

**FPP: Revenue Reporting Discussion Item: State Board Recommendation**

1. **Question or Issue: FPP Sub-Committee Makes Recommendation to State Board of Education on the Reporting of Revenues at the Unique School Site Level**

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| House Bill 14-1292 requires the FPP Committee to make a recommendation to the State Board of Education on what, if any, changes should be made in how Local Education Agencies (LEPs) report revenue at the unique school site level: individual schools.  C.R.S. 22-44-105 (4) (d), *The Financial Policies and Procedures Advisory Committee shall consider and make a recommendation to the State Board of Education concerning whether the standard chart of accounts should include the reporting of revenues received at all levels, including public revenues received from private gifts, grants, and donations, and if so, how the reporting of revenues would be included in the standard chart of accounts*.  There will be a revenue section in the website view created by the vendor which contracts with CDE. It’s important to think proactively about what this revenue section should look like, and approach it as needing to be substantive and meaningful. |

1. **Any Prior FPP Action:**

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| HB14-1292 Sub-Committee has actively discussed this topic for several months to arrive at a recommendation. Additionally at the February 27th FPP meeting is was suggested that the original FPP State Board recommendation be modified/expanded to provide more rationale and details on why the existing Chart of Accounts meets the intent of statute for revenue reporting when followed correctly, and why the existing Chart of Accounts should not be modified for expanded revenue reporting structures. Please see the revised proposed FPP recommendation below. |

1. **Discussion Points/Department Recommendation or Observations (if any):**

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| Discussion points:   1. Because the Chart of Accounts has two local revenue source codes for gifts/grants/donations, it has been raised that districts should already be tying revenue earmarked for individual schools to those schools, and not simply coding that revenue at the district level.  * Unbolded Source Code 1760, Gifts and Contributions – rolls to Source 1700, Pupil Activities Revenue (note: may be necessary to bold Source 1760) * Bolded Source Code 1920, Contributions and Donations from Private Sources  1. Based on the existing Chart of Accounts, districts already have the flexibility to code revenues at either the district level or to the unique school level school when appropriate: such as school fees, local grants and private donations. 2. A District Considerations Guide is being developed as the Sub-Committee progresses in the requirements of HB 14-1292 – this guide will focus on when and what is required of LEPs, paying special attention to expenditure reporting at the unique school level, but there will also be a section on what kinds of revenue need to be reported at the unique school level, and how to code those revenues based on the Chart of Accounts current structure. |

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| **Revised Recommendation:**  The current Chart of Accounts allows for appropriate reporting at the unique school site level using source of revenue codes 1760 and 1920:  Pupil Activity Gifts and Contributions and Contributions and Donations from Private Sources.  Given that the Chart of Accounts addresses specific revenue appropriate for reporting at unique school sites, the Financial Policies and Procedures (FPP) Committee recommends that no changes be made to revenue reporting.   The FPP Committee believes that revenue which can and should be tied to unique school sites is already addressed in the Chart of Accounts: gifts, contributions and donations.  The reporting of activity, such as local property tax revenue, and State Equalization should not be tied to unique school sites because this is centralized revenue, and the focus for unique school sites should be what is being spent at those unique school sites, and not the sources of district revenue.  The nature of property taxes and State Equalization is generated at the district level and not the unique school level.  All appropriate revenues which unique schools generate are captured in the current Chart of Accounts structure.   Per Pupil Revenue is not a true revenue source, but rather a calculation based on student and district demographics.  The sources of the revenue to meet the funding level determined by the formula in the School Finance Act are tied exclusively to the district.  Property tax is not levied by a school, but uniformly for all areas of a district.  Equalized Specific Ownership Tax is generated by area car registrations and not tied to a student or a school.  The State Share of school funding is tied to a formula as the remainder to be funded after taking into account the amount generated by local taxes.  To allocate those types of revenues to a specific school would not paint an accurate picture of a district's overall funding.  At best, the allocation would be a proportional share of overall per pupil funding by revenue source.  This would not accurately reflect where, how and why those taxes were generated when a student is open enrolled, or a district covers multiple municipalities or counties.  At worst, it would be a nearly impossible process and calculation to track down to the student level the actual source of revenue. |

1. **FPP Action, Decision Made:**

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1. **Further Action/Research Needed/Table for Future Meeting:**

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1. **Effective Date:**

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