

FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING

Meeting Minutes for August 28, 2020

Attendees:

State Auditor Evaluation of School Related Tax Exemptions - Dakota Peterson and James Taurman

The Office of the State Auditor (OSA) is conducting an evaluation of school related tax exemptions. The OSA will be sending a survey out to the primary business officer contact for each school district around September 7th. This will be sent via email and will be done through Survey Monkey. The OSA anticipates publishing the results of this evaluation in mid-January 2021.

Office of the State Auditor Updates – Crystal Dorsey

Districts/charter schools need a Single Audit if \$750,000 in federal expenditures and food service revenues in the fiscal year. The influx of CARES funding may result in some districts/charter schools having a Single Audit for the first time. The first part of the 2020 OMB Compliance Supplement was just released, and the second part will be released in the fall. There may be delays for the audit work as it is not yet clear what needs to be tested related to COVID-19. The deadlines for March 31st deadline

Districts/charter schools must have internal controls to ensure compliance with federal awards. You must prove that you are in compliance and provide supporting documentation to the auditors. Auditors often say, "If you can't document it, it didn't happen." Document, document, document! Communicate the allowable uses for each grant so everyone "knows what the rules are". Consider increased monitoring and oversight to manage the risk of increased volume. Retain all the documentation and guidance related to grants that you receive. Review your policies and procedures and see if any changes are needed with the remote learning environment. The Green Book outlines 5 components and 17 principles of internal controls. This is a valuable resource. It is what the State uses. This and the COSO Internal Control resources are a great source of guidance/direction for districts as well.

Districts had to make decisions quickly due to COVID-19 and it was not always feasible to get quotes for items that were needed urgently. In this case, districts should document why the decision was made for an exception to the existing purchasing processes.

GFOA has good guidance on best practice documents. Talk to your colleagues to see what they have developed for policies.

GASB 95 was issued in May 2020. This postpones the implementation for several GASB statements. GASB 83 related to asset retirement obligations and GASB 88 related disclosures related to debt are still in effect for this year. GASB Technical Bulletin 2020-01 has a lot of good guidance, including:

- CRF revenue recognition
- CARES Act programs for loss of revenue
- Subsequent Events
- Paycheck Protection Program
- Operating or Nonoperating revenue presentation – enterprise funds
- Special or Extraordinary Item Presentation – COVID-19 did not meet the criteria for this

HB20-1421 waived the interest period on unpaid property taxes until October 1, 2020. NCGA Interpretation No 3 states that if unusual circumstances, the facts justify a period greater than 60 days, the governmental unit should disclose this period used and the facts that justify it. This means that districts can make a one-year change to your revenue recognition policy to allow for a longer recognition period and disclose this in your financial statement notes. GASB Emergency Toolbox clarifies this provision.

Congrats to Dianne Ray, the State Auditor, who has been appointed to the GASB Board.

There are three exposure drafts that make significant changes to financial reporting. Comments are due at the end of February.

Audits are due to the OSA and CDE by December 31st. Extensions can be requested of the Office of the State Auditor until March 1. If the deadline is missed, the OSA will notify the county treasurer to hold all taxes collected on behalf of the district. Statutes are specific to the requirements and limitations for this process. There is a new portal to request extensions. Ideally the request for an extension should be made by a board member.

Crystal will be doing an Audit 101 class through CGFOA on September 1. This will include more details about internal controls. The price is very reasonable: \$25 for members and \$40 for non-members. See CGFOA.org to register and obtain more details.

See slide deck and links with resources for more details.

Student October Count - Remote Learning Considerations – Rebecca McRee

The Student October Count Audit Resource Guide has been published on the pupil count webpage. Additionally, this year there is an Addendum to the Resource Guide and CDE Policy on Instructional Hours and Attendance in recognition of remote learning during the SY20-21. There are also links to several trainings which have been recorded related to funding and audit requirements.

Districts' local board of education can define activities that would demonstrate when students are "engaged in the educational process" to include remote learning for the SY20-21. Additionally, local boards should describe how attendance will be taken in light of remote learning.

The existing requirements for full-time and part-time funding remain the same: 360 or more hours of teacher-pupil instruction and contact for full-time and 90 or more hours for part-time.

For online and remote learning, districts must use an equivalency in order to determine into how many courses a student must be scheduled in order to meet the full- or part-time funding thresholds. For districts that started the school year 100% remote for all students, the district can rely on the SY19-20 calendar and bell schedule calculations to determine how many courses into which a student must be scheduled in order to meet the full or part-time funding threshold.

Colorado Digital Learning Solutions (CDLS) courses are considered online/remote learning course. Districts must apply the appropriate equivalency for the purchased courses per their individual schools' in-person calendar and bell schedule calculations.

Information on the appropriate coding for various scenarios is outlined in the slides.

The School Finance formula is defined in statute and will be based on funded pupils as reported in the 2020 Student October Count. As a reminder, the formula includes an averaging provision, so funding will be the higher of the current funded pupil count, the average of funded pupil counts for two, three, four or five years. As such, the impact of annual enrollment variances on funding is softened.

See slide deck and links with resources for more details.

CDE-40 - Rebecca McRee

CDE-40 submissions were due August 14th, unless an extension until September 15th was approved. CDE has begun a high-level review of the data submitted by districts compared to data submitted last year. We expect that the current operating expenditures will be about the same or less than last year, scheduled count day miles will be within 20% (+/-last year, the days students were transported will be less than last year (should include reduction in days March-May), and activity and total pupil miles will be less than last year.

Reviews to date have identified several issues/areas of concern. We are asking all districts, even if you have already submitted, to review your calculation worksheets one last time, and if you find any issues or have concerns, please contact Williams_a@cde.state.co.us or Mcree_r@cde.state.co.us for clarification.

For the 20-21 school year, transportation is not occurring or is occurring in a reduced capacity during the upcoming year, then the overall costs attributed to this type of transportation will likely be reduced. Therefore, transportation reimbursements will be adjusted accordingly.

Districts are encouraged to have processes in place to track needed information for the CDE-40. This includes:

- Expenditures, including tracking bus driver salaries that may be attributed to duties outside of pupil transportation
- Miles/Calendar Days, including tracking bus mileage attributed to delivering meals only separately from pupil transportation bus mileage
- All districts should anticipate using split calendar calculations (track how many days each route transported students)
- Districts should ensure that they have all scheduled/anticipated routes set up as of October 1, 2020 even if those routes are not actually running as of 10/1/20 - district can default to the routes that were in place when the district suspended in-person instruction in March 2020

A district asked if count day miles can be provided through the routing software rather than through paper forms. If the routing system includes descriptions with mileage breakdowns, these reports can be provided as documentation. As stated above, districts will need to use a split calendar calculation if those routes do not run every day school is in session.

See slide deck and links with resources for more details.

FY19-20 Data Pipeline – Adam Williams

Data pipeline is open. The information related to Data Pipeline at cde.state.co.us/cdefinance was reviewed. On the Assurances for Accreditation Form, if you answer No to any of the items on the Assurances for Financial Accreditation, please use Attachment A to outline what steps are being taken to avoid a statutory violation in the future. The Financial Data Warehouse Sub-Recipient Reports for FY19-20 and is available.

There were a lot of questions related to the USDA Food checks figure this year and how to report the USDA commodities figure. The food loss revenue check that districts received does not impact the commodities figure. This food loss revenue should be coded as state from other than CDE (3010) and grand code 3950-3999. The PERA On-Behalf Payments and edits from last year remain the same. Districts need to login to PERA to get this amount. The worksheet to calculate voter approved MLO revenues is updated.

New edits for FY19-20 include READ Act edits. The old READ Act grant code (3206) cannot have any new revenues recorded to it. However, expenditures can be recorded to 3206 and 7582. Initially the sub-recipient reports included FY19-20 READ Act revenues at 3206. This

was incorrect and has been updated. There have been a few additional updates that have been sent to districts. Please obtain the new reports.

Please update the Fund 90 information every year. There will be an edit that General Obligation Bonds Payable (7511) cannot remain the same.

The federal financial reports to the federal reports have been submitted and revenue and expenditure have been updated on the website.

Make sure that audit integrity reports match the audited financial statements. We saw a number of instances where there was a mismatch with this data in FY18-19.

We will be making updates to the Chart of Accounts and FPP Handbook. There are not a lot of changes on CDE's radar; districts are asked to identify any changes they see would be helpful. CDE is looking at updates to the Handbook related to TABOR. The Financial Transparency template will remain the same; only date changes are needed. Changes will be Compliance

ESSER and CRF Funds Reporting: – Jennifer Okes

The reporting timeline will be extremely tight.

For CRF Funds, CDE must collect and report actual expenditures through September 30th no later than October 2nd – 2 business days. CDE must report this data to the State Controller's Office October 3rd. The report for December 30th will likely be due approximately January 3rd.

We are developing an Excel Workbook reporting specific categories required per the US Treasury. More details and training to follow on how to complete the CRF Workbook coming very soon.

For ESSER Funds, monthly reporting will be completed through existing FFATA reporting through CDE Grants Fiscal. Annual reporting of actual expenditures will be managed via the ESSER online application site, with the functionality to enter actual expenditures by approved budget line item.

Specific training and office hours will be provided on reporting requirements for CRF and ESSER when finalized.

As you know, we have added clarifications to the Use of Funds for CRF and ESSER over the past several weeks. Yesterday (August 27th), we included a clarification related to childcare. Before and After School Care is an allowable use of CRF funds. ESSER funds can be used to support supplemental after school programs and summer learning if reasonable and necessary to respond to COVID-19.

Districts were reminded to enter the correct contact information on ESSER applications. Some emails have been rejected when we have tried to send districts final approval letters and Grant Award Letters.

Child Nutrition Programs – Jennifer Okes:

During the spring, we saw food service revenues were lower than the prior year, even though all reimbursements were at the free-lunch rate. Districts are encouraged to closely monitor their food service funds.

Last week, the USDA extended four waivers of child nutrition requirements through September 30, 2020:

- Non-congregate feeding – allowing students to eat reimbursable meals in separate locations or at different times
- Meal pattern flexibility for meals served
- Parent and guardian pick up – allowing meals to be picked-up without their children present

Area eligibility for Summer Food Service Program more broadly and in more areas

Advocacy organizations have asked USDA to extend the waivers for the full 2020-21 school year, but USDA has said in the past that they want to follow district leadership in terms of decision-making and not get ahead of what schools need.

Other Topics of Interest – Various Presenters

CASBO – The 24th Annual Fall Conference is scheduled for October 14th and 15th - <https://www.coloradoasbo.org/i4a/pages/index.cfm?pageid=3300>

OSA – The Legislative Audit Committee for the School District Fiscal Health is scheduled for September 22nd - <https://leg.colorado.gov/agencies/office-state-auditor/legislative-audit-committee-schedule-agenda>

Upcoming Meetings – Jennifer Okes

We are considering having more meetings than usual for the upcoming year. The proposed meetings are for October, January, March, May, June. We will work on scheduling times for these and will adjust as appropriate based upon feedback or new information that warrants an additional meeting.