

FINANCIAL POLICIES AND PROCEDURES COMMITTEE MINUTES

March 4, 2016

Members Present

Kathleen Askelson, Jefferson County R-1
Amy Lyons, Bayfield 10JT-R
Deb County, Valley Re-1
Janell Wood, Swink 33
Karin Slater, Montrose County Re-1J
Kurt Shugars, Telluride R-1
Mike Thomas, Fowler R-4J
Wendy Everett, Cortez RE-1
Terry Buswell, Centennial BOCES

Steven Clawson, Denver 1
Cara Golden, Mesa County Valley 51
Donna Villamor, Littleton 6
Kara Emmerling, Geona-Hugo C113
Kristine Githara, Cherry Creek 5
Lisa Clark, Weld RE-3J
Richard Stettler, Ellicott 22
Chloe Flam, Northwest Colorado BOCES
Eileen Johnston, James Irwin Charter

Alternates Present

Lana Niehans, Pueblo City Schools 60

Ex-Officio Members Present

Leanne Emm, CDE
Kirk Weber, CDE
Paul Reynolds, CDE
Crystal Dorsey, OSA

Jennifer Okes, CDE
Adam Williams, CDE
Yolanda Lucero, CDE

Members, Ex-Officio Members and Alternates Absent

Anthony Whiteley, St. Vrain Valley Re-1J
Fran Christensen, Falcon 49
Laura Hronik, Colorado Springs 11
Theresa Larson, Aurora 28J
Kathy Shannon, CASB

Christy Hamrick, Garfield Re-2
Kera Badalamenti, Poudre R-1
Shae Martinez, Mapleton 1
Christopher Telli, Colo. Society of CPAs
Scott Szabo, Colo. Society of CPAs

Guests Present

Alex Marino, Douglas County RE-1
Amanda Ward, Garfield Re-2
Angela Slaven, Mesa County Valley 51
Ashley Thang, Mesa County Valley 51
Betty Casanova, Center 20JT
Brenda Johnson, Weld Re-8
Carol Meininger, Pinnacle Charter
Cary Allen, Wiggins RE-50(J)
Cheryl Wallace, Rubin Brown LLP
Cindy Lacey, Ouray R-1
Conni Salzbrenner, Vilas
Dee James, Ouray R-1
Diane Raine, Mesa County Valley 51
Dottie Burnett, Santa Fe Trail BOCES
Erich Dorn, Centennial BOCES
Jan Brummond, Platte Valley Re-7
Jane Frederick, St. Vrain Valley Re-1J
Jason Austin, Durango 9R

Alicia Hancock, Delta County 50(J)
Amber Valencia, Pueblo City Schools 60
Angialea Goode, Kim Reorganized 88
Becky Samborski, Weld RE-1
Bill Cordova, Trinidad 1
Brian Lund, Estes Park R-3
Carrie Rigneg, Bright Bytes
Caryn Braddy, Vision Charter Academy
Chrissie Miller, Mancos Re-6
Colleen Love, Ridgeway
Dana Miller, Adams 12
Denise Pearson, Kiowa C-2
Doreen Jones, Dolores RE-4A
Eddie Storz, Adams 14
Hyesun Son, Adams 14
Jana Schleusner, Douglas County RE-1
Janelle Urista, Meeker RE-1
Jerene Wilkinson, Monte Vista C-8

Jim Ventrello, Delta County 50(J)
Jona Layton, East Central BOCES
Justin Petrone, Boulder Valley RE-2J
Kara Emmerling, Geona-Hugo C113
Kari Albright, Boulder Valley RE-2J
Kenneth Wieck, Colorado Springs 11
Lauren Rossini, CDE
Leona Hollend, Monte Vista C-8
Lisa Horn, BKD
Mandy Hydock, Greeley RE-6
Mark Rydberg, Steamboat Springs
Meggan Sponsler, Greeley RE-6
Melissa Kirchner, Peyton 23JT
Michael Zippiroli, Bright Bytes
Mike Abild, Bright Bytes
Mike Lee, Ft Morgan RE-3
Nicole Stewart, Jefferson County R-1
Patty Venem, Rocky Ford R-2
Regina Enciso, Pueblo City Schools 60
Rich Allen, Bright Bytes
Scott Lee, CDE
Shanae Larson, Sanford 6J
Sherry Shay, Thompson R2J
Teresa Hopson, Bethune R-5
Terry Scharg, Gilpin County RE-1
Valerie Rodriguez, Pueblo City Schools 60
Vic Craven, Agate 300

Joanne Vergust, Fountain 8
Jonathan Levesque, Littleton 6
Kara Drake, Summit Re-1
Karen Cordova, Pueblo City Schools 60
Kelli McCaffrey, Akron R-1
Larry Lochard, Trinidad 1
Laurie Darnell, Sheridan #2
Lisa Anderson, Jefferson County R-1
Luke Gonzales, Thompson R2J
Marcy Studtmann, Lewis-Palmer 38
Mary Cooper, Denver 1
Melanie Heath, Mesa County Valley 51
Michael Everest, Mapleton 1
Michelle Andreano, Pinnacle Charter
Mike Hodgson, Archuleta County 50JT
Mimi Livermore, Adams 12
Pam Warner, Colorado Springs 11
Rachel Morse, Widefield 3
Rena Sanchez, Lake County R-1
Samantha Gallagher, Denver 1
Sean Conner, Jefferson County R-1
Shanna Yochum, Karval Re-23
Stephanie Juneau, Gunnison RE-1J
Terry Kimber, Widefield 3
Tina Wallace, NCAAK
Vi Crawford, Mesa County Valley 51
Willie Leslie, Clear Creek RE-1

MINUTES

FINANCIAL POLICIES AND PROCEDURES COMMITTEE

March 4, 2016

I. Call to Order and Introductions

Leanne Emm called the meeting to order at 9:30 am.

Those in attendance were asked to introduce themselves and their district.

II. Presentation of Agenda

Steven Clawson, Denver 1, made a motion to approve the agenda.

Kristine Githara, Cherry Creek 5, 2nd the motion. Motion carried.

III. Approval of Minutes

Terry Buswell, Centennial BOCES, made a motion to approve the November 6, 2015 meeting minutes.

Donna Villamor, Littleton 6, 2nd the motion. Motion carried.

IV. Legislative Updates

The Supplemental Bill has been approved. An email was sent March 2nd that includes links to the final illustration for FY 2015-16, it also includes the starting point to illustrate FY 2016-17. The Supplemental Bill will decrease the negative factor by about \$24 million. The Bill also kept the total program amount the same as the original appropriation. Since the actual student counts came in lower than the appropriation, the total program could have floated down, however the legislators decided to keep the total program the same, therefore it ended up buying down the negative factor by \$24 million dollars. Obviously there could be changes to each district's original appropriation depending on the student counts of the district and other related factors. If you have any questions you can contact Mary Lynn, christel_m@cde.state.co.us or Leanne, emm_l@cde.state.co.us.

Current law states that the negative factor cannot increase from the prior year, so the \$830 million that was the final supplemental negative factor amount for FY 2015-16 will be the starting negative factor amount for 2016-17. Next week will be figure setting for the department. What this will do is set the long bill amount for the base budget. Other assumptions are updated student counts and 1.2 % for cost of living increase which is applied to base funding. Another piece that has changes going into FY 2016-17 is that the legislative counsel staff is required to complete biannual cost of living study. With this study you might see the cost of living factors change from the prior year. Between now and the end of May we will see the March forecast, the economic forecast which will drive the rest of the year. The illustration for FY 2016-17 could potentially be the best case scenario. Additionally, there have been discussions that they might distribute another round of the rural relief funds.

A series of discussions has started on the future of school finance; this includes members of the House and Senate Education Committees along with the Joint Budget Committee. The meetings have been every other week. Currently the legislators are on an education type mission to understand all the ins and outs of school finance. People are understanding that there needs to be something done in school finance, given the constraints we are under with the state budget and constitutional constraints that do not allow legislators to do some of the things that some legislators would like to do.

Spreadsheets for FY 2015-16: [LINK](#)

Spreadsheets for FY 2016-17: [LINK](#)

Future of School Finance, series: [LINK](#)

V. Data Tools

a. Expenditure Analytics

A little over a month ago, School Finance has developed an expenditure analytics tool. This was developed in order to get districts thinking visually about the finance data in preparation for the financial transparency website that BrightBytes is building. This is a tool to help districts to start thinking how the public might view your data. The expenditure analytics is available on the school finance website, listed under financial transparency.

Within the spreadsheet you are able to search by district name or district code, fund type and fiscal year. The two years of data available are for FY 2012-13 and FY 2013-14. There are three types of graphs that are displayed. The first graph displays expenditures by program type with the percent allocated between instructional and support. The next graph displays instructional program expenditures by object type with the percent allocated between salary/benefits, purchased professional and technical services, purchased property services, other purchased services, supplies, property and other. The last graph displays support program expenditures by object type with the percent allocated between salary/benefits, purchased professional and technical services, purchased property services, other purchased services, supplies, property and other.

Within the spreadsheet there is also a pivot table tab, which allows you to see your district information in greater detail, along with other districts' data. This is useful to compare your district with other select districts. Also listed at the bottom of the pivot table there is a total for the state. The expenditures tab is populated with the roll-up of the data lines submitted through the Finance December collection. The lookups (codes) are for the vlookups that feed into the tabs with pie charts. Also included are the chart of accounts elements with definitions and the data buckets that the sub-finance committee submitted to BrightBytes for the Financial Transparency website.

Expenditure Analytic: [LINK](#)

b. Historical Funding Information

The historical funding information is available on the School Finance website, listed under Public School Finance Historical Funding Information. There are two different views to choose from the Single District Historical Information and Multiple District Historical Information. The components you are able to display are related to Pupil Count (total funded pupil count/ at-risk pupil count/ Colorado Preschool Program count FTE/ multi district on-line pupil count/ ascent pupil count), Funding Components (base funding/ on-line funding/ assessed valuation/ inflation/ district percent of at-risk pupils/ equalization mill levy (final)/ categorical buyout mill levy (final)) and Public School Finance Act Funding (total formula at-risk funding/ total program funding/ total program per-pupil funding/ negative factor/ total program after negative factor/ property taxes/ specific ownership taxes/ state share/ required categorical buyout from total program/ per pupil funding after negative factor). In the Single District Historical Information you are able to select multiple years for a single school district while in the Multiple District Historical Information you are able to select multiple school districts for a single year. These reports are downloadable into excel or pdf.

Historical Funding: [LINK](#)

VI. Financial Transparency

a. BrightBytes Presentation

First of all BrightBytes would like to thank the sub-committee along with the districts and BOCES that are going to be part of the pilot for the Financial Transparency website. Your feedback and participation has been invaluable through this process. It has really helped shape where we are today and will continue to guide the project as we move forward. We really appreciate your participation.

In November, we started with high level kick-off meetings, which have helped us for the progress of where we are today and going forward we will be at the next two FPP meetings to provide updates to the process. As of July 1st 2016 the data for the pilot district will go live on the platform, it will not to the public. The launch of the full rollout of the Financial Transparency public website will be July 1st 2017.

The Financial Transparency legislation “each local education provider shall post in a format that can be downloaded and sorted, for free public access, the local education provider's actual expenditures at the local education provider level and at the school-site level” is challenging. Whenever we think about approaching these challenges with communication we like to build a common language. On one side we have our public or lay person, the person that may have questions about school finance but does not know how to get started. On the other side we have the individuals represented in this room and rooms across the state, the business managers and CFOs. There are a couple of approaches we can take, for example we can go to the public or lay person and say here is the chart of accounts and let's walk through this together. They might not have the same experience or view of what it means; it would be challenging to explain what each of the components mean.

At BrightBytes we are here to build bridges between the different users. For the business managers and CFOs we have an approval tool, in which you would be able to view the data that is going to be used by the site, flag anything that does not look right, approve the data that looks clean and be able to add a narrative for the data and district. We will explain this tool in more detail at the May FPP meeting. Then for the public lay person we want to build a common language. The first page is a familiar consumer base view, we allow the user to search by the school name and allow the search to be filtered between school, district or BOCES. Then by selecting the district you will see the specific district's profile page with an overview of basic demographic factors, such as how many students are served, what grade levels and if it is a rural district. On a profile page there is also be a narrative; narratives can include an explanation as to why an expenditure item changed from the prior year or additional information specific for the district. Next we will see an overview of the revenue and scrolling down we will see an overview of expenditures. You will notice that revenue and the expenditures are difference colors because we are communicating with color and the color schemes will be used throughout the website so it is clear when we look at the comparisons. The revenue is displayed to show the dollars in the schools distinguishing the dollars are flexible and which are restricted. There is also a value to represent the per pupil amount. We can also see the various shares of the dollars as to if it is from local, state or federal. If you need additional information you can click into the revenue components. Within the expenditures you see an overview of restricted vs non-restricted along with the objects as to where these dollars are going. We also display the percentage of what amounts are allocated to a school site level and the amounts held at a district-wide level. When we explore expenditures, we distinguish them into learning environment, operations and community. Within the learning environment we can see the various elements such as; instructional/curricular, co-curricular, student support, staff support and administration. Each of these elements can be further explored to the salary, benefit, supply and other expenditures.

BriteBytes will return for the May and June FPP meetings to provide progress updates. In the next couple weeks the pilot districts will be contacted for the next steps. Feel free to let us know if you have any questions, comments or concerns.

BrightBytes Contacts: Rich Allen, rich@brightybttes.net, (415) 340 – 2273 and Carrie Rigney, carrie@brightybttes.net, (720) 280 - 1645

b. Revenue and Fund Balance Discussion

During the last sub-committee meeting we had discussion on the district level fund balance data and if it should be included on the Financial Transparency public website. Without knowing beginning and ending fund balances, fund by fund, simply displaying revenue and expenditure information fund by fund, may not present a complete and fully understandable overview of the fund. Should the financial transparency public website, designed by BrightBytes, show fund balance information?

Overall districts believe that the public lay person would not understand the concept of districts' fund balance. Some items to consider when discussing fund balance; is how it would be presented and the timing aspects. In the presentation if it matches Audit information then it will be easier to explain but if you try to drill into individually components it could create a lot of confusion. In relation to the timing aspects, districts with large fund balances at June 30th appear to be holding on to the funds and not spending during the fiscal year. In most cases these districts receive the funds, such as property tax, in the month of May, which makes of 80% of the revenue received by the district. The overall fund balance could be very different from district to district. The financial transparency public view is a snap shot in time at June 30th.

Another item to consider is the declining fund balance that is presented by the Office of the State Auditor in the School District Fiscal Health Analysis. The number of districts with declining fund balance has increased over the last couple of years. Why is the fund balance declining in the school districts? We all know that the school districts are not receiving as much revenue and expenditures are not going down at the rate that the budgets have been cut. The financial transparency public view could be a graphical tool to explain to the public lay person the story why this is occurring. This can be used to tell them that overtime our savings account is being depleted, we cannot keep up with our budget cuts and we are not receiving as many resources. Over time this can be a tool to inform the users of the data to allow them to make more sound decisions.

Based upon the discussion, fund balance data will not be included in the financial transparency website during the initial implementation year. This can be re-evaluated in future years if appropriate.

Fund Balance Discussion: [LINK](#)

VII. Update on Transportation Reimbursement Process Subcommittee

At the last meeting a sub-committee was formed to look into the transportation reimbursement process. We looked at other states to see what their process is for transportation reimbursement. The states that were contacted are Kentucky, Texas, Oregon, Wisconsin and West Virginia. All of the states have similar systems in place as Colorado.

a. Capital Threshold

Should FPP recommend that the \$1,000 capital threshold be changed from \$1,000 to \$5,000 in State Board Rules for Transportation? The FPP Transportation Sub-Committee universally agrees that the \$1,000 capital threshold should be changed to \$5,000 or over.

- GASB recommends a capitalization of \$5,000.
- Breaking tools out into capital and non-capital equipment will also allow district to easily utilize the 0730 capital and 0735 non-capital equipment account numbers in the chart of accounts.
- Failure to make this change results in districts having to dig through a year's worth of PO's and individual receipts to determine if the tools on the order were from a single purchase or multiple purchases of smaller amounts.
- This change will ensure continuity among district reporting.

Steven Clawson, Denver 1, made a motion to approve.

Chloe Flam, Northwest Colorado BOCES, 2nd the motion. Motion carried.

Capital Threshold: [LINK](#)

b. Due Dates: Submission and Payments

Should FPP consider suggesting that the CDE-40 Transportation Reimbursement form's due date from August 15th to September 15th? And subsequently, should FPP consider suggesting that the CDE transportation payment due date be changed from October 15th to November 15th?

The FPP Transportation Sub-Committee would like FPP to consider statutorily changing the August 15th deadline to September 15th, and to statutorily change the CDE payment deadline date from October 15th to November 15th. These changes would align better with year-end closing timeframes and districts would have a less demanding time frame to complete the necessary reporting for the CDE 40 and would help to reduce the level of errors currently being produced with the CDE 40.

Additional feedback provided by the Sub-Committee:

- All schools contacted could go another month for their check. Overall, everyone believed districts would be able to accommodate a November pay date.

Please note: if these date changes are "approved" by FPP, the dates must be changed in legislation prior to any official date changes going into effect.

Terry Buswell, Centennial BOCES, made a motion to move forward with recommendation.

Kathleen Askelson, Jefferson County R-1, 2nd the motion.

CDE-40 Submission Due Dates and Payments: [LINK](#)

VIII. Mill Levy Revenue Override Revenue Report

Every school district with a Voter-Approved Override, now has a Voter-Approved Mill Levy Override Report – all districts were required to report voter-approved override information in their FY14-15 Financial December pipeline data, even if the amount was zero. Only districts with actual voter-approved override information produced the report.

Based on HB14-1292, FPP adopted the Source Codes for use in Fund 90, which generate this cognos report:

- 1170 Amount Authorized – Voter Approved Overrides
- 1171 Amount Collected – Voter Approved Overrides
- 1172 Amount Distributed to Charter Schools – Voter Approved Overrides
- 1173 Amount Distributed to Non-Charter Schools – Voter Approved Overrides
- 1174 Amount Retained by District – Voter Approved Overrides

Every school district reported their voter-approved mill levy information in the FY14-15 pipeline data. This information is available for district review in report format – Mill Levy Override Revenue Report – available with all the other Financial December cognos reports (EG Audit Integrity Report). The individuals responsible for the Financial December data pipeline submission have access to this report.

Please take a moment to review your district's report in Data Pipeline.

CDE will compile a state-wide report after all FY14-15 data has been reviewed and approved. Prior to publication:

- Districts and charter schools are allowed to review the report
- Districts and charter schools may request that the Department compile an addendum to the state-wide report that is specific to the requesting school district or charter school, and examines the overall level of funding distributed by the school district to the charter schools within the district, including:
 - Capital Construction and Facilities Funding
 - Funding for Technology
 - Any other funding that the school district distributes to charter schools of the district
- CDE will simultaneously publish the report on the Department’s website along with any addenda prepared for the report in response to a school district or charter school request

Mill Levy Revenue Override Revenue Report: [LINK](#)

IX. **Chart of Accounts**

a. **Additional At-Risk Funding**

The \$5M additional at-risk funding appropriated in SB15-267 has been calculated and distributed. Checks were mailed on Wednesday, February 3rd. The distribution spreadsheet has been posted on our website. Please use the following link to access the spreadsheet.

<http://www.cde.state.co.us/cdefinance/publicschoolfinanceactof1994-fy2015-16>

These funds should be coded with a source code of 3000 and a grant code of 3235. We recommend that you record expenditures in the same manner that you record other district at-risk expenditures. There is no requirement for unused funds to be returned to the state. Districts with district authorized charter schools are required to equally include the charter schools in the distribution of these funds.

b. **ESSU – Job Class Requests**

Two new job classification codes are required for 1) Reading Interventionist, and 2) Math Interventionist, which will allow special education funding for salaries and benefits of general education personnel working as interventionists with students with disabilities (use of both IDEA and ECEA funds). These staff may also teach general education courses under a fund source applicable for general education services.

The following proposed job classification codes are requested in the Instructional Support section of the Chart of Accounts; these codes numerically follow existing special education classifications:

Job Class 222 Reading Interventionist: Teachers who conduct assessments and provide consultative or direct services (interventions and instruction) in the area of reading to meet the individual needs of students through the use of evidence-based practices to improve reading achievement.

Job Class 223 Math Interventionist: Teachers who conduct assessments and provide consultative or direct services (interventions and instruction) in the area of mathematics to meet the individual needs of students through the use of evidence based practices to improve mathematics achievement.

The following teaching subject area code is also requested for alignment with JCC 222 Reading Interventionist: 0570 Reading

Students with disabilities will increase achievement when receiving instruction and interventions from general education teachers endorsed in the areas of reading and mathematics. These teachers, when providing instruction and interventions to students with disabilities will be able to be paid through special education funding. Non-disabled students may receive ancillary benefit from the instruction and interventions. These teachers, when providing instruction in general education classes, will be funded through a fund source applicable for general education services.

*Kristine Githara, Cherry Creek 5, made a motion to approve.
Donna Villamor, Littleton 6, 2nd the motion. Motion carried.*

Following the FPP meeting the job classes requested were presented to the EDAC members. EDAC has also approved the addition of job class 222 reading interventionist and job class 223 math interventionist.

ESSU Job Class Request: [LINK](#)

X. Other Topics of Interest

- a. **CASBO** , <http://www.coloradoasbo.org/i4a/pages/index.cfm?pageid=1>
The Spring Conference & Exhibits will be on April 20-22, 2016 at Omni Interlocken in Broomfield, Colorado
- b. **CASE-DBO**, <http://www.co-case.org/?815>
The Nuts and Bolts conference was on February 3rd it was well attended and we received positive feedback regarding the sessions. We will have additional information at the next FPP meeting for the summer conference in Breckenridge.
- c. **CGFOA**, <http://www.cgfoa.org/>
This summer we will have classes available the calendar will be posted on our website. The 2016 Annual Conference will be November 15 - 18, 2016 in Grand Junction, CO.
- d. **Colorado School Finance Project**, <http://www.cosfp.org/>
The next meeting will be at 10:00 am on Friday March 18th held at the CEA offices on Colfax and Grant.
- e. **Uniform Grant Guidance: Internal Controls**
Jane Frederick, St. Vrain Valley Schools: Anyone who has received new or incremental grants is subjective to the administrative and cost principal requirements for FY 2014-2015. The Single Audit piece is now subject in this fiscal year. If you have not already done so you should be documenting your internal control process around your federal grant awards. St. Vrain Valley Schools has met with their auditors for an understanding of what this means and what they should be doing. Their auditors provided a self-assessment check list document to help districts go through the steps to ensure that they have proper requirements in place. This document will be shared through the CDE school finance list serv to school districts or posted on the CDE website.

XI. Reminder:

- a. **Future Meeting Dates:**
May 6, 2016 and June 24, 2016

XII. Adjourn

There being no further business to come before the Committee, meeting adjourned.