

AGENDA
FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING
September 22, 2022 at 9:30 a.m.

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FPP Member Facilitator: Lana Niehans

1. Call to Order
 - a. Lana called the meeting to order at 9:31am
2. Approval of Agenda
 - a. Lana received no comments, so the agenda was approved.
 - b. Lana turned over to Kate for approval of the minutes.
3. Approval of Minutes
 - a. Kate indicated the June meeting minutes have been posted to the website - asked for concerns - otherwise will take a vote to approve the minutes.
 - b. No comments - minutes approved.
4. Membership Update
 - a. Kate thanked the departing members, Jane Frederick, Mike Lee, Patty Venom - welcomed new members & alternates.
 - b. Kate mentioned that we do have a few vacancies and need a new charter school liaison.
5. Office of the State Auditor Updates - Crystal Dorsey
 - a. Audit law deadlines are established in statute. Audit must be completed within 5 months and then districts have 30 days to submit the audit to OSA e.g. December 31st.
 - b. Extension process - OSA can grant extension for up to 60 days, which gives districts until March 1st to submit their audit.
 - c. Historically, OSA was strict on granting extensions. Given the issues associated with the pandemic, they will provide more grace. However, districts need to submit a request for an extension. Please submit requests early. Do not wait until the end of December to submit requests for extensions.
 - d. Statute is clear about the consequences. If the deadline (either December 31 or March 1st) is missed, the OSA will send out certified letters to the appropriate county to withhold taxes. Given the timing, it usually doesn't impact tax collections until April.
 - e. There are no federal deadline extensions - if SA & data collection form submitted to the feds than March 1st
 - f. There was a question if a reason needs to be provided when requesting an extension. Based upon the request form, there is no requirement to provide a reason. There is an area for comment.
 - g. Crystal went over the process - on the OSA website - to submit an extension request to OSA. Statute is very specific, saying that a member of the governing board must make the request (must be signed by a Board member). It does not have to be the Board President, it can be any member of the board of education.
 - h. Crystal then went over the process on the OSA website to submit the district/charter school audit. There are screen shots in the slide deck that show the steps needed. If you have any questions, please contact Crystal.

- i. Hopefully all districts have auditors at this point. If districts have difficulty obtaining an auditor, the OSA can provide a list of the auditors that perform local government audits. Also, talk to other districts for recommendations.
 - j. Audit opinion paragraph is changing - SaS (statement of auditing Standards) are requiring more of auditors, Basis for Opinions, independence and ethical requirements): “We are required to be independent ...and to meet other ethical responsibilities” Therefore, it is likely that the costs of audits will be increasing. It is the responsibility of the governing body to set-aside funds/pay for audits. The OSA is required to cause an audit if the district does not get an audit completed. This will likely increase the costs further.
 - k. School District Fiscal Health Analysis is scheduled to be released on September 28th. This is tentatively scheduled for 11AM. This may be adjusted based upon the meeting progress. The slide deck has screenshots of how to listen live to the Legislative Audit Committee.
6. Charter School Single Audit Updates
 - a. Jennifer talked about submitting Single Audits - ESSER funds are pushing more districts over the threshold for single audits.
 - b. EXAMPLE 1 - CDE districts funding to districts and some federal funds are passed on to district charters. Grant compliance is ultimately the responsibility of the district - the district must make sure the charter is spending the funds in accordance with the grant requirements.

District charter schools are component units of the school district. Therefore the district should include both the amount spent by the district and the amount spent by district charter schools on the SEFA.

The district would be subject to a single audit for the full amount, not the charter(s). If this results in additional audits costs for districts, it would be fair and appropriate for the District to charge the charters for their portion of the total costs
 - c. EXAMPLE 2 - CDE distributes to CSI. CSI charters are not part of the State and are not component units of the State. Therefore the State does not include the CSI charters in its financial reporting.

In FY2021 SEFA, CSI pass-through to subrecipients the 21.019 federal funds. This makes CSI charters the subrecipients - CSI charters need their own SEFA and SA if they exceed the threshold of \$750k
 - d. EXAMPLE 3 - applies to either CSI or District charters when CDE sends money directly to charters - in this case the charter schools that get those funds directly, they would be required to do their own SEFA and SA.
 - e. A question was asked if charters are allowed to apply for the ECF Funding directly to the FCC and not go through the District? Kate indicated that we are looking into this on the website. However, since this is federal funding, we don't have much insight. Therefore, it may be best to contact them directly.
7. Legislative Session and Funding Updates
 - a. School Finance Act - Tim provided an update on School Finance
 - Tim introduced Gene Fornecker, the new Senior Fiscal Analyst, to the group as another resource. Will work with Tim on all things SFA & MLO, AVs and additional resources for districts, etc. Gene is a CPA & comes from WI with extensive experience in funding/school finance operations, etc.
 - Tim recapped the SFA figures for the past 4 years and projected amounts for the upcoming fiscal year. Bottom bullet is the Current year (FY22-23 (HB22-1390) BS

factor was brought down another \$182M (was down to pre-pandemic levels in FY21-22). The legislature can't increase the BS factor without legislation. The funding is tried-up in December and January to incorporate actual student counts and AVS. The legislature makes changes to the funding during the January supplemental process.

- Thanks to Mark, Glenn, and Yolanda for revising our processes for data collection.
- b. Other Legislative and Funding Updates
 - Special Education Funding Bill (SB22-127) increases tier A funding from \$1250 to \$1750 (additional funding of \$53.2M) and then inflation thereafter. Tier B funding grows from \$3392 to \$4530 (additional funding of \$26.8M), then grows with inflation.
 - Read Act Carryover - Section 5 of the SFA extends the ability for LEAs to carry forward more than 15% of per-pupil intervention money received from CO READ Act by 1 year. That will repeal in 2023 - and will revert back to 15% carryover (or lower) moving forward.
- 8. At-Risk Measure Working Group
 - a. New At-risk measure: ID's Student Percentage (ISP) + Neighborhood Socioeconomic Status () indicator (the SES is like a 'factor' in our current formulas that will be used like a weight factor)
 - b. Districts can follow our work on this topic at:
<http://www.cde.state.co.us/cdefinance/atriskmeasureforschoolfinanceworkinggroup>
 - c. The bill did not leave a lot of room related to ISP, but did allow for some room in the SES factor. This is the focus of the At-Risk Working Group.
 - d. In the ISP, one new factor will be the inclusion of Medicaid eligible students. The Department is currently in the process of applying to the USDA to include Medicaid eligibility in the Direct Certification numbers. This will allow eligible kids to also be certified for free meals through participation in Medicaid/CHIP+.
 - e. This means that a submission of a FRPL form will no longer make a student eligible for as-risk funding. There will be few kids - but they may be funded at a higher level on a per-pupil basis
 - f. The working group is looking at various data available for the SES Index. These are from the Census/ACS data. These measures are at the neighborhood block level. In some cases, this is a very small neighborhood and in others it may be the entire county. The variables in blue on the slide deck were used during the presentation to the Interim Committee. The other variables listed are also being considered by the working group. One comforting item is that the inclusion or exclusion of these factors do not appear to change the overall results significantly.
 - g. Data Available for SES Index: Median age, race/ethnicity/geo mobility (vs prior year), Means of Transportation to work, # of workers in the family, work full time & year-round, median HH earnings, per-capita income, have computer and/or internet, number of occupants/room, value of owner-occupied housing, mortgage/rent as % of HH income.
 - h. A question came in about how a move to ISP would affect the district's Federal funding calculation. It does not impact federal funding. Districts will continue to use FRL data when it has historically used this factor. Additionally, it does not impact the nutrition programs. Therefore, districts will still collect Free and Reduced Lunch applications to determine who is eligible to eat for free or reduced-priced meals.

- i. Aug 16 & Aug 30th - Legislative Interim Committee on School Finance met. Link to follow the committee in the slide deck.
 - j. Aug 16th meeting: Recent changes to School Funding, Cost of Living factor, School Finance Simulation Tool
 - k. Aug 30th - update on ESSER funds (from CDE), breakout groups using SF simulation tool
 - l. Breakout groups and discussion of bill draft requests - lots of discussion around the cost of living factor (\$1.6 or \$1.b - idea presented to take those Cost of Living factor dollars and redistribute them. Also focus on ESSER spending
9. Federal Stimulus Funding
- a. Jennifer Austin explained that monitoring letters went out the week of September 5th. Therefore, if your district has been selected for monitoring, you would have been notified by now. There is an introductory monitoring training on October 13th. There is a link to the registration in the slide deck.
 - b. Monitoring trends appearing consistently in FY22 final reports: awardee failing to update internal procedures to address emergency funding, or failing to have any internal procedures at all around internal controls, federal funds, time and effort, etc.
 - c. We are also seeing that districts are not spending according to their ESSER budget and/or not completing a PAR representing the appropriate changes.
 - d. Monitoring Schedules and Registration links are in the slide deck, along with a guide to assist in creating/updating internal procedures.
 - e. ESSER I drawing to a close - performance period ends 9/30/22. The final data to submit the RFF is November 15, 2022. ESSER II PAR closes June 30, 2023 and ESSER III PAR closes June 30, 2024.
 - f. A question came in about the potential for CDE to provide an example of policies of procedures. It really needs to be created relative to individual districts' processes and procedures. Therefore, we don't feel it is appropriate to develop sample policies. Jen Austin is willing to review districts' drafts to ensure that they cover all of the required topics.
10. PSFU Training Updates -
- a. Mark provided PSFU training updates. We are a year into the tiered approach to training (Cohort, Network and Community). Today's FPP meeting is an example of community support. He provided contact info for himself & Glenn - reminded districts to reach out - and to sign up for Finance ListServe.
 - b. The schedule is provided in the slide deck for community offerings, network offerings, and BOCES/District trainings. Shared FY22-23 Draft Training Plan Upcoming trainings include single audit prep and budget planning, bond levies, certifying mills. The budget planning training is broken into three trainings based upon feedback from last year.
 - c. Our goal is to provide training to any BOCES that requests us to provide training.
 - Oct training includes SA preparation, Budget Planning Par 1 Guiding Principles, Finance December - data Pipeline submission.
 - 2023 Cohort application will open in Oct 2022 & starting Jan 2023 - app will open today or tomorrow. There is a one year commitment. Priority for membership based on size of district, # of FTEs in LEAs finance unit - We also do site visits for districts that are not in the cohort.
 - LEAs can Contact Sheila Duggan - CO Society of CPAs: sheila@cocpa.org if interested in participating in a group learning environment. There is a really

good training on fundamentals of governmental accounting. Details are provided in the slide deck.

- Templates now on the CDE (school Finance) website: Budget, Mill Levy/Property Tax Cal Model (coming soon), Bank Rec - full year, Quarterly Financial Statements. Call Mark or Glenn with questions, etc.

11. Instructional Time Stakeholder Process Update

- a. Kate gave a quick update: in the middle of stakeholder engagement to gather feedback on 5 questions listed on slide #48 in the presentation slides. A survey is currently open - October will be a series of focus groups. A final report will be created for CDE staff to help inform next steps. Link to survey (parent, LEAs staff, etc and participate) is in the slide deck.

12. Financial Reporting Updates

- a. Mill Levy Certification Proposed Process Changes
 - a. Current process is extremely manual (email, mail or even fax) - over 300 emails received last cycle
 - b. Many counties/districts have to submit info multiple times
 - c. Process is difficult and complex to manage and track, leading to the potential for errors.
 - d. Submission process will be via SmartSheets - CDE will send link
 1. Form fields are the same, just in a different order. Details about the form are in the slide deck.
 2. Will help with Fund 90 reporting for MLO
 3. Will require County's 'Certification of Valuation' to be submitted/attached. May also submit the LEA worksheet if you have one -
 4. Looking for a volunteer pilot group to test the SmartSheet template in October 2022. If interested in participating, send an email to Mark Rydberg. Trainings on the form & certifying mills will be in Nov & Dec.
- e. CDE-40 - submission was closed last week, Sep 15th. Any submissions prior to the end of August - to be done by Oct 31st. Respond as soon as possible if CDE review team has questions.
- f. October 3rd: Official Mileage Count Date (for FY22-23 submission)
- g. November 15th: 1st Transportation payment to districts.
- h. Finance December submission - due to CDE & OSA by 12/31/22. Additional documents should also be submitted to CDE with final audit (Assurances for Financial Accreditation and Reconciliation Reports). You must file a request for extension prior to Dec 31st. CDE honors the extensions granted by OSA.
- i. Lots of questions re: 4414/9414 - must do Inter-grant Transfer of revenue from 4414 to 9414 and on indirect cost rates. Tier 1 edits must be cleared before the reconciliation reports will populate. Will be a training on Monday 26th Office Hours.
- j. Reports of auditors are needed in some school districts. Sample Auditor RFP and list of auditors available from CDE.
- k. Account Code Discussion held on 7/19/22
- l. Job class 341 updated (legal staff) - details in slide deck
- m. Added new Job Class 399: program support specialist (general program support specialist)

- n. Bold source code 1760 (Contributions - 1760-1769+ roll to 1760 - for financial transparency website
- o. Put on hold - some changes were not approved & were put on hold. See slide deck for details. Can be part of the Chart of Accounts sub-committee discussions.
- p. Kelly shared the schedule for the Chart of Accounts and Financial Transparency Subcommittee and the intended purpose of each meeting. Sandra, from Grants Fiscal, will be joining discussions to answer any questions related to specific grant coding.
- q. Peter Hoffman will join the sub-committee discussions regarding the District, Administration Unit and School code, as there are District Applications and CDE Committees involved in the establishment of these account codes. Dawna and Lindsey from Data Services will join the Job Class as this code is included in the Staff Interchange and HR collection. Sandra Vela with Grants Fiscal will join as the accounts related to grants/AFR/grant budgets.

13. Other Topics of Interest

- a. CASB
- b. CASBO - Shared link in the chat for the conference scheduled in three weeks. People may still register. Please share membership links with any new people in the districts whether they are in finance, school nutrition, transportation, etc.
- c. CASE-DBO
- d. CGFOA
- e. COCPA

14. Customer Service Surveys now open

- a. Have some surveys open now for the three teams at CDE for PSF, Grants Fiscal and Grant Program Administration (each takes about 3 minutes to complete)
- b. Tell us where we are helping and where we can be of more assistance

15. Upcoming Meetings: FPP members, please sign up to be facilitators

- a. Friday, November 18, 2022
- b. Thursday, February 23, 2023
- c. Friday, April 28, 2023
- d. Thursday, June 22, 2023

16. Adjourn - Lana adjourned the meeting at 10:55am