

Meeting Minutes

FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING

April 17, 2025 at 9:30 a.m.

Member Facilitator: Brian Gustafson, Poudre R-1

Call to Order

- Brian called the meeting to order at 9:30am

Approval of Agenda

- Brian requested approval of the Agenda. Mimi Livermore (St. Vrain Valley) a motion to approve, Nikki Schmidt (Weld RE-4) seconded motion to approve. The Agenda was approved.

Approval of Minutes

- Brian requested approval of the prior meeting minutes. Craig Bailey (East Central BOCES) a motion to approve, Tia Mills (Gunnison Watershed RE-1J) seconded motion to approve. The prior meeting minutes were approved.

Introduction of Corey Evans and Tabitha Tyree

Tim Kahle introduced two new members. Corey Evans (Executive Dir of School Finance) came to CDE from the Dept of Higher Ed. Tabitha (School Finance Senior Analyst) came to the School Finance team from within CDE's School Auditing Office. The CDE-40 process moved to School Finance with continued input from Rebecca McRee and the School Auditing Office.

Legislative Session (Slides 6 to 14)

- School Finance status HB25-1320 - Tim provided an overview of the School Finance formula as it currently stands:
 - Extends implementation period for the new funding formula by year, from 6 to 7 years. Phase-in of the new formula over the next 3 years is outlined in slide 7.
 - Addresses the averaging, maintaining it in FY 25-26, reducing it to 3 years if the new formula is implemented at 30%. In FY 27-28 to move to a 3 year averaging or a new smoothing factor.
 - Holds districts harmless through FY 27-28 and continues JBC oversight for sustainability and economic triggers.
 - Removes MDOL student counts in size factor calculations.
- A question was asked if Hold Harmless is not affected by student count. That is correct. If districts lose students they will still receive the same funding as 24-25 through 26-27?
- Tim covered Comparisons of the old and new funding formulas that were provided to the State Board of Education (slides 10-11).
- Tim recognized that districts have expressed frustration that the spreadsheet is locked. He clarified that this is necessary to ensure PII counts are not disclosed.

- Slide 12 includes comparison of Total Program, Local Share and State share From FY16-17 through FY 25-26 (proposed).
- Tim also mentioned that discussions are continuing related to the locale factor and potential adjustments.
- Slides 13 and 14 include links to notable House and Senate Bills. Note: The slides were adjusted after the meeting to include SB25-023 - Adjusts local government audit exemption thresholds.

Charter Intercept (Slides 15 to 16)

- Tim explained that CDE and Treasury are working together to adjust the process given the 9 month payment cycle allowed by SB 24-017. There will likely be discussions with the trustees to potentially adjust their payment cycle to match the School Finance payment cycle.

At-Risk FPP Subcommittee (Slides 17 to 28)

- Jennifer Okes shared an update about At-Risk Funding, per HB 25-1320, which is currently making its way through the legislative process. CDE is anticipating that the new measure will be delayed for the FY 25-26 school year, so districts and schools should continue to distribute, collect and process income forms (applications for Free & Reduced Lunch Meals, Family Economic Data Survey (FEDS) forms, and/or Combo forms (as applicable).
- In December 2024 CDE worked with districts to correct over 20,000 students who were initially incorrectly reported as Paid in the 2024 Student October Count. There were several reasons for the confusion and misreporting, including the different expiration of carryover for Nutrition purposes and Student October purposes, as well as the implementation of more CEP schools. CEP Sites has grown from 101 sites in SY21-22 to 1359 CEP sites in SY24-25
- The FPP Subcommittee reviewed two At-Risk Rules: 6.02(2) and 6.02(4) - see slide 27.
- Slide 28 outlines the At-Risk FPP Subcommittee Recommendations:
 - Maintain Rule 6.02(2)
 - Remove Rules 6.02(4)
 - Host joint trainings for pupil count, IT, and nutrition staff
 - Look for announcement of training date soon (looking to be a joint training w/ all district staff involved in reporting FRL/at-risk counts for Student October.)
- Mike Madden asked: If CEP guidelines change, and less schools qualify, if a school's CEP status changes...do we still get the 4 year window on the students at that school?
 - Jennifer responded that historically schools could remain on CEP for the remainder of the 4 year cycle even if their new ISP falls below the CEP threshold. However, federal legislation could adjust that in the future.

School Finance Rules Cleanup (Slides 29 to 38)

- Jennifer Okes outlined several proposed rules changes as part of a planned rulemaking process, planned to start at the State Board of Education meeting in May:
 - Delete 6.02(4) that allows eligibility to be used for 4 years for students at CEP schools.
 - Changes to be determined based upon HB25-1320 that would allow SBE rules to toggle on and off the data collection of student-level census block data.
 - Clarifications regarding private school and district partnerships including refining the definition of private school pupil.
 - Changes consistent with memo that homebound, expelled and incarcerated students exclusively taking supplemental online courses do not need to be enrolled an online program
 - Changes to language in rules 3.05 and 3.06 due to changes per SB25-125
- Jennifer outlined rule changes that will occur because of SB25-125:
 - Delete 3.04 (slide 34)
 - Delete 5.04 - (slide 35)
 - Delete 5.12(6) - slide 36
- Finally, Jennifer outlined a potential discussion with State Board of Education if lunch should be required or if guidance in Audit Resource Guide is sufficient (slide 38)
 - Wesley Haselhort asked the question: How does that affect October count? (homeschool students that take classes or take part-time...? Jennifer said it will be the same for all students: the students need to be enrolled with a schedule and be in attendance on October Count Day to be qualified as part time homeschool or part-time or full-time traditional student.
 - Rebecca clarified that if a student is absent on October Count Day , they must have been in attendance prior to the Count Day and within 30 days after the count date.

Office of the State Auditor (Slide 39)

Crystal Dorsey provided the following updates:

- Process for Fiscal Health Analysis -
 - Plan to provide the same spreadsheet in early to mid-may for districts to review.
 - To be presented to the Legislative Audit Committee on Oct. 20, 2025
- SB25-023 - Exemption from Audit - 1st year of charter - same as Single Audit
 - Changes effective on or after Jan 1, 2025 or June 30, 2026
- Single Audit Threshold
 - Single Audit threshold is now \$1m of federal expenditures (FY beginning on or after 10/1/2024) - FY ending June 30, 2026 when all rules from new Uniform Guidance)
 - Check with the CDE grants team if you have questions.
- Crystal will be teaching Audit 101 with CGFOA in August - check with CGFOA if interested

Grant Updates (Slides 39 to 48)

Jennifer Austin and DeLilah Collins provides updates:

- Indirect Costs on Contracts (IDC), Equipment and Supplies (capitalization threshold), de Minimis rate went from 10% to 15% (usually only applies to non-profits), Contracted/Purchased Services (see slides 39-42, especially slide 41 regarding effective date of new guidance on existing awards made after June 21, 2024 - with CDE's adopted effective date of July 1, 2024),:
- CDE has designated July 1, 2024, as the effective date for adopting the new guidance on existing awards made after June 21, 2024, for fiscal reporting consistency. (retroactive application in [2CFR](#))
 - Based on this, CDE emphasizes the following considerations:
 - If your organization plans to adopt the revised Uniform Grant Guidance on an existing award made after June 21, 2024 (with CDE's adopted effective date of July 1, 2024), please ensure you coordinate with your GFMU analyst and program manager. Implementation of the new guidance may require budget revisions.
 - For grants managed in GAINS, it is especially important to contact your GFMU analyst before proceeding. Please be aware of the following system limitations:
 - GAINS cannot apply different Indirect Cost Rates (ICRs) within a single award period. It does not support transitioning from one ICR to another mid-award.
 - GAINS is unable to calculate ICR differences for contracts when the applicable thresholds change partway through an award period.

For any questions or concerns about how this may apply to your award, please reach out to your GFMU Analyst.

- Single Audit - Contracts to exclude \$50K FY25 10/1/24 or later (Jen A)
- Year-End Reminders (Jen A) - see slide 43
- AFR/FER Submissions (Jen A, DeLilah)

Kirk Weber asked Equipment Capitalization threshold - did the State Controller's office change the statute to the new level? and did CDE update the FPP Handbook to reflect the possible new level?

Jennifer clarified that the Office of the State Controller did provide guidance on equipment capitalization. The capital asset threshold for state agencies has been changed from \$5,000 to \$10,000. Please see the announcement: <https://osc.colorado.gov/osc-alert-240> . Please note that while this is not a requirement for LEAs, districts may use this as guidance for determining LEA policy.

Kirk Weber responded that the State Equipment Threshold Policy does impact state agencies including school districts on inventory requirements.

Terry Kimber asked I am confused why we do the Data Pipeline upload and have to do these other uploads.? Jennifer Austin explained that it is a question of timing. Yolanda Lucero clarified that the Data Pipeline is inclusive of all revenues and grants expenditures, not just CDE grants.

Jennifer explained the elimination of no cost extensions for State Grants (slide 46). A review determined that many grants did not allow for no-cost extensions. No cost extensions will not be allowed where statute explicitly authorizes it. If a statute is silent, a no cost extension will not be considered. Categorical funds are exempt from this. For grants without the no-cost extension, districts will be requested to return unused funds. This will be communicated through GAINS or through CDE staff if the grant is not in GAINS.

Grant Updates (elimination of no cost extensions for state grants and return of funds process Slides 46-47):

- **General Housekeeping (slide 47):**
 - State grant funds must be obligated and spent within the fiscal year in which they were appropriated.
 - FER (AFRs) will be due September 30th, along with a General Ledger for verification of unspent funds.
 - We will be reviewing for unearned revenue as well and will request those entries to be reversed for state funds.
 - Unspent State Funds not exempted, will be required to be returned to CDE by 10/31, beginning this fiscal year.
 - GFMU Analyst will review FER/AFR and if a determination is made that a return of funds is required, GFMU will provide instructions to return via EFT (we will not be posting this detail online).
 - If a FER/AFR is not received by 9/30, **future funding or awards may be withheld** until the report is complete and a General Ledger is submitted.
- **For awards in GAINS:** GAINS will create a return of funds, indicating a refund is required if it is determined that there are less expenditures than funding received (Slide 48)

Nikki Schmidt asked: To make it easier, can all state grants be reimbursable only? Much better to do grants on reimbursement.. we have always liked that method better!

Jennifer Austin: Yes! We are reviewing that process change now, and leadership has determined to make this change in the 2627 FY, since the NCE return of funds was new as well, they didn't want to put both changes in place at once. But yes, that is the next step we will be doing!

- GAINS Reminders/Pain Points - percentage points/small dollars (DeLilah) - slide 44-
 - Slide 45 re Final Expenditure (AFR) reports
- Pay Back Process - No carry over of funds (Jen A)

UPK Updates (Slides 49 to 50)

Jennifer Okes shared that CDE has not received updates on:

- Clarification on CDEC's requested quarterly reports given district annual reporting to CDE and EDAC requirements for data demands.
- Process for CDEC overpayments to be adjusted in upcoming payments
- Summary of CDEC's LCO rates for FY 2025-26

Other Topics of Interest (Slides 51 to 54)

- CASBO - Mimi Livermore provided the following updates:
 - CASBO is SFO preferred provider - SFO CPE Certification will be issued for attending CASBO Conferences
 - Gina Lanier from Adams 12 Five Star Schools is running for VP of International ASBO - We'd appreciate your support (Voting Fall of 2026)
 - Committee Opportunities - Membership and Professional Development Committees, if interested in participating contact lacey.fisher@coloradoasbo.org
 - Reminder of the upcoming conference - [CASBO 72nd Annual Conference and Exhibits, April 23-25, 2025, Pueblo CO](#)
 - Jennifer Austin clarified that GFMU Grants and Monitoring will also be presenting at the upcoming CASBO meeting on these topics and others as well.
- CGFOA
 - Chelsea provided updates on upcoming events with CGFOA including the [2nd Annual CGFOA Top Golf Social](#) on May 2nd 2025 and Audit 101 training.
 - Chelsea provided the link at: CGFOA.org or invited everyone to follow us on LinkedIn at linkedin.com/company/cgfoa
- No updates were provided for CASE-DBO or COCPA.

Upcoming Meetings

- Thursday, June 26, 2025
Facilitator: Cathy Watts, Academy 20

Brian Gustafson adjourned the meeting following a motion by Gina Lanier and a second by Donna Murphy.