

FINANCIAL POLICIES AND PROCEDURES HANDBOOK

Fiscal Year 2016-17 EDITION

Budgeting, accounting, financial reporting, auditing, and investing for Colorado public school districts, charter schools, charter school collaboratives, charter school networks, the Charter School Institute (CSI), and Colorado boards of cooperative educational services (BOCES)

“The financial policies and procedures handbook adopted by the state board of education shall be used by every school district in this state in the development of the budget for the district, in the keeping of financial records of the district, and in the periodic presentation of financial information to the board of education of the district.” Section 22-44-204(3), C.R.S.

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PREFACE

The 2016 edition of the Financial Policies and Procedures Handbook was updated and revised to incorporate changes in required financial policies resulting from: (1) New Colorado statutory mandates enacted since the previous update; (2) requirements of the Governmental Accounting Standards Board (GASB); (3) other approved changes.

The *Handbook* is a publication of the Colorado State Board of Education. Members of this Committee, which is an advisory committee to the State Board of Education, are representatives of school districts and other organizations such as the Office of the State Auditor and the Colorado Association of School Boards. Committee members serve without remuneration and meet a minimum of four times a year, or more often if required, to consider issues and policy regarding school district financial budgeting, accounting and reporting.

Financial Policies and Procedures Advisory Committee (FPP Committee) - In 1974 C.R.S. 22-44-204 required the State Board of Education to designate no less than five volunteer school districts which were representative as to pupil size and population to cooperate in finalizing the Financial Policies and Procedures Handbook. This committee has continued as an advisory group to the Department of Education and is currently composed of 2 permanent members (Denver & Jefferson Counties), twenty (20) school district members and two (2) BOCES serving rotating terms and other ex-officio members.

INTRODUCTION

I. Purpose of the Handbook

The 2015 edition of the *Financial Policies and Procedures Handbook (Handbook)* is a publication of the State Board of Education. The *Handbook* is designed to achieve three purposes:

- (1) To summarize state and federal general requirements regarding the management and reporting of financial data.
- (2) To ensure that educational financial data are reported in a comprehensive and consistent manner.
- (3) 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 the budgeting, accounting, reporting, auditing, investment and cash management of educational finances.

This *Handbook* has been developed to conform to generally accepted accounting principles (GAAP) for governments and compliance with legal provisions.

Most of the narratives in this document will refer to school districts. However, all references for “school districts” shall also include the Charter School Institute (CSI), charter schools, charter school collaboratives, and boards of cooperative educational services (BOCES), unless the narrative states otherwise.

II. Required Use of the Handbook

Colorado statutes require that the *Financial Policies and Procedures Handbook* be used by every school district in the development of the budget, in the keeping of financial records and in the periodic presentation of financial information to the board of education of the district. C.R.S. 22-44-204(3). State law also requires school district auditors to ensure, in their annual financial audit, that school districts are complying with the requirement to use the *Handbook*. C.R.S. 29-1-603(1).

This *Handbook* is consistent with the U.S. Department of Education’s *Financial Accounting for State and Local School Systems: 2014 Edition*. Federal law requires all states to provide data, consistent with federal definitions, on the financing of elementary and secondary education as a condition of receiving federal funding under the *Elementary and Secondary Education Act*. 20 USC 122 1e-1g. Because financial data is used to allocate Title I funds to states, it is subject to independent audit at both the district and state levels by the Inspector General of the U.S. Department of Education.

III. Federal and State Categorical Program Reporting

The *Handbook* contains only general state and federal financial reporting requirements. In addition to these, state and federal categorical programs, which target funding for specific purposes or groups of students, have very specific financial requirements. Additional information may be obtained from state and federal laws and regulations and the state plans for the various programs. The units of CDE that administer the programs will provide additional information regarding the requirements of specific programs.

IV. Handbook Requirements and Advice

It is the intent of this handbook to summarize the major state and federal requirements regarding financial budgeting, accounting and reporting. However, school district personnel and other users are encouraged to consult state and federal statutes for more information about any of the requirements and to seek legal counsel as necessary for assistance in interpreting and complying with the law.

The revenue and expenditure requirements included in the FPP Chart of Accounts red binder represent a state and federal minimum program budgeting and accounting system. School districts have the flexibility to designate costs in greater detail for various programs depending on district needs.

V. Other Critical Sources of Information Regarding Financial Management

In addition to this *Handbook*, school districts should consider the following to be critical sources of information regarding state and federal requirements governing financial management and accounting.

1. *Colorado Revised Statutes (C.R.S.)*
2. *Colorado Code of Regulations (C.C.R.)*
3. Federal laws as contained in the *United States Code (U.S.C.)*
4. Federal regulations and other guidance as published in the *Federal Register*.
5. *Financial Accounting for Local and State School Systems*
6. Governmental Accounting and Financial Reporting Standards, published by the Governmental Accounting Standards Board. Codification is updated annually as of June 30th.

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PROCEDURES

I. Revisions of Financial Policies and Procedures Handbook

This procedure describes the method for revising the *Financial Policies and Procedures Handbook* and for posting changes to individual copies. Changes will be processed as follows:

- A. The originator should submit a draft of the proposed change to the chair of the financial policies and procedures (FPP) committee at the Colorado Department of Education (CDE). The request should contain a statement listing the affected sections and describing the concerns and rationale for the recommended revisions in addition to a copy of the sections as revised and/or added.
- B. Any proposed change will be referred to CDE staff for an analysis of the potential impact before it is acted on.
- C. The impact analysis reviews the following information:
 - 1. Compliance with existing statutes, regulations, or policies.
 - 2. Consistency with generally accepted accounting principles (GAAP), *Federal Accounting for State and Local School Systems Handbook* and federal reporting requirements.
 - 3. Compatibility with existing systems, methods and procedures.
 - 4. Impact on school districts and CDE.
- D. After this analysis, the proposed change will be submitted to the FPP committee for consideration and recommendation. Based on the recommendation, it will be either returned to the originator with an explanation of denial or, if approved, returned to the school finance and operations division.
- E. The chair of the FPP advisory committee will coordinate with appropriate persons in the CDE the review of the recommended change. The process includes a review by the commissioner of education, who forwards it to the state board of education for their approval.
- F. Should either the CDE or the FPP committee not recommend the change, the originator may appeal the decision to the state board of education.
- G. Approved changes will be included in the handbook posted on the CDE website under public school finance, financial policies and procedures.

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- H. Changes considered at one FPP meeting will ordinarily not be acted on until at least the following meeting.

The FPP committee periodically issues information, called *FPP Alerts*, to school districts concerning important or urgent critical issues.

BUDGET

I. Purpose of a Budget

The purpose of a budget is to provide a plan of financial operation embodying an estimate of proposed expenditures for a given period and purpose and the proposed means of financing that plan. To achieve this basic purpose, a comprehensive budget system must be integrated with the financial accounting system.

Detailed budget planning allows a district to reflect educational values and needs. The structure and format provided by a well-designed budget promotes rational decision-making regarding the importance of various school district services. In this way, administrators and boards of education are assisted in educational planning as well as in the prioritization and planning of all district operations through the allocation of resources.

II. Primary Budget Objectives

- A. Provide a framework to assist in the formulation of an integrated plan of operations and in the understanding of how each program's activities contribute to the goals and educational needs.

The school district must submit the major objectives of the educational program with its proposed budget.

1. Each school accountability committee shall recommend to the principal of its school priorities for spending school moneys. The principal shall consider the school accountability committee's recommendations regarding spending state, federal, local, or private grants and any other discretionary moneys and take them into account in formulating budget requests for presentation to the local school board, if the school is a district public school, other than a charter school, or in creating the school budget if the school is a district or institute charter school. The school accountability committee for a district public school shall send a copy of its recommended spending priorities to the school district accountability committee and to the local school board. C.R.S. 22-11-402
2. The school district accountability committee shall include the adopted plan (school performance plan, school improvement plan, school priority improvement plan, or school turnaround plan as is required) in the compilation prepared pursuant to section 22-11-302 (1), and the local school board shall consider such adopted plan in developing the budget required by section C.R.S. 22-44-108. C.R.S 22-11-403, 404, 405, & 406.

Additionally, the specific adopted accreditation "plan" (i.e.: school performance plan, school improvement plan, school priority improvement plan, or school turnaround plan) shall identify the local, state, and federal resources that the school

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district or institute will use to impact the identified needs and issues affecting performance indicators. C.R.S. 22-11-303 (3), 304 (3), 305 (3), & 306 (3).

PLAN TYPE	Consideration of "Plan" in Budget Adoption	Identify Local, State, and Federal Resources which affect Performance Indicators in the "Plan"
School Performance Plan	22-11-403, C.R.S.	22-11-303 (3), C.R.S.
School Improvement Plan	22-11-404, C.R.S.	22-11-304 (3), C.R.S.
School Priority Improvement Plan	22-11-405, C.R.S.	22-11-305 (3), C.R.S.
School Turnaround Plan	22-11-406, C.R.S.	22-11-306 (3), C.R.S.

- B. Provide a means of communication through the budget process to school district staff and community by stating the objectives of each program and allocating the funds necessary to achieve them.
- C. Provide a means for relating anticipated costs and actual costs to designated programs.
- D. Provide the historical data required for realistic budget preparation and related planning decisions.
- E. Provide budgeting and reporting consistent with federal and state requirements.

III. Budget Process

The budget process is a multi-step process which includes identification of district goals, budget calendar, budget projections, budget content, program budgeting and the utilization and presentation of prescribed forms.

A. Budget Calendar

The following calendar is a list of recommended activities and legal dates as established by C.R.S. All required legal budget dates within this calendar are provided with a statutory reference. Generally, if the date falls on a Saturday or Sunday, the due date will be the following Monday. However, if the statute provides for action on or before the date, then the due date is the Friday before.

Not less than 100 days prior to the date of the November election: District notifies county clerk and recorder in writing of expectation to participate in coordinated election and of preference for polling place or mail ballot election. C.R.S. 1-7-116(5)

August 25: County assessor certifies to school district the total assessed valuation and the actual value of the taxable property in the district. C.R.S.39-5-128(1).

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No later than 70 days prior to the date of the November election: Last day to enter into an intergovernmental agreement with county clerk concerning the conduct of the coordinated election. C.R.S. 1-7-116(2).

No later than 60 days prior to the date of the November election: Ballot content and order certified to the county clerk. C.R.S. 1-5-203(3).

September 15: Last date to apply for preschool program approval pursuant to state board rule 2228-R-2.01. C.R.S. 22-28-107.

On the Friday before the 45th day prior to the date of the November election: Last day for receipt of written comments for TABOR notice. Comments must be signed by an eligible elector. article X-20(3)(b) of the state constitution; C.R.S. 1-7-901.

42 days prior to the date of the November election: Last day to submit full text of TABOR notice to county clerk. C.R.S. 31-10-501.5; 1-7-904; 1-7-116(3).

Nearest school date to October 1: Perform pupil membership count. C.R.S. 22-54-103(10)(a). Refer to the student October count resource guide available at: <http://www.cde.state.co.us/cdefinance/2015studentoctobercountresourceguide>

At least 30 days prior to the date of the November election: Mail TABOR notice to all registered voters. Article X-20(3)(b) of the state constitution; C.R.S. 1-7-906; 1-5-206.

At least 10 days prior to the date of the November election: Designated election official or, by agreement, county clerk must publish and post notice of the election. C.R.S. 1-5-205.

First Tuesday after the first Monday in November for even numbered years, or First Tuesday in November for odd numbered years:

- In even numbered years, the general election date is the only date on which an election seeking authorization of additional local revenues can be held.
- In odd numbered years, a special school district election can be held on the first Tuesday in November. Article X-20(3) of the state constitution; C.R.S. 1-1-104(17); 1-7-101.

On or before November 10, districts certify pupil membership count to CDE on the data summary report. C.R.S. 22-54-112(2).

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Within ten business days following election, District provides to CDE a copy of its official November election ballot questions and the number of votes cast for the questions and the number of votes cast against the question.

Fall/Winter:

Prepare preliminary forecasts including estimates of revenue, expenditures and fund balances.

Prepare budget development worksheets.

Review budget development process and budget document format with board of education.

December 1: Districts entitled to “additional funding”, if any, submit to CDE a certification signed by its auditor of its projected current fiscal year spending limit pursuant to TABOR (unless district previously has held a successful "debrucing" election). C.R.S. 22-54-104.3(2.7)(d)(II)

December 10: Final date county assessor can notify CDE and school districts of changes in assessed valuation. C.R.S. 39-1-111(5).

December 15: The board of education of each school district shall certify to the board of county commissioners of the county or counties wherein said school district is located the separate amounts necessary, in the judgment of said board of education, to be raised from levies against the valuation for assessment of all taxable property located within the boundaries of said school district for its:

- General fund total program pursuant to C.R.S. 22-54-106 (1)(a)(I)
- General fund categorical buyout, if any, pursuant to C.R.S. 22-54-107 (1),
- General fund voter-approved overrides, if any, pursuant to C.R.S. 22-54-108 (1),
- General fund hold-harmless overrides, if any, pursuant to C.R.S. 22-54-106 (2)(b)(III)
- General fund abatements, if any, pursuant to C.R.S. 39-10-114 (1)(a)(I)(B),
- Bond redemption fund for any voter-approved authorization of bonded indebtedness or for a voter-approved installment purchase agreement or lease agreement pursuant to C.R.S. 22-45-103 (1)(c)(II.5),
- Full day kindergarten fund excess program costs voter-approved override, if any, pursuant to C.R.S. 22-54-108.5 (1)(a),
- Transportation fund for any voter-approved tax levy for the purpose of paying excess transportation costs, as authorized pursuant to C.R.S. 22-40-102 (1.7),
- Special building and technology fund for any voter-approved tax levy pursuant to C.R.S. 22-45-103 (I)(d), and

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- Any other voter-approved tax levy items to be included in the certification no later than December 15

December 15: Each school district shall inform the county treasurer of each county within the district's boundaries of the general fund mill levy in the absence of funds estimated to be received pursuant to the Public School Finance Act of 1994 and the estimated funds to be received for the general fund of the district from the state. C.R.S. 22-40-102(6).

January 31: District board of education may review and change the budget with respect to both revenues and expenditures at any time prior to January 31. C.R.S. 22-44-110(5).

Winter: Prepare initial draft of revenue and expenditure assumptions.

Spring:

- Refine preliminary budget assumptions and estimates.
- Review district goals in relationship to budget development process.
- Hold work sessions for the community regarding preliminary budget.

June 1: Deadline for submission of proposed budget to board of education. C.R.S. 22-44-108(1)

June 10 or within ten days after submission of the proposed budget: “The board of education shall cause to be published a notice stating that the proposed budget is on file at the principal administrative offices of the school district; that the proposed budget is available for inspection during reasonable business hours; that any person paying school taxes in the district may file or register an objection thereto at any time prior to its adoption; and that the board of education of the school district will consider adoption of the proposed budget for the ensuing fiscal year on the date, time and place specified in the notice. C.R.S. 22-44-109(1).

- It is suggested that a budget hearing be publicized and held a minimum of two weeks prior to final adoption to allow viable citizen/patron input.
- Be sure to include district major objectives of the educational program in the budget document.

June 30: Last legal date for final adoption of school district budget and appropriation resolution. C.R.S. 22-44-110(4).

July 1: Each budget shall include a uniform summary sheet for each fund administered by the district that details the following for each fund:

BUDGET

- The beginning fund balance and anticipated ending fund balance for the budget year,
- The anticipated fund revenues for the budget year, delineated by the program and source codes identified in the chart of accounts,
- The anticipated transfer and allocations that will occur to and from the fund,
- The anticipated expenditures that will be made from the fund, delineated by the program and object codes identified in the chart of accounts, and
- The amount of reserves in the fund.

Note: This uniform summary sheet format was written to describe the same budget format that was previously required to be submitted to the department. It is now required to be included with the district's adopted budget – July 1 of each year and posted on the district's website in accordance with transparency requirements.

B. Budgetary Accounting

The budget will serve as the basis for information appearing on required reports, as an integral part of the accounting records and as a tool for management control of expenditures during the year.

According to C.R.S. 22-44-105 (1.5) (b), each district shall annually prepare an itemized reconciliation between the fiscal year end fund balances based on the budgetary basis of accounting used by the school district and the fiscal year end fund balances based on the modified accrual basis of accounting. The reconciliation shall include, but need not be limited to, the liability for accrued salaries and related benefits. The reconciliation shall be included with the final version of the amended budget and the annual audited financial statements.

Note: This section does not apply to districts that do not use "budgetary basis" of accounting. However, it is the recommendation of the CDE that an annual reconciliation between the "audited ending fund balance" and the "budgeted beginning fund balance" be done as soon as the prior year's audit is complete and make appropriate adjustments to the "budgeted beginning fund balance" and "projected ending fund balance" to alleviate any unexpected over expenditures. The fund balance comparison should be incorporated with the budget as an addendum.

A GAAP budgetary basis includes all expenditures/expenses incurred and revenue earned during the period, regardless of whether cash was disbursed or received in the period. However, the liability for accrued salaries and benefits is not required to be budgeted. Districts will generally fall in one of four categories when developing budgets with regards to accrual liability funding:

BUDGET

1. Districts which choose to fully fund the accrual liability should not include the accrual funds in the beginning fund balance for budgeting purposes.
2. Districts which intend to fund any portion or all of the accrual liability may include that portion of the liability which is intended to be funded as part of the expenditure budget. In this case, an expenditure budget may be created to protect and, depending on the district's long-range plan for accrual funding, increase the accrual funding level.

If a positive fund balance is available without considering accrual funds, then these funds should not be used to calculate the beginning appropriated fund balance for budgetary purposes. In this case, an expenditure budget should be created annually to increase or maintain the accrual funding level.

3. Districts which are reducing accrual funding levels may include in the beginning fund balance that portion of the funded reserve which is intended to be budgeted to offset other expenditures.
4. Districts which choose not to fund the accrual liability must consider the liability as deferred when calculating the appropriated fund balance for budgeting purposes.

C. Budget Projections

To prepare budget projections for the ensuing fiscal year, the district should develop underlying assumptions forecasting sources and uses of funds.

1. Beginning Fund Balance

- a. The district should provide its best estimate of the end-of-year fund balances to be carried forward to the ensuing year as a beginning fund balance(s). This activity requires projection of accounts payable and receivable, expenditures and revenues for the remaining portion of the current budget year.
- b. According to C.R.S. 22-44-105(1.5)(a), a budget shall not provide for expenditures, interfund transfers, or reserves, in excess of available revenues and beginning fund balance.
- c. If any portion of the beginning fund balance is used to cover expenditures, interfund transfers, or reserves, a "specific resolution" must be adopted by the local board of education authorizing the use of that portion of the beginning fund balance in the school district's budget. The resolution shall specify (at a minimum).

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- (1) The amount of the beginning fund balance to be spent under the budget.
 - (2) State the purpose for which the expenditure is needed.
 - (3) State the district's plan to ensure the use of beginning fund balance will not lead to an ongoing deficit. C.R.S. 22-44-105 (1.5)(a)
- d. If at any time during the fiscal year following the adoption of the budget it is determined that the use of an additional portion of the beginning fund balance is necessary, the board of education shall adopt a resolution that meets at least the minimum requirements as specified above. C.R.S. 22-44-105 (1.5)(c)

2. Revenues

- a. Revenues from the Public School Finance Act of 1994 can be estimated based upon five primary factors. The first factor is the funded pupil count, the second is the district's assessed valuation, the third is the amount of per pupil funding, the fourth is the allowable mill levy, and the fifth is the applicable portion of actual prior year specific ownership taxes. These five variables are then used to calculate state funding and property tax revenues. Of the portion of revenues which are property taxes, the district will have to determine what percentage will be collectable based upon historical and current economic trends within the district.
- b. Specific ownership tax revenues should be estimated based upon historical averages and the current state of the local economy. Mobility of registered vehicle owners in and out of the county(ies) in the district will impact the percentage of specific ownership tax collected as well as the relationship of the district's property tax amount to the totals collected in the county(ies). Even though the prior year specific ownership tax collection amount is used for total program determination, the estimated current year amount should be used for budgeting purposes.
- c. For state program support funds, such as English language proficiency act (ELPA), vocational education, transportation, and special education (ECEA) anticipated receipts for the budget year need to be projected.
- d. Anticipated receipts from federal grants (governmental designated purpose grants such as Title 1, etc.) need to be projected. These projections should be based on levels of prior reimbursements under the specific categorical grant as well as current expenditure patterns. Caution should be utilized in estimating anticipated revenue from these grants to prevent possible cash flow problems and/or deficit spending.

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e. Other local sources

- (1) Interest revenue should be projected based upon cash flow, the amount of investable funds, and the anticipated rate of interest.
- (2) Tuition revenue should be estimated for non-resident pupils receiving educational services within the district. Under certain circumstances, such as summer programs, tuition may be received from resident students.
- (3) Community use fees assessed by the district for use of school facilities by individuals and organizations for private use need to be projected.
- (4) Proceeds from the sale of land or buildings should be recorded in the fund from which the property was originally purchased. However, if real property is sold the proceeds should be deposited in the capital reserve capital projects fund or bond redemption fund or both such funds. C.R.S. 22-32-110(e); 22-45-112.
- (5) Delinquent taxes and interest thereon estimated for the budget year should be based upon current and historical economic trends and the collection efforts made by the county treasurer's office.
- (6) Anticipated cash donations for an undesignated purpose may be budgeted in the general fund.
- (7) Any other cash donations anticipated for a specified purpose must be held and expended by the district in a fiduciary capacity. Any moneys, except non-expenditure donations where interest only may be used, should be handled in the trust and agency fund (for the appropriate fiduciary type fund (refer to the fund structure discussion in section C – accounting and reporting)).
- (8) Estimated student participation fees and gate receipts from school sponsored activities which meet the criteria established for the pupil Activity Fund may be budgeted in the pupil activity fund. (Refer to the accounting and reporting section under accounting principles - fund structure.)
- (9) Rental income anticipated from school lands and buildings shall be budgeted in the general fund or capital reserve capital projects fund.

Note: Caution should be utilized in estimating anticipated revenues to prevent possible cash flow problems and/or deficit spending.

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3. Revenue Allocation

Per C.R.S. 22-28-108(5.5) the per-pupil funding provided for the district's Colorado preschool program shall only be used to pay a district's costs of providing preschool services directly to children enrolled in the district's preschool program.

4. Expenditures

- a. Salaries, both current and anticipated, for full and part-time employees should be calculated by considering the district's staff and salary schedules, the timing of any salary increases, and any anticipated employee turnover.
- b. Employee benefits should be based upon the estimated number of staff employed (to determine, for example, health insurance premiums), the total salaries budgeted (to determine, for example, employer pension contributions, life insurance premiums, social security and Medicare taxes) and the specified amounts required to fund mandated benefits and district elected benefits. It should be noted that the required employer contribution rates, which includes the AED and SAED portions, for the Public Employee Retirement Association (PERA) will continue to increase annually through at least January 2018.
- c. Purchased services comprise expenditures such as county property tax collection fees, contracted services, tuition services, non-staff personnel, travel expenses, etc.
- d. Operations and maintenance costs should be calculated by using historical data or current estimates in conjunction with utilities and desired levels of on-site custodial and maintenance expenditures.
- f. Other expenses not identified above should be projected by the district based upon anticipated expenditure levels.

5. Transfers

- a. A board of education may transfer by resolution any unencumbered moneys from one fund to another, except the transportation fund, the special building and technology fund or the bond redemption fund. C.R.S. 22-45-103(1)(a)(II); C.R.S. 22-44-112(2)(a).

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- b. "If the transfer resolution authorizes expenditures in excess of the amount budgeted and appropriated to a particular function and there is no unencumbered appropriation available in another function to transfer to the function where additional expenditures are needed, the board may issue registered warrants to provide for such excess expenditures. The total amount of warrants which may be issued during any one fiscal year shall not exceed an amount equal to that which could be raised by a two mill levy on the valuation for the calendar year in which the second half of such fiscal year is included for assessment of the taxable property in the district. Transfers in excess of expenditures shall be deemed to be budgeted and appropriated for the purpose specified in the resolution upon the effective date of the resolution." C.R.S. 22-44-112(3)(c).
- c. Other transfers are operating subsidies to other funds.

6. Reserves for TABOR Emergency

Each district is to set aside in a reserve 3% or more of its fiscal year spending which excludes bonded debt service (article X-20(5) of the state constitution). Each district may elect to satisfy this 3% requirement through a cash reserve, letter of credit, or pledge of real property. If the district elects a cash reserve, this 3% TABOR emergency reserve will be reported through the data pipeline financial submission as restricted fund balance within the fund accounting statements. If the district elects to satisfy TABOR emergency reserve requirements with a letter of credit or pledge of real property the district must establish a district emergency reserve as described in section 7 below.

Regardless of which method a district elects to satisfy TABOR emergency reserve requirements, the amount of the reserve (3% or more of fiscal year spending) and method used should be disclosed in the notes to the financial statements included in the district's CAFR or audited annual financial statements. In addition, district staff should discuss with its independent auditor and/or legal counsel their interpretations of addressing compliance with the TABOR emergency reserve requirements.

7. District Emergency Reserve

If the district elects to satisfy TABOR emergency reserve requirements described in section 6 above, with either designation of real property or a letter of credit per C.R.S. 22-44-105 (c.5), the district will designate real property or secure a letter of credit for the amount of its TABOR emergency reserve requirement (3% or more of its fiscal year spending).

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In addition, the district will establish a cash reserve as a restricted or committed fund balance in the general fund for the budget year, an amount equal to at least three percent of the amount budgeted to the general fund. This district emergency reserve will be reported through the data pipeline financial submission as a restricted or committed fund balance within the fund accounting statement for the general fund. Note that the district emergency reserve is calculated based on 3% of the general fund budget and not on the district's fiscal year spending. Also, the district will provide a letter of intent as follows if:

- (I) Designate real property owned by the district as all or a portion of the TABOR emergency reserve required as long as the district's board has filed with the state treasurer and the department of education a letter of intent that expresses the intent of the board to increase the liquidity of such property upon the occurrence of a declared emergency within the meaning of section 20 (5) of article X of the state constitution by entering into one or more lease-purchase agreements with respect to such property or by other means acceptable to the state treasurer; or
- (II) Secure a letter of credit from an investment-grade bank as all or a portion of the reserve required so long as the board has filed with the state treasurer and the department of education a letter of intent that expresses the intent of the board to satisfy its obligation to reimburse the bank for moneys drawn on the letter of credit upon the occurrence of a declared emergency that are not reimbursed to the bank within the same fiscal year by entering into lease-purchase agreements with respect to real property owned by the district.

Upon review of the letter of intent submitted to the state treasurer and the department of education, the department of education will notify the district's board of acceptance, if appropriate, of the use of real property to satisfy the TABOR emergency reserve requirements (3% or more of fiscal year spending) and for the establishment of a district emergency reserve (3% of general fund budget).

If at any time the board of education expends any moneys from the district emergency reserve created pursuant to this paragraph 7 the board shall restore the reserve to 3% of the amount budgeted to the general fund as follows:

- (I) If the board of education expends moneys from the district emergency reserve in a single fiscal year, the board shall restore the reserve within 36 months of the first draw of the money from the reserve; and
- (II) If the board of education expends moneys from the district emergency reserve in two consecutive fiscal years, the board shall restore the reserve by the end

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of the fiscal year following the second fiscal year in which the board expended moneys from the reserve.

It is recommended that board of education action be taken for any use of the district emergency reserve and plan to replenish such reserve amount as required in (I) or (II) above.

8. Reserve for TABOR Multi-year Obligations

A cash reserve pledged irrevocably and held for payments in all future fiscal years of any multiple fiscal year direct or indirect district debt or other financial obligations. An example is a multi-year contract with the superintendent of schools.

Note: Financial obligations which include an annual appropriation clause are not required to be reserved under this provision.

D. Required Budgeted Items

1. At-Risk Funding

Districts must expend at least 75% of its School Finance Act at-risk funding on direct instruction or staff development, or both, for the educational program for at-risk pupils. C.R.S. 22-54-105(3).

2. Legal Requirements and Recommended Practices

Minimum requirements for budget reporting include:

- a. Though not required, it is strongly advised to report actual revenues and expenditures in detail for the last completed fiscal year.
- b. Revenues and expenditures, anticipated or budgeted or both, for the current fiscal year C.R.S. 22-44-105(1)(b).
- c. Proposed revenues and expenditures for the ensuing fiscal year. C.R.S., 22-44-105
- d. Beginning fund balances for each fiscal year.
- e. The optional amounts transferred to the capital reserve capital projects fund and to a fund or an account within the general fund established solely for the management of risk-related activities. C.R.S. 22-54-105(2).

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- f. Allocate appropriate per-pupil funding to the district's preschool program.
- g. Local major objectives of the educational program. C.R.S. 22-44-108(1)(a).
- h. Every fund must be budgeted on a fiscal year basis. This includes revenue and expenditures for federal and state governmental designated purpose grants, whether included in the general fund or treated as a separate fund(s).
- i. Supporting explanatory schedules or statements, as needed, of sufficient detail to judge the validity thereof of anticipated revenues and proposed expenditures. C.R.S. 22-44-105(2), C.R.S. 22-44-107,108).
- j. A statement which summarizes the aggregate of revenues, appropriations, assets and liabilities of each fund in balanced relations. C.R.S. 22-44-105(2).

Each budget shall include a uniform summary sheet for each fund administered by the district in sufficient detail to meet the requirements under C.R.S. 22-44-105(1)(d.5)

- k. A disclosure of planned compliance with section 20 of article X of the state constitution. C.R.S. 22-44-105(2).

The budget shall ensure that the school district holds "unrestricted" TABOR emergency reserves in general fund or other appropriate funds (not bond redemption fund or any other fund that has restricted revenue). The statute reads "cash" fund, but the state's deputy treasurer has clarified that cash funds is a state accounting term and means the same as all other available funds.

Per C.R.S. 22-44-105 (1)(c.5) the budget shall ensure that the school district holds unrestricted general fund or cash fund emergency reserves in the amount required under the provisions of section 20 (5) of article X of the state constitution; except that, if a board of education provides for a district emergency reserve in the general fund for the budget year, established at an amount equal to at least 3% of the amount budgeted to the general fund, the district's board may:

- (l) Designate real property owned by the district as all or a portion of the reserve required as long as the board has filed with the state treasurer and the department of education a letter of intent that expresses the intent of the board to increase the liquidity of such property upon the occurrence of a declared emergency within the meaning of section 20 (5) of article X of the state constitution by entering into one or more lease-purchase

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agreements with respect to such property or by other means acceptable to the state treasurer; or

- (II) Secure a letter of credit from an investment-grade bank as all or a portion of the reserve required so long as the board has filed with the state treasurer and the department of education a letter of intent that expresses the intent of the board to satisfy its obligation to reimburse the bank for moneys drawn on the letter of credit upon the occurrence of a declared emergency that are not reimbursed to the bank within the same fiscal year by entering into lease-purchase agreements with respect to real property owned by the district.
- I. Disclosure of the following lease-purchase agreement information: (1) payments due during the ensuing fiscal year; (2) payments due after the ensuing fiscal year and the period in which they are due, and (3) the funding source for the payments. C.R.S. 29-1-103.

E. Working with the County Treasurer

1. **County Public School Fund** - Each county treasurer will maintain a continuing fund known as the county public school fund, into which shall be paid the proceeds of all county school moneys. C.R.S. 22-54-113.
 - a. Each district in the county shall be entitled to receive distribution during a budget year of moneys in the fund in the proportion that funded pupil count in the county is to the aggregate of the funded pupil counts of all districts in the county.
 - b. The department of education “shall determine the proportionate part of the county public school fund to be paid during the budget year to each district in the county. These proportions shall be the basis upon which the moneys in the funds shall be distributed during the ensuing budget year.”
 - c. “At the end of each month during such year the county treasurer shall credit or pay over the proper proportions of the moneys in the fund to the general funds of the districts in the county.” C.R.S. 22-54-113(3).
2. **Fees.** The county treasurer shall charge a collection fee of one-quarter of one percent upon moneys collected for or distributed to any district located in whole or in part in the county from taxes levied for the general fund of the district. C.R.S. 22-54-119(1). No collection fee shall be charged on other school taxes exempt by law from said collection fees. C.R.S. 30-1-102(1)(a).

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- a. The county treasurer is allowed to collect a fee of one percent for receiving all moneys other than taxes, except moneys received from all federal funds derived from any and all sources.
 - b. No collection fees shall be charged upon any moneys collected and distributed under the provisions of state law pertaining to local and state share of total program funding, C.R.S. 22-54-106, and distributions from state public school fund, C.R.S. 22-54-114.
 - c. The county treasurer shall not collect any fee on the moneys received by virtue of a tax levy, nor shall he collect any fee on any moneys received from any other source to pay bonds or interest thereon. C.R.S. 22-42-118(4). A collection fee may be charged as provided in C.R.S. 30-1-102(1)(q), for services rendered by virtue of his office having been designated as the place of payment or optional place of payment for bonds. Fee shall only be collected when the county treasurer has a financial institution perform such services regarding the bonds.
3. **Statement of Account.** "The county treasurer shall, no later than the 10th day of each month, render a monthly itemized statement of account, on a form prescribed by the state board of education, to each school district in the county and to each joint school district if the headquarters thereof are located in the county, when the board of education has elected, pursuant to law, to have school district moneys received by the county treasurer paid over to the treasurer of the district." C.R.S. 22-45-108.
 4. **Specific Ownership Tax.** The county treasurer is to calculate the percentages which the dollar amount of ad valorem taxes levied in the county during the preceding calendar year for the various entities were of the aggregate dollar amount of ad valorem taxes levied. C.R.S. 42-3-106(26). This percentage is used to apportion the amount of specific ownership tax revenue due the various governmental entities. Specific ownership tax revenue may be apportioned to any fund with a mill levy.

F. Tax Levies and Revenue

1. **Certification of Assessed Valuation.** No later than August 25 of each year, the assessor shall certify to the secretary of each school district the total valuation for assessment and the actual value of all taxable property and abatement and taxes collected on omitted property located within the territorial limits of the school district. C.R.S. 39-5-128(1).

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On or before December 10 of each year, the property tax administrator shall notify the school districts of final changes, if any, to the valuations for assessment of all taxable property within each county and for each district or portion of a joint district in each county. C.R.S. 39-1-111(5), C.R.S. 22-54-112(1).

2. **Pupil Enrollment.** On or before November 10 of each year, the secretary of the board of education of each district shall certify to the state board the pupil enrollment, the on-line pupil enrollment, the ASCENT program pupil enrollment, and the preschool program enrollment of the district taken in the preceding October or previously in November.. C.R.S. 22-54-112(2)(a). The “Verification of Student October Data” report generated from data pipeline should be used for this certification.
3. **Certification to County Commissioners.** The board of education of each school district no later than December 15 shall certify to the board of county commissioners of the county, wherein said school district is located, the separate amounts necessary, in the judgment of the board of education, to be raised from levies against the valuation for assessment of all taxable property located within the boundaries of said school district for its general fund, bond redemption fund, transportation fund, and special building fund to defray its expenditures during the next ensuing fiscal year. C.R.S. 22-40-102(b)(I); and 39-5-128.
 - a. A board of education or board of county commissioners shall not modify the amount certified pursuant to section 22-40-102. A board of county commissioners has no responsibility other than to verify if amounts certified are within the limitations as proscribed by law. C.R.S. 22-40-103. However, C.R.S. 22-42-118(2) gives county commissioners the authority to levy taxes on real property sufficient for a district to adequately service its bonded debt when a board of education fails to certify revenues adequate for this purpose.
 - b. A school district shall add an amount equal to the proportional share of the total amount of abatements and refunds granted to the setting of the mill levy for such school district. C.R.S. 39-10-114(1)(a)(I)(B)
 - c. “A public entity or designated insurer shall pay any compromise, settlement, or final judgment in the manner provided in this section, and an action pursuant to the Colorado rules of civil procedures shall be an appropriate remedy to compel a public entity to perform an act required under this section.” C.R.S. 24-10-113(1)

“If a public entity is unable to pay a judgment during the fiscal year in which it becomes final because of lack of available funds, the public entity shall levy a tax, in a separate item to cover such judgment, sufficient to discharge such judgment

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in the next fiscal year or in the succeeding fiscal year if the budget of the public entity has been finally adopted for the fiscal year in which the judgment becomes final before such judgment becomes final; but in no event shall such annual levy for one or more judgments exceed a total of ten mills, exclusive of existing mill levies." C.R.S. 24-10-113(3).

4. **Estimate of State Funding.** No later than thirty days prior to the beginning of the budget year, the Department of Education shall determine the estimated requirements to provide each district and each institute charter school the amount it is eligible to receive from the state during the next ensuing fiscal year of the state. C.R.S. 22-54-114(2).
5. **Notice of Reduced Mill Levy Attributable to State Funds.** No later than December 15 each school district, with whatever assistance is required from the Department of Education, shall inform the county treasurer of the district's General Fund mill levy in the absence of funds estimated to be received from the state. C.R.S. 22-40-102(6); 22-54-116.
6. **Determination of State Funds.** No later than June 30 of each year, the State Board shall determine the amount of the state's share of the district's total program for the budget year beginning July 1. C.R.S. 22-54-115(1).

G. State Contingency Reserve

1. An amount to be determined by the general assembly shall be appropriated annually to the contingency reserve fund, which is hereby created in the state treasury. In deciding the amount to be appropriated to the contingency reserve fund, the general assembly may take into consideration any recommendations made by the department of education, but nothing in this section shall be construed to obligate the general assembly to provide supplemental assistance to all districts determined to be in need or fully fund the total amount of such need. The State Board is authorized to approve and order payments from such contingency reserve fund for supplemental assistance to districts determined to be in need thereof as the result of circumstances as listed in statute. C.R.S. 22-54-117(1)(a).
2. If payment for supplemental assistance is made because of financial emergency arising from nonpayment of property taxes pending administrative appeal or litigation, or both, and the school district later receives payment of the taxes, the school district is required to reimburse the Contingency Reserve Fund in full plus interest as set by statute. C.R.S. 22-54-117(1)(c).

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H. Elections

A district which desires to raise and expend local property tax revenues in excess of its total program funding may conduct an election to raise and expend additional local revenues not to exceed a specific dollar or percentage as noted below. C.R.S. 22-54-108, et seq.

1. An election seeking additional local revenue may be conducted as a school district election on general election day in even numbered years or at a special school district election on the first Tuesday in November in odd numbered years. Article X-20(3) of the state constitution.

Beginning in budget year 2009-10, pursuant to 22-54-108 (3) (b) (III), C.R.S., the total additional local property tax revenues that may be received from an election held under this section shall not exceed under any circumstances 25 percent of the district's total program or \$200,000, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for the 2001-02 budget year from a cost-of-living override election.

2. State statute C.R.S. 22-54-108(2) provides a process for citizens to submit an initiative petition requiring the district to conduct an election to authorize an increase or a decrease to the mill levy election.
3. Other elections may be held as follows:
 - a. A mill levy for the payment of excess transportation costs and/or related capital needs may be held on general election day in even numbered years or at a special school district election on the first Tuesday in November in odd numbered years. C.R.S. 22-40-102(1.7).
 - b. At a special election to impose a mill levy for the special building and technology fund, which levy shall not exceed ten mills in any year or exceed three years in duration. Any special election called shall be held on the first Tuesday after the first Monday in February, May, October, November or December. C.R.S. 22-40-102(1.5).
 - c. An election for the bond redemption fund may be held on the first Tuesday in November for each odd-numbered year (e.g. 2015) or on the day of the general election in even numbered years (e.g. 2016). C.R.S. 22-42-102(2)(c). Article X-20(3) of the state constitution.

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- d. An election to raise and expend additional local property tax revenues to provide funding for excess full-day kindergarten program costs and/or related capital needs in the district for the then-current budget year and each budget year thereafter. C.R.S. 22-54-108.5 (1)(a)
- 4. Contesting the Result of an Election - The result of any election to determine a ballot issue that includes the approval of the creation of any debt or other financial obligation may be contested if the required notice as explained below is not provided or the notice contains any material misstatement.

A district seeking voter approval of bonded debt or other financial obligation is required to post notice of the following information on the district's web site or, in the absence of a district website, the information must be made available for public review at the Chief Administrative Office no later than 20 days before the election. C.R.S. 1-7-908

- a. The district's ending general fund balance for the last four fiscal years and the projected ending general fund balance for the current fiscal year.
- b. A statement of the total revenues in and expenditures from the district's general fund for the last four fiscal years and the projected total revenues in and expenditures from the general fund for the current year.
- c. The amount of any debt or other financial obligation incurred by the district for each of the last four fiscal years that has a term of not more than one year and the amount of any such financial obligation projected for the current fiscal year.
- d. A statement indicating whether the district's emergency reserve required by TABOR has been fully funded by cash or investments for the current fiscal year and each of the last four fiscal years and an identification of the funds or accounts in which the reserve is currently held. If the reserve is not fully funded, a statement of explanation is required.
- e. The location(s) where any person may review the districts audited financial statements for the last four fiscal years, any management letters that have been made public and have been provided to the district by its auditors in connection with the preparation of its audits for the last four fiscal years, and the district's budget for the current fiscal year.
- f. If the debt or other financial obligation for which the district is seeking voter approval is to be paid from a revenue source other than the general fund, the information required in a and b above shall also be made available for that fund.

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All of the financial information required shall be based on audited figures. If no audited figures are available, the information shall be based on estimated figures.

IV. Budget Publication and Adoption

The board of education of each school district shall adopt a budget and an appropriation resolution for each fund which presents a complete financial plan for the ensuing fiscal year. In accordance with budget law, the budget shall include revenues and expenditures, anticipated or budgeted or both, for the current fiscal year, and proposed revenues and expenditures for the ensuing fiscal year. C.R.S. 22-44-103 and 105. Refer to C.R.S. 22-44-105 for a complete list of requirements.

The budget shall present a complete financial plan for the ensuing fiscal year by fund. C.R.S. 22-44-105.

A. Notice of Budget Publication

- **Proposed Budget/Notice to Public.** The proposed budget shall be submitted to the board of education at least 30 days prior to the beginning of the fiscal year (June 1). C.R.S. 22-44-108. "Within 10 days after the submission of the proposed budget, the board of education shall cause to be published a notice stating that the proposed budget is on file at the principal administrative offices of the school district; that the proposed budget is available for inspection during reasonable business hours; that any person paying school taxes in the district may file or register an objection thereto at any time prior to its adoption; and that the board of education of the school district will consider adoption of the proposed budget for the ensuing fiscal year on the date, time and place specified in the notice." State law provides the format for the public notices. C.R.S. 22-44-109.
- **Budget Consideration by Public.** State law requires that a public meeting be held at which the proposed budget will be considered. The board of education may consider objections to the proposed budget raised by taxpayers and may make adjustments to the budget. After adoption of the budget, the board shall not change the budget except as authorized by state law. C.R.S. 22-44-110.

B. Budget Adoption

1. The board of education of each school district shall adopt a budget for each fiscal year prior to the beginning of the fiscal year. C.R.S. 22-44-103(1).

Each budget shall include a uniform summary sheet for each fund administered by the district. The following details by fund shall be included; beginning balance, anticipated ending balance, anticipated revenues by programs and source code,

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anticipated transfers and allocations, anticipated expenditures by programs and source code and reserves by programs and source code. C.R.S. 22-44-105(1)(d.5) The format to be used is provided by the department of education, school finance and operations division.

2. After adoption of the budget, the board may review and change the budget, with respect to both revenues and expenditures, at any time prior to January 31. Subsequent changes shall be authorized under supplemental budget provisions. C.R.S. 22-44-110(5).

C. Appropriation Resolution

1. The board of education shall adopt a budget and an appropriation resolution for each fiscal year prior to the beginning of the fiscal year. C.R.S. 22-44-103(1). "The appropriation resolution shall specify the amount of money appropriated to each fund; except that the operating reserve authorized by 'statute' shall not be subject to appropriation for the fiscal year. C.R.S. 22-44-107(1). "The amounts appropriated to a fund shall not exceed the amount thereof as specified in the adopted budget." C.R.S. 22-44-107(2).
2. A board of education of a school district shall not expend any moneys in excess of the amount appropriated by resolution for a particular fund. C.R.S. 22-44-115(1).

D. Failure to Adopt a Budget

If either the budget or appropriation resolution is not adopted, then 90% of the last duly adopted budget and appropriation resolution shall be deemed to be budgeted and appropriated. C.R.S. 22-44-104.

E. Reserve for Contingencies

Within the budget, each school district shall establish an Emergency Reserve consisting of a minimum of not less than three percent of its fiscal year spending excluding bonded debt service. This reserve is to be used for declared emergencies only, and not made available to address "economic conditions, revenue shortfalls, or district salary or fringe benefit increases". Any amounts used in the current year must be restored in the ensuing year's budget. A reserve must also be maintained for non-voted multi-year obligations for which an annual appropriation clause is not included in the agreement. Article X of the state constitution, section 20(2)(c) and (5).

See also a discussion of the district emergency reserve under this budget section at C-7.

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During the budget year, unidentified operating needs or other emergencies may impact the integrity of the budget if contingencies are not planned for. Districts are advised to set aside funds in the budget for potential revenue shortfalls and unanticipated expenditure needs.

F. Non-Appropriated Operating Reserves

A board of education may provide for an operating reserve of up to 15 percent of the amount budgeted to the general fund. Such operating reserves shall not be appropriated or expended for the current fiscal year, but shall be carried forward as a beginning general fund balance. C.R.S. 22-44-106(2). Note: Appropriated reserves are not subject to this provision.

G. Other Reserves

If applicable, the district must provide for reserves related to the remaining balances in the Colorado Preschool Program and Supplemental Full Day Kindergarten

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SAMPLE APPROPRIATION RESOLUTION

APPROPRIATION RESOLUTION

Be it resolved by the Board of Education of _____ School District/BOCES in _____ County, that the amounts shown in the following schedule be appropriated to each fund as specified in the Adopted Budget for the ensuing fiscal year beginning July 1, 2015 and ending June 30, 2016.

**APPROPRIATION
AMOUNT**

FUND	APPROPRIATION AMOUNT
1. General Fund	1 0
1a. Charter School Fund	1a. 0
1b. Insurance Reserve Fund	1b. 0
1c. Pre-School Fund	1c. 0
Special Revenue Funds:	
3. Food Service Special Revenue Fund	3 0
4. Governmental Designated-Purpose Grants Fund	4 0
5. Pupil Activity Special Revenue Fund	5 0
6. Full-Day Kindergarten Mill Levy Override Fund	6 0
7. Transportation Fund	7 0
8. Other Special Revenue Funds	8 0
Bond Redemption Fund	9a. 0
9a. Bond Redemption Fund	9a. 0
9b. Non-Voter Approved Debt Fund	9b. 0
Capital Projects Funds:	
10. Building Fund	10 0
11. Special Building and Technology Fund	11 0
12. Capital Reserve Capital Projects Fund	12 0
Enterprise Funds:	
13. DO NOT USE	13 0
14. Other Enterprise Funds	14 0
Internal Service Funds:	
15. Risk-Related Activity Fund	15 0
16. Other Internal Service Funds	16 0
Trust/Agency Funds:	
17. Pupil Activity Agency Fund	17 0
18. Trust and Other Agency Funds	18 0
19. Foundation Fund	19 0
20. Component Units	20 0
TOTAL APPROPRIATION	21 0

(Signature, President of the Board) in accordance with 22-44-110(4).

(Date of the adoption of the budget)

(Signature of person attesting to the Board President signature)

(1) The board of education of each school district shall adopt an appropriation resolution at the time it adopts the budget. The appropriation resolution shall specify the amount of money appropriated to each fund, except that the operating reserve authorized by section 22-44-106(2) shall not be subject to appropriation for the fiscal year covered by the budget, and except that the appropriation resolution may, by reference, incorporate the budget as adopted by a board of education for the current fiscal year.

(2) The amounts appropriated to a fund shall not exceed the amount thereof as specified in the adopted budget. 22-44-107(2).

The next column shows a sample appropriation resolution which may be adopted at the time the board of education adopts the budget. See other appropriation resolutions in the Financial Policies and Procedures Handbook

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V. Supplemental Budgets

If money for a specific purpose from other than ad valorem taxes (except for paragraph D below) subsequently becomes available to meet a “contingency,” which is defined as: “an act of God or the public enemy, or some event which could not have been reasonably foreseen at the time of the adoption of the budget of a school district,” C.R.S. 22-44-102(3), a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriation of said money made. C.R.S. 22-44-110(5).

- A. A supplemental budget and the appropriation resolution must be adopted before expenditures relative to the supplemental budget are made.
- B. It is not necessary to file a copy of the supplemental budget and appropriation resolution with the state department of education. However, a copy must be provided to the district's independent auditors during the annual school district audit. Sample forms of the supplemental budget and appropriation resolution are on the following pages.
- C. Supplemental budgets and resolutions must include the name of the fund, receipts with source of money clearly identified and expenditures by function (program) and object. The total expenditures must be equal to or less than the receipts. (Refer to the supplemental budget form in this section.) Presentation of the supplemental budget could be presented with (1) just the change amount or (2) the original amounts plus the change amount to derive the revised amount. The sample format is with just the change amount.
- D. If a school district is authorized to raise and expend additional local property tax revenues by an election, the board of education may adopt a supplemental budget and an appropriation resolution to cover that portion of the fiscal year following such election. C.R.S. 22-44-110(6).

BUDGET

A resolution for adopting a supplemental budget must be used for changes to the budget after January 31st.

Best practice would be to incorporate these resolutions into the budget document. At a minimum, these documents should be kept on file for the district's audit.

- Under Section 22-44-110(5), After January 31, the board shall not review or change the budget except as authorized by this article; except that, where money for a specific purpose from other than ad valorem taxes subsequently become available to meet a contingency, the board may adopt a supplemental budget for expenditures not to exceed the amount of said money and may appropriate said money therefrom.
- A supplemental budget and the appropriation resolution must be adopted before expenditures relative to the supplemental budget are made.
- Supplemental budgets and resolutions must include the name of the fund, receipts with sources of money clearly identified and expenditures by program and object. The total expenditures must be equal to or less than the receipts.
- If a school district is authorized to raise and expend additional local property tax revenues by an election, the board of education may adopt a supplemental budget and an appropriation resolution to cover that portion of the fiscal year following such election. C.R.S. Section 22-44-110(6)

The next page contains an example resolution which may be adopted at the time the board identifies the need for a supplemental appropriation.

BUDGET

(state the fund involved)

SOURCE OF MONEY FOR A SPECIFIC PURPOSE AND NATURE OF PROJECT (brief summary)

REVENUES:

Totals

Sources of Revenue

Local
State
Federal

Total Revenues

EXPENDITURES:

Expenditure Categories

Salaries
Benefits
Purchased Services
Supplies

Total Expenditures

RESOLUTION

AUTHORIZING A SUPPLEMENTAL BUDGET AND APPROPRIATION AUTHORIZED BY COLORADO
STATUTES

BE IT RESOLVED, that the additional expenditure amount of \$ _____,
as shown above, be appropriated to the (state the specific fund involved) for the fiscal year
beginning July 1, 2014 and ending June 30, 2015.

Adopted this (state the date of the resolution)

(state the name of the school district)

(Signature, President of the Board) in accordance with 22-44-110(4).

(Signature of person attesting to the Board President signature)

BUDGET

VI. Budgetary Control

It is important to perform budget monitoring, control and analysis functions to ensure that district budgets are on target and to provide revised estimates of ending balances to forecast the future financial situation. An overview of projections on a periodic basis for revenue and expenditure categories with some suggested analysis techniques is provided below.

A. Monitoring and Analysis

Budget monitoring and analysis need to occur on a periodic basis. Monthly, quarterly and a mid-year analysis of the budget are appropriate tools to track budget versus actual expenditures. These analyses can be timed to coincide with the issuance of financial reports to the board of education. "Continuing balances of the various budgetary accounts shall be maintained on at least a monthly basis. The board of education of each school district shall review the financial condition of said school district at least quarterly during the fiscal year. The board shall require the secretary, treasurer, or any employee who has duties which relate to the fiscal affairs of said school district to submit a financial report covering the fiscal actions involving the general fund, and other funds that the board may request, at least quarterly. The report should include (at a minimum): C.R.S. 22-45-102 (b)

1. Actual expenditures and revenue as of the date of the report from each of the several funds budgeted by the district for the fiscal year.
 - a. Expressed in dollar amounts
 - b. Expressed in percentages of the annual budget
2. Actual expenditures and revenue for each fund for the same period in the preceding fiscal year.
 - a. Expressed in dollar amounts
 - b. Expressed in percentages of the annual budget
3. Expected year-end balances
 - a. Expressed as dollar amounts
 - b. Expressed in percentages of the annual budget
4. Comparison of the expected year-end fund balances with the amount budgeted for that fiscal year.

B. Revenue Tracking

The revenue accounts to be monitored are, generally speaking, best tracked through an elapsed time-of-year comparison.

1. Prior year history showing receipts can be compared to current year receipts to determine a revised estimate of anticipated revenue. This generally works well for

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categories such as property taxes, delinquent taxes, specific ownership taxes and miscellaneous income.

2. Other income categories can be monitored more specifically by using known variables. For example, interest income can be projected based upon estimated cash available for investment and projected interest rates. Specific state sources such as: Public School Finance Act, vocational education, special education, transportation and the english language proficiency act can be projected based upon state documents and reports with estimated reimbursement rates. Other income sources such as PL-874 (Impact Aid) and forest and mineral leases can be monitored compared to estimated receipts based on historical revenue levels.
3. All income categories are subject to major change. Property tax collections can change significantly if a major taxpayer goes out of business.
4. In almost all cases, the more important revenue categories to watch closely are the collection of property tax and the payment of state aid. These revenues provide the largest single sources of district income. A small change in the property tax collection level can result in a major dollar impact on the budget. In addition, a state shortfall can result in a state rescission of funds to school districts. Therefore the state financial situation needs to be observed also. These revenue suggestions are broad parameters for consideration.

C. Methods of Analysis

The actual monitoring of expenditures by account number should be done as expenditures are made on a daily basis. The control of expenditures should occur at that time. If expenditures exceed budget, a decision could be made to determine if the expenditure is critical and funds budgeted in another account might be able to “cover” that expenditure via an intrafund budget transfer.

The monitoring and analysis of expenditures is usually more detailed and involved because of the numerous accounts and various categories of expenditures. There are several methods which can be used to monitor expenditures:

1. The first is a time-of-year comparison. This calculation compares the percentage of the year which has elapsed with the percentage of the budget which has been expended.
2. Another analysis method is the comparison of prior year revenue history to that anticipated for the budget year.

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3. A third method is the comparison of budget to actual costs by reviewing documents received after the establishment of the budget to insure budget adequacy.
4. The most important expenditure categories to monitor closely are salaries and benefits because of their large percentage of the budget. Utility costs also require a thorough analysis. Supply and material and capital outlay expenditures are more difficult to monitor due to possible fluctuations in spending patterns.

D. Transfers to Capital Reserve and Risk Management

Transfers to and from the risk management and capital reserve capital projects funds are optional.

E. Estimates

The monitoring and control of the budget leads to the analysis of estimated revenue and expenditure figures. These result in a revised ending balance which can be used in projections for the upcoming year. The techniques described are applicable to all funds. The analysis of the budget may be done with specific tools, but it is an art and not a science, it is important to remember that a district's financial situation is constantly in a state of flux.

F. Borrowing from Funds

1. A local board may, by resolution, borrow unencumbered moneys from any fund except the bond redemption fund at any time. All borrowed monies must be repaid when needed by the lending fund to meet obligations and all revenues credited to the borrowing fund shall be used first to repay the loan. C.R.S. 22-44-113(1)
2. All loans shall be repaid no later than 3 months after the beginning of the following budget year.
3. If revenue is not received in the borrowing fund to repay the loan, the general fund must expend the monies to repay the loan, and the receiving fund shall record the monies as revenue.
4. This provision shall apply to all funds created by law or regulation or by action of a school district.

Investment earnings from funds derived from interfund borrowing may be allocated at the district's discretion.

G. Board of Education Review

The board of education of each school district shall review the financial condition of the school district from time to time during the fiscal year and may require the secretary,

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treasurer, or any employee who may have duties which relate to the fiscal affairs of said school district to submit a financial report covering the fiscal actions as deemed appropriate by the board. C.R.S. 22-45-102(1).

H. Fiscal Emergency

During any budget year, if a board of education determines that anticipated revenues and the amounts appropriated in the budget exceed actual revenues due to action by the general assembly or the governor, the board may declare a fiscal emergency in such budget year. A fiscal emergency may only be declared by a two-thirds vote of the board members at a public meeting following a public hearing within the district.

If a fiscal emergency is declared, the board may implement salary reductions for all district employees on a proportional basis or may alter the work year of such employees. C.R.S. 22- 44-115.5.

I. Maintenance of Records

“All records shall be maintained at the principal administrative offices of the school district. Accounts shall be posted and reconciled at least monthly. Records shall be open for public inspection during reasonable business hours.” C.R.S. 22-45-102(2).

ACCOUNTING AND REPORTING

PART 1: ACCOUNTING PRINCIPLES

I. *Introduction to Accounting Principles*

This section sets forth certain accounting principles to be used by local school districts of the state. To make school financial data useful on a statewide basis, local school districts must be uniform and consistent in the application of accounting principles. Lack of consistent application of accounting principles could ultimately distort financial information and impact the operations of the local school district. Generally accepted governmental accounting principles are contained in the *Governmental Accounting Standards Board, Codification of Governmental Accounting and Financial Reporting Standards* updated annually (GASB Codification). Periodically GASB will issue new pronouncements, which introduce or modify current standards. In the absence of officially established accounting principles, the governmental entity should follow the established GAAP Hierarchy for additional guidance. The chief financial officer of the district should be familiar with and have a copy of the GASB Codification. Also available from GASB are the original pronouncements and a comprehensive implementation guide.

II. *Generally Accepted Accounting Principles (GAAP)*

Generally accepted accounting principles (GAAP) are uniform minimum standards of and guidelines to financial accounting and reporting. "The board of education of each school district shall cause financial records to be kept in accordance with generally accepted principles of governmental accounting." C.R.S. 22-45-102. Also applicable to the Charter School Institute, individual charter schools, charter school collaboratives, charter school networks, and BOCES. Adherence to GAAP assumes that financial reports of all school districts contain the same types of financial statements and disclosures for the same categories and types of funds based on the same measurement and classification criteria.

An important aspect of GAAP as applied to school districts is the recognition of the variety of legal and contractual considerations (such as budget requirements, federal and state requirements, etc.) typical of the governmental environment. These considerations underlie and are reflected in the fund structure, basis of accounting, and other principles and methods and are a major factor distinguishing governmental accounting from commercial accounting. Governmental accounting systems designed in conformity with these principles can readily satisfy most management control and accountability information needs with respect to both GAAP and legal compliance reporting.

Note: Financial statements that conform to GAAP but do not also satisfy legal compliance requirements may require additional supplemental schedules to address the legal compliance requirements.

ACCOUNTING AND REPORTING

III. Basis of Accounting

The modified accrual or accrual basis of accounting, as appropriate, shall be used in measuring financial position and operating results for fund accounting purposes.

"The major differences in applying the accrual concept in governmental fund accounting, as opposed to proprietary fund and government-wide (commercial) accounting, relate to differences in the environment and in the accounting measurement objectives." GASB 1600.105

- A. Governmental fund revenues and expenditures shall be recognized on the current financial resources measurement focus and the *modified accrual basis* (refer to the **Glossary** for definition). Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due. GASB 1600
- B. Proprietary fund revenues and expenses shall be recognized on the economic resources measurement focus and the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. GASB 1600
- C. Fiduciary funds (trust and agency funds – which include pension trust funds, Investment trust funds, private-purpose trust funds, and agency funds) are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Revenues and expenses or expenditures are recognized on the basis consistent with the fund's accounting measurement focus. Trust and pension trust funds are accounted for on the accrual basis. Agency fund assets and liabilities are accounted for on the modified accrual basis. GASB 1600
- D. Transfers and/or interfund loans are recognized in the accounting period in which the interfund receivable and payable arise.
- E. Revenue recognition under the current financial resources measurement focus provides, "When a property tax assessment is made, it is to finance the budget of a particular period, and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was levied, provided the 'available' criteria are met. 'Available' means when due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. If, because of unusual circumstances, the facts justify a period greater than 60 days, the governmental unit should disclose the period being used and

ACCOUNTING AND REPORTING

the facts that justify it." GASB 1600 and GASB P70 Districts should also establish a revenue recognition policy for non-property tax assessments which may have a period other than 60 days. *The district should discuss this issue with its auditor.*

IV. Compliance with Legal and Generally Accepted Accounting Principles (GAAP)

Financial statements must comply with both Colorado Revised Statutes and GAAP reporting requirements. C.R.S. 29-1-603(2)

A. Legal Compliance Reporting Essential

Where financial statements prepared in conformity with GAAP do not demonstrate finance-related legal and contractual compliance, the local school district shall present such additional schedules and narrative explanations in the annual financial report as may be necessary to report its legal compliance responsibilities and accountabilities. In unusual cases, preparation of a separate legal-basis special report may be necessary. C.R.S. 29-1-603(2)

GAAP only requires a budget comparison schedule for the General Fund and major (for audit purposes) special revenue funds. However, Colorado legal compliance requires budgets for an enterprise funds, debt service funds (such as bond redemption), capital project funds (such as building), other non-major special revenue funds, and for charter schools. A budget comparison schedule is not required for trust and agency funds; or for non-charter school component units. However, a schedule of changes is required for trust and agency funds for validation of the auditor's integrity report.

C.R.S. 22-45-102(1)(a), states that 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 audit law under C.R.S. 29-1-605(1)(a), "financial statements which shall be prepared, insofar as possible, in conformity with generally accepted governmental accounting principles..."

Per C.R.S. 22-30.5-112 (7) a charter school shall comply with all of the state financial and budget rules, regulations, and financial reporting requirements with which the chartering school district is required to comply, including but not limited to annual completion of a governmental audit that complies with the requirements of the department.

All financial information of a district's charter schools must be reported by the district through the data pipeline financial submission. All charter schools must have a separate, independent, governmental audit

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B. GAAP Reporting Essential

The basic financial statements of districts shall be prepared in conformity with GAAP. GAAP-based financial reporting and state law require disclosure of material violations of legal and contractual provisions. C.R.S. 29-1-603(2)

1. Standard Chart of Accounts (COA)

C.R.S. 22-44-105(4) called for the creation of a standard chart of accounts. It states that the state board of education, with input from the financial policies and procedures advisory committee, shall establish and implement a statewide financial, student management, and human resource electronic data communications and reporting system that is based on a redesigned standard chart of accounts, a standard information system, and a standard personnel classification system.

Specifically, the financial and human resource reporting system shall be based on a redesigned chart of accounts that makes school-to-school and district-to-district comparisons more accurate. It shall also provide standard definitions for employment positions such that full and accurate disclosure of administrative costs is made within the budgets and the financial statements of every district. The statute also called for the financial reporting system to make it possible to collect comparable data by program and school site.

As a result of this legislation, this handbook and the chart of accounts were developed. It standardized the account code structure for all funds. All funds should include three account types—revenues, expenditures (expenses) and balance sheet accounts. Regardless of the account type, the basic account code structure contains nine dimensions and the same number of digits in each dimension as specified in this handbook and the chart of accounts.

The accounting and reporting guidelines included in this handbook and the chart of accounts apply to charter schools, charter school collaboratives, charter school networks, BOCES, and the Charter School Institute.

D. Written Feedback Required from Authorizer Review of Charter School Performance

During the term of a charter, the school district shall annually review the charter school's performance. At a minimum, the review includes the charter school's progress in meeting the objectives identified in the plan the charter school is required to implement pursuant to section 22-11-210 and the results of the charter school's most recent annual financial audit. The school district shall provide to the charter school written feedback from the review and shall include the results of the charter school's annual review in the body of evidence that the local board of education takes into

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account in deciding whether to renew or revoke the charter and that supports the renegotiation of the charter contract. C.R.S. 22-30.5-110(1)(b)

V. Fund Structure

Governmental units should establish and maintain only those funds required by law and for sound financial administration.

A. Fund Categories

Three categories of funds are used in governmental accounting.

1. **Governmental funds** are those through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds (general, special revenue, debt service, capital projects and permanent funds).

Governmental funds are, in essence, accounting segregation of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they are to be paid. The difference between governmental fund assets and liabilities, the fund equity, is referred to as "Fund Balance".

The governmental fund current financial resources measurement focus is on determination of financial position and changes in financial position (sources, uses and balances of financial resources), rather than on net income determination. The statement of revenues, expenditures and changes in fund balance is the primary governmental fund operating statement; together with the balance sheet comprise the required financial statements for governmental funds. It may be supported or supplemented by more detailed schedules of revenues, expenditures, transfers and other changes in fund balance. GASB 1300

2. **Proprietary funds** (sometimes referred to as "income determination", "non-expendable", or "business-type" funds) are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (e.g., enterprise and internal service funds). All assets, deferred outflows of resources, liabilities, deferred inflows of resources, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities, where net income and capital maintenance are

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measured, are accounted for through proprietary funds. The generally accepted accounting principles here are those applicable to similar businesses in the private sector; and the measurement focus is on determination of net income, financial position and changes in financial position. GASB 1300

Required financial statements for proprietary funds are a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows.

Each school district shall use the full accrual basis of accounting when budgeting and accounting for any enterprise funds included in the district budget. A budgetary comparison schedule should also be provided in the financial audit for enterprise funds.

3. **Fiduciary funds** (trust and agency funds) are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. GASB 1300

The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. Financial statements of fiduciary funds should be reported using the economic resources measurement focus and the accrual basis of accounting.

Required financial statements for fiduciary funds are the statement of fiduciary net position and the statement of changes in fiduciary net position.

B. Fund Types

Eleven funds are available for use by state and local governments for accounting and reporting purposes. In fund financial statements, governments should report governmental, proprietary, and fiduciary funds to the extent that they have activities that meet the criteria for using those funds. After each fund type, in parentheses, the fund category is listed for general reference. For detailed information regarding specific funds in each category and appropriate fund codes, see the chart of accounts.

1. **General Fund** (governmental fund) is used to account for and report all financial resources not accounted for and reported in another fund. GASB 1300.104 and GASB Statement No. 54.
2. **Special Revenue Fund** (governmental fund) is used to account for and report the proceeds of specific revenue sources that are restricted or committed to

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expenditure for specified purposes other than debt service or capital projects. GASB 1300.105 and GASB Statement No. 54.

3. **Debt Service Fund** (governmental fund) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. The use of the bond redemption fund for non voter-approved debt is not permitted by Colorado Revised Statutes. C.R.S. 22-45-103 (b)(III) GASB 1300.107 and GASB Statement No. 54. Non-voter approved debt must be reported in a separate fund.
4. **Capital Projects Fund** (governmental fund) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays acquisition or construction of major capital facilities and other capital assets. (other than those financed by proprietary funds and trust funds). GASB 1300.106 and GASB Statement No. 54.
5. **Permanent Funds** (governmental fund) should be 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 – that is, for the benefit of the government or its citizenry. (Permanent funds do not include *private-purpose trust funds*). GASB 1300.108
6. **Enterprise Fund** (proprietary fund) may be used to report activity for which a fee is charged to external users for goods or services. For example, an enterprise fund may be used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through use charges.

Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue source*.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of a related primary government or component unit is not payable solely from fees and charges of the activity.

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- b. Laws or regulations require that the activity's costs or providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues
 - c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). GASB 1300.109
7. **Internal Service Fund** (proprietary fund) is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and its component units, or to other governmental units, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund. GASB 1300.110
- 8-9. **Trust and Agency Funds** (fiduciary fund) are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The fiduciary funds identified for Colorado chart of account purposes are as follows:
- 8. Private-purpose trust funds, such as a fund used to report escheat property, should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. GASB 1300.113
 - 9. Agency funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. GASB 1300.114

VI. Fund Uses

For *legal compliance purposes* local school districts may be required to use the following funds depending on the operational attributes and requirements of the local school district.

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A. General Operations

The general fund (Fund 10 per COA) is used to finance and account for all ordinary operations of a school system. All revenues, except those revenues attributable to the bond redemption fund, the capital reserve capital projects fund, the special building and technology fund, a fund created solely for the management of risk-related activities, the transportation fund, the full-day kindergarten fund, and any other fund authorized by the state board of education, shall be accounted for in the general fund. C.R.S. 22-45-103(1)(a)(I) this fund is required by law.

1. This fund represents an accounting for the school district's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the district's overall operation.
2. The general fund may account for any lawful expenditure of the school district, including any expenditure of a nature which could be made from any other fund. For example, the general fund may include expenditures for co-curricular activities. C.R.S. 22-45-103(1)(a)(I)
3. Districts are not required to maintain the Colorado preschool program sub-fund (Fund 19 per COA) for spending and tracking requirements for the Colorado Preschool Program. The allocation and expenditures may be tracked within the general fund, using grant code 3141. If the district uses fund 19 for more than the preschool program, activity for the preschool program must be isolated using grant code 3141. 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. Overhead costs, including any allocation for risk management or capital needs, cannot exceed 5% of the allocation.
4. Districts are not required to maintain the risk management sub-fund (Fund 18 per COA) for spending and tracking moneys related to its risk-management activities. However, any moneys remaining in this sub-fund account of the general fund at the end of June 30, 2008 shall be budgeted for the purposes of the account in the subsequent budget year. Transfers to this fund after FY07-08 are not required to be maintained in this fund. C.R.S. 22-54-105 (2)(a).
5. Every district may budget an amount to be transferred to the capital reserve capital project fund, to a fund or an account within the general fund established solely for the management of risk related activities, or among such funds and accounts.
6. Charter school fund (Fund 11 per COA): C.R.S. 22-30.5-104(2) states that charter schools shall be a public school within the school district that grants its charter and shall be accountable to the school district's local board of education for purposes of

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ensuring compliance with applicable laws and charter provisions and the requirement of section 15 of article IX of the state constitution.

- a. A charter school may operate free from specified school district policies and state regulations. A local board of education may waive locally imposed school district requirements without seeking approval of the state board of education.
- b. Transactions of all charter schools must be included in the school district's financial transaction database and districts are required to include charter school revenues, expenditures and balance sheet accounts in the data pipeline financial submission. Refer to the FPP chart of accounts. District financial data, including data for all charter schools, must be submitted in a format in accordance with the chart of accounts, and the FPP handbook. Data must be submitted to the district in a timely manner to allow districts to comply with state and statutory reporting requirements.
- c. Funding and services to be provided by the district to the charter school must be in accordance with state law, the chart of accounts and this handbook. C.R.S. 22-30.5-112

B. Capital Reserve/Capital Projects

Construction projects and capital outlay for land, buildings, improvement to land and buildings, and purchase of vehicles, equipment and technology may be accounted for in a building Fund, a special building and technology fund or a capital reserve capital projects fund depending on the source of related revenue. The capital reserve capital projects fund, the building fund, and the special building and technology fund are all capital projects funds.

1. Capital Reserve Fund

Effective July 1, 2014, the capital reserve special revenue fund is no longer allowable.

2. Capital Reserve Capital Projects (Fund 43 per COA)

The capital reserve capital projects fund is used to account for the purposes specified by section 22-45-103(1)(c), C.R.S., including the acquisition of sites, building, equipment, and vehicles. This fund may only be used for a capital reserve fund which is classified as a capital projects fund.

ACCOUNTING AND REPORTING

Pursuant to provisions of C.R.S. 22-54-105(2), monies may be transferred between the general fund and the capital reserve capital projects fund. C.R.S. 22-45-103(1)(c) specifies the uses of the capital reserve capital projects fund.

- a. Revenues may be supplemented by gifts, grants, donations, tuition receipts and other sources.
- b. Unencumbered unrestricted moneys in this fund may be transferred by resolution of the board of education between one fund to another as provided for in C.R.S. 22-44-112(2)(a).
- c. Expenditures from the capital reserve capital projects fund are limited by statute to acquisition of land or land improvements, construction of new facilities or additions, alterations and improvements to existing structures, acquisition of school buses, equipment, software licensing agreements, computer equipment, and installment purchase or lease agreements. C.R.S. 22-45-103(1)(c)(I)(A-H).
- d. Expenditures from the fund, other than for installment purchase agreements with an option to purchase as provided in C.R.S. 22-45-103(1)(c)(II.5), shall be authorized by a resolution adopted by the board of education of the school district. The resolutions shall specifically set forth the purpose of the expenditure, the estimated cost of the project, the location of the structure, a description of any school buses or equipment to be purchased and where such equipment will be installed. C.R.S. 22-45-103(1)(c)(II).
 - i. A board of education may enter into an installment purchase or lease agreement with option to purchase for a period exceeding one year and not to exceed twenty years if first approved by a majority of the eligible electors of the district voting on the question at an election. C.R.S. 22-45-103(1)(c)(II.5)
 - ii. The board may enter into an installment purchase or lease agreement with option to purchase without a vote of the eligible electors of the district if the district's obligation to make payments is expressly subject to the making of annual appropriations even though the term may be greater than one year.

3. Building Fund (Fund 41 per COA)

The building fund shall be used to account for all resources available for acquiring capital sites, buildings, and equipment as specified by the related bond issue. When bonds are sold for a building project, this fund is required.

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- a. 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.
- b. Districts need to be aware of the potential arbitrage rebate/refund calculation that relates to the interest earnings on the bond proceeds and the rate of expenditure of the bond proceeds by the district. This matter should be discussed with the district's bond counsel.

4. Special Building and Technology Fund (Fund 42 per COA)

The revenues from a tax levy for the purpose of acquisition or construction of schools or for the purchase and installation of instructional and informational technology shall be recorded in the special building and technology fund. Expenditures from this fund shall be limited to acquiring land, acquiring or constructing structures, maintaining structures to enhance their function, protect their value, and *extend their economic life* (this is a capital outlay requirement – general maintenance costs would not qualify) and purchasing and installing instructional and informational technology, including expenditures for software and staff training related to the new technology. C.R.S. 22-45-103(1)(d) If the district levies a tax, this fund is required.

- a. The special election procedure which must be followed to authorize a mill levy for the special building and technology fund is as follows: "The board of education at a special election called for the purpose, shall submit to the registered electors of the district the question of whether to impose a mill levy of a stated amount for the special building and technology fund or to increase the mill levy for the special building and technology fund by a stated amount which levy shall not exceed ten mills in any year or exceed three years in duration." C.R.S. 22-40-102(1.5).
- b. Any moneys in the fund, which have not been authorized for expenditure within three years after being recorded in the fund, shall revert to the capital reserve capital projects fund.
- c. Expenditures from the fund shall be authorized by a resolution adopted by the board of education. The resolution shall specifically set forth the purpose of the expenditure, the estimated total cost of the project and the location of the land to be acquired or the structure to be constructed or acquired, or the nature of the instructional and informational technology to be acquired.

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C. Governmental Designated-Purpose Grants (Fund 22 per COA)

Governmental designated-purpose grants are generally accounted for in a "special revenue fund" which may be used to account for certain designated restricted local, state and federal grants. A grant is an award of financial assistance in the form of cash, contribution, or gift of other assets from another government or organization to an eligible grantee to be used for a specific or designated purpose, activity or facility.

1. The governmental designated-purpose grants fund may be subsidized by transfers from the general fund. However, transfers related to federal grants must not be coded to the related federal grant code, a non Federal grant code should be used instead.
2. Generally, the following requirements are inherent in restricted grants or projects:
 - a. Revenues frequently are accompanied by legal or contractual requirements that govern their use and include special accounting and reporting requirements. Federal grants would require the district to comply with specific program requirements, Education Department General Administrative Regulations (EDGAR), applicable Office of Management and Budget (OMB) circulars, including part 200 effective July 1, 2015.
 - b. Federal laws providing revenues contain a uniform provision that such revenues will not be commingled with other state and federal funds so as to lose their identity with a particular granting act.
 - c. Revenue from federal sources may not be used to reduce or supplant program effort by the local education agency.
 - d. Federally funded programs require separate identification and reporting within the local school district's annual audit report. This is accommodated by the use of the required grant codes for the data pipeline financial submission.
 - e. Local and state revenues used for matching federal expenditures also require separate identification and accountability.
 - f. In order to maintain effective control and accountability for all grant and sub-grant cash, real and personal property, and other assets, recipients must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

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- g. Recipients must maintain comparisons of actual expenditure or outlays with budgeted amounts for each grant or sub-grant.

D. Pupil Activities (Fund 23 – if special revenue fund or Fund 74 – if agency fund per COA)

Pupil activities may be accounted for in a special revenue fund or an agency fund used to record financial transactions related to school-sponsored pupil interscholastic and interscholastic athletic and related events. These activities are supported in whole or in part by revenues from pupils, gate receipts and other fund-raising activities. The district may split pupil activities into a special revenue fund and an agency fund.

NOTE: If the district accounts for pupil activity revenues and expenditures in an agency fund type, refer to the Trust and Agency Fund explanation contained within this section.

1. When the pupil activity fund is a special revenue fund, it may be subsidized with a transfer from the general fund.
2. When the pupil activity fund is an agency fund, such activities are self-supporting and do not receive any direct or indirect district support.

E. Risk Related Activities (Fund 18 – if Sub-fund of General Fund or Fund 63 – if internal service fund per COA)

Every district may budget an amount to be transferred to and from in the discretion of the board of education to a fund or an account within the general fund established in accordance with GAAP solely for the management of risk-related activities as identified in C.R.S. 24-10-115 and article 13 of title 29, or among such allowable funds and accounts. Such moneys shall be used for the purposes set forth in C.R.S. 22-45-103(1)(e).

1. If a district elects to account for risk-related activities in a separate fund, it can use a risk-related activities internal service fund. Effective with the issuance of GASB Statement No. 66, the provision that limited fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund was eliminated.
2. Districts may account for risk related activities in accounts within the general fund using appropriate program and object codes.
3. Districts may use any combination of these funds and accounts to meet local needs.
4. Unencumbered unrestricted moneys in these funds or accounts may be transferred between one fund to another as provided for in C.R.S. 22-44-112(2)(a).

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5. Expenditures for risk-related activities include costs related to loss of or damage to property of the school district, payments for loss control, workers' compensation, and legal claims, judgments and insurance premiums.

F. Transportation (Fund 25 per COA)

Under C.R.S. 22-45-103(1)(f), revenues from a tax levied or fee imposed for the purpose of paying excess transportation costs and revenues received from the state shall be deposited in the transportation fund, a special revenue fund. If the district exercises this option, this fund is required.

1. Expenditures from the transportation fund shall be limited to payment of transportation costs as authorized in the district budget.
2. Per C.R.S. 22-40-102 (1.7)(b) "excess transportation costs" means the annual operating expenditures for pupil transportation, as defined in section 22-51-102 (1), minus the total payment actually received by the district under article 51 of the education title, and annual expenditures for the purchase or lease of pupil transportation vehicles or other capital outlays related to pupil transportation. The calculation of excess transportation costs shall be based upon amounts expended and amounts received for the twelve-month period ending on June 30 prior to the certification of the mill levy.
3. Any moneys remaining in this fund at the end of the fiscal year shall remain in the fund to reduce the levy or fee for transportation costs in future years.

G. Full-Day Kindergarten Mill Levy Override (Fund 24 per COA)

Under C.R.S. 22-45-103(1)(h), the revenues from a tax levied pursuant to section 22-54-108.5 for the purpose of paying excess full-day kindergarten program costs shall be deposited in the full-day kindergarten mill levy override fund, a special revenue fund. If the district exercises this option, this fund is required.

1. Expenditures from the full-day kindergarten mill levy fund shall be limited to payment of excess full-day kindergarten program costs as authorized in the budget of the district.
2. Revenues to meet the capital construction needs associated with a district's full-day kindergarten program shall be credited to the capital construction account in this fund, and may not be expended by the district for any other purpose.

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3. Any moneys remaining in this fund at the end of any fiscal year shall remain in this fund and shall be used to reduce the levy for excess full-day kindergarten program costs in future years.

H. Debt Service (Fund 31 per COA)

The revenues from a tax levy for the purpose of satisfying voter-approved bonded indebtedness obligations, including principal, interest and related expenditures, shall be recorded in the bond redemption fund. C.R.S. 22-45-103(b) If the district has a tax levy for bonded indebtedness obligations, this fund is required.

1. The bond redemption fund may include more than one subsidiary account for which a separate tax levy is made to satisfy the obligation. Any revenues remaining to the credit of a separate subsidiary account after satisfaction of all such obligations of that subsidiary account may be transferred to another subsidiary account in the bond redemption fund.
2. Moneys remaining in the bond redemption fund after all obligations of bond indebtedness have been satisfied shall be transferred to the general fund. C.R.S. 22-44-112(4).

This was to allow for the closing of the bond redemption fund as its purpose had been fulfilled. The remaining balance should be of a minimal or “de minimis” amount. Accumulating resources in the bond redemption fund is not a method to circumvent the other provisions of the state statutes in order to supplement the district’s general fund.

3. The revenues from a tax levy for installment purchase agreements and/or lease or rental agreements having terms of more than one year that have been approved at an election shall be recorded in the bond redemption fund C.R.S. 22-45-103(b)(II). This shall not be construed to authorize a school district to make any levy for its bond redemption fund, or to use any monies in its bond redemption fund, to make payments with regard to any installment purchase agreement or lease or rental agreement with an option to purchase which has not been approved at an election. C.R.S. 22-45-103(b)(III)
4. Whenever the issuance of refunding bonds or other refunding obligations of the district results in moneys on deposit in the bond redemption fund which are not needed to satisfy the principal and interest obligations of the district as they become due, such moneys shall be used to reduce the levy for the bond redemption fund in future years or to pay any then existing obligations of the district payable from the bond redemption fund at a date earlier than they become due.

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I. COP Debt (Fund 39 per COA)

The COP debt fund 39 may be used when districts enter into non-voter approved debt agreements and wish to account for the accumulation of resources used to pay the principal, interest and other costs of such non-voter approved debt. Non-voter approved debt cannot be held in a bond redemption fund. Voter approved debt must not be comingled with non-voter approved debt. C.R.S. 22-45-103(1)(b)(I) and 22-45-103(1)(b)(III)

J. Food Services (Fund 21 per COA)

The food services fund is a special revenue fund used to record financial transactions related to nutrition service operations. C.C.R. 301-11-3.05 (1) If the district receives USDA school breakfast/lunch money, this fund is required.

1. The food services fund shall be accounted for consistent with federal and state rules and the FPP handbook chart of accounts.
2. The food services fund may be subsidized by transfers from the general fund.

K. Internal Services (Fund 63 and Fund 64 per COA)

“The internal service fund 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-reimbursement basis.” C.C.R. 301-11-3.06

1. Programs to be reported in an internal service fund are determined by the local board of education.
2. The internal service fund may be subsidized by transfers from the general fund. Such as per GASB C50.130, if the charge by the internal serve fund to the other funds is greater than the amount needed to meet the cost-reimbursement basis, the excess should be reported in both the internal service fund and the other funds as an interfund transfer.
3. For risk-related activities, see Section VI, subsection E.

L. Trust and Agency (Fiduciary Funds)

Trust and agency funds (fiduciary funds) are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs. The key distinction between trust funds and agency funds is that trust funds normally are subject to a trust agreement that affects the degree of management

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involvement and the length of time that the resources are held. An agency fund does not involve a formal trust agreement and the government's role is purely custodial.

Trust fund spending is controlled primarily through legal trust agreements and applicable state laws. If a formal trust agreement is not established, the trust fund classification generally should not be used. (GAAFR)

1. A private-purpose trust fund (Fund 72 per COA) is 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. An example of a private-purpose trust would be a formal agreement to provide scholarships to students in the district. Note: This fund may be used for expendable or non-expendable scholarship programs.

An agency fund may be used to account for money and property held in trust by the school district for individuals or organizations. C.C.R. 301-11-3.07. Examples of accounts that may be included are student body organizations such as senior class, chess club, debate club, etc.

1. An agency fund (Fund 73 – agency fund and fund 74 – pupil activity agency fund per COA) shall be accounted for consistent with the FPP chart of accounts.
2. The agency fund may, at the option of the local board of education, include budgetary accounting procedures.
3. Financial transactions which meet the following parameters may be recorded in the Agency Funds
 - a. An individual or organization requests the district to hold funds for it in a fiduciary capacity.
 - b. The individual or organization receives no general fund subsidy. A subsidy from the general fund would cause such activities to be recorded in the pupil activity fund, a special revenue fund, instead of the agency fund.

M. Total Program Reserve Fund (contact CDE School Finance for fund number)

A school district shall deposit the property tax revenues that it collects from a tax levy imposed pursuant to section 22-54-107(5) in the total program reserve fund of the district. The district may expend money from the total program reserve fund only to offset the amount of a reduction in the district's state share caused by application of the negative factor pursuant to section 22-54-104(5)(g); except that, in a budget year in which the school district levies for its total program the number of mills calculated

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pursuant to section 22-54-106 (2) (a) (II), if the balance of the total program reserve fund exceeds an amount equal to the district's total program for that budget year multiplied by the negative factor calculated pursuant to section 22-54-104(5)(g) for that budget year, the district may expend the amount of the excess balance. Any money remaining in the fund at the end of a fiscal year must remain in the fund and may be used in future years only as provided for above in this paragraph.

N. Supplemental Capital Construction, Technology, and Maintenance Fund

This fund may be reported either as a Capital Project Fund or as a Special Revenue Fund.

- Reporting as a Capital Projects Fund (Fund 46 per COA)
- Reporting as a Special Revenue Fund (Fund 06 per COA)

The revenue from a tax levied for the purpose of providing ongoing cash funding for the capital construction, new technology, existing technology upgrade, and maintenance needs of a school district, and no other money other than interest and income credited to the fund, shall be deposited in the supplemental capital construction, technology, and maintenance fund of the district. Used to account for the purposes and limitations specified by Section 22-45-103(j) C.R.S.

Note: Fund 06, this optional fund being used by districts would not roll to fund 20 and would be isolated for data pipeline and auditor's integrity report purposes.

O. Other Funds Provided for in the FPP Handbook Chart of Accounts

1. A permanent fund (Fund 79 per COA) 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 reporting a government's programs. Note: This fund should not be used for non-expendable scholarship programs.
2. Foundations – accounting for foundations (Funds 85-89 per COA) should be used to account for the district's reportable foundations which are included in the district's annual audited financial statements.
3. The district debt fund (Fund 90 per COA) is used to account for the balance sheet accounts that appear on a district's accountability report: district financial data for schoolview reporting. See appendix R in the FPP handbook chart of accounts for a more complete discussion of this balance sheet activity related to long-term debt. Fund 90 is also used for purely data collection purposes such as the mill levy override activities. See appendix R-1 in the chart of accounts.

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VII. Capital Assets and Long-Term Liabilities

A clear distinction should be made between proprietary fund capital assets and general capital assets and proprietary fund long-term liabilities and general long-term liabilities. See GASB 1400 for reporting capital assets and GASB 1500 for reporting liabilities.

- A. Capital assets related to the proprietary fund should also be reported on the fund financial statements. Capital assets of fiduciary funds should be reported only in the statement of fiduciary net position. All other capital assets of the local school district must be accounted for in the government-wide statement of net position and should not be reported as assets in governmental funds.
- B. Capital assets must be accounted for at historical cost or, if the cost is not practicably determined, at estimated cost. Donated capital assets should be recorded at their estimated fair market value at the time received.
- C. Depreciation of general capital assets must not be recorded in the accounts of governmental funds. Depreciation of general capital assets must be recorded in the government-wide statement of activities. Depreciation of capital assets accounted for in the proprietary fund should be recorded in the accounts of this fund. Depreciation is also recognized in those trust funds where expenses, net income and/or capital maintenance are measured. Depreciation is not recognized in agency funds.
- D. Long-term liabilities of the proprietary fund shall be accounted for through this fund. Long-term liabilities directly related to and expected to be paid from fiduciary funds should be reported in the statement of fiduciary net position. All other unmatured general long-term liabilities of the governmental unit should not be reported as liabilities in governmental funds but should be reported in the governmental-wide statement of net position. Refunded bond issues are a contingent liability and should only be disclosed in the notes to the financial statements.

VIII. Budgetary Accounting

The budget will serve as the basis for information appearing on required reports, as an integral part of the accounting records and as a management control tool of expenditures during the year. See the budget section for further information.

- A. The board of education of each school district shall adopt a budget and an appropriation resolution for the fiscal year, prior to the beginning of the fiscal year. C.R.S. 22-44-103(1). The board may review and change the budget with respect to both revenues and expenditures at any time prior to January 31 of the fiscal year for which the budget was adopted. C.R.S. 22-44-110(5)

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- B. The accounting system must provide the basis for appropriate budgetary control. Consult your FPP handbook chart of accounts for further information.
1. The financial transactions of the school district shall be recorded in general, appropriation, revenues and expenditure (expense) records. Appropriate entries from the adopted budget shall be made in the records for the respective funds. C.R.S. 22-45-102(1)
 2. Separate accounts shall be maintained for each of the several funds as prescribed in law. Continuing balances of the various budgetary accounts shall be maintained on at least a monthly basis. C.R.S. 22-45-102(1)
 3. All funds must be accounted for as described in the Chart of Accounts section of this Handbook C.R.S. 22-44-204(3).
- C. The budget shall be presented in a summary format, which will allow comparisons of revenues and expenditures among school districts by pupil. C.R.S. 22-44-105(1)(b). Budgetary comparisons must be included in the annual financial statements and schedules for all governmental and proprietary funds.
- D. The budget shall be presented in a format that itemizes expenditures of the district by fund and by pupil. The budget shall:
1. Describe the expenditure
 2. Show the amount budgeted for the current fiscal year
 3. Show the amount estimated to be expended for the current fiscal year
 4. Show the amount budgeted for the ensuing fiscal year
 5. Specify the proposed expenditures and anticipated revenues arising from the contracting of bonded indebtedness by a capital improvement zone located within the school district. C.R.S. 22-44-105(1)(c)
- E. If a fund's budget is prepared on a basis other than GAAP, a footnote disclosure reconciling non-GAAP revenues and expenses to GAAP revenues and expenses must be disclosed in the audit report. GASB 2400.104.
- F. Each budget shall include the required uniform summary sheet for each fund administered by the district in sufficient detail to meet the requirements under C.R.S. 22-44-105(1)(d.5)

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IX. Classification and Terminology

- A. Interfund transfers and proceeds of general long-term debt issues should be classified separately from fund revenues and expenditures or expenses. GASB 1100.110(a)
- B. Fund revenues must be classified by fund, source and grant/project. Expenditures must be classified by fund, location, program, object, job classification and grant/project. Balance sheet accounts must be classified by fund, equity/liability/asset and grant/project.
- C. Proprietary fund revenues and expenses shall be classified in essentially the same manner as those of similar business organizations, functions, or activities. GASB 1100.110(c)
- D. A common terminology and classification (as defined by the FPP handbook chart of accounts) shall be used consistently throughout the budget, the accounts and the financial reports of each fund. GASB 1100.111

X. Interim and Annual Financial Reporting

Appropriate interim financial statements and reports of financial position, operating results and other pertinent information should be prepared to facilitate management control of financial operations, board of education oversight and for external reporting purposes.

A. Quarterly Financial Reports

Under C.R.S. 22-45-102(1)(b) the board of education of each school district shall review the financial condition of said school district at least quarterly during the fiscal year. The quarterly financial report shall cover the fiscal actions involving the general fund, and other funds that the board may request. At a minimum, the report shall include:

- 1. The actual amounts spent and received as of the date of the report from each of the several funds budgeted by the district for the fiscal year, expressed as dollar amounts and as percentages of the annual budget;
- 2. The actual amounts spent and received for each fund for the same period in the preceding fiscal year, expressed as dollar amounts and as percentages of the annual budget;
- 3. The expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget; and
- 4. A comparison of the expected year-end fund balances with the amount budgeted for that fiscal year.
- 5.

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B. Comprehensive Annual Financial Report

A comprehensive annual financial report (CAFR) is an optional report that covers all funds and activities of the primary government (including its blended component units) and provides an overview of all discretely presented component units of the reporting entity. The CAFR includes an introductory section, management's discussion and analysis (MD&A), basic financial statements, required supplemental information other than MD&A, appropriate combining and individual fund statements, schedules, narrative explanations, and statistical section. The reporting entity is the primary government (including its blended component units) and all discretely presented component units presented in accordance with Section 2100 of GASB. GASB 2200

C. Basic Financial Statements

Basic financial statements of the reporting entity may be issued separately from the comprehensive annual financial report. Basic financial statements are required as part of the annual audit process. Such statements should include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial position and results of operations (and cash flows for those fund types and discretely presented component units that use proprietary fund accounting), as well as any additional supplemental schedules needed to comply with statutory requirements. GASB 2200

4. Single Audit

The Single Audit Act of 1996, as amended and revised and related OMB Circular A-133 mandate independent financial and compliance audits of federal financial assistance programs. In addition to the required auditor's reports, the schedule of expenditures of federal awards and schedule of findings and questioned costs are provided to support the requirements for compliance with OMB Circular A-133. These schedules provide more detailed financial information related to federal grant activity and other federal revenue.

Note: OMB issued Part 200, Audit Requirements, effective for fiscal year ending June 30, 2016 (FY2015-16).

5. Financial Transparency

Local Education Providers (LEPs) are required to follow financial transparency requirements resulting from legislation in both 2014 and 2015. Primarily: CRS 22-44-105 and CRS 22-44-304 resulting from HB14-1292 and HB15-1321.

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Effective July 1, 2015, LEPs are required to follow the format of standard website templates to show required financial transparency information on the LEP website. The content/required financial information to be posted following the required website template is different for July 1: 2015, 2016 and 2017.

Each LEP shall post the required information online within sixty days after completion or receipt of the applicable report, statement or document in a downloadable format and must maintain the prior two budget year's financial information online until the end of the current budget year.

1. **Commencing July 1, 2015** each LEP shall post the following information:
 - i. District Adopted Budget – Including Uniform Budget Summary Sheet (current and prior two years)
 - ii. District Financial Audit (current and prior two years)
 - iii. Quarterly Financial Statements (current and prior two years)
 - iv. Salary Schedules or Policies (current and prior two years)
 - v. Accounts Payable Check Registers (current and prior two years)
 - vi. Credit, Debit and Purchase Card Statements (current and prior two years)
 - vii. Investment Performance Reports or Statements (current and prior two years)
2. **Commencing July 1, 2016** each LEP shall post the following information:
 - i. District Adopted Budget – Including Uniform Budget Summary Sheet (current and prior two years)
 - ii. District Financial Audit (current and prior two years)
 - iii. Quarterly Financial Statements (current and prior two years)
 - iv. Salary Schedules or Policies (current and prior two years)
 - v. Accounts Payable Check Registers (current and prior two years)
 - vi. Credit, Debit and Purchase Card Statements (current and prior two years)
 - vii. Investment Performance Reports or Statements (current and prior two years)
 - viii. Financial Data which includes Individual School Site Financial Information* (districts identified as small/rural with less than 1,000 K-12 students, and having no charter schools are required to post district level financial information only)

*Fiscal Year 2015-16 financial data which includes individual school site financial information is required to be posted no later than March 1st, 2017.

3. **Commencing July 1, 2017** each LEP shall post the following information:
 - i. District Adopted Budget – Including Uniform Budget Summary Sheet (current and prior two years)
 - ii. District Financial Audit (current and prior two years)
 - iii. Salary Schedules or Policies (current and prior two years)

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- iv. Financial Data which includes Individual School Site Financial Information* (districts identified as small/rural with less than 1,000 K-12 students, and having no charter schools are required to post district level financial information only)
- v. Link to Financial Transparency Website View

*Fiscal Year 2016-17 financial data which includes individual school site financial information is required to be posted no later than March 1st, 2018

Website templates and other important financial transparency information is available on the CDE website: <http://www.cde.state.co.us/cdefinance/sfFinancialTransparency>

Easy Website Navigation

In order to easily demonstrate compliance with financial transparency requirements, the Financial Policies and Procedures Committee (FPP) adopted two options for LEP homepages:

- LEP website homepage should clearly show the financial transparency icon as a link to the district's financial transparency webpage which follows the layout of the standard website template Or
- LEP website homepage should clearly show the words "Financial Transparency" as a link to the district's financial transparency webpage which follows the layout of the standard website template

Financial Transparency Icon



This icon can be downloaded (JPG file) on the CDE website:
<http://www.cde.state.co.us/cdefinance/sfFinancialTransparency>

XI. Food Services Equipment, Inventory and Current Operating Resources

A. General

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Capital equipment includes all food service equipment with a useful life of more than one year and a purchase price of \$5,000 or more unless a lesser amount is established by the local board of education. Expendable equipment that is not required to be capitalized using the above criteria is to be recorded as a supply item or as non-capital equipment (consult the FPP chart of accounts). Capital equipment purchased by the nutrition services fund requires prior approval by the office of school nutrition at the department of education. Approved capital equipment purchases should be reported as capital outlay expenditures in the food services fund.

B. Equipment that is Part of a Building

Capital equipment considered as part of a building are subject to depreciation at the district level. There are a number of items of capital equipment necessary to the operation of a food service facility that by their nature could be part of the building, i.e., built-in/walk-in refrigeration, ventilation hoods, etc. The cost of such capital items shall be included as equipment and depreciated for government-wide financial reporting. The food services fund, as a federal grant program, requires that the district provide the facilities to be used by the child nutrition operations.

C. Depreciation

Depreciation for government-wide reporting must be computed in accordance with generally accepted accounting principles. The straight-line method of depreciation will be used. All equipment may be considered to have a useful life of 12 years. Alternatively, this depreciation may be based on the estimated useful life of each asset. Equipment must be in use to be depreciated. Depreciation is required to be recorded at least on an annual basis. Depreciation expense is not allowable to the schools' breakfast, lunch, special milk and associated nutrition service program(s).

D. Disposal, Replacement, Trade-in, Repairs or Betterment of Capital Equipment

1. The capital asset value and the accumulated depreciation for an item to be scrapped must be removed from both the accounting and the depreciation records.
2. If an asset is sold (not used as a trade-in) the cash received may be credited to the food services fund or may be credited to another fund from which the asset was purchased. The difference between the amount received and the undepreciated cost would be charged or credited, as the case may be, to an account entitled "gain or loss on disposal of capital assets." In the case of a trade-in, the depreciable basis for a new asset must be the cash paid plus the book value of the asset traded. Book value is the cost of the asset less depreciation.

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3. Repairs or betterment of a capital asset that extends its useful life must be added to the undepreciated cost of the capital asset and depreciated over the revised useful life of the asset. Such repairs or betterment must be pre-approved by the office of school nutrition at the state department of education and would not be claimed as a direct cost under "services and repairs."

E. Net Cash Resources

Net cash resources for nutrition services must be calculable with financial data transmitted electronically to the state department of education each year. Consult the FPP handbook chart of accounts for the appropriate code to be used for this transmission. Net cash resources for this purpose are computed by adding current assets excluding inventory and subtracting current liabilities and prepaid items.

F. Inventories

1. **Food and Supplies:** An inventory of all purchased food and expendable non-food supplies must be taken annually at a minimum. This inventory can be a perpetual inventory as long as it is verified by an actual physical inventory taken annually.
2. **Commodities:** U.S.D.A. donated foods (commodities) should be inventoried annually and valued at the U.S.D.A. pricing levels. Pursuant with procedures established by the food distribution unit of the Colorado Department of Human Services.
3. **Equipment:** A complete inventory of all equipment (including food service items) must be taken in compliance with C.R.S. 29-1-506. Acquisition cost or estimated original cost must be assigned to each item.

XII. Salary & Benefit Accruals

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, typically from September 1 through August 31. These salaries and benefits, however, are earned over a period of approximately nine months. This situation results in an outstanding liability for accrued salaries and benefits at the end of the fiscal year. All salary and benefit accruals must be reported for GAAP purposes.

An accrued salary and benefit liability may also exist for other non-certificated support services personnel. Although the accrual in this case may only be the equivalent of a few days or weeks of salaries and benefits, these amounts should also be reflected on the year-end financial statements as a liability. All districts having an outstanding liability for accrued salaries and benefits at year-end must reflect the liability in the annual financial statements of the district.

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For budgetary purposes, it is not a requirement that districts fund or develop plans to fully fund the liability for accrued salaries and benefits. Districts which have not funded this liability may expense the increase, if any, from year-to-year. However, per C.R.S. 22-44-105 (1.5)(b) each school district shall annually prepare an itemized reconciliation between the fiscal year end fund balances based on the budgetary basis of accounting used by the school district and the fiscal year-end fund balances based on the modified accrual basis of accounting. The reconciliation shall be included with the final version of the amended budget and the annual audited financial statements, which is also a GAAP requirement.

Districts will generally fall in one of four categories when developing budgets with regards to accrual liability funding.

- A. Districts that choose to fully fund the accrual liability should not include the accrual funds in the beginning fund balance for budgeting purposes.
- B. Districts which intend to fund any portion or all of the accrual liability must include that portion of the liability which is intended to be funded as part of the expenditure budget. In this case, an expenditure budget may be created to protect and, depending on the district's long-range plan for accrual funding, increase the accrual funding level.

If a positive fund balance is available without considering accrual funds, then these funds should not be used to calculate the beginning appropriated fund balance for budgetary purposes. In this case, an expenditure budget should be created annually to increase or maintain the accrual funding level.

- C. Districts that are reducing accrual funding levels may include in the beginning fund balance that portion of the funded reserve which is intended to be budgeted to offset other expenditures.
- D. Districts that choose not to fund the accrual liability must consider the liability as deferred when calculating the appropriated fund balance for budgeting purposes.

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PART 2: ACCOUNTING PROCEDURES

Items contained herein include examples and suggestions and are neither regulatory nor prescribed. It is possible to achieve compliance with the spirit and intent of this handbook, GAAP, and effective internal controls using procedures other than those illustrated on the following pages, especially with the opportunities afforded by the advances in technology. However, such procedures should follow good accounting principles and practices.

Internal Control Structure

An integral part of proper accounting procedures rests in issues of controls and begins with internal accountability structures. AICPA's *Statement on Auditing Standards No. 78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55* (1995) (which incorporates the Committee of Sponsoring Organizations' report, *Internal Control Framework*) indicates that the elaborateness of the system of internal controls established within an organization is a matter of judgment on the part of management, with careful consideration for circumstances, such as the size of the organization and the number of personnel available, and the relationship between the costs and benefits of designing and implementing controls. In addition, the nature of internal control is such that even appropriate methods and systems will not guarantee that an organization's objectives will be achieved.

Internal control is a process—affected by an organization's board of trustees, management, and other personnel—designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- reliability of financial reporting;
- effectiveness and efficiency of operations; and
- compliance with applicable laws and regulations.

As a result, internal control consists of five interrelated components

- control environment;
- risk assessment;
- control activities;
- information and communication; and
- monitoring.

Each of these components is discussed below.

Control Environment

The control environment is established on the basis of the attitude of management toward internal control. AICPA Statement on Auditing Standards No. 78 states that the control environment “sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure” (AICPA 1995). As such, a management philosophy that is dedicated to

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establishing a sound business process and operating controls would tend to create a stronger internal control environment than a philosophy that is unaware of or unconcerned with internal controls.

Collectively, various factors affect the control environment, including the following:

- integrity and ethical values;
- commitment to competence;
- governing board or audit committee participation;
- management's philosophy and operating style;
- organizational structure;
- assignment of authority and responsibility; and
- human resource policies and practices.

The substance of internal controls is more important than the form because of the risk that controls may not be effectively implemented or maintained.

Risk Assessment

Risk assessment is the entity's identification and analysis of risks relevant to the achievement of its objectives. Risk assessment forms a basis for determining how risk should be managed. Risks can arise or change as a result of the following factors:

- changes in the operating environment;
- new personnel;
- new or revamped information systems;
- rapid growth;
- new technology;
- new grant programs, building projects, or other activities;
- organizational restructuring;
- accounting pronouncements;
- changes in federal regulations; and
- changes in finance-related statutes.

Given the dynamic nature of governmental operating environments, the ability to anticipate and mitigate risks from these changes is a key factor in measuring the strength of internal controls.

Control Activities

Control activities are the policies and procedures that help ensure that management directives are carried out. Control activities can be divided into the following four categories:

- performance reviews;
- information processing;
- physical controls; and

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- segregation of duties.

The application of controls, such as the segregation of duties, is affected to some degree by the size of the entity. In small entities, procedures are less formal than in large entities. Additionally, certain types of control activities may not be relevant in small entities.

Information and Communication

Information and communication represent the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

Information systems encompass procedures and documents that perform the following functions:

- identify and record all valid transactions;
- describe, on a timely basis, transactions in sufficient detail to permit proper classification for financial reporting;
- measure the value of transactions in a manner that permits their proper recording in the financial statements;
- permit the recording of transactions in the proper accounting period; and
- present properly the transactions and related disclosures in the financial statements.

Senior management should deliver a clear message to employees about their responsibilities and roles in the internal control system. Employees should also have a means for communicating the effectiveness and efficiency of these systems to upper levels of management.

Monitoring

Monitoring is a process that assesses the quality of internal control performance over time. Ongoing monitoring activities include regular management and supervisory activities, and other actions taken during the normal performance of management's duties. Further, periodic reviews of internal controls and related activities, performed with internal personnel or external resources, may be undertaken. The nature and timing of these evaluations depend on the effectiveness of ongoing activities and the risk that internal controls are not performing as intended by management. Deficiencies in the system of internal controls should be reported to the appropriate level of management.

Management should clearly assign responsibility and delegate authority with sufficient care to ensure that

- persons who perform control procedures are held accountable for their performance by those who monitor these activities; and
- persons who monitor the performance of control procedures are held accountable by senior management, the governing board, or the audit committee.

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If accounting information is routinely used in making operating decisions, management is likely to establish effective controls and hold lower level managers and employees accountable for performance. In addition, if management routinely uses accounting information in measuring progress and operating results, significant variances between planned and actual results are likely to be investigated. This review may detect the causes of the variances and affect the steps necessary to correct the procedures that failed to prevent them.

Common Types of Control Procedures

Numerous control procedures and monitoring activities are performed by individuals in governmental entities to accomplish particular objectives. All of these controls, however, can be classified within one of the basic categories described below. Detailed control procedures or monitoring activities may be included in each of these categories, depending on the size of the entity and the sophistication of the particular control environment.

Access Controls

Certain controls prevent access to assets by unauthorized persons. Often these controls are physical in nature. For example, an organization might store inventories of supplies and commodities in locked storage areas, store currency in a vault or a locked drawer, and use alarm systems to restrict access by unauthorized individuals. If controls to prevent unauthorized access to assets are not effective, assets may be lost or stolen. If detective control procedures such as physical inventory counts are appropriately performed, shortages should be discovered in a timely manner.

In some cases, unauthorized access to assets may be gained through vulnerable accounting records—especially records maintained on computer systems. For example, if warehouse requisitions can be issued through a computer terminal, access to inventory may be gained through the system. Controls over unauthorized access to assets through computer records may be physical (e.g., terminals may be kept in a locked room) or logical (e.g., access to the computer program or data files may be obtained only with the proper password or other user-identification method). Monitoring the control procedures that address unauthorized access includes observing physical control procedures, reviewing established access privileges with the manager of information systems, and reviewing reports of attempted computer access violations. Internal auditors often perform such activities.

Access controls, however, do not prevent individuals who have authorized access to assets from misappropriating them. Individuals who have authorized access to both assets and related accounting records may be in a position to conceal shortages of assets in the records. However, if duties are properly segregated, persons with access to assets will not have access to related accounting records, which might be altered to conceal shortages.

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Controls over authorized access to assets are important to an organization, not only to prevent thefts, but also to ensure that assets are committed only after proper consideration by knowledgeable and experienced individuals. Authorization and approval are types of controls designed to prevent invalid or inappropriate transactions from occurring. An example is a procedure designed to ensure that disbursements are made only when authorized orders for goods and services have been received. In many systems, access to computerized records (e.g., shipping requests) can result in improper access to assets; therefore, procedures must be designed to limit access to these records.

Reconciliation and Comparison of Assets with Records

Reconciling and comparing assets with accounting records establishes a system of independent verification, either through preparing an independent control document used to reconcile accounting records and assets or by directly comparing accounting records with related assets.

Examples of these procedures include the reconciliation of physical inventory with accounting records and the preparation of a bank reconciliation.

Analytical Reviews

The purpose of analytical reviews is to evaluate summarized information by comparing it with expected results. Management personnel often perform analytical reviews to determine whether the entity is performing as planned. For example, a common analytical review procedure is the comparison of budgeted to actual performance, with investigation of any significant or material variances as determined by the analyst. Often, analytical reviews are used to monitor other underlying control procedures.

Authorization and Approval

Authorization and approval procedures prevent invalid transactions from occurring. Thus, this type of control typically involves authorization or approval of transactions at specific dollar thresholds and manual (e.g., requiring signatures of authorized individuals) or automated (e.g., password protected) authorizations for computerized transactions. The effectiveness of these procedures often depends on general computer controls over information security.

Reviews of Output

Reviews of output should be performed by school district personnel who have the knowledge and experience to identify errors. Such reviews, which can be performed in both computer and manual systems, are used to check the validity and accuracy of output by comparing it in detail with expected results. For example, a purchasing manager may compare recorded amounts or quantities purchased with separate records of purchase orders.

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Transactional Reviews

Transactional reviews check the validity and accuracy of transaction processing by comparing it in detail with expected results. Reviews often use exception reports (usually computer generated), which list items that could not be processed because they did not meet specified criteria. For example, a computer-generated check may be rejected if it exceeds some dollar amount and requires a manual signature. Monitoring these types of control procedures involves management reviews of results.

General Computer Controls

Computer systems frequently have common areas of control and related control procedures referred to as general computer controls. These controls directly or indirectly affect all systems that operate within a computer-processing environment. General computer controls include the usual elements of effective internal control, that is, an individual or group responsible for control procedures and monitoring activities. Managers of the information systems function usually monitor the performance of general computer controls. Monitoring activities include observation, exception reporting, reviews of work performed, reviews of program changes, oversight by information system steering committees, and the monitoring of user complaints. For example, the effectiveness of programmed control procedures, such as edit checks and approvals, depends on general computer controls that ensure that program changes are not made improperly. General computer controls include controls over computer operations; systems acquisition, development, and maintenance; information security; and information systems support, as detailed below:

- **Computer Operations.** The computer operations staff is responsible for the day-to-day processing activities of the entity's system. It ensures that jobs are scheduled and processed as planned, data are properly stored on the system or tapes, and reports are distributed in a timely and accurate fashion.
- **Systems Acquisition, Development, and Maintenance.** The systems acquisition, development, and maintenance staff is responsible for planning, acquiring (or developing), testing, and implementing new application systems and changes to existing application systems. Such controls are usually important in larger processing environments where there is more development and maintenance activity, where the systems are more complex, and where there is less reliance on purchased software.
- **Information Security.** The information security function is responsible for administering and maintaining an entity's information security program, including both physical and logical security. The primary goal of such a program is to ensure that access to program data, online transactions, and other computing resources is restricted to authorized users.
- **Information Systems Support.** Information systems support includes such functions as system software maintenance, database administration, communications and network management, and end-user computing, and other functional groups with technical and administrative support responsibilities.

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Certain governmental entities may use external service organizations for executing and recording certain transactions, such as payroll processing. In such situations, the entity needs to ensure that the service organization has adequate controls over processing the transactions. In the final analysis, maintaining the internal control environment and related control procedures is an integral part of management's responsibilities. In the context of governmental accounting and reporting, the control environment has a direct impact on an entity's ability to collect and present accurate financial information. Thus, the internal control environment and related procedures are key areas of concern to an entity's external auditor.

Payroll

Maintenance of the payroll records is a continuous process. The records must be amended every time there is a change in the status of an individual, a change in related district policy, or a change in governing state or federal laws. A separate payroll record must be maintained for each employee.

A. Board of Education Payroll Responsibilities

Actions taken by the board of education and recorded in the official minutes initially control all payroll operations. Some examples follow:

1. Adopted salary schedules.
2. Rates of pay for substitute and hourly employees.
3. Detail related to policies governing sick, personal, vacation and other types of leave, both with and without pay.
4. Name, date of employment, assignment and rate of pay for each employee.
5. Authorization to employ substitute personnel.
6. Name and date of termination of each employee
7. Full details of employee programs for district-paid benefits.
8. Authorization for the district fiscal officer(s) to provide payroll services such as deductions for credit unions, professional dues, savings bond purchases, annuity programs, etc.
9. Specific details related to when employees will be paid and by what method they will receive payment (mail, hand delivery, direct deposit, etc.).

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B. "Employee" Definition and Requirements

Compliance with state and federal regulations (IRS) regarding the definition of "employee" and "independent contractor" is required. The difference between an employee and an independent contractor must be clarified by the district. Proper clarification of this issue provides for consistent classification and protection of employees and the district. A major payroll issue is the deduction of required withholdings for the independent contractor and the employee.

1. Definition of an employee:

Current IRS regulations classify an individual as an employee under the following conditions: the employer sets conditions such as working hours, provides work space and tools or equipment and subjects the individual to routine supervision or evaluation. Regulations change from time to time and the district should review current regulations if questions arise.

2. Requirements:

The employer is required to comply with federal and state withholding requirements from the payroll of personnel who meet the definition of an employee.

- a. Employees hired after April 1, 1986, are subject to Medicare withholding.
- b. Federal and state income tax must be withheld from employees' wages.
- c. Wages, taxes withheld from employees and certain tax deferred/sheltered compensation must be reported on Form W-2.
- d. Districts must comply with PERA and other qualified pension plan requirements. State law requires that a PERA-affiliated employer who hires a PERA retiree returning to work to remit employer contributions on salary earned by the retiree.
- e. Taxes must be deposited under applicable IRS depository regulations.
- f. Districts must comply with wage and hour regulations as prescribed by the Fair Labor Standards Act.
- g. Federal grant programs, such as construction type grants, require the use of "prevailing wages" under the Davis-Bacon Act.

3. Compensation Based Insurance

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- a. Unemployment Compensation Insurance requirements must be met. Districts have two options for payment, either at a flat tax rate or on a reimbursement basis.
- b. Workers Compensation Insurance is required by statute and is fully paid by the district. It provides for medical expenses and loss of earnings benefits to workers who are injured on the job.

C. "Contractor" Definition and Requirements

1. Applicable Internal Revenue Service regulations establish the classification of an individual as an independent contractor. There are additional criteria to consider and the district may need further guidance from the district legal counsel. Refer to the *IRS* publication for the criteria in determining an independent contractor.

2. Requirements:

The employer is required to comply with the following rules concerning state/federal withholdings:

- a. Any fees or payments in excess of \$600 in the calendar year must be reported by the payer on a federal Form 1099-MISC.
 - b. A 20% back-up tax must be withheld by the payer, if the independent contractor has not provided a taxpayer identification number on Form W-9 (*Request for Taxpayer Identification Number Verification*) to the payer, for payments in excess of \$600 and submitted to the IRS under the applicable depository regulations.
 - c. The independent contractor is responsible for paying and reporting the applicable self-employment tax.
3. Questions concerning the status of a contractor versus employee relationship should be directed to district legal counsel.

D. Payroll Record

Certain record keeping requirements are established by the Federal Wage and Hour Division within the U.S. Department of Labor. Detail must be maintained on each individual's payroll record in accordance with the Fair Labor Standards Act. Districts may keep additional detail at their own discretion. Any action which has an effect on the employee's net pay should be recorded on the individual record for each pay period so affected.

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1. The following listing is not meant to be all-inclusive but indicates items to be considered
 - a. Name and address
 - b. Social Security Number.
 - c. Marital status and number of exemptions claimed for income tax purposes.
 - d. Gross contract salary, monthly gross salary, hourly rate, etc.
 - e. Assignment and location
 - f. Appropriation account classification or prorated classification if assignment is divided and fund from which the payment will be made.
 - g. Date of duty and termination date for contracted employees.
 - h. Gross payroll period salary.
 - i. Salary reductions which reduce gross payroll period salary, e.g., deferred compensation plans or annuity plans.
 - j. Gross taxable salary.
 - k. Withholding taxes for federal/state/local governments.
 - l. Deductions regulated by law such as payments into retirement programs.
 - m. Other deductions as authorized by the employee.
 - n. Net salary for the payroll period.
 - o. Totals for the month, quarter, fiscal year, and calendar year
2. Certain critical issues require special consideration for payroll record keeping purposes.
 - a. Changes in the rate of pay including dates and details
 - b. Tax sheltered/deferred compensation arrangements
 - c. Compliance with IRS regulations regarding tax shelter annuities and similar arrangements
3. The district has certain responsibilities relative to monitoring compliance with IRS regulations for tax sheltered arrangements. Questions regarding this issue should be directed to the district's legal counsel and/or auditor. Check with appropriate agencies to ensure compliance with accounting and recording requirements for special programs funded by grants, etc. **Salary and benefits funded by federal grant programs require a time and effort certification in accordance with OMB Uniform Grant Guidance.**
4. Because payroll represents such a large portion of day-to-day expenditures, care must be exercised to ensure accurate recording. There will often be records maintained in other offices, which supply information to the payroll department. For example, the personnel or human resource department may keep sick leave records and request payroll deductions for excess leave on approved forms. Bus driver time

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cards may be kept in the transportation office, which furnishes a payroll document for action. The district should be sure all such records are retained to provide an accessible and complete audit trail for each item on an individual payroll record.

5. Some payroll records may need to be retained indefinitely. Districts must retain records in accordance with the Division of State Archives and Public Records' permanent records control schedule authorization.

E. Public Employees' Retirement Association (PERA)

All school district employees are required to become members of PERA. Please check with PERA for possible exceptions to this requirement. Employees of Denver Public Schools are now part of PERA. The retirement board is authorized to determine membership eligibility. Decisions of the retirement board are final and are subject to review only by proper court action. C.R.S. 24-51-203, *et seq.*

1. Both the employee and employer make monthly contributions to the retirement fund.
2. Employer contributions are required of school districts. In addition, contributions are required for overtime and for extra duty pay. Districts should be aware that the 2004 legislation provided for an additional 0.40 percent employer contribution in 2013.
3. An Amortization Equalization Disbursement (AED) is an additional amount contributed by PERA employers that increases gradually between 2006 and 2018. Legislation signed into law in May 2006 requires employers to also submit a Supplemental Amortization Equalization Disbursement (SAED). The SAED increases gradually between 2008 and 2018.
4. Reimbursements for out-of-pocket expenses are excluded from deductible compensation. (See PERA regulations for a complete list.)
5. Check current PERA regulations to determine if payments such as one-time bonuses, early retirement incentives, etc are excluded from deductible compensation.
6. Check PERA regulations regarding PERA retirees working as or for independent contractors. See the *Working After Retirement* booklet for detailed information on working after retirement rules and the forms you must submit if you return to work for a PERA employer.
7. Payments to independent contractors are not classified as compensation for PERA provided the independent contractor is not a PERA retiree.

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8. Employers participating in PERA must implement GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* for fiscal year ending June 30, 2015.
9. Contact PERA for any necessary workshops or orientation meetings. Requests for copies of rules, regulations and interpretations related to PERA should be sent to the PERA office in Denver:

Public Employees' Retirement Association
1301 Pennsylvania Street
P.O. Box 5800
Denver, Colorado 80217-5800

(303) 832-9550 or 800-759-PERA (7372)

Or visit the PERA website at <https://www.copera.org/>.

F. Withholding Taxes

Withholding taxes are required and apply to compensation of all employees.

Sales Tax

A. General Information

Beginning September 1, 2008, sales made by schools, school activity booster organizations, and student classes or organizations are exempt from state sales tax if all proceeds of the sale are for the benefit of a school or school-approved student organization. [§39-26-725(2), C.R.S.]. Proceeds of sales by public school parent/ teacher organizations can also be used for the reasonable expenses of the organization. [§39-26-718(1)(c), C.R.S.]

This state sales tax exemption includes, but is not limited to, fundraiser items such as gift wrap, bake sale goods, silent auction donation items, and booster club concession stand food items that are sold by the school or school-related organization.

In order for the District to take advantage of the tax exemption, purchase must be made with a prescribed government form or purchase order, and paid directly to the seller by warrant or check drawn on District funds, or via District purchasing-card. A purchase by a District employee who is making the purchase with personal funds, even if the employee presents a tax-exemption number and plans to be reimbursed, is not tax-exempt.

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B. Definitions

1. School means a public or nonpublic school for students in grades kindergarten through twelfth grade.
2. Student means any person enrolled in a public or nonpublic K-12 school.
3. Proceeds means the gross sales less actual cost of the item(s) sold.

C. Local and Special District Sales Tax

This sales tax exemption does not apply to state-collected city and county local sales tax unless they have added the exemption to their ordinances. Refer to the DR 1002, Colorado Sales/Use Tax Rates, to find information on cities and counties that have enacted this exemption. This exemption does apply to RTD/CD/FD special district sales tax and Regional Transportation Authority(RTA) sales tax.

If local tax must be collected, the tax should be calculated on the sales price. For silent auction donation items, the tax should be calculated on the lesser of the sales price or fair market value of the donation.

D. Sales Tax License

1. The District's Certificate of Exemption for Colorado State Sales/Use Tax Only' is the only document that is required for the District to avoid the payment and collections of sales tax. Therefore, it is not necessary to obtain a 'sales tax license'. This type of license is only required for school-related organizations and Parent/Teacher organizations/ associations (PTO/PTA) that will obtain items to sell for fundraising without paying tax to the vendor.
2. School related organizations and PTO/PTA organizations should obtain a charitable sales tax license from the Colorado Department of Revenue to be able to obtain items to sell for fundraising without being required to pay tax to a vendor.

E. Filing of Returns

Groups that are not subject to local sales tax will not have any tax to report and should request a filing status of "annual" when registering for a sales tax license. They will be able to easily file a zero return using the state department of revenue's online sales tax zerofile system. Groups that are subject to local tax should file form DR 0100 quarterly

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or annually. You will receive forms provided by the state department of revenue after registration is completed.

F. Exemptions

1. C.R.S. 39-26-708 enables a contractor to purchase materials tax-free when this material is to become a part of the structure for a tax-exempt entity. The contractor should apply with the state department of revenue's sales tax division for an exemption certificate in order to purchase the material tax-free.
2. Currently, there is no sales tax on nutrition service sales.
3. Other tax items, such as hotel type taxes may apply.

G. Further Information

FYIs, commonly used forms and additional tax information are available on the Web at www.taxcolorado.com For additional sales tax information visit the tax information index at www.taxcolorado.co

General Requirements

A. Surety Bond – Insurance Rider Blanket

Each employee who is likely to have in his or her temporary custody at any one time an amount of school district money in excess of fifty dollars is to be bonded in an amount at least sufficient to cover the amount of school district moneys which is likely to be in his or her temporary custody. C.R.S. 22-32-109(1)(h) A blanket form of surety bond may be utilized to cover more than one such employee. Under C.R.S. 22-32-104(4), the board secretary, treasurer, their assistants and any board appointed custodian must provide surety bonds as required by the board.

B. Facsimile Signature

If a facsimile signature is to be used to sign checks, orders or warrants, each board of education officer shall give written consent to the board for the use of such facsimile signature and written approval of the employee designated to affix the facsimile signature. Such authorization shall be evidenced by a resolution adopted by the board and shall be recorded in the proceedings of the board. Any employee authorized and approved to affix the facsimile signature of the board officer(s) shall be bonded. C.R.S. 22-32-121

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C. Public Records

As a public entity, a school district is required by statute and regulations not only to maintain and preserve certain records in a prescribed manner, but also to dispose of any records in a prescribed manner.

1. "All records shall be maintained at the principal administrative offices of the school district. Accounts shall be posted and recorded with fund resources at least monthly." C.R.S. 22-45-102
2. "The secretary of the board shall cause minutes of each meeting of the board to be kept and preserved." (Attached to and made part of the appropriate minutes shall be copies of the officially adopted budgets, audits and financial reports.) C.R.S. 22-32-106(1)
3. "The board of education shall cause to be kept the stubs of, or a register of, all warrants or orders drawn upon school district moneys in the various funds, showing the number of each warrant or order, the date issued, the object or purpose for which drawn, the amount and to whom payable, or in lieu thereof, similar records as normally provided in accounting procedures through the use of automatic processing." C.R.S. 22-32-109(1)(j)
4. The board of education shall cause such reports as relate to the affairs or business of the district to be preserved and disposed of only in the manner provided by law. C.R.S. 22-32-109(1)(m)
5. The Division of State Archives and Public Records is the state agency that coordinates and jointly approves the preservation and destruction of public records for local government. No public officer of a state agency or any county, municipality or school district shall destroy any record without having first secured from the state archivist and the attorney general authorization to do so in accordance with the provisions of an act relating to public records. C.R.S. 24-80-105

ACCOUNTING AND REPORTING

PART 3: REPORTING REQUIREMENTS

I. Introduction to Reporting Requirements

Each school district in Colorado must prepare and have audited, a basic financial statement that includes all funds and activities of the district, including reportable component units. The requirement for annual financial statements in conformity with generally accepted governmental accounting principles is set forth in the Colorado Local Government Audit Law, C.R.S. 29-1-601, *et seq.* The annual financial statements must be prepared in accordance with GAAP. C.R.S. 29-1-603(2) *They must set forth the financial position and results of operation of each fund and include a comparison of budgeted amounts to actual for all funds and activities.* The supplemental combining and individual fund schedules must be prepared in accordance with the formats prescribed by the state department of education.

II. Schedule of Revenues and Expenditures

"The supplemental schedules of receipts and expenditures for each fund shall be in the format prescribed by the State Board of Education and shall be in agreement with the audited financial statements of the school district." C.R.S. 29-1-603(1) The auditor's electronic financial data integrity check figures report mentioned below is the required format for this schedule.

Districts are required to electronically submit annual financial data to the state department of education. This process will produce an auditor's electronic financial data integrity check figures report. This report must match the audited annual financial statements, not only in the amounts presented but also the types of funds. For example, each type of fund presented in the audited financial statements must be transmitted electronically. No funds are exempt from electronic reporting, including reportable component units. Except for small allowances made for rounding, and some other allowable adjustments as provided for by CDE, the amounts on the auditor's integrity check figures report must match those presented in the audited annual financial statements. (See the FPP handbook chart of accounts).

In order to accommodate provisions under statute, for data collection purposes, for financial transparency and comparability purposes, or for Federal compliance requirements, the detailed reporting of the activities by charter schools, online schools/programs, and for Special Education contract workers is required to be provided for within the external financial audit, as well as within the Finance December data pipeline file. Therefore, the reporting of a single large purchased service amount for these activities will not be acceptable. The detailed reporting should include the costs of salaries and benefits, and other detailed costs as if the reporting entity had paid for these specific items instead of as a lump sum purchase.

ACCOUNTING AND REPORTING

III. Compliance with the Financial Policies and Procedures Handbook

The independent auditor is required to disclose whether or not the district is in compliance with the *Financial Policies and Procedures Handbook*. "As part of the audit of a school district, the auditor shall ensure that the school district is complying with the provisions of section 22-44-204(3), C.R.S., concerning the use of the *Financial Policies and Procedures Handbook* adopted by the State Board of Education." C.R.S. 29-1-603

IV. Colorado Department of Education Reporting Requirements

Complete PDF or bound annual financial statements covering all funds and activities, including appropriate combining and individual fund statements, must be prepared, audited and submitted to the state auditor and the department of education no later than December 31 of each year. The audit report for each school district shall include a calculation of the school district's fiscal year spending under section 20 of article X of the state constitution (only for districts that have not fully de-bruced the TABOR requirement) and the auditor's electronic data integrity check figures report as the "final" report. The bolded balance sheet report and the completed "accreditation report" must also be submitted to the department of education. Without these reports, the state department of education and the state auditor consider the financial statements incomplete and unacceptable. DO NOT REMOVE, ERASE OR OTHERWISE ALTER ANY OF THE INFORMATION ON THE AUDITOR'S INTEGRITY CHECK FIGURES REPORT OR BOLDED BALANCE SHEET REPORT. Audited annual financial statements will be returned if they do not agree with the electronically transmitted data.

PDF or bound audited financial statements must be submitted within thirty (30) days after the district receives the audit report or within five (5) months after the close of the fiscal year, whichever is earlier. If this deadline cannot be met, the district must file an extension with the state auditor. Extensions will be granted on an "as needed" basis, not to exceed 60 days.

AUDIT

AUDIT

I. Introduction to Annual Independent Audits

This section of the *FPP Handbook* provides information regarding statutes and regulations as well as a sample request for proposal which districts can use to solicit independent audit bids. Both state and federal law require annual independent audits of each school district's financial reports and accounting practices. In addition, the independent audit can and should serve as a means for each district to evaluate and improve its business management system. The audit requirement applies to CSI, charter schools, charter school collaboratives, charter school networks, and BOCES.

Independent audits serve as tools for administrators and board of education members to confirm the financial condition of the district and to publicize this information to the public. At the same time, the auditor has an opportunity to advise the school district of changes in required accounting and reporting practices.

The following is an index to Colorado Revised Statutes (C.R.S.), which governs the auditing requirements for public school districts, charter schools, CSI, charter school collaboratives, charter school networks, and BOCES.

C.R.S. 29-1 Section 600 - Local Government Audit Law

Audits Required – Section 603

Exemptions – Section 604

Contents of Report – Section 605

Submission of Reports – Section 606

Duties of State Auditor – Section 607

Violations and Penalties – Section 608

C.R.S. 24-75-601.3 -Investments in Conformance with Statute

C.R.S. 22-44-204(3) -Required Use of FPP Manual

Other Sources include:

-State Auditor's Office

-State of Colorado Financial Management can be found at www.leg.state.co.us/OSA/coauditor1.nsf/LocalGovPublic?openform

-American Institute of CPA's Web Site –www.AICPA.Org

-Colorado Department of Education Web Site – www.cde.state.co.us

-GFOA Web Page (Government Financial Officer's Association) – www.gfoa.org

- Government Accountability Office (GAO)– www.gao.gov

AUDIT

- GAO – Government Auditing Standards (Yellow Book)
- GAAFR (Blue Book) – GFOA Governmental Accounting, Auditing, and Financial Reporting
- Colorado Society of CPAs – www.cocpa.org
- Government Accounting Standards Board – www.gasb.org
- Office of Management and Budget – www.whitehouse.gov
- OMB Uniform Grant Guidance – www.whitehouse.gov/omb/grants_docs
- ASBO International (Association of School Business Officials International)

(SEE CONTACTS SECTION)

Reporting Helpful Hints:

- ~Obtain access to the above listed publications
- ~Review current independent auditor report
- ~Contact your certified public accountant to obtain a listing of required work papers (reconciliation's and documentation prepared by the district for the audit), schedules and documentation
- ~Selection of a certified public accountant (sample of a "Request for Proposal") for auditing services is included for your reference
- ~TABOR Calculation is referenced in C.R.S. 29-1-603(5)
- ~Refer to GASB Codification 2300 for additional information
- ~Colorado PERA website for information regarding GASB 68

II. Audit Requirements

The Local Government Audit Law (C.R.S. 29-1-601 et seq) requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant (CPA) and be in accordance with generally accepted auditing standards.

The Consolidated Appropriations Act of 2010 requires that states ensure that every charter school conducts annual, timely and independent audits of the school's financial position in order to receive funding from the Public Charter School Grant Program. Charter school audits will be required annually beginning fiscal year ending June 30, 2012. The charter school audits must be submitted to the Colorado Department of Education and the State Auditor's Office. The charter school independent financial audit will need to meet the financial deadlines as established through C.R.S. 29-1-603.

Single Audit Requirements

Note: Threshold and other single audit requirements change effective beginning with fiscal year 2015-16.

AUDIT

The Single Audit Act establishes standards for obtaining consistency and uniformity for audits of states, local governments, and nonprofit organizations expending federal funds. Governments are required to complete a single audit in accordance with the Single Audit Act if they have expenditures of federal financial assistance in excess of \$750,000. Note: Due to the fact that the state department of education does not allow sub-recipient arrangements at the school district or SFA level for federal grants administered by the state, a charter should not be considered a sub-recipient of the school district or SFA for single audit purposes. The entity to which the state department of education provides the funds is the responsible entity for single audit purposes. The lack of sub-recipient arrangements also applies to BOCES and lead districts of a consortium. However, the single audit of the school district or SFA must include the charter schools within the school district or SFA. The charter may be requested to assist with documents or other matters during the single audit of the school district or SFA.

Guidance on single audit compliance requirements can be found in the Office of Management and Budget (OMB), Uniform Grant Guidance. OMB Uniform Grant Guidance can be obtained at: https://www.whitehouse.gov/omb/grants_docs

In addition, for fiscal periods ending on or after January 1, 2008, the Form SF-SAC and the Single Audit reporting package must be submitted on-line using the Federal Audit Clearinghouse's Internet Data Entry System. Please refer to the Federal Audit Clearinghouse website at <http://harvester.census.gov/sac/> for more information.

In the limited case where funds are received directly by the charter school or the charter school receives other federal funds that are subject to a sub-recipient agreement and arrangements, these funds should be counted by the charter school to determine if it meets the \$750,000 of federal financial assistance threshold each fiscal year. If the charter school meets the threshold based on direct or sub-recipient funding, the charter school would need to have a single audit performed. Charter schools should seek guidance from its independent auditor on these requirements.

AUDIT

III. Selection of Certified Public Accountant

Auditor's Role - The auditor's role is to conduct an independent audit and render to outside parties an unbiased opinion on the fair presentation of the financial statements. The auditor must conduct the audit in accordance with generally accepted auditing standards (GAAS), and if required, with generally accepted governmental auditing standards (GAGAS or Yellow book standards).

The selection of an auditor is an important part of obtaining a quality audit. When selecting an auditor, consideration should be given to a prospective auditor's governmental auditing experience, availability, and knowledge of current governmental accounting and auditing standards. A request for proposal (RFP) should be issued by the government to solicit proposals from audit firms who wish to be considered in the audit selection process. In the RFP, the district can request specific information be included in the auditor's proposal and define the services and qualifications required.

The following sample form lists questions that should be utilized by a district in the process of selecting an auditor. This list is not all-inclusive and districts may add questions according to their own needs.

AUDIT

Request for Proposal

DATE: _____ SCHOOL DISTRICT NUMBER _____
_____, COLORADO

1. Name of Firm: _____
2. Address of Home Office: _____

3. List the personnel of your local organization who are likely to be assigned to the _____ School District Audit. Indicate whether Partner, Principal, Senior Accountant, etc.

Name	Position	Hours
_____	_____	
_____	_____	
_____	_____	

4. Has your local office performed school district audits in Colorado? List names of school districts and dates of audits:

Name of School District	Audit Date	Single Audit or not?

5. Has your local office performed audits for any types of Colorado governmental units?

Name of Governmental Unit	Audit Date	Single Audit or not?

6. Has the firm completed a peer review under the AICPA division of firms program? Yes _____
No _____

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If a peer review has been completed, please enclose a copy of the latest report.

NOTE: Accounting firms that are members of the AICPA and/or audit federal funds are required to participate in a peer review process.

7. What is the firm's standard for continuing professional education, for certified staff and non-certified staff? How many hours of continuing professional education (CPE) are required in governmental accounting and auditing? If required, are individual staff members meeting the minimum requirements as defined by the Yellow Book?
8. What percentage of the external auditors who would be assigned to the audit have at least six months experience in governmental accounting? Please give details.
9. Please quote a not to exceed audit fee for each of the next three years.
10. Please explain your firm's experience and expertise in providing other consulting services to governmental entities.
11. Is your firm licensed to practice public accounting in the State of Colorado? Please attach a copy of your current active license.
12. Confirm that the firm has not been suspended or debarred by the federal government.
13. Comment on impact that any new accounting standards will have on the audit process and on the preparing government.

Feel free to add additional comments, background information, data, etc., which are pertinent to the selection process. This proposal should be submitted by (date) to:

(Contact Person)

(Company Name)

(Address)

(City, State)

Note: For additional sample of an RFP consult the Audit Section of the State of Colorado Financial Management Manual produced by the State Auditor's Office.

AUDIT

IV. Audit Process

The district should prepare in advance for the audit. This will not only simplify the auditor's work, but will save the district money. Since the auditor is paid according to the scope of the job, work done by the district should result in savings to the district. In addition, the auditor is precluded from performing certain tasks that would be considered as being management decision making functions. Before an estimated price for the audit is determined, there should be an understanding of what work is to be done by the district and what is to be done by the auditors. Among tasks to be completed are:

A. Pre-Audit and End of Year Activities

1. Cash on hand (other than imprest petty cash accounts) should be deposited in the bank as of the year end.
2. Entries in the books should be up-to-date.
3. The books should be in balance and the control accounts reconciled to the subsidiary records.
4. An official set of signed board minutes should be available.
5. As a minimum, the following records should be made available to the auditor:
 - (1) A copy of each original and revised budget, including any supplemental budget, as adopted
 - (2) Appropriation resolutions adopted by the board of education
 - (3) Copies of prepared financial statements
 - (4) County treasurer's summary of school district revenues on hand
 - (5) A district organization chart so the auditor knows lines of responsibility
 - (6) A copy of the district's document flow chart. The auditor will want to know the complete history of a transaction from its beginning to its final disposition, including the individuals involved in each stage of the transaction
 - (7) The monthly reconciliation and statements for each account in each financial institution
 - (8) A listing of investments, by fund, including all detail for the year, the auditor will wish to examine any investment documents
 - (9) A list of district depositories and their addresses, including bank account numbers and names in each depository. This should include trust and agency funds and an explanation of all funds managed.
 - (10) A list of outstanding payables and receivables

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- (11) A supplementary schedule and appropriate payroll information to back up the accrued salaries payable computation, as well as pension liability determination for GASB Statement No. 68.
- (12) Copies of insurance policies in force and schedule of prepaid insurance
- (13) Identification of related party transactions
- (14) Copies of legal documents - including debt issues
- (15) Year-end inventory listings - including food service inventories
- (16) A listing of contingent liabilities
- (17) Copies of audits and/or reviews performed by federal or state agencies
- (18) Potential component unit information, if any

B. Data Pipeline Financial Submission:

The state department of education requires annual financial reporting at the completion of the audit, in compliance with the state chart of accounts. Finalized electronic transmission should occur by November 30. After successfully submitting this data, an auditor's integrity report and bolded balance sheet report will be produced. These reports will need to be approved by your auditor. The final auditor's integrity report will be included with the auditor's report within the financial statements. The bolded balance sheet report, together with the completed accreditation report, will also be provided to the state department of education. These items need to be submitted along with Form AFA2015 – Assurances for Financial Accreditation available at:

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

The data pipeline financial submission is based on the fund accounting treatment (modified accrual basis of accounting) for governmental funds and the accrual basis of accounting for proprietary funds.

Helpful Hint: See the CDE web site or detailed instructions concerning preparation and submission of data pipeline financial submission to CDE. Please note that this process is time consuming, it is helpful to start this process as early as possible (August – September is recommended).

C. Submission of Audit Reports:

State law requires that the audited annual financial statements of each district be provided to the state auditor after they are accepted by the local board of education. Audit reports for districts must be submitted by the auditor to the district within five months after the close of the district's fiscal year. A copy of the audit report shall be forwarded to the state auditor and the state department of education within thirty days after the auditor submits it to the district. The addresses of the state department of education and the state auditor are listed below.

AUDIT

Colorado Dept. of Education
School Finance Division
201 East Colfax Avenue, Room 206
Denver, CO 80203

Use schoolfinance@cde.state.co.us for electronic filing of audit reports to CDE.

Office of the State Auditor
Local Government Audit Division
State Services Building
1525 Sherman Street, 7th Floor
Denver, CO 80203-1700

Use osa.lg@state.co.us for electronic filing of audit reports to the state auditor.

If necessary, related to Single Audit:

Please refer to the Federal Audit Clearinghouse website at <http://harvester.census.gov/sac> for the required electronic submission of the Form SF-SAC and the Single Audit reporting package using the Federal Audit Clearinghouse's Internet Data Entry System.

In addition, due to continuing disclosure filing requirements which became effective July 1, 2009, many districts are required to submit information to the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB). This information serves to keep bondholders informed of the district's financial position. Districts may refer to their Official Statements to determine what information is required, as well as when and where the information is to be sent.

Note: On May 26, 2010, the Securities and Exchange Commission approved changes to the continuing disclosure provision of its rule 15c2-12. The amendments will not affect existing continuing disclosure undertakings.

Hint: Mail Audits "receipt requested" to document both date sent and receipt.

V. Comprehensive Annual Financial Reports (CAFRs) and Audit Awards

Many larger districts include additional narrative and statistical information in addition to the required audit to form a document commonly known as a CAFR. Although not a legal requirement, this additional data provides in depth information to community members and those interested in the financial condition of the district. Governmental entities may

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apply for reporting awards given by ASBO (Association of School Business Officials International -Certificate of Excellence in Financial Reporting Program) and GFOA (Government Finance Officer's Association- Certificate of Achievement for Excellence in Financial Reporting). For additional information please contact these organizations (listed in the CONTACTS SECTION).

INVESTMENT AND CASH MANAGEMENT

I. Introduction to Investment/Cash Management

Local Government officials hold a special place of trust in our society. It is imperative that public officials be accountable for decisions that bear on their communities. Investment of school district funds is an area which provides an opportunity for officials to show prudent and well-planned efforts in order to protect public money, to assure continued operation of school services and, within these constraints, to maximize return on investments.

II. Goals

Boards of Education should develop investment practices and policies consistent with four major goals. The goals of *legal investments*, *safety of funds*, *liquidity of funds*, and *yield* should be utilized in determining school district investment and cash management policies and procedures.

III. Legal Investments

The first objective of school district investment and cash management policy is to ensure that all funds are deposited and invested in accordance with state statutes and resolutions enacted by the local school board.

- **Eligible Public Depositories**

1. All state and national banks with an office in the State of Colorado which are insured by the FDIC and which are approved as eligible public fund depositories by the State of Colorado Banking Board. C.R.S. 11-10.5-103(6).
2. All state and federally chartered savings and loan associations with an office in the State of Colorado which are insured by the FDIC and which are approved as eligible public fund depositories by the State of Colorado Division of Financial Services (11-47-103(6)).

- **Eligible Securities Broker/Dealers and Banks**

Procedures for selection of eligible securities brokers and banks should be established by district policy. The following are classifications of securities brokers:

1. Securities dealers and banks which are designated as reporting dealers by the Federal Reserve Bank of New York (primary dealers).
2. National and state banks, state and federally chartered savings and loan which have been approved by the Colorado Banking Board and/or the Division of Financial

INVESTMENT AND CASH MANAGEMENT

Services as an eligible public depository in the State of Colorado and which may be approved by the local board of education.

3. Securities dealers which are not designated reporting dealers by the Federal Reserve Bank of New York and are approved by the board of education.

C. Eligible Investment Instruments

The Public Deposit Protection Act (PDPA) requires school districts to deposit public funds only in approved institutions (see Eligible Public Deposits under Legal Investments). All investments must be for five years maturity or less unless the governing body of the public entity authorizes investment for such a period in excess of five years. C.R.S. 24-75-601.1

Public funds shall not be invested in a security on which the coupon rate is not fixed from settlement until maturity, other than shares in qualified money market mutual funds, unless the coupon rate is established by references to specified rate indexes, such as the US Dollar London Interbank Offer Rate (LIBOR), or on a US Treasury maturity with a maturity of one year or less, the rate must be expressed as a positive value of the referenced index plus or minus a fixed number of basis points.

The securities in the following list are eligible for investment by school districts in the State of Colorado. C.R.S. 24-75-601, *et seq.* (Refer to State of Colorado, Department of Local Government, Financial Management Assistance, *“Legal Investments for Colorado Local Governments”*.)

The following descriptions are summaries only. When consulting the Colorado Revised Statutes, be certain to use the most current edition. CRS § 24-75-601.1 lists the following eligible securities:

1. Direct obligations of the United States with a maximum maturity of five years from the settlement date, unless the governing body authorizes a longer maturity period.
2. Obligations of U.S. Government Agencies with a maximum maturity of five years from the settlement date, unless the governing body authorizes a longer maturity period. Specifically mentioned in the law are securities issued by FNMA (federal national mortgage association) “Fannie Mae”; by GNMA (government national mortgage association) “Ginnie Mae”; by FHLMC (federal home loan mortgage corporation) “Freddie Mac”; by the federal farm credit bank; by the federal land bank; by the export-import bank; by the Tennessee valley authority; and by the world bank.
3. Securities of entities or organizations not listed above, but created by, or authorized to be created by legislation of, the U.S. congress where the issuing agency is subject to control by the federal government at least as extensive as that which governs the agencies listed

INVESTMENT AND CASH MANAGEMENT

above. The period from the settlement date to its maturity shall be no longer than five years, unless the governing body authorizes a longer maturity period.

4. General obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental entities. Securities issued by the State of Colorado or any of its political subdivisions, institutions, departments, agencies, instrumentalities or authorities must carry at least two credit ratings at or above “A” or its equivalent from nationally recognized statistical rating agencies. General obligations of any other state of the U.S., the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority must carry at least two credit ratings at or above “AA” or its equivalent from nationally recognized statistical rating organizations. The period from the settlement date to its maturity date or optional redemption that has been exercised as of the date the security is purchased shall be no longer than five years, unless the governing body authorizes investment for a period in excess of five years.

5. Revenue obligations of any state of the United States, the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority of any of such governmental agencies. Securities issued by the State of Colorado or any of its political subdivisions, institutions, departments, agencies, instrumentalities or authorities must carry at least two credit ratings at or above “A” or its equivalent from nationally recognized statistical rating agencies. Revenue obligations of any other state of the U.S., the District of Columbia, the territorial possessions of the U.S., or political subdivision, institution, department, agency, instrumentality, or authority must carry at least two credit ratings at or above “AA” or its equivalent from nationally recognized statistical rating organizations. The period from the settlement date to its maturity date or optional redemption that has been exercised as of the date the security is purchased shall be no longer than five years, unless the governing body authorizes investment for a period in excess of five years.

6. The investing local government's own securities including certificates of participation and lease obligations.

7. Any interest in a local government investment pool pursuant to CRS § 24-75-701, et seq.

8. Repurchase agreements for any of the U.S. Government and agency securities listed in paragraphs one and two above, under certain conditions, including that the securities must be marketable; that the market value of such securities must be at least equal to 102% of the funds invested by the investing public entity and marked to market no less frequently than weekly; and that the title must be transferred and the securities must actually be delivered versus payment. The securities subject to repurchase agreement may have a maturity in excess of five years, however the period from the settlement date of the repurchase agreement to its maturity shall be no longer than five years unless the governing body authorizes a longer maturity period.

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9. Reverse repurchase agreements for any of the U.S. Government and agency securities listed in paragraphs one and two above, subject to several conditions, including that necessary transfer documents must be transferred to the investing public entity; cash must be received by the investing public entity in a delivery versus payment settlement; that the cash received must be collateralized at no more than 105% by the investing public entity and marked to market at least weekly; that the repurchase agreement is not greater than ninety days in maturity from the date of settlement unless the governing body authorizes a longer maturity period; that the counter-party meets the credit conditions of an issuer that would qualify under paragraph thirteen below; that the value of all securities does not exceed eighty percent of the total deposits and investments of the investing public entity; and that no securities are purchased with the proceeds of the reverse repurchase agreement that are greater in maturity than the term of the reverse repurchase agreement.

10. Securities lending agreement, subject to certain conditions, including that necessary transfer documents must be transferred to the investing public entity; securities must be received by the investing public entity in a simultaneous settlement; that the market value of such securities at all times must be at least 102% the securities lent by the investing public entity and marked to market at least weekly; that the counter-party meets the credit conditions of an issuer that would qualify under paragraph thirteen below; and that in the case of a local government, the securities lending agreement shall be approved and designated by written resolution adopted by a majority vote of the governing body and recorded in its minutes.

11. Certain money market funds. Statutes impose several conditions including: registration of the fund under the federal "Investment Company Act of 1940"; that the fund seeks to maintain a constant share price; the fund charges no sale or load fees unless the governing body of the public entity authorizes such a fee at the time of purchase; the securities have maximum maturity as specified in rule 2a-7 of the federal "Investment Company Act of 1940"; the fund has assets of a certain amount; or has the highest current rating from at least one nationally recognized rating agency; and the dollar-weighted average portfolio maturity meets requirements of rule 2a-7 with additional limitations.

12. Certain guaranteed investment contracts rated in one of the two highest rating categories by two or more statistical rating organizations; with a maturity not greater than three years; contracts with a maturity of greater than three years shall only be purchased only with debt, certificates of participation, or lease-purchase agreement proceeds, but no refunding proceeds.

U.S. dollar denominated corporate or bank security, issued by a corporation or bank organized and operating within the United States; the debt matures within three years; at the time of purchase the debt must carry at least two ratings from any nationally recognized statistical ratings organizations. If the security is a money market instrument such as commercial paper or bankers' acceptance, then it must not be rated below "A1, P1, or F1"; any other type of security must not be rated below "AA- or AA3" by either of the two ratings

INVESTMENT AND CASH MANAGEMENT

used to fulfill the two rating requirement. The book value of the local government's investment in this type of debt shall at no time exceed 50% of the government's investment portfolio or five percent of the book value if the debt is issued by a single corporation or bank unless the governing body authorizes a greater percent. No subordinated security may be purchased. No corporate or bank security that is not organized outside of the U.S. may be purchased unless the governing body authorizes such investment.

IV. Safety of Funds

The second objective of school district investment and cash management policy is to ensure the safety of the district's financial assets. **The district should not enter into investment transactions which will expose it to undue credit risk of an issuer or broker/dealer.**

- A. **The district should investigate the condition of financial institutions before committing district funds.** In most publications, banks and savings institutions are evaluated by comparing them to other similar institutions in a number of areas. These areas include size and growth, loan exposure, capital adequacy, asset quality, earnings and liquidity. **References available at the end of this section.**
- B. **When depositing public funds in banks and savings and loan associations, the PDPA requires the institution be designated as an "eligible public depository" institution, pursuant to Sections 11-10.5-101 and 11-47-101.** The PDPA Act of 1989 requires banks to apply or reapply for designation as an eligible public depository, C.R.S. 11-10.5-106. In addition, every public entity must apply to the State of Colorado Bank Board for a public depository account number. This number must be given to any bank with which the district does business, C.R.S. 22-40-105 and C.R.S. 22-32-107. **Districts should seek legal advice if they are contemplating any investment or deposit outside of the state.**

When the board of education of a school district has elected to have all moneys belonging to the district paid over to the treasurer of said board, the treasurer, or such other custodian appointed by the board, shall deposit or cause to be deposited, all such moneys in such depositories as shall be designated by such board. C.R.S. 22-40-105, 22-32-107 and 24-75-601 (Funds - Legal Investments) *et seq.*

"Eligible Public Depository" means the depository has met the required criteria, including the deposits are insured by federal deposit insurance; that the bank meets capitalization standards set by the Banking Board; and that the bank agrees to abide by all PDPA requirements (see the State Auditor's Handbook, C.R.S. citations 11-10.5-101 and 11-47-103(6)). Note: eligible Public Depositories are limited to depositories operating within the state.

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- C. When a school district deposits funds in a state approved bank or savings and loan institution, the FDIC will insure these deposits up to a maximum amount. The FDIC may extend federal insurance to funds segregated in a separate Bond Redemption Fund. Amounts deposited in excess of the maximum amount are not insured by FDIC but are covered by the collateral provisions of the PDPA.
- D. With the Bond Redemption Fund excluded, the amount of the total deposit is defined as the total of all school district deposits even if different funds and accounts are involved. Separation of deposits by funds, account or designated custodian usually will not extend the total amount insured by the FDIC.
- E. "As an ongoing requirement of designation as an eligible public depository, any such depository shall pledge collateral having a market value in excess of one hundred two percent of the aggregate uninsured public deposits." C.R.S. 11-10.5-107(5).

The PDPA requires that the uninsured portion of a school district's deposits be protected through collateralization by the bank or savings and loan institution. The bank or savings and loan are required to certify sufficient collateral to cover uninsured public funds to state agencies on a regular basis. This certification of collateral is made to the state banking commissioner or savings and loan commissioner.

- F. School districts may wish to follow a general rule regarding diversification or "spreading around" of investments because of possible delays in the recovery of money in the event of institutional failure. If an institution fails, it is recommended that a school district be prepared to meet one or more months of regular operating obligations. School districts may wish to seek legal counsel, advice from their independent auditor and inform the Colorado Department of Education.

V. Liquidity of Funds

The third objective of school district investment and cash management policy is to ensure that adequate funds are available to pay the district's financial obligations when due.

- A. Investment transactions will be completed taking into account the cash needs of the district. This means that some investments need to be planned so that no principal or interest loss is likely if early liquidation or "cashing in" is necessary. Other, longer term investments may be handled differently and may include securities which have to be held to full term in order to realize full yield and/or protection of principal.
- B. Cash management means that money on hand, while not presently needed for disbursement, will be needed at a future date. In the meantime, this money should be generating a reasonable rate of return. The goal is simply to maximize income on the district's cash through safe, short-term investments. In order that availability of the

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money be guaranteed at some future date, any investment should have essentially no principal risk associated with it. This general rule is consistent with the purpose and language of the PDPA.

- C. Many school districts have only a small percentage of time to devote to cash management and may not have the experience required to actively manage an investment portfolio. With these constraints in mind, many school districts will follow a course of "passive" investment management rather than a more active approach. The passive management approach involves buy-and-hold purchases which involve a minimum of day-to-day management and little risk. Bank or savings and loan certificates of deposit are often used. Active management, on the other hand, is characterized by purchasing and selling of securities to respond to cash flow requirements. Whether a school district investment manager takes a passive or active approach is determined by the three factors of time, experience and policy.

VI. Yield

The fourth objective of school district investment and cash management policy is to earn a market rate of interest on available funds throughout the budget cycle. In meeting this objective, investment management personnel will take into account the district's investment risk constraints and cash flow needs.

VII. Other Items

In addition to the four primary guiding goals recommended for use in investment/cash management, the district must also be aware of other important items.

A. Safekeeping of Securities

If the district buys or sells securities it should establish a safekeeping account with a bank to serve as custodian for any marketable securities owned by the district. Institutions issuing certificates of deposit will keep the certificates of deposit and send the district a safekeeping receipt.

1. By law, districts must hold title to any securities purchased. These securities may actually be physically held by the district (this is almost never done) or may be held in third party safekeeping, which is the usual method.
2. For repurchase agreements (repos), it is imperative that the district or the third party custodian take delivery of the repurchase agreement collateral. This ensures a perfected security interest in the collateral security. Repurchase agreements will be collateralized at a minimum of 100 percent of the market value of the repurchase agreement. At all times, market value must be at least 100 percent of the funds

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invested. For that reason, it is recommended that repurchase agreements be collateralized at 103 percent.

3. There is a cost associated with the safekeeping of securities by a third party custodian. The district may desire to work with its local bank(s) to arrange reasonably priced safekeeping services.

B. Competitive Participation

The district should seek competitive quotes on its investments.

C. Documentation

All purchases and sales of investments should be authorized or confirmed in writing with the issuer. This confirmation can be in the form of electronic transmission such as E-mail or facsimile. Internal controls (for example, separation of duties) should be established to ensure the integrity of the investment process.

Many investment transactions are conducted electronically and their requirement for written authorization may be inappropriate. In this case confirmation in the form of annotated documentation or any monthly investment reports issued should be retained.

D. Reporting

The board of education should receive a periodic (monthly, quarterly) report listing all of the investments of the district. The report should include a summary of investment earnings during the fiscal year. The report should be presented so as to show the level of investments in securities and various investment institutions. An annual report should be provided which will give the rate of return for the year for pooled funds or separately invested funds.

This policy can be written to promote a reporting format which will allow a board of education to examine investment practices for compliance with policy and to evaluate the success of the program in terms of its stated objectives.

The district should conduct regular and/or unscheduled reviews of all of the investment transactions. Problems or concerns found in these reviews should be reported to the appropriate district personnel.

This may be accomplished through the regular annual independent audit or by the independent auditor on a more frequent basis. In small districts, an annual audit may

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serve as the required review and a policy written for such a district would reflect this provision.

GASB Statement No. 31 establishes additional accounting and financial reporting standards for local government investments and external local government investment pools. It requires local governments and local government investment pools to report investments in their annual financial statements at “fair value” on the balance sheet and to report corresponding increases or decreases in fair value in the operating statement (or other statement of activities).

Required disclosures include: (1) the methods and significant assumptions used to estimate the fair value of investments, (2) the policy for determining which investments, if any, are reported at amortized cost, (3) information on investments in an external investment pool, and (4) income from investments associated with one fund that is assigned to another fund.

E. Additional Disclosures for Financial Statement Purposes

As noted in Section X. E. of Accounting and Reporting, the Financial Transparency Act requires the posting of Investment performance reports commencing July 1, 2012.

The Governmental Accounting Standards Board (GASB) Statement No. 40, *“Financial Statements Required Disclosures Regarding Cash Deposits”*, requires certain disclosures in local government financial statements regarding cash deposits and investments. The purpose of the disclosures is to assist users of local government financial statements with information to assess the risk of loss associated with the local government’s cash deposits and investments.

The risk of loss refers to the risk associated with outside parties’ being responsible for the custody of a government’s deposits and/or investments. This risk is a custodial credit risk. For deposits, this risk is minimized when deposits are insured. If the deposits are not insured or registered, risk is evaluated based on (1) who holds the collateral for the deposits and (2) how the collateral is held.

Custodial credit risk for investments is the possibility that a local government may not recover the value of its investments that are in the possession of an outside party if the counterparty of the investment transaction fails. If you have unregistered investments then a custodial credit risk disclosure is required.

In addition to custodial credit risk, there are four other risks for investments defined by GASB No. 40 that may require disclosure:

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1. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. A local government should disclose the credit quality ratings of investments as described by nationally recognized rating agencies.
2. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. A local government should disclose the amount and issuer of any investment in any one issuer that represents 5 percent or more of the total investments held by the government.
3. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. There are five methods that can be used to disclose interest rate risk: segmented time distribution, specific identification, weighted average maturity, duration, and the simulation model.
4. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The local government should disclose the U.S. dollar balances in foreign currencies, organized by currency denomination and, if applicable, investment type.

Note: Both the COLOTRUST and C-SAFE pools have credit quality ratings that can be found on their credit ratings reports that are located on their respective websites at www.colotrust.com and www.csafe.org. COLOTRUST and C-SAFE are external investment pools that are 2a7-like pools as identified in GASB No. 40. Therefore, they are not subject to interest rate risk disclosures.

VIII. Investment Characteristics of Specific School District Funds

The cash management approach, while generally using short-term investments, is guided by the type of fund having cash to invest. The following schedule lists the various school district funds and probable investment strategies. Consolidating cash into a pooled investment account will provide an effective method of maximizing interest returns.

A. General Fund Investment Characteristics

Other than the required TABOR emergency reserve, little or no permanent reserve may be available for long-term investment. Revenue and disbursements are subject to prediction with reasonable accuracy. The investment period usually ranges from one day to several months, although some extended investments may be possible. Likely investments include all deposits and securities, which meet the cash flow needs of the district.

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B. Bond Redemption Fund Investment Characteristics

Definite knowledge of cash requirement dates is necessary for investments from this fund. The revenue flow for this fund is predictable, with investment periods being based on the required dates of debt service payments usually one to several months. Likely investments may include certificates of deposit and other permitted investments.

C. Building Fund (Capital Projects Fund) Characteristics

Cash is usually available prior to a project's start and cash needs are subject to reasonable prediction. Major variables do exist. Investments can be for longer periods with staggered maturities to meet expected construction draws. Long-term investments with flexibility in draw schedule may be appropriate. Investments may include certificates of deposit which do allow for flexible withdrawal after some minimum period, long-term repurchase agreements and treasury and agency obligations. Federal arbitrage laws may apply to investment earnings.

D. Capital Reserve Capital Project/Insurance Reserve (Risk Management) Fund Characteristics

Revenue flow is predictable. Disbursement flow, for the most part, can be controlled. Investment periods vary from one to several months and may be longer than a year, depending on the expenditure plan. Investments are planned based on revenue timing and expected cash needs. Investments might include certificates of deposit and treasury agency securities, which mature to meet cash flow needs.

E. Food Service and Pupil Activity Funds Characteristics

These are unique funds in terms of fluctuation and variability of amounts available for investment. Usually, long-term investments are not possible. Investment periods range from one day to one month or longer. Depending on the amounts involved, investments might include savings deposits, investment pools and repurchase agreements.

F. Federal Deposits

Refer to the OMB Uniform Grant Guidance for requirements related to deposits of federal funds. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee. Generally, a three day rule is referenced for the elapsed time period as being allowable.

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IX. Development of Board Policy and Procedures for Investments/Cash Management

The importance of a formal investment policy cannot be over emphasized. A formal document does the following:

- A. Places the burden of responsibility with the governing body. Policy development requires that a board of education recognizes the importance of the investment of district monies and oversee this part of the district's financial program. An individual in the district should be formally appointed to fulfill this function.
- B. Provides guidelines and standards of performance for the person in the district who is responsible for the day-to-day cash management function.
- C. Lets the public know that the district recognizes the need for prudent, profitable investment of public money and that appropriate guidelines and procedures are in place.
- D. The policy should also discuss the posting of interest earnings to the various funds and/or between the funds, if appropriate. Per C.R.S. 11-57-214 – Investments, income received from any legal investment may be deposited by the public entity in any fund or account that the public entity maintains. However, per GASB Cod Section I50.112, if the investment income is assigned to another fund for other than legal or contractual reasons – for example, management decision – the income should be recognized in the fund that reports the investments. The transfer of that income to the recipient fund should be reported as an interfund transfer.

X. Borrowing and Creation of Debt

A. Short Term Loans

A board of education is authorized to borrow money for the general fund on a short-term basis. Limits on the amount to be borrowed and interest rates are defined by statute. Such loans must be repaid within six months of the close of the fiscal year from money subsequently credited to the general fund. C.R.S. 22-40-107. Also see E below for cash flow loans.

B. Creating Debt

1. Voter Approval of Debt

Section 6, article XI of the state constitution provides that a political subdivision of the state, which includes a school district, cannot contract a general obligation debt by loan in any form unless the debt is approved by the voters. Generally, no debt is

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created by an obligation that can be met out of current revenues and which does not obligate payments out of future revenues. As interpreted by the courts, discretionary or contingent obligations do not constitute debt. Therefore, certain obligations with an annual appropriation clause would be considered long-term obligations for financial reporting purposes. However, such obligations do not constitute debt for statutory purposes.

2. Bonded Indebtedness

All bonded indebtedness obligations of a school district must fall within one or more of the purposes set out in statute and be approved at an election. C.R.S. 22-42-101 *et seq.*

- a. In general terms, bonded indebtedness may be incurred for:
 1. Acquiring or purchasing buildings or grounds;
 2. Enlarging, improving, remodeling, repairing, or making additions to any school building;
 3. Constructing or erecting school buildings;
 4. Equipping or furnishing any school building, but only in conjunction with a construction project for a new building or for an addition to an existing building or in conjunction with a project for substantial remodeling, improvement, or repair of an existing building;
 5. Improving school grounds;
 6. Funding floating indebtedness; or
 7. Acquiring, constructing, or improving any capital asset that the district is authorized by law to own.
- b. Bonded indebtedness is limited to the greater of twenty percent of the latest assessed valuation or six percent of the most recent determination of actual value of the taxable property in the district, as certified by the county assessor. C.R.S. 22-42-104. Bonded indebtedness of high growth districts is twenty five percent of assessed valuation per C.R.S 22-42-104(1.3) or thirty percent of assessed valuation per C.R.S 22-42-104(1.4).
- c. When a district has issued bonds in accordance with the statute, it shall certify to the county commissioner the amount needed for its bond redemption fund to pay all installments of principal and interest of bonds, and all other related expenditures which shall become due and payable during the next calendar year, subject to the annual amount approved by the voters. This is in addition to the requirement of certifying to the board of county commissioners a statement showing the amount necessary to raise from the taxable property of the district for the general fund. C.R.S. 22-42-117(1).

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The board has authority to include in each amount certified for the bond redemption fund, an amount to create a reserve for redemption of bonds in future years prior to their maturities, for the payment of bonds in future years either prior to or at their maturities, or for purchasing at a discount and cancellation any bond on which the interest is being paid for the current district debt service mill levy; but said reserve shall be restricted to the subsidiary account in the bond redemption fund for which said tax levy was made. C.R.S. 22-42-117(2).

- d. The county treasurer shall not collect any fee for moneys received by virtue of a tax levied for the bond redemption fund. C.R.S. 22-42-118(4). The treasurer may collect a fee for services rendered if his office is designated as a place of payment for bonds, but only when the treasurer has a financial institution perform this service.
- e. Proceeds from the sale of bonds remaining after the completion of the project for which the bonds were issued may be transferred to the bond redemption fund. Money remaining in the bond redemption fund in a particular account after all obligations of that particular account have been paid shall be transferred to another account in the bond redemption fund. Money remaining in the bond redemption fund after all obligations of bonded indebtedness have been paid--including refunding issues--shall be transferred to the general fund. C.R.S. 22-44-112(4) and 22-45-103(1) (b) (IV). This provision is to allow for the closing of the bond redemption fund as its purpose had been fulfilled. The remaining balance should be of a minimal or "de minimis" amount. Accumulating resources in the bond redemption fund is not a method to circumvent the other provisions of the state statutes in order to supplement the general fund.
- f. Bonds paid, redeemed and returned to the school district shall be preserved by the school district treasurer for a period of one year. C.R.S. 22-42-119(5).
- g. In case of default, the state treasurer shall withhold the amount due to the paying agent from the state's share of equalization program funding to the district. C.R.S. 22-41-110(3).
- h. Except as otherwise provided, each district shall select at least one commercial bank or depository trust company that has full trust powers, is located within the state of Colorado, and is a member of the Federal Deposit Insurance Corporation to act as a third-party custodian to administer the district's bond redemption fund. A district is not required to designate a third-party custodian (1) if the county treasurer keeps the funds and accounts of the district as provided in section 22-40-104; (2) if the district has given notice to the state treasurer that it will not accept payments by the state treasurer on behalf of the district as

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provided in section 22-41-110 (1)(a); or (3) if the district places the funds in an escrow account with a financial institution eligible to receive public deposits, pursuant to escrow instructions which are acceptable to the state treasurer.

- i. Whenever bonds are sold, the board of the district selling the same shall cause to be prepared and filed with the department of education, within ten days after said sale, a report setting forth a description of the bond issue, the applicable interest rate, including the net effective interest rate, other terms of the sale, and applicable statistical, comparative bond market data, ratings, and indices relative to prevailing market conditions prior to and at the time of said sale, and explaining the reasons why it was necessary, if it was, that the bonds be sold at a negotiated sale instead of by public competitive bidding. The department of education may request additional information from the school district or from the purchaser of the bonds regarding terms of the sale. C.R.S. 22-42-125 (1)

3. Refunding Bonds

Districts may issue bonds for the purpose of refunding any of the bonded indebtedness of the district. C.R.S. 22-43-101 *et seq.*, stipulates that both the net interest costs, net effective interest rate, and the principal amounts of the refunding bonds must not exceed those of the bonds refunded without a favorable vote of the electorate. For the purpose of calculating the limitation on the aggregate amount of bonded indebtedness only, refunded bonds shall not be deemed outstanding indebtedness from and after the date on which sufficient moneys are placed with the paying agent of such bonds. C.R.S. 22-43-107(5). The issuance of refunding bonds does not have to be approved at an election, unless the net interest cost or net effective interest rate exceeds those of the outstanding bonds to be refunded. C.R.S. 22-43-103(2).

Refunding bonds are issued to refinance outstanding bonds that are available for redemption. The purpose of refinancing is to reduce the rate of interest, to reduce the total cost of an outstanding bond issue and, in some cases, to reduce the payment schedule. Refunding involves the sale of a new issue of bonds. The revenue derived from the new issue is used to refinance the original outstanding bonds. After being refinanced, the original outstanding bonds are called refunded bonds.

Each district which issues refunding bonds shall file a report within sixty days after the issuance of said bonds with the state board of education. The report shall indicate the principal amount of bonds refunded, the net effective interest rate of both the bonds refunded and the refunding bonds, the net interest cost of both the bonds refunded and the refunding bonds, all district costs incident to the issuance of refunding bonds, including those of the escrow agent, and such other items as may be determined by the state board of education. C.R.S. 22-43-108

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a. The current refunding process involves the following steps:

- (1) Refunding bonds are sold.
- (2) A notice of refunding is published or mailed, informing bondholders of the refunding and requesting all involved bondholders to surrender old bonds for payment.
- (3) The original outstanding bonds are retired through the use of the proceeds obtained from the refunding process. Depending on the call date of the refunded bonds, the proceeds obtained by refunding will either be used immediately to retire the original outstanding bonds or be held for up to 90 days by a bank with trust powers in an escrow account. Moneys placed in escrow must be applied to the payment of the original outstanding bonds upon their redemption.

4. Advance Refunding

An "advance refunding occurs when the refunded bonds are retired more than 90 days after issuing the refunding bonds." An advance refunding also involves the sale of a new issue of bonds. The proceeds derived from the sale of the refunding bonds are invested in U.S. Government Securities which are held in an escrow account until moneys are needed to pay interest and the principal of the refunded bonds when due upon maturity or early redemption.

a. The advance refunding process involves these steps:

- (1) Advance refunding bonds are sold.
- (2) Notice of refunding is published or mailed informing bondholders of the refunding and providing instructions for the payment of their bonds.
- (3) Proceeds from the issue of advance refunding bonds are invested in U.S. Government Securities which will mature in time to pay interest on and the principal of all of the outstanding refunded bonds when due and any premium due if such bonds are called for early redemption.
- (4) The principal and interest payments of the bonds to be refunded are paid from the escrow account until these bonds mature or are available for redemption, depending on the program deemed most advantageous for the school district.
- (5) The U.S. Government Securities previously invested in are used to call outstanding bonds available for redemption and pay any call premium.

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- b. These refunding processes and statutes are very complex and should be attempted only after careful consideration with a reputable investment banker and a bond attorney with experience in this field. C.R.S. 22-43-101 *et seq.*

C. Tax Anticipation Notes

1. A school district may issue tax anticipation notes without an election if the board of education determines that taxes to be received by the district will not be received in time to pay the district's projected budgeted expenses. C.R.S. 29-15-101 *et seq.*
 - a. Tax anticipation notes shall be both issued and made payable within the fiscal year for which such taxes are levied.
 - b. The notes may be paid from the proceeds of *ad valorem* taxes on real and personal property, investment proceeds on the property taxes or proceeds from the tax anticipation notes.
 - c. Any tax anticipation notes issued by a school district may be issued in one or more series, bear such dates, be in such denomination or denominations, mature on or before August 31 of the fiscal year immediately following the fiscal year in which the tax anticipation notes were issued, mature in such amounts or amounts, bear interest at such rate or rates, be in such form, be payable at such place and places, and be subject to such terms of redemption with or without a premium as the legislative act of the governing body authorizing the issuance of the tax anticipation notes may provide. C.R.S. 29-15-105 (2)
 - d. The notes shall not exceed seventy-five percent of all taxes estimated to be received by the district in its current fiscal year, as shown by its current budget. C.R.S. 29-15-106(2).

D. Installment Purchase

The constitutional limitation on debt is reflected in the statutes pertaining to installment purchase agreements and leases with an option to purchase, including but not limited to any sublease-purchase agreement entered into by a school district pursuant to section 22-43.7-110 (2) (c), under which a school district becomes entitled to the use of undeveloped or improved real property or equipment for a school site, building, or structure is greater than one year, the obligation to make payments under the agreement shall constitute an indebtedness of the district.

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1. The district is required to submit any installment purchase or lease agreement to a vote of the people when the terms of the agreement extend beyond one year because the obligation to make payments constitutes an indebtedness of the district. C.R.S. 22-32-127. This same restriction is placed on expenditures from the capital reserve capital projects fund for installment purchase or lease agreement with an option to purchase for a period exceeding one year and not to exceed twenty years. C.R.S. 22-45-103(c) (II.5).
2. The election requirement does not apply to these agreements, even though the terms thereof may be greater than one year, if the district's obligation to make payments under the agreement is expressly subject to the making of annual appropriations. C.R.S. 22-45-103(c) (II.5); 22-32-127(6).

E. Loans to Alleviate Cash Flow Problems

Upon approval of application by a district, the State Treasurer shall provide sufficient funds in the form of an interest-free loan from the State General Fund in order to assure that the district, together with any payment of the state's share of equalization program funding and any property tax revenues, receives in each month of the budget year, one-twelfth of the amount of equalization program funding to which it is entitled for the fiscal year." C.R.S. 22-54-110.

"A loan may not be made under this section to provide assistance for matters eligible for payment from the contingency reserve fund pursuant to section 22-53-124 or to cover a foreseeable level of uncollectible property taxes, nor may a loan be used by a district for the simultaneous purchase and sale of the same security or an equivalent security in order to profit from price disparity." C.R.S. 22-54-110(1) (b).

Per C.R.S. 29-15-112, the state treasurer is hereby authorized to issue tax and revenue anticipation notes for school districts in accordance with the purpose of alleviating temporary cash flow deficits of such school districts by making interest-free loans pursuant to section 22-54-110, C.R.S.

XI. References

The following are recommended reference materials for your district's finance library:

1. *Investing Public Funds*, Gerard Miller, Government Finance Offices Association (GFOA), 203 N LaSalle St.-Suite 2700, Chicago, IL 60601-1210 or 1301 Pennsylvania Avenue, N.W., Suite 309, Washington DC, USA 20004-1714.
2. *Legal Investments for Colorado Local Governments*, State of Colorado, Department of Local Affairs. (Explains Investment Statute and Public Deposit Protection Act.)

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3. *Rating Agency of Financial Institutions:*

Veribanc, Inc.
P.O. Box 1610
Woonsocket, RI 02895
(800) 837-4226
<http://www.veribanc.com/default.asp>

4. Sheshunoff Quarterly Bank Report

5. State of Colorado *Financial Management Manual, A Guide for Colorado Local Governments.*

6. Office of Grants Fiscal Management (GFM)

Colorado Department of Education
201 East Colfax Ave, Room 208
Denver, CO 80203
303-866-6836

GLOSSARY

Abatements – (1) A complete or partial cancellation of a levy imposed by a government. Abatements usually apply to tax levies, special assessments and service charges, or (2) may also be used to offset an expenditure with a credit entry, such as with indirect cost abatements.

Account - A record used to summarize all increases and decreases in a particular asset or any other type of asset, liability, fund equity, revenue, or expenditure/expense.

Accounting Period - A designated number of days that separate accounting transactions into definite and distinct segments.

Accounts Receivable - Amounts which a district expects to collect for services rendered to the public.

Accounts Payable - Amounts which the district owes to its creditors for goods and services.

Accrual Basis - A basis of accounting which calls for recording revenue in the period in which it is earned and recording expenses in the period in which they are incurred. (See also Modified Accrual Basis).

Accrual for Salaries and Benefits - Salaries and benefits of teachers and other contracted personnel are paid over a 12-month period, typically from September 1 through August 31. These salaries and benefits, however, are earned over a period of approximately nine months. This situation results in an outstanding liability for accrued salaries and benefits at the end of the fiscal year for accounting purposes, but may be treated differently for budgetary purposes.

Accrue - To record revenues when earned or when levies are made and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made. Sometimes the term is used in a restricted sense to denote the recording of revenues earned but not yet due, such as accrued interest on investments and the recording of expenditures which result in liabilities that are payable in another accounting period, such as accrued interest on bonds.

Administrative Unit – A school district, a board of cooperative services, or the state charter school institute that is providing educational services to exceptional children and that is responsible for the local administration of the Exceptional Children’s Educational Act (ECEA).

Ad Valorem Taxes - Taxes levied on the assessed valuation of real and personal property located within the boundaries of the district which is the final authority in determining the amount to be raised for education purposes.

GLOSSARY

Advance Refunding Bonds - Bonds issued to refinance an outstanding bond issue before the date the outstanding bonds become due or callable. Proceeds of the advance refunding bonds are deposited in escrow with a fiduciary, invested in U.S. Treasury Bonds or other authorized securities and used to redeem the underlying bonds at their maturity or call date, to pay interest on the bonds being refunded, or to pay interest on the advance refunding bonds.

Agencies - Federal Agency securities.

Agency Fund - A fund used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units.

Aggregate Uninsured Public Deposits - The total amount of cash, checks, or drafts on deposit at the close of a business day for credit to the official custodian accounts in an eligible public depository, and which are either not insured by or are in excess of the insurable limits of federal deposit insurance.

AICPA - See American Institute of Certified Public Accountants.

American Institute of Certified Public Accountants - The national professional association of certified public accountants (CPAs). The organization carries on extensive research and is influential in improving accounting standards and practices.

Amortization - (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

Amortization Schedule - A schedule of debt service payments separating the portions of payments attributable to principal and interest.

Appropriation - The setting aside by resolution of a specified amount of money for a fund with an authorization to make expenditures and incur obligations for specific purposes. Also known as spending authority.

Appropriation Resolution - A formal resolution by a board of education to set aside a specified amount of money for a fund with an authorization to make expenditures and incur obligations for specific purposes.

Arbitrage - The investment of the proceeds from the sale of bonds in a taxable instrument that yields a higher rate, resulting in interest revenue in excess of interest costs. May involve a potential arbitrage rebate and/or refund liability back to the federal government.

GLOSSARY

ASBO – See Association of School Business Officials International.

Assessed Valuation (AV) - A valuation set upon real estate or other property by a government as a basis for levying taxes.

Asset - A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events.

Association of School Business Officials International – Is an international organization that provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

Assurance - A statement in the audit that can be either positive or negative. A positive assurance consists of a statement by the auditors that the tested items were in compliance with applicable laws and regulations. Negative assurance is a statement that nothing came to the auditors' attention as a result of specified procedures that caused them to believe the untested items are not in compliance with applicable laws and regulations.

At-Risk Funding – Eligibility for participation in the federal free lunch program is used as a proxy of each school district's at-risk pupil population. Increased funding is provided to recognize that expenses among districts vary, as pupil populations vary, especially at-risk populations.

Audit Finding - In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report in conformity with Generally Accepted Government Auditing Standards (GAGAS). A typical audit finding is composed of a statement of the condition and the criterion or criteria used to define it, an explanation of the cause of the condition, a discussion of its results and recommendations for improvement. Findings ordinarily are presented together with a response from management, which states management's concurrence or non-concurrence with each finding and its plan for corrective action.

Auditing - The principal activity of a certified public accountant (CPA). It consists of an independent examination of the accounting records, the internal control system, and other evidence relating to the district to support the expression of an impartial expert opinion about the reliability of the financial statements.

Auditor's Integrity Report – This report is a product of the data pipeline financial submission. The final report produced must be included within the audited financial statements provided to the state department of education.

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Auditor's Opinion - A statement in the Financial Report signed by an independent auditor in which the auditor announces the financial statements have been examined in accordance with generally accepted auditing standards, with any noted exceptions. The auditor expresses an opinion on the financial position and the results of operations of some or all of the constituent funds and reportable component units of the government. The report may address other information included in the financial statements as being required supplemental information, other supplemental information, and/or unaudited information and the actions taken by the auditor on such information, if any.

AV - See Assessed Valuation.

Average Daily Membership - For budget years prior to 1989, the average daily membership for a given school is the aggregate day membership of the school divided by the number of days school was actually in session. Only days on which pupils were under the guidance and direction of teachers in the teaching process were considered days in session. The average daily membership for groups of schools having varying lengths of terms was the sum of the average daily memberships obtained from the individual schools. Currently, may be used for certain Federal grant programs.

BA - See Bankers' Acceptance.

BAN - See Bond Anticipation Note.

Balance Sheet - A financial statement for governmental funds which shows the financial position of a district by summarizing the assets, deferred outflows, liabilities, deferred inflows, and fund equity at a specific date. See also statement of net position for proprietary funds and government-wide reporting.

Bank - Any bank organized or chartered under Articles 1 to 11 of C.R.S. 11-10.5-101, Protection of Deposits of Public Moneys, or any bank organized or chartered under Chapter 2 of Title 12 of the United States Code.

Bankers' Acceptance (BA) - A draft of bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Banking Board - The banking board established by C.R.S. 11-102-103.

Base Funding - A base amount of funding for each pupil is set for each budget fiscal year. To this amount is added funding based on the specific factors as outlined in the Public School Finance Act of 1994, as amended to arrive at a Total Per-pupil Funding amount for each district.

GLOSSARY

Basic Financial Statements - Basic financial statements of the reporting entity may be issued separately from the comprehensive annual financial report. Basic financial statements are required as part of the annual audit process. Such statements should include the basic financial statements and notes to the financial statements that are essential to fair presentation of financial position and results of operations (and cash flows for those fund types and discretely presented component units that use proprietary fund accounting), as well as any additional supplemental schedules needed to comply with statutory requirements.

Basis of Accounting - A term used to refer to when revenues, expenditures, expenses, and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, budgetary, modified accrual, or the accrual method.

Bid - The price offered for securities.

Board of Education (BOE) - The Board of Education for a school district. Each school district is to be governed by a board of education consisting of the number of school directors prescribed by law. The board possesses all powers delegated to a board of education or to a school district by law, and performs all duties required by law.

Board of Cooperative Educational Services (BOCES) - A regional educational service unit designed to provide supporting, instructional, administrative, facility, community or any other services contracted by participating members. May also be referred to as a Board of Cooperative Services (BOCS).

BOCES - See Board of Cooperative Educational Services.

BOCS – Board of Cooperative Services. See Board of Cooperative Educational Services.

BOE - See Board of Education.

Bond Anticipation Note (BAN) - Short term interest-bearing note issued to finance the early stages of a construction project to be financed by bonds.

Bonded Indebtedness - The amount of principal and interest remaining to be paid from a bond issue.

Borrowing - A board may, by resolution, authorize the borrowing of unencumbered money from one fund to another (except the Bond Redemption Fund). Such money must be repaid when needed by the lending fund, but in any event must be repaid within three months after the beginning of the following budget year.

GLOSSARY

Broker - A broker brings buyer and sellers together for a commission paid by the initiator of the transaction or by both sides; for which he/she does not position. In the money market, brokers are active in markets in which banks buy and sell money and interdealer markets.

Budget - A summary statement of plans expressed in quantitative terms; a forecast of future events including anticipated revenue and expenditures, and the financial position of the district at some future point in time. See also Uniform Budget Summary sheet.

Building Fund - (Also known as Capital Projects Fund.) Used to account for all resources used for acquiring capital sites, buildings, and equipment as specified by the related bond issue. Capital projects funds are designated to account for requisition or construction of capital outlay assets which are not acquired directly by the General Fund, Special Revenue Funds, or Enterprise Funds. Capital Projects have been developed to account for the proceeds of a specified bond issue and revenue from other possible sources (including grants and lease/purchase agreements) which are designated for capital outlay.

C.C.R. - See Colorado Code of Regulations.

C.R.S. - See Colorado Revised Statutes.

CAFR - See Comprehensive Annual Financial Report.

Capital Assets - Land, buildings, machinery, furniture, and other equipment which the district intends to hold or continue in use over a long period of time.

Capital Outlay - An expenditure which results in the acquisition of capital assets or additions to capital assets which are presumed to have benefits for more than one year. It is an expenditure for land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or initial, additional, and replacement of equipment.

Capital Reserve Capital Projects Fund - A type of "capital projects fund" whose uses and limitations are specified by legal authority in C.R.S. 22-45-103(1) (c).

Career Education - The effort of public education and the community aimed at helping all individuals to become familiar with the values and techniques of a work-oriented society, to integrate these values in their personal value systems, and to make practical application of these values in their lives.

Cash Flow Loan – See Interest-free Cash Flow Loan Program

GLOSSARY

Cash Receipt - A document generated to record and enter the receipt of money.

Catalog of Federal Domestic Assistance (CFDA) - The Catalog of Federal Domestic Assistance is a government-wide compendium of Federal programs, projects, services, and activities which provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal government.

Categorical Buyout Program - A district may be capable of funding its entire total program using only specific ownership taxes, property taxes, and the minimum amount of state share. In this case, the district must fund the categorical programs where possible by setting an additional levy to generate property tax revenue in an amount equal to the amount of categorical support funds. The district thus “buys out” state funding of these programs using the additional property tax revenues generated by the increased mil levy. The total of the two levies cannot exceed the lesser of the district’s levy for the immediately preceding year, the districts allowable levy under the property tax revenue limitation imposed by TABOR, if the district has not obtained voter approval to retain and spend revenues in excess of such property tax revenue limitations, or twenty-seven mills.

Categoricals - In addition to the Total Program funding provided by the Public School Finance Act of 1994 (as amended), 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, gifted and talented education, small attendance centers, special education, transportation, and vocational education.

CDE - See Colorado Department of Education.

CDE-18 – Electronic file that may be used by a district or a BOCES to generate an adopted budget. Use of the CDE-18 is optional. Resolution examples, unified budget summary form, and other budgetary information is included in the CDE-18.

Central Support Services - Activities, other than general administration, which support each of the other instructional and supporting services programs. These activities include planning, research, development, evaluation, information, staff, statistical and data processing services.

Certificate of Achievement for Excellence in Financial Reporting Program - A voluntary program administered by the Government Finance Officers Association to encourage

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governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

Certificate of Participation (COP) - Districts frequently enter into installment purchase agreements and leases with an option to purchase in lieu of issuing general obligation bonds. C.R.S. 22-32-127 requires that such agreements be submitted to a vote of the people if they represent long-term indebtedness. Lease-purchase arrangements with "subject to annual appropriation" clauses with the title residing with the district, building authority, contractor, or financial institution, do not require a vote of the people. A common financing vehicle used for any of these arrangements is certificates of participation whereby the building authority or financial institution representing the lessor sells fractional interests or shares in the lease-purchase agreement to investors.

Certificate of Deposit (CD) - A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

Certified Public Accountant (CPA) - An accountant to which a state has granted a certificate showing that he or she has met prescribed educational, experience, and examination requirements designed to ensure competence in the practice of public accounting, with the authority to issue audit opinions.

CFDA - See Catalog of Federal Domestic Assistance.

Chart of Accounts (COA) - A list of accounts systematically arranged, applicable to a specific concern, giving account names and numbers, if any. A chart of accounts, accompanied by descriptions of their use and of the general operation of the books of account, becomes a classification or manual of accounts - a leading feature of a "system of accounts."

Charter School – A public school that enters into a charter contract pursuant to the provisions of part 1 of the Charter School Act under C.R.S. 22-30.5.

Charter School Collaborative – A legal entity formed by two or more charter schools contracting with one another, as authorized under Senate Bill 10-161 (Part 6 under C.R.S. 22-30.5).

Charter School Institute (CSI) – The entity created pursuant to part 5 of the Charter School Act, as an independent agency in the department of education under C.R.S. 22-30.5.

Charter School Network - A charter school network is a charter school that subsequently organizes an additional charter school. In addition to other provisions, state law includes provisions relating to the operation and authority of a charter school network, including appropriate expenditures for schools in the network, the sharing of expenses

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among the schools in the network, and accounting for those expenditures. State law requires an authorizer of a school within a charter school network to assess and report separately on the performance of each charter school within the performance framework and to hold each school independently accountable for its performance. Refer to C.R.S. 22-30.5-104.7 for additional information.

Check - A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his order, or to bearer out of money on deposit to the credit of the maker.

COA – See Chart of Accounts

Co-curricular Activities - A group of school-sponsored activities (experiences), under the guidance or supervision of qualified adults, designed to provide opportunities for pupils to participate in such experiences on an individual basis, in small groups, or in large groups - at school events, public events or a combination of these - for such purposes as motivation, enjoyment, and improvement of skills. In practice, participation usually is not required and credit usually is not given. When participation is required or credit is given the activity generally is considered to be a course.

Collateral - Securities, evidence of deposit or other property which a borrower pledged to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public moneys.

Colorado Department of Education (CDE) - C.R.S. 24-1-115 created the Department of Education which consists of the State Board of Education (SBE), the Commissioner of Education, Deputy, Associate, and Assistant Commissioners of Education, and other officers and employees of the department and the state library.

Colorado Preschool Program (CPP) – Pursuant to C.R.S. 22-28-101, the Colorado Preschool Program’s main objective is to provide high quality early education support to children whose existing risk factors increase their chances of early school failure. Districts provide these services in partnership with families and other community resources serving families. Funding is provided for the participation of up to a maximum number of children who are eligible to be included in districts’ funded pupil counts.

Colorado Revised Statute (C.R.S.) - The official laws of the State of Colorado.

Colorado Code of Regulations (C.C.R.) - The Rules and Regulations adopted by the State Board of Education.

Commercial Paper - Short-term negotiable instruments arising out of commercial transactions.

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Commodities - Foods donated by the United States Department of Agriculture (USDA) for use in child nutrition programs. Commodities are distributed by the Donated Foods Unit of the Colorado Department of Human Services.

Community Services - Services, other than public school and adult education functions, provided by the school for purposes relating to the community as a whole or some segment of the community. These include such services as community recreation programs, civic activities, public libraries, programs of custody and care of children, community welfare activities, and services for nonpublic school pupils provided by the public schools on a continuing basis.

Compensation for Loss of Assets - Compensation or insurance recoveries for loss of school property.

Component Unit - A separate governmental unit, agency, or nonprofit corporation that is combined with the primary government to constitute the reporting entity. Examples include a building authority or a library unit. A potential component unit may be treated as a blended component unit, a discretely presented component unit, or as not reportable by the primary government based on the guidance of Governmental Accounting Standards Board (GASB).

Comprehensive Annual Financial Report (CAFR) - The Comprehensive Annual Financial Report of a school district should include: all funds and activities of the primary government (including its blended component units) and providing an overview of all discretely presented component units of the reporting entity – including introductory section, management’s discussion and analysis (MD&A), basic financial statements, required supplementary information other than MD&A, appropriate combining and individual fund statements, schedules, narrative explanations, and statistical section. A CAFR is an optional report. If done, it should be prepared and published within six months after the close of the fiscal year and should contain the report of the independent auditor together with a letter(s) of transmittal and such other information as management deems appropriate or as required by CDE.

Consultant - A person who gives professional or technical advice and assistance. A consultant may perform his services under contract (purchased services) or he may be an employee on the payroll of a state agency.

Contingency Reserve - Pursuant to C.R.S. 22-44-106, a board of education may provide for an operating reserve in the General Fund, which reserve shall not exceed fifteen percent of the amount budgeted to the General Fund for the current fiscal year. Such operating reserve shall not be appropriated nor shall any moneys therein be expended during the fiscal year covered by the budget, but such moneys shall be a continuing reserve and be

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considered as a beginning General Fund balance for the next following fiscal year. See also Non-appropriated Operating Reserve.

Contingency Reserve Fund – The Colorado State Board of Education is authorized to approve emergency supplemental payments to assist school districts. Such payments are made at the discretion of the Board and following applicable statutory guidelines, subject to available funds. C.R.S. 22-54-117

Contracted Services - Services rendered by personnel who are not on the payroll of the district, including all related expenses covered by the contract.

COP - See Certificate of Participation.

Cost of Living Factor – The cost of living factor provided for under the Public School Finance Act of 1994, as amended reflects the differences in the costs of housing, goods, and services among each of the 178 school districts in the state. Normally, cost differences are reviewed every two years to allow for timely recognition of economic changes.

Coupon - (1) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (2) A certificate attached to a bond evidencing interest due on a payment date.

CPA - See Certified Public Accountant.

CPP – See Colorado Preschool Program

Dealer - A dealer, as opposed to a broker, acts as a principal in all transactions, buying, and selling for his own account.

Debenture - A bond secured only by the general credit of the issuer.

Debt Service - Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current loans.

Deductions - Specific amounts which are taken from a paycheck each month to pay taxes, insurance premiums, dues, annuities, etc. Mandatory deductions are those deductions required by law. Voluntary deductions are deductions which an employee requests to be taken from a paycheck.

Defaulting Depository - Any eligible public depository to which an event of default has occurred.

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Deferred Inflow of Resources – A given item that meets the definition of an inflow of resources, but relates to a future period

Deferred Revenue (Unearned Revenue)- Deferred or unearned revenue accounts are used for revenue that has been recognized as a receivable, but is not "available" to finance current operations. Unearned revenue also applies when an asset, typically cash, is received (realized) before the related revenue can be reported (recognized) because the earnings process is not complete.

Deferred Outflow of Resources – A given item that meets the definition of an outflow of resources, but relates to a future period

Delivery Vs. Payment - There are two methods of delivery of securities: delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is the delivery of a security with an exchange of money for the security. Delivery vs. receipt is delivery of a security with an exchange of a signed receipt for the security.

Depreciation - The systematic allocation of the cost of an asset (normally, capital asset) to expense over the accounting periods making up its useful life.

Derivatives – Derivative instruments are financial contracts, the values of which are based on the relative worth of their underlying assets. Some common examples of underlying assets are commodities, stocks, commercial real estate loans, residential mortgages, bonds, interest rates, and exchange rates. Derivatives are often used as hedges to reduce financial risks.

Diversification - Dividing investment funds among a variety of securities offering independent returns.

Discount - The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities - Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value; e.g. U.S. Treasury Bills.

District Emergency Reserve – This provision allows a district to satisfy the TABOR emergency reserve requirements with either designation of real property or a letter of credit, see Budget Section C-6. In addition, the district will establish a cash reserve in the general fund for the budget year in an amount equal to at least three percent of the amount budgeted to the general fund. See Budget Section C-7 for a complete discussion of the reserve.

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Documentation - The provision of documents used to substantiate expenses or to claim reimbursements. Such documents may include receipts, copies of signed forms, ticket stubs, etc.

ECEA - See Exceptional Children's Educational Act.

EDAC – See Education Data Advisory Committee

Education Data Advisory Committee (EDAC) – The Education Data Advisory Committee (EDAC) is a statewide representative group of school district volunteers which reviews all Colorado Department of Education (CDE) PK-12 data collections including grant applications, surveys, plans, reports, assessments, evaluations and data pipeline systems. EDAC determines whether the benefits derived from a data collection outweigh the administrative burden of producing the data; determines and recommends the most efficient ways of collecting data; determines if recommendations for new data collections are redundant and proposes alternatives; and reviews department-proposed data collection procedures and recommends improvements.

EEOC - See Equal Employment Opportunity Commission.

Electronic Municipal Market Access (EMMA) – As of July 1, 2009, municipal bond issuers and obligated parties must file continuing disclosures and related documents with the Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB). These filing requirements are a result of changes made by the Securities and Exchange Commission (SEC) to SEC Rule 15c2-12. EMMA is the only official repository for continuing disclosure documents and issuers no longer need to file with multiple repositories.

Eligible Public Depository - Any bank which has been designated as an eligible public depository by the banking board.

Eligible Collateral - With respect to the securing of uninsured public funds, those instruments or obligations approved to be used for such purposes by the banking board pursuant to the provisions of C.R.S. 11-10.5-107.

ELPA - See English Language Proficiency Act.

EMMA – See Electronic Municipal Market Access

Employee Benefits - Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement, and Medicare.

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Emergency Reserve – See TABOR Emergency Reserve and/or District Emergency Reserve

Encumbrances - Purchase order, contracts, and/or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid, when liability is established, or when cancelled.

English Language Proficiency Act (ELPA) - An English language proficiency program established by C.R.S. 22-24-101 for students in kindergarten and grades 1 through 12 whose dominant language is not English.

Enterprise Fund - A fund to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Equal Employment Opportunity Commission (EEOC) - A department which administers and oversees all rules, regulations, laws and governing practices regarding hiring and employment standards in the United States.

Event of Default - The issuance of an order by a supervisory authority or a receiver which restrains an eligible public depository from paying its deposit liabilities.

Exceptional Children's Educational Act (ECEA) - This act provides a means for educating those children who are exceptional. It establishes a continuum of services which recognize the capabilities of all state agencies, including special classes in public schools and special schools, programs for handicapped children who are confined to their homes or hospitals, and instruction in institutions of the state for exceptional children. It is the intent of C.R.S. 22-20-101 to assure that there is a coordination of all services available to handicapped children and to promote the entering into agreements or contracts between school districts and other public agencies and nonprofit organizations and residential child care facilities for the provision of appropriate services for handicapped children.

EXIM - See Export-Import Bank.

Expenditures - charges incurred, whether paid or unpaid which are presumed to benefit the current fiscal year. Expenditures are reported under the modified accrual basis of accounting.

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Expenses - The cost of the goods and services used up in the process of obtaining revenue. Expenses are reported under the full accrual basis of accounting.

Export-Import Bank (EXIM) - The Export-Import Bank supports American exports through loan guarantees and insurance. The Governmental National Mortgage Association (GNMA) guarantees principal and interest payments on securities issued to help finance residential housing. The Small Business Association (SBA) guarantees private loans to certain eligible enterprises.

Face Value - As applied to securities, this term designates the amount of the liability stated in the security document.

Facsimile Signature - An exact copy of an authority's signature used to sign checks, orders or warrants. Each board of education officer shall give written consent to the board for the use of such facsimile signature and written approval of the employee designated to affix the facsimile signature. Any employee authorized and approved to affix the facsimile signature of the board officer(s) shall be bonded.

Fair Labor Standards Act (FLSA) - Passed by Congress in 1938 to establish minimum wage, overtime, recordkeeping, and other regulations that affected employers and labor. In 1966 and 1974, the FLSA was amended to include both state and local governments. In February of 1985 the U.S. Supreme Court mandated the application of the FLSA to all state and local government employees. The FLSA is enforced by the U.S. Department of Labor, Wage and Hour Division.

Fannie Mae - See Federal National Mortgage Association.

FASB - See Financial Accounting Standards Board.

FDIC - See Federal Deposit Insurance Corporation.

Federal Deposit Insurance Corporation (FDIC) - A federal agency that insures bank deposits, currently up to \$250,000 per depositor, per insured bank.

Federal Deposit Insurance - Deposit insurance or guarantees provided by the Federal Deposit Insurance Corporation or any successor agency thereto.

Federal Farm Credit Bank (FFCB) - The Federal Farm Credit Bank system supports agricultural loans. It has consolidated the financing programs of several related farm credit agencies and corporations.

Federal Land Bank - Organized in 1917 pursuant to the Federal Loan Act, the Federal Land Banks make loans secured by first mortgages on rural real estate for various agricultural

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purposes. Each borrower is required to purchase stock in the association in an amount equal to 5% of the loan. This stock is then pledged with the association as collateral security for loan repayment. About \$25 billion in bonds issued by the Federal Land Banks are outstanding; they are no longer issued.

Federal Funds Rate - The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Open Market Committee (FOMC) - Consists of 7 members of the Federal Reserve Board and 5 of the 12 Federal Reserve Bank Presidents. The president of the New York Federal Reserve Bank is a permanent member, while other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

Federal Reserve Bank - A commercial bank that is a member of the Federal Reserve System.

Federal Reserve System - The central bank of the United States created by Congress and consisting of a 7 member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

Federal Credit Agencies - Agencies of the federal government set up to supply credit to various classes of institutions and individuals such as savings and loans, small business firms, students, farmers, farm cooperatives, and exporters.

Federal National Mortgage Association (FNMA or Fannie Mae) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Federal Home Loan Mortgage Association (FHLMA) - The Federal Home Loan Mortgage Association purchases residential mortgages from members of the Home Loan Bank system and issues pass-through securities.

Federal Home Loan Bank (FHLB) - The institutions that regulate and lend to savings and loan associations. The Federal Home Loan Banks play a role analogous to that played by the Federal Reserve Banks vis-a-vis member commercial banks.

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Federal Register - a monthly publication by the U.S. Government Printing Office of changes made to the Code of Federal Regulations.

FFCB - See Federal Farm Credit Bank.

FHLB - See Federal Home Loan Bank.

FHLMA - See Federal Home Loan Mortgage Association.

Fiduciary Funds - These are trust and agency funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Financial Accounting for Local and State School Systems – This handbook published by the National Center for Education Statistics (NCES) represents a national set of standards and guidance for school system accounting that incorporates guidance from the Governmental Accounting Standards Board (GASB). The 2009 edition of the handbook includes GASB Statements through Statement 47. Its purpose is to help ensure that education fiscal data are reported comprehensively and uniformly. To be accountable for public funds and to assist education decision makers, all school financial reports need to contain the same types of financial statements for the same categories and types of funds. Guidance regarding the use and reporting of finance data to the Federal government can be found in the Forum Guide to Core Finance Data Elements (NFES 2007-801), produced by the National Forum of Education Statistics (2007).

Financial Accounting Standards Board (FASB) - An independent group which conducts research in accounting and issues authoritative statements as to proper reporting of financial information.

Financial Policies and Procedures Advisory Committee (FPP Committee) - In 1974 C.R.S. 22-44-204 required the State Board of Education to designate no less than five volunteer school districts which were representative as to pupil size and population to cooperate in finalizing the Financial Policies and Procedures Handbook. This committee has continued as an advisory group to the Department of Education and is currently composed of 2 permanent members (Denver & Jefferson Counties), twenty (20) school district members and two (2) BOCES serving rotating terms and other ex-officio members.

Financial Policies and Procedures Handbook (FPP Handbook) - C.R.S. 22-44-203 and 22-44-204, requires the State Board of Education to adopt a Financial Policies and Procedures Handbook that will meet the needs of the existing statutes and of such other rules and regulations as may be necessary. The handbook shall be used by every school district in the state in the development of the budget for the district, in the keeping of financial

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records of the district, and in the periodic presentation of financial information to the board of education of the district.

Fiscal Year (FY) - A 12-month accounting period beginning July 1 and ending June 30 of the following year.

FLB - See Federal Loan Bank.

FLSA - See Fair Labor Standards Act.

FNMA - See Federal National Mortgage Association.

FOMC - See Federal Open Market Committee.

Food Service Fund - A special revenue fund type used to record financial transactions related to nutrition service operations. If the school food authority (SFA) receives USDA school breakfast and/or lunch money, this fund is required.

Food Services - Activities involved with the food services program of the school district. This includes the preparation and serving of regular and incidental meals, lunches, or snacks in connection with school activities, and the delivery of food.

FPC - See Funded Pupil Count.

FPP Committee – See Financial Policies and Procedures Advisory Committee

FPP Handbook - See Financial Policies and Procedures Handbook.

Freddie Mac - See Federal Home Loan Mortgage Association.

FTE – Full time equivalent

Function - The action a person takes or the purpose for which a thing exists or is used. Function includes the activities or actions which are performed to accomplish the objectives of an enterprise. The activities of a school district are classified into five broad areas or functions; Instruction, Supporting Services, Community Services, Nonprogrammed Charges and Debt Services.

Fund Categories - There are three categories of funds used in governmental accounting. They are governmental funds, proprietary funds, and fiduciary funds.

Fund Types - There are eight major fund types. Governmental funds include the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent

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Funds. Proprietary Funds include Enterprise Funds and Internal Service Funds. Fiduciary funds include Trust and Agency Funds.

Fund Equity - The difference between governmental fund assets and liabilities.

Fund Balance - See Fund Equity.

Fund - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funded Pupil Count - For most school districts, funding is based on the number of pupils counted in the current school year. However, for a district with an enrollment fluctuating from year to year, funding is based on an average of up to four prior years' October pupil counts and the current year's October pupil count. See also Pupil Count.

FY - See Fiscal Year.

GAAFR - See Governmental Accounting, Auditing and Financial Reporting.

GAAP - See Generally Accepted Accounting Principles.

GAGAS - See Generally Accepted Government Auditing Standards.

GASB - See Governmental Accounting Standards Board.

GASB Codification - A publication of the Governmental Accounting Standards Board which is an integration of currently effective accounting and reporting standards for state and local governments.

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether

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pension obligations and pension plan assets are shared. **NOTE:** The requirements of this statement must be implemented effective beginning with fiscal year 2014-15.

General Obligation Bonds (G.O. Bonds) - Bonds backed by the full faith and credit of the government.

General Administration - Consists of those activities involved in the overall general administrative responsibility of the school district.

General Fund - A fund to account for and report all financial resources except those required to be accounted for and reported in another fund. C.R.S. 22-45-103 states that all revenues, except those revenues attributable to the Bond Redemption Fund, the Capital Reserve CAPITAL PROJECTS Fund, the Special Building Fund, the Insurance Reserve (Risk-Management) Fund, and any other fund authorized by the State Board of Education shall be accounted for in the General Fund. Any lawful expenditure of the school district, including any expenditure of a nature which could be made from any fund, may be made from the General Fund.

Generally Accepted Accounting Principles (GAAP) - Uniform minimum standards of and guidelines to financial accounting and reporting. Adherence to GAAP assures that financial reports of all state and local governments - regardless of jurisdictional legal provisions and customs - contain the same types of financial statements and disclosures, for the same categories and types of funds, based on the same measurement and classification criteria. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

Generally Accepted Government Auditing Standards (GAGAS) - Government Auditing Standards (the "Yellow Book") contains standards for audits of government organizations, programs, activities, and functions, and of government assistance received by contractors, nonprofit organizations, and other nongovernment organizations. These standards, often referred to as generally accepted government auditing standards (GAGAS), are to be followed by auditors and audit organizations when required by law, regulation, agreement, contract, or policy. These standards pertain to auditors' professional qualifications, the quality of audit effort, and the characteristics of professional and meaningful audit reports.

GFOA - See Governmental Finance Officers Association.

Gift - Money received from a philanthropic foundation, private individual, or private organization for which no repayment or special service to the contributor is expected.

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Ginnie Mae - See Governmental National Mortgage Association.

GNMA - See Governmental National Mortgage Association.

G.O. Bonds – See General Obligation Bonds

Government Finance Officers Association (GFOA) - An organization of governmental finance officers whose mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit.

Governmental Accounting Standards Board (GASB) - The Governmental Accounting Standards Board was established as an arm of the Financial Accounting Foundation in April, 1984 to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governmental entities. The GASB is the successor organization to the National Council on Governmental Accounting (NCGA).

Governmental Designated Purpose Grants (GDPG) - Grants received from the federal, state or local governments to be used for a specific purpose. Examples are Title I, Part A, Individuals with Disabilities Education Act (IDEA), and Carl Perkins Vocational Educational Act, etc.

Governmental Fund - Those funds in which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities - except those accounted for in proprietary funds - are accounted for through governmental funds (General, Special Revenue, Capital Projects, Debt Service Funds, and Permanent Funds).

Governmental Accounting, Auditing and Financial Reporting (GAAFR) - The Government Finance Officers Association's monthly newsletter on governmental accounting, auditing ,and financial reporting (GAAFR Review) or the periodic publication, which is also referred to as GFOA's "Blue Book".

Governmental National Mortgage Association (GNMA or Ginnie Mae) - Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the Federal Housing Administration (FHA), the Veteran's Administration (VA), or FMHM mortgages. The term pass-throughs is often used to describe Ginnie Maes.

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Handicapped Education - Education for those children who are unable to receive reasonable benefit from ordinary education in the public schools because of specific handicapping conditions. See also the Exceptional Children Education Act (ECEA).

Hourly Employee - An employee who is paid specifically by the hour for work or services performed.

I-9 Form - A form to be completed by all employees which requires employers to verify employment eligibility of individuals. It is required by the U.S. Department of Justice, Immigration and Naturalization Service.

Impact Aid – See Public Law 81-874.

Income - The excess of revenue earned over the related expenses for a given time period.

Independence - The second general standard for government auditing. In all matters relating to audit work, the audit organization and the individual auditors, whether government or public, should be free from personal and external impairments to independence, should be organizationally independent, and should maintain an independent attitude and appearance.

Independent Contractor – Applicable Internal Revenue Service regulations establish the classification of an individual as an independent contractor instead of as an employee. There are additional criteria to consider and the district may need further guidance from the district legal counsel. Refer to the IRS publication for the criteria in determining an independent contractor.

Indirect Cost Rate - The ratio of indirect costs to direct costs, expressed as a percentage. Indirect costs are those elements of cost necessary in the provision of a service which are of such nature that they cannot be readily or accurately identified with the specific service. Direct costs are those elements of cost which can be easily, obviously, and conveniently identified with specific activities or programs. This rate was established for use as determined and appropriate for Federal grants. Overhead costs should be used for non-Federal grants, as applicable.

Inflow of Resources – An acquisition of net position by the government that is applicable to the reporting period. Acquisitions will always result in either a net increase in assets or a net decrease in liabilities.

Instruction - Instruction includes the activities dealing directly with the teaching of pupils. Teaching may be provided for pupils in a school classroom, in another location such as in a home or hospital, and other learning situations such as those involving co curricular

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activities; it may also be provided through some other approved medium such as television, radio, telephone, on-line, and correspondence.

Instructional Capital Outlay - Instructional capital outlay includes those expenditures which result in the acquisition of capital assets for instructional purposes, or additions thereto, which the board of education anticipates will have benefits for more than one year.

Instructional Staff - Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

Interfund Transfer - Money which is taken from one fund under the control of the board of education and added to another fund under the board's control. Interfund transfers are not receipts or expenditures of the district.

Internal Quality Control System - Operating policies and procedures established by the audit organization to provide reasonable assurance that it: (1) has established, and is following, adequate audit policies and procedures and (2) has adopted, and is following, applicable auditing standards.

Interest-Free School Loan Program – Pursuant to C.R.S. 29-15-112 and 22-54-110, the State Treasurer is authorized to issue short term debt in order to make interest-free loans to participating Colorado school districts to alleviate temporary general fund cash flow deficits expected to be experienced by such participating districts during each fiscal year.

Internal Revenue Service (IRS) - A branch of the U.S. Treasury Department which is responsible for all aspects of tax collections, primarily the federal income tax.

Intrafund Transfer - Money which is taken from one function or object within a fund and transferred to another function and object within the same fund.

Inventory - A detailed list or record showing quantities, descriptions, values, and frequently, units of measure and unit prices of property on hand at a given time.

Invoice - An itemized statement of merchandise shipped or sent to a purchaser, consignee, etc., with the quantity, value or price, and charges annexed. May also be an itemized statement of services performed and other costs during a specific period of time.

IRS - See Internal Revenue Service.

Joint District - A public school district organized under the laws of Colorado, the territory of which is located in more than 1 county.

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Joint Ventures - Joint ventures are created by governments for special purposes and are responsible to the public, investors, creditors, or management of the government that created them, and the users served by the joint venture. It is a legal entity or other contractual arrangement participated in by a government as a separate and specific activity for the benefit of the public or service recipients in which the government retains an ongoing financial interest.

Journal - The accounting record in which the details of financial transactions are first recorded.

LEA - See Local Education Agency.

Legal Investments - Investments which governmental units are permitted to make by law.

Lease/Purchase Agreement - Contractual agreements that are termed leases, but that in substance are purchase contracts.

LGIP - See Local Government Investment Pool.

Liquidity - A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid when the spread between the bid and the asked price is narrow and reasonable size can be done at those quotes.

Local Education Agency (LEA) - An educational agency at the local level which exists primarily to operate schools or to contract for educational services. Normally, property taxes may be levied by such publicly operated agencies for school purposes. This term is used synonymously with the terms "school district," "school system," and "local basic administrative unit."

Local Government Investment Pool (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer in investment and reinvestment.

Management's Discussion and Analysis (MD&A) – The basic financial statements should be preceded by MD&A, which is required supplementary information (RSI). MD&A should provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions.

Mandatory Deduction - Any deduction from pay which is required by law.

Market Value - The price at which a security is trading and could presumably be purchased or sold.

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Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase - reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Materiality - The magnitude of an omission or misstatement of accounting information that, in the light of surrounding circumstances; makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. Materiality judgments are made in light of surrounding circumstances and necessarily involve both quantitative and qualitative considerations.

Maturity - The date upon which the principal or stated value of an investment becomes due and payable.

MD&A – See Management's Discussion and Analysis

Measurable and Available - Revenues and other governmental fund financial resource increments (for example, bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Application of the "susceptibility to accrual" criteria requires judgment, consideration of the materiality of the item in question, and due regard for the practicality of accrual, as well as consistency in application.

Mill - One one-thousandth of a dollar of assessed value.

Mill Levy - The rate of taxation based on dollars per thousand of assessed valuation.

Minimum Total Program – Each school district is guaranteed a minimum total program funding under the provisions of the Public School Finance Act of 1994, as amended.

Miscellaneous Expense - Expenditures for all expenses not classified in other accounts. School districts are cautioned to use the account title only after all other attempts to classify have been exhausted.

Modified Accrual Basis - The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments are recognized when they become susceptible to accrual, which is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used

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to pay liabilities of the current period. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies that may be considered expenditures either when purchased or when used and prepaid insurance and similar items that may be considered expenditures either when paid for or when consumed. All governmental funds, trust funds and agency funds are accounted for using the modified accrual basis of accounting.

Money Market - The market in which short-term debt instruments (bill, commercial paper, bankers' acceptances, etc.) are issued and traded.

Municipal Bond - A bond issued by a state or local government unit.

Negative Factor – Starting in FY 2010-11, an additional factor was included in the school finance formula. This factor acts as a legislative budget balancing reduction to Total Program calculated through the School Finance Act.

Net Cash Resources - State board rule 2245-R-3.08 defines net cash resources 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. Net cash resources must be limited to three months average expenditures based upon a nine-month operating year.

Net Assets – The difference between a government's assets and its liabilities in the government-wide statement of net assets is its net assets. Net assets should be displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. Also used for reporting by proprietary funds.

Net Position – The difference between a government's assets plus deferred outflows of resources, on the one hand, and its liabilities plus deferred inflows of resources, on the other in the government-wide statement of net position is its net position. Net position should be displayed in three components – invested in capital assets, net of related debt; restricted; and unrestricted. Also used for reporting by proprietary funds.

Non-appropriated Operating Reserve - A reserve established by C.R.S. 22-44-106 which says a board of education may provide for an operating reserve in the General Fund, which shall not exceed 15% of the amount budgeted to the General Fund for the current fiscal year. This operating reserve is not to be appropriated nor shall it be expended during the current fiscal year, but it shall be a continuing reserve and be considered as a beginning General Fund balance for the next following fiscal year. See also Contingency Reserve.

Notes to the Financial Statements - The Summary of Significant Accounting Policies (SSAP) and other disclosures required for a fair presentation of the financial statements of a

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government in conformity with GAAP and not included on the face of the financial statements themselves. The notes to the financial statements are an integral part of the Basic Financial Statements.

Object - A category of goods or services purchased.

Office of Management and Budget (OMB) - An office within the Financial Management Division of the federal government having statutory responsibility for issuing policies, procedures, and guidelines for federal grants and implementation of the Single Audit Act.

Official Custodian - A designee with plenary authority, including control, over public funds of a public unit which the official custodian is appointed to serve. For purposes of this definition, "public unit" includes any institution, agency, instrumentality, authority, county municipality, city and county, school district, special district, or other political subdivision of the State of Colorado, including any institution of higher education. For purposes of this definition, "control" includes possession of public funds, as well as the authority to establish accounts for such public funds in banks and to make deposits, withdrawals, or disbursements of such public funds. If the exercise of authority over such public funds requires action by or the consent of 2 or more putative official custodians, then such official custodians shall be treated as one official custodian with respect to such public funds.

OMB - See Office of Management and Budget.

Ongoing Deficit – means any negative amount reported in the annual financial audit or submitted through the Department's financial data-collection process by the school district, Board of Cooperative Services, charter school, charter school collaborative, or charter school institute in the unassigned fund balance for governmental funds or unrestricted net position (was net assets) for proprietary funds as identified in the standard statewide chart of accounts. This ongoing deficit definition does not focus on the Government-Wide financial statements.

On-line Funding – Pupils enrolled in a certified Multi-district on-line program are funded at the on-line per pupil amount as set each fiscal year. Pupils enrolled in a Single district on-line program are funded at the district's current per pupil funding amount. A Single district program is defined as a district on-line program which enrolls no more than 10 students from another district.

Open Market Operations - Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the

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opposite effect. Open market operations are the Federal Reserves most important and most flexible monetary policy tool.

Operational Unit - The group and type of education activities for organizational purposes. Each type of unit has discriminating characteristics. The units include individual schools, in most cases, and can be used to designate school costs center. In other words, budgets and expenditures may be made for each school or operational unit. Such units are specific schools, transportation, administration, and warehouses.

Operations and Maintenance - Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. Activities which maintain safety in buildings, on the grounds, and in the vicinity of schools are included.

Other Business Services - Activities concerned with purchasing, paying, transporting, exchanging, and maintaining goods and services for the district. Included are the fiscal, acquisition of facilities, operation and maintenance, and internal services for operating all schools.

Other Reserves - An amount set aside for some specified purpose.

Other Expenses - Amounts paid for goods and services not otherwise classified under other object codes. This includes expenditures for the payments to a housing authority and the payment of dues and fees.

Outflow of Resources – Consumption of net position by the government that is applicable to the reporting period. Consumption will always be a net decrease in assets or a net increase in liabilities.

Overdraft - The amount by which checks, drafts, or other demands for payment on the treasury or on a bank exceed the amount of the credit against which they are drawn. The amount by which requisitions, purchase orders, or audited vouchers exceed the appropriation or other credit to which they are chargeable.

Overhead Costs – Overhead costs are those elements of cost necessary in the provision of a service which are of such nature that they cannot be readily or accurately identified with the specific service and related to non-Federal grant activities. See also Indirect Cost Rate for Federal grants activities.

Override Revenues – Pursuant to C.R.S. 22-54-108, a school district may desire to spend more property tax revenues than authorized/required to fund its Total Program as determined under the Public School Finance Act of 1994, as amended. In this event, a

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district must seek approval from its voters to raise and expend “override” property tax revenues via an additional mill levy, subject to specific limitations.

Payment Voucher - A document used to authorize issuance of payment to an individual or company for goods or services rendered to the district.

PDPA - See Public Deposit Protection Act.

Peer Review - A program of external quality control review for auditors. Generally Accepted Government Auditing Standards (GAGAS) require each auditor to go through this program at least once every three years, in addition to other requirements to maintain the CPA certificate.

Per Pupil Revenue (PPR) - Funding to school districts is based on a per-pupil formula that calculates Total Program. Per Pupil Revenue (PPR) would be the district’s Total Program funding divided by the funded pupil count of the district for said budget year.

PERA - See Public Employees Retirement Association.

Perfected Repurchase Agreement - A repurchase agreement in which specific collateral is designated to a specific investment.

Personnel Costs Factor – The personnel costs factor as provided for under the Public School Finance Act of 1994, as amended varies by school district based on enrollment. For all districts, employee salaries and benefits represent the largest single expense. As such, the formula directs funding based on these costs, using historical information and incorporating the cost of living factor.

Petty Cash - A sum of money set aside for the purpose of paying small obligations for which the issuance of a formal voucher and check would be too expensive and time-consuming. Also, a sum of money, either in the form of currency or a special bank deposit, set aside for the purpose of making change or immediate payments of comparatively small amount.

PL 874 - See Public Law 81-874.

Political Subdivision - Includes any subdivision or any principal department of a public unit, the creation of which subdivision or principal department has been expressly authorized by state statute; to which some functions of government have been delegated by state statute; and to which funds have been allocated by ordinance or state statute for its exclusive use and control. A political subdivision also includes drainage, irrigation, navigation, improvement, levee, sanitary, school, and power districts and bridge and port authorities and any other special district created by state statute or compact

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between the State of Colorado and one or more states. Political subdivision does not include subordinate or non-autonomous divisions, agencies, or boards within principal department of a public unit.

Portfolio - A collection of securities held by an investor.

Posting -The act of transferring to an account in a ledger the detailed or summarized data contained in the cash receipts book, check register, journal voucher, or similar books or documents of original entry.

PPR - See Per Pupil Revenue.

Prepayment - Making payment in advance for any charges to be incurred.

Primary Dealer - A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

Program Budget -A plan of activities and procedures designed to accomplish predetermined objectives.

Property Taxes – Each school district is required to impose a property tax levy to finance its Local Share of Total Program per the Public School Finance Act of 1994, as amended. The ability to raise money from property taxes varies widely among districts. Differences in tax bases (assessed property values) result in differences in revenues collected, using a given mill levy. Nonetheless, no district's property tax revenues are transferred to any other district; instead, moneys raised remain in the district which imposes the tax. However, the district is still subject to the Total Program provisions of the Public School Finance Act of 1994, as amended and its State Share amount will be affected.

Proprietary Fund - Sometimes referred to as "income determination", "nonexpendable," or "commercial-type" funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (enterprise and internal service funds.) All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds.

Prudent Investor Rule - An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of the securities selected by the state - the so-called legal list. In other states the trustee may invest in a security if it

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is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

PSFA - See Public School Finance Act of 1994, as amended.

Public Deposit Protection Act (PDPA) - Also known as C.R.S. 11-10.5-101. The purpose of this act is to serve the taxpayers and the citizens of Colorado by establishing standards and procedures to ensure the preservation and protection of all public funds held on deposit by a bank that are either not insured by or are in excess of the insured limits of federal deposit insurance, and to ensure the expedited repayment of such funds in the event of default and subsequent liquidation of a bank which holds such deposits. The provisions of the PDPA prevail over any local government ordinance or resolution and over any home rule or territorial charter provision in conflict with it.

Public School Finance Act of 1994, as amended (PSFA) – Pursuant to C.R.S. Article 54 of Title 22, the Public School Finance Act of Colorado is a formula used to determine state and local funding amounts for the state's 178 school districts and the Charter School Institute. Total Program is a term used to describe the total amount each school district receives under the School Finance Act.

Public School Financial Transparency Act – Requires any local education provider to post financial information online, in a downloadable format, for free public access commencing July 1, 2010. HB 10-1036.

Public Funds - All funds of a public unit and all funds of any entity referred to in C.R.S. 11-10.5-103(9)(b).

Public Deposits - All public funds on deposit in an eligible public depository in any form, whether time, savings, or demand.

Public Law 81-874 (PL 874) - This program provides financial assistance to school districts either because of a loss of real property due to federal acquisition or because of the financial burdens placed upon a school district educating children whose parents are involved in an activity occurring on federal land. Also known as Impact Aid funding.

Public Unit - The State of Colorado, any county, city and county, city, or municipality, including any home rule city or town or territorial charter city, or any political subdivision thereof.

Public Employees Retirement Association (PERA) - A retirement association created by C.R.S. 24-51-201 which shall be a corporate body with the right to sue and be sued and the right to hold property for its use and purposes. It consists of the state division, the school division, the municipal division and the judicial division. The purpose of PERA is to provide benefits to public employees when they retire or are disabled, or to the

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family at the employee's death. It serves as a substitute for Social Security and is funded on an actuarial reserve basis. That is, money is set aside for retirement benefits while an employee is earning service credit and before benefit payments begin.

Pupil Count – Public School Finance Act of 1994, as amended Total Program funding is based on an annual October pupil count. Each school district counts pupils in membership as of the school day nearest October 1 (the official count day). For most school districts, funding is based on the number of pupils counted in the current school year. However, for a district with an enrollment fluctuating year to year, funding is based on an average of up to four prior years' October pupil counts and the current year's October pupil count. As such, the impact on annual enrollment variances on funding is softened. Also known as Funded Pupil Count.

Pupil Enrollment Count Date – The pupil enrollment count day is October 1st of each year, unless that date falls on a Saturday, Sunday, or major religious holiday. If the pupil enrollment count day falls on a Saturday, Sunday, or major religious holiday, the pupil enrollment count day will be the following Monday.

Pupil Services - Those activities which are designed to assess and improve the well-being of pupils and to supplement the teaching process.

Pupil Transportation - Activities concerned with the conveyance of pupils to and from school, as provided by State law. Included are trips between home and school and trips to school activities.

Purchase Order - A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

Purchased Services - Amounts paid for personal services rendered by personnel who are not on the payroll of the school district, and other services which the district may purchase. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Receipts - Cash received.

Refunded Bonds - Bonds that will be retired by the issuance of refunding bonds either immediately (a current refunding) or at a future date (an advance refunding). Most advance refunding result in defeasance of debt. When debt is defeased, it is no longer reported as a liability on the face of the financial statements, only the new debt

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(refunding bonds) is reported as a liability on the government-wide and/or proprietary fund statements.

Refunding Bonds - Bonds issued to retire bonds already outstanding. The refunding bonds may be used to provide the resources for redeeming outstanding bonds either immediately (a current refunding) or at a future date (an advance refunding), or the refunding bonds may be exchanged with the holders of the outstanding bonds.

Reimbursement - Repayment for expenses incurred.

Repo - See Repurchase Agreement.

Repurchase Agreement (RP or Repo) - A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Federal Government is said to be doing RP, it is lending money, which is, increasing bank reserves.

Requisition - A written request to a purchasing officer for specified articles or services.

Residual Equity Transfer - Nonrecurring or non-routine transfers of equity between funds. Treated as an interfund transfer for reporting purposes.

Residual Fund Equity - The financial assets remaining in a fund after all liabilities have been liquidated.

Revenues - Addition to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets.

Revised Budget – Pursuant to C.R.S. 22-44-110 (5), after the adoption of the budget, the board may review and change the budget, with respect to both revenues and expenditures, at any time prior to January 31 of the fiscal year for which the budget was adopted.

Risk-Management Sub-Fund of the General Fund – If a district elects to report its risk management activities as a sub-fund of its general fund rather than report as an internal service fund, activities including transfers from the general fund should be recorded in this sub-fund. Allocations from other funds are not permitted. .

Risk-Related Activity Fund – Used to account for financial transactions for services that are purchased from an Internal Service Fund by other funds on a cost-recovery basis.

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RP - See Repurchase Agreement.

Safekeeping - A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Salaried Employee - An employee who receives a set monthly salary for work or services performed.

Salaries - Amounts paid to employees of the district who are considered to be in positions of a permanent nature or hired temporarily, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the districts.

Sallie Mae - See Student Loan Marketing Association.

School Accountability Committee – Each district public school and each institute charter school shall establish a school accountability committee. The school accountability committee consists of at least seven members as follows: at least three parents or legal guardians of students enrolled in the school, at least one teacher who provides instruction at the school, the principal of the school or the principal's designee, at least one adult member of an organization of parents, teachers, and students recognized by the school and at least one person from the community. This committee makes recommendations to the principal of its school priorities for spending school moneys. C.R.S. 22-11-401.

School Administration - Activities concerned with overall administrative responsibility for a single school or a group of schools.

School District Accountability Committee - A committee appointed by the district board of education consisting of at least 3 parent, 1 teacher, 1 administrator, and a person who is involved in business in the community from the district. The areas of study by this committee (in addition to budget issues) shall be cooperatively determined at least annually by the committee and the board of education. It specifically studies the adequacy and efficiency of educational programs offered by the district, as well as make recommendations to its local school board priorities for spending school district moneys, and advises its local school board concerning preparation of and annual submission of recommendations regarding the contents of the district' plan as is required based on the school district's accreditation category. C.R.S. 22-11-301, 302.

School Food Authority (SFA) - School Food Authority means the governing body which is responsible for the administration of one or more schools; and has the legal authority to operate the Child Nutrition program(s) therein or be otherwise approved by Food Nutrition Service to operate the Child Nutrition Program(s).

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SEC - See Securities and Exchange Commission.

SEC Rule 15C3-1 - See Uniform Net Capital Rule.

Secondary Market - A market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission (SEC) - An agency created by Congress to protect investors in securities transactions by administering securities legislation.

SFA – See School Food Authority

Single Audit Act - OMB Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F – Audit Requirements sets standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards.

Size Factor – The size factor as provided for under the Public School Finance Act of 1994, as amended is determined using an enrollment-based calculation similar to the personnel costs factor and is unique to each school district. This factor is included to recognize purchasing power differences among districts and to reflect the expression of funding on a per-pupil basis.

SLMA - See Student Loan Marketing Association.

SOT - See Specific Ownership Tax.

Specific Ownership Tax - An annual tax imposed upon each taxable item of certain classified personal property, such as motor vehicles, which tax is computed in accordance with state schedules applicable to each sale of personal property.

SSAP - See Summary of Significant Accounting Policies.

State Share – Funding from the state (State Share) is provided to each school district whose Local Share is insufficient to fully fund its Total Program.

Statement of Net Assets – See Statement of Net Position

Statement of Net Position – The statement of net position is intended to present the financial position of the primary government and of its discretely presented component units. This statement is accordingly required to present all financial and capital resources.

GLOSSARY

Student Loan Marketing Association (SLMA or Sallie Mae) - The Student Loan Marketing Association presently issues notes to finance student loans.

Summary of Significant Accounting Policies (SSAP) - A disclosure of accounting policies, required by GAAP that should identify and describe the accounting principles followed by the district and the methods of applying those principles that materially affect the determination of financial position, changes in financial position or results of operations. In general, the disclosure should encompass important judgments as to the appropriateness of principles relating to the recognition of revenue and allocation of asset costs to current and future periods; in particular, it should encompass those accounting principles and methods that involve any of the following: (1) a selection from existing acceptable alternatives, (2) principles and methods peculiar to government and (3) unusual or innovative applications of accounting principles, including those peculiar to government.

Supplemental Budget - Where money for a specific purpose from other than ad valorem taxes subsequently (following adoption or revision of the budget) becomes available to meet a contingency, a supplemental budget for expenditures not to exceed the amount of said money may be adopted and appropriation of said money made therefrom.

Supplies and Materials - Amounts paid for material items of an expendable nature that are consumed, worn out, or deteriorated by use; or items that lose their identity through fabrication or incorporation into different or more complex units or substances.

Surety Bond - A written promise to pay damages or to indemnify against losses caused by the party or parties names in the document, through nonperformance or through defalcation (e.g. a surety bond may be required of an independent contractor). Surety bonds also include fidelity bonds covering government officials and employees.

TABOR – See Taxpayer’s Bill of Rights

TABOR Emergency Reserve – A reserve to be used for declared emergencies only. Each district shall reserve 3% or more of its fiscal year spending as defined in Article X, Section 20 of the Colorado Constitution. See also District Emergency Reserve, if the reserve will be other than a cash reserve.

Taxpayer’s Bill of Rights (TABOR) – Article X, Section 20 of the Colorado Constitution, which sets certain spending and revenue limitations on local governments, including school districts.

TAN - See Tax Anticipation Note.

GLOSSARY

Taxes - Compulsory charges levied by a government to finance services performed for the common benefit.

Tax Anticipation Note - Notes issued in anticipation of collection of taxes, unusually retireable only from tax collections, and frequently only from the tax collections anticipated with their issuance. The proceeds of these notes are treated as current loans if paid back from the tax collections anticipated with the issuance of the notes.

Total Program - Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per-pupil amount of money plus additional money to recognize district-by-district variances in: (a) cost of living, (b) personnel costs, and (c) size. Also, starting in FY 2010-11 a negative factor was applied. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so do the expenses of the districts and, as such, the amount of Total Program funding provided.

Transfers - This object category does not represent a purchase; rather, it is used as an accounting entity to show that funds have been handled without having goods and services rendered in return. Included here are transactions for interchanging money from one fund to the other and for transmitting flow-through funds to the recipient (person or agency).

Treasury Bond - Long-term U.S. Treasury securities having initial maturities of from one to ten years.

Treasury Notes - Intermediate term coupon bearing U.S. Treasury securities having initial maturities of from one to ten years.

Treasury Bills - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or a year.

Trial Balance - A list of the balances of the accounts in a ledger kept by double entry, with the debit and credit balances shown in separate columns. If the totals of the debit and credit columns are equal or their net balance agrees with a controlling account, the ledger from which the figures are taken is said to be "in balance."

Trustee - A fiduciary holding property on behalf of another.

Trust Fund - A fund used to account for money and property held in trust by a district for individuals, government entities or nonpublic organizations. A Trust Fund is usually in existence over a longer period of time than an Agency Fund.

GLOSSARY

Unencumbered Appropriation - That portion of an appropriation not yet expended or encumbered.

Uniform Budget Summary Sheet – Is a standardized budget summary sheet that must be provided together with the adopted budget, per C.R.S. 22-44-105(1)(d.5). This document is no longer required to be submitted to the state department of education, but shall be included together with the district's budget.

Uniform Grant Guidance - The Office of Management and Budget (OMB) published new requirements for federal award programs entitled Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards codified at 2 CFR 200. The guidance supersedes and consolidates the requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50. The requirements are effective for awards or increments of awards issued on or after December 26, 2014.

Uniform Net Capital Rule - Securities and Exchange Commission requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

United States Department of Agriculture (USDA) - A federal agency responsible for administering the School Lunch Program and U.S. Government Commodities.

United States Department of Education (USDE) - A federal agency responsible for administering the various educational grant programs, including but not limited to Title I, Part A of the No Child Left Behind Act (NCLB) and Individuals with Disabilities Act (IDEA).

Unmodified Opinion - An auditor's opinion stating that the financial statements present fairly the financial position, results of operations and (when applicable) changes in financial position in conformity with GAAP (which include adequate disclosure). This conclusion may be expressed only when the auditor has formed such an opinion on the basis of an examination made in accordance with GAGAS or GAAS.

USDA - See United States Department of Agriculture.

USDE - See United States Department of Education.

GLOSSARY

Vendor - An individual or corporation that provides services, supplies, or equipment to the district.

Voluntary Deduction - A deduction from pay which is requested by an employee.

Voucher - A document which authorizes the payment of money and usually indicates the accounts to be charged.

W-2 - The form mandated by the IRS on which total gross income, total federal withholding, and total state withholding are reported for all wages earned during the period from January 1 through December 31 of each year.

W-4 - The form issued by the IRS to be completed by each employee so that the employer can withhold the correct amount of federal income tax from each employee's pay.

W-9 - "Request for Taxpayer Identification Number Verification"

Withholding - The process of deducting from a salary or wage payment an amount, specified by law or regulation, representing the estimated federal or state income tax of the individual that the employer must pay to the taxing authority.

World Bank - A monetary agency administered by the United Nations. There is no expressed liability assumed by the United States Government on any of the instruments issued by the World Bank.

Working Papers - Documents containing the evidence to support the auditor's findings, opinions, conclusions, and judgments. They include the collection of evidence, prepared or obtained by the auditor during the audit.

Yield - The rate of annual income return on an investment, expressed as a percentage. (a) Income yield is obtained by dividing the current dollar income by the current market price for the security. (b) Net yield or yield of maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

APPENDICES

Appendix A Financial Accounting for Local and State School Systems

The National Center for Education Statistics (NCES) handbook *Financial Accounting for Local and State School Systems* represents a national set of standards and guidance for school system accounting that incorporates guidance from the Governmental Accounting Standards Board (GASB). Its purpose is to help ensure that education fiscal data are reported comprehensively and uniformly. To be accountable for public funds and to assist education decision makers, all school financial reports need to contain the same types of financial statements for the same categories and types of funds.

The online version of this handbook may be found at:

<https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2015347>

Guidance regarding the use and reporting of finance data can be found in the *Forum Guide to Core Finance Data Elements* (NFES 2007-801), produced by the National Forum on Education Statistics (2007). <http://nces.ed.gov/pubs2007/2007801.pdf>

APPENDICES

Appendix B Sample Investment Policy

The Board of Education recognizes the importance of prudent and profitable investment of district monies and its responsibility in overseeing this part of the district's financial program. This policy shall apply to the revenue from investment of all financial assets and all funds of the district over which it exercises financial control.

A. Legal Investments

All district funds allocated to a specific use but temporarily not needed shall be deposited and invested in accordance with state law. The treasurer, assistant treasurer or other administrator appointed by the Board shall comply with state statute CRS 24-75-601.

B. Safety of Funds

The district shall not enter into investment transactions which may expose the district to undue credit risk. The district shall investigate the condition of financial institutions before committing district funds. If the district is contemplating any investment or deposit outside of the state, the Board shall be notified. The Board shall seek legal advice prior to any such investment or deposit.

C. Liquidity of Funds

Adequate funds shall be kept available to pay the district's financial obligations when due. Before entering into any investment transaction, the cash needs of the district shall be determined and taken into account.

D. Yield

Investments shall occur in a manner that enables the invested funds to earn a market rate of interest throughout the budget cycle, after consideration is given to items A, B, and C above.

E. Reporting

The Board shall be kept informed of all investment and yields through regular reports. These reports shall be formatted in a manner that allows the Board to evaluate the success of its investment practices in light of its stated objectives.

(Adoption date)

LEGAL REFS: C.R.S. 11-10.5-101 et seq.
C.R.S. 11-47-101 et seq.
C.R.S. 24-75-601 et seq.

CROSS REF: DG, Banking Service

CONTACTS

State Organizations

State of Colorado

State Capitol Building
Governor's Office
200 East Colfax Avenue
Denver, CO 80203

Phone: 303-866-2471 – Governor's Office front desk
Phone: 303-866-2885 – Office of Constituent Services
Web: <http://www.colorado.gov>

The State of Colorado's home page provides links to many different types of state and local government resources.

Colorado Department of Education

201 East Colfax Avenue
Denver, CO 80203

Phone: 303-866-6600
Fax: 303-830-0793
Web: <http://www.cde.state.co.us>

- **School Finance and Operations Division**

201 East Colfax Avenue, Room 206
Denver, CO 80203

Phone: 303-866-6202
Fax: 303-866-6663

This division administers school finance for the state and oversees statewide budgeting, reporting, and auditing standards for districts, BOCES, charter schools, charter school networks, charter school collaboratives, and the Charter School Institute. **For additional information contact Jennifer Okes at 303-866-2996 or okes_J@cde.state.co.us.**

Colorado Department of Labor and Employment

633 17th Street, Suite 201
Denver, CO 80202-3660

Phone: 303-318-8000
Web: <http://www.coworkforce.com/>

CONTACTS

Public Employees' Social Security Program

Email: cdle_pess@state.co.us
Phone: 303-318-8060
Web: <https://www.colorado.gov/pacific/pess>

The Colorado Department of Labor and Employment offers this Web site as a quick reference tool for public employers and their employees, accountants, payroll officials, and others who need information about Social Security and Medicare (hospital insurance) requirements for state and local government employees.

- **Division of Workers' Compensation**

633 17th Street, Suite 400
Denver, CO 80202
Phone: 303-318-8700
Fax: 303-318-8710
Web: <https://www.colorado.gov/cdle/dwc>

The Division administers the mandatory workers' compensation insurance program. It also provides information to help the public understand the workers' compensation system, provides dispute resolution services, and enforces compliance with the laws and rules of workers' compensation.

Colorado Department of Local Affairs (DOLA)

1313 Sherman Street
Denver, CO 80203
Phone: 303-864-7810
Fax: 303-864-7856
Web: <http://www.dola.state.co.us/>

- **Division of Local Government**

1313 Sherman Street, Room 521
Denver, CO 80203
Phone: 303-864-7720
Fax: 303-864-0751
Web: <https://www.colorado.gov/pacific/dola/division-local-government>

Local Government Services include administrative, financial, and other assistance to local officials, staff, and citizens in the day-to-day operation of a local government. The LGS Section delivers assistance through workshops, publications, individual consultations, on-line resources, and local government site visits.

General areas of assistance include but are not limited to Budgeting, Finance, General Government Administration, Special District Administration and Elections, local

CONTACTS

government financial analysis, and enterprise management. In addition, LGS staff assist with preparation, processing and publication with a number of required local government filings that are received by the Department of Local Affairs. Finally LGS staff perform research functions for the state, local governments, and other interested individuals to generate useful information to inform the legislature, other decision makers and the general public.

State Demography Office

As the primary source for state demographic information, the office prepares, maintains, and interprets population statistics, estimates, and projections. Demographic information is available for economic trend analysis, budget projections, and various other uses.

Financial Assistance

The Local Government Financial Assistance section manages a number of grant and loan programs within the Department of Local Affairs specifically designed to address public facility and service needs. Through coordination and outreach with the department's field offices, grant and loan resources are distributed on both a formula and discretionary basis depending upon applicable state statutory provisions, federal requirements and/or program guidelines.

Community Development & Planning

The Community Development Office empowers Colorado communities by providing various technical and financial resources related to land use planning, economic development, and sustainable community development. Through workshops and training, technical assistance, and resources, the Community Development Office offers creative solutions for helping local governments and their partners tackle complex problems.

- **Division of Property Taxation**
1313 Sherman Street, Room 419
Denver, CO 80203
Phone: 303-864-7777
Fax: 303-864-7799

The Division of Property Taxation coordinates and administers the implementation of property tax law throughout the state and operates under the leadership of the property tax administrator, who is appointed by the State Board of Equalization (state board).

Colorado Department of Personnel and Administration

- **Colorado State Archives**

CONTACTS

1313 Sherman Street, Room 120

Denver, CO 80203

Phone: 303-866-2358

Fax: 303-866-2229

State Archives produces a *Colorado School Districts Records Management Manual* which provides general guidelines for the retention or disposition of records for school districts and BOCES. Additional information is available at the following link.

<https://www.colorado.gov/pacific/archives/school-records-managment>

- **Office of the State Controller**

1525 Sherman Street

Denver, CO 80203

Phone: 303-866-6200

Web: <https://www.colorado.gov/osc>

The State Controller's fiscal rules can be obtained at <https://www.colorado.gov/osc/fiscalrules>. The rules can be used to determine compliance with the maximum inventory level according to Sections 29-1-506 and 29-1-607, C.R.S.

Colorado Department of Regulatory Agencies

1560 Broadway, Suite 110

Denver, CO 80202

Phone: 303-894-7855

Web: <http://www.dora.state.co.us>

- **Division of Banking**

1560 Broadway, Suite 975

Denver, CO 80202

Phone: 303-894-7575

Fax: 303-894-7570

Web: <https://www.colorado.gov/pacific/dora/node/92701>

The Division of Banking protects the public interest and preserves public trust in the Colorado banking industry by regulating the business of state-chartered commercial banks and trust companies, state licensed money transmitters, and enforcing the Public Deposit Protection Act.

- **Division of Insurance**

1560 Broadway, Suite 850

Denver, CO 80202

CONTACTS

Phone: 303-894-7499 or 800-930-3745

Web: <https://www.colorado.gov/pacific/dora/node/90616>

The Colorado Division of Insurance (DOI) regulates the insurance industry in Colorado. We help consumers by answering their questions, investigating their complaints, and helping them to understand their insurance. We regulate and monitor the insurance companies in Colorado, as well as insurance agents, making sure everyone is following the law.

- **Colorado State Board of Accountancy**

1560 Broadway, Suite 1350

Denver, CO 80202

Phone: 303-894-7800

Fax: 303-894-2310

Web: <https://www.colorado.gov/pacific/dora/Accountancy>

The Colorado Board of Accountancy regulates certified public accountants (CPAs). CPAs perform a variety of accounting services and will often have the CPA designation after their name.

The Board does not regulate accountants, public accountants, tax preparers, or enrolled agents. Accountants and public accountants are not regulated by any federal or state agency; however, there are professional associations who may be able to assist you, including the Public Accountants Society and the Colorado Society of CPAs.

Colorado participates in CPAverify.org, a national database of licensed CPAs and CPA firms. Visit <https://www.cpaverify.org> to determine the credentials of a CPA or CPA firm without searching each of the 55 Boards of Accountancy.

Colorado Department of Treasury

200 East Colfax Ave

State Capitol, Suite 140

Denver, CO 80203

Phone: 303-866-2441

Fax: 303-866-2123

Email: treasurer.stapleton@state.co.us

Web: <https://www.colorado.gov/pacific/treasury>

The duties of the Colorado Treasurer's office include, investing Colorado's tax dollars, overseeing the unclaimed property division, which distributes property back to its lawful owners, and serving on the board of our Public Employee Retirement Association (PERA).

CONTACTS

- **The Great Colorado Payback**

Colorado Unclaimed Property Program

1580 Logan Street, Ste. 500

Denver, CO 80203

Phone: 303-866-6070 or 800-825-2111

Fax: 303-866-6154

Web: <https://www.colorado.gov/treasury/gcp/>

The Great Colorado Payback is responsible for reuniting Coloradans with their lost or forgotten assets. For example: if you have lost track of a bank account, stock certificate, or a retirement account; misplaced a rebate check, reimbursement or paycheck from a business; or moved prior to receiving your Colorado state tax rebate, the bank, business or state agency is required by law to file a report and forward those assets to the Unclaimed Property office of the Colorado State Treasurer. Even businesses lose track of property and payments, occasionally resulting in unclaimed property which can be claimed. Corporations, schools, hospitals, and small businesses are also listed among the many individuals whose assets are in the possession of the State. The Colorado State Treasurer currently maintains a list of over 1.7 million names of individuals as well as businesses for which property is available.

Colorado Legislative Service Agencies

- **Colorado General Assembly**

State Capitol Building

200 East Colfax

Denver, CO 80203

Phone: 303-866-2904 (House)

303-866-2316 (Senate)

Web: <http://leg.colorado.gov/>

This Internet site is useful when following legislation or conducting legislative searches. It contains the Colorado Revised Statutes, session laws, house and senate bills, calendars, and the *Digest of Bills*.

- **Office of Legislative Legal Services**

200 East Colfax Avenue, Room 091

Denver, CO 80203-1716

Phone: 303-866-2045

Fax: 303-866-4157

Web: <http://leg.colorado.gov/agencies/office-of-legislative-legal-services>

CONTACTS

The Office of Legislative Legal Services is the non-partisan, in-house counsel for the Colorado General Assembly and writes laws, produces statutes, reviews administrative rules, comments on initiated measures, and serves as a resource of legislative information for the public. The Office of Legislative Legal Services is under the direction of the Committee on Legal Services.

- **Office of the State Auditor (OSA)**

State Services Building
1525 Sherman Street, 7th Floor
Denver, CO 80203
Phone: 303-869-2800
Fax: 303-869-3060
Web: <http://leg.colorado.gov/agencies/office-of-the-state-auditor>

Local Government Section

The Local Government Section is responsible for reviewing all audits and Applications for Exemption from Audit for compliance with generally accepted accounting principles and applicable Colorado laws as prescribed by the Local Government Audit law. For technical assistance on governmental accounting and auditing issues contact:

Office of the State Auditor
Local Government Audit Division
State Services Building
1525 Sherman Street, 7th Floor
Denver, CO 80203-1700
Phone: 303-869-3000
Fax: 303-869-3061

U.S. Government Accountability Office (GAO)

441 G St., NW
Washington, DC 20548
Phone: 202-512-3000
Web: <http://www.gao.gov>

The GAO performs audits and evaluations of federal government programs and activities. This Web site offers access to GAO publications, audit reports, and reports on Federal Agency Rules. In addition, the GAO issues and updates the Government Auditing Standards (the Yellow Book) for financial audits under GAGAS.

U.S. Government Publishing Office (GPO)

CONTACTS

732 North Capitol Street, NW
Washington, DC 20401-001
Phone: 202-512-1800
Web: <https://www.gpo.gov/>

The U.S. Government Publishing Office (GPO) is the Federal Government's official, digital, secure resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government. The GPO is responsible for the production and distribution of information products and services for all three branches of the Federal Government, including U.S. passports for the Department of State as well as the official publications of Congress, the White House, and other Federal agencies in digital and print formats. GPO provides for permanent public access to Federal Government information at no charge through their govinfo website at <https://www.govinfo.gov/> and partnerships with approximately 1,150 libraries nationwide participating in the Federal Depository Library Program, and our secure online bookstore.

U.S. Department of Health & Human Services (HHS)

200 Independence Avenue, S.W.
Washington, D.C. 20201
Phone: 877-696-6775
Web: <http://www.hhs.gov>

It is the mission of the U.S. Department of Health & Human Services (HHS) to enhance and protect the health and well-being of all Americans. HHS fulfills that mission by providing for effective health and human services and fostering advances in medicine, public health, and social services.

- **Centers for Medicare & Medicaid Services (CMS)**

7500 Security Boulevard
Baltimore, Maryland 21244
Phone: 410-786-3000
Web: <https://www.cms.gov/>

CMS administers the Medicare, Medicaid and Child Health Insurance Programs for the Department of Health and Human Services. Their Web site contains information about each of these programs.

National Archives and Records Administration (NARA)

8601 Adelphi Road
College Park, MD 20740-6001
Phone: 866-272-6272
Web: <https://www.archives.gov/>

CONTACTS

The National Archives and Records Administration (NARA) is the nation's record keeper. NARA's web site offers records management guidance, links to publications such as the *Federal Register*, and technical guidance concerning archival preservation and management.

U.S. Office of Management and Budget (OMB)

725 17th Street, NW

Washington, DC 20503

Phone: 202-395-3080

Fax: 202-395-3888

Web: https://www.whitehouse.gov/omb/grants_default

Web: <http://www.whitehouse.gov/omb/circulars/index.html>

OMB's web site provides access to all OMB Circulars, publications, and standard forms including the *Circular A-133 Compliance Supplement* and data collection form at: https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2016

U.S. Securities and Exchange Commission (SEC)

SEC Headquarters

100 F Street, NE

Washington, DC 20549

Phone: 202-942-8088

Web: <https://www.sec.gov/>

The SEC is a federal regulatory agency with responsibility for administering the federal securities laws. The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC web site offers investor education and assistance as well as access to SEC rules and the *News Digest* at <https://www.sec.gov/news/digest.shtml>.

Federal Single Audit Clearinghouse (FAC)

U.S. Census Bureau

Phone: 800-253-0696

Web: <https://harvester.census.gov/facweb/>

The FAC web site includes access to the Internet Data Entry System (IDES) for submission of the single audit reporting package, including form SF-SAC, to the Federal Audit Clearinghouse (FAC). Single audit submission is required under the Single Audit Act of 1984 (amended in 1996), OMB Circular A-133, and the Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance).

CONTACTS

Professional and Other Types of Organizations

American Institute of Certified Public Accountants (AICPA)

1211 Avenue of the Americas

New York, NY 10036

Member Service Center:

Email: service@aicpa.org

Phone: 888-777-7077

Fax: 800-362-5066

Hotline: Audit & Accounting Technical Information 877-242-7212

Web: <http://www.aicpa.org>

The AICPA web site contains information on the Single Audit Act, new accounting and auditing standards, and various research links.

The AICPA site also includes alerts, guides, and other publications related to Government Auditing Standards and *OMB Circular A-133* at: <http://www.aicpa.org/Publications/AccountingAuditing/KeyTopics/Pages/GASCircularA133.aspx>

The AICPA's Government Audit Quality Center is available to help members achieve the highest standards in performing quality governmental audits. This firm-based voluntary membership Center is designed to help CPAs meet the challenges of performing quality audits in this unique and complex area.

<http://www.aicpa.org/InterestAreas/GovernmentalAuditQuality/Pages/GAQC.aspx>

Association of School Business Officials International (ASBO)

11401 North Shore Drive

Reston, VA 20190-4232

Phone: 866-682-2729

Fax: 703-478-0205

Web: <https://asbointl.org/>

The Association of School Business Officials International (ASBO) is an educational association that supports school business professionals who are passionate about quality education. The ASBO provides programs and services that promote the highest standards of school business management, professional growth, and the effective use of educational resources. Through their programs, services, advocacy, and global network, ASBO International is a voice of school business officials.

Colorado Association of School Business Officials (CASBO)

CONTACTS

4627 W. 105th Way
Westminster, CO 80031
Phone: 720-427-6560
Web: <http://coloradoasbo.org/>

The Colorado Association of School Business Officials is the premier resource on business practices and policies for Colorado's public education community. Colorado ASBO, a nonprofit statewide professional association, is dedicated to promoting excellence and professionalism in all aspects of school business.

Colorado ASBO serves all 178 Colorado School Districts, BOCES, Charter Schools and their respective staffs by providing professional development, promoting best practices strategies and creating professional collaboration and networking opportunities.

Colorado ASBO members represent every facet of school business management and operations including finance, accounting, payroll, human resources, risk management, transportation, child nutrition, maintenance and operations, information technology, purchasing and facilities. Colorado ASBO is the leading organization for those who work in the business side of schools.

Colorado Association of School Boards (CASB)

1200 Grant Street
Denver, CO 80203
Phone: 303-832-1000 or 800-530-8430
Fax: 303-832-1086
Web: <http://www.casb.org/>

The Colorado Association of School Boards was established in 1940 to provide the structure through which school board members could unite in efforts to promote the interests and welfare of Colorado school districts.

Colorado Association of School Executives (CASE)

4101 S. Bannock St.
Englewood, CO 80110-4606
Phone: 303-762-8762
Email: case@co-case.org
Web: <http://www.co-case.org/>

The mission of CASE is to empower Colorado education leaders through advocacy, professional learning and networking to deliver on the promise of public education.

Colorado Government Finance Officers Association (CGFOA)

CONTACTS

P.O. Box 620217
Littleton, CO 80162
Phone: 303-922-4647
Fax: 303-922-5295
Web: <http://cgfoa.org/>

CGFOA Mission Statement

To improve the practice of governmental finance in Colorado, as developed and recommended by the Government Finance Officers Association of the United States and Canada and other recognized authorities in the field of governmental administration, by developing mutually understandable procedures of accounting and financial reporting, budgeting and capital planning, cash management, financial administration, and debt management by encouraging the use of appropriate technology; by employing consistent financial classification, and principles; by training qualified public officials and employees; and by promoting ethical, high quality governmental service.

To develop closer relationships and understanding among those concerned with public finance in Colorado by facilitating a system of networking, by promoting training and sharing of information among finance officers; by identifying career enhancement opportunities; by providing a forum for the discussion of common issues and problems; and other objectives of a mutual interest to public finance officers.

Colorado Society of Certified Public Accountants (COCPA)

7887 E. Belleview Ave., Suite 200
Englewood, CO 80111-6076
Phone: 303-773-2877 or 800-523-9082
Web: <https://www.cocpa.org/>

The Colorado Society of Certified Public Accountants (COCPA) is the statewide, not-for-profit, professional association serving Colorado CPAs and the public for over 100 years. Founded in 1904, the COCPA comprises over 8,500 members who live and work in Colorado, as well as across the globe.

Government Finance Officers Association (GFOA)

Suite 2700
203 N LaSalle Street
Chicago, IL 60601-1210
Phone: 312-977-9700
Fax: 312-977-4806
Web: <http://www.gfoa.org/>

The Government Finance Officers Association (GFOA) represents public finance officials throughout the United States and Canada. The association's more than 18,000 members

CONTACTS

are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. GFOA's mission is to promote excellence in state and local government financial management. The organization provides best practice guidance, consulting, networking opportunities, publications including books, e-books, and periodicals, recognition programs, research, and training opportunities for those in the profession.

Governmental Accounting Standards Board (GASB)

Financial Accounting Standards Board (FASB)

Financial Accounting Foundation (FAF)

401 Merritt 7

P.O. Box 5116

Norwalk, CT 06856-5116

Phone: 203-847-0700

Web: <http://gasb.org/home> (Links to FASB & FAF at top of GASB home page.)

The Governmental Accounting Standards Board (GASB) is an independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).

The GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA). The GASB develops and issues accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to taxpayers, public officials, investors, and others who use financial reports.

The Financial Accounting Foundation (FAF) supports and oversees the GASB. The FAF is the independent, private-sector, not-for-profit organization responsible for the oversight, administration, financing, and appointment of the GASB and the Financial Accounting Standards Board (FASB).

Moody's Investors Service

7 World Trade Center

at 250 Greenwich Street

New York, NY 10007

Phone: 212-553-1653

Web: <https://www.moodys.com/>

Moody's Investors Service is a leading provider of credit ratings, research, and risk analysis.

Colorado PERA (Public Employees Retirement Association)

CONTACTS

1301 Pennsylvania Street

Denver, CO 80203

Phone: 800-759-7372

Web: <https://www.copera.org/>

Colorado Public Employees' Retirement Association (PERA) provides retirement and other benefits to the employees of more than 500 government agencies and public entities in the state of Colorado. PERA operates by authority of the Colorado General Assembly and is administered under Title 24, Article 51 of the Colorado Revised Statutes.

Colorado Public Risk Management Association (Colorado PRIMA)

Web: <http://www.coloradoprime.org/>

Colorado PRIMA provides education and training for public sector risk management professionals. Colorado public entities can access resources to help navigate the complex and changing risk management environment.

S&P Global Ratings (Standard and Poor's Ratings Services)

55 Water Street

New York, NY 10041

Phone: 877-772-5436

Web: <http://www.standardandpoors.com/>

S&P Global Ratings provides market intelligence in the form of credit ratings, research, and thought leadership.

Other Useful Internet Sites

United States Department of Labor

Bureau of Labor Statistics

Web: <http://www.bls.gov/>

The Bureau of Labor Statistics of the U.S. Department of Labor is the principal Federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.

FedLaw

Web: <http://www.thecre.com/fedlaw/default.htm>

CONTACTS

FedLaw was developed to see if legal resources on the Internet could be a useful and cost-effective research tool for Federal lawyers and other Federal employees. Fedlaw has assembled references of use to people doing Federal legal research and which can be accessed directly through "point and click" hypertext connections.

Medicaid.gov

Web: <https://www.medicaid.gov/>

The Center for Medicaid and CHIP Services (CMCS) is one of six Centers within the Centers for Medicare & Medicaid Services (CMS), an agency of the U.S. Department of Health and Human Services (HHS).

CMCS serves as the focal point for all the national program policies and operations related to three important, state-based health coverage programs: 1.) Medicaid, 2.) The Children's Health Insurance Program (CHIP), and 3.) the Basic Health Program (BHP) which allows states an option to provide affordable coverage and better continuity of care for people whose income fluctuates above and below Medicaid and CHIP eligibility levels.

Colorado Legal Resources

Web: <http://www.lexisnexis.com/hottopics/colorado/>

This site provides access to the Colorado Revised Statutes, court rules, Colorado Constitution, and the United States Constitution.

END OF HANDBOOK



COLORADO

Department of Education

School Finance Division