

Jeffco Did Not Increase General Admin Spending by \$17M Last Year

This document explains why Jeffco's FY25 Annual Comprehensive Financial Report (ACFR) shows General Administration expenses \$17M higher in FY25 compared to FY24.

The \$17M year-over-year change has two components, neither of which represents a true spending increase within general administration:

1. **\$10M Reclassification:** General administration expenses previously reported elsewhere in the district's financials, now appear more directly in the general fund. **The expense amounts haven't changed, they simply appear in different places.**
2. **\$7M Coding Error:** Curriculum and transportation expenses were mis-coded to general administration as data moved between systems during the preparation of the annual report. **This error overstated general administration expenses by a net of \$7M.**

The district did not increase spending on general administration staff, services, supplies or materials by \$17M in FY25. Instead, the district:

- **Reclassified existing expenditures that previously showed up in transfers and purchased services**, directly into their program codes, including the program of general administration. This reflects a change in reporting, not a change in total spending.
- **Made a coding error** that overstated general administration expenses by \$7M in the ACFR, which will be corrected moving forward and does not change the overall general fund expenses reported for FY25.

1. Reclassification & Fund Consolidation

In January 2024, the district began work to consolidate its financial data for the 2024-25 fiscal year and report more of it directly in the general fund. The district made this change in part to respond to Colorado Department of Education (CDE) feedback and in part to strengthen transparency. This work is called "fund consolidation" because it collapsed revenue/expense from three separate funds into the general fund. The three funds involved were "PreK/Child Care", "Transportation Fund" and "Information Technology Fund".

The fund consolidation work strengthened transparency by:

- Directly recording and reporting more revenue and expense in the general fund
- Decreasing the amount of expense reported as "transfers" or "other sources/uses" and increasing the amount of expense reported in program codes and account codes that better describe how the money was spent

Prior to fund consolidation, our transfer line was approximately \$89M dollars. After fund consolidation, it shrank to \$46M because transportation, IT and PreK expenses were directly reported in the general fund. This was an accounting change that did not change the amount of money being budgeted or spent. The \$46M in remaining transfers are into the capital reserve fund, the food and nutrition services fund, the insurance reserve fund and the benefits fund.

This accounting change impacted the year-over-year comparison of data, as explained below.

**Account codes identify the “what” of an expense, such as salary, services or supplies. Program codes identify the “purpose” of an expense, such as general instruction, instructional support or general administration.*

2. Coding Error

When it came time to prepare the FY25 ACFR, two significant types of expenditures ended up in “general administration” that did not belong there and one was missed:

Transportation Administration	(\$4,179,757)	All transportation expenses must be reported in the “Transportation” specific program, per state guidance
Curriculum Purchases	(\$4,657,143)	All curriculum purchases for general learning belong in “general instruction”, not in “general administration”
IT General Admin	+\$1,449,046	One part of the IT budget that should have been in general administration was coded elsewhere
Net Coding Error	(\$7,387,854)	General Admin was overstated by about \$7M

Why did the errors occur?

- Staffing shortages and recent turnover in Accounting meant that new employees and an external contractor were doing the bulk of the ACFR preparation work
- There was a translation error in re-mapping the financial information and data when it was pulled into the ACFR preparation software, out of our core system, PeopleSoft. Note that the data was correctly coded in PeopleSoft and thus showed accurately in all interim financial reports

The impact of fund consolidation on the year-over-year comparison of financial data.

When presenting the amended budget on September 4, 2024, the district publicly cautioned that after the fund consolidation, the FY25 financial data would lose year-over-year comparability. The presentation emphasized that this was not changing the **amount** of money spent, just how the money was classified. Here was an explanatory illustration in the September 4th [presentation](#):

IT Budget in GF pre-consolidation			IT Budget in GF post consolidation	
\$ in millions	Adopted Exp Budget FY 2024-25		\$ in millions	Amended Exp Budget FY 2024-25
General Fund Expenditures			General Fund Expenditures	
Salary & Benefit Accounts		Fund Consolidation Project	Salary & Benefit Accounts	\$ 20
Service Accounts	\$ 22		Service Accounts	\$ 11
Materials and Supplies			Materials and Supplies	\$ 3
Capital Outlay Accounts			Capital Outlay Accounts	\$ 1
Transfer to IT Fund	\$ 14		Transfer to IT Fund	
Total Budgeted Expenditures	\$ 35	"below the line"	Total Budgeted Expenditures	\$ 35

For Information Technology expenses, what used to show up as “service accounts” and “transfer” expenses in the general fund, would instead be directly reported in the accounts for salary, service, materials and capital outlay. Financial data is categorized in two ways: by account (what the money is spent on) and by program (the purpose of the spending). Fund consolidation changed where expenses appear within these categories, but not the total amount spent. Here was a summary illustration:

\$ in millions General Fund	Adopted Budget FY 2024-25	Amended Budget FY 2024-25	Dollar Change
Total Revenue	\$ 947	\$ 973	\$ 26
Expenditures (Program Type)			
General Administration	\$ 43	\$ 52	\$ 9
School Administration	\$ 78	\$ 78	\$ -
General Instruction	\$ 448	\$ 469	\$ 21
Special Education Instruction	\$ 98	\$ 98	\$ -
Instructional Support	\$ 139	\$ 147	\$ 7
Operations & Maintenance	\$ 92	\$ 90	\$ (2)
Transportation		\$ 34	\$ 34
Total Budgeted Expenditures	\$ 898	\$ 967	\$ 69
Total Other Financing Sources (Uses)	\$ 89	\$ 46	\$ (42)
Total Expenditures and Other Sources (Uses)	\$ 987	\$ 1,013	\$ 26
Net Change in Fund Balance	\$ (40)	\$ (40)	\$ 0

In the table above, there is no change in total dollars, just a reclassification of revenue and expenses. This means that the fund consolidation work did not fundamentally change how much the district was receiving and/or spending. It only changed where it showed up for reporting purposes.

The change reclassified approximately \$9M in expenses into the General Administration category. These amounts were previously reported in Other Financing Sources (Uses), commonly referred to as transfers. It reflects a change in how existing budgeted funds are reported, with no change to the total amount of spending.