COLORADO
Department of Education

DRAFT – final will be available end of August

Financial Policies and Procedures Handbook

Submitted to:
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)

By:
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Effective July 1, 2026

Colorado State Board of Education

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Daniel Van Schooten
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Financial Policies and Procedures (FPP) Advisory Committee

Fiscal Year 2026-2027 Membership - to be updated after call for membership selections

§§ 22-44-105, -118, -204, -304 and § 22-20-114.5.

MEMBER	DISTRICT/ORGANIZATION	TERM ENDS
Brenna Copeland	Jefferson County R-1	Permanent Member
Stephen Clawson	Denver 1	Permanent Member
Brian Gustafson	Poudre R-1	Member – August 2027
Cathy Watts	Academy 20	Member – August 2027
Eric Burt	Archuleta 50JT	Member – August 2027
Linda Warhoe	Plainview RE-2	Member – August 2027
Morgan Holzman	Cherry Creek	Member – August 2027
Jamie Duran	Pueblo 70	Member – August 2028
Marjorie Wickham	Montrose RE-1J	Member – August 2028
Mayra Ramirez	School District 27J	Member – August 2028
Jennifer Martinez	Weld RE-8	Member – August 2028
Nikki Schmidt	Weld RE-4	Member – August 2028
Bob Ebersole	Thompson R2-J	Member – August 2029
Christopher Baker	Colorado Springs 11	Member – August 2029
Hyesun Son	Englewood 1	Member – August 2029
Karen Guyer	Adams-Arapahoe 28J	Member – August 2029
Patty Venem	Rocky Ford R2	Member – August 2029
TBD	TBD	Member – August 2030
TBD	TBD	Member – August 2030
TBD	TBD	Member – August 2030
TBD	TBD	Member – August 2030
TBD	TBD	Member – August 2030
Craig Bailey	East Central BOCES	BOCES – August 2027
TBD	TBD	BOCES – August 2030

Ex-officio non-voting members include representatives of the:
Colorado Department of Education, CASB, OSA, CSI, Charters and Alternate

Bryana Burns	Goal Academy	Charter – August 2027
Lisa Cunningham	Prospect Ridge Academy	Charter – August 2027
TBD	TBD	Charter – August 2030

Rachel Amspoker	CASB	Crystal Dorsey	State Auditor's Office
Candace Casper	Colo. Society of CPAs	Dave Sever	Charter School Institute

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Preface

The Financial Policies and Procedures Handbook (Handbook) is a publication of the Colorado State Board of Education, which is edited, updated and submitted by the Financial Policies and Procedures Advisory Committee. Members of the committee, an advisory committee to the State Board of Education, are representatives of school districts, charter schools, BOCES, and other organizations, such as the Office of the State Auditor (OSA) and the Colorado Association of School Boards (CASB). Committee members serve without remuneration and meet, at a minimum, four times a year, or more often if required, to consider issues and policies regarding financial budgeting, accounting and reporting. Representatives of the Colorado Department of Education (CDE) and Charter School Institute (CSI) are ex-officio, non-voting members of the committee.

Required Use of the Handbook

All school districts, charter schools, charter school collaboratives, charter school networks, the Charter School Institute (CSI) and Boards of Cooperative Educational Services (BOCES) must use the Handbook in the development of the budget, the keeping of financial records, and in the periodic presentation of financial information to the local board of education. § 22-44-204, § 22-30.5-104, § 22-30.5-104.7, § 22-30.5-112, § 22-30.5-603, and 1 CCR 301-11. As a part of the annual financial audit, auditors are required to ensure that school districts are complying with the requirement to use the Handbook. § 29-1-603(1).

To increase readability of the Handbook, references to “district” and “school district” include school districts, charter schools, charter school collaboratives, charter school networks, CSI and BOCES, unless the narrative states otherwise. “Board” refers to the local board of education or the governing body.

Process for Review

The Financial Policies and Procedures Advisory Committee believes this Handbook meets the intent of legislation that called for the creation of the Handbook. Furthermore, the FPP Advisory Committee and the Colorado Department of Education (CDE) resolve to review issues as they arise and to make subsequent recommendations to ensure that the Handbook improves the ability to meet the intent of the enabling legislation, as well as the needs of the public at large, school districts and legislative and regulatory bodies.

This edition of the Handbook was updated and revised to incorporate changes in required financial policies resulting from new and amended Colorado statutes enacted since the previous update, requirements of the Governmental Accounting Standards Board (GASB), and other approved changes.

Disclaimer

The Handbook summarizes various primary sources, including federal regulations, state law and regulations, GASB, and GAAP. Any actual or perceived discrepancy between the Handbook and these primary sources should be disregarded in favor of the primary sources. Changes to primary sources will be tracked and incorporated into the Handbook as described in Appendix A.

Personal Identifiable Information

As a reminder when sending email to CDE, for example during October count or transportation audits, emails cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. Therefore, email cannot be used to transfer files containing personally identifiable information of educators or students. Contact the intended recipient to mutually determine enhanced security options for transferring such information.

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Introduction

Purpose of the Handbook

The 2026-2027 edition of the Financial Policies and Procedures Handbook (Handbook) is a publication of the State Board of Education. The Handbook is designed to achieve the following purposes:

- To summarize general state and federal requirements regarding the management and reporting of financial data.
- To ensure that financial data is reported in a comprehensive and consistent manner.
- 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 budgeting, accounting, reporting, auditing, investment and cash management.
- To conform to generally accepted accounting principles (GAAP) for governments and to comply with legal provisions.
- To ensure consistency in, and compliance with, federal data collections, reporting and U.S. Department of Education oversight (*e.g.,* OIG). *See* Appendix B.

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.

Handbook Requirements and Advice

The Handbook summarizes the major state and federal requirements regarding financial budgeting, accounting and reporting. However, 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 Chart of Accounts, 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.

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.

- Colorado Revised Statutes (C.R.S.)
- Code of Colorado Regulations (CCR)
- United States Code (U.S.C.)
- Electronic Code of Federal Regulations (e-CFR)
- Financial Accounting for Local and State School Systems
- Governmental Accounting Standards Board. Standards & Guidance, including Statements of Governmental Accounting Standards (*i.e.,* Pronouncements)

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Financial Transparency

Financial transparency requirements require the district to post specific information to the reporting entity's website. The required standard website template, showing the required layout, content and required financial information to be posted, is available on the School Finance Unit webpage.

Reporting entities post the required 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. Required waiver information is posted within 30 days.

The content posted to the reporting entity's webpage includes:

1. District Adopted Budget – Including Uniform Budget Summary (current and prior two years)
2. District Financial Audit (current and prior two years)
3. Salary Schedules or Policies (current and prior two years)
4. Financial Data File (current and prior two years)
5. Lister of Waivers Received by the School District (all reporting entities)
6. Standardized Description and Rational for Each Automatic Waiver
7. Federal Form 990, 990-EZ, or 990-PF and any associated schedules
8. Plan for Distributing Additional Mill Levy Revenue or Statement of Intent to Distribute
9. Other District Specific Financial Information
10. Link to Financial Transparency Website View

Financial data file, which includes individual school site financial information, is required to be posted no later than March 1st.

Easy Website Navigation – Requirement. The reporting entity's website homepage must allow one of these two options:

1. Reporting entity's website homepage should, without additional navigation, 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

2. Reporting entity's website homepage should, without additional navigation, 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

This icon can be downloaded (JPG file) on the CDE website, www.cde.state.co.us/cdefinance/psfta_icon.



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Critical Dates for Fiscal Year 2025-26 – Pending Updates

The due dates listed below include a statutory reference, as appropriate. The short descriptions provided do not necessarily enumerate every requirement of the statute. While the due date represents the last date of completion, action may be taken and is encouraged, as appropriate, prior to the due date.

Date	Category	Reference	Description
May 31	BUDGET	CRS 22-44-108	Preparation of budget. Submit the proposed budget to the board of education by May 31 (i.e., thirty days prior to the beginning of the budgeted fiscal year).
June 10	BUDGET	CRS 22-44-109	Notice of budget – publication. Within ten days after submission of the proposed budget, publish a notice stating that the proposed budget is on file, etc., and stating the date, time and place specified when the board of education will consider adoption of the proposed budget. Section 22-44-109.
June 25	CASH FLOW	CRS 22-54-110	Repay outstanding cash flow loans, if any, to State Treasurer; or later if alternative date provided by the State Treasurer. Section 22-54-110.
June 25	CASH FLOW	CRS 22-54-117	Repay outstanding contingency reserve loans, if any, to CDE based on the agreement in the reserve request; or later if alternative date provided by CDE.
June 30	BUDGET	CRS 22-104-105 CRS 22-44-107, CRS 22-44-110	Formally adopt, by appropriate resolution, the budget, the appropriation resolution and the use of a portion of beginning fund balance resolution, if necessary.
June 30	NUTRITION	7 CFR 245.9(f)(4)(i)	Community Eligibility Provision (CEP) election forms due to School Nutrition for the upcoming school year
June 30	NUTRITION	7 CFR 210.14(e)	Submit paid lunch equity (PLE) tool to CDE School Nutrition Unit for approval. Only submit a paid lunch equity (PLE) tool to CDE School Nutrition Unit for approval if NOT participating in Healthy School Meals for All (HSMA).
June 30	GRANTS		Deadline for submission of FY2025-26 ESSA Consolidated Federal Application and Budget to CDE.
June 30	GRANTS		Deadline for submission of IDEA Federal Application Budget to CDE.
July 1	COMPLIANCE	CRS 22-44-304	Ensure continuing compliance with financial transparency.
July 1	DISTRICT TOTAL PROGRAM	CRS 22-54-115(1.1)(b)	Deadline to request that CDE make the district's state share payments on a 12-month pay cycle and not the new standard 9-month schedule.
July 1	SUBMISSION	CRS 22-51-105	Submission opens for the FY2024-25 Pupil Route Transportation CDE-40 Reimbursement.
August 1	NUTRITION		Update Federal meal reimbursement rates.

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August 1	SUBMISSION	CRS 29-1-606 CRS 22-11-206	December financial data pipeline soft open to allow LEAs to upload data files. Due December 31. Note: Final Edits will be populated through August until the official open of the submission.
August 25	MILL LEVY CERTIFICATION	CRS 39-5-128	County assessor certifies to school district the total assessed valuation and the actual value of the taxable property in the district. Section 39-5-128. *See also* December 10, December 15
September 15	SUBMISSION	CRS 22-51-105	Deadline for submission: Statutory deadline for the submission of the FY24-25 Pupil Route Transportation CDE-40 Reimbursement form for the FY2024-25 entitlement period.
September 30	CHARTER SCHOOL	CRS 22-30.5-112	School district provides each charter school an itemized accounting of its central administrative overhead costs. Actual costs shall be the amount charged to the charter school. Section 22-30.5-112 (within 90 days of fiscal year end).
September 30	CHARTER SCHOOL	CRS 22-30.5-112	School district provides each charter school an itemized accounting of all actual costs of district services the charter school chose to purchase from the district. Section 22-30.5-112
September 30	CSI	CRS 22-30.5-513	The Institute provides to each institute charter school an itemized accounting of all its central administrative overhead costs. Actual costs shall be the amount charged to the charter school. Section 22-30.5-513
September 30	CSI	CRS 22-30.5-513	The Institute provides to each institute charter school an itemized accounting of all actual costs of Institute services the charter school chose to purchase from the Institute. Section 22-30.5-513
September 30	GRANTS		Deadline for submission of IDEA end of year expenditures to CDE.
September 30	GRANTS		Deadline for submission of FY2024-25 ESSA Consolidated Grants Final Expenditure Report to CDE.
September 15	NUTRITION	7 CFR 210.9	Annual Renewal Application in CN Portal, Colorado Nutrition Portal.
October 1	PUPIL COUNT	CRS 22-54-103	Conduct pupil membership count. Section 22-54-103. *See also* November dates for certification of pupil count.
October 1	OFFICIAL MILEAGE COUNT	CRS 22-51-104	Official mileage count day for the FY2025-26 Pupil Route Transportation CDE-40 Reimbursement
October 31	CHARTER SCHOOL	CRS 2-3-115, CRS 22-54-154	Due date for submission of the Charter School Capital Constructions fund expenditure report (Form CSCC-01); due date for submission of the annual Charter School Capital Construction Funding Eligibility questionnaire to CDE. Section 22-54-124

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November 10	PUPIL COUNT	CRS 22-54-112	Final day to submit October pupil membership count via Data Pipeline. Section 22-54-112. ● The secretary of the board of education of each district shall certify to the state board the pupil enrollment, the online pupil enrollment, the extended high school pupil enrollment taken in the preceding October or previously in November. ● The secretary of the state charter school institute board shall certify to the state board the pupil enrollment and the online pupil enrollment of each institute charter school taken in the preceding October.
November 25	ELECTIONS	1 C.C.R. 301-1	Submit Report of November 2025 Elections to CDE.
November 26	PUPIL (DUPLICATE) COUNT	CRS 22-54-103	Final day to submit updated October pupil membership count, based on duplicate count decisions, via Data Pipeline
November 30	FINANCIAL AUDIT	CRS 29-1-606	Independent Auditor provides financial audit to the board of education within five months following the close of the fiscal year. Section 29-1-606.
November 30	DISTRICT TOTAL PROGRAM	CRS 22-54-104.3	School District entitled to "Additional Funding," if any, submits to CDE a certification signed by its auditor of its projected spending limit pursuant to the Taxpayer's Bill of Rights (TABOR). Section 22-54-104.3. *Note:* certification is not required if school district previously held a successful "de-Brucing" election.
December 10	MILL LEVY CERTIFICATION (final)	CRS 39-1-111, CRS 39-5-128	County assessor certifies to school district the total assessed valuation and the actual value of the taxable property in the district. Sections 39-1-111; 39-5-128.
December 15	MILL LEVY CERTIFICATION	CRS 22-40-102 CRS 39-5-128	Certify to board(s) of county commissioners, copied to CDE, the mill levies for the various property tax-supported funds of the district. Sections 22-40-102; 39-5-128. The county(ies) may request copies be sent to the Assessor, the Treasurer and other entities within the county(ies).
December 31	SUBMISSION	CRS 29-1-606 CRS 22-11-206	Approve Data Pipeline financial data, complete Bolded Balance Sheet Report, Auditor's Integrity Check Report and download final Data Pipeline Reports.

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December 31	SUBMISSION	CRS 29-1-606 CRS 22-11-206	Submit financial audit to CDE and the Office of the State Auditor. Audit must contain the Auditor's Integrity Check Report bound in the audit; include a copy of the Bolded Balance Sheet with the audit submission. Submit the Assurances for Financial Accreditation form. Compliance met by email or postmark date. Section 29-1-606; 22-11-206.
January 31	BUDGET	CRS 22-44-110	The board may review and change the adopted budget, with respect to both revenues and expenditures, at any time prior to January 31. Section 22-44-110. *Note:* depending on the budget adjustment, may require an appropriation resolution and/or a use of a portion of beginning fund balance resolution.
March 1	COMPLIANCE	CRS 22-44-300	Post the required FY2024-25 financial data file to the district's financial transparency webpage. CDE uses the district's financial data to populate Financial Transparency for Colorado Schools.
April 8	NUTRITION	7 CFR 245.9(f)(3)	Districts to report Identified Student Percentage (ISP) for sites participating in School Nutrition Programs
1st of Month	GRANTS		Submit Requests for Funds forms with the Office of Grants Fiscal for ESSA, IDEA and Formula ESSER federal reimbursement grants.
1st of Month	NUTRITION	7 CFR Part 210.8(b)(1)	Meal Claim Reimbursement BEST PRACTICE. Submit Child Nutrition reimbursement claims via the online claim system. 7 CFR Part 210.8(b)(1). Note the guidance from the School Nutrition Unit, School Nutrition Claims.
1st of Month	NUTRITION	7 CFR 210.18(g)(1)(i)	Direct Certification Matching BEST PRACTICE: Direct Certification Matching 1st of month. At a minimum: July 1 through the first day of school; October 1; Mid-November to mid-December; Mid-February to mid-March. Determine Program Eligibility | CDE
15th of Month	PUPIL COUNT	CRS 22-54-129	Facility School or State Program reports to CDE the number of eligible out-of-district placed pupils, if any, served during the prior calendar month. Section 22-54-129.
15th of Month	GRANTS		Submit Requests for Funds forms with the Office of Grants Fiscal for IDEA and Competitive federal reimbursement grants.
25th of Month	REVENUE DISTRIBUTIONS	CRS 22-54-115	State transmits state share payments to school districts. Section 22-54-115.
Monthly	REVENUE DISTRIBUTIONS	CRS 22-54-124	CDE transmits Per Pupil Capital Construction moneys to charter schools and Institute charter schools.

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Monthly	CASH FLOW	CRS 22-54-117	Notify CDE of any potential Contingency Reserve assistance needs.
Quarterly	COMPLIANCE	CRS 22-45-102, CRS 22-32-109	Board of education reviews financial condition of the school district; the review must include the expected year-end fund balances. Sections 22-45-102; 22-32-109.
Continuing	NUTRITION	7 CFR 210.19(a)(1), 1 C.C.R. 301-11-3.03 (8)	Excess Net Cash Submit plan to the Nutrition Unit for approval no later than two weeks after excess net cash has been identified. 7 CFR 210.19(a)(1) and 1 C.C.R. 301-11-3.03(8). Manage Program Finances | CDE
Continuing	BONDS		Submit annual financial information under SEC Rules and the Continuing disclosure Certificate on or before the date specified in the certificate via EMMA Dataport.
Continuing	BONDS	CRS 22-42-125, CRS 22- 43-108	Upon issuance of bonds or refunding bonds, submit a report within ten days after sale (sixty days for refunding bonds) to the state board of education. Sections 22-42-125; 22-43-108.
Continuing	BONDS		Submit via EMMA Dataport notice of a material event as specified under SEC Rules and Continuing Disclosure Certificate in a timely manner not in excess of ten business days after the occurrence of the event.
Continuing	school district provided educational services	CRS 22-54-129	On or before the 15th day of each month where a juvenile (charged as an adult) is held in jail or facility, the official in charge of the jail or facility shall report to CDE the actual number of juveniles who received education service at the jail or facility during the prior calendar month to whom the school district provided educational services at the jail or facility. On or before the 15th day of each month following a month where a jail or facility reported the number juveniles who received educational services at the jail or facility, CDE shall pay the school district that provided the educational services the appropriate amount based on the daily rate established for approved facility schools. Section 22-54-129.

Pupil and At-Risk Count, Transportation. *See* additional information:
https://www.cde.state.co.us/cdefinance/auditunit,
https://www.cde.state.co.us/cdefinance/sftransp,
https://www.cde.state.co.us/datapipeline/snap_studentoctober.

Elections *See* Colorado Department of State, Elections and Voting,
http://www.sos.state.co.us/pubs/elections/main.html, and
Colorado Association of School Boards, https://www.casb.org/

EMMA Dataport https://dataport.emma.msrb.org/AboutDataport.aspx?ReturnUrl=%2fSubmission%2fSubmissionPortal.aspx

Nutrition https://www.cde.state.co.us./nutrition/events-and-program-deadlines

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Budget

Purpose of a Budget

A budget provides 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 (i.e., revenue, fund balance, or borrowing). To achieve this basic purpose, a comprehensive budget system should 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 district services. In this way, administrators and the board are assisted in educational planning as well as in the prioritization and planning of all district operations through the allocation of resources.

For additional guidance, for example, GFOA publishes *Best Practices in School District Budgeting*.

Major Budget Objectives

A. Provides 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 district's goals and educational needs.

B. The school district must submit the major objectives of the educational program with its proposed budget. Developing the major objectives may occur as part of the individual school and overall district Unified Improvement Planning.

1. **School Accountability Committee**. Each school's committee recommends to the school principal its priorities for spending the school's allocated budget. The principal considers the committee's recommendations and takes them into account in formulating budget requests and creating the school budget. The committee sends a copy of its recommended spending priorities to the school district accountability committee and to the board. § 22-11-402(1)(a).

2. **District Accountability Committee**. The committee recommends to the board the priorities for spending district moneys. Whenever the committee recommends spending priorities, it makes reasonable efforts to consult in a substantive manner with the district's school accountability committees. The board considers the committee's recommendations in adopting the district budget. § 22-11-302(1)(a).

   Additionally, the adopted Unified Improvement Plan (*i.e.,* performance plan, improvement plan, priority improvement plan, or turnaround plan) identifies the local, state, and federal resources that the district will use to implement the identified strategies with fidelity. §§ 22-11-303(3), -304(3), -305(3), and -306(3).

School/District Ratings	SAC Duties	DAC Duties
Performance Plan	§ 22-11-403	§ 22-11-303(3)
Improvement Plan	§ 22-11-404	§ 22-11-304(3)
Priority Improvement Plan	§ 22-11-405	§ 22-11-305(3)
Turnaround Plan	§ 22-11-406	§ 22-11-306(3)

C. Communicate throughout the budget process with district staff and community members. State the objectives of each program and the allocation of funds necessary to achieve them.

D. Relate anticipated costs and actual costs to designated programs to support budget comparisons.

E. Provide historical data for realistic budget preparation and related planning decisions.

F. Provide budgeting and reporting consistent with federal and state requirements.

G. Consider whether developing a multi-year plan is feasible or informative.

Mandatory Budget Contents

§§ 22-44-105(1), -105(2), -107 and -108 and § 29-1-103.

Budget Statement

The budget includes a statement describing the Major Budget Objectives of the educational program for the budgeted fiscal year and the manner in which the budget proposes to fulfill the objectives. The budget statement or summary budget report also includes supporting explanatory schedules or statements, as needed, of sufficient detail to judge the validity of the budgeted revenues and expenditures. The supporting explanations may include the assumptions made in estimating revenues and expenditures. The budget must include a disclosure of planned compliance with TABOR.

Summary Budget Report

The district's Summary Budget Report should be substantially consistent from year to year, be understandable by any layperson reviewing the report and should allow for state-wide comparisons of revenue and expenditures by pupil.

A. Budgeted Expenditures

1. Itemize expenditures by pupil for each *governmental fund*.
2. Describe the expenditure (*e.g.,* by program and object, etc.)
3. Dollar amounts include
   a. the amount budgeted in the current fiscal year,
   b. the amount estimated to be spent for the current fiscal year, and
   c. the amount budgeted for the ensuing fiscal year.
4. Summarize expenditures by fund, program and object.

B. Budgeted Revenues

Summarize revenues by source. This information is included in the Uniform Budget Summary.

C. Balanced Relations

A summary, by fund, showing that the budgeted beginning fund balance plus budgeted revenues net of transfers less budgeted expenditures and less reserves (appropriated and unappropriated) equals zero. This information is included in the Uniform Budget Summary.

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Uniform Budget Summary

The Uniform Budget Summary includes the following by fund:

- The beginning fund balance and the anticipated ending fund balance.
- The anticipated revenues by source (i.e., local, state and federal).
- The anticipated transfers and allocations to and from each fund, if any.
- The anticipated expenditures by program and object code, summarized into major groupings.
- The amount of reserves (appropriated and unappropriated).

Lease-Purchase Agreement Disclosures

The use of lease-purchase agreements creates financial obligations and, as such, disclosures of such obligations is in the public interest and is a matter of statewide concern. § 29-1-103. A lease-purchase agreement is a capital lease as defined in GASB pronouncements. Lease-purchase agreements that transfer the ownership of the underlying asset will be referred to as a lease. GASBS 87.

The budget must include a supplemental schedule containing the following information:

1. the total amount to be expended during the ensuing fiscal year for payment obligations under all lease-purchase agreements involving real property;
2. The total maximum payment liability of the local government under all lease-purchase agreements involving real property over the entire terms of such agreements, including all optional renewal terms;
3. The total amount to be expended during the ensuing fiscal year for payment obligations under all lease-purchase agreements other than those involving real property;
4. The total maximum payment liability of the local government under all lease-purchase agreements other than those involving real property over the entire terms of such agreements, including all optional renewal terms.

Optional Budget Contents

In addition to the required budget statement, summary budget report and uniform budget summary, some districts choose to create a budget book to meet the standards of award programs by ASBO. Participation in this programs is optional. The award program dictates the content and layout of a budget document (i.e., budget book). Some districts prepare the budget book in a manner consistent with the award program without actually submitting the budget book for review. For additional information see the organizations' websites.

Association of School Business Officers International (ASBO), *Meritorious Budget Award* and *Pathway to the Meritorious Budget Award*.

Recommendations

In the budget presentation, include multi-fiscal year comparisons. For revenues, expenditures, transfers and fund balances this may include:

- the audited prior fiscal year actuals,
- the current year budget
- the current year projection, and
- next year's budget.

The required Summary Budget Report for budgeted expenditures, only, includes the last three bullets. This recommendation expands the report to all account types and adds the prior fiscal year actuals.

The level of detail to include in the budget presentation must meet the minimum standards of the Summary Budget Report. However, districts budget at a significantly more detailed level; many districts include the entire

string of the Chart of Accounts. The level of detail budgeted is used for the day-to-day operations of the district and is usually input into the district's accounting system. However, districts generally choose to present budgets and report actual versus budget comparisons at the summary level.

Statutory Limitation - Ongoing Deficit

The budget must not lead to an ongoing deficit. Ongoing deficit means the budgeted expenditures plus interfund transfers plus ending reserves for each individual fund must not exceed revenues and beginning fund balances. In other words, the budget must not result in a negative unassigned fund balance for any fund. § 22-44-105(1.5)(a).

Budget Process

The budget process is a multi-step process that includes developing district goals, a budget calendar, budget projections, budget content, program budgeting and the budget presentation, documents and resolutions.

Budget Calendar

Many districts publish a comprehensive budget development process and calendar within the district's adopted budget document. The process may include identifying the participants responsible for each task (*e.g.,* board of education, superintendent, cabinet, department heads, school leaders, teachers and staff, and community members. For specific budget process examples, review another district's financial transparency website. For example, Cherry Creek School District, (2-page *Budget Process Timeline*), Colorado Springs D11 (1-page *Budget Development Process and Calendar*), and Boulder Valley School District (1-page *Budget Development Process Milestones*). A general calendar may include:

Mid-October

Review the economic forecasts from the Governor's Office of State Planning and Budgeting and from Legislative Council Staff.

November 1

Review the Governor's budget proposal. This budget proposal represents a "starting point." The School Finance Act is generally passed by the Generally Assembly in late April, based on Legislative Council estimates. The supplemental funding request, based on actual pupil counts, at-risk counts, and assessed valuations is not final until the following January, at the earliest.

Fall/Winter

Prepare preliminary forecasts, including estimates of total program revenue, enrollment projections, expenditures and fund balances. Fund balance assumptions include the estimated beginning available fund balance and the required ending fund balance. The ending fund balance takes into consideration TABOR and board reserves.
Prepare and/or update budget development worksheets.
Review budget development process and budget document format with board.

Legislative Council Staff and the Joint Budget Committee begin developing revenue forecasts for school finance, which include legislative estimates of pupil count, at-risk count, net assessed valuations and specific ownership taxes. In general, districts take into consideration the legislature's initial calculation of per pupil revenue for the district and apply a conservative PPR to district developed projections for pupil count, at-risk count, net assessed valuations and specific ownership taxes.

Review process for allocating budgets to schools, divisions, departments, and other programs; including transfers to funds outside the general fund. This may include reviewing board policy on class size limits, staffing allocations, student support services requirements, etc.

Begin community outreach, including school accountability and district accountability committees.

Mid-December

Review the economic forecasts from the Governor's Office of State Planning and Budgeting and from Legislative Council Staff.

January

Review current year budget and appropriations; determine if mid-year revisions to the expenditure budget by fund is required.

Winter

Prepare an initial draft of revenue and expenditure assumptions.

- Pupil headcount
- Funded pupil count
- At-risk count
- Inflation
- Budget stabilization factor
- Net assessed valuation change
- Specific ownership tax change
- Updated PERA rate
- Benefit cost changes
- Anticipated salary/staffing change
- Operating expenditure growth
- Capital improvements
- Debt service requirements
- Ending reserve requirements

Compile budget requests from schools, divisions and departments.

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.
Incorporate feedback from community sessions, and from the school and district accountability committees.

April/May/June

Continually monitor current year budget and appropriations; determine if a supplemental budget by fund is required. Resolutions must be adopted on or before June 30.

On or before May 31

Submit preliminary budget to the board.

On or before June 30

Board of education considers adoption of the proposed budget and adopts the budget, appropriation resolutions, and the use of a portion of beginning fund balance resolution, if required.

Budget Accounting Method

The budget serves 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. Regardless of budget accounting method chosen, it is best practice that a 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. This allows the district

to make appropriate adjustments, if required, to the "budgeted beginning fund balance" and "projected ending fund balance" to alleviate any unexpected over expenditures (*i.e.,* expenditures in excess of appropriations). The fund balance comparison may be incorporated with the budget as an addendum, if necessary.

The basis of budgeting is the "method used to determine when revenues and expenditures are recognized for budgetary purposes." GAAFR, p. 1055. If the district uses a budgetary accounting method other than GAAP, the district must explain the budgetary basis in the notes to the audited financial statements and must prepare a reconciliation. The itemized reconciliation shows 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 must include, but need not be limited to, the liability for accrued salaries and related benefits. The reconciliation must be included with the final version of the amended budget and the annual audited financial statements. § 22-44-105(1.5)(b).

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:

- Districts which choose to fully fund the accrual liability should not include the accrual funds in the beginning fund balance for budgeting purposes.

- 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.

- 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.

- Districts which choose not to fund the accrual liability must consider the liability as deferred when calculating the appropriated fund balance for budgeting purposes.

Budget Projections

To prepare budget projections for the ensuing fiscal year, develop underlying assumptions forecasting the sources and uses of funds. As a starting point, refer to the district's prior audited financial statements or budget to ensure projections are prepared for each line listed in the audit and/or in the prior budget. During the budgeting process, timing differences between revenue collections and disbursements may cause a temporary general fund cash deficit. *See*, Loans to Alleviate Cash Flow Deficits.

A. Beginning Fund Balance

1. Develop a 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 includes projecting accounts payable and receivable, expenditures and revenues for the remaining portion of the current budget year.

2. According to § 22-44-105(1.5)(a), the budgeted expenditures plus interfund transfers plus ending reserves for each individual fund must not exceed available revenues and beginning fund balances. In other words, the budget must not produce a negative unassigned fund balance for any fund (i.e., an ongoing deficit).

3. If any portion of the beginning fund balance is used to cover expenditures, interfund transfers, or reserves, a "Use of a Portion of Beginning Fund Balance Resolution" must be adopted by the board authorizing the use in the district's budget. § 22-44-105(1.5)(a). The resolution specifies, at a minimum,
   a. The amount of the beginning fund balance to be spent under the budget.
   b. The purpose for which the expenditure is needed.
   c. The district's plan to ensure the use of beginning fund balance will not lead to an ongoing deficit.

4. 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 adopts a resolution that meets the minimum requirements specified in the previous paragraph. § 22-44-105(1.5)(c).

B. Revenues

1. Total program revenue from the Public School Finance Act of 1994 can be estimated based upon five primary factors: funded pupil count, net assessed valuation, per pupil funding, the allowable mill levy, and 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, determine what percentage will be collectable based upon historical and current economic trends. The Public School Finance Act states property taxes are assumed to be 100% collectable; however, the district budget may need a conservative estimate of collectability.

2. Specific ownership tax revenues may 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 may be used for budgeting purposes.

3. Project state categorical program support funds, including English language proficiency (ELPA), career and technical education, transportation, and ECEA (special education and gifted & talented education). The conservative projections may be based on prior year.

4. Anticipated receipts from federal grants (governmental designated purpose grants), such as Title I, need to be projected. These projections may be based on levels of prior reimbursements under the specific grant, as well as current expenditure patterns. Take into account the prior year grant receivables and unspent carryover, if any. Caution should be utilized in estimating anticipated revenue from these grants to prevent possible cash flow shortfalls and/or deficit spending.

5. Other local source projections
   a. Interest income: based upon cash flow, the amount of investable funds, and the anticipated rate of interest.

   b. Tuition revenue: 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.

   c. Community use fees assessed by the district for use of school facilities by individuals and organizations for private use.

   d. The proceeds from the sale of real property must be deposited in the capital reserve capital projects fund or bond redemption fund or both. § 22-32-110(e) and § 22-45-112.

   e. Delinquent taxes and interest. Current and historical economic trends and the collection efforts made by the county treasurer's office; *see also* the district's budgeted property tax collections rate in paragraph 1 above.

   f. Anticipated cash donations for an undesignated purpose may be budgeted in the general fund.

   g. Any other cash donations anticipated for a specified purpose must be held and expended by the district based on its board policies and in compliance with any donor conditions. § 22-32-110(1)(y). May be budgeted in the general fund.

   h. 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. *See also*, GASBS 84.

   i. Rental income anticipated from school lands and buildings is budgeted in the general fund or capital reserve capital projects fund.

   j. The accounting rules for lease accounting should be considered. GASBS 84.

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

C. UPK/CPP Funding

Universal Preschool Program (UPK) / Colorado Preschool Program (CPP) per-pupil funding must be used to pay the costs of providing preschool services directly to children enrolled in UPK/CPP. Used to account for the purposes and limitations specified by § 22-28-108(5.5), C.R.S. and § 26.5-4-208, C.R.S.

D. 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 OF at-risk pupils. § 22-54-105(3).

E. Expenditures

1. Salaries, both current and anticipated, for full and part-time employees. Calculate by considering the district's current staff and rate of pay, current and proposed salary schedules, the timing of any salary adjustments, and anticipated employee turnover.

2. Employee benefits. Estimate the 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. PERA employer contribution rates may adjust beginning July 1, 2020. PERA employer contributions rates can increase (or decrease) by up to 0.5 percentage points per year.

3. Purchased services comprise expenditures such as county property tax collection fees, contracted services, tuition services, non-staff personnel, travel expenses, etc.

4. Operations and maintenance costs. Calculate by using historical data or current estimates in conjunction with utilities and desired levels of on-site custodial and maintenance expenditures.

5. Other expenses not identified above. Projected based upon anticipated expenditure levels.

F. Transfers

The board 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. § 22-45-103(1)(a)(II) and § 22-44-112(2)(a). Encumbered moneys (i.e., restricted moneys) are not available for transfers, including segregated funds and accounts funded from the sale of general obligations bonds, such as building or project funds, restricted as to use by voter authorization or statute; food service funds restricted by federal regulation and state law; moneys in the total program reserve fund; and such other enterprise, fiduciary (trust and custodial), permanent or foundation funds and accounts which are reported to and acknowledged by the state. Unencumbered moneys include committed, assigned, and unassigned fund balances. In other words, unencumbered moneys exclude nonspendable and restricted fund balances.

G. Reserves for TABOR Emergency: "District" - Applies to Districts and Charter Schools

The district must set aside a reserve of 3% or more of its *fiscal year spending* which excludes bonded debt service. Article X, section 20(5) of the Colorado Constitution. The district may elect to satisfy this 3% requirement through a *cash reserve* (Method 1) or a letter of credit or pledge of real property and a *district emergency reserve* (Method 2).

Regardless of which method chosen to satisfy TABOR emergency reserve requirements, the amount of the reserve *and* the method used is disclosed in the notes to the audited financial statements. District staff should discuss with the independent auditor and/or legal counsel the district's interpretation of addressing compliance with the TABOR emergency reserve requirements.

Method 1. If the district elects a *cash reserve*, this 3% TABOR emergency reserve will be reported as restricted fund balance within the *governmental fund* accounting statements. The district reports the 3% TABOR emergency reserve as of the end of the fiscal year.
Calculation: 3% of fiscal year spending. Fiscal year spending is defined in article X, section 20 of the Colorado Constitution.

Distinguishing characteristics

Method 1 is a 3% TABOR *cash reserve* that cannot be expended except as stated in the Colorado Constitution. The entire 3% TABOR emergency reserve is reported as of the end of the fiscal year.

Method 2 includes a pledge of real property or letter of credit to satisfy the 3% TABOR emergency reserve. In addition, the district establishes a district emergency reserve, which *may be* expended and restored according to the schedule set forth in statute.

Method 2. Three requirements

1. *Pledge of Real Property or Letter of Credit* If the district elects to satisfy TABOR emergency reserve requirements with a pledge of real property or a letter of credit, the district must establish a *district emergency reserve*. § 22-44-105(c.5). In this case, the district designates real property or secures a letter of credit for the amount of its TABOR emergency reserve requirement (3% or more of its fiscal year spending).

2. *District emergency reserve in the general fund*. The district emergency reserve is an amount equal to at least three percent of the amount *budgeted* to the *general fund*. Note, the district emergency reserve is calculated based on *3% of the general fund budget* and not on the district's fiscal year spending.

3. *Submit letter of intent*. The board files a letter of intent with the state treasurer and CDE stating the district's election to satisfy TABOR emergency requirements with a:
   a. Pledge of real property so long as the board expresses the intent to increase the liquidity of such property upon the occurrence of a declared emergency within the meaning of article X, section 20(5) of the Colorado 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 with a*
   b. Letter of credit from an investment-grade bank as all or a portion of the reserve required so long as the board expresses the intent 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 CDE, CDE will notify the district's board whether the district's election is acceptable to satisfy the TABOR emergency reserve requirements (3% or more of fiscal year spending), including the establishment of a district emergency reserve (3% of general fund budget).

If at any time the district expends any moneys from the district emergency reserve, Districts ~~and~~ should evaluate any potential related accounting determinations, consistent with GASB guidance, including, but not limited to:

- Timing of expenditures from the emergency reserve if the declared emergency crosses into the next fiscal year.
- Timing of accounting transactions for replenishment of the reserves
- School districts and charter schools should seek their own legal counsel on the possible application of the provisions under § 22-44-105 (1)(c.6), for replenishment of the TABOR 3% Emergency Reserve

H. Reserve for TABOR Multi-year Obligations

A cash reserve pledged irrevocably and held for payments in 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 district's superintendent.

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

Working with the County Treasurer

A. County Public School Fund

Each county treasurer maintains a continuing fund known as the county public school fund, into which is paid the proceeds of all county school moneys. § 22-54-113.

1. Each district in the county is 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.

2. CDE "determine[s] 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."

3. "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." § 22-54-113(3).

B. Fees

Districts are encouraged to work with the county treasurer(s) to better understand the fee structure that applies for a given collection and distribution (e.g., property taxes, sales taxes, specific ownership taxes, federal funds, etc.)

1. A collection fee of one-quarter of one percent (0.25%) is charged upon money collected for and distributed to the district from taxes levied for the general fund, unless exempted. § 22-54-119(1) & . § 30-1-102(1)(a).

2. No collection fee can be charged for collecting the district's bond redemption mill levy or on any moneys received from any other source to pay bond principal or interest. § 22-42-118(4). The county treasurer may collect a fee, as provided in section §30-14-102(1)(q) for services rendered by virtue of his office having been designated as the place of payment but this fee shall be collected only when the county treasurer has a financial institution perform such services and such fee shall be in an amount equal to the fee charged by the financial institution to the county treasurer, neither more nor less.

3. No collection fee can be charged for collecting and distributing federal funds derived from any and all sources. § 30-1-102(c).

4. A collection fee of one percent (1.0%) may be charged on all other money collected unless exempted in items 1 through 4 above. § 30-1-102(1)(a).

C. 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." § 22-45-108.

D. Specific Ownership Taxes

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. § 42-3-107(24). 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 by the school district to any fund with a mill levy.

Tax Levies and Revenue

A. Certification of Assessed Valuation

No later than August 25 of each year, the assessor certifies to the school district the total valuation for assessment and the actual value of all taxable property and abatements and taxes collected on omitted property located within the district. § 39-5-128(1).

On or before December 10 of each year, the property tax administrator notifies the school district of final changes, if any, to the valuations for assessment of all taxable property within the county. § 39-1-111(5) and § 22-54-112(1).

B. Pupil Enrollment

On or before November 10 of each year, the secretary of the board certifies to the state board the pupil enrollment, the on-line pupil enrollment and the ASCENT program pupil enrollment of the district taken in the preceding October or previously in November. § 22-54-112(2)(a). The "Verification of Student October Data" report generated from data pipeline should be used for this certification.

C. Certification to County Commissioners

No later than December 15, the board of education certifies to the board(s) of county commissioners, 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 school district for the:

1. General fund. § 22-40-102(1)(b) and § 22-54-106.
2. Buy-out of categorical programs. § 22-54-107(1).
3. Mill levy override (MLO). § 22-54-108.
4. Abatements. An amount equal to the district's proportional share of the total amount of. § 39-10-114(1)(a)(I)(B).
5. Bond redemption fund. § 22-40-102(1)(b) and § 22-42-117 .
6. Transportation fund. § 22-40-102(1)(b) and -102(1.7).
7. Special building and technology fund. § 22-40-102(1)(b) and -102(1.5).
8. Supplemental cost of living adjustment mill. § 22-54-107.5.
9. Cash funding of capital construction, new technology, existing technology upgrade, and maintenance needs (i.e., supplemental capital construction, technology, and maintenance fund). § 22-54-108.7.
10. Total program reserve fund mill. § 22-54-107(5).
11. Payment of judgments. § 24-10-113.
12. Reorganization mill. § 22-30-123(6) and § 22-30-129(8) (2019), *see also*, SB 19-183.

A board of education or board of county commissioners cannot modify the general fund mill. A board of county commissioners has no responsibility other than to verify if amounts certified are within the limitations as prescribed by law. § 22-40-103. However, § 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.

Payment of judgements. "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." § 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 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." § 24-10-113(3).

D. Estimate of State Funding

No later than thirty days prior to the beginning of the fiscal year, CDE determines the estimated requirements to provide each district and each institute charter school the amount it is eligible to receive from the state. § 22-54-114(2).

E. Notice of Reduced Mill Levy Attributable to State Funds

By December 10, CDE provides the district with the general fund mill levy in the absence of funds estimated to be received from the state. The district includes this mill on its certification form to inform the county treasurer(s) as required by statute. § 22-40-102(6) and § 22-54-116.

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F. Determination of State Funds

No later than June 30 of each year, the state board determines the amount of the district's state share for the fiscal year beginning July 1. § 22-54-115(1).

State Contingency Reserve

A. An amount determined by the general assembly is appropriated annually to the contingency reserve fund. In deciding the amount to be appropriated to the contingency reserve fund, the general assembly takes into consideration any recommendations made by CDE; but, the general assembly is not obligated to provide supplemental assistance to all districts determined to be in need or to fully fund the total amount of such need. The state board approves and orders payments from the contingency reserve fund for supplemental assistance to districts resulting from circumstances as limited by statute. § 22-54-117(1)(a).

B. 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 state in full plus interest as set by statute. § 22-54-117(1)(c).

Elections

A district desiring 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. § 22-54-108 to § 22-54-108.7, § 22-42-102, and § 22-40-102.

A. An election seeking additional local revenue (MLO) 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, section 20(3) of the Colorado Constitution.

The total MLO that may be received cannot 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. § 22-54-108(3)(b)(III).

B. Citizens may submit an initiative petition requiring the district to conduct an election to authorize an increase or a decrease to the mill levy. § 22-54-108(2).

C. Other elections may be held as follows:

1. 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. § 22-40-102(1.7).

2. At a special election to impose a mill levy for the special building and technology fund, which cannot exceed ten mills in any year or exceed three years in duration. Any special election called is held on the first Tuesday after the first Monday in February, May, October, November or December. § 22-40-102(1.5).

3. An election for the bond redemption fund may be held on the first Tuesday in November for each odd-numbered year (e.g. 2019) or on the day of the general election in even numbered years (e.g. 2020). § 22-42-102(2)(c). Article X, section 20(3) of the Colorado Constitution.

4. An election to raise and expend additional local property tax revenues to provide ongoing cash funding for the capital construction, new technology, existing technology upgrade, and maintenance needs of the district. § 22-54-108.7(1)(a).

D. 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.

E. 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 website 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. § 1-7-908.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. If the debt or other financial obligation is to be paid from a revenue source other than the general fund, the information required in 1 and 2 above is made available for that fund.

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

Budget Publication and Adoption

The board adopts a budget and an appropriation resolution for each fund which presents a complete financial plan for the upcoming fiscal year. In accordance with budget law, the budget includes revenues and expenditures, anticipated or budgeted or both, for the current fiscal year, and proposed revenues and expenditures for the ensuing fiscal year. §§ 22-44-103 and -105.

The budget presents a complete financial plan for the ensuing fiscal year by fund. § 22-44-105.

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Notice of Budget Publication

A. Proposed Budget/Notice to Public

The proposed budget is submitted to the board at least 30 days prior to the beginning of the fiscal year (*i.e.,* May 31). § 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. § 22-44-109.

B. Budget Consideration by Public

State law requires that a public meeting be held at which the proposed budget will be considered. The board may consider objections to the proposed budget raised by taxpayers and may make adjustments to the budget. After adoption of the budget, the board cannot change the budget except as authorized by state law. § 22-44-110.

Budget Adoption

A. The board adopts a budget for each fiscal year prior to the beginning of the fiscal year. § 22-44-103(1).

Each budget includes a Uniform Budget Summary, which includes, by fund: the beginning and anticipated ending fund balances by balance sheet code; revenues by source code; transfers and allocations by source code; expenditures by program and object code; and appropriated reserves by balance sheet code. § 22-44-105(1)(d.5).

B. 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 are authorized under supplemental budget provisions. § 22-44-110(5).

Appropriation Resolution

A. The board adopts a budget and an appropriation resolution for each fiscal year prior to the beginning of the fiscal year. § 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. § 22-44-107(1). "The amounts appropriated to a fund shall not exceed the amount thereof as specified in the adopted budget." § 22-44-107(2).

B. The board cannot expend moneys in excess of the amount appropriated by resolution for any particular fund. § 22-44-115(1).

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. § 22-44-104.

Reserve for Contingencies

During the budget year, unidentified operating needs or other emergencies may impact the integrity of the budget. Districts are advised to set aside contingency funds in the budget for potential revenue shortfalls and unanticipated expenditure needs. These funds may be appropriated or unappropriated contingency reserves.

Non-Appropriated Operating Reserves

The board may provide for an operating reserve of up to 15 percent of the amount budgeted to the general fund. The operating reserves are not appropriated or expended during the budgeted fiscal year, but are carried forward as a beginning general fund balance. § 22-44-106(2). Appropriated reserves are not subject to this provision. Non-appropriated committed and assigned reserves are not subject to this provision as long as the reserves are committed or assigned to a specific purpose other than creating the beginning general fund balance for the next fiscal year.

Other Reserves

If applicable, the district must provide for reserves related to the remaining balances in the Universal Preschool Program, Colorado Preschool Program and READ Act.

Post the Adopted Budget to Financial Transparency

As required, post the adopted budget, including the Uniform Budget Summary, to the district's financial transparency website.

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," § 22-44-102(3), a supplemental budget for expenditures, not to exceed the amount of new money, may be adopted and appropriated. § 22-44-110(5). 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.

A. Under § 22-44-110(5), after January 31, the board cannot change the budget except as authorized by statute; except that, where money for a specific purpose from other than property taxes subsequently become available to meet a contingency, the board may adopt a supplemental budget and appropriation for expenditures not to exceed the amount of the new money.

B. A supplemental budget and the appropriation resolution must be adopted before expending the new money.

C. 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.

D. If the district is authorized to raise and expend additional local property tax revenues by an election, the board may adopt a supplemental budget and an appropriation resolution to cover that portion of the fiscal year following such election. § 22-44-110(6)

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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.

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. Continuing balances of the various budgetary accounts must be maintained on at least a monthly basis. The board must receive the report and review the financial condition of the district at least quarterly covering the general fund, and other funds that the board may request. The report should include, at a minimum, the items below. § 22-45-102 (b). *See also*, Quarterly Financial Reports.

Revenue Tracking

Revenue accounts are, generally speaking, best tracked through an elapsed time-of-year comparison.

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

B. 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: state share, career and technical education, special education, transportation and ELPA can be projected based upon state documents and reports with estimated reimbursement rates. Other income sources such as impact aid and forest and mineral leases can be monitored compared to estimated receipts based on historical revenue levels.

C. All income categories are subject to major change. Property tax collections can change significantly if a major taxpayer goes out of business.

D. In almost all cases, the more important revenue categories to watch closely are the collection of property tax and the payment of state share. 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.

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.

State law provides that *total expenditures*, by fund, cannot exceed *total budgeted appropriations*. District generally monitor budgets at the detail level; spending in excess of the detail budgeted line item is not a statutory violation. The statute related to grand totals, by fund.

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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:

A. 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.

B. Another analysis method is the comparison of prior year revenue history to that anticipated for the budget year.

C. 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.

D. 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.

Transfers to Capital Reserve and Risk Management

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

Estimates

The monitoring and control of the budget leads to the analysis of estimated revenue and expenditure figures. These result in a revised ending fund balance that 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.

Borrowing from Funds

A local board may, by resolution, borrow *unencumbered moneys* from any fund except the bond redemption fund at any time. Encumbered moneys (i.e., restricted fund balances) are not available for borrowing including, segregated funds and accounts funded from the sale of general obligations bonds, such as building or project funds, restricted as to use by voter authorization or statute; food service funds restricted by federal regulation and state law; moneys in the total program reserve fund; and such other enterprise, fiduciary (trust and custodial), permanent or foundation funds and accounts which are reported to and acknowledged by the state. 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. § 22-44-113(1). All loans must be repaid no later than 3 months after the beginning of the following budget year. 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 records the monies as revenue. This provision applies 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.

Fiscal Emergency

During any budget year, if the board 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.

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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. § 22-44-115.5.

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." § 22-45-102(2).

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Accounting Principles

This section sets forth certain accounting principles to be used by districts. To make school financial data useful on a statewide basis, 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 district.

Business officials may register for free access to the GASB Governmental Accounting Research System (December 31, 2018). https://gars.gasb.org/. GARS Online includes GASB Codification, Original Pronouncements, and Comprehensive Implementation Guide. Citations throughout the Handbook may be to Original Pronouncements (GASBS) or to the Codification (GASB Cod.).

The Codification contains Governmental Accounting Standards Board (GASB) Statements, Interpretations, Technical Bulletins, Implementation Guidance, and Concepts Statements; Statements and Interpretations of the National Council on Governmental Accounting (NCGA); and the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, *Audits of State and Local Governmental Units (1974)*, and other literature of the AICPA cleared by the GASB.

Generally Accepted Accounting Principles

Generally accepted accounting principles (GAAP), as adopted by the Governmental Accounting Standards Board (GASB), are uniform minimum standards of and guidelines to financial accounting and reporting. District financial records must be kept in accordance with GAAP. § 22-45-102. Also applicable to the Charter School Institute, individual charter schools, charter school collaboratives, charter school networks, and BOCES. Adherence to GAAP assures that financial reports of all 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 is the recognition of the variety of legal and contractual considerations (*e.g.*, 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.

Basis of Accounting

The modified accrual or accrual basis of accounting, as appropriate, is 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 Cod. § 1600.105.

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A. *Governmental fund* revenues and expenditures are 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 Cod. § 1600.

B. Proprietary fund revenues and expenses are 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 Cod. § 1600.

C. Fiduciary funds (trust and custodial funds – which include pension trust funds, investment trust funds, private-purpose trust funds, and custodial 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. Custodial fund assets and liabilities are accounted for on the accrual basis. GASB Cod. § 1600.138.

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 the facts that justify it." GASB Cod. § 1600.106 to .115. and GASB Cod. § P70.104. Districts should establish a revenue recognition policy for non-property tax assessments that may have a period other than 60 days. The district should discuss this issue with its auditor.

Compliance with Law and GAAP

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

Legal Compliance Reporting Essential

Where financial statements prepared in conformity with GAAP do not demonstrate finance-related legal and contractual compliance, include such additional schedules and narrative explanations in the audited financial statements as may be necessary to report the district's legal compliance responsibilities and accountabilities. In unusual cases, preparation of a separate legal-basis special report may be necessary. § 29-1-603(2).

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

The board must cause financial records to be kept in accordance with generally accepted principles of governmental accounting. § 22-45-102(1)(a) and § 29-1-605(1)(a).

Charters schools must comply with the same state financial and budget rules, regulations, and financial reporting requirements as the authorizer, including, but not limited to, annual completion of a governmental audit. § 22-30.5-112(7).

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, unless the charter school network provisions are applicable. *See* "Financial Audit Requirements for Network Charter Schools" memo on CDE's School Finance Unit webpage.

GAAP Reporting Essential

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

Standard Chart of Accounts (COA)

The financial policies and procedures advisory committee maintains the Chart of Accounts. The COA makes school-to-school and district-to-district comparisons more accurate. It also provides 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 COA makes it possible to collect comparable data by program and school site.

The COA standardizes 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. Additional provisions for an administrative unit (AU) code and unique schools codes are also added.

Written Feedback Required from Authorizer Review of Charter School Performance

During the term of a charter, the school district annually reviews 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 § 22-11-210 and the results of the charter school's most recent annual financial audit. The school district provides written feedback from the review and include the results of the charter school's annual review in the body of evidence that the board takes into account in deciding whether to renew or revoke the charter and that supports the renegotiation of the charter contract. § 22-30.5-110(1)(b).

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Fund Structure

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

A. Fund Categories: Governmental, proprietary and fiduciary

1. *Governmental funds*. GASB Cod. § 1300.102(a). Funds 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 and fiduciary funds, are accounted for through governmental funds (*i.e.,* 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.

2. Proprietary funds. GASB Cod. § 1300.102(b). Funds 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 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.

   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*.

   The district uses 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 custodial funds). GASB Cod. §1300.102(c). 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.

The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial 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 Cod. § 1300.104 and GASBS 54.

2. Special Revenue Funds (governmental fund) are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. GASB Cod. § 1300.105 and GASBS 54.

3. Debt Service Funds (governmental fund) are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. GASB Cod. § 1300.107 and GASBS 54. 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. § 22-45-103(b)(III). Non-voter approved debt must be reported in a separate fund.

4. Capital Projects Funds (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 Cod. § 1300.106 and GASBS 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 Cod. § 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.

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 Cod. § 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 Cod. § 1300.110.

8, 9. Trust and Custodial Funds (*i.e.,* fiduciary funds) are used to account for assets held by a governmental unit in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units.

10. 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 Cod. § 1300.113.

11. Custodial funds should be used to report resources held by the reporting government in a purely custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. GASB Cod. § 1300.114.

Fund Uses

For legal compliance and to meet operational requirements, districts may be required to, or choose to, use the following funds. The required funds marked below, including the general fund, are required to the extent the district participates in a program (*e.g.*, food service, charter schools, etc.), receives restricted property tax revenue (*e.g.*, bond redemption, etc.), or receives bond proceeds (*i.e.*, building fund).

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A. General Fund (Funds 10, 11, 18 and 19)

Required. The general fund (Fund 10) is required and is used to finance and account for all ordinary operations unless another fund is required (*i.e.*, bond redemption fund; capital reserve capital projects fund; the special building and technology fund; a fund created solely for the management of risk-related activities; transportation fund; supplemental capital construction, technology, and maintenance fund; total program reserve fund; and other funds authorized by the state board of education). § 22-45-103(1)(a)(I).

1. This fund accounts for the 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, 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. § 22-45-103(1)(a)(I).

3. Universal Preschool Program (UPK)/Colorado Preschool Program (CPP) sub-fund (Fund 19). Optional. Used for tracking expenditures for the UPK/CPP. The funding and expenditures may be tracked within the general fund, using grant code 3897 for UPK and 3141 for CPP. If the district uses fund 19 for more than the preschool program, activity for the preschool program must be isolated using the grant codes 3897 and 3141. Any money remaining in the district's preschool program budget at the end of any budget year remain in the program budget for use in the UPK/CPP programs in subsequent budget years. As of FY 2023-24 Universal Preschool Program funding (UPK) will be provided from the Department of Early Childhood (DEC), FY 2022-23 is the last year funding from the Colorado Preschool Program (CPP).

4. Risk Management sub-fund (Fund 18). Optional. May be used for spending and tracking moneys related to its risk-management activities. Transfers to this fund are not required to be maintained in this fund. § 22-54-105(2)(a).

5. The 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. All activities coded to location codes 100 to 599 and 900 to 969, must be paired with a valid, unique school code. Unique school codes 0000 and 9980 are not valid codes for this purpose.

7. Charter school fund (Fund 11). Required. Charter schools are public schools within the authorizing district and are accountable to the district's board for purposes of ensuring compliance with applicable laws and charter provisions and the requirement of article IX, section 15 of the Colorado Constitution. § 22-30.5-104(2).

    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 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 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 Handbook. Charter 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. § 22-30.5-112

d. All charter school expenditures require a unique school code (*i.e.,* not "0000") and all revenue, expenditure and balance sheet account types require a location code (*i.e.*, not "000").

B. Risk Related Activities (Fund 18 or 63)

Optional. (Fund 18 – Sub-fund of General Fund or Fund 63 – internal service fund)
The board may budget an amount to be transferred to and from 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 § 24-10-115 and § 29-13-101, et seq., or among such allowable funds and accounts. Funds must be used for the purposes set forth in § 22-45-103(1)(e).

1. If the district elects to account for risk-related activities in a separate fund, it can use a risk-related activities internal service fund.

2. The district may account for risk related activities in accounts within the general fund using appropriate program and object codes.

3. The district 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 § 22-44-112(2)(a).

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

C. Food Service (Fund 21)

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

1. The food services fund is accounted for consistent with federal and state rules.

2. The food services fund may be subsidized by transfers from the general fund.

3. If the food service fund maintains a separate student meal account tracking system, that system must be integrated into the district's accounting system at least annually, as of June 30th. Student meal negative accounts should be reported as accounts receivable and student meal positive accounts should be reported as unearned revenues.

4. Due to Federal regulations, the food service fund must not report any bad debt write offs within its operating statement for the removal of uncollectible accounts. Any such uncollectible accounts must be 'sold' to the district's general fund by increasing the food service fund cash or interfund receivable and reducing the accounts receivable within the food service fund. The general fund will report the bad debt expenditure, not the food service fund. 2 CFR § 200.426.

D. Governmental Designated-Purpose Grants (Fund 22)

Optional. This special revenue fund 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 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.

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

E. Pupil Activities (Fund 23 or 74)

Optional. (Fund 23 – special revenue fund or Fund 74 custodial fund)
Pupil activities may be accounted for in a special revenue fund or a custodial fund. The funds are 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 a custodial fund. GASBS 84.

NOTE: If the district accounts for pupil activity revenues and expenditures in a custodial fund type, refer to the Trust and Custodial 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 a custodial fund, such activities are self-supporting and do not normally receive any direct or indirect district support.

3. If the district has administrative involvement in the uses of the funds, including by a sponsor or coach, the pupil activities are not custodial. GASBS 84.

F. Transportation (Fund 25)

Required. Under § 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 must 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 are limited to payment of transportation costs as authorized in the district budget.

2. Per § 22-40-102(1.7)(b) “excess transportation costs” means the annual operating expenditures for pupil transportation, as defined in § 22-51-102(1), minus the total payment actually received by the district under article 51 of the title 22, 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 is 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 remain in the fund to reduce the levy or fee for transportation costs in future years.

Transfers to and from this fund are not allowed. § 22-44-112(2)(a).

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G. Supplemental Capital Construction, Technology, and Maintenance (Fund 06 or 46)

Required. This fund must be reported as a Special Revenue Fund (Fund 06) or as a Capital Project Fund (Fund 46). 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* the interest and income derived from the deposit and investment of this money, is credited to the fund, is deposited in the supplemental capital construction, technology, and maintenance fund. Used to account for the purposes and limitations specified by § 22-45-103(j).

Transfers to and from this fund are not allowed. § 22-44-112(2)(a).

Note: Fund 06 does not roll to fund 20 and is isolated for data pipeline and auditor's integrity report purposes.

►H. Total Program Reserve Fund (Fund 07)

Optional. The revenue from a tax levied pursuant to § 22-54-107(5), C.R.S., may be deposited into this fund. The district may expend money from the total program reserve fund as they see fit. Total program reserve fund was repealed as of July 1, 2025. Therefore, this fund may be used at the district's discretion.

Note: Fund 07 does not roll to fund 20 and is isolated for data pipeline and auditor's integrity report purposes.

I. Debt Service (Fund 31)

Required. *See also*, District Reporting Element (Fund 90). The revenues from a tax levy for the purpose of satisfying voter-approved bonded indebtedness obligations, including principal, interest and related expenditures, are recorded in the bond redemption fund. § 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 must be transferred to the general fund. § 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 are recorded in the bond redemption fund § 22-45-103(b)(II). This does not 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. § 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 are 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.

Transfers to and from this fund are not allowed. § 22-44-112(2)(a).

J. COP Debt (Fund 39)

Optional. 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. § 22-45-103(1)(b)(I) and § 22-45-103(1)(b)(III)

K. Capital Reserve/Capital Projects (Funds 41, 42 and 43)

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. Building Fund (Fund 41)
   Required. The building fund is 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. Uses of bond proceeds are limited by statute. § 22-42-102(2)(a).

   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.

2. Special Building and Technology Fund (Fund 42)
   Required. 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 are recorded in the special building and technology fund. Expenditures from this fund are 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. § 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." § 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, revert to the capital reserve capital projects fund.

c. Expenditures from the fund are authorized by a resolution adopted by the board. The resolution sets 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.

3. Capital Reserve Capital Projects Fund (Fund 43)
Optional. The capital reserve capital projects fund is used to account for the purposes specified by § 22-45-103(1)(c), 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.

Pursuant to provisions of § 22-54-105(2), monies may be transferred between the general fund and the capital reserve capital projects fund. § 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 between one fund to another as provided for in § 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. § 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 § 22-45-103(1)(c)(II.5), are authorized by a resolution adopted by the board. The resolutions set forths 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. § 22-45-103(1)(c)(II).

i. The board 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. § 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.

L. Internal Services (Funds 63 and Fund 64)

Optional. "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." 1 CCR 301-11-3.06.

1. Programs to be reported in an internal service fund are determined by the board.

2. The internal service fund may be subsidized by transfers from the general fund. Such as per GASB Cod. § 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. *See also*, B. Risk-Related Activities.

M. Trust and Custodial (Fiduciary Funds) (Funds 72, 73 and 74)

Trust and custodial funds (fiduciary funds) are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the government's own programs. The key distinction between trust funds and custodial funds is that trust funds are subject to (1) a trust agreement or equivalent arrangement in which the government itself is not a beneficiary, (2) dedicated to providing benefits to recipients in accordance with the benefits terms, and (3) legally protected from the creditors of the government. A custodial fund does not involve a formal trust agreement and the government's role is purely custodial, with no administrative involvement by the government in the fiduciary activities.

1. Trust fund spending is controlled primarily through legal trust agreements and applicable state laws. If a formal trust agreement is not established, do not use the trust fund classification. GAAFR and GASBS 84.

   A private-purpose trust fund (Fund 72) 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. The three requirements for the trust, noted above, must be met in order to use a trust fund.

2. A custodial fund may be used to account for money and property held in a custodial capcity by the school district for individuals or organizations. 1 CCR 301-11-3.07. Examples of accounts that may be included are student body organizations such as senior class, chess club, debate club, etc., where the district staff is not administratively involved in such activities. GASBS 84.

   a. A custodial fund (Fund 73 – custodial fund and fund 74 – pupil activity custodial fund) is accounted for consistent with the Chart of Accounts.

   b. The custodial fund may, at the option of the board, include budgetary accounting procedures.

   c. Financial transactions which meet the following parameters may be recorded in the Custodial Funds

      i. An individual or organization requests the district to hold funds for it in a fiduciary capacity.

      ii. The individual or organization receives no general fund subsidy. A subsidy from the general fund would normally cause such activities to be recorded in the pupil activity fund, a special revenue fund, instead of the custodial fund due to the district's administrative involvement. GASBS 84.

N. District Reporting Element (Fund 90)

Required. Debt values reported in this fund must tie to the district's audit. The fund 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 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.

O. Other Funds Provided for in the Chart of Accounts

1. A permanent fund (Fund 79) 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 (Funds 85-89) should be used to account for the district's reportable foundations which are included in the district's annual audited financial statements.

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 Cod. § 1400 for reporting capital assets and GASB Cod. § 1500 for reporting liabilities.

A. Propriety fund and fiduciary fund capital assets should also be reported on the fund financial statements. All other capital assets of the local school district are accounted for in the *government-wide statement of net position* and should not be reported as assets in *governmental funds*.

B. Capital assets are 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 is not recorded in the accounts of *governmental funds*. Depreciation of general capital assets is 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 normally not recognized in custodial funds.

D. Long-term liabilities of the proprietary fund are 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.

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 also*, Mandatory Budget Contents, Budget Accounting Method and Budgetary Control.

A. The accounting system must provide the basis for appropriate budgetary control. Consult the Chart of Accounts for further information.

1. The financial transactions of the district are recorded in general, appropriation, revenues and expenditure (expense) records. Appropriate entries from the adopted budget are made in the records for the respective funds. § 22-45-102(1)

2. Separate accounts are maintained for each fund as prescribed in law. Continuing balances of the various budgetary accounts are maintained on at least a monthly basis. § 22-45-102(1)

3. All funds must be accounted for as described in the Chart of Accounts section of the Handbook § 22-44-204(3).

B. Budgetary comparisons are included in the annual financial statements and schedules for all governmental and proprietary funds.

C. 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 Cod. § 2400.104.

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 Cod. § 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 are classified in essentially the same manner as those of similar business organizations, functions, or activities. GASB Cod. § 1100.110(c).

D. A common terminology and classification (as defined in the Chart of Accounts) must be used consistently throughout the budget and the financial reports of each fund. GASB Cod. § 1100.111.

Interim 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 oversight and for external reporting purposes. Many school districts provide interim financial reporting on a monthly basis. *See also*, Audit and Annual Financial Reporting and GASB Cod. § 2900.

Under § 22-45-102(1)(b) the board must review the financial condition of the district at least quarterly during the fiscal year. The quarterly financial report covers the fiscal actions involving the general fund, and other funds that the board may request. At a minimum, the report includes:

1. The actual amounts spent and received as of the date of the report by fund, 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.

Food Services Equipment, Inventory and Net Cash Resources

A. General

Capital equipment includes all food service equipment with a useful life of more than one year and a purchase price of $10,000 or more unless a lesser amount is established by the board. 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 Chart of Accounts). Capital equipment purchased by the nutrition services fund requires prior approval by the CDE School Nutrition Unit. Approved capital equipment purchases should be reported as capital outlay expenditures in the food services fund. A decision tree process and other information related to capital equipment approval by the School Nutrition Unit is available on this webpage, https://www.cde.state.co.us/nutrition/manage-program-finances.

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 these capital items are 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) reported under the required food service fund (Fund 21).

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.

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 CDE School Nutrition Unit and would not be claimed as a direct cost under "services and repairs."

E. Net Cash Resources

Net cash resources for nutrition services is calculated using the district's data pipeline submission. Net cash resources for this purpose is computed by adding current assets excluding inventory and prepaid items and subtracting current liabilities. The Child Nutrition Report is an available report in the data pipeline submission process.

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. If the commodity items were processed further, they may be reported under the Food and Supplies inventory.

3. Equipment: A complete inventory of all equipment (including food service items) must be taken in compliance with § 29-1-506. Acquisition cost or estimated original cost must be assigned to each item.

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.

For budgetary purposes, it is not a requirement that the district 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 § 22-44-105 (1.5)(b) the district must prepare an itemized reconciliation between the fiscal year end fund balances based on the budgetary basis of accounting and the fiscal year-end fund balances based on the modified accrual basis of accounting. The reconciliation is included with the final version of the amended budget and the annual audited financial statements, which is a GAAP requirement. *See* Budget Accounting Method.

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.

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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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Accounting Procedures

This section provides examples and suggestions that 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. Any procedures adopted should follow good accounting principles and practices. Internal controls addressed under the Uniform Guidance are referenced in the "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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.

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 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
- 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.

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.

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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.

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.

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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.

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.

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.

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Board of Education Payroll Responsibilities

Actions taken by the board and recorded in the official minutes initially control all payroll operations. Statutory board duties related to payroll are included throughout article 32 of Title 22. 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.).

"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.

h. Payroll involving grants programs require appropriate systems to demonstrate compliance with federal requirements.

3. Compensation Based Insurance

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.

"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.

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.

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 Uniform Guidance or an appropriate internal construction system.

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 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. *See* School Records Management.

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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. 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. 24-51-203, et seq.

1. Both the employee and employer make monthly contributions to the retirement fund. Review current PERA regulations for changes in contribution percentages.

2. Employer contributions are required of school districts. In addition, contributions are required for overtime and for extra duty pay.

3. An Amortization Equalization Disbursement (AED) and Supplemental Amortization Equalization Disbursement (SAED) are specific designations for a portion of the district's PERA contribution.

4. Reimbursements for out-of-pocket expenses are excluded from deductible compensation. *See* PERA regulations for a complete list.

5. Contact PERA to determine if payments, such as one-time bonuses, early retirement incentives, etc., are excluded or included from deductible compensation. In other words, what payments to employees or retirees are "PERA-includable."

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.

8. PERA assists employers participating in PERA pension and Other Postemployment Benefit (OPEB) plans by providing data required for pension and OPEB notes to the financial statements and related accounting. GASBS 68 and GASBS 75.

9. GASB applies for employers providing benefit plans other than, or in addition to, PERA OPEB.

10. Contact PERA for any necessary workshops, orientation meetings, or requests for copies of rules, regulations and interpretations. https://www.copera.org/.

Withholding Taxes

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

Sales Tax

General Information

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). 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).

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 to take advantage of the tax exemption, purchases 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.

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.

Local and Special District Sales Tax

See Colorado Sales/Use Tax Rates, https://tax.colorado.gov/DR1002.

This sales tax exemption does not apply to state-collected city and county local sales tax unless the city or county has added the exemption to their ordinances. Refer to the DR 1002, Colorado Sales/Use Tax Rates, to find information on cities and counties that 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.

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.

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 zero file system. Groups that are subject to local tax should file form DR 0100 quarterly or annually. You will receive forms provided by the state department of revenue after registration is completed.

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Exemptions

1. Section 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 tied to the Federal child nutrition programs. Some services provided to adults may require sales tax collection. Check with the local city and county for guidance.

3. Other tax items, such as hotel type taxes may apply.

Further Information

FYIs, commonly used forms and additional tax information are available at www.taxcolorado.com.

General Requirements

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. § 22-32-109(1)(h) A blanket form of surety bond may be utilized to cover more than one such employee. Under § 22-32-104(4), the board secretary, treasurer, their assistants and any board appointed custodian must provide surety bonds as required by the board.

Facsimile Signature

If a facsimile signature is to be used to sign checks, orders or warrants, each board of education officer must 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 must be evidenced by a resolution adopted by the board and must be recorded in the proceedings of the board. Any employee authorized and approved to affix the facsimile signature of the board officer(s) must be bonded. § 22-32-121.

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." § 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.) § 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." § 22-32-109(1)(j)

4. The board must preserve reports relating to the affairs or business of the district to and only dispose of them in the manner provided by law. § 22-32-109(1)(m)

5. The Colorado State Archives is authorized by statute to prepare retention and disposition schedules for districts. The *School District Records Management Manual* authorizes legal destruction of records that are no longer of value to the district, and it advises districts as to which records must be retained permanently. The retention manual will not provide legal authority or authorization for destruction of school records by any district until the State Archivist approves the district's application. Additionally, no record shall be destroyed if it is pertinent to any current or pending litigation. Districts using the manual will be required to report yearly destruction statistics to the Colorado State Archives. As long as yearly reporting is accomplished, the approval will remain in effect or until rescinded by the district or State Archivist. *See* School Records Management. § 24-80-105.

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Audit and Annual Financial Reporting

Colorado Local Government Audit Law, 29-1-601, et seq., and GASB Cod. Sections 2100 to 2800, *Financial Reporting*.

Annual financial reporting is part of the annual audit process. The annual financial report covers all funds and activities of the district, including its blended component units, and provides an overview of all discretely presented component units of the district. Financial reporting standards establishes that the annual financial report contain, at a minimum, the Management's Discussion and Analysis (MD&A); the basic financial statements, including the notes to the basic financial statements; and the required supplementary information (RSI). Other statutory schedules may be needed to comply with statutory requirements. Combined, these elements are essential to a fair presentation of the financial position and the results of operations of the district. The financial report may also contain cash flows for those fund types and discretely presented component units that use proprietary fund accounting.

Annual Report. An Annual Report is an optional report that includes three distinct sections: the introductory section, the financial section and the statistical section. The financial section contains the annual financial report as discussed above. The content of the introductory and statistical sections are at the discretion of the district. The Government Finance Officers Association (GFOA) and the Association of School Business Officials International (ASBO) offer certificate programs based on the content of the Annual Report. Each organization provides a detailed checklist that proscribes the information contained in the introductory and statistical sections. The checklists, whether or not a district chooses to participate in the certificate programs, provide an overview of additional information that may be helpful for a user of the annual financial report.

Reporting Requirements

The district 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, 29-1-601, et seq. The annual financial statements must be prepared in accordance with GAAP. § 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 CDE.

CDE 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 CDE no later than December 31 of each year. The audit report must include a calculation of the district's fiscal year spending under article X, section 20 of the Colorado 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 "assurances for financial accreditation" report must also be submitted to CDE . Without these reports, CDE 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.

Introduction to Annual Independent Audits

This section provides information regarding audit statutes and regulations. Both state and federal law require annual independent audits of the district's financial reports and accounting practices. In addition, the independent audit can and should serve as a means for the district to evaluate and improve its business management system.

Independent audits serve as tools for administrators and board 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.

Audit Requirements

The Local Government Audit Law, § 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. The charter school audits must be submitted to CDE and the Colorado Office of the State Auditor. The charter school independent financial audit will need to meet the financial deadlines as established by statute. § 29-1-603.

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." § 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 CDE. 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*, 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.

Compliance with the Financial Policies and Procedures Handbook

The independent auditor is required to disclose whether or not the district is in compliance this Handbook. "As part of the audit of a school district, the auditor shall ensure that the school district is complying with the

provisions of § 22-44-204(3), concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education." § 29-1-603

Single Audit Requirements

2 CFR § 200.500, et seq., Audit Requirements (Uniform Guidance)

The federal government mandates independent financial and compliance audits of federal financial assistance programs. In addition to the required audited financial statements, a single audit contains: the schedule of expenditures of federal awards and schedule of findings and questioned costs. These schedules provide more detailed financial information related to federal grant activity and other federal expenditures.

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 $1,000,000. CDE does not allow sub-recipient arrangements at the school district or SFA level for federal grants administered by the state; therefore, a charter should not be considered a sub-recipient of the school district or SFA for single audit purposes, unless approved as a charter SFA by CDE. The entity to which CDE 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 Guidance. Uniform Guidance can be obtained at: https://www.whitehouse.gov/omb

In addition, 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/facweb 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, such as an approved charter SFA by CDE, these funds should be counted by the charter school to determine if it meets the $1,000,000 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.

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.

A sample RFP, Appendix D, 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 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:

Pre-Audit and End of Year Activities

1. Review the most recent audit report, including audit findings, audit adjustments and passed audit adjustments.

2. Contact your auditor to obtain a listing of required work papers (reconciliation's and documentation prepared by the district for the audit), schedules and documentation; often referred to as a PBC list (prepared by client).

3. Login to PERA to download the latest schedules and reports for pension and OPEB, the sample pension and OPEB notes to the financial statements, and the employer reporting for the prior calendar year and any year-to-date employer reporting available.

4. Cash on hand (other than petty cash accounts) should be deposited in the bank as of the year end.

5. Entries in the books should be up-to-date.

6. The books should be in balance and the control accounts reconciled to the subsidiary records.

7. An official set of signed board minutes should be available.

8. As a minimum, the following records should be made available to the auditor:

a. A copy of each original and revised budget, including any supplemental budget, as adopted
b. Appropriation resolutions adopted by the board, and other applicable resolutions, such as a use of a portion of beginning fund balance resolution
c. Copies of prepared financial statements
d. County treasurer's summary of school district revenues on hand
e. A district organization chart so the auditor knows lines of responsibility
f. 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
g. The monthly reconciliation and statements for each account in each financial institution
h. A listing of investments, by fund, including all detail for the year, the auditor will wish to examine any investment documents
i. A list of district depositories and their addresses, including bank account numbers and names in each depository. This should include trust and custodial funds and an explanation of all funds managed.
j. A list of outstanding payables and receivables, as well as unearned revenues being held.
k. A supplementary schedule and appropriate payroll information to back up the accrued salaries payable computation, as well as pension liability determination for GASBS 68 and OPEB liability determination for GASBS 75.
l. Copies of insurance policies in force and schedule of prepaid insurance
m. Identification of related party transactions
n. Copies of legal documents – including debt issues
o. Year-end inventory listings – including food service inventories
p. A listing of contingent liabilities
q. Copies of audits and/or reviews performed by federal or state agencies
r. Potential component unit information, if any

Data Pipeline Financial Submission

CDE 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 CDE. These items need to be submitted along with Assurances for Financial Accreditation, Form AFA2026 for FY 2025-26, 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 and fiduciary funds.

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

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Submission of Audit Reports:

State law requires that the district's audited annual financial statements be provided to the state auditor after they are made available to the board. The audit report must be submitted by the auditor to the district within five months after the close of the district's fiscal year. The district must forward a copy of the audit report to the state auditor and CDE within thirty days after the auditor submits it to the district.

Use schoolfinance@cde.state.co.us for electronic filing of audit report and required documentation to CDE.

Visit the Office of State Auditor, Local Government Audit Division website to access Local Government Portal for submitting requirement information to them.

If necessary, related to Single Audit:

Please refer to the Federal Audit Clearinghouse website for the required electronic submission of the Form SF-SAC and the Single Audit reporting package via the Internet Data Entry System (IDES).

In addition, 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.

Work with district banks and lenders to forward audit reports, as needed.

Annual Reports and Audit Awards

In addition to the required audited financial statements, some districts choose to create an Annual Report to meet the standards of award programs by GFOA and ASBO. Participation in these programs is optional. Each organization's award program dictates the content and layout of the Annual Report. Some districts prepare the audited financial statements in a manner consistent with the award program without actually submitting the annual financial statements for review. For additional information see the organizations' websites.

Association of School Business Officers International (ASBO), Certificate of Excellence in Financial Reporting.

Government Finance Officers Association (GFOA)

- ACFR - www.gfoa.org/coa-award
- PAFR - www.gfoa.org/pafr-award

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Investment and 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.

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.

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. § 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 charted savings and loan which have been approved by the Colorado Banking Board and/or the Division of Financial Services as an eligible public depository in the State of Colorado and which may be approved by the board.

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

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. § 24-75-601.1

Public funds cannot 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 districts. § 24-75-601, et seq. See also, *Legal Investments for Colorado Local Governments*. Consult this resource for the most up to date listing of legal investments available to school districts.

The following descriptions are summaries only. Section 24-75-601.1 lists the following eligible securities:

A. 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.

B. 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.

C. 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 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.

D. 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.

E. 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.

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

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

H. 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.

I. 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.

J. 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.

K. 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.

L. 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 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.

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.

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 § 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, § 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. § 22-40-105 and § 22-32-107. Districts should seek legal advice if they are contemplating any investment or deposit outside of the state.

When the board elects to have all moneys belonging to the district paid over to the treasurer of the 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. § 22-40-105, § 22-32-107 and § 24-75-601, 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*, § 11-10.5-101, et seq. and § 11-47-103(6)). Eligible Public Depositories are limited to depositories operating within the state.

C. When a 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." § 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. 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. Districts may wish to seek legal counsel, advice from their independent auditor and inform CDE.

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 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.

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.

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

GASBS 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

GASBS 40 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 GASBS 40 that may require disclosure:

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. COLOTRUST, C-SAFE and CSIP 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, www.csafe.org and www.csipinvest.com. COLOTRUST, C-SAFE and CSIP are external investment pools that are 2a7-like pools as identified in GASBS 40. Therefore, they are not subject to interest rate risk disclosures.

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.

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.

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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. Total Program Reserve Fund Characteristics

Depending on the district's forecast of net assessed valuations, total program and the potential future receive of state share, long-term investments may be possible. The funds revenue is predictable with substantial accuracy. However, the use of the funds is dependent on the statutory trigger mechanisms. § 22-45-103(1)(k) and § 22-54-107(5). The investment would usually ranges from several months to a year or more. Likely investments include all deposits and securities.

G. Federal Deposits

Refer to the OMB Uniform Guidance for requirements related to deposits of federal funds. Methods and procedures for payment 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.

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 board. Policy development requires that the board recognize 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. Informs the public 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. Investments, income received from any legal investment may be deposited by the public entity in any fund or account that the public entity maintains. § 11-57-214. However, per GASB Cod. § 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.

Borrowing and Creation of Debt

A. Short Term Loans

The board 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. 22-40-107. Also see the discussion on cash flow loans.

B. Creating Debt

1. Voter Approval of Debt

   Article XI, section 6 of the Colorado 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 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. § 22-42-101, et seq.

   a. In general terms, bonded indebtedness may be incurred for:
      i. Acquiring or purchasing buildings or grounds;
      ii. Enlarging, improving, remodeling, repairing, or making additions to any school building;
      iii. Constructing or erecting school buildings;
      iv. 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;
      v. Improving school grounds;
      vi. Funding floating indebtedness;
      vii. Acquiring, constructing, or improving any capital asset that the district is authorized by law to own; or
      viii. For supporting charter school capital construction or the land and facilities needs of a charter school, without title or ownership of charter school capital assets being held by the school district or ownership or use restrictions placed on the charter school by the school district.

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. § 22-42-104. Bonded indebtedness is limited of high growth districts is twenty five percent of assessed valuation or thirty percent of assessed valuation. § 22-42-104(1.3) and (1.4).

c. When a district issued bonds in accordance with statute, it certifies 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 will 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. § 22-42-117(1).

   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 the reserve is restricted to the subsidiary account in the bond redemption fund for which the tax levy was made. § 22-42-117(2).

d. The county treasurer does not collect a fee for moneys received by virtue of a tax levied for the bond redemption fund. § 22-42-118(4). The treasurer may collect a fee for services rendered if the treasurer 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 must 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. § 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 district must be preserved for a period of one year. § 22-42-119(5).

g. In case of default, the state treasurer must withhold the amount due to the paying agent from the district’s state share of total program funding. § 22-41-110(3).

h. Except as otherwise provided, the district selects 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 § 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 provided in § 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 (or bond counsel) sends a report of bonds sold to CDE, within ten days after the sale. The report includes 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. CDE may request additional information from the school district or from the purchaser of the bonds regarding terms of the sale. § 22-42-125(1)

3. Refunding Bonds

Districts are encouraged to seek legal and investment advice given changes to federal tax law in late 2017. Pub. L. No. 115-97, 131 Stat. 2054.

Districts may issue bonds for the purpose of refunding any of the bonded indebtedness of the district. Section 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 must not be deemed outstanding indebtedness from and after the date on which sufficient moneys are placed with the paying agent of such bonds. § 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. § 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.

If the district issues refunding bonds, the district (or bond counsel) files a report within sixty days after the issuance of the bonds with CDE. The report indicates 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. § 22-43-108.

The current refunding process involves the following steps:

a. Refunding bonds are sold.

b. A notice of refunding is published or mailed, informing bondholders of the refunding and requesting all involved bondholders to surrender old bonds for payment.

c. 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

Districts are encouraged to seek legal and investment advice given changes to federal tax law in late 2017. Pub. L. No. 115-97, 131 Stat. 2054.

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:

i. Advance refunding bonds are sold.

ii. Notice of refunding is published or mailed informing bondholders of the refunding and providing instructions for the payment of their bonds.

iii. 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.

iv. 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.

v. The U.S. Government Securities previously invested in are used to call outstanding bonds available for redemption and pay any call premium.

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. § 22-43-101, et seq.

C. Tax Anticipation Notes (TAN)

The district may issue TAN without an election if the board determines that taxes will not be received in time to pay the district's projected budgeted expenses. § 29-15-101, et seq.

1. TAN are both issued and made payable within the fiscal year for which taxes are levied.

2. TAN may be paid from the proceeds of taxes on real and personal property, investment proceeds on the property taxes or proceeds from the TAN.

3. Any TAN issued by the 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 TAN were issued, mature in such amount 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. § 29-15-105(2)

4. TAN amount cannot exceed seventy-five percent of all taxes estimated to be received in the current fiscal year, as shown in the current budget. § 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 the district pursuant to § 22-43.7-110(2)(c), under which the 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 is an indebtedness of the district.

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. § 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. § 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. § 22-45-103(c)(II.5) and § 22-32-127(6).

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E. Loans to Alleviate Cash Flow Deficits

Timing differences between property tax revenue collections and disbursements cause many districts to incur temporary general fund cash flow deficits. Many district expenditures occur on a relatively consistent monthly basis (e.g., salaries and benefits, etc.) While a district's state share is paid in approximately equal monthly payments, revenues from property taxes levied by the district are received between March and June. As a result, districts often experience cash flow shortages during the fall and winter months before tax revenues are received.

Districts may apply to the State Treasurer for an interest-free loan to alleviate temporary general fund cash deficits. § 22-54-110. The loan cannot provide assistance for matters eligible for payment from the contingency reserve fund, § 22-54-117, or to cover a foreseeable level of uncollectible property taxes, nor may the loan be used for the simultaneous purchase and sale of the same or equivalent security in order to profit from price disparity. § 22-54-110(1)(b). Additional information is available from the State Treasurer, www.colorado.gov/pacific/treasury/interest-free-school-loan-program.

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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.

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.

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Agency Fund (old term, *see* Custodial 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.

ALN – See Assistance Listing Number, CFDA or Catalog of Federal Domestic Assistance. As of May 2018, the Catalog of Federal Domestic Assistance (CFDA) was updated to be the Assistance Listing Number (ALN) with the replacement of the SAMS.gov website.

American Institute of Certified Public Accountants (AICPA) – 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.

Annual Financial Report – The 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. An Annual Report 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.

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.

ASBO – See Association of School Business Officials International.

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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.

Assistance Listing Number (ALN) – Assistance listing Numbers are detailed public descriptions of federal programs that provide grants, loans, scholarships, insurance, and other types of assistance awards. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal government. As of May 2018, the Catalog of Federal Domestic Assistance (CFDA) was updated to be the Assistance Listing Number (ALN) with the replacement of the SAMS.gov website.

Association of School Business Officials International (ASBO) – 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 CDE.

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 outlows, 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 the Public Deposit Protection Act, § 11-10.5-101 et seq., 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 § 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.

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, such as required supplement information (RSI) or supplement information (SI), 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 Directors – Each BOCES or charter school is governed by a board of directors. The board possesses all powers delegated to a board of directors by law, and performs all duties required by law.

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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.

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.

Budget Stabilization Factor – beginning 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.

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.

CCR – See Colorado Code of Regulations.

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

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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. Unit costs should be in excess of $10,000, or the district's capital threshold if less than $10,000.

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 § 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

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 was 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. As of May 2018, the Catalog of Federal Domestic Assistance (CFDA) was updated to be the Assistance Listing Number (ALN) with the replacement of the SAMS.gov website.

Categorical Buyout Program – A district may be capable of funding its entire total program using only specific ownership taxes and property taxes. 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 mill 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 career and technical 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 governments to publish efficiently organized and easily readable Annual Report 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. § 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, Assistance Listing Number or ALN. As of May 2018, the Catalog of Federal Domestic Assistance (CFDA) was updated to be the Assistance Listing Number (ALN) with the replacement of the SAMS.gov website.

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 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 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 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 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. All activities of the charter school network must be tied to the unique school code(s) assigned to them. § 22-30.5-104 and § 22-30.5-104.7.

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.

Child Nutrition Report – a report that is a product of the data pipeline submission process, and provides the district with helpful information related to the food service fund operations of the district.

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) – Section 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 § 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. As of FY 2023-24 Universal Preschool Program funding (UPK) will be provided from the Department of Early Childhood (DEC), FY 2022-23 is the last year funding from the Colorado Preschool Program (CPP).

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

Code of Colorado Regulations (CCR) – The Rules and Regulations adopted by the State Board of Education.

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

Commodities (also called USDA Donated Foods) – 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).

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 § 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 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. § 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.

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CPP – See Colorado Preschool Program, Universal Preschool Program or UPK. As of FY 2023-24 Universal Preschool Program funding (UPK) will be provided from the Department of Early Childhood (DEC), FY 2022-23 is the last year funding from the Colorado Preschool Program (CPP).

Custodial 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.

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.

Deferred Inflow of Resources – A given item that meets the definition of an inflow of resources, but relates to a future period. May be used for revenue that has been recognized as a receivable, but is not “available” to finance current operations.

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 market 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.

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 CDE (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) – 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 § 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.

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 § 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 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.

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.

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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 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.

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 custodial 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 publication from 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 2014 edition of the handbook includes GASB Statements through Statement 70. 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.

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Financial Policies and Procedures Advisory Committee (FPP Advisory Committee) – Section 22-44-204(2) (1974) 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 (Handbook) – Section 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 must be used in the development of the budget, in keeping financial records, and in the periodic presentation of financial information.

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.

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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 Funds. Proprietary Funds include Enterprise Funds and Internal Service Funds. Fiduciary funds include Trust and Custodial 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 pension obligations and pension plan assets are shared.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This Statement provides for accounting, reporting, and disclosures for Other Postemployment Benefits (OPEB) which are very similar to the ones that were required for pensions under GASB Statement No. 68.

GASB Statement No. 84, *Fiduciary Activities* – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on whether a government is controlling the assets, and beneficiaries relationship with whom a fiduciary exists. NOTE: The requirements of this statement must be implemented effective beginning with FY 2019-20.

GASB Statement No. 87, *Leases* – This Statement establishes for a new definition of a lease and requires specific accounting and reporting treatments for the Lessee and Lessor of such leases. The concept of capital leases and operating leases goes away with this new Statement. Note: The requirements of this statement must be implemented effective beginning with FY 2020-21.

GASBS – Governmental Accounting Standards Board Statement. Always followed by a statement number.

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. § 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) – GAGAS (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 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.

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 Career and Technical 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 and fiduciary 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.

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 Educational 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 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 – 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 during each fiscal year. § 29-15-112 and § 22-54-110.

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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.

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.

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 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* 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 (Old Term, see Budget Stabilization 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 (Old Term, see Net Position) – 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 – net investment in capital assets; restricted; and unrestricted. Also used for reporting by proprietary funds and fiduciary funds.

Non-appropriated Operating Reserve – A reserve established by § 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 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 and fiduciary 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 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.

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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 § 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 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.

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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 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 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). § 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 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 the charter school institute and each school district, BOCES and charter school to post financial information online, in a downloadable format, for free public access. § 22-44-304.

Public Funds – All funds of a public unit and all funds of any entity referred to in § 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.

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Public Employees Retirement Association (PERA) – A retirement association created by § 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 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 (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 § 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.

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.

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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. § 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. § 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).

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 (Old Term) – 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.

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.

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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.

Taxes – Compulsory charges levied by a government to finance services performed for the common benefit.

Tax Anticipation Note (TAN) – Notes issued in anticipation of collection of taxes, unusually retirable 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 budget stabilization 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 a Custodial Fund. Under GASBS 84 – Fiduciary Activities, the requirements for assets related to a trust are (1) administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary, (2) dedicated to providing benefits to recipients in accordance with the benefit terms, and (3) legally protected from the creditors of the government.

Unearned Revenue – Unearned revenue accounts applies when an asset, typically cash, is received (realized) before the related revenue can be reported (recognized) because the earnings process is not complete.

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 § 22-44-105(1)(d.5). This document is no longer required to be submitted to CDE, but shall be included together with the district's budget.

Uniform 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.

Unique School Code – All activities coded to location codes 100-599 and 900-969 must be paired with a valid unique school code for the district. Unique school codes 0000 and 9980 are not valid codes for this purpose.

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 Every Student Succeeds Act (ESSA) and Individuals with Disabilities Act (IDEA).

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Universal Preschool Program – Pursuant to § 26.5-4-208, the Universal Preschool Program's main objective is to provide high quality early education support to children in the year(s) before they are eligible for kindergarten and qualifying 3-year-olds. Local Coordinating Organizations provide these services in partnership with Districts, families and other community resources serving families. See UPK, CPP or Colorado Preschool Program. As of FY 2023-24 Universal Preschool Program funding (UPK) will be provided from the Department of Early Childhood (DEC), FY 2022-23 is the last year funding from the Colorado Preschool Program (CPP).

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.

UPK – See Universal Preschool Program, CPP or Colorado Preschool Program. As of FY 2023-24 Universal Preschool Program funding (UPK) will be provided from the Department of Early Childhood (DEC), FY 2022-23 is the last year funding from the Colorado Preschool Program (CPP).

USDA – See United States Department of Agriculture.

USDA Donated Food – see Commodities

USDE – See United States Department of Education.

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.

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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.

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Sample Finance Library

There are many sources of information related to Colorado School Finance, school district budgeting, governmental accounting and auditing. The library below lists a sample of useful sources. The goal of this list is to provide as may free resources as possible.

State Resources

Colorado Department of Education, *Understanding Colorado School Finance and Categorical Funding*, www.cde.state.co.us/cdefinance.

School Finance Training Materials.
https://www.cde.state.co.us/cdefinance/upcomingschoolfinancetownhallsandtrainings

Colorado Legislative Council Staff, *School Finance Handbook*
http://leg.colorado.gov/agencies/legislative-council-staff/school-finance. *See also*, Issue Briefs on the budget stabilization factor, tax increment finance and school finance, Building Excellent Schools Today (BEST) program and other education policy-related publications, reports, studies and memos. Legislative Council Staff also publishes economic forecasts, http://leg.colorado.gov/agencies/legislative-council-staff/forecasting.

Colorado Office of State Planning and Budgeting economic and fiscal outlook, www.colorado.gov/governor/economics.

Code of Colorado Regulations, *Rules for the Administration of the Public School Finance Act of 1994*. 1 CCR 301-39. Secretary of State.

Colorado Department of Local Affairs, Division of Local Government, *Legal Investments for Colorado Local Governments: A Brief Synopsis.* www.colorado.gov/pacific/dola/research-and-publications.

Local Government Purchasing Assistance.
www.colorado.gov/pacific/dola/local-government-purchasing-assistance

Colorado State Archives, *School Records Management*
www.colorado.gov/pacific/archives/school-records-management. State Archives publishes the *School Districts Records Management Manual*.

Best Practices

Colorado Association of School Boards, *School Board Member Leadership Workbook*. 2017 edition. www.casb.org/publications. Updated every two years.

Government Finance Officers Association, *Best Practices in School District Budgeting*. Jan. 2015. www.gfoa.org/best-practices-school-district-budgeting. The titles of the practices described under each step in the recommendation are clickable links to more detailed guidance.

---. *Fund Balance Guidelines for the General Fund*. Sep. 2015. www.gfoa.org/fund-balance-guidelines-general-fund.

---. *Internal Control Environment*. Jan. 2016. www.gfoa.org/internal-control-environment.

Rennie Center for Education Research & Policy. (October 2012). Smart School Budgeting: Resources for Districts. Cambridge, MA: Rennie Center for Education Research & Policy. (includes substantial reference list). *Available at*, http://www.renniecenter.org/sites/default/files/2017-01/SmartSchoolBudgeting.pdf.

Technical Accounting

$$$. Gauthier, Stephen J. *Governmental Accounting, Auditing, and Financial Reporting (GAAFR)*. Government Finance Officers Association, 2012. (Available as an e-book; a GAFFR supplement is dated 2014; and the *Illustrative Annual Report (Appendix D)* is available for free at www.gfoa.org/GAAFR/appendixD).

GASB Governmental Accounting Research System, https://gars.gasb.org/. GARS Online includes GASB Codification, Original Pronouncements, and Comprehensive Implementation Guide. Citations throughout the Handbook may be to Original Pronouncements or to the Codification.

Government Auditing Standards (also known as the Yellow Book). Jul. 2018. https://www.gao.gov/yellowbook/overview

Standards for Internal Control in the Federal Government (also known as the Green Book). Sep. 2014. https://www.gao.gov/greenbook. The Green Book may also be adopted by districts as a framework for an internal control system.

Uniform Guidance, https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html, including a direct link to the E-CFR. Uniform Guidance includes allowable expenditures, cost principles, definitions and audit requirements related to federal programs.

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Appendix A: Revisions of the Handbook

This procedure describes the method for revising, and issuing updated versions of, the Financial Policies and Procedures Handbook. 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 unit.

E. Should either the CDE or the FPP committee not recommend the change, the originator may appeal the decision to the chair of the FPP committee.

G. Approved changes will be included in the Handbook posted on the CDE School Finance Unit website under the heading “Financial Policies and Procedures.”

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 to school districts concerning important or urgent critical issues through the school finance email list.

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Appendix B: U.S. Department of Education and NCES References

Federal law requires CDE to report "The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year." *See* ESEA (ESSA), 20 U.S.C. § 6311(h)(1)(C)(x). Further, CDE must ensure that each district provides the appropriate financial data in the same disaggregation level, include school level data. *See* ESEA (ESSA), 20 U.S.C. § 6311(h)(2)(C).

For additional information, see the following resources:

National Center for Education Statistics, https://nces.ed.gov/.

Allison, G.S. (2015). Financial Accounting for Local and State School Systems: 2014 Edition (NCES 2015-347). U.S. Department of Education, National Center for Education Statistics. Washington, DC: U.S. Government Printing Office, https://nces.ed.gov/pubs2015/2015347.pdf.

The National Center for Education Statistics (NCES) handbook 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.

National Forum on Education Statistics (2007). *Forum Guide to Core Finance Data Elements* (NFES 2007–801). U.S. Department of Education. Washington, DC: National Center for Education Statistics, https://nces.ed.gov/pubs2007/2007801.pdf.

The *Forum Guide* provides guidance regarding the use and reporting of finance data.

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Appendix C: 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: 11-10.5-101 et seq.
11-47-101 et seq.
24-75-601 et seq.

CROSS REF: DG, Banking Service

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Appendix D: Sample Auditor RFP

RFPs may be published as required by board policy (e.g., on the district website, etc.) Some school districts utilize the Rocky Mountain E-Purchasing System, www.bidnetdirect.com/colorado. Districts may also review the audit section of the *Financial Management Manual: A Guide for Colorado Local Governments*.

Note: Many auditing firms encourage districts to send RFPs directly to appropriate firms. As a reminder, every district and charter school financial transparency website contains the district's audited financial statements listing the independent financial auditor.

CDE does not recommend or endorse any auditing firm and CDE does not provide guidance in choosing firms. Based on audited financial statements sent to CDE, and as a courtesy only, the following auditing firms audited school districts and charter schools or were provided by OSA for fiscal year 2023-24. Any omission is unintentional.

Anderson & Whitney PC
Anderson Lee & Company
Anton Collins Mitchell LLP
BKD, LLP
Bondi & CO LLP
Brenda K Swan
Chadwick Steinkirchner Davis & CO PC
Clark Keniston & Associates LLC
CliftonLarsonAllen LLP
Colorado CPA Services, PC
Crockett and Stover, CPAs LLC
Dalby Wendland & CO PC
Dazzio & Associates, PC
Deloitte & Touche
DMC Auditing and Consulting, LLC
Donald R Moreland & Associates PC
Farmer Bressan & CO CPAs LLC
Garren Ross & DeNardo Inc
Gary L Woodward
Gordon, Hughes & Banks, LLP
Grant Thornton LLP
Hancock Froese & Company LLC
Heidi A Trainor CPA PC
Hoelting & Company Inc
Holscher, Mayberry & CO LLC
Hutchison Hugins & Fredrick LLC
Jaspers and Hall, PC
Jim Hinkle CPAs
John Cutler & Associates
KPMG, LLP
Lauer, Szabo & Associates PC
Maggard and Hood
Majors & Haley PC
Martinez & Associates Inc
Mayberry & Company, LLC
MBDG, PC
McGladrey & Pullen, LLC
McMahan & Associates PC
Mcpherson Breyfogle Lichlyter & Daveline PC
Michael C Branch
Monahan Lampman & Hays
Plante & Moran, PLLC
Poysti & Adams, LLC
Prospective Business Solutions, LLC
Rfarmer, LLC
Richard L Thompson
Robert L.Davis, CPA
Robert R. Bressan, CPA
Rosemary Beckwith & Associates CPA PC
RubinBrown
Sample & Bailey CPAs
Scott C Wright
State Auditors Office
Swanhorst & Company LLC
Wall Smith Bateman & Assoc Inc
White & Company
Williams & Kopenhafer PC
Winfrey & County PC
Yanari Watson McGaughey PC

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Request for Proposal

Date:
District Name, address and contact information
Due date, including time, of the RFP

Duration: 1 year [insert TABOR language for example, with options to renew subject to annual appropriations by the Board of Education].

The School District is seeking proposals from professional and qualified Firms to perform independent audit services in relation to both the required annual finance audit and, if applicable, the Single Audit Act.

[Include a description of the district – size, schools, payroll (dollars and employees), funds, links to prior audit reports, etc.]

[Generally, the district provides a scope of services to be performed, including a schedule, proposed calendar and time requirements for the fiscal year audit.]

Requirements

1. Firm's Name; the name, address and telephone number of the contact person; and the proposal date; include the firm's license to practice in Colorado

2. Letter explaining the understanding of work to be done, commitment to the calendar and a statement why the auditing firm is in the best position to perform the auditing services

3. Has the local office performed school district, or government, audits in Colorado? List names of school districts, dates of audits and whether a single audit was required. Include any other statements related to qualifications and experience.

4. List the personnel of your local organization who are likely to be assigned to the engagement. Indicate whether Partner, Principal, Senior Accountant, etc. Provide information on Colorado licensure for each person and whether the individual has school district, or governmental, auditing experience.

5. 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?

6. 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.

7. Submit a copy of the most recent completed external quality control review (i.e., peer review). If available, a review of a specific government engagement.

8. Please quote a not to exceed audit fee for each of the next three years, which must include out-of-pocket expenses.

9. Please explain your firm's experience and expertise in providing other consulting services to governmental entities.

10. Confirm that the firm has not been suspended or debarred by the federal government.

11. 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)

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Useful Contacts

State Executive Branch and State Agencies

Colorado Department of Education, www.cde.state.co.us

Code of Colorado Regulations

Colorado State Board of Education

Colorado State Charter Institute

Division of Public School Capital Construction Assistance

Colorado PERA (Public Employees Retirement Association), 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.

State of Colorado, www.colorado.gov

Office of State Planning and Budgeting, www.colorado.gov/governor/office-state-planning-budgeting

The office includes information on the governor's November 1 budget request. The OSPB economics team serves primarily to provide the Governor and the Budget Director (OSPB director) with timely and accurate information and analysis relating to the economy and State fiscal conditions, focusing on their implications to the State Budget. The economics team also provides research and analysis on tax and fiscal policy issues, and tracks legislation related to these issues.

Secretary of State, www.sos.state.co.us

Administrative Rules of State Agencies, including Code of Colorado Regulations, www.sos.state.co.us/pubs/CCR/CCRHome.html?menuheaders=8

Elections & Voting, www.sos.state.co.us/pubs/elections/main.html

Business Database Search, including Charter Schools, www.sos.state.co.us/biz/BusinessEntityCriteriaExt.do?resetTransTyp=Y

Charities and Fundraisers, www.sos.state.co.us/pubs/charities/charitableHome.html

Department of Treasury, www.colorado.gov/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).

Colorado Unclaimed Property, Great Colorado Payback,
https://colorado.findyourunclaimedproperty.com
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 refund, the bank, business or state agency is required by law to file a report and forward those assets to the The Great Colorado Payback Office. 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 Attorney General, https://coag.gov

Department of Labor and Employment, www.colorado.gov/cdle
Division of Workers' Compensation, www.colorado.gov/pacific/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 Workforce Development Council, www.colorado.gov/pacific/cwdc
Public Employees' Social Security (PESS)
https://cdle.colorado.gov/dlss/labor-laws-by-topic/pess-public-employees-social-security
PESS is 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.
Workforce Partner Resources, www.colorado.gov/pacific/cdle/workforceresources

Department of Local Affairs (DOLA), www.colorado.gov/dola
Division of Local Government, 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 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, https://demography.dola.colorado.gov

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, www.colorado.gov/pacific/dola/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,
www.colorado.gov/pacific/dola/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, www.colorado.gov/pacific/dola/property-taxation

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).

Division of Housing, https://cdola.colorado.gov/category/division-of-housing

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

Department of Personnel and Administration, www.colorado.gov/dpa

Colorado State Archives, www.colorado.gov/archives

State Archives produces a Colorado School Districts Records Management Manual, which provides the retention and disposition schedules.
www.colorado.gov/pacific/archives/school-records-management

Office of the State Controller, www.colorado.gov/osc

Fiscal Procedures Manual, www.colorado.gov/pacific/osc/fiscalprocedures. The rules can be used to determine compliance with the maximum inventory level. § 29-1-506 and § 29-1-607.

ColoradoBIDS and State Price Agreements, www.bidscolorado.com

All districts, charter schools and BOCES may use the state price agreements for purchasing goods and services. Price agreements include, but are not limited to, computer equipment, copiers, fleet fuel card services, office supplies, software, tires (including bus tires) and vehicles.

Department of Regulatory Agencies, www.colorado.gov/dora

Division of Banking, https://banking.colorado.gov/

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, https://dora.colorado.gov/consumer-protection-insurance

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, https://dpo.colorado.gov/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 maintains a list of license and discipline, as well as a link to filing a complaint.

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.

CPAverify, https://cpaverify.org, a national database of licensed CPAs and CPA firms. Determine the credentials of a CPA or CPA firm without searching each of the 55 Boards of Accountancy.

State Legislative Branch and Legislative Agencies

Colorado General Assembly, http://leg.colorado.gov

Includes information on the interim schedule, bills & fiscal notes, session laws, legislators, committees, initiatives, the state budget, audits and agencies of the General Assembly.

Colorado Revised Statutes, http://www.lexisnexis.com/hottopics/Colorado

Legislative Interim Committee on School Finance, https://leg.colorado.gov/committees/legislative-interim-committee-school-finance/2022-regular-session. The committee must study various issues regarding school finance in Colorado.

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Joint Budget Committee Staff, https://leg.colorado.gov/agencies/joint-budget-committee

The Joint Budget Committee (JBC) staff provides non-partisan research, analysis, and recommendations related to the state budget to members of the Joint Budget Committee and to the General Assembly. The JBC staff also serves as legislative staff to the Appropriations Committees of each chamber. Each member of the JBC staff is responsible for analyzing certain department and programs of state government.

Legislative Council Staff, https://leg.colorado.gov/agencies/legislative-council-staff

Legislative Council Staff serves as the nonpartisan research arm of the Colorado General Assembly. The staff serve under the Director of Research and provide support to legislative committees, respond to requests for research and constituent services, prepare fiscal notes, provide revenue projections, and perform other centralized legislative support services.

Fiscal Analyses & Economic Resources,
http://leg.colorado.gov/agencies/legislative-council-staff/fiscal-analyses-economic-resources

The Colorado state legislature uses a range of fiscal and economic information provided by Legislative Council Staff and other state agencies to manage the state budget. This website provides information and resources on key fiscal and economic topics.

Fiscal notes provide information on the costs, revenue, and staffing impacts of legislation considered by the General Assembly and ballot measures referred to voters.
Staff forecasts provide estimates of state revenue, economic conditions, and program caseloads.
School finance funding for public K-12 education is one of the largest components of the state budget. Detailed forecasting and analysis is provided to estimate school funding needs and the impact of school finance decisions on local school districts.
Colorado's economy is diverse and drives many fiscal and policy decisions by the General Assembly. Staff regularly conducts research and publishes forecasts of the Colorado economy
The budget process and tax policy in Colorado are key determinants of how state funds are spent and how much is available for appropriation.

Office of Legislative Legal Services, https://leg.colorado.gov/agencies/office-of-legislative-legal-services

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), https://leg.colorado.gov/agencies/office-of-the-state-auditor

Local Government Audit Division,
https://leg.colorado.gov/agencies/office-state-auditor/local-government

The Local Government Audit Division is responsible for reviewing all audits and Applications for Exemption from Audit for compliance with GAAP and applicable Colorado laws as prescribed by the Local Government Audit law.

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Federal Administrative

Electronic Code of Federal Regulations (E-CFR), https://gov.ecfr.io/cgi-bin/ECFR
United States Code, http://uscode.house.gov/browse.xhtml
Legal Information Institute, www.law.cornell.edu. Includes access to CFR, U.S. Code , federal rules and U.C.C.

U.S. Government Accountability Office (GAO), 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), 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), 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), 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.

Medicaid.gov, 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.

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United States Department of Labor, Bureau of Labor Statistics, 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.

National Archives and Records Administration (NARA), www.archives.gov

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), www.whitehouse.gov/omb

OMB's web site provides access to all OMB Circulars, publications, and standard forms including the Compliance Supplement and data collection form.

U.S. Securities and Exchange Commission (SEC), 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.

EMMA, https://emma.msrb.org

The EMMA website is funded and operated by the Municipal Securities Rulemaking Board (MSRB), the self-regulatory organization charged by Congress with promoting a fair and efficient municipal securities market. EMMA is designated by the U. S. Securities and Exchange Commission as the official source for municipal securities data and disclosure documents. The website provides free public access to objective municipal market information and interactive tools for investors, municipal entities and others. EMMA supports municipal market transparency but is not a platform for buying or selling bonds.

Federal Single Audit Clearinghouse (FAC), 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), 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).

System for Award Management (SAM), www.sam.gov

SAM is the official, free U.S. government-operated website. An exclusion record identifies parties excluded from receiving federal monies as a vendor of the district. Exclusions are also referred to as "suspensions" and "debarments."

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Major Rating Agencies for Municipal Bonds

Fitch Ratings, www.fitchratings.com/site/uspf
Moody's Investors Service, www.moodys.com
S&P Global Ratings, www.spratings.com/en_US/home

Professional Organizations

American Institute of Certified Public Accountants (AICPA) and Certified Investment Management Analyst (CIMA) https://www.aicpa-cima.com/home

The AICPA/CIMA web site contains information on the Single Audit Act, new accounting and auditing standards, and various research links.

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.

Association of School Business Officials International (ASBO), https://asbointl.org

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), 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), 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), 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 Department of Business Officials (DBO), www.co-case.org/page/815

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Colorado Government Finance Officers Association (CGFOA), 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 Public Risk Management Association (Colorado PRIMA), www.coloradoprima.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.

Colorado School Finance Project (CSFP), https://cosfp.org

CSFP compiles, collects and distributes research-based, non-partisan information and data on topics related to school finance for state and local policymakers. Membership includes, but is not limited to, districts and related organizations (CEA, CASE, CASB, Colorado BOCES, DBO, and Rural Schools Alliance). CSFP meets on a regular basis.

Colorado Society of Certified Public Accountants (COCPA), 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), www.gfoa.org

The Government Finance Officers Association (GFOA) represents public finance officials throughout the United States and Canada. The association's more than 20,000 members 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), http://gasb.org/home

Financial Accounting Standards Board (FASB) and Financial Accounting Foundation (FAF). 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).

Other Useful Internet Sites

FedLaw, https://www.thecre.com/fedlaw/default.htm

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.

Rocky Mountain E-Purchasing System, www.bidnetdirect.com/colorado

Local governments, including school districts, utilize this purchasing group to publish and distribute bid opportunities.

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Summary of Changes for Fiscal Year 2026-2027

The following material changes were made to the Handbook.

1. Dates, cover page, Financial Policies and Procedures (FPP) Advisory Committee page, Table of Contents and Table of Authorities pages updated.
2. The Financial Policies and Procedures Handbook is updated for 2026-27.
3. Colorado State Board of Education and FPP Membership updated to current.
4. All “arrows”” ►” indicating changes made for the FY 2025-2026 Chart of Accounts have been removed.
5. All new “arrows” ”►” indicate changes that are effective July 1, 2026
6. Page 40: updated title and definition to Total Program Reserve Fund (Fund 07).

Final updates are slated for the end of August. This includes revisions to the Financial Policies and Procedures (FPP) Advisory Committee section and Critical Dates.