


Private School Choice Programs Fiscal Management Training

Schedule 3-2: General Expenses

School Finance Auditors
Parental Education Options
2024-25 School Year



WISCONSIN DEPARTMENT OF
Public Instruction
Jill K. Underly, PhD, State Superintendent

Welcome to the Wisconsin Department of Public Instruction's training module for the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training.

The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. This training is based on the requirements in these statutes and rules. Provisions of this training module are subject to statutory and rule changes.

This section of the training will explain how to complete Schedule 3-2.

Completion of Budget Excel Document



This training will explain how to input information into the budget and cash flow report (budget) Excel document.



You must enter this information into your Excel document unless otherwise noted.



Please pause the training if you need additional time to review the example or check your Excel document.



In order to receive credit for having participated in this training, which is required for all Choice administrators, you will be required to upload the completed budget Excel document into the training quiz.

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This training will explain how to input information into the budget and cash flow report Excel document. We will refer to the budget and cash flow report as the budget throughout this training. You must enter this information into your Excel document unless otherwise noted. Please pause the training if you need additional time to review the example or check your Excel document.

As a reminder, in order to receive credit for having participated in this training, you will be required to upload the completed budget Excel document in the quiz you complete after all the trainings are done. The budget that is uploaded into the quiz must include all of the examples for Holy Love that are provided in each of the trainings. Completion of this training is required for all Choice administrators of new schools to the Choice Program.

If you have any questions as you complete this training, please note them. The department is providing live virtual Q&A sessions. The webpage where this presentation was available has information on these sessions and a copy of the PowerPoint slides with the notes. You can ask questions on any of the trainings by emailing us at dpichoicedataauditreports@dpi.wi.gov.

Schedule 3-2: General Expenses

SCHEDULE 3-2: GENERAL EXPENSES
Budget for the period from July 1, 2024 to June 30, 2025

EXPENSES

Include the total costs and education expenses that the legal entity of the school will incur for the school year. Column C may only include eligible education expenses. If a cost partially relates to K-12 educational programming, the school must use an allocation method to determine the cost in Column C. If applicable, the school must include an explanation if no costs are included in lines 1-4 or 6-10.

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.		
1	Telephone & Internet Access				EXPLANATION REQUIRED	ERROR
2	Electricity				EXPLANATION REQUIRED	ERROR
3	Gas				EXPLANATION REQUIRED	ERROR
4	Water and Other Utilities				EXPLANATION REQUIRED	ERROR
5	TOTAL UTILITY	-	-			
6	Administrative Supplies				EXPLANATION REQUIRED	ERROR
7	Classroom Supplies				EXPLANATION REQUIRED	ERROR
8	Pupil Transportation Supplies				NO EXPLANATION REQUIRED	
9	Food Service Supplies <i>Sch 1, Ln 8i</i>	-	-		NO EXPLANATION REQUIRED	
10	Building & Equipment Supplies				NO EXPLANATION REQUIRED	
11	TOTAL SUPPLIES	-	-			6
12	Contributed Services, Assets, or Goods					
13	Bad Debt Expense					
14	Church Specific Expenses					
15	Daycare & Preschool Specific Expenses					
16	TOTAL NON-ELIGIBLE EXPENSES	-	-			



The next expense schedule we will discuss is Schedule 3-2. Schedule 3-2 includes utilities, supplies and non-eligible expenses.

On the top part of this schedule, the budget preparer will enter the appropriate costs in Columns B and C. The school must include the total costs for the legal entity of the school as a whole in Column B. This means all expenses must be included in Column B whether the costs are for the school, daycare, church, or another part if that part is the same legal entity as the school. In Column C, the school must input the portion of the total costs that are an eligible education expense. This is similar to how we recorded the total salary cost and the portion that was related to eligible education salaries in Schedule 3-1, although different allocation methods may apply.

It is important to remember that a school should not use an allocation to determine the Choice portion of the expenses and include that amount in the Education Expenses Column. Instead, all eligible education expenses for pupils enrolled in K4-12th grade at the private school should be included in Column C, whether the expenses relate to Choice or non-Choice pupils.

Schedule 3-2: General Expenses

SCHEDULE 3-2: GENERAL EXPENSES
Budget for the period from July 1, 2024 to June 30, 2025

EXPENSES

Include the total costs and education expenses that the legal entity of the school will incur for the school year. Column C may only include eligible education expenses. If a cost partially relates to K-12 educational programming, the school must use an allocation method to determine the cost in Column C. If applicable, the school must include an explanation if no costs are included in lines 1-4 or 6-10.


Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.	
1	Telephone & Internet Access				EXPLANATION REQUIRED ERROR
2	Electricity				EXPLANATION REQUIRED ERROR
3	Gas				EXPLANATION REQUIRED ERROR
4	Water and Other Utilities				EXPLANATION REQUIRED ERROR
5	TOTAL UTILITY	-	-		
6	Administrative Supplies				EXPLANATION REQUIRED ERROR
7	Classroom Supplies				EXPLANATION REQUIRED ERROR
8	Pupil Transportation Supplies				NO EXPLANATION REQUIRED
9	Food Service Supplies <i>Sch 1, Ln 8i</i>	-	-		NO EXPLANATION REQUIRED
10	Building & Equipment Supplies				NO EXPLANATION REQUIRED
11	TOTAL SUPPLIES	-	-		<input type="text" value="6"/>
12	Contributed Services, Assets, or Goods				
13	Bad Debt Expense				
14	Church Specific Expenses				
15	Daycare & Preschool Specific Expenses				
16	TOTAL NON-ELIGIBLE EXPENSES	-	-		



If there is not a cost included in Column B, Lines 1-10, the preparer of the budget may need to provide an explanation of how the school is providing the utilities or supplies. The explanation should be included in Column D. If an explanation is not provided an error will show on the right hand side of the schedule as shown in this slide.

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Schedule 3-2: General Expenses

- The expenses in Schedule 3-2, Lines 12-15 are not eligible expenses. As a result, the education expenses in Column C are prefilled with 0.
- Other church and daycare/preschool non-payroll expenses for the legal entity that are specifically related to the church or daycare/preschool must be included here.

Line	A Item Description	EXPENSES		D If no costs are included, explain how the utilities or supplies are being provided.
		B Total Cost	C Education Expenses	
12	Contributed Services, Assets, or Goods		-	
13	Bad Debt Expense		-	
14	Church Specific Expenses		-	
15	Daycare & Preschool Specific Expenses		-	
16	TOTAL NON-ELIGIBLE EXPENSES	-	-	

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On Line 12, the school should include all items that the school expects will be donated to the school. This would include donated assets or goods, such as a donated van or food. This line would also include the fair market value of time spent for individuals with specialized skills. For example, this line would include a lawyer or accountant donating their time to help with those items specifically related to accounting or being a lawyer. If the school does not know what amount may be donated next year, this line can remain blank. However, it is important that the amount not be included elsewhere in the budget since these amounts cannot be included as eligible education expenses.

Line 13 would include the amount of any receivables the school does not expect to receive and instead expects to write off during the 24-25 school year. A common amount included on this line would be the amount of tuition the school expects to write off in the upcoming school year.

Line 14 is the amount of **non-payroll** church expenses the legal entity will have that are **only** related to the church, such as worship related costs or the cost of supplies for adult/child bible study classes.

Line 15 should include the **non-payroll** daycare and preschool expenses that are **only** for the daycare or preschool. For example, this would include supplies specifically for the preschool or daycare.

If there is a cost that is partially for the church or daycare/preschool and partially for K4-12th grade educational programming, the cost should go on the other applicable lines on Schedule 3-2 or 3-3, rather than Schedule 3-2, Line 14 or 15.

For example, if the school is providing programming for 3 year old children and the 3 year old and 4 year

old class is **not** combined, any non-payroll costs specifically for the 3 year old program would be included on Line 15. If the 3 and 4 year old class is combined and the 4 year old class is considered educational programming, the total costs would be included in the other applicable lines on Schedule 3-2 or 3-3 in the "Total Cost" Column. The "Education Expenses" Column would exclude the portion of the expenses related to the 3 year old children.

As a reminder, all payroll costs, including church and daycare payroll, should be included on Schedule 3-1 rather than on Lines 14 or 15. Also, the utilities and supplies section on Section 3-2 should include the church and daycare/preschool expenses in the total cost Column.

Schedule 3-2: General Expenses

Line	A Line Description	CASH FLOWS			E Insurance	F Total
		B Utility	C Supplies	D Non-Eligible Expenses		
17	Total Eligible Education Expenses	-	-	-		-
18	Total 2024-25 Expenses	-	-	-		-
19	June 30, 2024 Prepaid Expenses					-
20	June 30, 2024 Accounts Payable					-
21	TOTAL AMOUNT TO BE PAID	-	-	-	-	-
22	July 2024 Cash Payments					-
23	August 2024 Cash Payments					-
24	September 2024 Cash Payments					-
25	October 2024 Cash Payments					-
26	November 2024 Cash Payments					-
27	December 2024 Cash Payments					-
28	January 2025 Cash Payments					-
29	February 2025 Cash Payments					-
30	March 2025 Cash Payments					-
31	April 2025 Cash Payments					-
32	May 2025 Cash Payments					-
33	June 2025 Cash Payments					-
34	TOTAL CASH PAYMENTS	-	-	-	-	-
35	JUNE 30, 2025 Prepaid Expenses					-
36	JUNE 30, 2025 ACCOUNTS PAYABLE	-	-	-	-	-

- Columns B-D, Lines 17 & 18 are automatically determined from the top of the schedule.
- All Choice schools are required to have insurance.



This is a screen shot of the bottom section of Schedule 3-2 titled cash flows. Columns B-D are the same total categories included at the top of this schedule. The total expense and eligible education expense for each of these categories from the top of the schedule will automatically be included on Line 17 and 18, Columns B-D.

Insurance expenses work differently. The total insurance expenses that are expected for the school year are directly input in Line 18, Column E. The portion of the insurance expenses that are for K4 through 12th grade educational programming must then be input in Line 17, Column E. As a reminder all Choice schools are required to have insurance. The insurance requirements for schools participating in the Choice program are explained in the Fiscal & Internal Control Practices Training 6-7 and in the Insurance & Fidelity Bond Bulletin.

Schedule 3-2: Expense Payment Requirements

Line	A Line Description	B Utility
17	Total Eligible Education Expenses	-
18	Total 2024-25 Expenses	-
19	June 30, 2024 Prepaid Expenses	
20	June 30, 2024 Accounts Payable	
21	TOTAL AMOUNT TO BE PAID	-
22	July 2024 Cash Payments	
23	August 2024 Cash Payments	
24	September 2024 Cash Payments	
25	October 2024 Cash Payments	
26	November 2024 Cash Payments	
27	December 2024 Cash Payments	
28	January 2025 Cash Payments	
29	February 2025 Cash Payments	
30	March 2025 Cash Payments	
31	April 2025 Cash Payments	
32	May 2025 Cash Payments	
33	June 2025 Cash Payments	
34	TOTAL CASH PAYMENTS	-
35	JUNE 30, 2025 Prepaid Expenses	
36	JUNE 30, 2025 ACCOUNTS PAYABLE	-

- All expenses must be paid:
 - As required by the written agreement.
 - If there is no written agreement, expenses must be paid within 90 days of the invoice or payment request.
 - When entering the cash payments for expenses ensure the dates of the payments meet this requirement.

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Now, we will discuss some payment requirements. All the organization's expenses must be paid as required by any written agreement signed by the organization. If a written agreement does not exist, expenses must be paid within 90 days of the invoice or payment request.

When the school completes the cash payments section in the budget, it must ensure that vendors are paid as required by any written agreement or, if there's no written agreement, within 90 days of the invoice or payment request.

Information on the requirements for paying vendors is included in the Fiscal & Internal Control Practices Training 6-4.

Schedule 3-2 & 3-3: Prepaid Expenses & Accounts Payable

Line	A Line Description	B Utility
17	Total Eligible Education Expenses	-
18	Total 2024-25 Expenses	-
19	June 30, 2024 Prepaid Expenses	
20	June 30, 2024 Accounts Payable	
21	TOTAL AMOUNT TO BE PAID	-
22	July 2024 Cash Payments	
23	August 2024 Cash Payments	
24	September 2024 Cash Payments	
25	October 2024 Cash Payments	
26	November 2024 Cash Payments	
27	December 2024 Cash Payments	
28	January 2025 Cash Payments	
29	February 2025 Cash Payments	
30	March 2025 Cash Payments	
31	April 2025 Cash Payments	
32	May 2025 Cash Payments	
33	June 2025 Cash Payments	
34	TOTAL CASH PAYMENTS	-
35	JUNE 30, 2025 Prepaid Expenses	
36	JUNE 30, 2025 ACCOUNTS PAYABLE	-

- Schedule 3-2 and 3-3 also include lines for Prepaid Expenses and Account Payable (Lines 19 & 20 and 35 & 36).
- Reminder: Prepaid Expenses are amounts that are paid but are related to a future time period.



Schedules 3-2 and 3-3 also include lines for prepaid expenses and accounts payable, similar to Schedule 3-1.

As a remember, a prepaid expense is an amount that has been paid for but relates to a future time period. Typically, insurance will include a prepaid expense because insurance is usually paid in advance of the period the insurance covers.

Schedule 3-2: Utility Expenses

Expense Item Description	Annual Total Cost	Eligible Portion Allocation Basis
Telephone & Internet	\$2,400	Employee FTE
Electricity	\$12,000	Employee FTE
Gas	\$6,000	Employee FTE
Water	Included with rent	Employee FTE

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.	
1	Telephone & Internet Access				EXPLANATION REQUIRED
2	Electricity				EXPLANATION REQUIRED
3	Gas				EXPLANATION REQUIRED
4	Water and Other Utilities				EXPLANATION REQUIRED
5	TOTAL UTILITY	-	-		

ERROR

ERROR

ERROR

ERROR



First, we are going to complete Lines 1-4 of Schedule 3-2. The top part of the slide is the information we are provided to complete these lines. The bottom of the slide is a screen shot of Schedule 3-2.

The annual total cost column is the total cost the school anticipates having for each of the utilities. The eligible portion allocation basis column identifies what allocation method is used for each line to determine what portion of those expenses should be included in the Education Expenses Column.

Schedule 3-2: Utility Expenses - Employee Time Spent

Position Categories	Employee FTE	Time Spent On Educational Programming	K4-12 th Grade Educational Programming FTE
Administrative Staff	2	90%	1.8
Classroom Teachers	5	100%	5.0
Classroom Teacher Aides	3	100%	3.0
Food Service Employees	2	90%	0.2
Church Employees	1	20%	1.8
Daycare/Preschool Employees	2	0%	0.0
TOTAL	15		11.8

Employee FTE
Allocation
Percentage:

$$\frac{11.8}{15} = 79\%$$

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This slide shows how we would calculate the percentage of the utilities that are related to K4-12th grade educational programming. The previous slide indicated we would use employee FTE, or full time equivalent, to determine the portion of the expenses related to K4-12th grade educational programming.

The second and third column list the number of employees and the time spent on educational programming for each position. We were provided this information in the Schedule 3-1 training. For this example, we are completing the calculation based on the assumption that each individual works full time.

First, we determine the total employee FTE for all of Holy Love's employees by summing the numbers in the Employee FTE column.

The final column, which is labeled, K4-12th Grade Educational Programming FTE, is calculated by multiplying the Employee FTE column by the Time Spent on Educational Programming Column. The sum of the K4-12th Grade Educational Programming FTE column is 11.8. The 11.8 represents the employee FTE spent on K4-12 educational programming related activities.

Finally, the employee FTE percentage is calculated by dividing the K4-12th Grade Educational Programming FTE of 11.80 by the Employee FTE of 15. This equals 79%.

Schedule 3-2: Utility Expenses Answer

Expense Item Description	Total Annual Cost	Eligible Portion Allocation Basis	Eligible Education Expense
Telephone & Internet	\$2,400	Employee FTE= 79%	$\$2,400 \times 79\% = \$1,896$
Electricity	\$12,000	Employee FTE= 79%	$\$12,000 \times 79\% = \$9,480$
Gas	\$6,000	Employee FTE= 79%	$\$6,000 \times 79\% = \$4,740$
Water	Included with rent	Employee FTE= 79%	0

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.
1	Telephone & Internet Access	2,400	1,896	NO EXPLANATION REQUIRED
2	Electricity	12,000	9,480	NO EXPLANATION REQUIRED
3	Gas	6,000	4,740	NO EXPLANATION REQUIRED
4	Water and Other Utilities			EXPLANATION REQUIRED
5	TOTAL UTILITY	20,400	16,116	

ERROR



First, complete the Total Cost in Column B by inserting our total annual cost. Then, calculate the education expenses by taking the total annual cost times the employee FTE allocation percentage of 79%. Finally, insert the calculated amounts in the Education Expenses column, which is Column C.

Our example indicates that water is included with rent. As a result, no amount is included on Line 4, Columns B and C. However, since no costs are included on Line 4, you will receive an error message to the right of Column D, if Column D is not completed for the line. Once you insert an explanation in Column D, the error will go away. If the explanation indicates the amount is covered by rent, a signed rent agreement must be submitted with the budget indicating the landlord will pay for the utility.

Schedule 3-2: Utility Expenses Answer (cont)

Line	A Item Description	B Total Cost	C Education Expenses
1	Telephone & Internet Access	2,400	1,896
2	Electricity	12,000	9,480
3	Gas	6,000	4,740
4	Water and Other Utilities		
5	TOTAL UTILITY	20,400	16,116

Line	A Line Description	CASH FLOWS		
		B Utility	C Supplies	D Non-Eligible Expenses
17	Total Eligible Education Expenses	16,116	-	-
18	Total 2024-25 Expenses	20,400	-	-
19	June 30, 2024 Prepaid Expenses			
20	June 30, 2024 Accounts Payable			
21	TOTAL AMOUNT TO BE PAID	20,400	-	-

- The total cost and education expenses on Line 1, Column B and C will automatically be included on Lines 17 and 18, Column B.



The total utility cost in Column B will automatically be included in Line 18, Column B. Similarly, the eligible education expenses in Line 17, Column B will automatically be filled in based on the total utility education expenses on Line 5, Column C.

Schedule 3-2: Utility Cash Payments Answer

Line	A Line Description	B Utility
17	Total Eligible Education Expenses	16,116
18	Total 2024-25 Expenses	20,400
19	June 30, 2024 Prepaid Expenses	
20	June 30, 2024 Accounts Payable	
21	TOTAL AMOUNT TO BE PAID	20,400
22	July 2024 Cash Payments	
23	August 2024 Cash Payments	
24	September 2024 Cash Payments	
25	October 2024 Cash Payments	
26	November 2024 Cash Payments	
27	December 2024 Cash Payments	
28	January 2025 Cash Payments	
29	February 2025 Cash Payments	
30	March 2025 Cash Payments	
31	April 2025 Cash Payments	
32	May 2025 Cash Payments	
33	June 2025 Cash Payments	
34	TOTAL CASH PAYMENTS	-
35	JUNE 30, 2025 Prepaid Expenses	
36	JUNE 30, 2025 ACCOUNTS PAYABLE	20,400

- The school pays \$1,700 per month for utilities.
- The utilities are paid the month after incurred and the monthly payment was the same this school year as in the prior school year.

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Now we are going to enter the cash payments for the utility expenses. The screen shows the bottom section of Schedule 3-2.

Utility expenses are \$1,700 a month. The monthly total was calculated by dividing the total cost of \$20,400 by 12 months which equals \$1,700. Also, we are told that utilities are paid 1 month after they are incurred. This means that July's utility expense of \$1,700 is paid in August while August's utility expense is paid in September, etc.

For this example, Holy Love will have a beginning accounts payable on Line 20 of \$1,700 for June 2024's utility costs that will be paid in July 2024. Holy Love will then input the \$1,700 cash payment in each month on Lines 22-33.

The June 30, 2025 Accounts Payable on Line 36 will automatically calculate. However, we must ensure that the ending amount is correct. Holy Love will have an ending accounts payable for June 2025's utilities that will be paid in July 2025. If we check Line 36, we see that the budget automatically calculated the correct ending account payable balance of \$1,700. If you identify an accounts payable balance that is either inaccurate or negative, you will need to adjust one or more of the amounts entered for that category in the cash payments and/or the top section of the schedule to correct the balance.

Schedule 3-2: Supplies

Expense Item Description	Total Annual Costs	Eligible Education Portion Allocation Basis
Administrative supplies	\$2,000	Employee FTE
Classroom Supplies	\$10,000	100% Eligible
Food Services Supplies	\$1,500	Pupil Count %

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.
6	Administrative Supplies			
7	Classroom Supplies			
8	Pupil Transportation Supplies			
9	Food Service Supplies <i>Sch 1, Ln 8/</i>	-	-	
10	Building & Equipment Supplies			



Next, we will complete an example for the supplies section of Schedule 3-2, which is on Lines 6-10. Two of these expenses use an allocation. We have already determined the employee FTE percentage. The food service supplies use a pupil count percentage.

Schedule 3-2: Supplies - Pupil Headcount Allocation

The number of children and months of attendance is as follows:

- The daycare has 10 children and operates for 12 months.
- The school has a headcount of 123 and operates for 10 months.

	Number of Children	Months	Total
Daycare	10	12	120
School	123	10	1,230
		Total:	1,350

Pupil Headcount Allocation %: 91%

(Calculated as 1,230 school related / 1,350 total)



Now, let's proceed to the next cost allocation example using pupil count. Please remember that daycare is not an eligible education expense. However, Holy Love offers daycare. Also, the children in daycare attend Holy Love for 12 months of the year while the students attend for 10 months of the year. So, the allocation needs to account for the number of children and the amount of time they attend Holy Love.

The pupil headcount allocation is determined by taking the number of children times the months the children are there for daycare or school. The total of these two amounts add up to 1,350. The school portion of 1,230 is divided by the total of 1,350. This results in a pupil headcount allocation percentage of 91%.

Schedule 3-2: Supplies Answers

Expense Item Description	Total Annual Costs	Eligible Education Portion Allocation Basis
Administrative supplies	\$2,000	Employee FTE = 79%
Classroom Supplies	\$10,000	100% Eligible
Food Services Supplies	\$1,500	Pupil Count % = 91%

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.
6	Administrative Supplies			
7	Classroom Supplies			
8	Pupil Transportation Supplies			
9	Food Service Supplies <i>Sch 1, Ln 8l</i>	-	-	
10	Building & Equipment Supplies			
11	TOTAL SUPPLIES	-	-	

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Now that we have determined each of the allocation percentages, take some time to complete Schedule 3-2, Lines 6, 7 and 9 using this example information. Pause the presentation until you are ready to proceed.

The total costs in Column B equal our total annual costs. The education expenses in Column C equal the annual costs multiplied by the applicable allocation percentage.

Schedule 3-2: Supplies Answers (cont)

Expense Item Description	Total Annual Costs	Eligible Education Portion Allocation Basis
Food Services Supplies	\$1,500	Pupil Count % = 91%

Schedule 3-2

Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.
6	Administrative Supplies	2,000	1,580	
7	Classroom Supplies	10,000	10,000	
8	Pupil Transportation Supplies			
9	Food Service Supplies <i>Sch 1, Ln 8i</i>	-	-	
10	Building & Equipment Supplies			
11	TOTAL SUPPLIES	12,000	11,580	

Schedule 1

	A Type	B Total Cost	C Eligible Education Expenses
8h)	Other Contracted Food Costs	60,000	0
8i)	Other Non-Payroll Food Service Costs		

You will notice that Line 9 in the middle part of this slide is white so we can't enter the amounts directly on Line 9, Columns B and C. This line has a reference to Schedule 1, Line 8i in italics so that the budget preparer knows they must return to Schedule 1 to complete this line.

In Schedule 1, Line 8i, we would enter \$1,500 in Column B and \$1,365 in Column C. Line 9 of Schedule 3-2 will automatically update once Schedule 1, Line 8i is completed.



Schedule 3-2: Non-Eligible Expenses

Expense Item Description	Annual Expense	Eligible Portion Allocation Basis
Accountant Donates their Time	\$10,000 Fair Market Value	N/A
Bad Debt Expense	\$2,000	N/A
Church Specific Expenses	\$12,000	N/A
Daycare Specific Expenses	\$6,000	N/A



		EXPENSES		
Line	A Item Description	B Total Cost	C Education Expenses	D If no costs are included, explain how the utilities or supplies are being provided.
12	Contributed Services, Assets, or Goods	10,000	-	
13	Bad Debt Expense	2,000	-	
14	Church Specific Expenses	12,000	-	
15	Daycare & Preschool Specific Expenses	6,000	-	
16	TOTAL NON-ELIGIBLE EXPENSES	30,000	-	



The last section at the top of Schedule 3-2 includes the non-eligible expenses.

The accountant's time is a contributed service because the school is not paying for the time. As a result, it goes on Line 12. The remaining expenses are included on Lines 13-15 in their applicable category.

These lines are amounts that are not related to providing K4-12th grade educational programming at the school or are identified as not being eligible education expenses. As a result, Lines 12 through 15 Column C default to zero. These cells are white because they cannot be changed by the school.

Take a moment to enter this information into your budget. Proceed when you are ready to continue.

Schedule 3-2: Cash Payments Answers

Line	A Line Description	CASH FLOWS		
		B Utility	C Supplies	D Non-Eligible Expenses
17	Total Eligible Education Expenses	16,116	12,945	-
18	Total 2024-25 Expenses	20,400	13,500	18,000
19	June 30, 2024 Prepaid Expenses			
20	June 30, 2024 Accounts Payable	1,700		
21	TOTAL AMOUNT TO BE PAID	22,100	13,500	18,000
22	July 2024 Cash Payments	1,700		
23	August 2024 Cash Payments	1,700		
24	September 2024 Cash Payments	1,700		
25	October 2024 Cash Payments	1,700		
26	November 2024 Cash Payments	1,700		
27	December 2024 Cash Payments	1,700		
28	January 2025 Cash Payments	1,700		
29	February 2025 Cash Payments	1,700		
30	March 2025 Cash Payments	1,700		
31	April 2025 Cash Payments	1,700		
32	May 2025 Cash Payments	1,700		
33	June 2025 Cash Payments	1,700		
34	TOTAL CASH PAYMENTS	20,400	-	-
35	JUNE 30, 2025 Prepaid Expenses			
36	JUNE 30, 2025 ACCOUNTS PAYABLE	1,700	13,500	18,000

- The supplies and non-eligible expenses are paid the month after the expense is incurred.
- The monthly cost for supplies is \$1,125.
- The monthly cost for non-eligible expenses is \$1,500.

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We will now complete the cash flow section for supplies and non-eligible expenses. In our example the supplies and non-eligible expenses are paid the month after the expense is incurred. Our example indicates that the monthly cost for supplies is \$1,125 and the monthly cost for non-eligible expenses is \$1,500. Please take a moment to complete Column C, which is the supplies column, and Column D, which is the non-eligible expenses Column, based on the monthly cost information provided on the screen. When you're ready to continue, continue the training.

We are told that the supplies and non-eligible expenses are paid the month after the expenses are incurred. This means that there is an accounts payable for both supplies and non-eligible expenses as of June 30, 2024 and June 30, 2025. In order to identify the June 30, 2024 Accounts Payable for supplies and non-eligible expenses, we insert \$1,125 in Line 20, Column C and \$1,500 in Line 20, Column D. Since the amount paid on a monthly basis is the same, we then proceed with inserting the \$1,125 for supplies and the \$1,500 for non-eligible expenses in every month from July 2024 through June 2025 in Lines 22-33.

After this information is entered in, the June 30, 2025 Accounts Payable is automatically calculated. The accounts payable for Columns C and D on Line 36 is \$1,125 and \$1,500. This amount is correct since it equals the monthly cash payments that the school incurred in June and will need to pay in July.

Since this is the last slide with the cash flow information for Columns B-D, please take a moment to compare the information on the screen to your Excel budget and ensure they match. If they do not, review the earlier slides for information on the applicable example.

Schedule 3-2 : Recording of Insurance Cost Example

Line	A Line Description	E Insurance
17	Total Eligible Education Expenses	
18	Total 2024-25 Expenses	
19	June 30, 2024 Prepaid Expenses	
20	June 30, 2024 Accounts Payable	
21	TOTAL AMOUNT TO BE PAID	-
22	July 2024 Cash Payments	
23	August 2024 Cash Payments	
24	September 2024 Cash Payments	
25	October 2024 Cash Payments	
26	November 2024 Cash Payments	
27	December 2024 Cash Payments	
28	January 2025 Cash Payments	
29	February 2025 Cash Payments	
30	March 2025 Cash Payments	
31	April 2025 Cash Payments	
32	May 2025 Cash Payments	
33	June 2025 Cash Payments	
34	TOTAL CASH PAYMENTS	-
35	JUNE 30, 2025 Prepaid Expenses	
36	JUNE 30, 2025 ACCOUNTS PAYABLE	-

- Example: Total insurance is \$20,000.
- \$4,000 is non-school related. \$16,000 is school related.
- The amount of insurance is the same for the 2023-24 and 2024-25 school years.
- The school pays \$5,000 in June, September, December, and March. Each payment is for insurance for the next quarter.

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Now please take a few minutes to use the information on the right hand side to complete the insurance section of Schedule 3-2. Please pause the training until you're ready to continue.

The total expense for insurance of \$20,000 is included on Line 18, Column E. The school portion that is eligible of \$16,000 is identified in Line 17, Column E. We are told that the amount is paid on a quarterly basis in June, September, December, and March for providing insurance in the next quarter. So, in June 2024, we would be paying \$5,000 for the insurance coverage in July, August and September 2024. Because we are paying the amount before we are getting the coverage for the insurance, it is a prepaid expense. As a result, the full \$5,000 needs to be identified on Line 19, Column E.

We then record the quarterly payments during the year by identifying \$5,000 in September, December, March and June. As a reminder, you must always review the ending accounts payable to ensure that the ending amount is what you would expect based on the example information. When we review the information, we identified that the ending accounts payable is a negative \$5,000. There should never be a negative ending accounts payable, so this is indicative that we're missing something.

Based on our example, the June 2025 payment will be for insurance coverage in July, August and September 2025. So, we also need to set up their prepaid expense as of June 30, 2025 by putting \$5,000 in Line 35. This results in 0 being included on Line 36, Column E, which is what we would expect.

Available Resources

On Demand Trainings

- K4 Parental Outreach (Training 1-3)
- Auditor Authorization Form (Training 3-3)
- Financial Audit Requirements (Training 5)
- Fiscal & Internal Control Practices (Training 6)
- Payment Process, Pupil Count Report, & Audit Overview (Training 9-1)
- Count Reports (Training 9-2 & 9-3)

<https://dpi.wi.gov/parental-education-options/choice-programs/on-demand-training>

Bulletins

- Financial Audit and PSCP/SNSP Reserve Balance Bulletin
- PSCP Eligible Education Expenses Bulletin
- K4 Parental Outreach Activities Bulletin
- Student Tuition and Fees Bulletin
- Criminal Background Checks Bulletin
- Staff Credentials Bulletin
- Summer School Bulletin
- Accreditation Bulletin
- Insurance and Fidelity Bulletin

<https://dpi.wi.gov/parental-education-options/choice-programs/bulletins>



The department has on demand trainings and bulletins available to help schools understand programmatic requirements. Schools are encouraged to review these trainings and bulletins throughout the year when you have questions on the Choice program requirements.

The PSCP Eligible Education Expenses Bulletin describes what expenses can be eligible. The department also has an Insurance and Fidelity Bond Bulletin that describes the insurance requirements.

Questions?

Budget questions should be sent to:

dpichoicedata@dpi.wi.gov

General program questions should be sent to:

privateschoolchoice@dpi.wi.gov

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Questions on this training, including questions on the budget and cash flow report, should be directed to dpichoicedata@dpi.wi.gov, rather than a specific auditor. This mailbox is monitored by all of the Choice program auditors.

If you have general Choice program questions, they should be directed to the Choice program consultants at privateschoolchoice@dpi.wi.gov.