



FINANCIAL POLICIES AND PROCEDURES COMMITTEE MINUTES
November 1, 2018

District Members Present

Angela Slaven, Mesa County Valley 51
Brook Quint, Briggsdale Re-10
Gina Lanier, Aurora 28J
Jane Frederick, St. Vrain Valley Re-1J
Janell Wood, Swink 33
Justin Petrone, Boulder Valley RE-2J
Laura Hronik, Colorado Springs 11
Lisa Clark, Weld RE-3J

Matthew Scoggins, Rangely RE-4
Michael Everest, Mapleton 1
Mimi Livermore, Adams 12
Samantha Gallagher, Durango 9R
Stephanie Corbo, Jefferson County R-1
Steven Clawson, Denver 1
Terry Kimber, Widefield 3

BOCES, Charter and Alternate Members Present

Erich Dorn, Centennial BOCES
Sarah Colazio, Windsor Academy Charter

Jodi Poulin, Falcon 49
Sandy Woods, Aurora 28J

Ex-Officio Members Present

Aaron Oberg, CDE
Adam Williams, CDE
Cassie Walgren, Charter School Institute
Crystal Dorsey, Office of the State Auditor
Yolanda Lucero, CDE

Gina Faulkner, OSA
Jennifer Okes, CDE
Kathy Shannon, CASB
Kirk Weber, CDE

Members and Alternates Absent

Kera Badalamenti, Poudre R-1
Richard Stettler, Ellicott 22
Jonathan Levesque, Littleton 6
Lana Niehans, Pueblo City Schools 60

Shelley Becker, Harrison 2
Mike Lee, Ft Morgan RE-3
Patty Venem, Rocky Ford R-2
Brad Arnold, Cherry Creek 5

Guests Present

Alicia Hancock, Delta County 50(J)
Alicia Houps, Ault-Highland RE-9
Andrew Denton, Denver Public Schools
Angialea Goode, Kim Reorganized 88
Angie Velazquez, Del Norte C-7
Anthony Whiteley, St. Vrain Valley Re-1J
Ashley Zhang, Mesa County Valley 51
Audra Rettedal, South Routt Re 3
Bart Skidmore, Skidmore, CPA, Inc.
Becky Samborski, Weld RE-1
Bernadette Pacheco, Del Norte C-7
Beverly Martinez, Wall Smith Bateman

Brad Arnold, Cherry Creek 5
Brian Lund, Estes Park R-3
Brook Williamson, Pikes Peak BOCES
Candi Headley, Brush Re-2(J)
Caryn Braddy, Vision Charter Academy
Caryn Braddy, Vision Charter Academy
Chelsey Gerard, Eagle RE-50
Cheryl Wallace, Rubin Brown
Chloe Flam, Northwest Colorado BOCES
Chris Surratt, Jefferson County R-1
Ciara Bartholomew, South Routt Re 3
Colleen Love, Ridgeway

Guests Present

Conni Salzbrenner, Vilas
Danielle Duke, Harrison 2
Dawn Chavez, Crowley County School
Deb County, Valley Re-1
Denise Pearson, Kiowa C-2
Diane Raine, Mesa County Valley 51
Donna Villamor, Littleton 6
Doreen Jones, Dolores RE-4A
Doug Moss, Weld RE-1
Eric Adelman, Denver Public Schools
Hyesun Son, Adams 14
Janelle Urista, Meeker RE-1
Jennifer Weber, East Otero R-1
Jeremy Burmeister, Platte Valley Re-7
Jessica Hyman, Harrison 2
Jim Ventrello, Delta County 50(J)
John Wall, Moffat County Re:No 1
Jona Layton, East Central BOCES
Joshua Shoemaker, Jefferson County R-1
Julia Teska, Aurora 28J
Kara Drake, Summit Re-1
Kristen Monks, Kiowa C-2
Laurie Darnell, Sheridan #2
Leona Holland, Monte Vista C-8
Linda Hawthorne, Frenchman RE-3
Linda Warhoe, Academy #20
Lisa Anderson, Jefferson County R-1
Lisa Boilers, Aurora 28J
Louis Pino, Colorado Legislative Staff
Lucinda Lounge, Ignacio 11-JT
Luke Gonzales, Thompson R2J
Luke Jones, Valley Re-1
Malina Ray, Mapleton 1
Mandi Birge, San Juan BOCES
Mandy Hydock, Greeley RE-6
Marc Carey, Colorado Legislative Staff
Marita Vogrin, Academy #20
Mark Rydberg, Steamboat Springs
Matt Marino, Rubin Brown
Mayra Ramirez, Mapleton 1
Meghan Deutsch, Adams 12
Merinda Reisch, East Otero R-1
Mike Lee, Ft Morgan RE-3
Mike Madden, Montrose County RE-1J
Mike Thomas, Fowler R-4J
Missy Corn, Springfield R-4
Mona Larsen, Woodland Park RE-2
Monica Johnson, Strasburg 31J
Nichole Eastin, Las Animas RE-1
Nicole Stewart, Jefferson County R-1
Nikki Schmidt, Ault-Highland RE-9
Nita McAuliff, San Luis Valley BOCES
Pamela Cole, Eads RE-1
Patty Venem, Rocky Ford R-2
Rena Sanchez, Lake County R-1
Rose Belden, Garfield 16
Rusty Williams, Thompson R2J
Samantha Gallagher, Durango 9R
Samuel Pugl, Mesa County Valley 51
Sean Conner, Jefferson County R-1
Shanae Larson, Sanford 6J
Sherry Dennis Murphy, Yuma 1
Sherry Scallan, Creede School District
Sherry Shay, Thompson R2J
Stacey Garrett, Weldon Valley Re-20(J)
Staci Turner, San Luis Valley BOCES
Stephanie Juneau, Gunnison RE-1J
Tammy Bruntz, Westminster
Tammy Hohn, Englewood 1
Terry Buswell, Centennial BOCES
Terry Scharg, Gilpin County RE-1
Tracy John, Academy #20
Wendy Everett, Telluride R-1
Wendy Swanhorst, Swanhorst & Company

MEETING MINUTES

FINANCIAL POLICIES AND PROCEDURES COMMITTEE

November 1, 2018

1. Call to Order

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

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

2. Approval of Agenda

Stephanie Corbo with Jefferson County made a motion to approve the agenda.

Mimi Livermore with Adams 12 Five Star made a 2nd on the motion, motion carried.

3. Approval of Prior Meeting Minutes

Stephanie Corbo with Jefferson County made a motion to approve the prior meeting minutes.

Mimi Livermore with Adams 12 Five Star made a 2nd on the motion, motion carried.

4. FPP Membership

Recognition of New Members starting in the fiscal year 2018-2019

District Membership through August 2021

Gina Lanier - Adams Arapahoe 28J

District Membership through August 2022

Jane Frederick - St. Vrain Valley

Mike Lee - Morgan County RE-3

Samantha Gallagher - Durango 9-R

Patty Venem - Rocky Ford R-2

Angela Slaven - Mesa 51

District Alternates through August 2019

Brad Arnold - Cherry Creek 5

Sandy Woods – Adams Arapahoe 28J

Jodi Poulin - Falcon 49

There is still a vacant BOCES membership through August 2020. If you are a BOCES business official that would like to fill this vacancy please contact the School Finance Unit.

5. GASB Updates – Cheryl Wallace, Rubin Brown

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions should be included in financial reports this year, for the fiscal year ending June 30, 2018. This standard is similar to GASB 68; for most districts it is the PERA healthcare trust fund. Other postemployment benefits (OPEB) including medical, dental, vision, hearing, and other health related benefits whether provided separately from or provided through a pension plan. Cost sharing employers would report a liability equal to their proportional share of the plan's net OPEB liability. If you are part of PERA they are good at providing the Actuarial Valuation each year, though the requirement is every two years. With this you also need to include the measurement date, single discount rate and single actuarial method with assumptions. As cost sharing employers, districts will need to recognize a liability for its proportionate share of the collective net OPEB liability and recognize OPEB expense and report deferred outflows/inflows of resources OPEB for its proportionate shares of those items. The disclosures in the Notes and RSI must include information about the plan, components of net OPEB liability and related ratios, significant assumptions and other inputs used to calculate the total OPEB liability, date of valuation, basis for determining employer contributions and 10 years of select information in RSI, as it becomes available. Make sure the verbiage is correct; it should be covered payroll for the RSI schedules.

GASB 84 – Fiduciary Activities is effective for reporting periods beginning after December 15, 2018, in the 2019-2020 fiscal year. As the school districts start looking at these funds, take a look and determine “Does the school district control the asset and at what level is the district’s administrative involvement?” A government should report an activity as a fiduciary activity if the government controls the assets of the activity, does not have administrative involvement, and if the assets of the activity are not derived solely from the government’s own source revenue or from grants received by the government if one or more of the additional criteria met. The Additional Criteria are: 1) the assets are administered through a trust or equivalent arrangement of which the government is not a beneficiary, 2) the assets are to be provided to individuals and are not derived from the government’s provision of goods and services to those individuals, 3) the assets are to be provided to organizations that are not part of reporting entity. It may be identified as you are going through these criteria’s that the fund may need to be transferred to the special revenue fund if the criteria are not met. There are no longer agency funds; these are now custodial funds. As custodial funds, you will now report an income statement and have a net position. GASB will also be providing an implementation guide for the changes required with GASB 84. Budget reminder: if a special revenue fund will be used effective July 1, 2019, be sure to provide for its applicable budget during the FY19-20 budget development process.

GASB 85 – Omnibus 2017 contains fixes or small modifications on a number of topics that did not each warrant their own statement. One of these items is that in the RSI and statements for a school district should use covered payroll instead of covered-employee payroll.

GASB 86 – Certain Debt Extinguishment contains various provisions to improve consistency in accounting and financial reporting for in substance defeasance of debt by governments. When a government defeases outstanding debt using only existing resources by placing the resources in an irrevocable trust, GASB 86 requires that the resources and the outstanding debt should be removed from the financial statements. The difference between the reacquisition price and the net carrying amount of the debt defeased should be reported as a gain or loss in the period of defeasance.

GASB 87 - Leases establishes a single approach to accounting for leases that will eliminate the current operating and capital lease classifications. This is effective for reporting periods beginning after December 15, 2019, in the 2020-2021 fiscal year. The lease “term” is defined as the period during which a lessee has a non-cancellable right to use the asset plus any options to extend or terminate if it is reasonably certain that the lease will continue. The lessee accounting will recognize a lease liability and an intangible asset at the beginning of a lease, lease liability measured at present value of lease payments over the lease term, intangible asset measured at the value of the lease liability plus any prepayments and certain indirect costs, lease liability reduced as payments are made interest is accrued on lease liability and intangible asset amortized to expense over shorter of the life of the underlying asset or the lease term. Some leases may have multiple components, if the lease includes such provisions these need to be accounted for separately. There are also additional note disclosures that would be added with leases. Types of leases that would be excluded are short-term leases (a lease with a maximum possible term of 12 months or less, including options to extend) and leases that transfer ownership.

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements clarifies and expands the footnote disclosures that are required for debt, including direct borrowings and direct placements. In addition to existing disclosure requirements for debt the disclosures should include the amount of unused lines of credit, assets pledged as collateral for debt and terms specified in debt agreements. Note: For BEST COP financing that includes voter approved general obligation (GO) debt for the district’s match requirement, such GO debt will be listed under the direct placement category, and other district GO debt would be reported under the “other” debt category.

Supporting Documentation

[GASB Updates](#)

6. Legislative Council Discussion on Estimation Process

During previous meetings we have mentioned the projection process with the student count. We have seen discrepancies in the projections and the actuals. Joining us today are two members of the Legislative Council Services (LCS) staff, Marc Carey and Louis Pino, to provide a high level overview of the process. Legislative Council completes two projections: the K-12 enrollment forecast and the Assessed Valuation forecast. In the upcoming weeks LCS will be sending out a survey to district contacts to obtain data that are used in the models for the projections. For these projections we use information provided from the survey, Colorado Department of Education (preliminary October Count data), State Demographer’s Office (population estimates for K-12) and other economic variables. The models work well with the larger school districts, for the smaller school districts LCS may need to add or modify various variables. LCS compares trends to confirm if the projections make sense. The trends are reviewed at a district level, region level and at a state level. Provided to the attendees at the Jeffco location (also to be e-mailed) is a copy of the survey that will be sent next week and the listing of contacts for the districts. If the contact has changed for the district, please contact LCS to update the information:

Legislative Council Staff

Louis Pino, (303) 866-3556

Marc Carey, (303) 866-4102

7. Grants Fiscal Management Updates

7.1. School District Name Changes

If a school district has a name change, the name change must be made across the various platforms. The name should be changed with CDE, the DUNs number and within www.sam.gov.

7.2. Unobligated Funds

When there is a multi-year state competitive grant, some districts have been sending funds back to CDE. If there are unspent funds in the first years of the grant, the district should retain the funds to be applied on the next year expenditures. In state competitive grants, a return of funds is only required on the final year/closeout of the grants.

Supporting Documentation

[Unobligated Funds](#)

7.3. Excess Cost Calculations

CDE has been working with Brustein & Manasevit to conduct a mock monitoring to identify any areas that need to be modified in order to be compliant with IDEA regulations. We also worked with Center for IDEA Fiscal Reporting (CIFR) to obtain technical assistance on the appropriate implementation of IDEA regulations. One of the areas identified with these efforts is the Excess Cost calculation. The Excess Cost calculation has been in the regulations since 2004, however, the regulations are vague. We are looking to develop a tool to assist school districts with these calculations to help ensure districts are compliant with this requirement. We will be developing a cognos report for excess cost in data pipeline. For some districts, the cognos report may be just a starting point, as they may need to adjust the expenditures to include items that are not directly coded separately between the elementary and secondary location codes. The draft version of the report is outlined in the link below, please share with us if you have any suggestions as we finalize the report.

Supporting Documentation

[Excess Cost Presentation](#)

[Excess Cost Draft Report](#)

7.4. Special Education Financial Advisory Committee

The Special Education Financial Advisory Committee was established in 2006-2007 by statute. The Committee meets up to four times a year, with two in-person meetings. One of the in-person meetings will review the applications received and the other meeting is to write a legislative report, required by statute. The committee is charged with the allocation of an annual appropriation, currently \$4 million. Currently the committee is seeking membership for a business official from a large school district. Gina Lanier from Aurora 28J volunteered for the Committee.

Supporting Documentation

[Special Education Financial Advisory Committee Website](#)

8. School Finance and Categorical Funding Updates

8.1. November 1st Budget Requests

The Budget request for FY2019-20 includes a total program increase of \$356.3 million from FY 2018-19, to be a total of \$7.4 billion. This assumes that funded pupils will increase by 5,245 and an inflation rate of 3.0%. This also includes a reduction to the Budget Stabilization Factor by \$77 million, for a total of \$595.4 million. The statewide average per pupil funding is \$8,495, an increase of \$358. Looking at the historical recap, the Budget Stabilization Factor has decreased from 2016-17 from \$828.3 million to \$595.4 million. There is also an increase requested for the Categorical Programs of \$9.2 million, for a total of \$484.5 million. The Categorical Programs request includes \$237,700 for Small Attendance Center Aid program to fully fund the statutory calculation. The remainder of the \$9.2 million requested increase will be allocated based upon the “gap” between revenues and expenditures for each of the Categorical Programs. With the Categorical Programs, it was identified that not all districts are coding the related expenditures to the grant codes. See discussion below.

Supporting Documentation

[School Finance Update](#)

8.2. Coding and Data Pipeline Edits

With the Categorical Program grants it was identified that not all districts are coding the related expenditures to the grant codes. There are new edits in place for the categorical grant to ensure the coding of the expenditures or the coding of unearned revenue if the grant was not fully spent. In order to resolve this error the district would need to either: 1) Identify expenditures allowed under the grant code, where the expenditures would exceed the reported revenue. Some districts were reporting only revenue related to the categorical grant codes without reporting expenditure accounts or 2) The district should report balance sheet code 7482 grants unearned revenue. School district requested to have these edits moved to first level. Following the meeting these edits were moved to the first level.

Code	Type	Message
FD273	Error	Small Attendance Center: If Object 0001-0999, grant 3170 < Source 3000, grant 3170, you must report Balance Sheet 7482, grant 3170, amount = Source 3000, Grant 3170 - Object 0001-0999, Grant 3170
FD274	Error	ELPA: If Object 0001-0999, grant 3140 < Source 3000, grant 3140, you must report Balance Sheet 7482, grant 3140, amount = Source 3000, Grant 3140 - Object 0001-0999, Grant 3140
FD275	Error	Gifted and Talented: If Object 0001-0999, grant 3150 < Source 3000, grant 3150, you must report Balance Sheet 7482, grant 3150, amount = Source 3000, Grant 3150 - Object 0001-0999, Grant 3150
FD276	Error	Special Education (ECEA): If Object 0001-0999, grant 3130 < Source 3000, grant 3130, you must report Balance Sheet 7482, grant 3130, amount = Source 3000, Grant 3130 - Object 0001-0999, Grant 3130
FD277	Error	READ Act: If Object 0001-0999, grant 3206 < Source 3000, grant 3206, you must report Balance Sheet 7482, grant 3206, amount = Source 3000, Grant 3206 - Object 0001-0999, Grant 3206
FD278	Warning	Source 3000 with Grant 3170 must be >, = Object Code 0001-0999 with Grant 3170
FD279	Warning	Source 3000 with Grant 3140 must be >, = Object Code 0001-0999 with Grant 3140
FD280	Warning	Source 3000 with Grant 3150 must be >, = Object Code 0001-0999 with Grant 3150

FD281	Warning	Source 3000 with Grant 3130 must be >, = Object Code 0001-0999 with Grant 3130
FD282	Warning	Source 3000 with Grant 3206 must be >, = Object Code 0001-0999 with Grant 3206
FD283	Error	Expelled and At-Risk: If Object 0001-0999, grant 3183 < Source 3000, grant 3183, you must report Balance Sheet 7482, grant 3183, amount = Source 3000, Grant 3183 - Object 0001-0999, Grant 3183
FD284	Error	Comprehensive Health Education: If Object 0001-0999, grant 3190 < Source 3000, grant 3190, you must report Balance Sheet 7482, grant 3190, amount = Source 3000, Grant 3190 - Object 0001-0999, Grant 3190

8.3. Transportation Payments

The payments were made on October 12th, the calculation worksheets have been posted on the CDE website. One million dollars was withheld from the payments for audit adjustments. The amount that is remaining will be paid with the 2nd transportation payments in June 2019.

9. Financial Transparency Updates

The web matric report is available on the CDE Financial Transparency website. The report show monthly totals from the launch of the website through June 2018.

In addition to meeting state financial transparency requirements, the intent is for the website to also meet ESSA requirements. We are currently working with BrightBytes on the design to ensure the website is ESSA compliant. This would include having the state and district report cards, which include the school and district performance frameworks, linked to the financial transparency website. Additionally, the per pupil expenditure data will be expanded at the district and school levels to show both the school level and district level expenditures. Also, this data will be disaggregated by funding source, showing state and local funding and federal funding. The methodology page and FAQs would be updated to reference ESSA requirements. We will provide updates on the design at the next FPP meeting.

Obtaining stakeholder input is an important part of the rulemaking process. The accountability rules are currently being reviewed for potential changes. The current accountability rules include detailed financial reporting requirements. The inclusion of the financial data in the accountability rules seems to be based upon a similar intent of the ESSA per pupil expenditure school level reporting requirement. A motion was made to remove the detailed requirements for financial information from the accountability rules and instead include a more general statement that financial information should be made available. This would allow a more detailed discussion of what financial information is appropriate and allow the consolidation of data to avoid duplication of data and potential conflicting data, as well as allow for the evolution of data as appropriate. In response to this motion, the following wording has been proposed for rule 11.06:

Each District and Institute performance report shall include financial information outlining the District or Institute's various revenue sources, including: local tax contributions; state tax contributions; federal grants; state grants; private and public private partnerships grants; and other discretionary income as well as the District or Institute's total audited expenditures for items including: instruction; student and staff

support; administration; operations and maintenance; food services; transportation; capital expenditures; debt service; and other expenditures.

Supporting Documentation
Accountability Rules

10. Other Topics of Interest

CASB: <https://www.casb.org/>

- No updates at this time

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

- The fall conference in October had a great turn-out, thank you to those who attended.
- If you have any topics for the next conference please let CASBO know.

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

- No updates at this time

CGFOA: <http://www.cgfoa.org/>

- The Annual Conference will be Nov 13-16th at Beaver Run Resort in Breckenridge, CO.

COCPA: <https://www.cocpa.org/>

- A meeting will be set-up within the next month to discuss the recently released preliminary views and financial reporting model.

OSA: <https://leg.colorado.gov/agencies/office-state-auditor/local-government>

- The Colorado School Districts Fiscal Health Analysis Fiscal Years 2015-2017 was released in September. The report is available online on the OSA and CDE websites. There were eight school districts that missed two of the benchmarks and one school district that missed 4. Three school districts joined us at the Legislative Audit Committee meeting; Bethune, Trinidad and Hayden.
- The audio recording of the meeting is available at:
<http://leg.colorado.gov/committee/granicus/810931>
- The report is available at:
https://leg.colorado.gov/sites/default/files/1839s_school_district_fiscal_health.pdf

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