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**COLORADO**  
Department of Education

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# FPP Meeting PERA On-Behalf Payment

School Finance and Operations Division

# On-Behalf Payments Made by State to PERA

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We recognize that the timing of the recent guidance on this issue after the close of FY18-19 is frustrating.

We apologize for the inconvenience and the extra work that this places on business offices throughout the state.

CDE was initially contacted about this issue on August 26<sup>th</sup> immediately began researching the issue. On August 27<sup>th</sup> we sent an initial communication to districts and provided guidance on September 5<sup>th</sup>.

CDE will not comment on expenditures in excess of appropriated amounts related to this issue in the data pipeline and audit review letter.

# On-behalf Payments Made by State to PERA

- What does this mean?
  - During the 2018 Legislative Session the General Assembly appropriated \$225M to be paid by the State of Colorado directly to PERA – payment made on July 1, 2018
- Based on PERA's audit presentation - Districts, BOCES and Charter Schools are required to report their share in the FY18-19 Financial December data files and audits.
- School districts should ensure that their charter schools are aware of this information as well
- Please share this information with your external auditor
- This is ongoing – this is not limited to just FY18-19 Financial December – must be budgeted for in FY19-20

# On-behalf Payments Made by State to PERA

- **Chart of Accounts – Retroactive Changes**
  - **Object 0280                      On Behalf Payments** - Payments made by the State to PERA on behalf of school districts, BOCES and charter schools – The proportionate share of this payment must be reported by districts, charter schools and BOCES as an employee benefit with Grant Code 3898 – the offsetting Source Code is 3010 with Grant 3898. As this is an employee benefit, valid job classification are required as well.
  - **Grant 3898                      State On-Behalf Payment to PERA**

# On-behalf Payments Made by State to PERA

- Edits

- "E" - Object 0280, grant 3898, Amount > zero, must be reported by all districts and BOCES.
- "E" - Source 3010, grant 3898, Amount > zero, must be reported by all districts and BOCES.
- "E" - the sum of Source 3010, grant 3898 must equal the sum of Object 0280, Grant 3898
- "E" – Each Charter School is required to report PERA State Contributions For Districts with Charter Schools - Each instance of Location 900-969 must report: Object 0280, grant 3898, Amount > zero
- "E" – Each Charter School is required to report PERA State Contributions For Districts with Charter Schools - Each instance of Location 900-969 must report: Source 3010, grant 3898, Amount > zero

# On-behalf Payments Made by State to PERA

- How to Arrive at the Dollar Amounts to Report
  - CDE does not have the amount to give you – However, detailed instructions are posted on the CDE website:  
[http://www.cde.state.co.us/cdefinance/state\\_on\\_behalf\\_payment](http://www.cde.state.co.us/cdefinance/state_on_behalf_payment)
  - The District/BOCES/Charter School must log into PERA's Secure Transfer and Reporting System (STARS) to access the information, on a reporting entity specific basis, on the amounts to use in the calculation, to arrive at the dollar amounts to report for the new edits
  - Detailed information on this was also sent on the School Finance list-serve email on September 5<sup>th</sup> and 6<sup>th</sup>, 2019
  - The amount reported within the governmental funds will not be the same amount used for the Government-Wide reporting.

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## Note disclosures and RSI:

- From a sample of audits received to date, we are noting the inclusion of a discussion of the on-behalf payment from the State within the Defined Benefit Pension Plan Note as well as a line in the RSI – Schedule of the District’s/School’s Proportionate Share of the Net Pension Liability for the State’s Proportionate Share of the Net Pension Liability Associated with the District/School.
- One audit also included a discussion of the ‘on-behalf payments’ treatment for government funds within the Summary of Significant Accounting Policies Note.
- Per the Office of the State Controller, they believe that the on-behalf payment recognized by the district should count toward the district’s fiscal year spending for TABOR purposes.



## School Finance

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