

FINANCIAL POLICIES AND PROCEDURES ADVISORY COMMITTEE MEETING
June 24, 2021 at 9:30 a.m.

Meeting Logistics

1. Call to Order: Thanks to Jana Schleusner, the FPP member facilitating today's discussion.
2. The Agenda for June 24, 2021 was approved as no dissent or changes were expressed.
3. The minutes from March 25, 2021 and May 28, 2021 were approved as no dissent or changes were expressed.
4. Legislative Updates:
 - Tim expressed appreciation to everyone for their hard work in closing one fiscal year and opening up another. This is a hectic part of the year and we hope that everyone is able to take some time to relax this summer.
 - Tim covered the information on the PowerPoint slides, including:
 - School Finance historical recap and SB21-268 highlights: The base per pupil funding increased by \$141.67 to \$7,225.28. The Budget Stabilization Factor is back to \$571.2M with an average Per Pupil Funding at \$8,991, an increase of \$867.
 - The school finance formula was changed to modify the at-risk count by including about 66,014 students eligible for reduced-price lunch to the current definition and removed the subset of English language learners who are currently included in the at-risk count (about 2,700 students.) This results in a net increase of about 63,314 students.
 - The school finance formula was also changed to add a new English language learner funding factor, that includes current year ELL counts. The factor is 8% of PPR * ELL enrollment, defined as NEP and LEP students. This is about 61,000 ELL. This funding is treated the same as at-risk funding for charter schools.
 - A question was asked by Mike: To confirm, Districts will continue to receive the "ELPA Program" funding but will not receive the "PD and Student Support" funding, correct? Yes, this is correct. The funding previously for the Professional Development and Student Support has been transitioned into the ELL factor within the school finance formula.
 - Jennifer covered at-risk funding considerations related to the carry over provision and variance waivers. School finance rules allow documented free and reduced lunch status from one school year to carry over into the next school year for the first 30 school days. In many cases, October 1st is after the 30th school day in the year. Therefore, districts may request a variance waiver to extend the carry over provision through October 1st. This will allow districts to report students without current year evidence of free or reduced lunch eligibility based upon the prior year's documentation (e.g. Direct Certification or FRL application). Submit variance waiver requests to okes_j@cde.state.co.us.

- District considerations: ensure that matching is complete for all students on the Direct Certification lists; target communications to families that have not submitted FRL applications; P-EBT benefits may be incentives for families to submit FRL applications.
 - Rebecca McRee provided clarification: There were a handful of districts that did not participate in the P-EBT upload this spring. If a district is not participating in P-EBT, they cannot distribute FRL applications if they have selected the Seamless Summer option for SY21-22. Instead these districts need to send out the Family Economic Data Survey (FEDS) application. This is a form that is similar to the FRL application, that is used for non-participating districts in the National School Lunch Program
- Tim also discussed HB21-1164 on the total program mill levy tax credits. The mill levy tax credit was implemented in the 2020 property tax year. The [new legislation](#) requires CDE to adopt a correction schedule to begin phasing out the tax credits in the 2021 property tax year. The correction schedule must apply consistently to each affected school district; must require each district's tax credit to phase out as quickly as possible, but by no more than one mill per year; and must ensure that the tax credits are fully phased out in 19 years.
 - CDE will follow-up with individual districts to confirm the mill levy credit, including asking districts to ensure that they have supporting documentation for the tax credit. If you have any questions/concerns about the mill levy tax credit that you certified, please contact CDE.
 - There will be further discussion on this topic with a FPP subcommittee. CDE is forming a stakeholder group to advise the department on the development of the correction plan. If you would like to participate, please let us know.
 - A question was asked by Terry Kimber: Has the AV reduction bill been factored into the current model for State share payments? No, this will be incorporated in the mid-year true-up.
- Districts were encouraged to verify that the per pupil amount transferred to charter schools did not include a double count for the Coronavirus Relief Funds (code 5010) included in the state share PPR in October 2020.
- Jennifer Okes discussed HB 1304 which creates a new Department of Early Childhood. The new department should be up by FY 22-23 and the Universal Preschool Program (UPK) implemented by FY 23-24. CPP slots will be incorporated into the UPK by FY23-24, following a transition plan. The current recommendation is for CPP funding to continue through School Finance in FY 22-23.
 - The fiscal note stated the bill is not expected to change early childhood programs administered by local government and school districts.
 - CDE staff have outlined our four pillars as a part of this transition plan:
 - SPED preschool students get the FAIPE as required
 - At-risk students eligible for CPP get the full services of CPP ongoing
 - Transition for families and districts should be as seamless as possible
 - Seamless transition for our staff that are impacted as well
 - CDE will keep you all posted on the transition and when it will occur.

5. School Finance update:

- Kate covered the information on the Powerpoint slides, including:
 - Welcome back Yolanda! We are happy to have Yolanda back at CDE.
 - The FTE restored by JBC will focus on priorities identified in the district's survey, including CPA qualifications and training for the field.

6. Federal Stimulus Funding:

- Kate covered the information on the PowerPoint slides.
- ESSER Reviews - CDE received feedback from the field requesting streamlining of the ESSER application reviews. We appreciate this type of feedback. Thank you to Joanne Vergunst and other district CFOs for your advocacy and push to work smarter and not harder. We are working with Fed Programs team to make improvements, including:
 - Timeliness
 - Level of detail being asked
 - Consistency of response
- We recognize the impacts on the field include:
 - Delay in reviews
 - Delays in final approval and award letters are causing cash flow issues
 - Frustration in the process due to inconsistencies
- Concrete actions for solutions:
 - Reduce level of detail and feedback required
 - Clarify and simplify for reviewer on "reasonableness" of budget line for different categories
 - Standard budget entries for common activities.
 - Question from Kara - When do you expect the standardized budget information to be available? We hope to roll these out next week and have them available on the ESSER page on our website.
- Comment from Terry Kimber - It is very hard to get full cost data on updating our ventilation system without approval. We understand this. This is new territory related to construction. We welcome additional discussion about this and what can be approved. We can add this to the next Office Hours conversation.
- Comment from Mike Hodgson: The timing of the construction review will cause us not to be able to complete projects this summer. As stated above, we will move this conversation forward to help solve problems related to construction delays.
- Kate also covered the Safe Return to School Plan slides quickly. Please review all of these slides and steps that will be required. Kate gave an example link to Sheridan School District 2. This is a great example that meets all requirements. Great job Sheridan!! Kristin Crumley is the best person to contact with questions on the Safe Return to School plans.
- Kate outlined that CDE is required to perform additional CRF monitoring. This will be completed by December 2021.

7. Financial Reporting Updates:

- Lawrence Mundy provided a PERA Presentation and Q&A. See slide deck at: <http://www.cde.state.co.us/cdefinance/fppcommitteemeetingjune242021>
- 2020 reporting period - The July 1, 2020 direct payment from state to school division trust fund was suspended through legislation for one year - around the time the pandemic started and budget reductions were required.
- There is legislation in place at the end of December 31, 2020 that does require the distribution for an ongoing basis.
 - Therefore, the State of Colorado is listed as a contributing member.
 - Because the State has 0% the percentages for your entities will change, hard to know what that will look like, but most likely will go up.
- The following are the expected timing of the upcoming PERA reporting cycle:
 - July 11th: GASB audit
 - July 18th: Schedule of Employer and Non-Employer Allocations - As stated above, the State of Colorado will still be listed as a contributing entity, but will be listed as a 0% for this year.
 - July 25th: Sample Footnotes - These will still reference the State of Colorado as a contributing entity even though the state contributions were suspended for the year. There will be comments in the sample notes. Districts will want to take a look at these comments.
- 2020 Experience Study - PERA does every 4 years, last one was 2016.
 - Computing pension liability for trust fund
 - How the actual experience of the fund is tracking and close to assumptions in place
 - PERA board adopted all new actuarial assumptions in regards to what moves that pension liabilities, economic and demographic factors
 - Sample notes will have all new actuarial assumptions, will show the old assumptions and what was used to calculate that liability
- Question - Tony Whitely - Does the PERA board and/or the PERA administration have **discretion** to execute the auto-adjust if it is triggered, or is PERA **required** to auto-adjust per statute?
 - Auto Adjust is in statute - based on a calculation
 - Funded status and contributions of each of the PERA pension trust funds, measure is done every year.
 - GA has required that PERA should reach full funding by point in time, so the calculation is done to assess what contributions are needed based on the forecast
 - Do push out auto email notifications when those schedules are available and provided information on how to join the list to get those notifications from PERA
 - From Lawrence Mundy - The Statute for the automatic adjustment provision is 24-51-413. Please see pages 182-183 starting with the section titled "Automatic Adjustment Provision" in our 2020 Annual report for details surrounding the calculation. Here is a link to our annual report. <https://www.copera.org/sites/default/files/documents/5-20-20.pdf>

- Kate provided a quick reminder about Single Audits. The federal stimulus funds may push districts into a required Single Audit for the first time. A single audit is required if an entity expends \$750,000 or more in Federal awards. It is reasonable to include an ESSER budget line item to cover the additional cost of the audit. A prorated cost can be covered by ESSER if the addition of ESSER brings the district over the \$750,000. The Audit cost must be an approved expenditure within the grant budget/application.
- Finance December Pipeline opens on August 15th. In response to district input, we are working on a soft open on August 1st. We are hopeful that this will be possible and will let you know if we are able to get this opened early.
- As a follow-up to the discussion above from Lawrence Mundy, the PERA on Behalf Edits for FY 20-21 were disabled and will be reactivated for FY 21-22.
- Be mindful of Job Codes 107, 108, and 425 which were removed previously.
- We are seeking input on the edit for READ Act for FY 20-21 since the restriction for expenditures less than 85% of the revenue distribution has been waived by the General Assembly.
 - Liz Duncan and Jane Frederick are supportive of having the READ Act edit continue as a warning edit for FY 20-21. Based upon this feedback, and lacking any other dissenting feedback, we will proceed with a warning edit.
- We have added an edit for Rural and Small Rural Funding (Grant Code 3230) to ensure reporting of expenditures, revenues and balance sheet code 7482.
- We raised the potential of a new edit for COVID-19 State Share Mitigation Funds from SB21-053 (Grant Code e 3119).
 - Joann Vegunst raised a question: Do we have to code expenditures to 3119? She stated that she thought 3119 was akin to equalization. Yolanda stated that she can go back and make sure what the requirements are and get back with the field. Following the meeting, CDE confirmed that the Mitigation edits will only be for the reporting of the Revenue; it will not be required to report expenditures.
- It is possible that we will be bringing a new SRE related to the nutrition Seamless Summer Option to FPP at our next meeting.
 - Jane Frederick asked: Could the SSO be a grant code instead of SRE? Yolanda stated that this is under the same CFDA # as NSLP. Similar to last year, a new SRE is proposed to be added. We are waiting on information from USDA.
 - A question came in from Mike - What ever happened to the loss of Food Service Revenue because of Covid (2019 vs 2020)? Jennifer indicated this details related funding is still pending. We believe that this should be distributed in the upcoming couple of months. The current information on the Child Nutrition Program Emergency Operating Cost information is available at: <http://www.cde.state.co.us/nutrition/nutritionfinancial>.
- Upcoming deadlines
 - Transparency Website - Window closes 6/25
 - CDE 40 opens on July 1, training will be on July 27th

- Pipeline

6. Subcommittee Updates and Membership Update:

- Kate addressed slides regarding sub-committee
- In addition to covering the information on the PowerPoint slides,
- Jana Schleusner asked if a departing member can reapply. Megan clarified that the [FPP General Guidelines](#) state that a committee member shall not be eligible for re-election to membership on the Committee for at least 12 months. Kimyana Lee asked what qualifies someone to be a member. This is outlined in the [FPP General Guidelines](#), specifically the criteria include 1. geographic location of school district represented 2. size of school district represented. 3. interest in FPP Advisory Committee. 4. ability and commitment to regularly attend meetings. 5. maintaining a variety of professional skills in on FPP.

9. Other Topics of Interest

- a. OSA:
 - i. crystal - working on the school district fiscal health analysis, due to variety of scheduling with leg audit committee - end of september 27th. Will be reaching out regarding response if we would like you to attend the hearing
 - ii. Sample note disclosure - make sure you look at those notes, used as a baseline for audit reports
 - iii.
- b. CASB - Jennifer provided update releasing new policies for member districts later this weke or next week, include addressing remote learning guidance published by CDE
- c. CASBO -gina Thanks for attending conference, fall conference will be in Vail, last week of September 29-10/1
- d. CASE-DBO - The annual conference will be held in Breckenridge on July 28-30.
- e. CGFOA - Crystal will do an Audit 101 course in August - new to district, new to gov. Finance, 3 hour webinar to go over how to select an auditor, key internal controls, getting ready for an audit. Can find that on their website
- f. COCPA

10. Upcoming Meetings: We are proposing five dates for FY 21-22:

- Thursday Sept 23, 2021
- Friday November 19, 2021
- Thursday Feb 17, 2022
- Friday April 29, 2022
- Thursday June 23, 2022

Please let us know if there are major conflicts with these dates.

11. Adjourn