



BRIGHT FROM THE START

Georgia Department of Early Care and Learning
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GEORGIA'S PRE-K PROGRAM YEAR-END RECONCILIATION FORM INSTRUCTIONS 2011-2012 SCHOOL YEAR

Listed below are general guidelines for the completion of the enclosed reconciliation form. Please verify the legal name and all other preprinted information for accuracy and make any necessary changes on the form.

The following text is copied from your Guidelines to remind you of the guidance that has been provided as Pre-K funds have been expended and will now be certified to:

Funds paid by Bright from the Start: Georgia Department of Early Care and Learning (Bright from the Start), for Pre-K services 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 this reconciliation form.

Generally Accepted Accounting Principles (GAAP) referred to in the Bright from the Start 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 related party transactions is when the Owner of the facility is paid rent by the Pre-K program.

Georgia's Pre-K Program is a non-profit program.

DO NOT USE \$'S OR, 'S WHILE ENTERING DATA

Start-Up Reconciliation:

“Start-Up” is that money, paid under its own contract, given to providers to purchase needed supplies and materials to properly equip a new Pre-K classroom. For each new classroom, providers were allotted \$8,000, paid as a lump sum.

1. Total Start-Up Payments: Amount received in the year in question, for start-up purchases of supplies and materials is PRE POPULATED.
2. Total Start-Up Purchases: Enter amount expended for start-up purchases of supplies and materials during the year being reconciled.
3. Start-Up Balance: Any amount received in excess of total expenditures should be returned (unless amount paid was for subsequent fiscal year) with the reconciliation by its due date to the Bright from the Start at the following address:

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

Pre-K Contract and Roster Payments Reconciliation:

4. Instructional Supplies and Materials: Enter amount expended for supplies and materials not included in Total Start-Up purchases. This total should include, at a minimum, \$1,200 per classroom, including Start-Up classrooms. Expenditures must be documented by class.
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.
6. Stationary Playground Equipment: Enter amount expended for playground equipment and cycle tracks. Your consultant must provide prior authorization for these expenses. (NOT MULCH, NOT TRICYCLES)
7. Computers: Enter amount expended for computer equipment. Your consultant's prior authorization should be obtained, for these expenses to be incurred using Pre-K Funds.
8. Food: Enter amount expended for food used for the Pre-K program. Cost should be net of reimbursements and/or revenue collected. Net expenditures are then allocated to determine Pre-K's portion of expenses.
9. Lead Teacher Salary: Enter amount expended for lead teacher salaries. Please check your payment advices every month to ensure that payment, credential, and personnel agree.
10. Lead Teacher Benefits: Enter amount expended for lead teacher benefits and fringe benefits (employer portion of taxes).
11. Sub-Lead Teacher Salary: Enter amount expended for substitutes for the lead teacher(s). Keep complete time records for center staff that have other job duties.
12. Assistant Teacher Salary: Enter amount expended for assistant teacher salaries.
13. Assistant Teacher Benefits: Enter amount expended for assistant teacher benefits and fringe benefits (employer portion of taxes).
14. Sub-Assistant Lead Teacher Salary: Enter amount expended for substitutes for the assistant lead teacher(s). Keep complete time records for center staff that have other job duties.

15. Other Employees: Enter amount expended for other employees associated with the Pre-K program (e.g., cooks, bus drivers). Amounts charged must be verifiable through 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 center paid, Pre-K related, allowable, verifiable, documented, appropriately allocated costs are acceptable.
17. Total Direct Costs: Computer Calculates sum of lines 4-16.

Administrative Costs:

18. Director Salary: Enter amount for Director Salary and benefits. Complete time records, are appropriate allocation methods are necessary to support allowable costs.
19. Office Supplies: Enter amount expended for supplies used for the administration of the Pre-K program.
20. Bookkeeping/Clerical: Enter amount expended for services associated with record keeping (e.g., accounting).
21. Royalties: Enter amount expended for royalties.
22. Total Administrative Costs: Enter the sum of lines 18-21. **Must not exceed six percent (6%) of Pre-K contract and roster payments.** (This does **not** include Start-Up payments.)
23. Carry Over Pre-K Amount: Amount reserved for use in subsequent fiscal year. This Category was APPROVED for this year only.

Totals

24. Total Pre-K contract and roster: (Auto Field) Sum of monthly deposits from Bright from the Start for the 2010-2011 operating year is PRE POPULATED. Start-Up payments paid in the year reconciled are not included here.
25. Pre-K Carry Over from Prior year: (Auto Field) Amount is PRE POPULATED from prior year reconciliation form.
26. Total Revenue: (Auto Field) Calculated amount of Lines 24 + 25.
27. Total expenditures: (Auto Field) Sum is entered automatically using the sum of lines 17, 22 and 23.
28. Balance: (Auto Field) Computer calculates the difference between line 26 and 27.
29. If line 26 is greater than line 27, enter the difference on line 28. This remaining balance should be remitted to Bright from the Start at the address listed on page 1. Please remit with reconciliation.

If Amount is Due to Bright from the Start: Send payment along with reconciliation by its due date.

Many of the notes listed above are included to help prepare you for an Agreed upon Procedures Review. During this review, the Pre-K reconciliation 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. For instance, time prorated must be verified from a source. That is typically a time sheet. A time sheet records all time worked. For example, rent and utilities are usually billed by invoice, or agreement. Those must be available, in place at the time the charges are made, paid, appropriately allocated, etc.

For example food charged to the program must be net of any revenue, paid, and allocated corrected.

Cancelled checks, payroll records, executed agreements, bank statements, paid invoices, time sheets, and allocation methods are all needed to support costs charged. Other source documentation may also be needed depending on what is charged to the program. That varies from organization to organization. Document and maintain that documentation accordingly.