



Government Accounting Basics & Audit Prep

Glenn Gustafson

Mark Rydberg

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Governmental Accounting Basics

Agenda

Goal of Training

Increase district business officials knowledge of:

- Governing Body
- Accounting Principles
- The Accounting Equation
- Fund Accounting
- Basis of Accounting
- Financial Reporting
- Audit Roles
- Governmental Accounting Best Practices
- Survey, upcoming Trainings, & PFSU Contacts

Basic Governmental Accounting Principles

Governmental Accounting Governing Organization

What/Who is GASB?

Established in 1984, the Governmental Accounting Standards Board (GASB) is the independent, private-sector organization based in Norwalk, Connecticut, that establishes accounting and financial reporting standards for U.S. state and local governments that follow *Generally Accepted Accounting Principles (GAAP)*.

What are Pronouncements?

Each of the final Statements of Governmental Accounting Standards issued by the GASB since its establishment in 1984 is designed to provide taxpayers, legislators, municipal bond analysts, and others with information that is useful to their decision-making process regarding governmental entities. *For Example, GASB 87 & 96 establishes a single model for lease and SBITAs accounting based on the principle that leases are financing of the right to use an underlying asset.*

Basic Accounting Principles

These Principles are accepted world wide in order to make Financial and Organizational comparisons possible.

Time Period. This basic concept says that a business should report in Final Accounts all its financial activities and transactions over a standard period of time – usually monthly, quarterly and annually.

Consistency. An adopt an accounting principle or method, continue to follow it consistently in future accounting periods. Only change an accounting principle or method if the new version in some way improves reported financial results.

Full disclosure. All information should be included in an entity's financial statements that would affect a reader's understanding of those statements.

Basic Accounting Principles - Profit and Loss Account

specific accounting principles

Matching. Revenue should be recorded during the period when it is earned regardless of when the business received Cash. Expenses should be reported in the same period in which the corresponding Revenue was earned. *For Example, June services invoice paid in July; Expensed in FY24 & Accounts Payable 7421 booked instead of cash. In FY25, the Cash Credit is offset by debiting 7421, Clearing it off the FY25 Balance Sheet.*

Revenue Recognition. Or, the **Realization** concept. It says that all revenues and profits should be recorded in Final Accounts when the legal title to the product is transferred from the seller to the buyer. Meaning, that when the good or service have been provided to the customer. Not when the order was taken or when the cash was paid.

- *Grant revenue Received past 6/30/24 is **RECOGNIZED** and a **Receivable (Asset)** is booked.*
- *If revenue received in FY24 is higher than the incurred expenses, revenue is **RECOGNIZED** to match the expense. Revenue is reduced to match and **Unearned Revenue (Balance Sheet)** is booked.*

Accruals. *60 day window after fiscal year end date.* Accruals happen when the business received something, but has not yet paid for it. *For example, Salary & Benefit Accrual paid in July and August for Services provided in FY24.*

Basic Accounting Principles - Balance Sheet

specific accounting principles

Double-entry. Double-entry means that every time a business engages in a business transaction, there are always two sides of this transaction – Debit and Credit. These two sides must be properly recorded and balanced to maintain correct information. For example, when a business sells ready products to customers for Cash, Inventory decreases and Cash increases on the Balance Sheet.

Basic Accounting Principles

Accounting Equation

Accounting Equation

The Trial Balance generated from general ledger system must balance to Zero.

- Assets and Expenses have Debit Balances.
- Liabilities, Fund Balances, and Revenues have Credit Balances.

Debit	Credit
Assets	Liabilities
Expenses	Fund Balance
	Revenues

Accounting for Revenue, Expense, & Balance Sheet Accounts

- **Assets generally should have a Debit Balance**
- **Liabilities & Fund Balance should have a Credit Balance**
 - Assets = (Liabilities + Fund Balance)
- **Revenues should have Credit Balance**
 - Deposit a Check: Debit Cash & Credit Revenue Account
- **Expenses should have a Debit Balance**
 - Cut a Check: Debit Expense Account & Credit Cash
- **At Year-end: Revenues (credit) less Expenses (debit) “clear” to Fund Balance.**
 - If Revenue more than Expense; *Fund Balance Grows.*
 - If Revenue less than Expense; *Fund Balance Declines.*

Governmental Accounting Basics

Basis of Accounting

The basis of accounting refers to the methodology under which revenues and expenses are recognized in the financial statements. There are 3 different methods:

- **Accrual Basis (GAAP)**-a business recognizes revenue when earned and expenses when expenditures are consumed. This approach requires a greater knowledge of accounting, since accruals must be recorded at regular intervals. If a business wants to have its financial statements audited, it must use the accrual basis of accounting, since auditors will not pass judgment on financial statements prepared using any other basis of accounting.
- **Modified Basis (GASB)** Local government recognizes revenues that are available and measurable. It recognizes expenditures as they are incurred. It tracks receivables and payables.
- **Cash Basis (NOT GAAP)**-recognizes revenue when cash is received, and expenses when bills are paid. This is the easiest approach to recording transactions, and is widely used by smaller businesses. It DOES NOT track receivables and payables.
- **Which BASIS does your District's accounting practices most closely represent?**

Fund Accounting

Deeper Look into Modified Accrual Accounting

Modified Accrual Basis of Accounting

- Income Statement is July 1 - June 30 *Activity, not just cash.*
- Balance Sheet is a Point in Time 6/30/XX.
- Revenues are considered to be available when they are collectible within the current Period (60 day Accrual window).
- Expenditures are generally recognized when goods and services are provided.
- Issuance of long-term debt and acquisitions are reported as other financing sources.

Fund Accounting

What Types of Funds are there?

- **Governmental Funds**
 - General (#10-19, #11 Charter)
 - Special Revenue (# 20-29)
 - Debt Service (#31-39)
 - Capital Projects (#43-46)
- **Proprietary Funds** (business type activity)
 - Enterprise (#52-59)
 - Internal Service (#61-69)
- **Fiduciary Funds** (#72-74)
 - Agency, Private-purpose trust funds

Fund Accounting-Chart of Accounts

Fund	Location	Special Reporting Element	Program	Object/Source/Balance Sheet Code	Job Code	Grant/Project	Object/Source/Balance Sheet Description
XX	XXX	XX	XXXX	01XX	XXX	If Applicable	Wage/Salaries Expense
XX	XXX	XX	XXXX	02XX	XXX	If Applicable	Benefit Expense
XX	XXX	XX	XXXX	03XX, 04XX, 05XX	000	If Applicable	Purchased Service Expense
XX	XXX	XX	XXXX	06XX	000	If Applicable	Supply Expense
XX	XXX	XX	XXXX	07XX	000	If Applicable	Capital Outlay Expense
XX	XXX	XX	XXXX	08XX	000	If Applicable	Dues/Interest/Internal/Indirect
XX	XXX	XX	XXXX	09XX	000	If Applicable	Other Services/Debt Expense
XX	000	00	0000	1XXX	000	If Applicable	Local Revenue
XX	000	00	0000	2XXX	000	If Applicable	Intermediate Revenue
XX	000	00	0000	3XXX	000	If Applicable	State Revenue
XX	000	00	0000	4XXX	000	If Applicable	Federal Revenue
XX	000	00	0000	5XXX	000	If Applicable	Transfer/Alloations Revenue
XX	000	00	0000	6XXX	000	If Applicable	Fund Balance
XX	000	00	0000	7XXX	000	If Applicable	Liabilities
XX	000	00	0000	8XXX	000	If Applicable	Assets

- Trial Balance = The Object/Source/Balance Sheet Codes have to Equal 0.
- The Chart of Accounts are structured to align with the Federal Reporting Standard for Public Education.



Governmental Accounting Best Practices

- Maintain General Ledger on Modified Accrual Basis throughout the year with these system entries:
 - Cash GL account is reconciled monthly and balances to the Bank Rec
 - Account Payable are systematically created when an PO/invoice is entered prior to payment
 - Payroll is posted on a cash basis monthly with salary/benefit accrual adjusted at year-end
 - Revenues are recorded on a cash basis (when received), with Property Tax and Grant revenue adjusted at year-end
- General Ledger (Trial Balance) is reviewed monthly to ensure:
 - Cash/Investments equals reconciled bank balance
 - Receivables are current and accurate
 - Payables are current and accurate
 - Due to/Due Froms balance in total
 - Grants A/R or Unearned are current and accurate
 - ***Every Balance sheet account should be reviewed at Month End.***

Audit Prep

Audit Prep Goals & Responsibilities

- Preparing Business Officials to have a successful and informative audit.
- General knowledge about Audits & Auditor's role.
- Reviewing the Audit Workpaper Template
- Understanding of CDE & State Auditor Requirements & Timelines.

Upcoming Audit Related Trainings & Dates

- **7/11/24 Bank Reconciliation Training 8:30 – 10:00 am**
 - **Crucial to Audit that the Bank Balances equals the General Ledger cash accounts.**
- **7/25/24 Intro Governmental Accounting/Audit Prep 9:00 – 11:00 am**
 - Discussion on Modified Accrual Accounting and Prepping for a successful Audit.
- **Approximately Aug 1 - Pipeline has a “Soft Open”**
- **Approximately Sep 1 - Pipeline has a “Firm Open”. All new rules are updated**
- **9/12/24 Pipeline Part 1 - Submission Training**
- **9/19/24 Pipeline Part 2 - Cognos Report**
- **10/3/24 Pipeline Part 3 - Website Resources**
- **10/24/24 School Finance 101**

Audit Prep - CDE School Finance

CDE support staff Contact information

Yolanda Lucero- Fiscal Data Coordinator

720-556-5984

lucero_y@cde.state.co.us

Contact for questions about: Year-end audit reviews, finance December data pipeline submission, Financial Transparency website, CDE 40 submission, grant codes, indirect cost rates

Kelly Wiedemer - Fiscal Data Analyst

303-345-4056

wiedemer_k@cde.state.co.us

Contact for questions about: Year-end audit reviews, federal financial reporting, data requests, finance December data pipeline submission, Financial Transparency website, grant codes

Mark Rydberg - School Finance Program Manager

720-402-6658

rydberg_m@cde.state.co.us

Contact for questions about: School finance team / individual training and support

Glenn Gustafson - Part-Time School Finance Program Manager

719-650-1960

gustafson_g@cde.state.co.us

Contact for questions about: School finance team / individual training and support. Technical accounting questions

Rest of the Year

Late June & July*
Take a Deep Breathe
Go on Vacation
Get Organized

August - December
School Returns
CDE-40
Complete Audit
Mill Levy Certification

* Except those Districts/Charters that have early audit fieldwork

Role of the Auditor

- The primary role of the auditor is to render an opinion on the accuracy of the financial statements.
 - Heavy emphasis on the Balance Sheet.
 - Modified Accrual vs Cash Basis.
 - They handle the Full Accrual Financials.
- Auditors are Independent Reviewers
 - Independence means that the district should be booking all transactions and year-end audit entries, and Auditor reviews entries. Perhaps, adding some entries to correct submitted.
 - Some of your Auditors may be doing some of the closing entries for you.
 - The ultimate goal is that the Auditor doesn't give you any entries to book.

Auditor Procedures

- Secondary procedures on the income statement are more summarized and analytical
 - *Budget to Actual & Prior Year Variances will produce a better budget next year.*
- Auditors will do extensive procedures on **internal controls** in order to determine if they can “rely” on the accuracy of transactions
 - Especially in the IT area.
 - Develop with help of Auditor.
 - May involve questionnaires, worksheets and/or interviews

Internal Controls

Why auditors rely on Internal Controls

- It establishes the processes
- It improves process performance
- It improves operational efficiency
- It encourages duties to be separated
- It reduces errors
- It improves accountability
- It stabilizes operations
- It reduces audit fees
- **It mitigates risk (especially fraud)**

Role of District

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP & GASB.

- Every District's Goals: *(Depends on Auditor Schedule)*
 - Get through Pipeline reports - Tier I, II, and Grant Revenue Reconciliation Report before/during Auditor's visit by taking ownership of the Modified Accrual entries.
 - Property Tax, Salary & Benefit Accrual, Grant Receivable and Unearned Revenue, Food Service Inventory and Patron Balances, etc..
 - **Receive less correcting AJE for Modified Accrual/
Fund Financials from Auditor every year.**

Colorado Pre-K12 Audit Deadline

Reporting Requirements

- Complete PDF or bound annual financial statements covering all funds and activities, including appropriate combining and individual fund statements, & “final” Auditor’s Integrity Report must be prepared, audited and submitted to the state auditor no later than **December 31** of each year. Additionally...
- CDE requires, via e-mail::
 - [“Assurances for Financial Accreditation”](#) and any [Attachment A](#) for non-compliance.
 - Finalized Pipeline reports:
 - Reconcile the Warnings on the 1st Tier Error Detail (account code check) & 2nd Tier Edit Error Detail Roll-Up report (Business Rules check).
 - Grant Revenue Reconciliation Report
 - Copy of Financial Audit
- Office of State Auditor (OSA) requires an upload of the financial audit only
- <http://www.cde.state.co.us/cdefinance/auditlaw>

Audit Extension

- Extension request sent to State Auditor, who then either grants or denies the extension request.
 - *CDE honors the State Auditor's decision.*
- Extensions **MUST** be requested by December 31st.
- Extensions **MAY** be granted to March 1st
- No Extensions are allowed after March 1st
- What happens if you go past March 1st
 - *State Auditor notifies the County Treasurer to suspend Property Tax Remittances*
 - *Not eligible for Special Education High Cost Funding.*

Modified Accrual Accounting

- The Audit is Modified Accrual accounting for items where the cash occurs after 6/30/XX, but revenue and expense is needed in the Audit's fiscal year.
 - Income statement ends 6/30/XX
 - Balance Sheet is forever
- Manual Adjusting Journal Entries (AJE) are your Friends!
 - Is it affecting cash? If yes, what month?
- PIPELINE & Auditor are your Friends!
- PIPELINE upload must be from GL system. No changes to files!

Audit Goals & Tips

- **Goal: Timely and Accurate Audit**
 - Goal is done by 12/31, Best Practice 10/31
 - Goal is give Auditor a Trial Balance that is past Pipeline -Tier 1, 2 and the grant revenue reconciliation reports.
 - Pipeline Success: Early and Often
 - Less Auditor AJEs the better
- **Organization is crucial**
 - Create a timeline to complete items
 - Folder/Files system based on Auditor's PBC list
 - Use 6/30/XX only for Audit entries
 - Use 7/1/XX only for the "rolling over" of the previous year's ending numbers

Audit Prep

Audit Prep June - August

- Confirm FY23 ending Balance Sheet accounts match the FY23 Audit/pipeline still. *THEN*, Confirm that FY24 beginning (July 1, 2023) matches FY23 Ending balance sheet accounts.
 - *System differences, but run Balance Sheet or Trial Balance reports.*
- Clear all FY23 Balance Sheet accounts- Receivables and Liabilities before adding FY24's
- Contact Auditor and confirm dates and ask for the Prepared by Client (PBC) list
 - *Organization Suggestion: Create a Folder on the network or hard drive called Audit FY24. Create as many sub folders as there are line items on the Auditor's PBC list.*
- Bank Reconciliations
 - *June 30 Bank Recs and previous months must be balanced with general ledger cash accounts before giving to Auditor.*

Audit Prep

Audit Prep June - August

- Grant Reconciliations & RFF **(June-Aug)**
 - July and August payroll & payables may still affect total expense
 - Request Funds
 - Book Receivables (8142-XXXX) & Unearned Revenue (7482-XXXX)
 - Intergrant Grant Set Aside (53XX) for Title I, IV, Esser III, and others
 - Website Resources: [FDW](#) & [Grant Distribution Report](#)
- Property Tax Entry **(July 10th or Aug 10th)**
 - Determine if district accrues July & August 10th payments or just July 10th.
 - Template the AAA Cohort/Template Folder.
- Accounts Payable & P Card **(July 1-August 31)**
 - Checks paid after June 30, 2024, but are for FY24 services
- Salary & Benefit Accrual **(July or August, district specific)**
 - What month does new contract/payroll change
 - System should help make entry
- Maintenance of Effort..Check FY24 3130 expense compared to FY23 3130 expense **(end of August)**
- Fund 21 Inventory Entry & “Patron” Accounts **(June 30)**
- Fund 90 entries
- Inter-Grant Set Asides

Audit Prep

- End of July/Early August
 - [Website Resource](#): (Located right column-Under the header Sata Pipeline
 - State Check Figures
 - PERA on Behalf - needed to make non-cash entry
 - USDA Check Figures-Commodities- needed to make non-cash entry
- Pipeline Opens August 1 in soft open
 - Tier I Chart of Account check & Tier II Business Rules
- Aug-Sep
 - Prepare the list of requests from Auditor
- Oct-Dec
 - Complete audit and pipeline submittal

Audit Workpaper Template

<https://www.cde.state.co.us/cdefinance>

Audit Template

Why do we have to prepare audit workpapers if the auditor is already doing this?

- Ensures the books are “clean” before you pull Trial Balances for the auditor
- Provides documentation that will save the auditors time (and money)
- Reminds you how to balance the **balance sheet** accounts since you only do this once per year
- Provides a framework for more regular account reconciliations
- Teaches you (and your staff) better governmental accounting
- Probably allows the auditor to finish in a more timely manner
- Website Resource: Audit Workpaper [Template](#)

Audit Template - Step 1

1. Download the CDE Audit Workpaper Template
2. Add your Cover Sheet Information
 - District colors
 - District Logo
 - Fiscal Year
 - CFO/Business Manager contact info
1. Save the Template with your district name for EACH fund of the District
 - Sample School District Audit WPs_Fund XX_FY 23-24

Audit Template - Step 2



Auditor Checklist

- Reminds you of all of the documents that need to be provided to the auditors
- Allows you to “assign” certain documents to individuals to delegate responsibility
- Allows you to organize your time and information more effectively

Internal Controls Workflow

- Auditors need this information
- Allows you to diagnose (and correct) internal control weaknesses in advance
- Allows auditors to determine the extent of testing

Audit Template - Step 3

**Sample School District
Audit Workpapers
General Fund
Asset Account
FY 22/23**

Account Name: Cash in Checking
Account Number: 11.000.01.0000.8101.001.0000
Account Description: General Fund Ckg Integrity Bank

Balance - 06/30/23 \$0.00

Screen Shot/Snip of Supporting Information Here:
(For Example - Bank Statement or other financial evidence of the balance above)

Financial Calculations of Supporting Information Here:
(For Example - G/L Detail or month by month calculations)



Audit Template - Step 4



Create a “Tab” of the spreadsheet for each (and every) balance sheet account:

- Assets first (8000s)
- Liabilities second (7000s)
- Fund Balance third (6000s)

Note that there are 3 more tabs at the end:

- Revenues (all revenues summarized on one page with comparison to prior year)
- Expenditures (all expenditures summarized on one page with comparison to prior year)
- Grants Reconciliation (to allow you to ensure that grant revenues = grant expenditures)
- Feel free to add tabs for additional detail
 - Supporting documentation
 - Subsidiary ledgers
 - additional information

Audit Template - Step 5



Fill in template Information for each tab:

- Account Name
- G/L Account Number
- Purpose of the account
- Account balance 6/30/XX

Fill in template Information for each tab:

- Add supporting documentation
 - Screenshots of documents (bank statements, bank recs, G/L detail)
 - Don't be afraid to insert a tab with additional spreadsheet information
 - Can link or refer to other spreadsheets (preferably only if long)

Assets - What do Auditors want to see?

Cash & Investments (8000s)

- Need bank statement
- Need bank reconciliation
- Need G/L screenshot showing each fund (for pooled cash)
- Auditors will “confirm” bank balances (but that’s not book balance)
- Don’t forget any bond/COP trustee statements

Accounts(8153) & Grants (8142) Receivable

- Need a detailed list of all revenues/receipts received after 6/30 but “earned” before 6/30

Property Taxes Receivable (8121)

- Need to see County Treasurer’s report for months being accrued
- Need to see property tax collections for FY and CY
- Which months do you accrue?
- Make sure you have 12 months of revenue (not 13 or 11)

Balance Sheet - Property Taxes

- Cash w/ Fiscal Agent 8105 (for 7/10 remit)
- Property Taxes Receivable (for your 60 day accrual)
- Unearned Property Taxes (since taxes are in arrears)
- Property Tax Entry
 - Records the difference between the Dollar amount Certified in December and collected through district cutoff month. Collection should be in the high 90s%.
 - Through June, Paid on July 10th
 - Through July, Paid on August 10th
 - Though August, Paid September 10th
 - The balance sheet entry to record the difference between Certified and Collected at the cutoff is a debit to XX-8121 (Taxes Receivable) and credit to XX-7800 Unearned Inflows.
 - This entry gets reversed in the next fiscal year

Liabilities - What do Auditors want to see?

Accounts Payable (7421)

- Need to see detailed list (and actual invoices) of invoices paid after 6/30 for goods/services delivered before 6/30
- Need to see other bills paid after 6/30 to see if you missed any
- Be consistent on mid-month invoices (utilities, etc)
- Try to get all Prior Year bills paid before 7/31, if possible

Accrued Salaries & Benefits (7461)

- One of your most important reconciliations!
- For salaries and benefits earned by 6/30 but paid after
 - especially school contract employees
- Need to see payroll registers
- Preference is to see list of employees by contract term with monthly salary and benefits

Payroll Deductions & Withholdings (7471)

- For the “Employee” share withheld

Unearned Revenue (7481 if non-Grant & 7482 for grants)

- Monies received in advance
- Prepaid fees
- Grants received in advance

Fund Balance - What do the Auditors want to see?

TABOR Reserve (6721)

- 3% Requirement of applicable fund spending
 - OK to exclude federal grant spending
 - OK to exclude “De-TABOR’d Spending (most bonds & MLO)
 - OK to eliminate “duplicate” spending
- They want to see the calculation, include in the W/P
- OK to round up

Unassigned Fund Balance (6770)

- Need to see no entries since last audit

Other Fund Balances (6720 - 6760)

- Need to see documentation regarding restrictions
- Committed, Assigned, etc should have a Board Resolution or other documentation

Non-Spendable Fund Balances (6710)

- Should equal the value of inventory (since it’s not liquid)



Revenues - What do Auditors want to see?

All Revenues

- Comparison of revenues by group with prior year
- Explanation of significant variances

Local Revenues (1XXXs)

- Property Taxes/SOT should equal Cty Treas Report
- Misc/Other Income should not be unusually high

State Revenues (3XXXs)

- State Revenues should match CDE amounts

Federal Revenues (4XXXs)

- Should equal grants reconciliation

Transfers & Allocations Revenues (5XXXs)



Revenues - State Revenue Agrees

- [Data Pipeline](#)
 - [Data Pipeline: Quick Reference \(PDF\)](#)
 - [Data Pipeline: Reconciliation Checklist \(PDF\)](#)
 - [Data Pipeline: Finance December Details](#)
 - [Data Pipeline: Helpful Hints for Business Rules](#)
 - [Data Pipeline: Single Sign-on](#)
 - [Assurances for Financial Accreditation](#)
 - [Where Do I Send My Audit?](#)
 - Revenue reports and check figures - FY 2022:
 - [Financial Data Warehouse Sub-Recipient Report FY 2022](#)
 - [State revenue check figures \(XLS\)](#)
 - [PERA: Modified Accrual Calculation \(XLS\)](#). The District/BOCES percentage to populate the Calculation Worksheet is available on the School Division Trust Fund report accessed through the [PERA STARS](#) portal.
 - [USDA Foods check figures \(XLS\)](#)
 - [Worksheet to Calculate Voter Approved MLO Revenue by county \(XLS\)](#)
- [Indirect Cost Rates](#)
- [Federal Grants Accounting Section](#)
- [Financial Reporting, Prior Years](#)

Revenues - State Funds

- **Categorical-from the State**

- 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-3140 - **Book Actual Expense**
 - Gifted and talented education-3150 - **Book Actual Expense**
 - Small attendance centers-3170 - **Book Actual Expense**
 - Special education-3130/3131 - **Book Actual Expense**
 - *Review your Preliminary Maintenance of Effort, by reviewing FY21 total 3130/3131 expense to FY22 total 3130/3131 expense*
 - Transportation-3160-**No Expenses Booked to 3160**
 - Vocational Education-3120 - **Book Actual Expense - (CTA Pipeline Warning)**
 - Expelled and At-Risk-3183/3242 - **Book Actual Expense**
 - Comprehensive Health-3190/3202 - **Book Actual Expense**
- Expenses by Grant code must equal or be greater than Revenue
- Should report exact costs-DO NOT manipulate expenses.

Expenditures - What do Auditors want to see?



All Expenditures

- Comparison of expenditures by program with prior year
- Comparison of expenditures by object can provide insight too
- Explanation of significant variances

Misc/Other Expenditures

- Should be kept to a minimum

Account Code Integrity

- Expenditures should use proper account codes that match COA
- Important to assure auditor that the Data file will pass through the pipeline edit checks

Grants Reconciliations

- **Advanced** Grant Revenue-Mostly State, including some Categoricals
 - Revenues must be equal OR less than Expenses.
 - End of year Accounting
 - Manual AJE *may* be done at end of year-Check Grant requirements.
 - Impossible to have Accounts Receivable end of year booking.
8142-000-XXXX, cash was advanced.
 - When Revenue is greater than expenses, Unearned Revenue balance sheet is booked:
 - Debit Revenue & Credit Unearned Revenue **7482-000-XXXX**
 - In Following Fiscal Year, Unearned revenue is “cleared” by Debit **7482-000-XXX** and Credit to Revenue, then spend the remaining.

Audit Prep

- Grant Reconciliation-
 - Resources on [Website](#) Lower Right hand side under Pipeline
 - Financial Data Warehouse Sub-Recipient Report FY 2024
 - Shows the cash disbursements from 7/1/23-6/30/24
 - Grants Receivable from FY23 will be in FDW, and should NOT be in FY24 Revenue
 - Grants Receivable from FY24 will NOT be in FDW, but should be in FY24 Revenue
 - Grants Fiscal Management Distribution [report](#). Shows Allocation, Paid, & remaining for most CDE administered grants.
 - State revenue check figures (XLS)
 - Provides correct State Share, Charter school allocation, CPP allocation
 - Grant Revenue Received Reconciliation Report in pipeline from FY24
 - Provides Cash Disbursed vs Revenue booked with FY23 & FY24 Grants Receivable & Unearned Revenue from FY23 & FY24
 - USDA Foods check figures (XLS) Commodities
 - Revenue 21-XXX-XX-XXXX-4010-XXX-4555 & Expense 21-XXX-XX-3100-0633-000-0000
 - Close out or make inactive grants that have expired-Keep Chart of Accounts clean.

What do Auditors want to See - PERA

PERA

- **Net Position Financials are obtained from PERA through STARS**
 - Many districts' Auditors will handle those entries
- **On-Behalf or PERA modified Accrual calculation (Non-Cash & in Financials)**
 - Estimates District's portion of the State's direct payment to PERA-*Usually \$225 million a year*
 - % of calculation will be given in a July email (*see lower right section of School Finance webpage for calculation template*).
 - Need to login to STARS and download the file that shows the district specific % to be applied
 - **Accounts needed**
 - Revenue account 10-000-00-0000-3010-000-3898
 - Expense object code 0280 with grant code 3898 (Program/Level determined by District & Auditor)
 - The expenditure account must include Location, Program, & Job Code.
 -



CDE support staff Contact information

Yolanda Lucero- Fiscal Data Coordinator

720-556-5984

lucero_y@cde.state.co.us

Contact for questions about: Year-end audit reviews, finance December data pipeline submission, Financial Transparency website, CDE 40 submission, grant codes, indirect cost rates

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Your Specific Questions?

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Gustafson_g@cde.state.co.us

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Rydberg_m@cde.state.co.us