

FINANCIAL POLICIES AND PROCEDURES COMMITTEE MINUTES
October 31, 2014

Meeting Held at

Jefferson County Education Center
Durango
Swink

Centennial BOCES-Greeley
Grand Junction
Pikes Peak BOCES

Members Present

Kathleen Askelson, Jefferson County R-1
Anthony Whiteley, St. Vrain Valley Re-1J
Deb County, Valley Re-1
Fran Christensen, Falcon 49
Janell Wood, Archuleta County 50JT
Kurt Shugars, Telluride R-1
Shae Martinez, Mapleton 1
Theresa Larson, Aurora 28J

Amy Lyons, Bayfield 10JT-R
Brenda Johnson, Weld Re-8
Donna Villamor, Littleton 6
Gina Lanier (French), Adams 12
Kristine Githara, Cherry Creek 5
Mike Thomas, Fowler R-4J
Terry Buswell, Centennial BOCES
Velva Addington, Swink 33

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
Kathy Shannon, CASB

Alternates Present

Laura Hronik, Colorado Springs 11

Guests Present

Adrienne Bradshaw, Aurora 28J
Alicia Hoops, Ault-Highland RE-9
Ann Kurtz, Charter School Institute
Barb Klee, Weld RE-9
Brad Arnold, Cherry Creek 5
Brian Gustafson, Woodland Park RE-2
Cary Allen, Wiggins RE-50(J)
Colleen Love, Ridgeway
Dale Mellor, Steamboat
Diane Raine, Mesa County Valley 51
Dottie Burnett, Santa Fe Trail BOCES
Erik Johnson, Denver 1
Jana Schleusner, Douglas County RE-1
Jason Austin, Durango 9R
Jerene Wilkinson, Monte Vista C-8
Jim Ventrello, Delta County 50(J)
Jonathan Levesque, Littleton
Kenneth Wieck, Colorado Springs 11

Alicia Hancock, Delta County 50(J)
Angialea Goode, Kim Reorganized 88
Austin Burgs, Swanhorst & Company, LLC
Becky Samborski, Weld RE-1
Brian Lund, Estes Park R-3
Brisa Villalobos, Adams 50
Chelsey Gerard, Eagle RE-50
Connie Salzbrenner, Vilas
Dan Huenneke, Cherry Creek 5
Don Trujillo, Pueblo County 70
Eddie Storz, Adams 14
Heather Diaz, Falcon 49
Jane Frederick, St. Vrain Valley Re-1J
Jessie Williams, Falcon 49
Jerry Osborn, Brush RE-2(J)
Joleen Schaaake, Pikes Peak BOCES
Karen Andrews, Dolores RE-4A
Kelly Varney, Platte Canyon R-1

Kelsie Collins, Mesa County Valley 51
Kristen Colonell, Sheridan #2
Linda Hawthorne, Frenchman RE-3
Lisa Anderson, Jefferson County R-1
Mandy Hydock, Greeley RE-6
Marie Horn, Ignacio 11-JT
Marilyn Stahn, Montrose County RE-1J
Meggan Sponsler, Greely RE-6
Michael Everest, Mapleton 1
Mike Lee, Ft Morgan RE-3
Nikki Schmidt, Windsor RE-4
Patty Venem, Rocky Ford R-2
Rena Sanchez, Lake County R-1
Rhonda Bohlander, Manzanola 3J
Scott Smith, Douglas County
Shelly Chambers, Pritchett
Sherry Herman, Cheraw 31
Sue McKnight, Brighton 27J
Tammy Martinez, Sierra Grande R-30
Tim Ricketts, Liberty Common School
Tracy Little, Brighton 27J
Wendy Everett, Cortez RE-1
Willie Leslie, Canon City Schools RE-1

Kim Thompson, Archuleta County 50JT
Kurt Morrison, Governor's Office
Linda Rau, Plateau Valley 50
Luke Gonzales, Thompson R2J
Marcy Studtmann, Lewis-Palmer 38
Marita Vogrin, Academy School District #20
Mark Teska, Adams 12
Melanie Heath, Mesa County Valley 51
Michelle Hix, Denver 1
Missy Corn, Springfield R-4
Pam Warner, Colorado Springs 11
Paula Sublett, Jan Juan BOCES
Richard Stattler, Ellicott 22
Rhonda Goets, Alamosa RE-11J
Sean Conner, Jefferson County R-1
Sherry Dennis Murphy, Yuma 1
Sherry Shay Thompson R2J
Susan Doudy, Mancos RE-6
Tammy Hooten, Dolores RE-4A
Tim Unrein, Eaton RE-2
Vi Crawford, Mesa County Valley 51
Wendy Swanhorst, Swanhorst & Company, LLC
Yvonne Weiser, Canon City Schools RE-1

Members, Ex-Officio Members and Alternates Absent

Cara Golden, Mesa County Valley 51
Christopher Telli, Colo. Society of CPAs
Dave Montoya, Poudre R-1
Karin Slater, Montrose RE1-J
Steven Clawson, Denver 1
Tracy John, Payton 23JT

Chloe Flam, Northwest Colorado BOCES
Christy Hamrick, Garfield Re-2
Josh Devon, STRIVE Preparatory Schools
Scott Szabo, Colo. Society of CPAs
Terry Kimber, Widefield 3

MINUTES

FINANCIAL POLICIES AND PROCEDURES COMMITTEE October 31, 2014

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

Adding to the agenda CASBO/CASE-DBO/CGFOA Updates - Agenda Approved

III. Approval of Minutes

Tracy John made a motion to approve the minutes from the June 13, 2014 meeting. Amy Lyons 2nd the motion. Motion carried.

On Monday (Nov 3) the governor's budget proposal will be submitted to the Joint Budget Committee. Keep in mind that the governor's budget proposal will not be the final budget, the legislature sets the budget. Do not build your next year's budget on the proposal; the legislature usually will set the budget next spring in the April/May time frame. The legislature will set the long-bill amounts, the school finance act will then adjust the long bill amounts.

IV. School District Fiscal Health Analysis – Crystal Dorsey, Office of the State Auditor

The hard copy of the School District Fiscal Health is available on the Office of the State Auditor website. If you need a hard copy, Crystal can mail to you. The report was finalized in July and presented to the Joint Budget Committee in August. This is the 6th year that the report has been presented. This year there are 76 out of 178 school districts with one or more missed benchmarks. We look at the years ending 2011, 2012 and 2013. We found that overall more school districts have missed benchmarks than in prior years. This could be because school funding and property tax revenues have not yet recovered to pre-recession levels, and causing a reduction to the schools' funding level. We are looking at the areas of highest risk; general fund, debt and changes in fund balance. We are looking at five ratios and the trend over a three year period. The ratios are asset sufficiency ratio, debt burden ratio, operating reserve ratio, operating margin ratio and change in fund balance ratio. Within the report we provide questions to help guide you through the analysis for each of the ratios. There are 20 school districts that have missed two or more benchmark and 1 school district that missed 3 benchmarks. In the report you will find in Appendix B a graphic of the district's location in the state and a response from the school district.

Reminders

- The Office of the State Auditor has moved, now located at 1525 Sherman Street, 7th Floor, Denver, CO 80203-1700.
- Audits are due the end of December and have to be received by December 31st. Postmarked by December 31st is not accepted, they must be received by December 31st. They can be also be e-mailed to osa.lg@state.co.us
- You are allowed by statute to apply for an extension for 60 days; extensions will not be granted if your audit was received late last year.

PowerPoint Presentation:

www.cde.state.co.us/cdefinance/fpp_school_fiscal_health

Office of the State Auditor website:

<http://www.leg.state.co.us/OSA/coauditor1.nsf/LocalGovPublic?openform>

Colorado School Districts Fiscal Health Analysis: [\(LINK\)](#)

V. FPP Sub-Committee HB 14-1242

a. October Implementation Status Update

The FPP sub-committee has been doing really great work on the Implementation plan for helping with HB 14-1242.

The sub-committee members are

Gina French - Adams 12

Kristine Githara - Cherry Creek 5

Joanne Vergunst - Fountain 8

Donna Villamor - Littleton 6

Jane Frederick - St. Vrain Valley Re-1J

Melodie Beck - OSPB Representative

Terry Buswell - Centennial BOCES

Steven Clawson - Denver 1

Kathleen Askelson - Jefferson County R-1

Tracy John - Peyton 23JT

Terry Kimber - Widefield 3

The sub-committee has met three times since the last FPP meeting. They are bringing recommendations on the HB 14-1242 implementation items. Leanne has sent out an implementation status memo. Please take a look at the memo if you have not seen it, it is found in the FPP sub-committee website. The memo is a really good overview of the work that the sub-committee has completed, background on the agenda we are discussing today and some of the items we will be working on.

MEMO [\(LINK\)](#)

b. Standard Website Templates

The Bill does require that all school districts, BOCES and charter schools begin to use a standard website beginning July 1, 2015. We have provided website templates for 2015, 2016 and 2017. Each of the templates is different based on the requirements in the Bill. The Bill states that there needs to be an easy way for the public to access the required Financial Transparency information. The templates are set-up to be standardized, that way when you look at any school district in Colorado and see the same listing of information and found in the same place. The templates are

based on the templates that were previously created for the current Financial Transparency websites. There are areas in the new template to allow for optional items the district might want to share with their public. The overall menu will be the same for all districts, charter schools and BOCES.

Motion made to approve the templates to be used by districts. Kristine Githara made a motion to approve. Tracy John 2nd the motion. Agreement received from other voting members. Motion carried.

Transparency Webpage Template July 1 2015 [\(LINK\)](#)

Transparency Webpage Template July 1 2016 [\(LINK\)](#)

Transparency Webpage Template July 1 2017 [\(LINK\)](#)

c. Finance Transparency Icon

The subcommittee has recommended two ways for the public to arrive at the district's Financial Transparency website.

1) A placement of an icon on the district's homepage: This is not a requirement of the Bill; the subcommittee wanted to be proactive. The genesis of the icon is when looking at other states, specifically Michigan; each school district has a standard logo to arrive at the financial documentation. There are four icons that have been created by the web designer at CDE. Each FPP location has voting ballots with the four icons. Votes will be tallied for all the FPP sites at the end of the meeting. The icon with the most votes is:



2) Make clearly visible on the district's home page the words "Financial Transparency". The public could click on "Financial Transparency" to arrive at the financial transparency documents.

Either of these two options can be used by the districts: 1) the approved icon with the most votes or 2) the words "Financial Transparency". It is required to be placed on the home page of the district, placement and the size is up to the district.

Financial Transparency Website Icons [\(LINK\)](#)

d. Individual School Site Reporting

The individual school site reporting for Financial Transparency will be required in the 2015-2016 school year. The individual school site template would be posted on the district's website. There will be a website vendor that will pull the data from the district's website and will populate a consolidated website view. The public can look at the consolidated financial information provided by a third party vendor and will be able to compare districts, charter schools, and/or public schools.

The financial information is going to be provided by the districts from their websites. The subcommittee is recommending a standard excel file draft template. This is a multi-tab excel file.

- The first tab is the contact information of who at the district is responsible for posting.
- The second tab is the raw data, the financial file populated with the unique school code key in column C. This tab is the same layout as the data pipeline file, the unique school code key and associated data does not need to be reported to CDE – however, CDE will accept this data if a district chooses to submit this via data pipeline.
- The third tab is the unique school code listing.
- The fourth tab is the account string description.
- The fifth tab is the chart of accounts

For the data there is no change required for districts to change their accounting methods. In comparing the districts information district A might code all expenditures to the school site level and district B might code costs to central locations. There is no requirement for district B to code to the school site. In the comparison there will probably be questions.

The data will be required to be posted by districts and charter schools. If the data is included in the district's file, the charter schools will still need to post the data. The law does not exclude the charter schools from the requirement. The contractor will need to ensure that duplicate data is not used in the consolidated view.

Tracy John made a motion to approve use of the excel template by the districts. Theresa Larson 2nd the motion. Agreement received from other voting members. Motion carried.

Individual School Site Reporting: DRAFT [\(LINK\)](#)

e. RFI/RFP Update

The RFI and RFP the subcommittee captured the thoughts around the Bill, state security, rules and reviewed other states websites. We are still in process of building the requirements and statement of work for the request for proposal, which will include the issuance of a request for information. A high level timeline, we are looking at issuing the RFI in early December. The timeline for the project is to have the vendor start in August 2015. The final release of the product is to be available in February 2017. This will allow the files to be live on July 1, 2017. During that period we will pilot the data.

The scope of work is to have main groupings such as the instructional and non-instructional with the high level object codes. From the main groupings there will be the ability to cascade into more details. The sub-committee is actively looking at the data buckets. We reviewed the data buckets reported on both school view and NPEFS, from them we combined the view we would like to see reported from the two. From the RFP prospective we are looking at what is being collected from the districts, consolidating the data into the product and being able to report out meaningful data. One of the big topics in the Bill is the comparability between the districts and schools. We are also building into the RFP is a filtering concept, to be able to filter by fund, programs or certain object codes.

f. District Preparation

You are encouraged to review the memo that was e-mailed by Leanne and it is posted on the website link below. Pay close attention to the dates and implementation. In the first part of the year the sub-committee will be looking at creating an implementation guide for the school districts.

MEMO ([LINK](#))

FPP Sub-Committee Website:

http://www.cde.state.co.us/cdefinance/subcommittee_101514

VI. GASB 68 Update – PERA Audit of Employer Census Data – Karl Greve, CO PERA

The AICPA came out with information about what is going to happen with the Auditing of the information. In February they developed some white papers, which are on the PERA website. The audit interpretations were released late spring. This will require some census data audits at the employer. The Audits will test the completeness and accuracy of census data reported by the employer to CO PERA. In our state the census data is obtained in the payroll reporting which includes name, salary and contribution. We are working with KPMG and the Office of the State Auditor to determine what an audit work plan would be at the employer level. It was decided Audits would be more efficiently at the employer's office. In the AICPA's white papers they provide examples of how to choose the sample. Employers in a pension plan that are 20% or greater would be chosen every year. Employers that are 5% - 20 % will be chosen once every 5 years. Employers that are 2% - 5% will be chosen once every 10 years. Employers that are below 2% will never be chosen. We are still working to finalize the work plan. Any additional costs related to these audit requirements will be costs of the employer rather than PERA.

PERA will be providing information to the districts on Schedule of Beginning NPL Balance as of December 31, 2013, Schedule of Pension Amounts as of December 31 2014, Schedule of Employer Allocations for year ended December 31 2013, and December 31 2014 and Contribution reconciliation for year ended December 31 2013, and December 31 2014. We are also working on reports to assist in contribution reconciliations, the contributions are adjusted for Health Care Fund allocations, Employer contribution refunds, Colorado DC Plan transfers – State Division and Contributions annualized.

Please look at our website, currently we have 8 videos. An overview and we broke up the standards into bite size pieces. Each video is about 5-15 minutes long. We are using videos to allow you to replay certain topics as needed. There is a one page document you can present to school boards which explains what this means for them. We have a work group that is working on this information.

PowerPoint Presentation:

www.cde.state.co.us/cdefinance/fpp_copera

PERA's Website:

<https://www.copera.org/pera/employer/gasb.htm>

VII. Food Service Fund Proposed Rule Change – 30% current Operating Resources Threshold to Charge Indirect Costs

In June we discussed several changes to the food service rules.

- Meaningful Grouping: Re-group rules related to the food service fund with other financial related rules
- Clarification on Operating Year: Three months average expenditures is based upon a nine-month year
- Fund Treatment: Change from Enterprise Fund to Special Revenue Fund
- Indirect Cost: Remove unnecessary restriction on indirect costs

These items were discussed with the Advisory Council for School Nutrition on October 16 and November 4. The ACSN members asked for additional information on the proposed change related to indirect costs and to clarify indirect costs. During the ACSN presentations we also worked on and debunked some of the myths regarding the rule change. However, there are still concerns that this might take away protection on the integrity of the food service fund. The Colorado School Nutrition Association may be fighting against the rule change. We are looking into making a decision collectively on the rule change. We are looking at possibly establishing a joint sub-committee from FPP and School Nutrition. Last year we identified 11 districts that were in violation of this State Rule. We asked the districts to not repay the food service fund, because the rule might change. Looking at the history of when the rule was put into place, at the time the state was not contributing any required matching funds for the child nutrition funds. The state is now providing matching funds, so we no longer need the rule. This would create one less restriction on the districts.

Volunteers for the joint sub-committee

Marita Vogrin, Academy School District #20
Brad Arnold, Cherry Creek 5
Lisa Anderson, Jefferson County R-1
Adrienne Bradshaw, Aurora 28J

PowerPoint Presentation:

www.cde.state.co.us/cdefinance/fpp_fsfrule

VIII. 22-44-106 – Non-appropriated Operating Reserve 15% or Less of General Fund Expenditures

This law has been in place since 1964. If your beginning fund balance is \$1 million and your expenditure budget is \$800,000 and your revenue is \$1 million, you will add \$200,000 to fund balance. This will put you in violation of the state statute because you will have a fund balance which exceeds 15% of your expenditures. In order to not be in violation you will need to appropriate a portion of your fund balance even though you are not going to spend it. Let's look at 1964, we did not have GASB 54, there was no TABOR and we did not have charter schools. Talking with charter schools it is a hard concept for them to appropriate a line that they are not going to spend. There have been discussions to look at potential legislation. There are organizations in place

CBO, CASBO and FPP that may decide to advocate for legislation to strike this language from state statute.

IX. Chart of Accounts and Handbook – Updates

Please review the document for the updates to the Chart of Accounts. It was requested to also add Composting to the Object Code 0421: Disposal Services.

Chart of Accounts Changes ([LINK](#))

Looking at the changes to financial transparency, are the current chart of accounts descriptions detailed enough? The descriptions will be provided to the vendor once the data is posted. Are these descriptions adequate, when you are trying to code an item do you feel you have the information needed to code the items or are you struggling trying to find the right code. Overall it is felt that the chart of accounts provides the details needed. Think about coding for the 15-16 year with transparency. Are there any codes that might need to be added for Financial Transparency? If you are interested or have any suggestions contact Paul Reynolds or Yolanda Lucero.

X. Other Topics of Interest

a. CASBO/CASE-DBO/CGFOA Updates

CGFOA The accounting streams for this summer are now on the website.
If you are not a member it is \$35.00 to join.
Website: <http://www.cgfoa.org/>

CASBO We just had the fall conference in October, it was a good turn-out.
The spring conference is April 22-24 at Omni Interlocken Hotel in Broomfield CO
Website: <http://www.coloradoasbo.org/>

CASE-DBO The Nuts and Bolts Conference is on February 4th at the Westin in Westminster, CO
Website: <http://www.co-case.org/>

XI. Reminder: Future Meeting Dates

February 27, 2015

May 29, 2015

June 26, 2015

XII. Adjourn

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