

**FINANCIAL POLICIES AND PROCEDURES COMMITTEE MINUTES**  
**February 27, 2015**

**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  
Christy Hamrick, Garfield Re-2  
Deb County, Valley Re-1  
Gina Lanier (French), Adams 12  
Kristine Githara, Cherry Creek 5  
Mike Thomas, Fowler R-4J  
Terry Kimber, Widefield 3  
Velva Addington, Swink 33

Amy Lyons, Bayfield 10JT-R  
Brenda Johnson, Weld Re-8  
Dave Montoya, Poudre R-1  
Donna Villamor, Littleton 6  
Karin Slater, Montrose RE1-J  
Kurt Shugars, Telluride R-1  
Terry Buswell, Centennial BOCES  
Tracy John, Peyton 23JT

**Ex-Officio Members Present**

Leanne Emm, CDE  
Kirk Weber, CDE  
Paul Reynolds, CDE  
Christopher Telli, Colo. Society of CPAs

Jennifer Okes, CDE  
Adam Williams, CDE  
Yolanda Lucero, CDE  
Kathy Shannon, CASB

**Guests Present**

Adrienne Bradshaw, Aurora 28J  
Andy Flinn, Adams 14  
Betty Casanova, Center 20JT  
Brad Arnold, Cherry Creek 5  
David Trautenberg, Aurora 28J  
Cindy Squires, San Luis Valley BOCES  
Dale Mellor, Steamboat  
Diane Raine, Mesa County Valley 51  
Evan Davis, CDE Office of Grants Fiscal  
Jane Frederick, St. Vrain Valley Re-1J  
Jason Austin, Durango 9R  
Jim Ventrello, Delta County 50(J)  
Joleen Schaaake, Pikes Peak BOCES  
John Omohundro, Montrose RE1-J  
Kelly Varney, Platte Canyon R-1  
Kera Badalamenti, Poudre R-1  
Linda Rau, Plateau Valley 50  
Marcy Studtmann, Lewis-Palmer 38  
Mark Capps, Colorado Springs 11  
Michael Everest, Mapleton 1  
Michelle Andreano, Pinnacle Charter

Alicia Hancock, Delta County 50(J)  
Barbara Goldsby, CDE Exceptional Student Services  
Bill Sutter, Boulder Valley RE-2J  
Brian Lund, Estes Park R-3  
Cassie Walgreen, Charter School Institute  
Colleen Love, Ridgeway  
Deana Williams, West End RE-2  
Erich Dorn, Centennial BOCES  
Jan Brummond, Platte Valley Re-7  
Janice Martin, Buena Vista R-31  
Jerene Wilkinson, Monte Vista C-8  
Joanne Vergust, Fountain Fort Carson 8  
Jonathan Levesque, Littleton  
Justin Petrone, Boulder Valley RE-2J  
Kelsie Collins, Mesa County Valley 51  
Kristen Colonell, Sheridan #2  
Mandy Hydock, Greeley RE-6  
Marie Horn, Ignacio 11-JT  
Melanie Heath, Mesa County Valley 51  
Michelle Eveatt, East Otero R-1  
Mike Lee, Ft Morgan RE-3

Molly Janzen, Poudre R-1  
Nita McAuliffe, San Luis Valley BOCES  
Rose Belden, Garfield 16  
Sandy Mutchler, Eagle County  
Sharon Fairchild, San Luis Valley BOCES  
Sherry Shay Thompson R2J  
Steve Cole, Dolores County RE-2  
Tammy Hooten, Dolores RE-4A  
Tim Kahle, CDE Office of Grants Fiscal  
Tyra Litzan, Anton Collins Mitchell  
Wendy Everett, Cortez RE-1

Nikki Schmidt, Windsor RE-4  
Rena Sanchez, Lake County R-1  
Rhonda Goetz, Alamosa RE-11J  
Scott Lee, CDE IMS  
Shawn Sonnkalb, Clifton Larson Allen  
Stephanie Juneau, Gunnison RE-1J  
Susan Doudy, Mancos RE-6  
Terry Scharg, Gilpin County RE-1  
T.J. Vinci, Pueblo County 70  
Vicki Graham, CDE ESSU  
Willie Leslie, Clear Creek RE-1

**Members, Ex-Officio Members and Alternates Absent**

Cara Golden, Mesa County Valley 51  
Fran Christensen, Falcon 49  
Josh Devon, STRIVE Preparatory Schools  
Shae Martinez, Mapleton 1  
Theresa Larson, Aurora 28J

Chloe Flam, Northwest Colorado BOCES  
Janell Wood, Archuleta County 50JT  
Scott Szabo, Colo. Society of CPAs  
Steven Clawson, Denver 1

**Alternates Present Absent**

Laura Hronik, Colorado Springs 11

## MINUTES

### FINANCIAL POLICIES AND PROCEDURES COMMITTEE

February 27, 2015

#### 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

Kristine Githara made a motion to approve the agenda. Tracy John 2<sup>nd</sup> the motion. Motion carried.

#### III. Approval of Minutes 8:00

Brenda Johnson made a motion to approve the minutes from the October 31, 2014 meeting. Tracy John 2<sup>nd</sup> the motion. Motion carried.

#### IV. Legislative Updates

The Denver/Boulder/Greeley CPI is at 2.8%. This will put the base per pupil funding at \$6,292.39 for the governor budget request.

The School Finance Bill will be introduced in the Senate by Senator Hill. It looks like it may not be introduced until after the March 20<sup>th</sup> forecast. At the CASB conference Senator Hill was discussing the introduction of the School Finance Bill; he was talking about the possibility of introducing the School Finance Bill earlier in the session. By doing this it would put School Finance as a priority in front of other bills before other bills start chipping away at the funds that could be available for School Finance. He was also recommending that the Legislators start to look at School Finance as a large priority in state funding. He likened this to a jar that is filled with rocks, pebbles and sand. In order to make everything fit you need to put in the rock first, then the pebbles and fill the rest with the sand. Currently the smaller priorities, the sand of the jar, will chip away at the funding available and when it comes time to fund the School Finance Bill, the rock, you cannot cram the rock to fit in the jar. Those of us that have been here for a while can remember that we could plan our budgets, because we know we would be funded on growth and inflation and were aware of the estimates earlier in the year. This has shifted to the question, how much is the negative factor going to be? How much cut will there be to School Finance? Senator Hill is trying to move this forward so we can get back to see what is available to fund School Finance earlier. He would like to see the \$200 million onetime money, \$20 million for rural districts, \$50 million for at risk students and maybe a little more to get funded for this session.

The department's figure setting hearing that sets the long bill amount for FY15-16 is scheduled within the next couple weeks. We will likely see that the negative factor will be set at the same amount as the FY14-15 negative factor, the \$880 million, and then school finance will provide one time funding or increase funding. The estimate of the governor's budget that includes the \$200 million onetime money is posted on our website.

HB 15-1020 would provide funding for full day kindergarten based on all eligible students in the districts. This has passed the house education committee.

HB 15-1024 would increase the number of CPP slots by an additional 3,000. This has also passed the house education committee.

HB 15-1155 this is the rural flexibility school. This would provide the smaller districts with flexibility around reporting requirements and assessments, including Financial Transparency.

HB 15-1196 is a bill that would create flex accounts for educational service. If a student was enrolled in public education then the following year they can apply to go into a CFLEX account. This would take the funding associated with that student, based on the state average per pupil funding, put the funding into an account the family can use the funds to place the student into another setting like private school or home school. This bill is not expected to pass.

**V. FPP Membership**

Tracy John has left Peyton school District, with that move she will no longer be an FPP voting member. She will still be serving on the sub-committee for Financial Transparency. We have contacted the five FPP nominating committing members with the recommendation of Kara Emmerling from Genoa-Hugo to be Tracy’s replacement. The nominating committing members are the members that have terms that will expire this year.

Nominating Committee Members:

Velva Addington	Swink 33
Gina Lanier	Adams 12
Brenda Johnson	Weld Re-8
Terry Kimber	Widefield 3
Dave Montoya	Poudre R-1

Gina Lanier made a motion to approve Kara Emmerling as a FPP Member. Dave Montoya 2nd the motion. Motion carried.

**VI. Financial Transparency: Sub-Committee HB 14-1292**

a. RFI update

The RFI was issued on December 10<sup>th</sup> responses were received from seven vendors. The RFI precedes the formal RFP. There were a total of twenty-eight questions from the RFI, in which vendors were asked to respond by January 21<sup>st</sup>. What we hoped to accomplish by issuing the RFI is a better understanding of the products and vendors that exist, provide the vendors with information on requirements, and clarify the costs and capabilities provided by the vendors to inform the RFP process. The vendor responses indicate that some of the vendors have an off-the-shelf product, there was one that could modify a product for the state and one that could create a custom product. Information on the implementation schedules by the vendors varied from six weeks to six months. We received information regarding the technology on how these systems are developed and how they have been implemented. The general requirements of the bill indicated that we had to have some basic comparability, searching and filters capabilities, the vendors provided some current examples and system limitations. We received information regarding the technical requirements regarding the browsers and SLAs. A couple of the providers had systems that could be used via a mobile device and provided information on for the data could be printed. In regards to the support it varied from vendor to vendor, some vendors provided training

while others believed that training was not required. We will be asking for additional information from the vendors to establish a cost for the system. We are now updating the RFP based on the RFI responses. We are continually monitoring the legislative process, just in case there are any changes that would be needed in the RFP. We are looking to issue RFP by early May, receive the proposals due back by mid-June and award the RFP by late July to be able to start the project begins late September.

b. Revenue Reporting Recommendation to State Board

As part of HB 14-1292, the FPP Committee was required to provide recommendation in how LEAs report revenue at the unique school site level. The subcommittee has had long in-depth conversations over the last few months. The recommendation is that the current Chart of Accounts allows for reporting at the unique school site level using source of revenue codes 1760 and 1920: Pupil Activity Gifts and Contributions, and Contributions and Donations from Private Sources. Further, the District Implementation Guide will provide guidance on when and how gifts, grants and donations need to be coded at unique school sites. Given that the Chart of Accounts and District Implementation Guide adequately address revenues reported at the unique school site level, the Financial Policies and Procedures (FPP) Committee recommends that no changes be made to revenue reporting. The recommendation will be presented to the State Board in May.

c. Efficiency Memo update

The voting FPP members drafted a memo that was sent to the legislature, this has made a lot of traction. Senator Johnston, Senator Todd, Representative Fields and Representative Wilson are all interested in sponsoring legislation that would do what FPP proposed regarding the Financial Transparency Bill. They are discussing if this should be included in the School Finance Bill or should this be a separate bill.

Within the department, we looked at the \$3 million to see how much of that would the department need to implement the items outlined in the memo. What would it take to act as the liaison to collect the data from the districts, work with the vendor and manage the contract? At this time we have not finalized the fiscal note for this, we are looking at this to be less than a ½ million dollars to leave the bulk of the funds for the vendor.

d. District Implementation Guide

The subcommittee has discussed the importance of developing and distributing a District Implementation Guide. It will set forth critical dates as to when the financial transparency documents will need to be posted. It will also include some general considerations such as centralized services, custodial, transportation and giving districts of guidance as to what a districts' narrative could be. The subcommittee met last week and started drafting and mapping out what the District Implementation Guide should look like.

RFI Update presentation: [Link](#)

Revenue Reporting Recommendation: [Link](#)

## VII. Food Service Fund Proposed Rule Change – updates

A couple of e-mails have been sent out to you regarding the Food Service Fund Proposed Rule Change. We had a meeting with the Food Service Directors last Thursday. For the rule changes, we added some comments on the right side to provide some rationale to explain why the changes were made. About a year ago the FPP began discussing changing the Food Service Fund from an Enterprise Fund to a Special Revenue Fund. Then last June we discussed that while we were making the changes for the food service funds that it would make sense to make other changes to the rules. We recommended taking the accounting information that was in the food and nutrition rules and moving them into the accounting and reporting rules. It made sense to leave the food and nutrition services rules to be more programmatic and leaving all the accounting information with the accounting and reporting rules. A recommendation by the Office of the State Auditor is to add clarification on the federal regulations which require a three month operating reserve: that Colorado operates on a nine month year. In addition, as part of the new legislative requirements, rules will be reviewed every three years to ensure that they are still current and valid. As we are reviewing the rules, the state board and general assembly asked that we keep in mind that if there are regulations that do not need to be there that they are removed to place less restrictions on the Districts and that we are not creating undue cost burden on the districts. Therefore, we also recommended that the outdated rule which restricts the charging of indirect costs if the current operating resources are below 30 percent. Finally, we are recommending several updates to clarify the existing language and remove duplication with federal regulations.

Rule Changes - Accounting and Reporting: [Link](#)

Rule Changes - Food and Nutrition Services: [Link](#)

Crosswalk - Accounting and Reporting: [Link](#)

Crosswalk - Food and Nutrition Services: [Link](#)

#### **VIII. Chart of Accounts: Object Code 0913 – Principal on Leases**

During the audit review process it is identified that 0913 principal on leases is rolling to 0910 general obligation debt. For the reporting on the federal reports it is needed to be isolated. We are recommending that we bold 0913 principal on leases so we are able to have it isolated for the federal reporting. This would be effective for the FY14-15.

Kathleen Askelson made a motion to approve 0913 principal on leases to be bolded. Gina Lanier 2nd the motion. Motion carried.

Object Code 0913 Principal on Leases: [Link](#)

#### **IX. Special Education**

CDE's Exceptional Student Services Unit (ESSU) and Office of Grants Fiscal Management (GFM) will be offering a joint training/webinar on Friday, May 15th with registration being open on April 7th. Information regarding the training has been sent out in the SCOOP. The training will cover new information from the Office of Management and Budget's Uniform Grants Guidance, performance reports, MOE, fiscal self-audits, excess cost, indirect costs and the October count. The training will be announced in the SCOOP again when registration is open.

##### **a) Fiscal Self Audit**

The State Education Agency (SEA) is responsible for monitoring and enforcement actions with the Local Education Agencies (LEAs), including monitoring for eligibility for receipt of federal

funds. The expectations are outlined in 34 CFR §300.200, 34 CFR §300.201, 34 CFR §300.211 and 34 CFR §300.149. An LEA is eligible for assistance under Part B of the Act for a fiscal year if, along with other statutory requirements, the LEA submits a plan that provides assurances to the SEA that the LEA meets specific conditions. Historically, the Office of Special Education Programs (OSEP) focused mainly on compliance for Part B Indicators in the State Performance Plan (SPP). In 2012, OSEP and State Directors started meeting to look at a greater focus on the performance indicators of the SPP. That process led us to where we are now – with a focus on both performance and compliance. In 2013, OSEP changed their direction to focus on Results Driven Accountability (RDA) with a larger emphasis on fiscal monitoring. At the State level we still have to ensure that we are compliant and the LEAs are compliant with the compliance indicators and with a new focus on the performance. Personnel in CDE's ESSU and GFM started developing a process for fiscal monitoring as part of continuous improvement with the move to RDA and changes to the Uniform Grants Guidance (UGG). Historically, LEAs were monitored once every five years. The monitoring required a team from the state to go to the LEAs for up to a week. The man hours required by the LEA personnel, in preparing for the visit and during the visit, were quite an imposition on the regular operating procedures. Now that we are using an RDA approach, we are required to look at each LEA each year, but not in such an intrusive way. In January 2013, we started developing the draft Self-Audit for IDEA Part B, IDEA Preschool and ECEA Funds. The draft document was presented to Special Education Directors in the fall of 2013 and finalized in early 2014. The Self-Audit was then shared at the Grants Fiscal and ESSU joint training in May 2014 with EDAC approval. Each LEA was responsible for completing the Self-Audit in the State-Wide Data Management System in January 2015. We have started to analyze the results from the Self-Audits, and we are using this information for a baseline to see how LEAs rated themselves in the areas of Internal Controls, Accounting, Procurement, Audit Resolution, Record Retention, Grant Management and Administration, Indirect Costs, and Property Management specific to IDEA and ECEA funds. The preliminary results from the January Self-Audit have shown that LEAs scored lowest in the areas of Procurement, Indirect Costs and Property Management specific to policies and procedures. CDE personnel from ESSU and GFM are receiving training from OSEP, Brustein and Manasevit, the Center for IDEA Fiscal Reporting (CIFR) and WestEd, and will share information with our LEAs and determine training needs.

Included are IDEA and ECEA Fiscal Self Audit Memo and Fiscal Self Audit for your reference.

Fiscal Self Audit: [Link](#)

IDEA and ECEA Fiscal Self Audit Memo: [Link](#)

#### b) IDEA – Excess Cost

We are creating a tool to assist in the calculation for Excess Cost. Excess Cost is a calculation that is required in order to determine the expenditures for Special Education students that must be spent before using SPED funds. The calculation is for all your special education students. The basic reasoning for the excess cost calculation is to make sure that you spend an equal amount on all students whether they are a SPED student or not. You are required to spend an equal amount of your federal, state and local money for all students including special education students first before using your SPED awards for SPED students. It is a calculation Districts are required to calculate and keep on hand to demonstrate to the FEDs that the money received for Special Education expenses has been layered on top of and in addition to other federal, state and local funds. The tool will take your pipeline data based on your

expenditures for State, Local, and Federal funds then excluded the necessary portion of capital outlays, debt, and SPED specific grant expenditures. This will then provide you with a total expense for all students in the district. The calculation will then calculate the per student costs based on your October counts for all students. That per pupil expense will then be multiplied by the December count data which will give you the amount that must be spent on your SPED students before using SPED grant funds. We are looking to have the tool available for you next school year. Our Excess cost calculation is not a required tool for Districts, it is an optional tool.

c) IDEA - Maintenance of Effort Report (MOE)

We are anticipating that the MOE analysis will be on schedule. We are planning on having the calculations complete and initial notifications to the AUs by end of March or the beginning of April. Grants Fiscal worked with School Finance to develop a preliminary maintenance of effort report for special education available in Data Pipeline. The report is designed to complete the first test of MOE, which is the combined state and local expenditures. The report is broken into three sections: first section reflects the 3130 expenditures, second section reflects the 3131 expenditures and the third section shows the expenditures that include revenue offsets, the revenues are not accounted in the calculation but are included to potentially help identify coding errors. The report also includes an initial status of pass/fail for MOE, this is just an initial status and does not take into account any exceptions used in prior year to walk-down the required effort. The intent of the report is to give AUs an earlier initial indicator of MOE status. The full calculation of all three tests will be finalized by Grants Fiscal in the usual time frame. If your AU is a consortium such as a BOCES you will need to pull the reports for all your member districts. If you do log into data pipeline today the report is available to you.

**X. Other Topics of Interest**

a) CASBO

<http://www.coloradoasbo.org/i4a/pages/index.cfm?pageid=1>

The Spring Conference is April 22-24 at Omni Interlocken Hotel in Broomfield - [LINK](#)

We are at the end for the call for director position for the CASBO board if you are interested send a bio and picture to Bert Huszcza at: [coloradoasbo@msn.com](mailto:coloradoasbo@msn.com)

We will be continuing the accounting classes this June and into the fall. We are looking to add some classes for budgeting, financial analysis and procurement. Please e-mail us if you have any suggestions for new classes.

b) CASE-DBO

<http://www.co-case.org/?815>

The Winter Leadership Conference was in February. The Summer Conference is going to be July 29 - 31. If you have any suggestions for break-out sessions send your ideas to any of the CASE-DBO board members.

c) CGFOA

<http://www.rfgsolutions.com/Home.aspx>

Classes available are on April 3(Montrose) and May 14(Arvada) for Fundamentals of Accounting and April 17(Montrose) and May 21(Arvada) for the Beginning Governmental Accounting. There will be additional classes available on our website.

d) Other - Brustein and Manasevit

Brustein and Manasevit will be having a training scheduled on April 2<sup>nd</sup>. They are the legal firm that represents CDE regarding in Federal related regulations and requirements.



e) Other - Office of the State Auditor

Office of the State Auditor has communicated that for the school district fiscal health report they anticipate the same time frame as last year. They will be getting information out to the districts for their review sometime this spring. More details will follow!

**XI. Reminder: Future Meeting Dates**

May 29, 2015

June 26, 2015

**XII. Adjourn**

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