



COLORADO
Department of Education

Flow Through Accounting & Internal Service Accounts

September 2021



Flow-Through Accounting

- Flow-Through Accounting
- Revenue Accounts
- Expenditure Accounts
- Transaction Example - District to Charter School
- Transaction Example - BOCES to District
- Data Pipeline Warning Edits



Internal Charge Reimbursements

- Internal Charge Reimbursements
- Expenditure Accounts
- Revenue Accounts
- Offset/Contra Accounts
- Transaction Examples
 - Abatement Transportation
 - Revenue/Expenditure Printing Fees
 - Abatement Overhead
 - Revenue/Expenditure Indirect
- Data Pipeline Warning Edits
- Chart of Account - Appendix

Flow-Through Accounting



Flow-Through Accounting

- Flow-Through Accounting
- Revenue Accounts
- Expenditure Accounts
- Transaction Example - District to Charter School
- Transaction Example - BOCES to District
- Data Pipeline Warning Edits



The recording of transactions by BOCES, Districts and/or Charter Schools must allow for the identification of revenues and expenditures that would be double counted if all Colorado financial data were aggregated. This process helps to reduce overstatement of revenues and expenditures.

To accomplish the identification of these inter- transactions, object and source codes have been defined and bolded (required) for recording transactions which result in the movement of funds between BOCES, Districts and/or Charter Schools

Revenue Accounts - Local



- 1951 Services Provided WITHIN the BOCES (or AU)
Offset to Object Code 0591
- 1952 Services Provided Other Colorado Districts or BOCES (or AU)
Offset to Object Code 0592
- 1954 Services Provided Charter School
Offset to Object Code 0594
- 1956 Services Provided Charter School Food Authority
Offset to Object Code 0596
- 1957 Services Provided Charter Schools
Offset to Object Code 0597
- 1959 Services Provided Other Units
Offset Object Code 0599



Revenue Accounts - State



- 3951 Services Provided WITHIN the BOCES (or AU)
Offset to Object Code 0591
- 3952 Services Provided Other Colorado Districts or BOCES
Offset to Object Code 0592
- 3954 Services Provided Charter School
Offset to Object Code 0594
- 3956 Services Provided Charter School Food Authority
Offset to Object Code 0596
- 3959 Services Provided Other Units
Offset to Object Code 0599

Revenue Accounts - Federal



- 4951 Services Provided WITHIN the BOCES (or AU)
Offset to Object Code 0591
- 4952 Services Provided Other Colorado Districts or BOCES
Offset to Object Code 0592
- 4954 Services Provided Charter Schools
Offset to Object Code 0594
- 4956 Services Provided Charter School Food Authority
Offset to Object Code 0596
- 4959 Services Provided Other Units
Offset to Object Code 0599

Expenditure Accounts



- 0591 Services Purchased WITHIN the BOCES (or AU)
Offset to Source Codes 1951, 3951 or 4951
- 0592 Services Purchased from Other Colorado Districts
or BOCES (or AUs) or Charter Schools
Offset to Source Codes 1952, 3952 or 4952
- 0594 Purchased Services from Districts by Charter Schools
Offset to Source Codes 1954, 3954 or 4954
- 0596 Purchased Services from Charter School Food Authority
Offset to Source Codes 1956, 3956 or 4956
- 0597 1% Purchased Services by Charter Schools
Institute Charter School Cap. Con. Assist Fund
Offset to Source Code 1957
- 0599 Services Purchased from Other Sources
Offset to Source Codes 1959, 3959 or 4959

Transaction Example - District to Charter

District records revenue received from CDE

Fund	Location	SRE	Program	Source	Job	Grant	Amount
10 or 22	900	00	0000	3000	000	3140	500,000

District records payment to the Charter School

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10 or 22	900	25	2500	0594	000	3140	50,000

Charter School records revenue received from District

Fund	Location	SRE	Program	Object	Job	Grant	Amount
11	900	00	0000	3954	000	3140	50,000

Charter School records payments for expenditures

Fund	Location	SRE	Program	Object	Job	Grant	Amount
11	900	26	2600	0430	000	3140	15,000
11	900	40	4000	0720	000	3140	10,000
11	900	40	4000	0710	000	3140	25,000

Transaction Example - BOCES to District

BOCES records revenue received from CDE

Fund	Location	SRE	Program	Source	Job	Grant	Amount
10 or 22	000	00	0000	3000	000	3130	100,000

BOCES records payment to the District

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10 or 22	600	25	2500	0591	000	3130	10,000

District records revenue received from BOCES

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10 or 22	000	00	0000	3951	000	3130	10,000

District records payments for expenditures

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10 or 22	600	17	1700	0100	200	3130	4,000
10 or 22	600	17	1700	0200	200	3130	2,500
10 or 22	600	21	2100	0610	000	3130	3,500

Transaction Example - BOCES to District

BOCES receives payment from CDE:

- source code 3000, grant code 3130

BOCES sends funds to district

- object 0591, grant 3130

District records revenue from BOCES

- source 3951, grant 3130

District pays for expenditures

- object 0100-0999, grant 3130

District pays BOCES for Services

- object 0599, grant 3130

BOCES records service revenue from District

- source 1959, grant 0000-1999

Data Pipeline Warning Edits



WFD005 (WARNING ONLY) Total of Sources 1954, 3954, 4954 (Services Provided Charter Schools) should equal Object 0594-0595 (Purchased Services from Districts by Charter Schools) across all funds.

WFD094 GRANT (WARNING: Provide documentation justifying this variance) The amount the district has recorded for Grants Receipts should equal the amount of CDE payments, making adjustments for accounts receivable and deferred revenue changes from prior year to current year. CDE payments to your district exclude flow through (Source 3951 and 4951).

WFD206 Flow Through BOCES: For these BOCES 9025,9030,9035,9040,9045,9050,9055,9060,9075,9095,9125,9135,9140,9145,9150,9165 it is likely that you should be reporting Purchased Services in your Expenditure Data: Object 0591 Services Purchased within the BOCES or AU Flow-Through Payments made to your member School Districts. Please ensure it is accurate.

WFD207 BOCES, and Members of BOCES need to verify that the Flow Through Revenue being reported is accurate. Please verify that the Flow Through Revenue you are reporting is accurate.(Source Codes 1951, 3951, 3952, 3956, 4951, 4952, 4954, 4956)

WFD208 BOCES, and members of BOCES need to verify that the Flow Through payments made are accurate. Please ensure that your use of Object 0591 is accurate.



Appendix D - Boards of Cooperative Educational Services (BOCES)

Appendix K - Charter Schools

Appendix K2 - Charter School Allocations

Appendix U - Charter School Food Authority

Chart of Accounts (PDF):

<http://www.cde.state.co.us/cdefinance/2020-21chartofaccounts>

Internal Charge Reimbursements



Internal Charge Reimbursements

- Internal Charge Reimbursements
- Expenditure Accounts
- Revenue Accounts
- Offset/Contra Accounts
- Transaction Examples
 - Abatement Transportation
 - Revenue/Expenditure Printing Fees
 - Abatement Overhead
 - Revenue/Expenditure Indirect
- Data Pipeline Warning Edits
- Chart of Account - Appendix

Internal Charge/Reimbursement



The recording of transactions to allow for charging of internal services from one department/grant/fund within a district to another.

Internal services may include transportation/field trips, maintenance, technology, printing, overhead costs and indirect costs.

Expenditure Accounts



0850 Internal Charge/Reimbursement Accounts.
Object codes in this series allow a district to charge costs associated with student field trips, maintenance and other internal services to the programs which benefit from the services

0851 Transportation/Field trips

0852 Maintenance

0853 Technology/MIS

0854 Printing/Duplicating

0855 School-wide Plan Distribution

Object codes 0856 through 0859 are available for district use



0860 Miscellaneous Internal Charge Accounts. Accounts in this series are used to charge back internal services to programs which benefit from the services.

0868 Overhead Costs. Used with non-federal grants/projects.

0869 Indirect Costs. Used with federal grants/projects.

Object codes 0860 through 0867 are reserved for possible future designation by CDE.



1970 Services Provided Other Funds. Revenue internal to the district from other funds or programs for services provided.

1971 Overhead Cost Revenue. Revenue internal to the district which is generated by charging for costs of a general nature that cannot be readily or accurately identified with specific services.

1972 Indirect Cost Revenue. Revenue internal to the district which is generated by charging for costs of a general nature that cannot be readily or accurately identified with specific services.



Source codes 1973 through 1979 are reserved exclusively for internal service fund revenue that is generated by user fees (charge backs).

1973 Internal Service Revenue – Employee Benefit Premiums. Revenue internal to the district which is generated from employee benefit premiums.

1974 Internal Service Revenue – Risk Management. Revenue internal to the district which is generated by charging user fees to other funds for risk management services.

1975 Internal Service Revenue – Print Shop. Revenue internal to the district which is generated by charging user fees to other funds and programs for printing.



Source codes 1973 through 1979 are reserved exclusively for internal service fund revenue that is generated by user fees (charge backs).

1976 Internal Service Revenue – Technology Services. Revenue internal to the district which is generated by charging user fees to other funds and programs for computer and other technology services.

1977 Internal Service Revenue – Warehouse Services. Revenue internal to the district which is generated by charging user fees to other funds and programs for warehouse services.

1978 Internal Service Revenue – Other. Revenue internal to the district which is generated by charging user fees to other funds and programs for other internal service activity.



The purpose of the offset/contra accounts is to provide a process to eliminate expenditures related to the revenue received as a result of expenditures for services purchased by other funds (Internal Service Funds).

0529 Contra Account Object for Offset of Internal Service Fund(s) Revenue.

1979 Internal Service Revenue – Contra Account Source for Offset of Internal Service Fund(s) Expenditures.

Transaction Example

Abatement Transportation



The transportation department agrees to transport students from the middle school to a field trip. the transportation department is internally charging the middle school for the services.

Record the internal service for the school as expenditure

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10	200	00	1900	0851	000	0000	150.00

Record the internal service for the transportation department

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10	700	00	2700	0851	000	0000	-150.00

Note: object 0851 must net to zero

Transaction Example

Revenue Expenditure Printing Fees



Throughout the year, fees are charged for services such as printing

Fund	Location	SRE	Program	Source	Job	Grant	Amount
10	100	11	0010	0550	000	0000	800.00
65	000	00	0000	1975	000	000	800.00

The District will make the following journal entry to eliminate the revenue received as a result of expenditures for services purchased by other funds to prevent overstatement of revenues and expenditures

Fund	Location	SRE	Program	Object/Source	Job	Grant	Amount
65	000	00	0000	1979	000	0000	800.00
65	800	28	2850	0529	000	0000	-800.00

Note: object 0529 and source 1979 must net to zero AND source 1973 and source 1979 must net to zero

Transaction Example Abatement Overhead



When booking the overhead costs ensure that the rate is within the allowable rate for your district and if you have direct administrative costs charged to the grant.

Indirect cost rate calculations :

<http://www.cde.state.co.us/cdefinance/icrc>

Record the Indirect allowable for the grant as expenditure

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10 or 22	600	29	2900	0868	000	3xxx	1,300

Record the Indirect expenditure in the general fund

Fund	Location	SRE	Program	Object	Job	Grant	Amount
10	600	29	2900	0868	000	0000	-1,300

Note: object 0868 must net to zero

Chart of Accounts - Indirect Costs



Indirect Cost accounts are considered Internal Charge Reimbursement Accounts. The recording of transactions to allow for charging of internal services from one department within a district to another department.

Expenditure Account

0869 Indirect Costs. Used with federal grants/projects.

Revenue Account

1972 Indirect Cost Revenue. Revenue internal to the district which is generated by charging for costs of a general nature that cannot be readily or accurately identified with specific services.

Chart of Accounts - Indirect Costs (continued)

Unrestricted Rate - An indirect cost rate calculated for use on programs without limitations on indirect costs.

Examples:

ESSER

Local Grants

Restricted Rate - Certain ED grant programs have statutory requirements prohibiting the use of federal funds to supplant non-federal funds. These programs require the use of a restricted indirect cost rate. Adjustments to the unrestricted rate calculation are made and result in a lower rate to claim indirect reimbursement on restricted rate programs.

Examples:

Title I

Title II

Title III

IDEA Part B

Chart of Accounts - Indirect Costs (continued)

Calculation for the Budget

$$\frac{\text{Indirect Cost Rate\%}}{(1.0 + \text{Indirect Cost Rate \%})} \times (\text{Total Award Less Capital outlay, sub-awards, rental costs \& other excluded expenses})$$

Calculation for the Actuals

Total spent for the Grant Less capital outlay, sub-awards, rental costs, prior charged Indirect & other excluded expenses (indirect cost pool items) x Indirect Cost Rate %

Chart of Accounts - Indirect Costs (continued)

Chart of Accounts - Appendix G - Indirect Costs

A district has two options for recording indirect costs

The Expenditure/Revenue Method: the total expenditures (0869) should equal the total revenues (1972).

The Abatement Method: the district's internal charge reimbursement account (0869) must net to zero

When booking the indirect costs ensure that the rate is within the allowable rate for your district determine if you have direct administrative costs charged to the grant.

Indirect cost rate calculations: <http://www.cde.state.co.us/cdefinance/icrc>

Chart of Accounts - Indirect Costs (continued)

An example of using the formula is to assume your award amount is \$258,000, Capital Outlay is \$5,000, Rental Costs are \$3,000. Since your rate is 3.1%:

$$\frac{0.031}{1.031} \times (\$258,000 - \$5,000 - \$3,000)$$

This equals 0.030067895 (rounds to 3.1%) times \$250,000.

The product of these two figures is 7,516.9725, or \$7,516.97 rounded.

This means that for a grant of \$258,000, the following results:

	BUDGET		ACTUALS
Grant Amount:	\$ 258,000	Grant Spent	\$ 150,000
Capital Outlay:	\$ 5,000	less	\$ 2,500
Rental Costs:	\$ 3,000	<u>less</u>	<u>\$ 2,000</u>
Indirect Costs:	\$ 7,516.97	Applied costs	\$ 145,500
Base of Application:	\$ 242,483.03	times actual	
Sum:	\$ 258,000	indirect costs 3.1 %	\$ 4,510.50



Chart of Accounts - Indirect Costs (continued)

The Expenditure/Revenue Method (example)

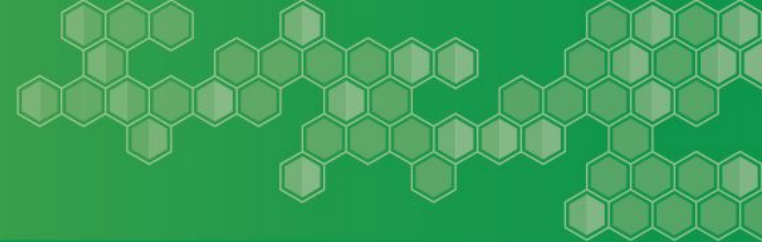
Fund	Location	SRE	Program	Object/Source	Job	Grant	Amount
10 or 22	600	29	2900	0869	000	4xxx	4,510.50
10	000	00	0000	1972	000	0000	4,510.50

The Abatement Method (example)

Fund	Location	SRE	Program	Object/Source	Job	Grant	Amount
10 or 22	600	29	2900	0869	000	4xxx	4,510.50
10	600	29	2900	0869	000	0000	- 4,510.50

Indirect costs may be recorded monthly, quarterly or annually

When Calculating must be based on actual expenditures incurred less previous recorded indirect costs including administrative costs.



EFD134 One or more Source Codes 1973-1978 must be reported if Fund 63 or 64 have been reported.

EFD152 SOURCE 1973, 1975-1979 can only be accepted with Funds 11, 26-29, 39, 41, 52-59, 61-69, 71 and 85.

EFD153 SOURCE 1974 can only be accepted with Fund 64.

EFD198 Object 0868, Overhead Costs, cannot be accepted with Grant Codes 4000-9999.

EFD199 Object 0869, Indirect Costs, cannot be accepted with Grant Codes 0001-3999.



EFD294 Object 0868, Overhead Costs, cannot be accepted with Fund 21

EFD295 Object 0869, Indirect Costs, amount must be less than zero, with Grant Code 0000, except for Fund 21

EFD296 Object 0869, Indirect Costs, must be greater than zero, with grant codes 4000-9999

EFD251 The sum of Source Codes 1979 must equal the Sum of Source Codes 0529

EFD252 Source Code 1979 can only be reported when the following account(s) are present in the district's data: Object Code 0529 and an amount $<$ or $=$ zero



EFD110 INTERNAL SERVICE FUNDS. Total Source 1979 must equal Object 0529. The amounts debited to Source 1979 and credited to Object 0529 must equal.

EFD125 OBJECT 0868, Overhead Costs Expenditures (OCE), must equal Source 1971, Overhead Costs Revenues (OCR).

EFD126 OBJECT 0869, Indirect Costs Expenditures (ICE), must equal Source 1972, Indirect Costs Revenues (ICR).

EFD132 Objects 0850 through 0859 must each "net" to zero across all funds. You should be using these objects ONLY when reallocating expenses within your district.



WFD109 INTERNAL SERVICE FUNDS: To facilitate the elimination of duplicate activities for Federal reporting purposes, an entry must be made to debit source code 1979 with a credit to object code 0529. The amount debited to source code 1979 must equal the sum total of sources 1973, 1974, 1975, 1976, 1977, and 1978.

WFD217 Internal Service Fund(s) use has been detected in your financial data: Funds 61-69. Throughout the year, your employee benefit premiums are most likely credited to a Source Code between 1973-1979.



Appendix E - Internal Charge Reimbursement Accounts

Appendix G - Indirect Costs

Appendix J - Revenue vs Abatement

Appendix P - Internal Service Activities

Chart of Accounts (PDF):

<http://www.cde.state.co.us/cdefinance/2020-21chartofaccounts>

Contacts:

Yolanda Lucero
Fiscal Data Coordinator
lucero_y@cde.state.co.us

Kelly Wiedemer
Fiscal Data Analyst
wiedemer_k@cde.state.co.us