

Year End Reconciliation

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Purpose



Demonstrate Use of Funds

- Received - \$70,000
- Expended - \$70,000

Reveal Cost of Pre-K Class

- Received - \$70,000
- Expended - \$85,000

In either scenario, documentation to support expenditures is NECESSARY.

DOCUMENT with SOURCE DOCUMENTATION:

Includes but is not limited to *CANCELED* checks, *PAID* bills, *PAYROLL RECORDS*, etc.

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Expenditures on Reconciliation



For those expenditures claimed:

- CANCELED CHECKS,
- BANK STATEMENTS
- PAID INVOICES/RECEIPTS
- EXECUTED CONTRACTS
- PAYROLL SUPPORT

Must be available for verification

MISNOMERS



- Credit Card statements – are commonly thought of as sufficient documentation.
- Expenses NOT paid by the company can be claimed as Pre-K expenditures
- Unallowable costs (or portion of costs) is counted even though unallowable.
- Ignorance trumps unallowableness

DEFINITIONS



Allocations: To distribute by a plan, to set aside for a specific purpose.

This should be done at the beginning of the school year, not when you are trying to complete your Reconciliation online before the deadline. Many of you “know you” spent all the money, however your records must support and document accurately how all of the money was spent.

DEFINITIONS



Prorate: To divide, distribute, or assess proportionately.

EXAMPLE: If you have 40 Pre-K children and 60 non-Pre-K children then your allocation is 2/5ths or 40%.

Therefore, whenever you prorate something you would use 40%.

DEFINITIONS

Disclaimer: The examples for allocation and prorating in this slide show are, just that, EXAMPLES. Please use the most LOGICAL BASIS for expenses allocated. You do have to allocate for shared resources and their associated expense, if you have other programs, and funding sources.

RESPONSIBILITY

- It is the PROVIDER'S responsibility to properly allocate
- The provider should KNOW how the allocation was determined
- The provider should be able to communicate HOW shared costs are distributed

Line 4 – Instructional Supplies & Materials



\$1,000 minimum is required for each classrooms, unless you receive a WAIVER.

Line 4 – Instructional Supplies & Materials



EXAMPLE:

The only way that you may spend less than the \$1,000 required minimum is to receive a waiver from your consultant. Approval for computer and/or playground purchases does not automatically mean that you have been waived from the required classroom minimum.

BEWARE

- Supplies charged to Credit Cards must be paid IN FULL to be counted IN FULL
- Credit Card interest, is NOT an allowable Pre-K cost
- Credit Card Statements with rolling balances and minimum payments will not provide the support you assume.

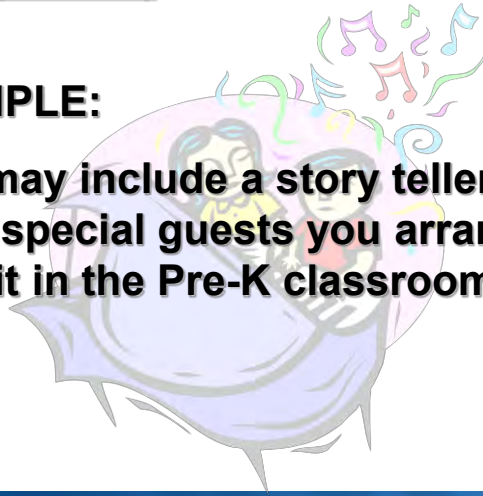
Line 5 – Instructional Other (Field trips, etc.)

**Be able to support with
invoices and canceled checks
and/or other source
documentation.**

Line 5 – Instructional Other **(Field trips, etc.)**

EXAMPLE:

This may include a story teller or other special guests you arrange to visit in the Pre-K classroom



Line 6 – Stationary **Playground Equipment**

Must be approved by your consultant.



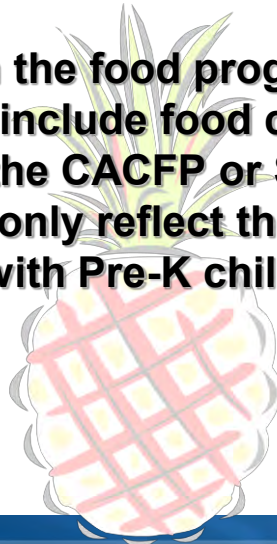
Line 7 – Computers



Must be approved by your consultant.

Line 8 – Food

If you are on the food program this line should only include food costs not covered by the CACFP or SFSP. It should also only reflect the cost associated with Pre-K children.



Line 8 – Food

If you are not on the food program this line should only include the allocation of food served to the Pre-K children net of any fees that your organization charges for food.



RULE OF THUMB

ONLY if expenditures **EXCEED** revenue received will there be an expense to charge to the Pre-K program. **DO NOT** use a “who pays what” criteria. **ONLY** consider the food **REVENUE RECEIVED** compared to the food **EXPENDITURES PAID**.

Line 8 – Food

EXAMPLE:

Food Expense: If you are on the food program and your food operating costs exceed your reimbursement from the CACFP or SFSP the excess would be subject to the 40% allocation.

Line 8 – Food

**Monthly Food Expense=\$3,500 and
Reimbursement=\$3,000**

The excess is \$500. $\$500 \times 40\% = \200 .

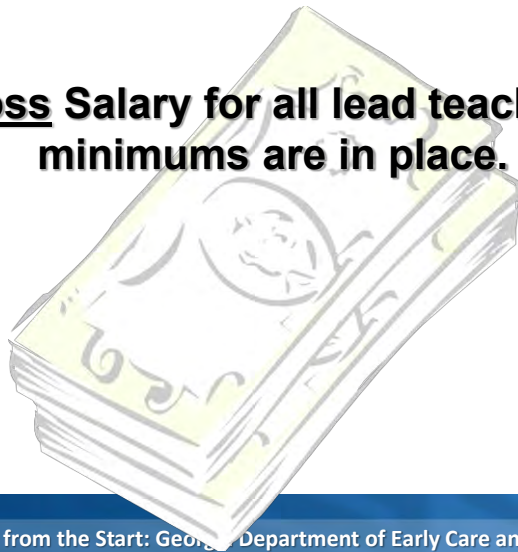
If you are not on the food program and you charge fees for food, see the following calculation:

Line 8 – Food

**Food expense=\$3,500 and
Weekly food fee \$30 per child
Monthly Amount 4*\$30= \$120
Monthly fees collected \$120*22 number of paying
children=\$2,640
\$3,500-\$2,640=\$860 unreimbursed food cost*40%
Pre-K allocation=\$344
\$344 is your Pre-K food expense.**

Line 9 – Lead Teacher Salary

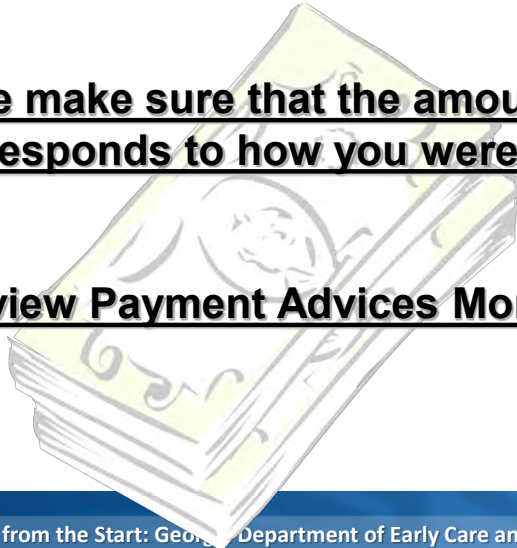
**Gross Salary for all lead teachers;
minimums are in place.**



Line 9 – Lead Teacher Salary

**Please make sure that the amount paid
corresponds to how you were paid.**

Review Payment Advices Monthly

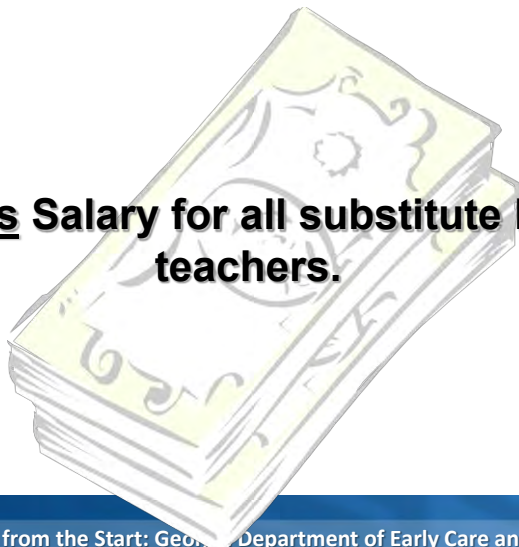


Line 10 – Lead Teacher Benefits

**Any portion of benefits that you pay
(health, life, etc.) and the center's portion
of federal and state taxes.**

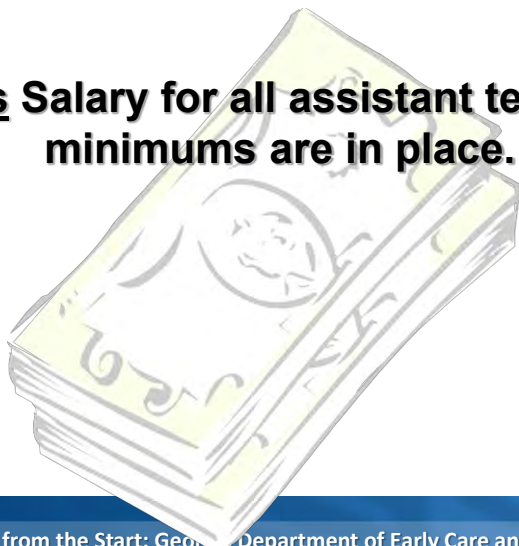
Line 11 – Sub-Lead Teacher Salary

Gross Salary for all substitute lead teachers.



Line 12 – Assistant Teacher Salary

**Gross Salary for all assistant teachers;
minimums are in place.**



Line 13 – Assistant Teacher Benefits



Any portion of benefits that you pay (health, life, etc.) and the center's portion of federal and state taxes.

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Line 14 – Sub-Assistant Lead Teacher Salary



Gross Salary for all substitute assistant lead teachers

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Line 15 – Other Employees

The *Pre-K* portion of
cook, bus driver, etc.
gross salaries.



Line 16 – Non-Instructional Costs

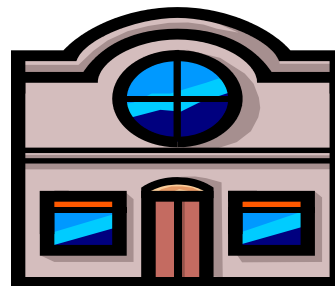
Allocation of rent or mortgage, cleaning,
insurance, utilities, telephone,
transportation, etc.

CRITERIA

- Utility Bills **MUST** be available for review
- Mortgage statements or rental/lease documentation **MUST** be available for review
- Expenses must be **PAID** to be considered

Line 16 – Non-Instructional Costs

EXAMPLE:

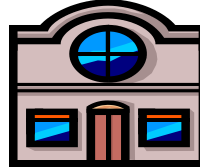


Rent:

Rent is \$1,000 so Pre-K's allocation would be \$400

Line 16 – Non-Instructional Costs

EXAMPLE:



Insurance:

The liability coverage for the children at your center is \$200 per month. Apply your 40% allocation to this monthly premium. \$50 per month is your prorated insurance cost. On your reconciliation you would add $\$50 \times 9 \text{ months} = \450 to your **OTHER NON-INSTRUCTIONAL COSTS**.

Because Pre-K is in operation 9 months of the year, we need to use the monthly premium amount rather than the annual amount.

PARAMETERS

- Only amounts that are PAID can be claimed
- Only Pre-K's portion is allowable for Pre-K
- Capital Improvements ARE NOT allowable Pre-K costs
- Late fees and other punitive charges are NOT allowable for Pre-K

Line 17 – Total Direct Cost

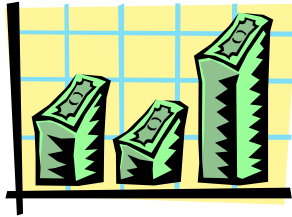


Computer Calculates Total



ADMINISTRATIVE COSTS

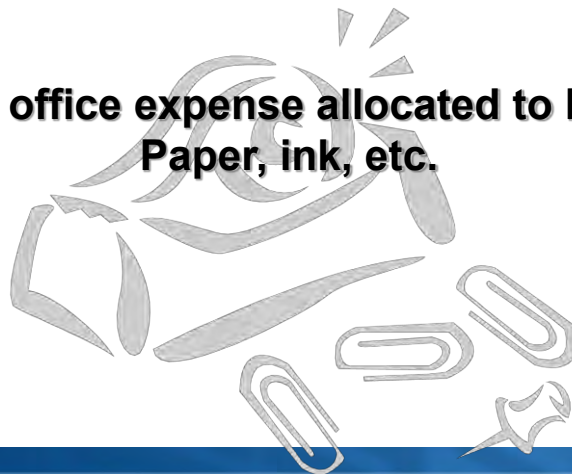
Line 18 – Director's Salary



The amount of Pre-K funds used to pay the director's salary.

Line 19 – Office Supplies

**Front office expense allocated to Pre-K.
Paper, ink, etc.**



Line 20 – Bookkeeping/Clerical



Allocation of bookkeeping services and clerical help needed to maintain Pre-K expenses and records.

Line 21 – Royalties



If you pay franchise fees or royalties, the Pre-K allocation of which should go here.

Line 22 – Total Administrative Costs



This line must not exceed 6% of your total Pre-K funding.

Line 23 – Carry Over

Pre-K Amount to be carried over and spent in the subsequent year.

Line 24 – Total Pre-K contract, Roster payments



**Total entered is pre-populated.
Amount cannot be edited!**

Line 25 – Carry Over Amount



If you entered a carry over amount, in the prior year, that amount will pre-populate on line 25.

Line 26 - Total Revenue



- This calculated amount represents the total amount to be expended in the year being reconciled.
- This amount includes your Pre-K Contract and Roster Payments PLUS the Pre-K amount carried over, if any.

Line 27 – Total Expenditures



Computer calculates lines

17 + 22 + 23

Line 28 – Balance



Computer calculated. Brackets are displayed when you spend more than you were awarded.

Line 29 – Balance Due



When you spend less than you were awarded, the balance is DUE to Bright from the Start. Enter that amount here. Send the payment when you submit your reconciliation.

Where Can I Find the RECON form?

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Enter your PANDA User ID and Password

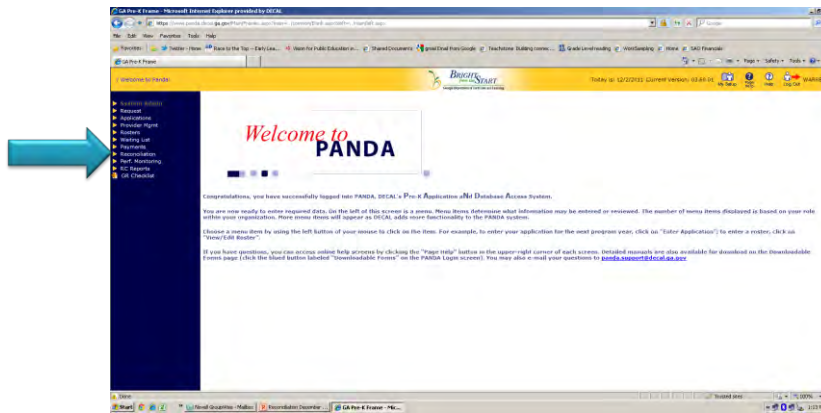


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Look for RECONCILIATION



Questions?

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Call

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Or Write

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Tower, Suite 754, Atlanta GA 30334

