts, payments, appropriate allocation methodology, etc.
16. **Other Non-Instructional Costs:** Enter amount expended for direct costs (e.g., rent, utilities, playground mulch, uniforms, medical costs, etc.) associated with the Pre-K program not included in the above categories (only Pre-K related, allowable, verifiable, documented, appropriately allocated costs are acceptable).
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, executed contracts, cancelled checks, bank statements, etc.
17. **Total Direct Costs:** Computer Calculates sum of lines 4-16.

Administrative Costs:

18. **Director's Salary:** Enter amount for Director's salary and benefits.
EXAMPLES OF DOCUMENTATION: completed time records and appropriate allocation methods necessary to support allowable costs
19. **Office Supplies:** Enter amount expended for supplies used for the administration of the Pre-K program.
EXAMPLES OF DOCUMENTATION: paid invoices, receipts, etc.
20. **Bookkeeping/Clerical:** Enter amount expended for services associated with record keeping (e.g., accounting).
EXAMPLES OF DOCUMENTATION: completed time records, payroll records
21. **Royalties:** Enter amount expended for royalties. The allocation is based on the percentage of Pre-K revenue to total revenue. This provides the percentage to be applied to total royalty.
EXAMPLE OF DOCUMENTATION: Revenue source documents.
22. **Total Administrative Costs:** Enter the sum of lines 18-21. The Pre-K provider may use no more than 6% of the budget for administrative expenses. However, when completing the reconciliation report, the provider should enter the total amount of allocated administrative expenses incurred even if the total amount exceeds 6%.

Totals:

- A. Total Pre-K Revenue (auto field): The sum of monthly deposits from Bright from the Start for the 2015-2016 operating year is PRE-POPULATED. (*Start-Up payments paid in the year reconciled are not included here.*)
- B. Total expenditures (auto field): Sum is entered automatically using the sum of lines 17 and 22.
- C. Balance (auto field): Calculation of the difference between A-B.
- D. If line A is greater than line B, enter the difference on line C. This remaining balance should be remitted to Bright from the Start at the following address:

Bright from the Start
Georgia Department of Early Care and Learning
Attn: Finance Unit
2 Martin Luther King Jr. Drive, SE
Suite 754, East Tower
Atlanta, GA 30334

In the memo section of the check/money order, please include:

Pre-K / Start Up / 2015-2016

Please review the following EXAMPLES OF DOCUMENTATION:

Staff hours: Staff hours are typically verified through payroll records and timesheets.

Rent: Rent and utilities are typically billed by invoice or agreement. The agreement must be in place at the time the charges are made. In addition, the charges must be appropriately allocated and paid according to the agreement; and, the documentation must be available for review.

Food Charges: Food charges are typically billed by invoice. Food charged to the Pre-K Program must be allocated correctly. Food charged to the Pre-K Program must also be net of food costs charged in tuition or parent fees.

Overall, providers should be prepared to show documentation to support all costs charged to Georgia's Pre-K Program. These documents may vary by organization, but should include original source documents like cancelled checks, payroll records, executed agreements, bank statements, paid invoices, and time sheets that support amounts charged. Furthermore, only the portion of expenses that are related to Pre-K should be charged to Pre-K. All methods for allocation along with supporting documentation should be maintained by providers.

The intent of this document is to assist in completing the reconciliation report and prepare for a possible Agreed upon Procedures (AUP) review. During this review, the Pre-K reconciliation report is tested for accuracy. A provider selected for this review must support costs charged to the Pre-K program with records that will allow a third party to recalculate costs charged. Every element of that calculation must be verifiable.

DECAL is committed to fiscal responsibility. Our agency must assure the citizens of the State of Georgia that funds are spent in accordance with program policies. Please remember the importance of accurate records and complete documentation for our reconciliation requirement and your Grant Agreement with this agency. Prior to submitting your reconciliation, you will be required to agree to the following statement:

I certify that the statements I have made to Bright from the Start are true and accurate to the best of my knowledge. I understand that any false, fraudulent or fictitious statement or representation made to Bright from the Start is punishable by law and could result in a felony charge and/or civil penalties of up to \$11,000 plus damages for each false claim made, pursuant to O.C.G.A. § 16-10-20 and 23-3-121.

If you have questions or concerns regarding the reconciliation report or AUP review process, please email: panda.recon@decals.ga.gov