



STATE OF CONNECTICUT
DEPARTMENT OF EDUCATION



TO: Superintendents of Schools
Charter School Directors
Regional Educational Service Center Directors
School Business Officials

FROM: Kathy Demsey 
Chief Financial Officer

DATE: November 1, 2016

SUBJECT: Updates to Annual Financial Reporting Requirements

As you are most likely aware, the federal government enacted the Every Student Succeeds Act (ESSA). Among other requirements, the Act and proposed regulations specify that actual expenditures per pupil be published for every local education agency **and public school**, using a uniform statewide procedure, beginning with data for the 2017-18 school year. Information concerning the ESSA is available at <http://www.ed.gov/essa?src=rn>.

In light of this development, the Connecticut State Department of Education (CSDE) is reviewing current state and federal requirements for filing annual financial data and the mechanisms we use to determine next steps in meeting the new ESSA school-level financial reporting requirements. This change presents an opportune moment for us to integrate our two major financial data reporting systems into one financial filing, which will be modified to streamline the data we are collecting and include any items we are currently missing in order to meet the new ESSA requirements.

The two collections under review are:

1. ED001, ED001R & ED001C – End of Year School Report
Pursuant to Sections 10-224 and 10-227 of the Connecticut General Statutes, the ED001 collection currently serves as the CSDE's primary source of district-level financial information for education. Collected data are used in calculating state grants and providing statistical information to local, state and federal decision makers. Classifications, coding and definitions are based on those listed in the Federal Handbook, *Financial Accounting for Local and State School Systems 2009*. This document is located at <http://nces.ed.gov/pubs2009/2009325.pdf>. The coding is intended to provide complete, uniform and comparable data from each school district. Districts are required to have the ED001 filing certified annually by an independent accountant and submitted to the CSDE by December 31.
2. Uniform Chart of Accounts (UCOA) Project
First, thank you for your ongoing cooperation and assistance with the implementation of the UCOA project. Pursuant to Section 10-10c of the Connecticut General Statutes, the CSDE needed to design, develop and implement a uniform system of accounting for local and regional

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boards of education, including charter schools and regional educational service centers (RESCs). The uniform system of accounting included the development of a UCOA consistent with the Federal Handbook to be used to report financial data at the **school** and **district** level. The state's contractor is in the midst of completing the collection of the 2014-15 end-of-year financial data.

The majority of districts have completed mapping of their local charts of accounts to the UCOA. The UCOA structure, accounts, and guide are available at <http://www.sde.ct.gov/sde/cwp/view.asp?a=2680&q=334400>. We encourage districts to adopt the UCOA on their accounting systems, as it provides ease of reporting and consistency with federal and state reporting requirements regardless of the reporting mechanism.

The CSDE has engaged a project manager and programmer to work with our Bureau of Grants Management and Bureau of Information Technology to ensure a successful and timely implementation of the consolidated system. In addition, over the next week, we will be contacting superintendents of districts of varying size and composition, and directors of Charter Schools and RESCs, to invite their school business official to serve as business advisors as we undertake this endeavor. In the meantime, districts should anticipate the following reporting requirements.

2015-16 Financial Data

Expenditures were collected at the district level only, using Form ED001, by the same process used in recent years. **We will not require an upload in the UCOA format.**

2016-17 Financial Data

Expenditures will be collected using Form ED001. We will evaluate system improvements that can be incorporated into this collection, based on progress made regarding the Form ED001/UCOA consolidation effort undertaken to comply with the ESSA.

2017-18 and Later Financial Data

The consolidated Form ED001/UCOA system will be the basis for financial reporting, including school-level data. The final design of the consolidated system will be dependent upon final federal regulations and guidance for expenditure reporting under the ESSA and the input of our district business advisors. It is our goal that the consolidated system will allow local school districts to upload data from their accounting systems, similar to district uploads of pupil data into the Public School Information System, eliminating as much manual entry of data as possible. This filing, in place of the ED001, will then be subject to the independent accountant certification and will satisfy the district's annual financial reporting requirement.

Please know I appreciate your patience and assistance as we move forward with this process of consolidating reporting systems in an effort to minimize local reporting tasks, while meeting the new requirements associated with ESSA.

KD:dt

cc: Dianna R. Wentzell, Commissioner of Education