# **Meeting Minutes**

**FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING**

**November 14, 2024 at 9:30 a.m.**

Member Facilitator: Sheila Summers, Northwest BOCES

1. Call to Order

Sheila called the meeting to order at 9:30am

1. Approval of Agenda

Sheila requested approval of the Agenda, the Agenda was approved.

Gina Lanier made a motion to approve, Nikki Schmidt second motion to approve.

1. Approval of Minutes

Sheila requested approval of the prior meeting minutes; the prior meeting minutes were approved. Mimi Livermore made a motion to approve, Donna Murphy made a second motion to second.

1. Legislative Session (see slides 6 - 11 for more detail)
   1. Governor’s Budget Request - Jennifer Okes provided a high level overview of the State’s budget. Slide 6 has links to get more detail.
   2. Upcoming Legislative Meetings - Tim Kahle provided information on upcoming dates related to internal processing for Student October counts. He provided upcoming dates for the submission of the School Transportation Task Force, JBC Briefings for CDE and the School Finance Act and Categorical, submission of the Adequacy Studies, JBC Hearing, SMART Act, and report on the new At-Risk Measure, etc. (see slides 7-8).
   3. Mid-Year True Up - Tim provided an overview of the Governor’s school finance budget request, which includes a 2.5% inflation rate and assumes lower local share revenue for Total Program. The request is to extend the new formula implementation from 6 to 7 years and to eliminate 4 year pupil count averaging. This results in an overall decrease of $264,012,260 for state share statewide. This increases the statewide average per pupil by $299 to $11,747 in FY 25-26.

The request also places a cap on BEST cash grants at $129 Million in FY 25-26, then increase by rate of TABOR cap in future years. (slide 9) The following question was asked: What is the TABOR increase rate? Jennifer provided the following response: The TABOR cap is based upon inflation and population growth numbers. Based upon the Sept OSPB forecast, population growth has ranged from 0.5% to 1.0% (though has been higher). The current projections show it around 0.7% or 0.9% for upcoming years. Inflation has a broader range, but moving forward would be around 2.5% to 3.0%. Therefore, we think that the growth of BEST cash grants would be around 3.5%. We still have some questions on the details of how this will be implemented for BEST and will be working with OSPB to get additional clarification.

* 1. The Governor’s Categorical Programs Request included $13,536,016 incremental funding (pursuant to an assumed rate of inflation of 2.5%). Funds required for the inflationary increase for Special Education per SB22-127 = $9,389,129. The remaining $4,146,887 was allocated across the other programs based upon the standardized formula (aka gap analysis). (slide 9)

Slide 10 includes links to other budget requests submitted by the Colorado Department of Education, Colorado Charter School Institute and Colorado School for the Deaf and Blind.

1. Mill Levy Certification (see slides 12 - 18 for more detail)
   1. Training for New Finance Staff - Tim outlined upcoming important dates including trainings on Mill Levy Certifications in November and December. Additionally, he covered the due dates for Certifications: December 10, 2024 the county assessor will provide final Certificate of Valuations. On Dec 16, 2024 the District BOE must certify levies as well as submit to CDE (due date is actually Dec 15th but that falls on a Sunday this year). Determine what is needed by the county commissioners before this date in order to meet the deadlines. (see slides 13-14)
   2. Certification Forms - Tim talked about the (Mill Levy Certification) Submission Process to CDE using the web-based application. Districts should no longer mail or fax mill levy certification documents to CDE. Districts may send their calculation worksheet to CDE as backup, but this is not required. See slides 15-17 for information about accessing the web-based system. Remember to keep hitting the ‘Save Progress’ button as you work on the submission. After you hit ‘Approve as Final’ you are no longer able to make changes and will need to reach out to CDE who can unlock the district’s submission.
2. Tim introduced Kim Reeves, the new School Finance Analyst who filled the position formerly filled by Gene Fornecker.
3. Locale factor (see slides 19 - 20 for more detail) - Based upon input from districts and discussions with Rural Alliance, CDE has begun work on a [Locale Analysis](https://docs.google.com/spreadsheets/d/1KiU3D6QL03eerE5HvXsHLY870egNF4NYLv3_nRGM_Pg/edit?gid=0#gid=0). To date, 24 districts have been identified for review for potential adjustments. Districts should contact Jennifer Okes (okes\_j@cde.state.co.us) if they believe their district does not align with the NCES locale classification. Thus far, the primary criteria identified to determine that a district does not align with the NCES classification is the distance from an urban center. NCES uses “as the crow flies” methodology which is not appropriate in some cases given Colorado’s topology.
4. New Annual Audit Review Process (see slides 21 - 22 for more detail) - Jennifer Okes provided an update regarding the new audit approach in the School Auditing Office. All districts/Boces that submit Student October Date will participate in the annual audit review. No later than December 11, 2024 all districts/BOCES must complete the audit questionnaires (pupil, at-risk and ELL) and upload the initial audit documentation (as described in the corresponding questionnaires to Syncplicity. The School Auditing Office anticipates that the new approach will evolve over the next few years. For additional information see the training on the School Auditing Office webpage (see slide 21).
5. Office of the State Auditor (see slides 23 - 45 for more detail)
   1. School District Fiscal Health Report - Crystal Dorsey provided an update on the Fiscal Health Analysis report. The report was released on October 14th - all reports are on the [OSA website](https://leg.colorado.gov/audits-for-department/Education). FY21, 22 and 23 were included in this year’s report. This year 14 districts missed 2 benchmarks; 2 districts missed 3 benchmarks and 1 district missed 5 benchmarks. (See slides 31-38 for more detailed information).
   2. Fund Balance Discussion (slides 39-43) Crystal discussed ratios related to Fund Balance. Calculations for ratios are found on slide 42 (Operating Reserve Ratio - ORR) and may help with establishing a Fund balance policy for the district/BOCES. She encouraged having fund balance policy discussions given the variability/fluctuations in property taxes & state funding. Districts/BOCES should understand where your organization is financially (using various ratios in the report) and make adjustments as needed.

For example, GFOA did an analysis of the City of Colorado Springs and found that 25% would be an appropriate fund balance. Of course municipalities will have different factors than a school district would need to take into consideration. The appropriate fund balance could be anywhere from 5% to 30%. GFOA has best practices on their website that includes having a fund balance policy. The GFOA website goes into more detail than Crystal did in her presentation. It is worth looking at these resources and having the conversation internally to determine what is an appropriate fund balance for your district.

* 1. Extension Requests - Crystal outlined the process for the annual audit submission. There is no limit on the number of extensions. You can get an extension every year as long as your submissions are on-time. However, if you were late in the submission in the prior year, the OSA will likely deny the extension request. The statute does require at least one board member to sign the extension request form. Statute says the request must be in writing. CDE is not able to approve extension requests (CDE honors requests approved by OSA). If you think you may be late in submitting the audit, please submit a request sooner than later. Even if you are one day late in submitting it, you will be considered late and will not be able to get an extension in the next year. Please try to submit your requests in early December (you’ll get a faster response) and don’t wait until December 31st. Slides 26-29 provide screen shots of the process to submit the extension request.

1. GASB 101 - Compensated Absences (see slides 45 - 53 for more detail) - Glenn Gustafson provided an update on GASB 101. Effective date is for fiscal years beginning after December 15, 2023. Liabilities for compensated absences are recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through non-cash means (if the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means). Districts will now need to record a liability for unused sick leave and vacation leave (difference from GASB 16). Use current pay rate as of the date of the financial statements to determine liability amounts. Certain types of leave are excluded: parental leave, jury leave, military leave - which are not recognized until the leave is used. Modified accrual requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

CDE will provide a GASB Fact Sheet to assist districts; however CDE is not the authority to determine the liabilities for districts. Districts should check with your auditor to determine the appropriate liability to be posted.

1. Trainings (see slides 54 - 55 for more detail) - Glenn covered Slide 55 which outlines upcoming trainings in November through February including Budget Planning Certifying District Mills, Finance Policy Review, Fund Balance. There will be regional Meetings in 2026.
2. Financial Reporting (see slides 57 - 70 for more detail)
   1. COA Subcommittee: Results of VOTE #s 4 & 5 - Kelly Wiedemer covered the work on the Chart of Accounts Subcommittee. The subcommittee is getting close to the end of the current agenda. We received a preview of the NCES Handbook Chapters 1-5. The NCES revisions will impact our COA. Upcoming topics for the COA Subcommittee to discuss are December 4th - Financial Transparency - Changes/Enhancements and January 15th Work on Appendices: Indirect Costs, etc. The first COA Subcommittee meeting was almost 2 years ago and the Subcommittee has met 25 times. There have been 65 items brought forward for a vote. There were two items voted on recently. Both were unanimously approved. Most are changing a description or consolidating codes to simplify them. The new codes will be optional for FY 2024-25, but will be enforced starting in FY 2025-26.
   2. Data Pipeline: Finance December - The collection had a soft open on August 1st and official open on September 16th. Slide 67 has links to a training for Overview of Data Pipeline and Data Pipeline Resources. Slides 68 and 69 cover the requirements for the audit submissions and deadlines.

Note: the Single Audit threshold has increased to $1M as of 10/1. We believe it will be applicable for FY25 at the earliest though.

1. Other Topics of Interest
   1. CASB
   2. CASBO - Mimi Livermore provided a link for a Call for Presentations for the upcoming CASBO meeting: <https://coloradoasbo.org/page/callforpresentations>
   3. CASE-DBO
   4. CGFOA
   5. COCPA

A question was asked about the ADA Accessibility website requirements. Yolanda Lucero outlined that CDE has been working on getting our website compliant. CDE is starting by removing older documents to only keep the most recent three years. This has resulted in CDE deleting close to 100 pages for FPP going back to 2011 and Data Pipeline and FDW going back to 2003. With each page having up to 20 resources documentation. We are working with our technology team to keep some of the historical information that is used often. The next steps will be to ensure that the documents that remain available are accessible. Glenn and Mark have started working on templates, including the Uniform Budget Summary and Quarterly Financials, to have them meet the accessibility requirements by the end of the fiscal year. They are using the accessibility tool in the excel document. Districts may need to eliminate some of the features that make their document look better in order to be compliant. A comment was made that districts do not have to go backward to make documents compliant; only new items. The general approach discussed is to focus on what is being posted now, rather than historical docs and potentially eliminating historical documents that are no longer required to be posted.

1. Upcoming Meetings
   1. Thursday, February 13, 2025

Facilitator: Donna Murphy, Littleton Public Schools

* 1. Thursday, April 17, 2025

Facilitator: Brian Gustafson, Poudre R-1

* 1. Thursday, June 26, 2025

Facilitator: Cathay Watts, Academy 20

1. Adjourn - Mimi Livermore made a motion to adjourn the meeting and Craig Bailey made a second motion to adjourn. The meeting was adjourned at 11:05am.