

DEPARTMENT OF EDUCATION
Colorado State Board of Education
RULES FOR ACCOUNTING AND REPORTING
1 CCR 301-11

[Editor's Notes follow the text of the rules at the end of this CCR Document.]

Adopted: 10-2-75, 11-12-92, 12-9-93, 3-6-08

Attorney General Opinion: 11-21-75, 12-15-92, 12-17-93

Statutory Authority: 22-45-101, 22-45-102, 22-45-103, 22-30.5-104, 22-30.5-503, 22-2-107(l)(c), 22-30.5-603, 22-44-206, C.R.S.

2245-R-1.00 Applicability.

The rules stated herein shall apply to Colorado public school districts, the charter school institute, charter schools, charter school collaboratives, and boards of cooperative educational services.

2245-R-2.00 No Tax Authority.

Establishment of a fund under these rules confers no authority to levy a tax for the purpose of the fund, except as otherwise established by statute.

2245-R-3.00 Funds and Accounts Structure.

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.

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.

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.

3.03 Special Revenue Funds. The special revenue funds established by the local board of education are used to account for the proceeds of specific revenue sources, other than debt service or capital projects, that are legally restricted or committed to expenditure for specified purposes. Governmental designated-purpose grants may be accounted for in special revenue funds. The general fund portion of blended component units may be accounted for in special revenue funds.

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.

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 Federal 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.

3.03(3) A school food authority must use the food service special revenue fund for all food service transactions. A district that is not a school food authority must not use the food service special revenue fund.

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).

3.03(5) Food service funds shall not be used to pay salaries or wages for dining room supervision.

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 unrestricted indirect cost rate as determined by CDE under the federal indirect cost rate agreement.

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 reimbursable school 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.

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.

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.

3.04 Pupil Activity Funds. The pupil activity funds may be used to account for revenues and expenditures related to school-sponsored pupil activities supported by revenues from pupils, gate receipts, or fund-raising sources. The pupil activity funds are accounted for as special revenue funds or fiduciary (trust and agency) funds, depending on their purpose and source of funding.

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.

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.

3.07 Internal Service Fund. The internal service funds may be used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the school district, or to other school districts, on a cost-recovery basis.

3.08 Fiduciary (Trust and Agency) Funds. The trust and agency funds may be used to account for money and property held by the school district in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

3.08(1) A private-purpose trust fund may be used to report any trust arrangement under which the principal and/or income benefit individuals or organizations and the funds are not used as part of the operations of the district.

3.08(2) An agency fund may be used to account for assets held for other governments, private organizations, or individuals. Agency funds generally serve as clearing accounts.

3.09 Permanent fund. The GASB 34 permanent fund is a governmental fund type used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

3.10 Foundations. The district will report foundation activity in fund 85 in the financial reporting system pursuant to Section 22-44-105(4)(a), C.R.S., and will indicate that the audit reflects this activity in a specific fund based on the purpose of the foundation.

3.11 Certificate of Participation (COP) Debt Service Fund. A debt service type fund may be established to allow school districts to account for the accumulation of resources and payment of principal, interest, and related expenses on any COP debt.

2245-R-4.00 Statement of Basis and Purpose.

Conforms these regulations to the Accounting and Reporting Law and the School District Budget Law, as amended through the 2007 legislative session. The basis for these rules is found in Article 2 of Title 22, Article 30.5 of Title 22 and Article 45 of Title 22.

4.01 Statement of Basis and Purpose. The basis for these rules is found in C.R.S. Article 45 of Title 22, Accounting and Reporting; Article 30.5 of Title 22, Charter Schools, as well as in Section 22-2-107(l)(c) which relates to the duties of the state board of education. The Accounting and Reporting law identifies eight funds to be used by school districts in financial accounting and reporting and specifies conditions and requirements regarding the use of these funds. The funds are: General Fund, Bond Redemption Fund, Capital Reserve Fund, Special Building and Technology Fund, Risk Management Reserves, Transportation Fund, Preschool and Kindergarten Program Fund, and Full-day Kindergarten fund.

Article 45 allows the authorization through regulation of additional funds by the state board of education. These regulations authorize nine additional funds for use by school districts in financial management and reporting. Generally accepted principles of governmental accounting permit the use of these funds.

4.02 Statement of Basis and Purpose amendments. The 2010 changes to the rules are due to statutory amendments in HB 08-1388 and SB 10-161, modifications to Governmental Accounting Standards (Statement No. 54), and procedural changes by the U.S. Department of Agriculture (elimination of the separate commodity coding).

The Accounting and Reporting law identifies seven funds to be used by school districts in financial accounting and reporting and specifies conditions and requirements regarding the use of these funds. The funds are: General Fund, Bond Redemption Fund, Capital Reserve Fund, Special Building and Technology Fund, Risk Management Reserves, Transportation Fund, and Full-day Kindergarten Fund.

Article 45 allows the authorization through regulation of additional funds by the state board of education. These regulations authorize ten additional funds for use by school districts in financial management and reporting. Generally accepted principles of governmental accounting permit the use of these funds.

4.03 Statement of Basis and Purpose for Amendments. The 2012 amendment to these rules are in response to recommendations from the Financial Policies and Procedures Advisory Committee to designate a Debt Service Type Fund that will allow school districts to account for the accumulation of resources and payment of principal, interest, and related expenses on any non-voter approved debt.

4.04 Statement of Basis and Purpose for Amendments. The 2015 amendments to these rules are in response to recommendations from the Financial Policies and Procedures Advisory Committee to change the food service fund from an enterprise fund to a special revenue fund. Additionally, the 2015 amendments incorporate rules related to the food service fund which were previously included in 1 CCR 301-3 Food and Nutrition Services into these rules and makes appropriate updates and clarifications to assist school districts in complying with federal and state law and regulations pertaining to food and nutrition service operations and to preserve and protect the fiscal integrity of food and nutrition service operations in school districts.