

Private School Choice Programs & Special Needs Scholarship Program Financial Audits

The handouts are available at:
<https://dpi.wi.gov/parental-education-options/choice-programs/auditor-trainings>

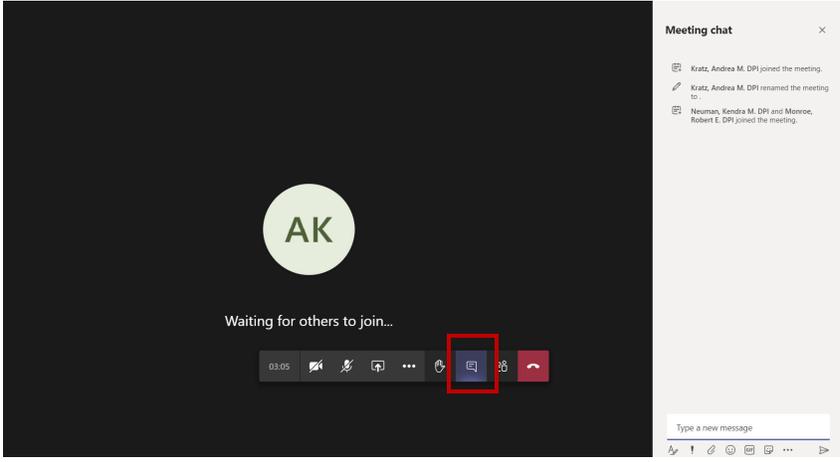
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School Finance Auditor
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WISCONSIN DEPARTMENT OF
Public Instruction
Jill K. Underly, PhD, State Superintendent

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Technical Assistance



- All participants have been muted.
- If you need technical assistance, use the chat by pressing the speech bubble icon and typing in your question.

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The screenshot shows a Zoom meeting titled "Financial Audit Training". The main content area displays a slide with the heading "Questions?" and a large green circle containing the letters "AK". Below the slide, a meeting chat window is visible with a "Meeting chat" header and a list of messages. The Zoom meeting controls bar is at the bottom, showing a "Stop presenting" button and various icons. A red box highlights the three-dot menu icon in the top right corner of the meeting controls. Another red box highlights the "Focus" option in the expanded meeting options menu. The menu options include: Add an app, Device settings, Call health, Meeting options, Meeting notes, Meeting info, Gallery (checked), Large gallery (Preview), Together mode, Gallery at top, Focus (highlighted), Full screen, Call me, Apply background effects, and Turn on live captions.

1) Enter the chat by clicking the speech icon and then your question.

2) Raise your hand. When called, unmute your microphone and you can ask the question.

- Click the 3 dots at the top:
- Make the slides larger by selecting "Focus".

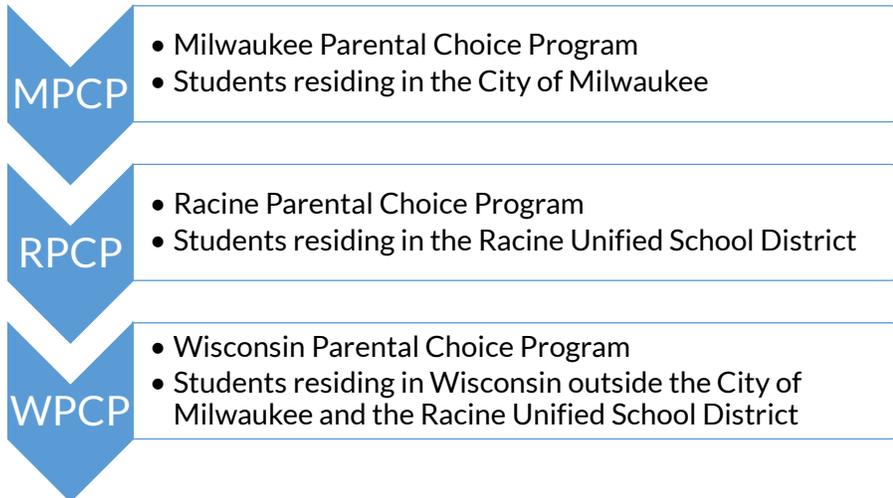
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Agenda

- Financial Audit Overview
- Reserve Balance Schedule Overview
- Eligible Education Expenses
- Fixed Assets
- Offsetting Revenues
- Review & Available Resources

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Private School Choice Programs (PSCP or Choice)



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SNSP

- The Special Needs Scholarship Program (SNSP) allows a student with a disability, who meets certain eligibility requirements, to receive a state-funded scholarship to attend a participating private school.

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Law & Statute

- PSCP is based on Wis. Stats. 118.60 and 119.23 and Wis. Admin. Codes PI 35 and 48.
- SNSP is based on Wis. Stat. 115.7915 and Wis. Admin. Code PI 49.
- This presentation is based on current law and is subject to change based on statute or rule changes. This presentation provides information on certain requirements but is not a complete presentation of all requirements. Additional information on the requirements is available on the SNSP website and Choice website.
- If there are changes to statute or rule, the department will provide guidance as soon as we are able.

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Financial Audit Overview

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Overview of Program Funding



The schools receive a payment for eligible program pupils.



At the end of the year, the total payments received for eligible program pupils are compared to the school's actual net eligible education expenses for the program.



The difference between the program payments received and the school's actual net eligible education expenses is the program reserve balance.



The school must maintain a cash and investment balance that is at least as much as this amount for future program eligible education expenses.

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Financial Audit

- Prepared in accordance with Generally Accepted Accounting Principles (GAAP).
- The financial audit is audited by an independent auditor.
- The fiscal year for the financial audit must be the school year from July 1 to June 30.
- Choice schools that receive less than \$100,000 annually in all of the Choice programs plus the SNSP in all previous school years and the school year being audited, may submit a modified financial audit to the DPI.

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Financial Audit General Requirements

- The GAAP audit opinion may not be modified unless the modification is approved by the DPI in advance.
 - No DPI approval is required if the modification is due to not including fixed assets purchased prior to the school participating in the Choice program and SNSP.

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Required Financial Statements

	Modified Financial Audit	Standard Financial Audit
Statement of Financial Position	1 year	2 year comparative
Statement of Activities	Not Required	2 year comparative *
Statement of Cash Flows	Not Required	2 year comparative *

*In the first year the school completes a standard financial audit for the PSCP or SNSP, the Statement of Activities and Statement of Cash Flows may only include current year audited financial statements.

- All school years identified in the chart must be audited.

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Audit Opinion

- The 2021-22 financial audit opinions must comply with the required changes in SAS No 134.
- See the clarified standards at <https://us.aicpa.org/research/standards/auditattest/clarifiedsas> for information on the changes and examples of the revised audit opinion.

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Audit Opinion Year References

- The opinion in the standard financial audit should reference the audited financial statement years as follows:
 - If the school chooses to use the option to only present one year of the statement of activities and the statement of cash flows in its first financial audit, the audit opinion should only reference one year for those statements.
 - After the first year's financial audit, ensure the audit opinion is updated to reference both years.

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Example First Year Audit Opinion Language

We have audited the financial statements of (school), which comprise the **statements of financial position as of June 30 20x1 and 20x0, and the related statement of activities and cash flows for the fiscal year ended June 30, 20x1**, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, **the financial position of (school) as of June 30, 20x1 and 20x0, and the changes in its net assets and its cash flows for the year ended June 30, 20x1**, in accordance with accounting principles generally accepted in the United States of America.

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Financial Audit Required Level

- The financial audit may either:
 - Include the school only financial information.
 - If a school is part of a larger organization, the financial audit may be prepared at the consolidated organizational level as permitted by GAAP or at the school only level.

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School Only Audit Opinion Language

	Option 1	Option 2
Audit Opinion	Adjust the introductory paragraph as follows: "We have audited the financial statements of ABC School of ABC Operating Organization ("School")"	Include a matter of emphasis paragraph such as the following: Matter of Emphasis – Incomplete Presentation We draw attention to Note A, which describes that the financial statements were prepared for the School for the purposes of complying with the requirements of the Wisconsin Department of Public Instruction and are not intended to be a complete presentation of the assets, liabilities, net assets, revenue and expenses for the School. Our opinion is not modified with respect to this matter.
Notes	Adjust the first note to include the following: ABC School of ABC Operating Organization ("School") is organized as a... The School provides instruction for grades {beginning-may include 3K} to {ending}.	Note A includes the following: ABC School (the "School") is organized as a 501(c)(3) not for profit entity. The School's operating organization is ABC Church. These financial statements present only the financial position, changes in net assets, cash flows, and related disclosures of the School and do not present and are not intended to present the financial position, changes in net assets, cash flows and related disclosures of ABC Church. The School provides instruction for grades {beginning-may include 3K} to {ending}.

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Note for Audits at Legal Entity Level

- For audits at the legal entity level, the first note in the financial audit should describe what is included in the legal entity. An example of this disclosure would be:

The {Organization/School} provides instruction for grades {beginning} to {ending}, daycare for ages {ages}, a church, and {insert any other part of the legal entity}.

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PSCP & SNSP Combined Financial Audit

- A school that participates in both the PSCP and SNSP submits one financial audit that covers both programs.
- The financial statements are the same.
- A PSCP reserve balance schedule and SNSP reserve balance schedule must be included in the financial audit.
 - The reserve balance schedule calculates the reserve balance as the amount received for the program less the school's net eligible education expenses for the program.
 - The reserve balance is the remaining balance of program revenues received that have not yet been used for educational programming for program pupils.

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PSCP & SNSP Combined Financial Audit (cont)

- If the school is participating in both the PSCP and the SNSP:
 - The audit opinion must **separately** include the PSCP Report on Other Legal and Regulatory Requirements and the SNSP Report on Other Legal and Regulatory Requirements.
- Appendix A of the Financial Audit and PSCP/SNSP Reserve Balance includes the paragraphs that must be used.

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Grandfathered WPCP System Schools

- The financial audit for grandfathered Wisconsin Parental Choice Program (WPCP) system schools that participate as one school for the WPCP but as separate schools for the SNSP must include a SNSP reserve balance schedule for each school.
- The financial audit must include a statement that shows the revenues and expenses for each school separately in addition to the consolidated Statement of Activities.

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Financial Audit Management Letter

- The school must submit the management letter(s) prepared by the auditor with the financial audit.
 - No management letter is required to be submitted to the DPI in the first year a school participates in the Choice programs or SNSP.
- The auditor will determine the status of addressing these items as part of the Fiscal & Internal Control Practices Report if the school participates in the Choice program.

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Choice Financial Audit Review Timeline

- The financial audit is due annually by October 15th.
- By the later of February 15th or 120 days after the date the audit is received, the DPI will notify schools participating in the Choice program whether or not additional information is required.
- The DPI will determine whether the school and auditor have provided all additional required information and if the school has met the requirements by April 1st.

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Knowledge Check

Which of the following schools would be required to provide a standard 2021-22 financial audit rather than having the option to provide the modified financial audit?

- a. The school received \$110,000 from the MPCP in the 2019-20, \$95,000 in the 2020-21 school year, and \$95,000 in the 2021-22 school year.
- b. The school is a first time participant in the Choice program and SNSP in the 2021-22 school year. It receives \$30,000 from the MPCP, \$30,000 from the WPCP, \$30,000 from the RPCP, and \$25,000 from the SNSP.
- c. Both a and b.
- d. Neither a or b.

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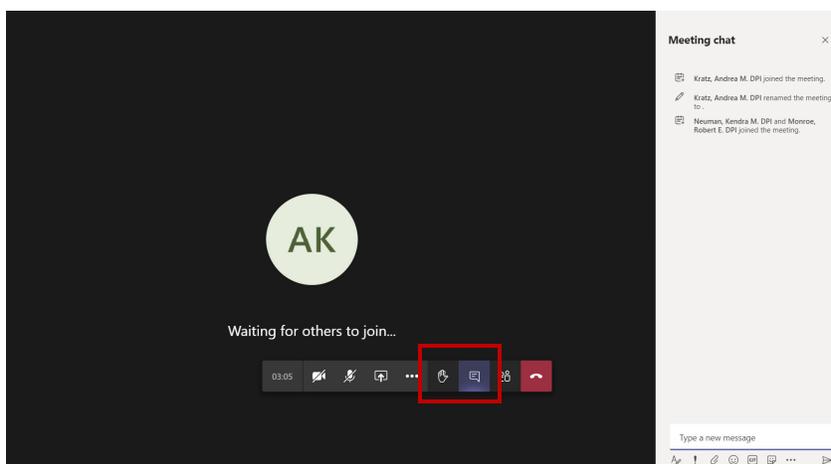
Knowledge Check

True or False: A first year school that has less than \$100,000 in Choice program and SNSP revenue must use the modified financial audit option.

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Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

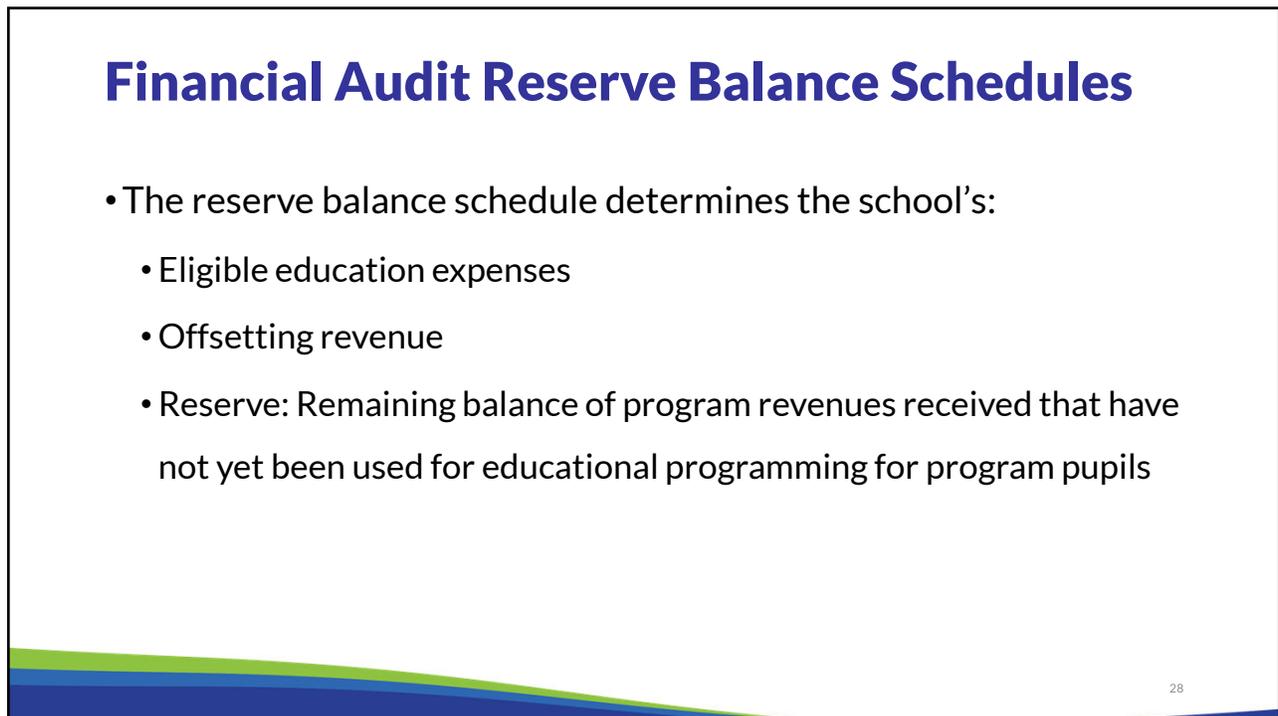
2) Raise your hand. We will then unmute you so you can ask the question.

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Financial Audit Reserve Balance Schedules (cont)

School Name		
Printed: School Choice Program (PSCP) Reserve Balance for Standard Financial Audit		
Year Ending: June 30, 2022		
NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	Line Description	Amount
1	Expenses on Statement of Activities	
2	Eligible Depreciation Expenses	
3	Construction Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Expense Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for PSCP Pupils	
10	Eligible Education Expenses on SNSP (Statement of Actual Cost)	
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ --
13	Net Eligible Education Expenses for Line	
14	Eligible Education Expenses	\$ --
15	Government Assistance Excluding Foreign PPP Loans	
16	Fundraising Revenues	
17	Insurance Proceeds	
18	Less: Total Offsetting Revenues	\$ --
19	Adjustments to Prior Year Non-Eligible Education Expenses	
20	Net Eligible Education Expenses for All Pupils	\$ --
PERCENTAGE OF PUPILS PARTICIPATING IN PSCP		
21	PSCP Pupil Average Full-Time Equivalent (3rd Priority Step & 3rd Priority Step Average FTE)	
22	All Pupil Average Full-Time Equivalent (3rd Priority Step & 3rd Priority Step Average FTE)	
23	Percentage of Pupils Participating in PSCP	0.00%
PSCP RESERVE BALANCE		
24	2021-22 PSCP Revenues	
25	2021 General School PSCP Revenues	
26	Total 2021-22 PSCP Revenues	\$ --
27	Less: Non-Eligible Education Expenses for PSCP Pupils (Line 20 minus Line 8)	
28	And: June 30, 2021 PSCP Reserve Balance	
29	Less: Repayment of June 30, 2021 PSCP Reserve Balance	
30	June 30, 2022 PSCP Reserve Balance	\$ --
31	How far PSCP Reserve Required	Not Required
REQUIRED CASH AND INVESTMENT BALANCE		
32	June 30, 2022 PSCP Reserve Balance (Line 30)	
33	June 30, 2022 PSCP Reserve Balance	
34	Less: Bonding Expenses and Fund Awards	
35	Less: Land Purchases that have not been included as Eligible	
36	Required Cash and Investment Balance	\$ --

- DPI provides the reserve balance schedules to the auditors. The cells in yellow should be completed by the school/auditor as applicable. The white cells are automatically filled in when the school name is selected at the top or are calculations.
- Changes should not be made to the formatting or the numbers that are prefilled. The school name on the schedule should not be modified. Headers/footers may be added but the auditor must ensure the full DPI provided schedule is in the financial audit.
- There is a modified and standard reserve balance schedule for the Choice program and the SNSP.

Example Screen Print is PSCP Standard Schedule

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Financial Audit Reserve Balance Schedules (cont)

- All amounts on the schedules must be entered as a positive amount except for the Prior Year Adjustments and Bad Debt Expense lines.
 - If there is a bad debt recovery from a previous year, a negative amount can be entered on the Bad Debt Expense line.
 - You will receive an input entry error if you enter a negative amount in any other line.
- All amounts have been rounded to the nearest dollar except for the percent of the school participating in the program.

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Eligible Education Expenses Calculation- Standard Reserve Balance Schedule

- Eligible education expenses are calculated as the total expenses in the Statement of Activities less the expenses that are not eligible for payment.
- The cost of land that was first used for the program in the school year is included as eligible.

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Deprecation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -

Example Screen Print is PSCP Standard Schedule

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Total Expenses on the Standard Reserve Balance Schedule

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	

- The expenses on the "Expenses on Statement of Activities" line on the Reserve Balance Schedule must equal the total expenses on the Statement of Activities or the school's total expenses on the Statement of Functional Expenses.
 - Any adjustments for ineligible expenses should be included on the applicable line, not included as an adjustment to the total expenses.

Example Screen Print is PSCP Standard Schedule

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Eligible Education Expenses Calculation-Modified Reserve Balance Schedule

- Eligible education expenses are specifically identified and included in the eligible education expenses categories.
- The cost of land that was first used for the program in the school year is included as eligible.

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Salaries	
2	Payroll Related Taxes and Benefits	
3	Utilities	
4	Supplies	
5	Rental Costs for Buildings or Land	
6	Insurance	
7	Services & Contractor Expenses	
8	Interest Expense	
9	Depreciation Expense	
10	Other Eligible Expenses	
11	Eligible Education Expenses for Land	
12	Less: Eligible Education Expenses Primarily for SNSP Pupils	-
13	Less: Eligible Education Expenses on SNSP Statements of Actual Cost	-
14	Eligible Education Expenses	\$ -
INELIGIBLE EXPENSES IDENTIFICATION		
37	If the legal entity of the school does not have the expense, insert N/A. If the legal entity of the school has the expense and has excluded it from eligible expenses, place a X next to the expense.	
	Contributed items	
	Daycare expenses	
	Bad debt expense	
	Church expenses	
	Scholarship awards & other financial support	
	School district partnership expenses	

Example Screen Print is PSCP Modified Schedule

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Eligible Education Expenses Calculation-Modified Reserve Balance Schedule (cont)

- Ineligible expenses the legal entity of the school has are identified with an "X" and ineligible expenses it does not have are identified with "N/A" at the bottom of the schedule.

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Salaries	
2	Payroll Related Taxes and Benefits	
3	Utilities	
4	Supplies	
5	Rental Costs for Buildings or Land	
6	Insurance	
7	Services & Contractor Expenses	
8	Interest Expense	
9	Depreciation Expense	
10	Other Eligible Expenses	
11	Eligible Education Expenses for Land	
12	Less: Eligible Education Expenses Primarily for SNSP Pupils	-
13	Less: Eligible Education Expenses on SNSP Statements of Actual Cost	-
14	Eligible Education Expenses	\$ -
INELIGIBLE EXPENSES IDENTIFICATION		
37	If the legal entity of the school does not have the expense, insert N/A. If the legal entity of the school has the expense and has excluded it from eligible expenses, place a X next to the expense.	
	Contributed items	
	Daycare expenses	
	Bad debt expense	
	Church expenses	
	Scholarship awards & other financial support	
	School district partnership expenses	

Example Screen Print is PSCP Modified Schedule

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Net Eligible Education Expenses for All Pupils

14	Eligible Education Expenses	\$	-
15	Government Assistance		
16	Fundraising Revenue		
17	Insurance Proceeds		
18	Less: Total Offsetting Revenue	\$	-
19	Adjustments to Prior Year Net Eligible Education Expenses		
20	Net Eligible Education Expenses for All Pupils	\$	-

- The net eligible education expenses for all pupils are calculated as the eligible education expenses less any offsetting revenue. Offsetting revenue is revenue that decreases the amount that is eligible for the program.

Example Screen Print is PSCP Standard Schedule 35

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Net Eligible Education Expenses for the Program

- The net eligible education expenses are multiplied by the percent of the school participating in the program to get to the program's net eligible education expenses.

20	Net Eligible Education Expenses for All Pupils	\$	-
PERCENTAGE OF PUPILS PARTICIPATING IN PSCP			
21	PSCP Pupil Average Full-Time Equivalent 3rd Friday Sept & 2nd Friday Jan Average FTE		-
22	All Pupil Average Full-Time Equivalent 3rd Friday Sept & 2nd Friday Jan Average FTE		-
23	Percentage of Pupils Participating in PSCP		0.00%
PSCP RESERVE BALANCE			
24	2021-22 PSCP Revenue		-
25	2021 Summer School PSCP Revenue		-
26	Total 2021-22 PSCP Revenue	\$	-
27	Less: Net Eligible Education Expenses for PSCP Pupils Line 20 times Line 23		-
28	Add: June 30, 2021 PSCP Reserve Balance		-
29	Less: Repayment of June 30, 2021 PSCP Reserve Balance		-
30	June 30, 2022 PSCP Reserve Balance	\$	-

Example Screen Print is PSCP Standard Schedule 36

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Reserve Balance

- The program's net eligible education expenses are compared to the amount of money received from the program and the prior year reserve balance. If the school repaid the reserve balance in the previous year, this is also included. This results in the year end reserve balance.

		PSCP RESERVE BALANCE	
24	2021-22 PSCP Revenue		-
25	2021 Summer School PSCP Revenue		-
26	Total 2021-22 PSCP Revenue	\$	-
27	Less: Net Eligible Education Expenses for PSCP Pupils <i>Line 20 times Line 23</i>		-
28	Add: June 30, 2021 PSCP Reserve Balance		-
29	Less: Repayment of June 30, 2021 PSCP Reserve Balance		-
30	June 30, 2022 PSCP Reserve Balance	\$	-

Example Screen Print is PSCP Standard Schedule

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Plan for PSCP Reserve

30	June 30, 2022 PSCP Reserve Balance	\$	-
31	Plan for PSCP Reserve Required		Not Required

- Only PSCP includes an indication of whether the school is required to have a plan for the PSCP reserve balance.
- If the PSCP reserve balance is greater than 50% of the total Choice revenue received by the school in the prior year, the governing body of the private school must approve a plan for how it will use the amount of the reserve balance that exceeds the 50% threshold.
- The school's auditor will ensure the school has a plan, if required, as part of the Fiscal & Internal Control Practice Report.

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Reserve Requirements

- The school must maintain the reserve balance, if positive, for future eligible education expenses.
- The school carries forward the reserve balance, whether positive or negative, to the next year.
- If the school ceases to participate or is barred from all Choice Programs or the SNSP, the school will be required to repay the reserve balance, if positive, to the DPI.
- The school must have an audited year-end cash and investment balance(s) as reported on the statement of financial position that is at least as much as the required cash and investment balance.

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Ending Reserve Balance

Negative Reserve Balance

- The school has spent more for K-12 educational programming for program pupils than the amount received from the program.
- The school will need to have funding sources other than program funds to pay for the additional costs.

Positive Reserve Balance

- The school has spent less on K-12 educational programming for program pupils than the amount received from the program.
- The school has not fully spent the money the department will provide for educational programming for program pupils.

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SNSP/PSCP Reserve Balance Comparison

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
12	Expenses on Statement of Activities	-
13	Ineligible Depreciation Expense	-
14	Contributed Expenses Other Than Fixed Assets	-
15	Bad Debt Expense	-
16	Scholarship Awards & Other Financial Support for Pupils	-
17	Daycare Expenses	-
18	School District Partnership Expenses	-
19	Church Expenses	-
20	Eligible Education Expenses Primarily for SNSP Pupils	-
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	-
22	Other Non-Eligible Expenses	-
23	Less: Total Non-Eligible Expenses	\$ -
24	Add: Eligible Education Expense for Land	-
25	Eligible Education Expenses	\$ -
26	Government Assistance for Expenses in Line 25 Excluding Forgiven PPP Loans	-
27	Fundraising Revenue for Expenses in Line 25	-
28	Insurance Proceeds for Expenses in Line 25	-
29	Less: Total Offsetting Revenue for Expenses in Line 25	\$ -
30	Adjustments to Prior Year Net Eligible Education Expenses	-
31	Net Eligible Education Expenses for All Pupils	\$ -

- The SNSP Reserve Balance Schedule has a column that identifies whether each amount matches the PSCP. It will indicate Yes or No. If the school does not participate in the PSCP, the column will indicate N/A.

Example Screen Print is SNSP Standard Schedule 41

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SNSP/PSCP Reserve Balance Comparison (cont)

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
12	Expenses on Statement of Activities	-
13	Ineligible Depreciation Expense	-
14	Contributed Expenses Other Than Fixed Assets	-
15	Bad Debt Expense	-
16	Scholarship Awards & Other Financial Support for Pupils	-
17	Daycare Expenses	-
18	School District Partnership Expenses	-
19	Church Expenses	-
20	Eligible Education Expenses Primarily for SNSP Pupils	-
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	-
22	Other Non-Eligible Expenses	-
23	Less: Total Non-Eligible Expenses	\$ -
24	Add: Eligible Education Expense for Land	-
25	Eligible Education Expenses	\$ -
26	Government Assistance for Expenses in Line 25	-
27	Fundraising Revenue for Expenses in Line 25	-
28	Insurance Proceeds for Expenses in Line 25	-
29	Less: Total Offsetting Revenue for Expenses in Line 25	\$ -
30	Adjustments to Prior Year Net Eligible Education Expenses	-
31	Net Eligible Education Expenses for All Pupils	\$ -

- Generally the PSCP and SNSP eligible education expenses/adjustments will be the same. Differences may occur if the PSCP eligible education expense policy has not identified an expense as eligible that is eligible for the SNSP.
- Review each No and ensure that the amounts not matching is correct. If it is not, resolve the difference.

Example Screen Print is SNSP Standard Schedule 42

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Land

- Land that meets the PSCP/SNSP requirements is included as an eligible education expense in the first year it is used for educational programming purposes, to the extent it is used for educational programming in that year.
- The school must include the cost of land owned when it first enters the PSCP/SNSP as an eligible education expense in the school's first financial audit if:
 - The school chooses to include land owned when the school first enters the program in the GAAP audit;
 - The land meets the PSCP/SNSP requirements; and
- Land included in the GAAP audit that meets the PSCP/SNSP requirements that is not yet being used for educational programming purposes will not be included as an eligible education expense until the year it is used for educational purposes.

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SNSP Eligible Education Expense Land Line

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
12	Expenses on Statement of Activities	- N/A
13	Ineligible Depreciation Expense	- N/A
14	Contributed Expenses Other Than Fixed Assets	- N/A
15	Bad Debt Expense	- N/A
16	Scholarship Awards & Other Financial Support for Pupils	- N/A
17	Daycare Expenses	- N/A
18	School District Partnership Expenses	- N/A
19	Church Expenses	- N/A
20	Eligible Education Expenses Primarily for SNSP Pupils	-
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	- N/A
22	Other Non-Eligible Expenses	- N/A
23	Less: Total Non-Eligible Expenses	\$ -
24	Add: Eligible Education Expense for Land	-
25	Eligible Education Expenses	\$ -

- If a school previously included land as eligible for the Choice program and joins the SNSP, ensure the land included in the GAAP audit is added in the school's first year in the SNSP if it meets the SNSP requirements and is being used for educational programming during the school year.

Example Screen Print is SNSP Standard Schedule

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Required Cash & Investment Balance

REQUIRED CASH AND INVESTMENT BALANCE		
32	June 30, 2022 PSCP Reserve Balance <i>Line 30</i>	-
33	June 30, 2022 SNSP Reserve Balance	-
34	Less: Remaining Depreciation on Fixed Assets	-
35	Less: Land Purchases that have not Been Included as Eligible	-
36	Required Cash and Investment Balance	\$ -

- The required cash and investment balance is based on the total of the Choice and SNSP reserve balances less the remaining depreciation on fixed assets used for educational programming or land purchases that are not yet being used for educational programming purposes.

Example Screen Print is PSCP Standard Schedule

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SNSP Required Cash & Investment Balance Section

REQUIRED CASH AND INVESTMENT BALANCE			
44	June 30, 2022 SNSP Reserve Balance <i>Line 43</i>	-	N/A
45	June 30, 2022 PSCP Reserve Balance	-	N/A
46	Less: Remaining Depreciation on Fixed Assets	-	N/A
47	Less: Land Purchases that have not Been Included as Eligible	-	N/A
48	Required Cash and Investment Balance	\$ -	

- The SNSP and PSCP Reserve Balance amounts on the SNSP and PSCP Reserve Balance Schedules must match.
- The remaining depreciation on fixed assets and land purchases that have not been included as eligible should generally match.

Example Screen Print is SNSP Standard Schedule

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Required Minimum Cash and Investment Balance Calculation Examples

	Example 1	Example 2
PSCP Reserve Balance	(25,000)	70,000
SNSP Reserve Balance	5,000	(10,000)
Total of the Reserve Balances	(20,000)	60,000
Less: Remaining Depreciation on Fixed Assets	N/A	(4,000)
Less: Land that Has Not Been Used for Educational Programming	N/A	(50,000)
Required Cash and Investment Balance	0	6,000

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Reserve Balance Repayment

- If the school does not maintain the required Choice reserve balance, it must repay the reserve balance to the department.
- The financial audit certification will indicate the amount owed and the due date for the amount owed.

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Other Items Section

Other Items (Not Part of Submitted Financial Audit)		
37	Type of Financial Audit	Standard
38	Firm Auditing Financial Audit	
39	Did the auditor issue a management letter for the 2021-22 financial audit? If yes, submit with audit unless the school is in its first year of participation in the Choice program and SNSP.	
40	Audit Report Type Auditor should contact DPI in advance of submitting an audit opinion that is an Adverse or Disclaimer of an audit opinion.	
41	Does the audit opinion indicate the prior period was audited by a different auditor? This option may only be used in limited circumstances. If considering this option, contact DPI in advance of the financial audit submission to confirm the option may be used.	
42	Was the audit report qualified due to fixed assets being excluded from the Statement of Financial Position?	
43	Did the auditor identify going concern related issues for the school (in notes or opinion)?	
44	Was the audit opinion qualified for a reason other than fixed assets being excluded or going concern related items?	
45	Were there any prior period adjustments, excluding reclassification changes? If so, explain adjustments in the notes.	
46	Where there any significant unusual transactions as defined under the AICPA Statement on Auditing Standards other than PPP loans or EANS funds?	
47	Indicate the number/letter of the note(s) that describe the prior period adjustments, going concern items and/or significant unusual transactions.	
48	Is the financial audit at the legal entity level?	
49	If the financial audit is not at the legal entity level, how is this identified in the audit opinion?	
50	Is the cash and investment balance in the Statement of Financial Position less than the required cash & investment balance on Line 37?	N/A

- This section will not be part of the reserve balance schedule submitted with the full financial audit pdf.
- The Excel version of the reserve balance schedule will need to be submitted with the financial audit.

49

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Financial Viability Factors

- This section will also not be part of the reserve balance schedule submitted with the full financial audit pdf.

Financial Viability Factors (Not Part of Submitted Financial Audit)		
51	School was required to provide new school surety bond in 2022-23	
52	Is the June 30, 2022 Net Asset Balance on the Statement of Financial Position (SFP) negative?	
53	Are the June 30, 2022 current assets on the SFP less than June 30, 2022 current liabilities on the SFP?	
54	Is the Change in Net Assets on the Statement of Activities less than negative \$25,000 as of June 30, 2022 AND June 30, 2021?	
55	Required Minimum Financial Viability Risk Based on Financial Audit Indicators This is used in the 2022-23 Fiscal & Internal Control Practices Report. The auditor must also consider the other factors in the Financial Viability Risk Assessment in determining the minimum required risk.	High

50

50

Knowledge Check

The school completes a modified financial audit. The financial audit is at the school only level. The school's legal entity includes a church. Which of the following is true?

- a. The Ineligible Expenses Identification section at the bottom of the reserve balance schedule must have an X next to church expenses since the legal entity has church expenses.
- b. Since the financial audit is completed at the school only level and does not include any non-school related items, the Ineligible Expenses Identification section at the bottom of the reserve balance schedule must have a N/A next to church expenses.

51

51

Knowledge Check

Which of the following options could the school **not** use to determine the "Expenses on Statement of Activities" for the standard financial audit?

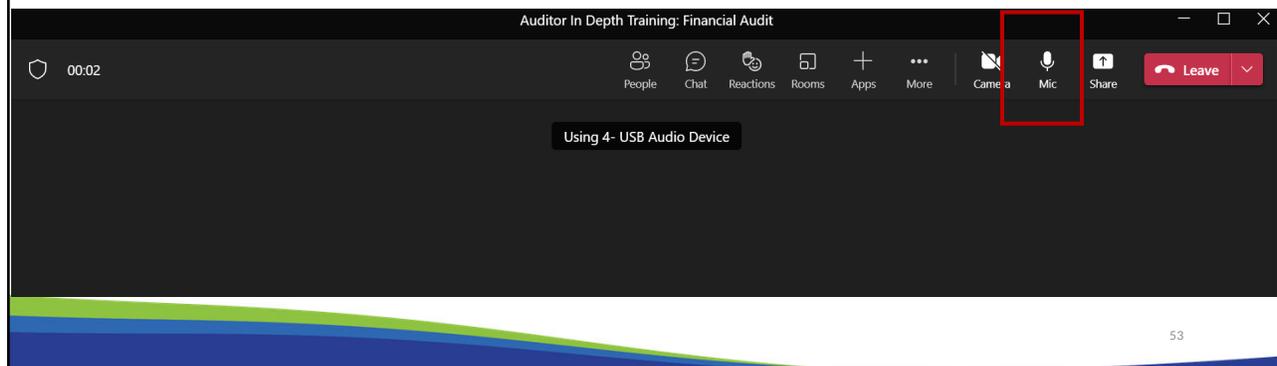
- a. The total expenses on the Statement of Activities.
- b. The school's total expenses in the Statement of Functional Expenses.
- c. The total expenses on the Statement of Activities less the expenses that are not eligible for the Choice program or SNSP.

52

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Knowledge Checks

- Discuss slides 54-56 in your group.
- Hit the “Mic” button at the top to unmute yourself.



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Choice Reserve Balance Calculation Example

A school has \$1,000,000 of general net eligible education expenses in the 2021-22 school year. 10% of the school's K-12 full time equivalent (FTE) is participating in the Choice program. The school received \$115,000 of Choice program revenue during the year. What is the school's Choice reserve balance at the end of the year?

Description	Amount
Choice Program Revenue	115,000
Net Eligible Education Expenses	1,000,000
Times: Percent of School in Program	
Less: Net Eligible Education Expenses for Choice Pupils	
Choice Reserve Balance	

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54

Knowledge Check

The school has a SNSP reserve balance of \$50,000 and a Choice Reserve Balance of negative \$5,000. The school has \$20,000 of remaining depreciation on its fixed assets used for educational programming. The school paid \$100,000 for land 20 years ago. The land has the church and school building on it. The first year the school was in the programs, the school included 75% of the land as an eligible education expense because that was the portion of the land used for educational programming in that year. What is the required cash and investment balance?

		REQUIRED CASH AND INVESTMENT BALANCE	
32	June 30, 2022 PSCP Reserve Balance <i>Line 30</i>		-
33	June 30, 2022 SNSP Reserve Balance		-
34	Less: Remaining Depreciation on Fixed Assets		
35	Less: Land Purchases that have not Been Included as Eligible		
36	Required Cash and Investment Balance	\$	-

55

55

Knowledge Check

The school purchased land in the 2014-15 school year that cost \$100,000. The school joined the Choice program in the 2015-16 school year and used the land 75% of the time for educational programming in that year. The school joins the SNSP in the 2021-22 school year and used the land 80% of the time for educational programming in that year. Complete the following table with the school year that the land should be included as eligible for each program, the amount that is included as eligible, and the amount that is included as an adjustment in the cash and investment section.

Program	School Year Included as Eligible	Amount Included as Eligible	Amount Included as an Adjustment in the Cash & Investment Section in 2021-22
PSCP			
SNSP			

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56

Knowledge Check

Program	School Year Included as Eligible	Amount Included as Eligible	Amount Included as an Adjustment in the Cash & Investment Section in 2021-22
PSCP			
SNSP			

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS			
12	Expenses on Statement of Activities	-	N/A
23	Less: Total Non-Eligible Expenses	\$ -	
24	Add: Eligible Education Expense for Land	80,000	
25	Eligible Education Expenses	\$ 80,000	

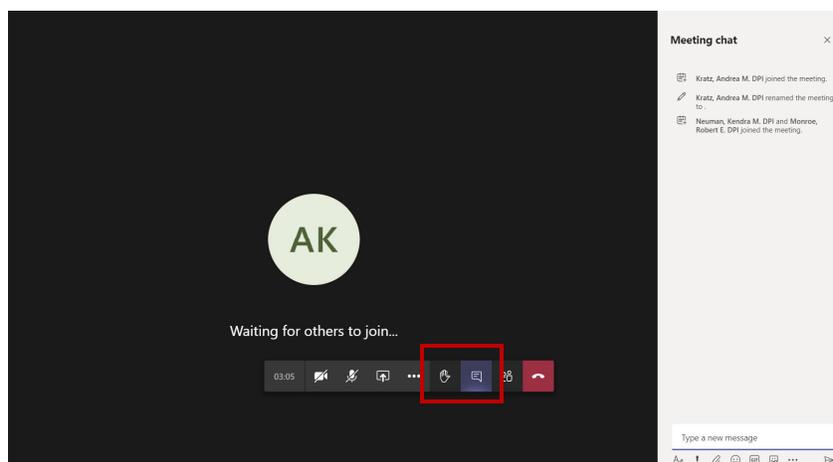
REQUIRED CASH AND INVESTMENT BALANCE			
44	June 30, 2022 SNSP Reserve Balance <i>Line 43</i>	-	
45	June 30, 2022 PSCP Reserve Balance	-	
46	Less: Remaining Depreciation on Fixed Assets	-	
47	Less: Land Purchases that have not Been Included as Eligible	-	
48	Required Cash and Investment Balance	\$ -	

Screen Print is SNSP Standard Schedule

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Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

2) Raise your hand. We will then unmute you so you can ask the question.

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Eligible Education Expenses

Choice	SNSP
<p>Eligible education expenses are all direct and indirect costs associated with a school's educational programming for pupils enrolled in grades kindergarten to 12 that are reasonable for the private school to achieve its educational purposes as determined by the school's written policy and tested by an independent auditor.</p>	<p>Eligible education expenses are all direct and indirect costs associated with a private school's educational programming for pupils enrolled in grades kindergarten to 12.</p>

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Choice Eligible Education Expense Policy Requirements

- Written policy that is approved by the school's governing board.
- Describes the school's educational purpose.
- Describes the services related to educational programming that the school provides to pupils enrolled in kindergarten through 12th grade that are reasonable for the private school to achieve its educational purpose.
- Identifies any allocation methods that will be used, if applicable.

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Related Services Examples

- Management/administrative
- Extracurricular programming and activities
- Development (fundraising) expenses
- Before and after school care for K-12 pupils
- Transportation
- Food service

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Cost & Revenue Allocation Examples

- If a cost or revenue is partially related to educational programming and partially not related to educational programming, the cost or revenue must be allocated using an allocation method. Schools participating in the Choice programs must specify what allocation method(s) will be used in their eligible education expense policy.
- Examples of when an allocation may be required:
 - Day care & school operations
 - Parish & school operations
 - Central administration for two or more schools
 - Transportation provided to the school's pupils and other schools' pupils
- For the general eligible education expenses, do not allocate for Choice/SNSP versus Non-Choice/SNSP pupil costs.

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Potential Allocation Methods

1. Pupil full-time equivalency or headcount
2. Employee full-time equivalency or headcount
3. Time spent
4. Number of transactions for allocating items such as accounting costs.
5. Square footage or square footage used over time for items such as rent.
6. Miles driven or driver hours for items such as transportation costs.

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Headcount Allocation Example

- The percent of children is as follows:
 - The school has a headcount of 215 and operates for 10 months.
 - The daycare has 30 children and operates for 12 months.

	Number of Children	Months	Total
Daycare	30	12	360
School	215	10	2,150
	Total		2,510

School related percentage: 86%

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Employee FTE Calculation

- The administrative staff and food service staff plan on spending 90% of their time on the school and 10% of their time on the day care.
- The classroom staff are only educational programming related.
- The daycare/preschool staff help with aftercare for K-12th grade pupils 10% of their time.
- The Pastor for the church teaches religion for 20% of his time.

A Position Categories	B FTE	C School Percent	D School Portion (B x C)
Administrative Staff	2.00	90%	1.80
Classroom Teachers	5.00	100%	5.00
Classroom Teacher Aides	3.00	100%	3.00
Food Service Employees	2.00	90%	1.80
Church Employees	1.00	20%	0.20
Daycare/Preschool Employees	2.00	10%	0.20
TOTAL	15.00		12.0

Employee FTE%=80%

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PSCP Eligible Education Expenses

- General Eligible Education Expenses: These are the school's educational programming expenses for *all pupils* enrolled in grades K4 to 12.
 - The general eligible education expenses are multiplied by the percent of the pupils participating in the PSCP to determine what is a PSCP eligible education expense.
 - The percent of pupils participating in the PSCP is based on the average of the 3rd Friday in September and 2nd Friday in January FTE for PSCP pupils and all pupils.

20	Net Eligible Education Expenses for All Pupils	\$	-
PERCENTAGE OF PUPILS PARTICIPATING IN PSCP			
21	PSCP Pupil Average Full-Time Equivalent 3 rd Friday Sept & 2 nd Friday Jan Average FTE		-
22	All Pupil Average Full-Time Equivalent 3 rd Friday Sept & 2 nd Friday Jan Average FTE		-
23	Percentage of Pupils Participating in PSCP		0.00%
PSCP RESERVE BALANCE			
24	2021-22 PSCP Revenue		-
25	2021 Summer School PSCP Revenue		-
26	Total 2021-22 PSCP Revenue	\$	-
27	Less: Net Eligible Education Expenses for PSCP Pupils Line 20 times Line 23		-

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SNSP Eligible Education Expenses

- General Eligible Education Expenses: These are the school's educational programming expenses for *all pupils* enrolled in grades K4 to 12.
- Primarily SNSP Expenses: These are the school's educational programming expenses that are *primarily related to SNSP pupils*.
- Expenses for Pupils in a Statement of Actual Cost: These are expenses that are identified as eligible, with supporting documentation, in a Statement of Actual Cost submitted by the school by the third Friday in July following the school year.
- See the SNSP Eligible Education Expense Bulletin for further information.

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SNSP Eligible Education Expenses-General Eligible Education Expenses

- The general eligible education expenses are multiplied by the percent of the pupils participating in the SNSP to determine what is a SNSP eligible education expense.
- The percent of pupils participating in the SNSP is based on the average of the 3rd Friday in September and 2nd Friday in January FTE for SNSP pupils and all pupils. If the school receives a payment based on a Statement of Actual Cost, the pupil is excluded from the SNSP pupil FTE in the year the scholarship is received.

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Primarily SNSP Eligible Education Expenses

- If the school is participating in the SNSP, it may designate eligible education expenses that are primarily for the SNSP.
- Expenses that are primarily, but not only, related to SNSP pupils are expenses that were incurred primarily for SNSP pupils where other pupils at the school are also getting a benefit.
- Since they need to be “primarily” related to the SNSP, the expenses must be used for the SNSP at least 50% of the time.

NET ELIGIBLE EDUCATION EXPENSES PRIMARILY FOR SNSP PUPILS		
Line	A Line Description	B Amount
1	Eligible Education Expenses Primarily for SNSP Pupils	
2	Government Assistance for Expenses in Line 1 Excluding Forgiven Paycheck Protection Program (PPP) Loans	
3	Fundraising Revenue for Expenses in Line 1	
4	Insurance Proceeds for Expenses in Line 1	
5	Less: Total Offsetting Revenue for Expenses in Line 1	\$ -
6	Adjustments to Prior Year Net Eligible Education Expenses Primarily for SNSP Pupils	
7	Net Eligible Education Expenses Primarily for SNSP Pupils	\$ -

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Primarily SNSP Eligible Education Expenses (cont)

- The allocation for these expenses must be specific to the particular expense rather than a general allocation.
- Generally, the cost of teachers and other general costs of the school should be included as a general eligible education expense rather than as a primarily SNSP eligible education expense.

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Primarily SNSP Expenses-Offsetting Revenue

NET ELIGIBLE EDUCATION EXPENSES PRIMARILY FOR SNSP PUPILS		
Line	A Line Description	B Amount
1	Eligible Education Expenses Primarily for SNSP Pupils	
2	Government Assistance for Expenses in Line 1 Excluding Forgiven Paycheck Protection Program (PPP) Loans	
3	Fundraising Revenue for Expenses in Line 1	
4	Insurance Proceeds for Expenses in Line 1	
5	Less: Total Offsetting Revenue for Expenses in Line 1	\$ -
6	Adjustments to Prior Year Net Eligible Education Expenses Primarily for SNSP Pupils	
7	Net Eligible Education Expenses Primarily for SNSP Pupils	\$ -

- Any government assistance, insurance proceeds, or fundraising revenue that are related to these costs must decrease the primarily SNSP eligible education expenses.

Example Screen Print is SNSP Standard Schedule

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Primarily SNSP Expenses: SNSP General Eligible Education Expenses Impact

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
12	Expenses on Statement of Activities	- N/A
13	Ineligible Depreciation Expense	- N/A
14	Contributed Expenses Other Than Fixed Assets	- N/A
15	Bad Debt Expense	- N/A
16	Scholarship Awards & Other Financial Support for Pupils	- N/A
17	Daycare Expenses	- N/A
18	School District Partnership Expenses	- N/A
19	Church Expenses	- N/A
20	Eligible Education Expenses Primarily for SNSP Pupils	-
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	- N/A
22	Other Non-Eligible Expenses	- N/A
23	Less: Total Non-Eligible Expenses	\$ -
24	Add: Eligible Education Expense for Land	-
25	Eligible Education Expenses	\$ -

- Primarily SNSP expenses **before** any allocation must be excluded from the general SNSP eligible education expenses.

Example Screen Print is SNSP Standard Schedule 73

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Primarily SNSP Expenses: PSCP General Eligible Education Expenses Impact

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	-
2	Ineligible Depreciation Expense	-
3	Contributed Expenses Other Than Fixed Assets	-
4	Bad Debt Expense	-
5	Scholarship Awards & Other Financial Support for Pupils	-
6	Daycare Expenses	-
7	School District Partnership Expenses	-
8	Church Expenses	-
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	-
12	Less: Total Non-Eligible Expenses	\$ -

- Primarily SNSP expenses **after** any allocation must be excluded from the PSCP general eligible education expenses.
- This amount may or may not match the excluded amount on the SNSP schedule.

Example Screen Print is PSCP Standard Schedule 74

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SNSP Eligible Education Expenses Error Report

ERROR REPORT		
49	The school also participated in the PSCP in the 2021-22 school year. This indicates no if the school is a Choice system.	
50	Was an allocation used to determine the Eligible Education Expenses Primarily for SNSP Pupils?	No
51	The question on Line 50 must be answered. <i>If the school has no expenses on Line 1, insert No on Line 50.</i>	OK
52	Primarily SNSP Allocation Used: If Line 50 indicates an allocation was used for eligible education expenses primarily for SNSP pupils, the decrease to the general eligible education expenses on Line 20 must be the amount before the allocation. Note: The allocated amounts must be for expenses that were primarily related to SNSP pupils and cannot include the costs for teachers unless the school has a resource teacher, teacher aide, or additional teacher primarily to assist with the SNSP pupils. Additionally, the allocated amounts cannot use a general allocation. The allocation percentage must be based on the actual amount of SNSP time/use of the resource being allocated.	OK
53	Primarily SNSP Allocation Not Used: If Line 50 indicates an allocation was not used for eligible education expenses primarily for SNSP pupils, the decrease to the general eligible education expenses on Line 20 must match the amount on Line 1. Note: If Line 50 indicates an allocation was not used, Line 1 may only include costs for SNSP pupils. In this case, no allocations may be used to determine the amount on Line 1.	OK
54	If the school is also participating in the PSCP, the eligible education expenses primarily for SNSP pupils on Line 9 of the PSCP Reserve Balance Schedule must match Line 1 of the SNSP Reserve Balance Schedule.	N/A

- The SNSP reserve balance schedule includes an error report section.
- The auditor must answer whether or not an allocation was used for the primarily SNSP expenses.
- The auditor must ensure there are no errors in this section.

Example Screen Print is SNSP Standard Schedule

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Actual Costs Incurred Pupil Payment Option

- A school has the option to receive a SNSP payment for a pupil based on the cost to provide special education for that SNSP pupil in the previous school year. The school may choose to use this option for none, some, or all of its SNSP pupils.
- A school that would like a payment for a pupil in the 2022-23 school year using this option must provide a Statement of Actual Cost that indicates the actual special education costs incurred for the pupil for the 2021-22 school year while the pupil was participating in the SNSP. The school must provide supporting documentation for the costs. This statement is due by the 3rd Friday in July.

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Actual Costs Incurred Pupil Payment Option (cont)

- If the school submits a 2021-22 Statement of Actual Cost, the 2022-23 scholarship amount will be the amount on the statement of actual costs up to 150% of the regular student payment amount plus 90% of the amount on the 2021-22 Statement of Actual Cost over 150% of the regular student payment.

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Actual Costs Incurred Pupil Payment Option (cont)

	1 st Year	2 nd Year	3 rd Year
Voucher Amount	\$13,000	\$19,950	\$17,000
Amount on the Statement of Actual Cost up to 150% of voucher amount		\$19,500	\$17,000
90% of costs on the Statement of Actual Cost over 150% of voucher amount		\$450	\$0
Current Year Actual Costs Included on the Statement of Actual Cost	\$20,000	\$17,000	\$22,000

Assumes voucher amount of \$13,000 annually for example purposes only.

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Special Education Expenses in a SNSP Statement of Actual Cost

- The following are costs that may be included in a Statement of Actual Cost if they meet the eligible education expense requirements.
 - The service is specified in the IEP or Services Plan.
 - The cost was incurred to provide specially designed instruction, regardless of where the instruction is conducted, that is provided to meet the unique needs of a child with a disability, including instruction in physical education.
 - The cost was incurred to provide aids, services and other supports that are provided in regular education classes or other education-related settings to enable a child with a disability to be educated with nondisabled children to the maximum extent appropriate.

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Special Education Expenses in a SNSP Statement of Actual Cost (cont)

- The following are costs that may be included in the Statement of Actual Cost if they meet the eligible education expense requirements (cont).
 - The cost was incurred to provide transportation or such developmental, corrective, and other supportive services as may be required to assist a child with a disability to benefit from special education.
 - The cost was incurred to provide services or activities for school personnel to meet the unique needs of a child with a disability.

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Expenses for Pupils in a Statement of Actual Cost

- The allocation for the expenses in the Statement of Actual Cost must be specific to the particular expense rather than a general allocation.
- The expenses must meet all requirements for eligible education expenses we will discuss later.
- The expenses in the 2021-22 Statement of Actual Cost must be for expenses incurred between July 1, 2021 and June 30, 2022.

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Cover Page

III. PAYCHECK PROTECTION PROGRAM (PPP)

On Line 4, indicate whether the school received a first draw PPP loan and a second draw PPP loan. If Line 4 indicates the school did not receive the respective loan, Lines 5-7 will automatically indicate N/A. If the legal entity of the school received one of the PPP loans, the remaining questions must be answered on Lines 5-7 for that loan.

		First Draw PPP Loan	Second Draw PPP Loan
4	Did the legal entity of the school obtain a PPP loan?		
5	Did the legal entity of the school apply for forgiveness for the PPP loan?		
6	First date of the covered period for the PPP loan		
7	Last date of the covered period for the PPP loan		

IV. PUPIL ACTUAL COST

	Cost Type	Schedule Reference	Amount
8	Cost from Invoices	Sch 1 Ln 26	-
9	Allocated Salary and Benefits Cost	Sch 2 Ln 26	-
10	Less: Expenses on Schedule 1 or 2 that were Included in a PPP Loan Forgiveness Application		
11	Less: Offsetting Government Assistance Revenue Except Revenue on Line 11		
12	Total Cost for Pupil		-
13	2022-23 Expected SNSP Payment <i>Expected payment amount is based on the expected 2022-23 full scholarship payment amount</i>		-

- Provide Information on PPP loans.
- Indicate any offsetting revenue, including PPP loans.
- The forgiven portion of Paycheck Protection Program loans are offsetting on the Statement of Actual Cost but not in the reserve balance schedule.
- The form will indicate the expected SNSP payment.

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Schedule 1 Statement of Actual Cost

SCHEDULE 1 INVOICED COST
YEAR ENDING JUNE 30, 2022

See the Cost Instructions tab for instructions on how to complete this schedule. The school must provide the invoice or payment request identified in this schedule for each of the costs listed below.

INVOICED COSTS												
Line	A Vendor/Provider Name	B Invoice or Payment Request Date	C Invoice or Payment Request Number	D Invoiced Amount Related to Pupil	E Percent Special Education for Pupil	F Special Education Cost for Pupil	G In IEP or Services Plan	H Specially Designed Instruction	I Supplementary Aids and Services	J Related Services	K School Personnel Services or Activities	L Information Missing
1						-						OK
2						-						OK

- The school must provide an invoice or payment request for each item on this schedule.

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Schedule 2 Statement of Actual Cost

SCHEDULE 2 STAFF COSTS
YEAR ENDING JUNE 30, 2022

See the Cost Instructions tab for instructions on how to complete this schedule. The school must provide payroll records or compensation agreements supporting each of the staff costs listed below.

STAFF COSTS														
Line	A Staff Name	B Percent Special Education for Pupil	C Salaries & Wages	D Employer Portion of Social Security & Medicare	E Benefits	F Salaries & Wages	G Taxes	H Benefits	I In IEP or Services Plan	J Specially Designed Instruction	K Supplementary Aids and Services	L Related Services	M School Personnel Services or Activities	N Information Missing
1														OK
2														OK

- The school must provide payroll records or compensation agreements for each item on this schedule.

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Statements of Actual Cost Section in the SNSP Reserve Balance Schedule

- The SNSP schedules includes a section for the SNSP Statements of Actual Cost.
- If the school provided any 2021-22 SNSP Statements of Actual Cost by July 15, 2022, complete this section identifying the costs and offsetting revenues based on the audit procedures performed.

NET ELIGIBLE EDUCATION EXPENSES ON SNSP STATEMENTS OF ACTUAL COST		
<i>If any amounts changed from the school's final Statements of Actual Cost, provide the pupil schedule as part of the financial audit. The school must then submit revised Statements of Actual Cost for any pupils with changes and supporting documentation for amounts that changed by 10/15/22.</i>		
8	Cost from Invoices	
9	Allocated Salary & Benefits Costs	
10	Less: Offsetting Government Assistance Revenue Excluding Forgiven PPP Loans	
11	Net Eligible Education Expenses on SNSP Statements of Actual Cost	\$ -

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Statements of Actual Cost Section in the SNSP Reserve Balance Schedule (cont)

- Make sure to get the final statement from the school. Changes are sometimes made during DPI's review of the statements.
- If there are any changes in the previously submitted SNSP Statements of Actual Cost after DPI's review was completed, the following must be completed:
 - The financial audit must include a Pupil Schedule with the SNSP Statements of Actual Cost information based on the audit.
 - By October 15th, the school must submit:
 - A revised SNSP Statement of Actual Cost reflecting the changes.
 - Support for any amounts that changed in the SNSP Statement of Actual Cost.

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SNSP Statements of Actual Cost: SNSP General Eligible Education Expenses Impact

NET ELIGIBLE EDUCATION EXPENSES ON SNSP STATEMENTS OF ACTUAL COST		
<i>If any amounts changed from the school's final Statements of Actual Cost, provide the pupil schedule as part of the financial audit. The school must then submit revised Statements of Actual Cost for any pupils with changes and supporting documentation for amounts that changed by 10/15/22.</i>		
8	Cost from Invoices	
9	Allocated Salary & Benefits Costs	
10	Less: Offsetting Government Assistance Revenue Excluding Forgiven PPP Loans	
11	Net Eligible Education Expenses on SNSP Statements of Actual Cost	\$ -
NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
12	Expenses on Statement of Activities	- N/A
13	Ineligible Depreciation Expense	- N/A
14	Contributed Expenses Other Than Fixed Assets	- N/A
15	Bad Debt Expense	- N/A
16	Scholarship Awards & Other Financial Support for Pupils	- N/A
17	Daycare Expenses	- N/A
18	School District Partnership Expenses	- N/A
19	Church Expenses	- N/A
20	Eligible Education Expenses Primarily for SNSP Pupils	
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	- N/A
22	Other Non-Eligible Expenses	- N/A
23	Less: Total Non-Eligible Expenses	\$ -

- Any costs included in the SNSP Statements of Actual Cost will be excluded from the SNSP general eligible education expenses.

Example Screen Print is SNSP Standard Schedule 87

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SNSP Statements of Actual Cost: PSCP General Eligible Education Expenses Impact

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Depreciation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -

- Any costs included in the SNSP Statements of Actual Cost will be excluded from the PSCP general eligible education expenses.
- This amount must match the excluded amount on the SNSP schedule.

Example Screen Print is PSCP Standard Schedule 88

88

Leased Facility Allocation Percentage

The school has a lease that requires rental payments of \$60,000 a year. The location is used for the school and daycare. The school occupies 10,000 square feet for 10 months of the year and the daycare occupies 5,000 square feet for 12 months of the year. The school's policy indicates square footage used over time will be used for allocating rent. What is the eligible education expense for the lease?

	Square Feet	Months	Total
Daycare			
School			
	Total		

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Knowledge Check

A school participating in the SNSP and Choice program hires a teacher aid to work with a SNSP pupil. The teacher aid is paid \$30,000 per year. The teacher aid sometimes assists other students. The teacher aid spends 90% of her time with the SNSP student. The school designates the teacher aid as a primarily SNSP expense. Which of the following is correct?

- The primarily SNSP eligible education expenses and costs excluded from the SNSP and PSCP general eligible education expenses are all \$30,000.
- The primarily SNSP eligible education expenses and costs excluded from the SNSP and PSCP general eligible education expenses are all \$27,000.
- The primarily SNSP eligible education expenses are \$27,000, the costs excluded from the SNSP general eligible education expenses are \$30,000, and the costs excluded from the PSCP general eligible education expenses are \$27,000.
- The primarily SNSP eligible education expenses are \$27,000, the costs excluded from the SNSP general eligible education expenses are \$27,000, and the costs excluded from the PSCP general eligible education expenses are \$30,000.

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Knowledge Check

A school has a teacher aid that they designate as primarily SNSP. The teacher aid does not spend all of his time on the SNSP. How must the school determine the portion of the SNSP teacher aid's time spent on the SNSP?

- a. The school can use the percentage of the school participating in the SNSP.
- b. The teacher aid must specifically track the amount of time spent working with SNSP pupils and SNSP required items compared to the amount of time spent on non-SNSP items every day.
- c. The teacher aid can estimate the amount of time spent on SNSP items.
- d. The teacher aid must specifically track the amount of time spent working with SNSP pupils and SNSP required items compared to the amount of time spent on non-SNSP. The teacher aid could select certain weeks to track her time that are representative of his typical time spent on the SNSP compared to non-SNSP items.

91

91

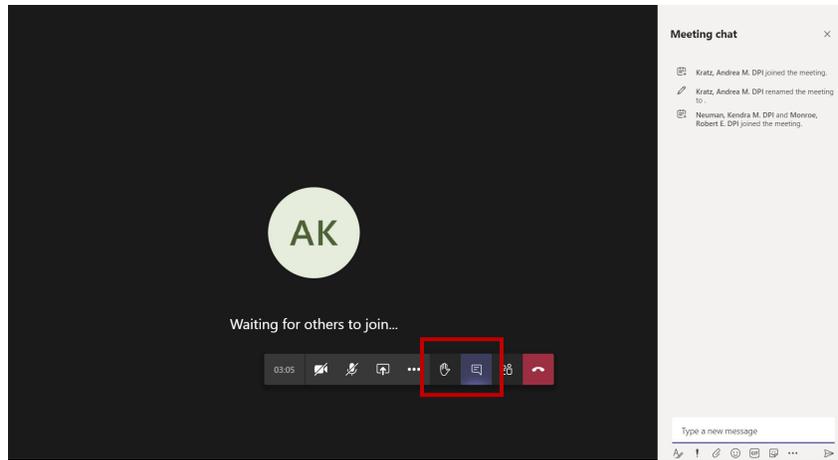
True or False

1. If a school has a cost that only relates to a SNSP student, they must include it as a primarily SNSP expense.
2. A school must complete a SNSP Statement of Actual Cost for each pupil that participated in the SNSP at its school in the previous school year.

92

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Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

2) Raise your hand.
We will then unmute you so you can ask the question.

93

93

Eligible Education Expenses General Requirements

- The amount included as an eligible education expense in the reserve balance schedule, for costs identified as eligible, is the amount that could be included in the Statement of Activities for that school year based on GAAP, except for the following:
 - The amount that the school paid for land must be included in the first year the land is used for educational programming using an allocation method, if applicable, if the school chooses to include land it owns when it first enters the program in the GAAP audit.
 - Modified Financial Audit Only: Post retirement benefits may be included based on the actual cost of the benefits in that year.

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Eligible Education Expenses General Requirements (cont)

- In order to include something as an eligible education expense, the school must expend cash (either now or projected for the future).
- An expense may only be included once.

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Non Eligible Education Expenses

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Depreciation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -

- Depreciation on contributed capital assets or non educational programming assets goes on the “Ineligible Depreciation Expense” line.
- Any other contributed costs must be included on the “Contributed Expenses Other Than Fixed Assets” line in the financial statements. This can include:
 - The Fair Market Value of rent if the landlord is charging less than the typical rent cost.
 - Contributed services cost.

Example Screen Print is PSCP Standard Schedule

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Non Eligible Education Expenses (cont)

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Deprecation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -

- Bad debt expense
- Scholarship awards and financial support for pupils
- Church expenses
- Other non-eligible expenses

Example Screen Print is PSCP Standard Schedule 97

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Non Eligible Education Expenses (cont)

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Deprecation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -

- If the school holds any grade, such as K4, for the public school district the cost to provide education for pupils at the private school that are enrolled in the public school district should be included in the School District Partnership Expenses line.
 - Since the costs are not included as eligible, the school district partnership revenue will not be included as offsetting revenue.
 - These pupils are excluded from the all pupil count.

Example Screen Print is PSCP Standard Schedule 98

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Non Eligible Education Expenses (cont)

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Deprecation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	-
10	Eligible Education Expenses on SNSP Statements of Actual Cost	-
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -

- Daycare expenses except for before and after school care for K-12th grade pupils enrolled in educational programming at the school.
- This line includes any preschool costs, such as K3 costs.
- If the school is participating in the Choice program, the school would need to identify before and after care as eligible in its policy in order for the expenses to be eligible.

Example Screen Print is PSCP Standard Schedule

99

99

Non Eligible Education Expenses (cont)

- Daycare expenses determination:
 - If the school has kindergarten age students enrolled in day care, they are not included in the all pupil count and the expenses are not included in eligible education expenses.
 - If the school is providing educational programming, meets the required number of hours of instruction, and the pupils are age eligible, pupils in K4 and K5 should generally be included in the all pupil count and the expenses should be included as eligible. We will discuss this further during the Enrollment Audit Trainings.

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Expenses Charged by Legal Entity

- The school cannot include expenses charged by its own legal entity as an eligible education expense. Instead, the actual expenses incurred by the legal entity can be included as eligible if they meet the eligible education expense requirements. The organizations are **not** different legal entities if:
 - The organizations have the same tax id number and use it for all activities including payroll.
 - The organizations are NOT separately set up with the Department of Financial Institutions.
- For example, rent may only be included if the school is a separate legal entity from the landlord.

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Knowledge Check

Which of the following does **not** need to be specified in the school's eligible education policy for the Choice program?

- a. Any allocations the school will use if the school has any expenses are less than 100% related to K4-12th grade educational program pupils.
- b. The expenses that will be eligible education expenses for the school.
- c. The school's educational purpose.
- d. The expenses that will be excluded from eligible education expenses.

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Knowledge Check

A church and school are one legal entity. The church owns the school building. The church charges the school \$50,000 a year for rent. The church pays \$10,000 for utilities and \$15,000 for interest on the mortgage used to purchase the building. How much can the school include as an eligible education expense?

- If the school's eligible education policy identifies building related expenses are eligible education expenses (for the Choice program), an allocation percentage can be used to determine the school's portion of the utility expenses and the interest on the mortgage. Additionally, if the building and/or land meets the fixed asset requirements, the school's portion of the building and land can also be included as eligible.
- If the school's eligible education policy identifies rent as an eligible education expense (for the Choice program), the \$50,000 can be included as eligible.
- Nothing because the school doesn't own the building and isn't incurring the costs directly.

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Adjustments to Prior Year Eligible Education Expenses

Line	A Line Description	B Amount
18	Less: Total Offsetting Revenue	\$ -
19	Adjustments to Prior Year Net Eligible Education Expenses	
20	Net Eligible Education Expenses for All Pupils	\$ -

- If a previously included eligible education expense is forgiven or it is determined it was not an appropriate expense, the current year eligible education expenses are reduced. Include the amount as a negative on the adjustment line.
- If an eligible education expense was missed in a previous year, include the amount as a positive on this line.

Example Screen Print is PSCP Standard Schedule

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Adjustments to Prior Year Eligible Education Expenses (cont)

- The amount included in the Adjustments to Prior Year Net Eligible Education Expenses line must be:
 - The amount before the percent of pupils participating in the program is applied.
 - Include any prior year increases to net eligible education expenses as positive and decreases as negative.
- Do not include changes in land on the Adjustments to Prior Year Net Eligible Education Expenses line. All land that is included in the GAAP audit and meets the PSCP/SNSP requirements must be included on the Reserve Balance Schedule's land line the first year the land is used for educational programming. If land was missed in a previous year, contact the DPI for proper reporting.

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Complete the top of the PSCP & SNSP Standard Reserve Balance Schedule Based on the Following Information (see the next 2 slides)

- The school participated in the Choice program for the past 5 years. The school joined the SNSP in the 2020-21 school year.
- Total expenses on the Statement of Activities of \$1,000,000 that include the following:
 - Rent expense of \$100,000. The landlord is a related party who does not charge rent.
 - Church only expenses of \$50,000.
 - Curriculum for a SNSP student of \$5,000 that the school designates as an SNSP primarily expense. The SNSP student uses it 80% of the time.
 - Write off of \$15,000 of tuition.
 - The school paid for an addition on a second building it owns. The addition is used 60% for K4-12th grade educational programming, 20% for childcare, and 20% for the church. Annual depreciation expense is \$20,000.
- Scholarships for pupils that are included as a reduction to the tuition revenue of \$40,000.
- The school included \$5,000 as an eligible education expense in the 2019-20 financial audit. In 2019-20, the percent of the school participating in the program was 50%, so \$2,500 was included as an eligible education expense. In 2021-22, the auditor determines that the \$5,000 was recorded twice in the school's general ledger and, as a result, the amount was included as eligible twice.

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PSCP Reserve Balance Schedule

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Depreciation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	
10	Eligible Education Expenses on SNSP Statements of Actual Cost	
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -
15	Government Assistance Excluding Forgiven PPP Loans	
16	Fundraising Revenue	
17	Insurance Proceeds	
18	Less: Total Offsetting Revenue	\$ -
19	Adjustments to Prior Year Net Eligible Education Expenses	
20	Net Eligible Education Expenses for All Pupils	\$ -

- Total expenses on the Statement of Activities of \$1,000,000 that include the following:
 - Rent expense of \$100,000. The landlord is a related party who does not charge rent.
 - Church only expenses of \$50,000.
 - Curriculum for a SNSP student of \$5,000 that the school designates as an SNSP primarily expense. The SNSP student uses it 80% of the time.
 - Write off of \$15,000 of tuition.
 - The school paid for an addition on a second building it owns. The addition is used 60% for K4-12th grade educational programming, 20% for childcare, and 20% for the church. Annual depreciation expense is \$20,000.

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PSCP Reserve Balance Schedule (cont)

NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS		
Line	A Line Description	B Amount
1	Expenses on Statement of Activities	
2	Ineligible Depreciation Expense	
3	Contributed Expenses Other Than Fixed Assets	
4	Bad Debt Expense	
5	Scholarship Awards & Other Financial Support for Pupils	
6	Daycare Expenses	
7	School District Partnership Expenses	
8	Church Expenses	
9	Eligible Education Expenses Primarily for SNSP Pupils	
10	Eligible Education Expenses on SNSP Statements of Actual Cost	
11	Other Non-Eligible Expenses	
12	Less: Total Non-Eligible Expenses	\$ -
13	Add: Eligible Education Expense for Land	
14	Eligible Education Expenses	\$ -
15	Government Assistance Excluding Forgiven PPP Loans	
16	Fundraising Revenue	
17	Insurance Proceeds	
18	Less: Total Offsetting Revenue	\$ -
19	Adjustments to Prior Year Net Eligible Education Expenses	
20	Net Eligible Education Expenses for All Pupils	\$ -

- The school participated in the Choice program for the past 5 years. The school joined the SNSP in the 2020-21 school year.
- Scholarships for pupils that are included as a reduction to the tuition revenue of \$40,000.
- The school included \$5,000 as an eligible education expense in the 2019-20 financial audit. In 2019-20, the percent of the school participating in the program was 50%, so \$2,500 was included as an eligible education expense. In 2021-22, the auditor determines that the \$5,000 was recorded twice in the school's general ledger and, as a result, the amount was included as eligible twice.

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SNSP Reserve Balance Schedule

NET ELIGIBLE EDUCATION EXPENSES PRIMARILY FOR SNSP PUPILS			
Line	A Line Description	B Amount	C Matches PSCP
1	Eligible Education Expenses Primarily for SNSP Pupils		
2	Government Assistance for Expenses in Line 1 Excluding Forgiven Paycheck Protection Program (PPP) Loans		
3	Fundraising Revenue for Expenses in Line 1		
4	Insurance Proceeds for Expenses in Line 1		
5	Less: Total Offsetting Revenue for Expenses in Line 1	\$ -	
6	Adjustments to Prior Year Net Eligible Education Expenses Primarily for SNSP Pupils		
7	Net Eligible Education Expenses Primarily for SNSP Pupils	\$ -	
NET ELIGIBLE EDUCATION EXPENSES FOR ALL PUPILS			
12	Expenses on Statement of Activities		N/A
13	Ineligible Depreciation Expense		N/A
14	Contributed Expenses Other Than Fixed Assets		N/A
15	Bad Debt Expense		N/A
16	Scholarship Awards & Other Financial Support for Pupils		N/A
17	Daycare Expenses		N/A
18	School District Partnership Expenses		N/A
19	Church Expenses		N/A
20	Eligible Education Expenses Primarily for SNSP Pupils		
21	Total Actual Cost for Pupils in SNSP Statements of Actual Cost	-	N/A
22	Other Non-Eligible Expenses	-	N/A
23	Less: Total Non-Eligible Expenses	\$ -	
24	Add: Eligible Education Expense for Land		
25	Eligible Education Expenses	\$ -	

- Total expenses on the Statement of Activities of \$1,000,000 that include the following:
 - Rent expense of \$100,000. The landlord is a related party who does not charge rent.
 - Church only expenses of \$50,000.
 - Curriculum for a SNSP student of \$5,000 that the school designates as an SNSP primarily expense. The SNSP student uses it 80% of the time.
 - Write off of \$15,000 of tuition.
 - The school paid for an addition on a second building it owns. The addition is used 60% for K4-12th grade educational programming, 20% for childcare, and 20% for the church. Annual depreciation expense is \$20,000.
- Scholarships for pupils that are included as a reduction to the tuition revenue of \$40,000.

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SNSP Reserve Balance Schedule (cont)

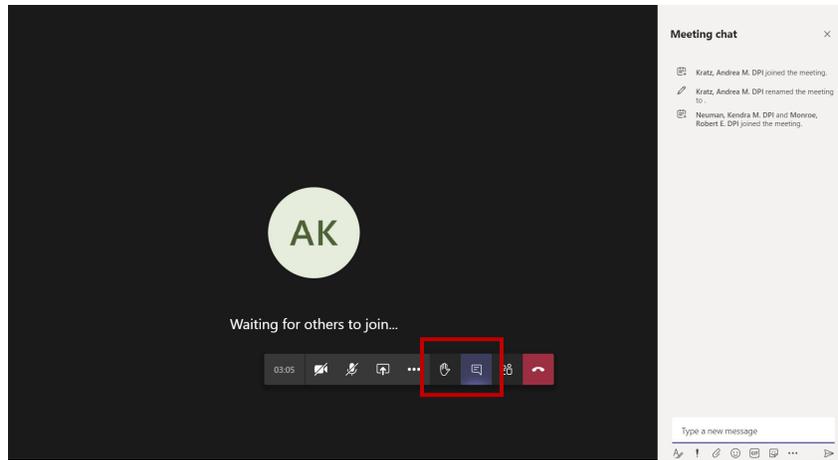
26	Government Assistance for Expenses in Line 25 Excluding Forgiven PPP Loans	-	N/A
27	Fundraising Revenue for Expenses in Line 25	-	N/A
28	Insurance Proceeds for Expenses in Line 25	-	N/A
29	Less: Total Offsetting Revenue for Expenses in Line 25	\$ -	
30	Adjustments to Prior Year Net Eligible Education Expenses		
31	Net Eligible Education Expenses for All Pupils	\$ 822,000	

- The school participated in the Choice program for the past 5 years. The school joined the SNSP in the 2020-21 school year.
- The school included \$5,000 as an eligible education expense in the 2019-20 financial audit. In 2019-20, the percent of the school participating in the program was 50%, so \$2,500 was included as an eligible education expense. In 2021-22, the auditor determines that the \$5,000 was recorded twice in the school's general ledger and, as a result, the amount was included as eligible twice.

110

110

Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

2) Raise your hand. We will then unmute you so you can ask the question.

111

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Fixed Assets

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Fixed Assets General Requirements

- The school must create a capitalization policy that specifies:
 - The useful life that will be applied to assets within each category.
 - The monetary threshold that will be used to determine if an asset is capitalized.
 - Information on what asset groups, if any, will be used for capitalization purposes.
- See Appendix 1 in the PSCP/SNSP Eligible Education Expense Bulletin for an example capitalization policy.

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Fixed Asset PSCP & SNSP Requirements

- Only the cost for fixed assets may be included as eligible. If an asset is donated, for example, it is not an eligible cost.
- The school must have support for the original purchase price and be able to provide evidence that the school paid for the fixed asset purchase in order for the depreciation expense to be PSCP/SNSP eligible.

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Depreciation

- Depreciation for fixed assets begins when the asset is placed in service.
- The depreciation is included as an eligible education expense based on the percentage of the asset used for educational programming and related services.

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First Year Financial Audit

- In the first year a school completes a GAAP financial audit for the PSCP or SNSP, the school must decide what, if any, existing fixed assets owned as of the beginning of the fiscal year (“existing fixed assets”) will be included in the financial audit.
- The school may choose to include all, some, or no existing fixed assets owned in the financial audit (including land) as long as the ones that are included meet GAAP including:
 - The original purchase must have met the school’s capitalization policy.
 - The school will need to determine and support the beginning fiscal year book value.

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Existing Fixed Assets Excluded from Financial Audit

- If any existing fixed assets are excluded from the Statement of Financial Position, a qualification must be included in the audit opinion. The qualification paragraph should indicate the effects of not including the balances. A sample paragraph is included in the Financial Audit and PSCP/SNSP Reserve Balance Bulletin Frequently Asked Questions.

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Fixed Assets Purchased During School Year

- The option to exclude fixed assets only applies to existing fixed assets owned as of the beginning of the first fiscal year the school completes a GAAP financial audit for the PSCP or SNSP.
- Any other fixed assets must be capitalized based on the capitalization policy of the school.

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Fixed Assets that Do Not Meet DPI Requirements

- If any fixed assets are included in the Statement of Financial Position that do not meet the PSCP/SNSP requirements, the following must be completed:
 - The depreciation expense for the assets must be excluded from eligible education expenses.
 - The financial audit must include a note disclosure indicating the fixed assets that do not meet the PSCP/SNSP requirements. A sample note is in the Financial Audit and PSCP/SNSP Reserve Balance Bulletin.

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Example

- The church and the school are the same legal entity. The entity owns the following fixed assets prior to joining the Choice program. The school's policy indicates buildings are depreciated over 40 years. All other fixed assets are depreciated over 5 years.

Fixed Asset Description	Use	Original Value	Supporting Information Available?	Years Owned
Church building	Used for all church activities and school has chapel there once a week (5% of use).	\$1,000,000	No	50
School building	Used for all school activities & programs.	\$2,500,000	Yes	10
School bus	Used to transport students to and from school.	\$35,000	Yes	2
Van	Used by church for church events.	\$25,000	Yes	1
Desks	Used by students in K-12 educational programming.	\$2,500	Yes	6
Land church and school building are on.	Has church and school building on it. Land also has playground and sport fields used by school.	\$50,000	Yes	50
Lockers	Students use during school day.	\$5,000	No	3

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Example-Will the school be able to include the following as eligible education expenses?

The church and the school are the same legal entity. The entity owns the following fixed assets prior to joining the Choice program/SNSP. The school's policy indicates buildings are depreciated over 40 years. All other fixed assets are depreciated over 5 years.

Fixed Asset Description	Can the school include the fixed asset as an eligible expense?
Church building	
School building	
School bus	
Van	
Desks	
Land church and school building are on.	
Lockers	

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Knowledge Check

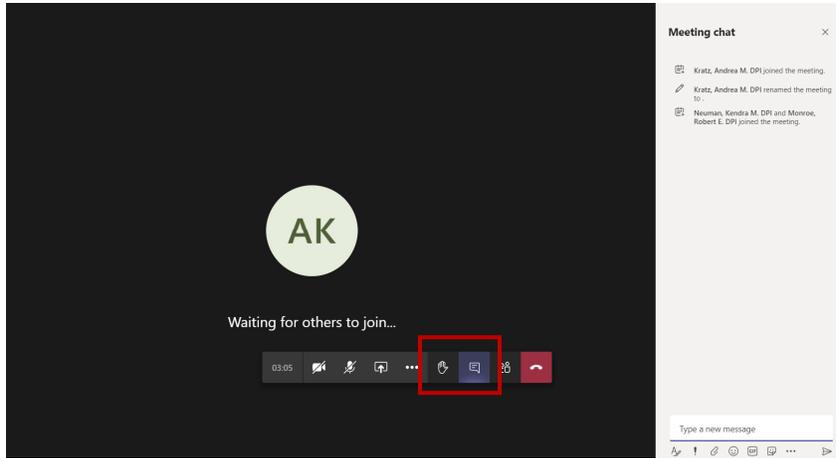
Which of the following is acceptable supporting documentation for an asset to be included as eligible for Choice program purposes?

- The information from the accounting system showing the asset and the amount recorded for the asset in the school's accounting system.
- The invoice or payment request for the asset.
- The canceled check or other documentation showing payment for the asset.
- Both b and c are required supporting documentation for Choice program purposes.

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122

Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

2) Raise your hand.
We will then unmute you so you can ask the question.

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Offsetting Revenue

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Offsetting Revenue

14	Eligible Education Expenses	\$ -
15	Government Assistance	
16	Fundraising Revenue	
17	Insurance Proceeds	
18	Less: Total Offsetting Revenue	\$ -

- Offsetting revenue is revenue that decreases the amount of Choice eligible education expenses for the school. It includes:
 - Government assistance for educational programming expenses
 - Insurance proceeds for educational programming expenses
 - Fundraising revenue

Example Screen Print is PSCP Standard Schedule 125

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Offsetting Revenues (cont)

- Government Assistance:
 - Any government assistance for expenses that are included in eligible education expenses are offsetting.
- Some examples of government assistance revenue include USDA food program revenue, Federal/state COVID assistance funding, and E-rate grants.

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COVID Assistance Funding

- Emergency Assistance for Non-Public Schools (EANS)
 - Reimbursement model
 - Request service or assistance
- Equitable Participation Funds:
 - Elementary and Secondary School Emergency Relief I (ESSER I)
 - Governor's Emergency Education Relief (GEER) Grant Program

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COVID Assistance Funding (cont)

- Payroll Taxes Related Credits:
 - Employee Retention Credit (ERC)
 - Families First Coronavirus Response Act (FFCRA)-Paid Family Leave Refundable Credit and Paid Sick Leave Refundable Credit
 - COBRA Premium Assistance Credit
- Paycheck Protection Program

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Paycheck Protection Program

- The forgiven portion of the Paycheck Protection Program (PPP) loan that was used for educational programming purposes should not be included as offsetting government assistance revenue in the Choice Programs and SNSP Reserve Balance Schedules.
- The financial audit notes should provide information on any PPP loans the school received and the status of applying for forgiveness of the loans.

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COVID Assistance Funding

- See the COVID Funding Bulletin for information on accounting for these revenues.
- The bulletin provides an example note that should be included in the financial audit describing what COVID funding the school received and how it is included in the financial audit.

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Aids Register

- Auditors can use the Aids Register to identify any government assistance the school received from the DPI. This will not include government assistance not received from DPI.
- The link for the Aids Register is available on the SNSP and Choice homepages under “Related Links”.

Related Links

[District & Charter Special Education Leadership Directory](#)

[Seclusion and Physical Restraint Information](#)

[Background Check Information Sources](#)

[Aids Register](#)

[Transportation Information](#)

[Private Schools in Wisconsin](#)

[Private School Directory](#)

[School Management Services Homepage](#)

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Aids Register

Welcome to STAR AIDS Register

Fiscal Year:

Agency Id:

Agency Name:

- The “Fiscal Year” is the end of the school year for which the payment is made. The payments are not included in the Aids Register based on the period they relate.
 - 2022: Payments made from July 1, 2021 to June 30, 2022
 - 2023: Payments made from July 1, 2022 to June 30, 2023
- The agency ids for each school will be listed in an Excel document available on the Financial Audit webpage.

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Aids Register

Voucher Date	Payment Date	Voucher Id/STAR ID	Source	Project	Appr	Description	Amount
Food Service Aid National School Lunch Private CFDA/§: 10.555							
04/05/2018	04/16/2018	68105	717	547	344	01/18, NSL, Meals	13,962.71
02/02/2018	02/12/2018	63600	717	547	344	12/17, NSL, Meals	10,094.98
Aid for School Mental Health Programs CFDA/§: 255.227							
School Performance Improvement Grants CFDA/§: 255.292							
Personal Electronic Computing Device CFDA/§: 255.296							
REFUGEE SCHOOL IMPACT CFDA/§: 93.566							

- The title at the top identifies the type of revenue received.
- The “Description” column includes the month that the claim relates to for USDA food program payments.

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Payments Paid in Different Year than Earned

Voucher Date	Payment Date	Voucher Id/STAR ID	Source	Project	Appr	Description	Amount
Food Service Aid National School Lunch Private CFDA/§: 10.555							
04/05/2018	04/16/2018		717	547	344	01/18, NSL, Meals	13,962.71
02/02/2018	02/12/2018		717	547	344	12/17, NSL, Meals	10,094.98
01/18/2018	01/29/2018		717	547	344	11/17, NSL, Meals	13,884.47
01/04/2018	01/16/2018		717	547	344	10/17, NSL, Meals	15,841.72
12/07/2017	12/18/2017		717	547	344	09/17, NSL, Meals	14,501.53
08/01/2017	08/14/2017		717	547	344	06/17, NSL, Meals	4,381.96
07/25/2017	08/07/2017		717	547	344	05/17, NSL, Meals	10,930.98
07/12/2017	07/24/2017		717	547	344	04/17, NSL, Meals	6,411.18

- The Aids Register uses the cash basis. Program payments may be on a delay. Review the current year’s and next year’s Aids Register for any payments that were for the previous year. The description for food program payments includes the date.

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Matching USDA Food Program Payments

Voucher Date	Payment Date	Voucher Id/STAR ID	Source	Project	Appr	Description	Amount
State School Lunch Aid MATCH CFDA/§: 255.102							
03/26/2018	04/02/2018		617	542	209	06/17, MATCH, Other	744.00
Program Total:							744.00
State School Breakfast Aid SSBA CFDA/§: 255.344							
03/26/2018	04/02/2018		617	543	215	06/17, SSBA, Other	565.35
Program Total:							565.35

- The matching USDA food program payment amounts are paid on a one year lag.
- They are labeled “Match” (lunch), “SSBA” (breakfast), and “WMMP” (milk).
- The accrual should be based on the amount paid during the school year being audited.

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Commodity Handling Charges

- Certain schools purchase food from the USDA. Schools that do this are charged a commodity handling charge.
- Commodity handling charges are generally paid by reducing the lunch payment.
- The Aids Register will show the commodity handling charges as a negative in the commodity handling charges section.
- The fair market value of the actual commodities being provided to the school is not included in the Aids Register. If the school/auditor would like that value, the report with that value is available in the FNS Online Services-Commodities Log-in and is called the CARS report.

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Commodity Handling Charges (cont)

- The commodity handling **charges** may be included as eligible education expenses if they are for providing commodities to K-12th grade students and if the food program payments are identified as eligible in the Choice eligible education expense policy.
- The two options for including commodity handling charges in the reserve balance schedule are:
 - Option A:
 - Include commodity charges in eligible expenses
 - Do not reduce offsetting government assistance revenue for commodity charges.
 - Option B:
 - Do not include commodity charges in eligible expenses
 - Reduce the offsetting government assistance revenue for the commodity charges.

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Fundraising Revenue

- Offsetting fundraising revenue is the lesser of the following:
 - Fundraising revenue
 - Non-administrative fundraising expenses included in eligible education expenses
 - Administrative expenses include expenses for personnel, mailings, copying, and fixed assets used for other school purposes.

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Knowledge Check

The school provides a 4 year old kindergarten program at their school and is reimbursed by the district for the program. The students are considered enrolled in the public school district. Which of the following is true?

- a. The pupils are included in the all pupil count.
- b. The revenue from the school district must be included as offsetting in the Reserve Balance Schedule.
- c. The expenses for these students are included as ineligible in the School District Partnership Expenses line.

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Knowledge Check

The school includes fundraising revenue net of the direct cost to fundraise on the financial statements. How must these amounts be reflected on the standard reserve balance schedule?

- a. The non administrative fundraising expenses must be added to the Expenses on Statement of Activities line. The lesser of the non administrative fundraising expenses or the fundraising revenue must then be included on the offsetting fundraising revenue line.
- b. Since the non administrative fundraising expenses are excluded from the expenses in the Statement of Activities no amounts need to be included in the offsetting fundraising revenue line in the reserve balance schedule.

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Knowledge Check

How should the auditor determine the amount of funding received from a DPI paid grant for the 2021-22 financial audit?

- a. The auditor should input “2022” and the agency code in the Aids Register look up. The total amount of government assistance identified in the look up that is for educational programming expenses must then be input in the reserve balance schedule as offsetting revenue.
- b. The auditor needs to review the “2022” and “2023” amounts in the Aids register to determine what amounts are for the 2021-22 school year. The auditor must also determine if the school has already or will submit additional claims for the 2021-22 school year that have not yet been paid. The total amount of government assistance revenue for the 2021-22 school year for educational programming expenses must then be input in the reserve balance schedule as offsetting revenue.

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Knowledge Check

Which of the following eligible education expenses related to fundraising would be included in the determination of how much fundraising revenue is offsetting revenue?

	Cost Included in Determination of Offsetting Revenue?
Development director salary & benefits	
Cost for scrip gift cards	
Mailings and copying	
Cost for food for benefit dinner	
Allocated cost for school gym for benefit dinner	
Allocated costs for school personnel who help with benefit dinner	

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Complete the Reserve Balance Schedule Based on the Following Information

- The expenses on the Statement of Activities include fundraising expenses of \$200,000 that consists of the following:
 - \$100,000 of school salaries
 - \$5,000 for copying and mailings
 - \$15,000 for renting a banquet hall and the food for a benefit dinner
 - \$80,000 for purchasing scrip gift cards
- Fundraising revenue of \$300,000.
- USDA food program revenue of \$60,000. \$50,000 is received for K4-12th grade school lunches and \$10,000 is for childcare revenue. The school's food cost \$55,000.
- The school received Employee Retention Credits of \$8,000 that were used for payroll for educational programming staff.

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Offsetting Revenue

15	Government Assistance	
16	Fundraising Revenue	
17	Insurance Proceeds	
18	Less: Total Offsetting Revenue	\$ -

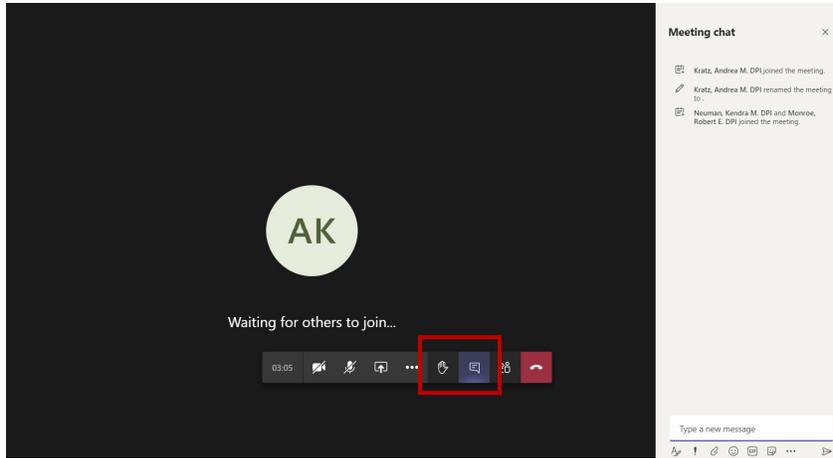
- The expenses on the Statement of Activities include fundraising expenses of \$200,000 that consists of the following:
 - \$100,000 of school salaries
 - \$5,000 for copying and mailings
 - \$15,000 for renting a banquet hall and the food for a benefit dinner
 - \$80,000 for purchasing scrip gift cards
- Fundraising revenue of \$300,000.
- USDA food program revenue of \$60,000. \$50,000 is received for K4-12th grade school lunches and \$10,000 is for childcare revenue. The school's food cost \$55,000.
- The school received Employee Retention Credits of \$8,000 that were used for payroll for educational programming staff.

Example Screen Print is PSCP Standard Schedule

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Questions?



1) Enter questions in the chat by pressing the speech bubble icon and typing in your question.

OR

2) Raise your hand.
We will then unmute you so you can ask the question.

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Review & Available Resources

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Which of the following could be included as an eligible education expense?

For Choice, related services must be included in the policy established by the school to be eligible

	Eligible Cost (Yes or No)
Cost for paying a teacher to watch school age students in an after school program.	
Cost of providing lunch for the teachers.	
Purchase of a refrigerator that is paid using DPI food program funds.	
Payment of outstanding Accounts Payable in the subsequent school year.	

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Which of the following could be included as an eligible education expense?

For Choice, related services must be included in the policy established by the school to be eligible

	Eligible Cost (Yes or No)
Computer for administrative staff person who works 25% on the school and 75% on the church.	
Legal pro-bono work.	
Cost for extra-curricular football supplies.	
Cost for classroom supplies for a grade that does not have choice students in it.	
Salary costs for a pastor that teaches religious education at the school.	

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Which of the following could be included as an eligible education expense?

For Choice, related services must be included in the policy established by the school to be eligible

	Eligible Cost (Yes or No)
Fair market value of supplies that are donated by the administrator.	
Cost for stage materials for a drama club.	
Scholarship awarded to a student.	
The school and the church are the same legal entity. The church owns the building. The church charges the school rent.	

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Knowledge Check

- A school has total eligible education expenses of \$1,108,000.
- The school receives \$50,000 from the USDA food program, \$500,000 in tuition, and \$10,000 in fees.
- The school has a teacher aid who is paid \$40,000 that spends 75% of her time with SNSP pupils. The school decides to include the teacher as a primary SNSP expense.
- The school submitted a 2021-22 SNSP actual cost report that has \$18,000 of eligible education expenses incurred for the pupil on the report.
- What are the school's general net eligible education expenses for the SNSP and Choice program?

Description	SNSP	Choice
General Eligible Education Expenses		
Less:		
Offsetting Revenue		
Primarily SNSP Expenses (Teacher Aid)		
Costs in 2021-22 Actual Cost Report		
General Net Eligible Education Expenses		

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Knowledge Check

- 10% of the school participates in the SNSP.
- 50% participates in Choice.
- The school has a teacher aid who is paid \$40,000 that spends 75% of her time with SNSP pupils. The school decides to include the teacher as a primary SNSP expense.
- The school submitted a 2021-22 SNSP actual cost report that has \$18,000 of eligible education expenses incurred for the pupil on the report.
- What are the school's net eligible education expenses for the SNSP and the Choice program?

Description	SNSP	Choice
General Net Eligible Education Expenses	1,000,000	1,010,000
Times: Percent of School in Program		
General Net Eligible Education Expenses for Program Pupils		
Primarily SNSP Expenses (Teacher Aid)		N/A
Costs in 2021-22 Actual Cost Report		N/A
Total Net Eligible Education Expenses for Program Pupils		

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Knowledge Check

Description	SNSP	Choice
Program Revenue		
Less: Net Eligible Education Expenses for Program Pupils		
Program Reserve Balance		

- A school has \$148,000 of net eligible education expenses for SNSP pupils and \$505,000 of net eligible education expenses for Choice pupils. The school received \$198,000 of SNSP revenue and \$500,000 of Choice revenue during the year. What are the school's SNSP and Choice reserve balance at the end of the year?

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Knowledge Check

A school has a reserve balance of \$20,000. It decides to replace its roof at a cost of \$20,000. 25% of the K-12 FTE at the school participates in the SNSP. Based on the school's capitalization policy, building improvements have a useful life of 10 years. Which of the following is true?

- a) The school can include the full \$20,000 as an eligible education expense for SNSP pupils because the school is reducing the reserve balance.
- b) The school can only include \$5,000 as an eligible education expense for SNSP pupils because the \$20,000 must be multiplied by the percent of the school participating in the program. The amount will be included as eligible each year as the cost to replace the roof is depreciated.

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Program Webpages

- Choice Homepage:

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

- SNSP Homepage:

<https://dpi.wi.gov/parental-education-options/special-needs-scholarship>

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Available On Demand Trainings/Resources

- Choice On Demand Trainings available at <https://dpi.wi.gov/parental-education-options/choice-programs/on-demand-training>
 - Training 5: Financial Audit Trainings
 - Training 6: Fiscal & Internal Control Practices Report
 - Training 9: Payment & Count Reports
- New School Fiscal Management Training (reviews completion of DPI Budget and Cash Flow Report) available at <https://dpi.wi.gov/parental-education-options/choice-programs/new-schools-training>.
- Auditor In Depth Training General Overview at <https://dpi.wi.gov/parental-education-options/choice-programs/auditor-trainings>.

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Other Resources

- Program Bulletins at <https://dpi.wi.gov/parental-education-options/choice-programs/bulletins>.
- Auditor Webpage: <https://dpi.wi.gov/parental-education-options/choice-programs/auditor>

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Questions?

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