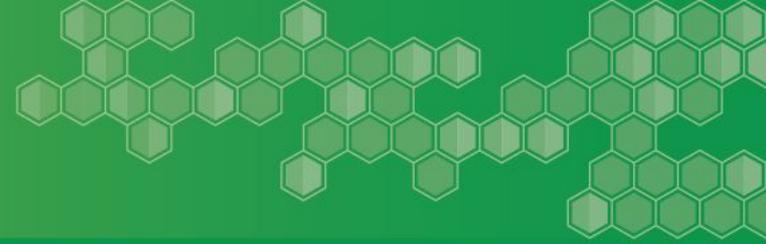# School Finance 101 Part II 2023

November 9, 2023

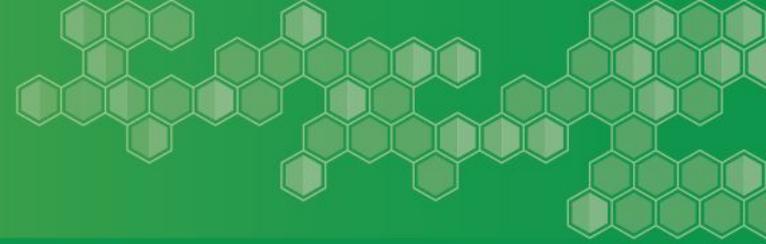### Glenn Gustafson
&
Mark Rydberg

Agenda

- Recap of Part I
  - Finish Part I-Critical Dates
    - Mill Levy Certification, FY24 Mid-Year, & Payroll Deadlines
- Chart of Accounts
- Grants
- Fund Balance
- Financial Transparency
- FPP Handbook

School Finance 101 Part I 2023

November 2, 2023

Glenn Gustafson
&
Mark Rydberg

Agenda

- Focus of today's session:
  - Introduction to PSFU & [Website](#) Resources

  - Public School Finance Overview
  - Highlight the major school finance milestones.
    - [Critical Dates](#)

High Level
Every District/BOCES/Charter

High Level are requirements of all finance teams throughout the year to ensure effective finance operations, planning, strategy and leadership for the district. Policies, Procedures, Practices are "Local" decisions, and vary widely across the state.

PSFU supports districts to ensure compliance with statute.

Budget
(Dec-Jun)

Audit & Pipeline
& CDE-40
(Aug-Dec)

Mill Levies
(December)

Grants
(Monthly/Quarterly)

Local District/BOCES/Charter Finance Operations

These are requirements of all finance teams throughout the year to ensure accurate finance operations & reporting. Policies, Procedures, Practices, & *Systems* are "Local" decisions, and vary widely across the state.
Limited PSFU supports, as no guiding CDE statute for these activities.

Payroll

Receipt Revenue

Accounts Payable

General Ledger & Bank Reconciliation

Other Duties??

New Template

- **Business Manager Year-Round Monthly Calendar.**
  - **Meant to be Customizable**

Statutory Compliance and Reporting

- Critical Dates - FY 2023-2024 (PDF)
- Critical Dates - FY 2022-2023 (PDF)
- Budget Templates - FY 2023-2024
  - Required: Uniform Budget Summary (XLS)
  - Optional: CDE-18 with links to Uniform Budget Summary (XLS)
  - Optional: CDE-18 with Salary Schedule Links and Uniform Budget Summary (XLS)
  - Budget Appropriation Resolution
- School Finance Templates
  - Audit Workpaper
  - Budget Model to FY24 Budget Template v9.3
  - Bank Reconciliation
  - Bank Reconciliation - Full Year
  - Business Manager Year-Round Monthly Calendar
  - Quarterly Financial Statements
  - Sample Licensed - Salary Schedule Scattergram
  - Sample Classified - Hourly Schedule Scattergram

General Fund Levy

- **General Fund Levy-[Mill Levy Table](#)**
  - **HB 20-1418 REQUIRES the lesser of:**
    - **27 mills**
    - **Number of mills De-Tabored at**
    - **Number of mills that you could have been fully funded**
  - **Districts not at target levy are required to increase General Fund levy by one mill per year until they reach the target amount**

- **Penalty for non-compliance:**
  - **Loss of State equalization equal to the value of one mill + equivalent State share amount**
  - **Not eligible for High Cost Special education student funding**
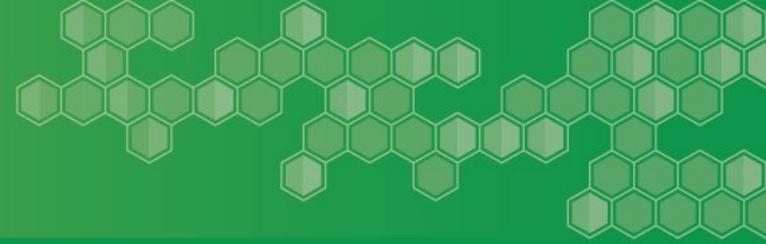
Financial Data Pipeline (also called Finance December) & Audit Submission - December 31

What is it? Submission of your financial data and audit to CDE

What do you need to get it done?

- A completed audit, including the auditor's integrity report.
- A completed Financial Accreditation Form.
- An export from your accounting system, formatted for the pipeline.
- Several days / weeks to clear errors!
- Apply for Extension until Mar 1 (Year End 06/30/23)

Contact: PSFU - Yolanda Lucero and Kelly Wiedemer, lucero_y@cde.state.co.us, wiedemer_k@cde.state.co.us

Link: Data Pipeline
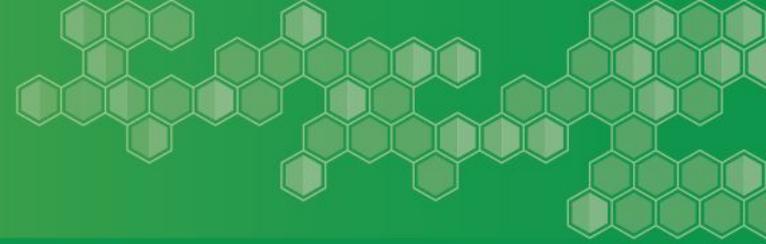
Budget revision preparation - December, for January Board of Education meeting

What is it? Preparing to revise your annual budget and Uniform Budget Summary.

What do you need to get it done?

- If Audit done, FY24 Beginning Fund Balances-Known
- Total Program & other Property tax-Known
- Budget to actuals for the first half of the year

Contact: PSFU - Mark Rydberg, rydberg_m@cde.state.co.us

Link: https://www.cde.state.co.us/cdefinance

Payroll Taxes

District Business Managers are responsible to file Information returns in a timely manner:

Federal

- Monthly Portal submittal/payment. (One Step)
- Quarterly 941 (Mail or Submit). If not sent, an IRS letter promptly.
- Annual Form W2, Wage and Tax Statement-Jan 31.
- Annual Form W3, Transmittal of Wage and Tax Statements-Jan 31 (Example) New system coming soon!
- Annual 1099-MISC Jan 31 & 1096 IRS submittal.
- Annual 1094-C summary Health Coverage information & 1095s each employee health coverage, Feb 28. Good goal is Jan 31.

Does everyone agree? Is everyone Caught Up?

Payroll Taxes

District Business Managers are responsible to file Information returns in a timely manner:

Colorado Dept of Revenue

- Monthly Portal submittal (DR1094) and then payment page (Two Steps)
- Annual Form W2, Wage and Tax Statement-Jan 31.
- Annual Form W3, Transmittal of Wage and Tax Statements-Jan 31
- Annual 1099 MISC
- *Annual Report on DoR page - No Quarterly*

PERA

- Monthly submission
- W2 & 1099 by March 31

Unemployment

- UITR- Quarterly Department of Labor

Does everyone agree? Is everyone Caught Up?

Chart of Accounts

Chart of Accounts(COA)

What & Why are Chart of Accounts

- A financial, organizational tool that provides an index of every account in an accounting system
- Provides insight into all financial transactions of the organization.
- 5 Primary types:
  - Asset, Liability, & Fund Balance make up the Balance Sheet
  - Revenues and Expenses make up the Income Statement
- Learning a Second Language
- Understanding the COA is the key to success, next to clean Bank recs. If Cash is correct, then the other side is COA knowledge.

Chart of Accounts(COA)

CDE [Chart of Accounts](#)

- Designed to "mirror" the federal COA. CDE uploads the data to the department of Education.
- Uniform standard COA for all districts, district charter schools, charter school collaboratives, charter school networks, and BOCES.
- Financial Policies and Procedures Advisory committee resolves issues as they arise makes recommendations to improve reporting clarity of financial documents.
- Governmental Fund Accounting
- PDF or excel versions. Whatever is easier to you to search
- Appendices are specific to FAQ/Issues.

Accounting Equation

General Ledger Trial Balance must balance to Zero.

- Assets and Expenses **have** Debit Balances.
- Liabilities, Fund Balances, and Revenues **have** Credit Balances.
- At Close of year, Revenues & Expenses "close" to Fund Balance

Debit	Credit
Assets	Liabilities
Expenses	Fund Balance
	Revenues

- [Training](): June 26, 2023 Governmental Accounting Basics

Fund Accounting-Chart of Accounts

Fund	Location	Special Reporting	Program	Object/Source/Balance Sheet Code	Job Code	Grant/Project	Object/Source/Balance Sheet Description
XX	XXX	XX	XXXX	01XX	XXX	If Applicable	Wage/Salaries Expense
XX	XXX	XX	XXXX	02XX	XXX	If Applicable	Benefit Expense
XX	XXX	XX	XXXX	03XX, 04XX, 05XX	000	If Applicable	Purchased Service Expense
XX	XXX	XX	XXXX	06XX	000	If Applicable	Supply Expense
XX	XXX	XX	XXXX	07XX	000	If Applicable	Capital Outlay Expense
XX	XXX	XX	XXXX	08XX	000	If Applicable	Dues/Interest/Internal/Indirect
XX	XXX	XX	XXXX	09XX	000	If Applicable	Other Services/Debt Expense
XX	000	00	0000	1XXX	000	If Applicable	Local Revenue
XX	000	00	0000	2XXX	000	If Applicable	Intermediate Revenue
XX	000	00	0000	3XXX	000	If Applicable	State Revenue
XX	000	00	0000	4XXX	000	If Applicable	Federal Revenue
XX	000	00	0000	5XXX	000	If Applicable	Transfer/Alloations Revenue
XX	000	00	0000	6XXX	000	If Applicable	Fund Balance
XX	000	00	0000	7XXX	000	If Applicable	Liabilities
XX	000	00	0000	8XXX	000	If Applicable	Assets

- Trial Balance = The Object(Expense), Source(Revenue), or Balance Sheet Code has to equal 0.
- The other Fields are descriptors of Object, Source, BS codes.

What Level of Detail does a District need?

- District chart of account code structure and definitions allow for varying degrees of detail depending upon local district wants to track and report.
  - For example, Salaries. 0100 is the rolled code for all salaries. There are 7 sub-segments for salaries
    - A district may want to track extra duty/stipend wage by using 0150 & Salaries in 0110.
    - Another district might be fine with all wage in one account code, 0100
    - Another district uses all 7 sub-segments and further detail within the varying sub-segments.
- Consistency matters. Think long and hard before making any major changes.

- **Chart of Accounts** - **Appendix N: Rolling to the Bold***

* NOTE: This is also referred to 'rolled-up' data (2nd Tier in data pipeline)

Chart of Account Fields

Expenditures, Revenues & Balance Sheet Transactions

	Fund	Location	SRE	Program	Object / Source	Job	Grant / Project
Expenditures	XX	XXX	00	XXXX	XXXX	XXX	XXXX
Revenues	XX	000	00	0000	XXXX	000	XXXX
Balance Sheet	XX	000	00	0000	XXXX	000	XXXX

For Expenditures: More description needed!
- Certain Program Codes are allowed with certain Location Codes
- Certain Job Codes are allowed with certain Program Codes
- PSFU website: Business Rules (Tier I & Tier II) & Helpful Hints

For Revenue and Balance Sheet (Asset, Liability, Fund Balance) only: Fund, Source, and grant if applicable are needed.

Chart of Accounts - Funds

Funds Most Districts Utilize

10	General Fund	21	Food Service
11	Charter School	22	Gov't Desginated Grant
18	Risk Management	23	Pupil Activity
	Sub-Fund of General Fund (Optional)	31	Bond Redmption
19	Preschool Fund (Optional	41	Building Fund
	Sub- Fund of General Fund (Optional)	43	Capital Reserve (Optional)
		90	District Bond & MLO Reporting

Funds Needed if MLO or Bond Passed or 100% Local Funded

7	Total Program Reserve	25	Transportation
6	Suppl'Cap Cont, Tech, Maint	31	Bond Redmption
46	Suppl'Cap Cont, Tech, Maint	41	Building Fund

Funds not frequently used

39	Cert. of Participation (Optional)	72	Private Purpose Trust
63	Internal Service Fund	73	Custodial
64	Internal Service Fund	85	Foundations

Location Codes-Expenses

Code	Location	4-Digit School Code Need for Pipeline
100-199	Elementary	YES
200-299	Middle (Junior High)	YES
300-399	Senior High	YES
400-460 & 470-499	Career & Technical	YES
461-469	On-Line Activity	NO
500-599	Combination Schools	YES
600-699	Centralized Services	NO
700-799	Service Centers	NO
800-899	District Wide Costs	NO
900-990	Multiple Charter Options	YES

If using 100, 200, 300, & 500s. District may want to clean up
or stay consistent.

Special Reporting Element OR 00 - Expense

Code	SRE
10	Instruction
11	Regular Education
12	Special Education
13	Career and Technical Education
14	Cocurricular Education/Activities
15	Adult Education for K-12 Students
19	Other Education
20	Support Services
21	Pupil Support Services
22	Instructional Staff Services
23	General Administration
24	School Administration
25	Business Services
26	Operation and Maintenance of Plant
27	Student Transportation
28	Central
29	Other
30	Non-Instructional Services
31	Food Services Operations
32	Enterprise Operations
33	Community Services Operations
34	Education for Adults

Optional-Pipeline has no rules regarding SREs

Program Codes - Expense Instructional

Program	Audit Grouping	Program Code	Location Code	Job Code
Elementary	Instructional	0010	100-199	2XX & 4XX
Middle (Junior High)	Instructional	0020	200-299	2XX & 4XX
Senior High	Instructional	0030	300-399	2XX & 4XX
Senior High	Instructional	Must use Subject Area	0100-1600	2XX & 4XX
Preschool	Instructional	0040	???	2XX & 4XX
Gifted & Talented	Instructional	0070	???	2XX & 4XX
Special Education	Instructional	1700	???	2XX & 4XX
Athletic	Instructional	18XX	???	2XX & 4XX
Activities	Instructional	1900-2099	???	2XX & 4XX

Program Codes - Expense Non-Instructional

Program	Audit Grouping	Program Code	Location Code	Job Code
Pupil Support Services	Non-Instructional	2100's	???	???
Instruc. Staff Services	Non-Instructional	2200's	???	???
General Admin	Non-Instructional	2300's	600-699	1XX & 3XX & 5XX
School Admin	Non-Instructional	2400's	???	1XX & 5XX
Business Services	Non-Instructional	2500's	600-699	1XX & 3XX & 5XX
Maint & Ops	Non-Instructional	2600's	710	1XX, 3XX, 5XX, & 6XX
Trasnportation	Non-Instructional	2700's	720	1XX, 3XX, 5XX, & 6XX
Central Services	Non-Instructional	2800's	???	1XX & 3XX & 5XX
Other Suport Services	Non-Instructional	2900's	???	???
Food Service	Non-Instructional	3100's	740	1XX, 3XX, 5XX, & 6XX
Community Services	Non-Instructional	3300's	???	???
Capital Outlay	Non-Instructional	4000's	???	000
Debt/Other	Non-Instructional	5000's	800	000
Reserves	Non-Instructional	9000's	800	Object Code 0840

Object Codes-Expense

- **Expense Object Codes- Start with a "0"**
  - 0100 - Wage/Salary
  - 0200 - Benefits
  - 0300 - Purchased Svcs
  - 0400 - Purch Prop Svcs
  - 0500 - Oth Purch Svcs
  - 0600 - Supplies & Mats
  - 0700 - Capital Outlay
  - 0800 - Dues/Interest/Internal/Indirect
  - 0900 - Other Svcs/Debt Svc

Source & Balance Sheet Code (same field as Expense Object)

Revenue/Source Codes

- 1XXX - Local Sources
- 2XXX - Intermediate Sources
- 3XXX - State Sources
- 4XXX - Federal Sources
- 5XXX - Transfers/Allocation/Other Financing

Balance Sheet Codes

- 6XXX - Fund Balance/Equity
- 7XXX - Liabilities
- 8XXX - Assets

Job Codes

Needed for all Salary (01XX) & Benefit (02XX) Object codes

- 100 Administrator
- 200 Professional - Instructional/Instructional Support/Other Support
- 300 Professional - Non-Licensed Support
- 400 Paraprofessional -
- 500 Business/Office/Administrative Support
- 600 Crafts, Trades, and Services
- In terms of Fair Labor Standards Act
  - Exempt means salary - 100/200/300
  - Non-Exempt means Hourly - 400/500/600
    - Hourly must be paid for all hours actually worked, not what they are scheduled to be paid.

Project/Grant Codes

Project Codes:

- 0001 - 2999 - Project Codes

  - Pipeline has no rules regarding project codes 0001-2999

Grant Codes:

- 3XXX's State Grants
- 4XXX's - 9XXX's Federal Grants
- Assistance Listing Numbers (ALN) *F.K.A.Catalog of Federal Domestic Assistance (CFDA)*

OR

0000

Fund Accounting-Chart of Accounts

Fund	Location	Special Reporting	Program	Object/Source/Balance Sheet Code	Job Code	Grant/Project	Object/Source/Balance Sheet Description
XX	XXX	XX	XXXX	01XX	XXX	If Applicable	Wage/Salaries Expense
XX	XXX	XX	XXXX	02XX	XXX	If Applicable	Benefit Expense
XX	XXX	XX	XXXX	03XX, 04XX, 05XX	000	If Applicable	Purchased Service Expense
XX	XXX	XX	XXXX	06XX	000	If Applicable	Supply Expense
XX	XXX	XX	XXXX	07XX	000	If Applicable	Capital Outlay Expense
XX	XXX	XX	XXXX	08XX	000	If Applicable	Dues/Interest/Internal/Indirect
XX	XXX	XX	XXXX	09XX	000	If Applicable	Other Services/Debt Expense
XX	000	00	0000	1XXX	000	If Applicable	Local Revenue
XX	000	00	0000	2XXX	000	If Applicable	Intermediate Revenue
XX	000	00	0000	3XXX	000	If Applicable	State Revenue
XX	000	00	0000	4XXX	000	If Applicable	Federal Revenue
XX	000	00	0000	5XXX	000	If Applicable	Transfer/Alloations Revenue
XX	000	00	0000	6XXX	000	If Applicable	Fund Balance
XX	000	00	0000	7XXX	000	If Applicable	Liabilities
XX	000	00	0000	8XXX	000	If Applicable	Assets

- Trial Balance = The Object(Expense), Source(Revenue), or Balance Sheet Code has to equal 0.
- The other Fields are descriptors of Object, Source, BS codes.

Government Grants

30

Grants

Grant Management Best Practices

- **[Training](#): 10/19/23**
- **Location of Grant Codes. [PFSU website](#)-Under Chart of Accounts**

- **Fund 22 or Fund 10?**
  - If Fund 22 only Request for Funds Grants.
- **Communication & coordination is needed between District Program & Fiscal staff from start to finish**
- **Monthly reconciliation & Request For Funds**

Grant Revenue Accounts

- If Distributed through CDE-Source code: (EFT Remittance email or monthly [Financial Data Warehouse FDW](#)
  - 3000 for State
  - 4000 for Federal
- If Distributed NOT through CDE-Source code:
  - 3010 for Other State Agency
  - 4010 for Federal from other state or local agencies.
  - 4020 if direct from Federal Gov't. (REAP)
- If Distributed from Boces
  - 3951 if State Grant
  - 4951 if Federal Grant
- Three main types of grants
  - Categorical
  - Request For Funds-Mostly Federal
  - Upfronted Revenue-Mostly State

Grants Balance Sheet Accounts

Grants-Chart of Accounts

- **Balance sheet accounts**
  - Accounts Receiveable 8142-000-XXXX, if a Request For Funds (RFF) grant and money is received after 6/30/XX.
    - Clears when money is received, booked to 8142 not revenue..
  - Unearned Revenue 7482-000-XXX if Paid in Full grant is not completely spent
    - Clears by "Reversing" in the following year by a manual journal entry.
    - Should not have Unearned Revenue 7482 for RFF Grant (Federal) because should only request what has already been spent,

Grants Overview

End of Year Grant Reconciliation

- Resources on [Website](#) Lower Right hand side under Pipeline
  - Financial Data Warehouse Sub-Recipient Report
    - Shows the cash disbursements from 7/1/22-6/30/23 & 7/1/23-10/31/23
    - Grants Receivable from FY22 will be in FDW, and should NOT be in FY23 Revenue
    - Grants Receivable for FY23 will NOT be in FDW, but should be in FY23 Revenue
  - State revenue check figures (XLS)
    - Provides correct State Share, Charter school allocation, CPP allocation
  - Grant Revenue Received Reconciliation Report in pipeline from FY22
    - Provides Cash Disbursed vs Revenue booked with FY22 & FY23 Grants Receivable & Unearned Revenue from FY22 & FY23
  - USDA Foods check figures (XLS) Commodities
    - Revenue 21-XXX-XX-XXXX-4010-XXX-4555 & Expense 21-XXX-XX-3100-0633-000-0000
- Close out or make inactive grants that have expired-Keep Chart of Accounts clean.
- [District and School Grant Payment Information](#)

Grants

Categorical-from the State

- Colorado school districts may receive state funding to pay for specific programs designed to serve particular groups of students or particular student needs. Such programs often are referred to as "categorical" programs. While there are many different programs which may be funded, the six primary categorical program areas which regularly receive state funding are:
    - English language proficiency education-3140 - Book Actual Expense
    - Gifted and talented education-3150 - Book Actual Expense
    - Small attendance centers-3170 - Book Actual Expense
    - Special education-3130/3131 - Book Actual Expense
        - *Review your Preliminary Maintenance of Effort, by reviewing FY21 total 3130/3131 expense to FY22 total 3130/3131 expense*
    - Transportation-3160-No Expenses Booked to 3160
    - Vocational education-3120 - Book Actual Expense - (CTA Pipeline Warning)
- Expenses by Grant code must equal or be greater than Revenue, except 3160
- Should report exact costs-DO NOT manipulate expenses.

Grants
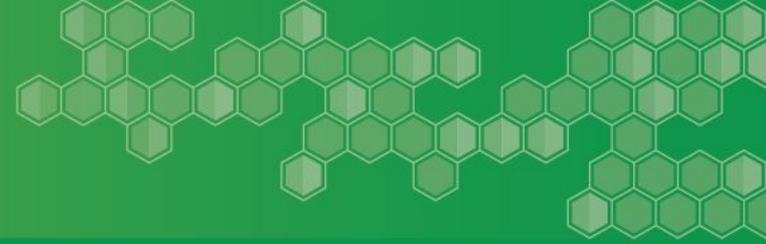
Grant Requests for Funds - 1st or 15th of every month

Grant Type	Link	RFF Due Date
Consolidated Federal Programs (ESSA) Connecting Colorado Students Elementary & Secondary School Emergency Relief (ESSER, ESSER Supplemental, ESSER II, ESSER II Supplemental, American Rescue Plan ESSER III) Governor's Emergency Education Relief Fund GEERS Quality Teacher EANS (Emergency Aid to Non-Public Schools)	https://fs10.formsite.com/ZuOMFN/jiimjdqsan/form_login.html	1st of the month
Empowering Action for School Improvement (EASI) New Process	https://fs10.formsite.com/ZuOMFN/xyrvmtqxus/form_login.html	15th of the month
Individuals with Disabilities Act (IDEA) ESSER II Supplemental for AUs	https://fs10.formsite.com/ZuOMFN/trubkgqhv0/form_login.html	1st of the month
All Competitive Grants	https://fs10.formsite.com/ZuOMFN/zcs6idwjbq/form_login.html	15th of the month

What is it? Drawing down reimbursement for expenditures in your federal funds (Title, ESSER, etc.)

What do you need to get it done?

- Your monthly expenditures by federal grant.

Contact: GFMU - grants_fiscal@cde.state.co.us

Link: https://www.cde.state.co.us/cdefisgrant/requestforfundsforms

Fund Balance

Fund Balance

- Fund Balance is your cumulative annual Revenues less Expenses since the beginning of time.
  - *Business calls it Equity*
- Assets = Liabilities + Fund Balance
- Fund Balance is District's reserves
- Fund Balance is non-recurring
- Training January 18, 2023.

Wrap Up

- Clean Bank Recs and Chart of Account (COA) knowledge/usage is the key to a timely & accurate Audit.
- Expenditures require more COA fields to further describe the "expense"
- Future Trainings on:
  - Mill Levy Certifications
  - Fund Balance
  - Budget Prep

Financial Transparency

Financial Transparency

The Best School District:
Financial Transparency Standard Template

Financial
Transparency

Required Financial Transparency
Colorado Revised Statutes, 22-44-304
(Commencing July 1, 2022)

- ◆ **District Adopted Budget - Including Uniform Budget Summary (current and prior two years)**
- ◆ **District Financial Audit (current and prior two years)**
- ◆ **Salary Schedules or Policies (current and prior two years)**
- ◆ **Financial Data File for FY21-22* (current and prior two years: FY19-20 and FY20-21)**
- ◆ **List of Waivers Received by the School District**
- ◆ **Standardized Description and Rational for Each Automatic Waiver**
- ◆ **Federal Form 990, 990-EZ, or 990-PF and any associated schedules**
- ◆ **Plan for Distributing Additional Mill Levy Revenue or Statement of Intent to Distribute**
- ◆ **Other District-Specific Financial Information**

All documents above must be posted or updated within 60 days (30 days for waiver information) after completion or receipt of the applicable report, statement or document

*Financial Data File for FY21-22 is required to be posted no later than March 1st, 2023

- ◆ **Link to Financial Transparency Website View:**
  https://www.cde.state.co.us/schoolview/financialtransparency/homepage)

FPP Handbook

https://www.cde.state.co.us/node/59416

The FPP Handbook is your School District Accounting Textbook!

Purpose of the Handbook

The 2023-2024 edition of the Financial Policies and Procedures Handbook (Handbook) is a publication of the State Board of Education. The Handbook is designed to achieve the following purposes:

• To summarize general state and federal requirements regarding the management and reporting of financial data.

• To ensure that financial data is reported in a comprehensive and consistent manner.

• To provide information and guidance to school districts, the Charter School Institute (CSI), charter schools, charter school collaboratives, charter school networks, and boards of cooperative educational services (BOCES) regarding budgeting, accounting, reporting, auditing, investment and cash management.

• To conform to generally accepted accounting principles (GAAP) for governments and to comply with legal provisions.

• To ensure consistency in, and compliance with, federal data collections, reporting and U.S. Department of Education oversight (e.g., OIG). See Appendix B.

Sections of the FPP Handbook

Sections of the FPP Handbook:

- Budget
- Accounting Principles
- Accounting Procedures
  - Internal Controls
  - Payroll
  - Sales Tax
  - General Requirements
- Audit & Financial Reporting
  - Audit Process
  - Sample Audit RFP
- Investment & Cash Mgmt
  - Legal Investments
  - Investment Eligibility
  - Borrowing & Creation of Debt
  - Sample Investment Policy