**Crosswalk Linking 1 CCR 301-11: Rules for Accounting and Reporting to Statutes**

| **State Board of Education Proposed Rule** | **Statutory and Federal Regulation Citation** |
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| 3.00 (Introduction) The local board of education shall establish within the funds and accounts structure stated herein those local school district funds and accounts necessary to meet legal requirements, Colorado Department of Education (CDE) reporting requirements, and generally accepted principles of governmental accounting. In addition to the funds created in statute (Section 22-45-103, C.R.S.), the following funds are available for school district financial accounting and reporting. | **Section 22-44-206, C.R.S.**  This part 2 (Financial Policies and Procedures) shall be administered by the state board of education. The state board of education has the authority to adopt reasonable rules and regulations for the administration of this part 2.  **Section 22-45-103, C.R.S.**  (2) The state board of education may authorize by regulation additional funds not provided for in this section, together with proper accounting procedures for the same. |
| 3.01 Charter school fund. Used to track revenues and expenditures of charter schools. The district is not required to include charter school transactions in its financial database for normal day to day operations. However, charter school transactions must be included in the district’s database in the financial reporting system pursuant to Section 22-44-105(4)(a), C.R.S. for reporting purposes. | Section 22-30.5-111.7(1)(a), C.R.S. (1) (a) A charter school shall comply with all of the state financial and budget rules, regulations, and financial reporting requirements with which the authorizing school district is required to comply, including but not limited to annual completion of an independent governmental audit that complies with the requirements of the department.    **Section 22-44-105(4)(a), C.R.S.**  The state board of education, with input from the financial policies and procedures advisory committee, shall establish, implement, and maintain a statewide financial, student management, and human resource electronic data communications and reporting system that is based on a standard chart of accounts, a standard information system, and a standard personnel classification system. The department of education, the state charter school institute, and all district charter schools, institute charter schools, school districts, and boards of cooperative services in the state shall use the system to report and obtain necessary financial information. |

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| 3.02 Colorado Preschool Program (CPP) Sub-Fund of the General Fund. An optional fund, if used, this fund allows a district to separate the CPP accounting, and maintain a self-balancing set of records specific to the CPP requirements for allocations. Used to account for the purposes and limitations specified by Section 22-28-108(5.5), C.R.S. | **Section 22-28-108, C.R.S.**  (5.5) Funding provided pursuant to this article shall only be used to pay a district's costs of providing preschool services directly to children enrolled in the district's preschool program. The costs shall include teacher and paraprofessional salaries and benefits, supplies and materials, home visits, the entire cost of any preschool program contracted services, the costs of services provided by a district to children enrolled in the district's preschool program or their parents, any associated professional development activities, costs that a district would not otherwise have incurred but for the services provided in conjunction with the preschool program, and a reasonable allocation of district overhead costs not to exceed five percent of the program costs. Any moneys remaining in the district's preschool program budget at the end of any budget year shall remain in the program budget for use in the preschool program in subsequent budget years. |
| 3.03(1) Food Service Funds. A separate fund shall be maintained for the food service program, in order to identify all allowable and reportable expenditures and revenues related to the federal grant program. | **7 Code of Federal Regulations §210.2**  Nonprofit school food service account means the restricted account in which all of the revenue from all food service operations conducted by the school food authority principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e), and proceeds from nonprogram foods as provided in §210.14(f). |
| 3.03(2) The food service fund is a special revenue fund that shall be used to account for all reportable and allowable revenues, expenditures, and other sources and uses of food service transactions funded in part or in whole through the United States Department of Agriculture programs including, but not limited to: School Breakfast Program (CFDA 10.553); National School Lunch Program (CFDA 10.555); Special Milk Program for Children (CFDA 10.556); Summer Food Service Program for Children (CFDA 10.559); and Fresh Fruit and Vegetable Program (CFDA 10.582) as well as food service transactions funded in part or in whole through the State of Colorado including, but not limited to: Start Smart Nutrition Program; Breakfast After the Bell Nutrition Program; and Child Nutrition School Lunch Protection Program. | **42 U.S.C., 1751 et. seq.** National School Lunch Act (PL 79-396), as amended  **42 U.S.C., 1771 et. seq.** Child Nutrition Act (PL 89-642), as amended  **42 U.S.C., 1751 et seq.** Healthy, Hunger-Free Kids Act of 2010 (PL 111-296), as amended  **Section 22-82.6-101. et. seq., C.R.S.** This article shall be known and may be cited as the "Farm-to-School Healthy Kids Act".  **Section 22-82.7-101, et. seq., CR.S.** This article shall be known and may be cited as the "Start Smart Nutrition Program Act".  **Section 22-82.8-101, et. seq., CR.S.** This article shall be known and may be cited as the "Breakfast After the Bell Nutrition Program".  **Section 22-82.9-101, et. seq., CR.S.** This article shall be known and may be cited as the "Child Nutrition School Lunch Protection Program Act". |

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| 3.03(4) As stated in Section 22-32-120, C.R.S., the food service fund shall be operated as nearly as practicable on a nonprofit basis. Districts are encouraged to consider the appropriate levels of reserves in the food service fund through the budget process in consultation with the district official responsible for the operation of the district's food service program participating in the School Breakfast and/or National School Lunch Program(s). | **Section 22-32-120, C.R.S.**  (2) All food shall be sold by a food-service facility as nearly as practicable on a nonprofit basis, but a school food authority may sell food at lower than cost and may provide food free of charge to those pupils entitled thereto pursuant to the provisions of the federal "National School Lunch Act", 42 U.S.C. sec. 1751 et seq. Capital outlay and rental costs shall not be included in computing the cost of the meals served. |
| 3.03(6) For each school year, indirect costs or direct charging of indirect cost items may be recovered from the food service fund, but shall be limited to that amount established by the approved nonrestricted indirect cost rate as determined by CDE under the federal indirect cost rate agreement. | **Section 22-54-123(1), C.R.S.**  For the 2001-02 budget year and budget years thereafter, the general assembly shall appropriate by separate line item an amount to comply with the requirements for state matching funds under the federal "National School Lunch Act", 42 U.S.C. sec. 1751 et seq……. The department of education shall develop procedures to allocate and disburse the funds among participating school food authorities each year in an equitable manner so as to comply with the requirements of said act.  (Note: The above statutory citation is applicable as this section was reworded from the previous rule 206.05 in 1 CCR 301-3 Food and Nutrition Services to remove outdated language. Previously the rule included a 30 percent threshold to recover indirect costs as unrecovered indirect costs were the major contributing component to the federal matching requirement. This regulation became obsolete when the state directly funded the state match beginning in FY2001-02 pursuant to Section 22-54-123, C.R.S.) |

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| 3.03(7) Capital equipment purchases must be made based upon the CDE approved equipment list or prior approval process. As stated in Section 22-32-120(2), C.R.S., capital outlay and equipment rental costs shall not be included in computing the cost of school meals reimbursed by the School Breakfast and National School Lunch Programs. Therefore, revenue from fees charged to students for reimbursable meals shall not be used to purchase capital outlay or pay for equipment rental costs. | **2 Code of Federal Regulations** §**225 Appendix B, Section 15(4)(b)**  The following rules of allowability shall apply to equipment and other capital expenditures:  (1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.  (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5000 or more have the prior approval of the awarding agency.  (3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.  **Section 22-32-120(2), C.R.S.** All food shall be sold by a food-service facility as nearly as practicable on a nonprofit basis, but a school food authority may sell food at lower than cost and may provide food free of charge to those pupils entitled thereto pursuant to the provisions of the federal "National School Lunch Act", 42 U.S.C. sec. 1751 et seq. Capital outlay and rental costs shall not be included in computing the cost of the meals served. |
| 3.03(8) Net cash resources must be limited to three months average expenditures based upon a nine-month operating year. Net cash resources is defined as current assets less current liabilities, except that current assets shall not include the value of inventories and prepaid expenditures for the purpose of computing net cash resources. | 7 Code of Federal Regulations §210.14(b) Net cash resources. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with §210.19(a). |
| 3.03(9) As stated in Section 22-32-120(1)(a), C.R.S., food service facilities shall be deemed to be an integral part of the district and shall be maintained, operated and governed in the same manner as the schools of the district. As such, expenditures including but not limited to new kitchens with new equipment related to new school construction and to major renovations of school facilities are the responsibility of the district from other district funding sources. | **Section 22-32-120(1)(a), C.R.S.**  A board of education may establish, maintain, equip, and operate a food-service facility, and expend the moneys of the district therefor, for pupils enrolled in the public schools of the district, for persons participating in or attending a school-sponsored activity, and for the employees of the district. Any such food-service facility shall be deemed to be an integral part of the program of the district and shall be maintained, operated, and governed in the same manner as the schools of the district. |

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| 3.03(10) Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year must remain in the funds, shall be used for the support of the food service program pursuant to these rules, and shall not be used for any other purpose. | **7 Code of Federal Regulations §210.14(a)**  School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. Expenditures of the nonprofit school food service revenues shall be in accordance with the financial management system established by the State agency under §210.19(a) of this part. School food authorities may use facilities, equipment, and personnel supported with nonprofit school food revenues to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.) |
| 3.05 Building Fund. The building fund shall be used to account for the proceeds of bond sales, revenues from other sources, and capital expenditures for land or existing buildings, improvements of grounds, or replacement of equipment as authorized by the local board of education. The building fund is accounted for as a capital projects fund.  3.05(1) Proceeds from the sale of bonds remaining after the completion of the project for which such bonds were authorized may be transferred to the bond redemption fund or in the event all bonds have been redeemed, to the general fund. | **Section 22-45-103(1)(b), C.R.S.**  Bond redemption fund. (I) The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest, shall be recorded in the bond redemption fund…….  **Section 22-44-112(4), C.R.S.**  Proceeds from the sale of bonds remaining after the completion of the project for which such bonds were authorized may be transferred to the bond redemption fund or, in the event all bonds have been redeemed, to the general fund. Moneys remaining in the bond redemption fund after all obligations of bonded indebtedness have been satisfied shall be transferred to the general fund. Any moneys remaining in a particular account in the bond redemption fund, after all obligations of bonded indebtedness of that particular account have been satisfied, shall be transferred to another account within said bond redemption fund which still has outstanding obligations of bonded indebtedness. |
| 3.06 Enterprise Fund. Enterprise funds may be used to account for revenues and expenses for activities that are financed and operated in a manner similar to private business enterprises. | **Section 22-45-102(1)(a), C.R.S.**  Each school district shall use the full accrual basis of accounting when budgeting and accounting for any enterprise funds included in the district budget. The board of education of each school district shall cause financial records to be kept in accordance with generally accepted principles of governmental accounting. The financial transactions of the school district shall be recorded in general, appropriation, revenue, and expenditure records. Appropriate entries from the adopted budget shall be made in the records for the respective funds. Separate accounts shall be maintained for each of the several funds prescribed by this article. Continuing balances of the various budgetary accounts shall be maintained on at least a monthly basis. |