

Instructions for Completing the Third Party Report for School Districts Seeking Approval for a New or Reorganized AU



COLORADO
Department of Education

General Information

Colorado school districts provide special education services to eligible students with disabilities through administrative units (AUs). These AUs may be made up of a single school district, board of cooperative educational services (BOCES), or a multi-district AU. Individual districts may make application to the Colorado Department of Education (CDE) to reorganize an existing AU or form a new AU. The process for forming a new or reorganized AU is outlined in the Rules for the Administration of the Exceptional Children's Education Act (ECEA)¹. Under these rules, CDE or any other entity impacted by an application for a new or reorganized administrative unit may request the applicant district to secure and pay for a report prepared by a Department approved, independent third party [ECEA 3.01(3)(e)]. Since financial data is critical to determining if the proposed AU and the existing AU will be able to meet all of their obligations under state and federal special education laws, the CDE will require the applicant district to secure a third party report. The report must also be prepared by a CDE approved independent third party. In approving the independent third party, the CDE will consider whether both the applicant district and the existing AU have selected an individual or group that is mutually acceptable to both entities.

This document provides guidance to qualified individuals who have been engaged by the applicant district to complete a third party report as requested by CDE

Purpose of the Third Party Report

Under ECEA rules, the Department may approve an application for a new or reorganized administrative unit *only* if the application materials submitted by the applicant district demonstrate by clear and convincing evidence that the proposed administrative unit will be able to meet all of its obligations, including maintenance of effort, under state and federal special education law [ECEA 3.01(5)(a)(i)]; and that the existing administrative unit will be able to meet all of its obligations, including maintenance of effort, under state and federal special education law [ECEA 3.01(5)(a)(ii)]. Since financial data is critical to determining if the proposed AU and the existing AU will be able to meet all of their obligations under state and federal special education laws, the CDE will always request the applicant district to secure and pay for a fiscal report prepared by a CDE approved independent third party.

Qualified Individuals

ECEA rules require that the independent third party who prepares the report possess sufficient expertise in accounting, special education budget development and projection, and special education fiscal requirements [ECEA 3.01(3)(e)].

Prior to initiating the report, the individual completing the third party report should seek to develop agreed upon procedures that will govern the third party review and report. It is important to communicate these procedures to all affected administrative units as well as the CDE.

¹ The Rules for the Administration of the Exceptional Children's Education Act may be found at 1 CCR 301-8.



Contents of the Third Party Report

The third party report must describe the anticipated revenues and expenditures for all affected administrative units, including the existing AU and the proposed now or reorganized AU [ECEA 3.01(3)(e)]. In an effort to adequately determine the effect of the reorganization on both the existing AU and the proposed AU, the Department will need anticipated revenues and expenditures projected through the proposed AU's third year of operations as well as the existing AU's anticipated revenues and expenditures through the third year of operations *without* the applicant district. Specifically, the third party report must provide financial information that will aid the Department in answering the following questions:

- Is there evidence that the proposed AU will be able to meet all of its obligations, including maintenance of effort, under state and federal special education law? [Rule 3.01(5)(a)(i)]
- Is there evidence that the existing administrative unit will be able to meet all of its obligations, including maintenance of effort, under state and federal special education law? [ECEA 3.01(5)(a)(ii)]

The written report must clearly evidence that current financial data has been obtained directly from all affected administrative units. For example, if an applicant district is seeking to withdraw from its existing AU/BOCES in order to form a new single member AU, the report must evidence that current financial data has been obtained directly from both the applicant district and the existing AU. The report must consider the data in such a way that it contemplates the impact of the reorganization on both the newly proposed AU, as well as the impact on the existing AU minus the applicant district's membership. For an applicant district that is seeking to withdraw from its current AU/BOCES in order to join another AU/BOCES, the report must evidence that financial data has been obtained directly from the existing AU/BOCES and the AU/BOCES the applicant district is seeking to join. This information should be presented in the written report in such a way that it demonstrates the impact of the reorganization on both the existing AU (as it would function without the applicant district) and the reorganized BOCES (as it would function with the applicant district).

Special Education Services Only

Many BOCES that function as AUs also provide services beyond special education to member districts. While these additional services are valuable services to the districts, they may *not* be considered in the process for determining whether or not the applicant district's application will be approved. Under ECEA rules the process for determining if the application may be approved is limited solely to the effect of reorganization on the new or reorganized AU and the existing AU's ability to provide special education services.

Timeline for Third Party Report

The independent third party report is due to the CDE no later than October 1st. ECEA Rule 3.01(4)(c). If October 1st falls on a weekend, the report is due the first business day following October 1st. All documents are due to CDE by 5:00 PM Mountain Time on the day on which they are due. Applicant districts should note that all timelines will be strictly enforced. Failure to provide the third party report within the required timelines will result in the application being denied. The third party report should be electronically mailed to: AU_ReOrganization@cde.state.co.us.