

FINANCIAL POLICIES AND PROCEDURES COMMITTEE MINUTES
June 26, 2015

Members Present

Kathleen Askelson, Jefferson County R-1	Amy Lyons, Bayfield 10JT-R
Anthony Whiteley, St. Vrain Valley Re-1J	Brenda Johnson, Weld Re-8
Christy Hamrick, Garfield Re-2	Dave Montoya, Poudre R-1
Donna Villamor, Littleton 6	Gina Lanier, Adams 12
Janell Wood, Archuleta County 50JT	Karin Slater, Montrose RE1-J
Kristine Githara, Cherry Creek 5	Kurt Shugars, Telluride R-1
Mike Thomas, Fowler R-4J	Terry Kimber, Widefield 3
Velva Addington, Swink 33	Theresa Larson, Aurora 28J
Terry Buswell, Centennial BOCES	

Alternates Present

Laura Hronik, Colorado Springs 11

Ex-Officio Members Present

Leanne Emm, CDE	Jennifer Okes, CDE
Kirk Weber, CDE	Adam Williams, CDE
Paul Reynolds, CDE	Yolanda Lucero, CDE
Kathy Shannon, CASB	Crystal Dorsey, OSA

Guests Present

Adrienne Bradshaw, Aurora 28J	Angie Velasquez, Del Norte
Barb Goldsby, CDE	Betty Casanova, Center 20JT
Brian Tanner, CEA	Cassie Walgreen, Charter School Institute
Cindy Squires, San Luis Valley BOCES	Colleen Love, Ridgeway
Connie Salzbrenner, Vilas	Dawn Chavez, Crowley County School
Denise Pearson, Kiowa C-2	Eileen Johnston, James Irwin Charter
Erich Dorn, Centennial BOCES	Frank Spinelli, Cadre Consulting
Hyesun Son, Adams 14	Jan Brummond, Platte Valley Re-7
Jane Frederick, St. Vrain Valley Re-1J	Janice Martin, Buena Vista R-31
Jason Austin, Durango 9R	Jennifer Ulrich, Rubin Brown LLP
Jerene Wilkinson, Monte Vista C-8	Jim Ventrello, Delta County 50(J)
Joanne Vergust, Fountian Fort Carson 8	Joleen Schaaake, Pikes Peak BOCES
Jonathan Levesque, Littleton	Kelsie Collins, Mesa County Valley 51
Kenneth Wieck, Colorado Springs 11	Kera Badalamenti, Poudre R-1
Kimberley Temple, Wall, Smith, Bateman	Lana Niehans, Pueblo City Schools 60
Linda Hawthorne, Frenchman RE-3	Lisa Anderson, Jefferson County R-1
Marcy Studtmann, Lewis-Palmer 38	Marita Vogrin, Academy #20
Michael Everest, Mapleton 1	Mike Hodgson, Archuleta County 50JT
Molly Janzen, Poudre R-1	Nikki Schmidt, Windsor RE-4
Pam Warner, Colorado Springs 11	Patty Venem, Rocky Ford R-2
Rhonda Bohlander, Manzanola 3J	Richard Stettler, Ellicott 22
Samantha Gallagher, Denver 1	Sean Conner, Jefferson County R-1
Shanna Yochum, Karval	Sharon Fairchild, San Luis Valley BOCES

Shawn Sonnkalb, Clifton Larson Allen
Susan Doudy, Mancos RE-6
Teresa Warner, Greeley 6
Tracy Little, School District 27J
Wendy Everett, Cortez RE-1
Willie Leslie, Clear Creek RE-1

Sherry Shay Thompson R2J
Tambra Bernal, Hanover 28
Tracy John, Academy #20
Valerie Rodriguez, Pueblo 60
Wendy Swanhorst, Swanhorst & Company, LLC

Members, Ex-Officio Members and Alternates Absent

Steven Clawson, Denver 1
Deb County, Valley Re-1
Kara Emmerling, Geona-Hugo C113
Josh Devon, STRIVE Preparatory Schools
Christopher Telli, Colo. Society of CPAs

Cara Golden, Mesa County Valley 51
Fran Christensen, Falcon 49
Shae Martinez, Mapleton 1
Chloe Flam, Northwest Colorado BOCES
Scott Szabo, Colo. Society of CPAs

MINUTES

FINANCIAL POLICIES AND PROCEDURES COMMITTEE

June 26, 2015

I. Call to Order and Introductions

Jennifer Okes called the meeting to order at 9:30 am.

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

II. Presentation of Agenda

Gina Lanier made a motion to approve the agenda.

Brenda Johnson 2nd the motion. Motion carried.

III. Approval of Minutes

Kristine Githara made a motion to approve the minutes from the May 29, 2015 meeting.

Gina Lanier 2nd the motion. Motion carried.

IV. Colorado PERA – GASB 68 updates

On our website, www.copera.org, there are eleven educational videos available and two publications. The videos topics include message for employer governing boards, overview for employers and auditors and nine detailed videos for the employer and auditor. Within the next couple weeks there will be an additional video available. GASB has created a task force to provide communication resources for employers, this will include fourteen documents. Twenty-one reporting agencies from the School Division Trust Fund and three reporting agencies from the DPS Division Trust Fund were selected for a census data audit. All the census data audits for these agencies were completed with a clean opinion. The white papers are available at www.aicpa.org.... The 2014 CAFR for PERA was submitted to the Audit Committee on Monday and it was approved by the Board on Tuesday, it is also available on the PERA website. The net pension liability information, available on the CAFR for PERA, should be included in the districts' financial statements. The deliverables that PERA is working on are the AICPA recommended schedules for 2013 and 2014 along with the notes to schedule. PERA will be working on contribution reconciliation reports for 2013 and 2014; this includes approximately 650 reports for the School and DPS Divisions. In working with the Office of the State Auditor, PERA is creating sample employer footnotes. The STARS portal is the delivery mechanism for all the GASB materials.

Presentation: [LINK](#)

Email: GASBMail@copera.org

Colorado PERA GASB Pension Reporting Standard Website:

<https://www.copera.org/employers/gasb-reporting-standards>

V. School District Fiscal Health Analysis

There were 28 districts identified with two or more missed benchmarks for FY 2013 – 2014, in the School District Fiscal Health Analysis. Chapter one in the report provides information on the fiscal health analysis and the financial indicators that are used to analyze the financial health of Colorado school districts. Page 4 describes the analysis used by the Office of the State Auditor as they look at all of the 178 school districts, note that the charter schools are not included as part of the analysis. Funding for each school district's total program is first provided by local funds (property tax and

specific ownership tax) and the General Assembly appropriates state funding to supplement local funds in order to fund the district's total program. The negative factor resulted in reductions to state program funding of approximately \$1 billion in FY 2014. The table on page 5 displays the state share of funding for the last 3 years. In FY 2014 \$3.4 billion was appropriated, this is a 5% increase from previous year. This year the Office of the State Auditor also looked at the Tax Anticipation Note Act, stated on page 8. The State Treasurer is authorized to issue tax and revenue anticipation notes to provide interest-free loans to school districts to alleviate temporary cash flow deficits, districts that participate in the program are listed on page 9 and the amounts issued by the State Treasurer is the table on the bottom of the page. The districts indicated with a footnote are identified as missing two or more missed benchmarks.

Chapter two, page 11 describes the ratios that are used to assess the financial health of Colorado school districts. The ratios were developed several years ago by researching analysis conducted by other states, state agencies and public accounting firms. The analysis focuses on the areas of highest risk, for school districts these are based on the general fund. In addition, the districts' debt and changes in the fund balances is reviewed. There are five ratios that are used in the analysis. The report includes details, questions, calculation and benchmarks for each of the ratios. Page 26, The Division established the trend analysis as a baseline to see how school districts are performing financially over the 3 year period through the latest audited fiscal year. The table on page 7 displays the number of school districts missing each benchmark over the 3-year period. In FY 2014 the area with the most missed benchmark is Ratio 4: Operating Margin Ratio. For the first time in the 3 year period one district triggered Ratio 1: Asset Sufficiency Ratio and Ratio 3: Operating Reserve Ratio.

Missing one or more of the fiscal health benchmarks may not mean that a school district is facing financial stress. The table on page 29 and 30 compares the school districts with missed benchmarks over the 3 year period. In the FY 2014 column there are 5 districts that missed three or more benchmarks. The analysis was discussed with each of the districts with the missed benchmarks. The explanations for the missed benchmarks from the school districts are found between pages 30 to 33. As noted, 20 districts reported experiencing economic hardship due to decreasing state funding amounts (negative factor). Included in the report is an analysis of general fund per pupil revenues and expenditures stated on page 34. The table on page 35 illustrates that the per pupil revenue for these districts have increased, however, per pupil expenditures have also increased but at a faster rate than the revenues.

Appendix A, after page 38 pages A1-A2, displays all the ratios with the calculations, description, benchmark and financial indicators.

Appendix B, pages B1-B58, provides details for the 28 districts identified with 2 or more missed benchmarks. For each district there is a graphic presentation of the missed ratio, a map showing the location of the district, funded pupil count with a comparison of change from 2012.

Appendix C, page C1, displays a state map highlighting the 28 districts with 2 or more missed benchmarks. This illustrates that districts statewide are showing signs of financial stress. It has also been identified that 15 of the 28 districts have less than 1,000 students.

Appendix D, pages D1-D2, provides a table for the 28 districts that displays the funded pupil count, general fund revenue, revenue per funded pupil, general fund expenditures, and expenditures per pupil for each of the three years along with the change from 2012 to 2014.

Appendix E, pages E1-E24, displays the data for all Colorado school districts along with results the number of missed benchmarks and the calculation for the ratios.

The report was presented to the Legislative Audit Committee on June 2nd. The Office of the State Auditor invited CDE and the 5 districts with 3 or more missed benchmarks to attend the hearing. At the hearing the districts provided information from the districts' perspective to the committee members.

School District Fiscal Health Analysis Report: [LINK](#)

VI. Pupil Count Updates

There were about a ½ dozen updates and clarifications in the pupil count resource guide. As we are reviewing for updates and clarification, we are ensuring that everything we are doing relates to state law. The following are the updates and clarifications for pupil count requirements.

There are 3 types of transfers identified, which are within district, out of state and within state – out of district. Specifically, with the out of state transfers, as long as the student transfers into the district within the 11 day count period after October 1 from another state or country, we would require the documentation that they are from another state or country. This is the same with the within state – out of district students, as long as the student transfers into the district within the 11 day count period, we would require the documentation showing withdrawal from the other Colorado public school district and attendance in the current school year from the previous district.

Updated last year is the documentation requirement for concurrent enrollment (CE). If the CE is on a high school campus, the only additional document that is required is the tuition documentation. In these cases, the funding is determined by teacher-pupil instruction and teacher-pupil contact time. If the CE is at the institute of higher education (IHE), the required documentation is the tuition documentation, concurrent enrollment cooperative agreement, scheduled credit hours, and the attendance for students exclusively enrolled in CE at IHE campus. In these cases, the funding is determined by college credit hours. Related to the 5th year and beyond students, the students cannot have met minimum graduation requirements, CE classes must apply towards graduation requirements to be included in funding eligibility, CE classes cannot exceed nine credit hours in the year with a maximum of six credit hours in semester for a full-time student and three credit hours for a part-time student and FAST will be requesting high school transcripts with district graduation requirements for 5th year and beyond students.

If a student was expelled in the prior year, the funding eligibility is determined by teacher-pupil instruction and teacher-pupil contact in the expelled program for the current school year. If a student was expelled in the current year, the funding eligibility is determined based upon the current year schedule. For the student to be counted, the student must receive services during the month of October to document after attendance, even if it is a meeting with the student with documented attendance so the student can be counted.

Supplemental online funding is dependent on the type of online program. If you can demonstrate that there is teacher-pupil contact it can be treated like any other online program. If the course is taken in a lab at the school with attendance, the course would be treated like a class. If there is no teacher-pupil interaction and it is taken at the students home the course would be treated like an independent study. We provide detailed information in the resource guide.

The Online Authorizer Assurance Form is a required form that needs to be submitted by September 10. All authorizers must adopt policies tracking student enrollment, attendance, and participation. Attendance documentation should include student name and date at minimum.

The Proof of Residency was updated to be clearer. This form may be altered by the district, but all information must be included on the altered document, see resource guide for requirements.

As part of the At-Risk count, districts must have documentation dated on or before the pupil enrollment count date, which is October 1. In cases where October 1 does not fall within the first 30 days of the school year, districts may submit a variance waiver to allow a district to carryforward last year's documentation to evidence free lunch eligibility for students who have not turned in forms this year. Office of School Nutrition is also allowing TANF case numbers for free lunch eligibility.

On our website, www.cde.state.co.us/cdefinance/auditunit, you can find the Student October Count power point, resource guide and the At-Risk resource guide. In late August and early September we will be providing October Count 101 training, this is geared towards districts with staff new to the pupil count audit process or those looking for help in preparing for pupil count audits.

Presentation: [LINK](#)

VII. Transportation Funding Updates

The second transportation payments were mailed on Monday (6/29), they should be received in the next few days. The online CDE-40 submission for FY2014-15 will be available in mid-July. On the CDE-40 item #5 Capital Outlay is a new item to the form. The districts or charter schools within the district that contract for transportation services with a private transportation company, will need to complete the Capital Outlay depreciation schedule and provide the calculated ten year depreciation figure.

Transportation Funding Website: [LINK](#)

VIII. Financial Transparency: Sub-Committee HB 14-1292

The RFP to choose the software vendor to create the public website view has been issued. There are seven vendors that have indicated that they will be bidding and have submitted initial questions related to the RFP.

As a reminder July 1, 2015 districts are required to follow the standard website template for Financial Transparency websites. With the permission of Jeffco, we used their website as a live example of how the websites should look. When you look at the home page districts must have either the Financial Transparency ICON or the words "Financial Transparency" visible and linked to the Financial Transparency website. Within the website, districts should have district adopted budget - including uniform budget summary, district financial audit, quarterly financial statements, salary schedules or policies, accounts payable check registers, credit, purchase card statements and investment

performance reports or statements. The disclaimer is not required; it is optional to allow districts to provide specific information that would apply only to their district. Graphics are not required; however, you may choose to include them on your Financial Transparency website as long as they do not interfere with the required documents. Note that there is a different template for 2016 and 2017.

Webpage Template: July 1 2015: [LINK](#)

IX. Data Pipeline Upgrade

CDE recently replaced the servers that support the Data Pipeline databases, this quadrupled the processing capacity. In addition, the network/bandwidth was also upgraded. This was to address issues with file loading times, slow report generation and simple share capacity for the number of users accessing the system.

X. Chart of Accounts

Since the last FPP meeting, the U.S. Department of Education approved CDE’s indirect cost rate calculation methodology for LEAs. We have been working with them over a year to have it approved. When the feds reviewed the initial calculation they determined that we needed to isolate the cabinet level positions. The way to capture these types of positions, with the least amount of change to the districts, is through the program codes. The program codes are already included as part of the base of the initial indirect cost rate calculation. The program code changes that are recommended are to bold program codes 2303, 2304, 2501 and 2801. The unbolded program codes 2314-2319, 2322, and 2323 will roll to program 2303.

Kristine Githara made a motion to approve changes to chart of accounts.
Gina Lanier 2nd the motion. Motion carried.

Program Codes in the 2300-2800 series: [LINK](#)

Program Codes in the 2300-2800 series discussion item: [LINK](#)

RESOURCES

Cost Allocation Guide for State and Local Governments: [LINK](#)

Delegation Agreement through June 30 2019: [LINK](#)

XI. Financial Policies and Procedures Handbook

The handbook is posted on the FPP meeting website.

The summary of changes includes:

- year
- contacts
- FPP membership changes
- addresses
- web references
- hyperlinks
- incorporated financial transparency requirements
- updates related to GASB requirements
- changes to reflect food service state board rules
- removed Appendix A
- references for the Charter School networks
- shifted to numeric page numbering
- eligible investment instruments
- example for appropriation resolution
- discontinued use of the capital reserve fund

- reflect the OMB changes
- reflect the OMNI Super Circular
- updates for the CDE branding requirements
- adhere to AP guidelines
- clarifications

Considerations for future edits of the handbook is to strive for plain language, provide reference for other sources, rather than repeating the source, incorporate the NCES handbook, providing guiding principles, evaluate use of the outline format or use of bullets, possibly including checklists. In the future we intend to release this by July 1st instead of releasing in the fall with retroactive changes. Please contact Paul Reynolds if you have any comments.

XII. Financial Policies and Procedures Membership

a. Election of New Members

through August 2019

Ms. Laura Hronik	Colorado Springs 11
Mr. Richard Stettler	Ellicott 22
Ms. Kera Badalamenti	Poudre R-1
Ms. Janell Wood	Swink 33
Ms. Lisa Clark	Weld RE-3

through August 2017

Ms. Wendy Everett	Montezuma Cortez RE-1
Ms. Eileen Johnston	James Irwin Charter School

alternate through August 2016

Ms. Lana Niehans	Pueblo 60
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Anthony Whiteley made a motion to approve new members..
 Dave Montoya 2nd the motion. Motion carried.

b. Recognition of Retiring Members

Ms. Velva Addington	Swink 33
Ms. Gina Lanier	Adams 12
Ms. Brenda Johnson	Weld Re-8
Mr. Terry Kimber	Widefield 3
Mr. Dave Montoya	Poudre R-1
Mr. Josh Devon	STRIVE Preparatory Schools

XIII. Other Topics of Interest

a) CASBO

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

Accounting Classes are available in Colorado Springs, Westminster and Glenwood Springs.

August 7th - Advanced School District Accounting

October 7-9 is the Colorado ASBO's Fall Conference in Breckenridge.

Sessions will include school safety, financial underwriters, financial advisors, student data privacy, election planning, grants, school finance and mill levys.

October 23-26 is the National Conference in Grapevine, TX.

b) CASE-DBO

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

July 27 – 31st is the CASE Education Leadership Convention in Breckenridge.

The DBO will have sessions on trade super session on long range state financial picture, how to manage election planning, alternate financing options and a legislative session review.

c) The CGFOA

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

November 17-20 is the Annual Conference in Loveland

Budget class in Grand Junction, Frisco, Limon and Westminster

Intermediate and Advance Government Accounting throughout the state

XIV. Reminder: Future Meeting Dates

November 6, 2015

March 4, 2016

May 6, 2016

June 24, 2016

XV. Adjourn

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