



**TO:** Controllers and Chief Fiscal Officers of State Departments and Institutions of Higher Education

**FROM:** Robert Jaros, State Controller

**DATE:** July 11, 2024

**SUBJECT:** Update to Diagnostic Reports  
New Revenue Source Codes  
Information Technology Annual Depreciation-Lease Equivalent Payments  
Changes to TABOR Enterprise Accounting and Reporting  
IT Accessibility Rollforwards  
Quarterly Reporting  
SLFRF Refinanced Grants and Contracts  
SLFRF Refinance Appropriation Clarification for Reappropriated and Continuously Appropriated Funds  
Secondary SLFRF Refinance Transfers  
SLFRF Overexpenditure Clarification  
SLFRF Pre-Reversion Transfers  
New SLFRF Agency Assignments  
OSC Staffing Changes

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### **Update to Diagnostic Reports**

Capital asset balances related to governmental funds should be recorded in CORE using the General Full Accrual Account Group (Fund 4710). The abnormal balance diagnostic reports (OSC-003 & OSC-003A) were updated to include additional checks for capital asset balances in governmental fund types.

Related reminder: Ensure that BSA 3900 has a zero balance. This is increasingly important at fiscal year end for statewide financial reporting.

### **New Revenue Source Codes (RSRC)**

RSRC 2208 – TABOR Excess Revenue for use by DOR and OSC. This contra-revenue RSRC will allow the amount reported in the ACFR for individual income taxes to not be arbitrarily reduced for the TABOR excess. The ACFR will include a separate contra-revenue line item for TABOR Excess Revenue.

RSRC 4365 - Congestion Impact Fee for use by CDOT to record a fee pursuant to 43-4-806(7.6)(a).

RSRC 4366 – Production Fee for Clean Transit for use by CDOT to record a fee pursuant to 43-4-1204(1)(a).

RSRC 5316 - Consignment Inventory Revenue for use by History Colorado to record net revenue from consignment sales.

RSRC 5317 - Nontaxable Retail Sales Revenue for use by History Colorado to record nontaxable gift shop sales.

RSRC 6595 - Donated-In Inventory Revenue for use by History Colorado to record non-cash donations held for resale.

RSRC 4113 – Gaming Taxes - Distributions to Other Gov - TABOR Exempt for use by DOR to record gaming tax revenues which will be distributed to other governments as exempt in accordance with HB24-1469.

RSRC 4114 - Gaming Taxes - Distrib to History Colorado - TABOR Exempt for use by DOR to record gaming tax revenues which will be distributed to History Colorado as exempt in accordance with HB24-1469.

### **Information Technology Annual Depreciation-Lease Equivalent Payments**

SB24-224, Section 24-37.5-127, C.R.S. required the funding for technology life-cycle costs – information technology annual depreciation- lease equivalent payments. This bill requires an amount equivalent to the recorded depreciation or amortization of the information technology asset acquired, repaired, improved, replaced, renovated or constructed with an appropriation from the information technology capital account in the capital construction fund based on the depreciation period, as calculated by the state agency or the state institution of higher education, which calculation a state institution of higher education shall report to the department of Higher Education. The amount is calculated from the date of acquisition or the date of completion of the repair, improvement, replacement, renovation, or construction to June 30 of the fiscal year of acquisition or completion. The amount continues to be annually calculated on fiscal year basis until the depreciation for the information technology asset is no longer recorded. The OSC will provide the guidance and update the Fiscal Procedures Manual per SB24-224 for FY25.

### **Changes to TABOR Enterprise Accounting and Reporting**

Effective for Fiscal Year 2024 year-end closing, the following changes related to TABOR Enterprise Accounting and Reporting were made to the Exhibit A2, Exhibit Instructions, and Fiscal Procedures Manual:

Title of Exhibit A2 now reads “*Changes in TABOR District or Enterprises.*”

Newly qualified and disqualified enterprises has been labeled Section A. There were no changes to the content or format of this section.

Section B covers the creation of a new enterprise or the repeal of an existing enterprise.

Section C covers changes to the treatment of nonexempt revenue.

Instructions to Exhibit A2 have been modified to include the new sections and the changes to the Exhibit A2, and includes the requirement for departments to communicate with the OSC via the FAR Mailbox ([DPA\\_FARMailbox@state.co.us](mailto:DPA_FARMailbox@state.co.us)) on legislation that creates new TABOR enterprises or the repeal of an existing enterprise, or changes the TABOR treatment of an existing revenue source.

Paragraph 5.10 of Chapter 5, Section 5 of the Fiscal Procedures Manual is changed to read:

*“To ensure the accuracy of TABOR reporting, Departments are required to communicate with the OSC via the FAR Mailbox ([DPA\\_FARMailbox@state.co.us](mailto:DPA_FARMailbox@state.co.us)) and the Exhibit A2 regarding new TABOR enterprises when they are signed into law, or the repeal of an existing TABOR enterprise. This includes the name of the enterprise, the statute that creates it, and any new revenue sources that are required for recording revenue. Departments should also communicate any known changes to existing revenue sources, as to whether they are exempt or nonexempt from the provisions of TABOR. Based on this communication, the OSC will corroborate with the Department and may consult with the Governor’s Office and Attorney General’s Office in order to provide appropriate accounting guidance.”*

## **IT Accessibility Rollforwards**

24-85-103(4), C.R.S. grants rollforward authority for IT Accessibility long bill lines through FY26. Departments should submit these rollforward requests to the OSC using the standard rollforward procedures in Chapter 3, Section 2 of the Fiscal Procedures Manual. Departments should include general fund, cash funds, and reappropriated funds in the rollforward requests. It is not necessary to include nonappropriated federal lines as the OSC will include these in the federal carryforwards.

Please submit these and all other rollforward requests by July 26<sup>th</sup>.

## **Quarterly Reporting**

Central Payroll is adding an additional security report (Security Violations Log (DS3000)) to the quarterly reporting/certification process. This report shows security violations in CPPS, with ranging severity, that should be reviewed by the agency for their staff. Additional instructions will be available by the end of July on the Central Payroll website under Security Access and Audit Information. The certification for this report will begin with the quarterly reporting for FY2024, Q4.

## **SLFRF Refinanced Grants and Contracts**

The Office of the State Controller has developed the Funding Source Change Letter that must be used for all grants and contracts refinanced under HB24-1466. Use of any other modification tool is not permitted. Please download and save the Funding Source Change Letter to your computer before generating completed documents. In addition, download and save the Cover Letter. The Cover Letter should be sent to each subrecipient or contractor receiving a Funding Source Change Letter.

[Funding Source Change Letter](#) (updated 5/28/24)

[FSCL Cover Letter](#) (updated 5/28/24)

[FAQs](#) (updated 5/31/24)

New subrecipient projects starting after July 1, 2024 that are 100% General Fund as a result of HB24-1466 must use one of the OSC's standard Grant Agreement templates. OSC Grant Agreement templates can be found on the [OSC's website](#) under the "Contract & Grant Templates" ribbon. Special attention should be given to new Drafter's Notes included in the templates.

Subrecipient projects that are changing project end dates, scope of work, and/or funding amounts, must issue the SLFRF Grant Agreement Amendment prior to issuing the Funding Source Change Letter. The SLFRF Grant Agreement Amendment template can be found on the [OSC's ARPA website](#) under the "SLFRF Grant Agreement Templates" ribbon.

Please reach out to the [OSC Compliance Team](#) with questions.

## **SLFRF Refinance Appropriation Clarification for Reappropriated and Continuously Appropriated Funds**

In some cases, the ARPA Refinance Bill, House Bill 24-1466, reduced an SLFRF transfer into a fund, for which there was no appropriation clause adjustment because the fund was continuously appropriated. The OSC will send individual communications to those departments impacted directing the reduction of the previously granted SLFRF statutory spending authority (SAI 44 transaction).

In some cases, the ARPA Refinance Bill, House Bill 24-1466, reduced the federal categorical fund and increased the refinance cash categorical appropriation, but not the underlying companion funds. Because the fund structure segregates the federal and refinance funds, these changes will need to also be reflected in the related companion funds. The OSC will send individual communications to those impacted directing the reduction of the SLFRF companion fund (SAI 45) and the increase of the ARPA Refinance companion fund (SAI 11).

## **Secondary SLFRF Refinance Transfers**

In some cases, the ARPA Refinance Bill, House Bill 24-1466, directed transfers at the categorical fund level, but the projects are being managed at the companion fund level.

Due to the separate fund structures established for the federal and refinanced appropriations, departments may be required to complete transfers in addition to the OSC statutory transfers outlined in Section 3.9.5 of the Fiscal Procedures Manual Refinance of Federal Coronavirus Recovery Funds Addendum. The secondary federal transfers will need to be processed similar to SLFRF reversions as outlined in Chapter 8, Section 8.6.14 of the Fiscal Procedures Manual. The secondary cash refinance transfers will be processed with SAI 11 budgets using the regular 700x/900x transfer code series. The OSC will send individual communications to those impacted with further instruction.

**SLFRF Overexpenditure Clarification**

The Fiscal Procedures Manual Refinance of Federal Coronavirus Recovery Funds Addendum (Section 3.9.6) describes the required FY2025 overexpenditure restrictions related to situations in which federal appropriation are overexpended due to the refinancing. In addition to the overexpenditure restriction in CRS 24-75-109 (1)(g), a Controller’s restriction (SAI 19) shall be required on the ARPA Refinance portion of the overexpended project to ensure that total project expenditures do not exceed the combined SLFRF and ARPA refinance budget. Legislative amendments will occur in the next legislative session to true up the funding splits. Submit overexpenditure forms as soon as possible, but no later than August 5, 2024.

**SLFRF Pre-Reversion Transfers**

SLFRF reversion entries have been required at project close-out as described in Chapter 3, Section 8.6.14 of the Fiscal Procedures Manual. Interim SLFRF transfers prior to close-out may be necessary due to the ARPA Refinance and the Governor’s authority to sweep unexpended and unobligated funds on December 1, 2024 as described in Section 3.8.9 of the Refinance of Federal Coronavirus Recovery Funds Fiscal Procedures Manual Addendum. These interim pre-reversion transfers shall be processed in the same manner utilizing the “LZ6” appropriation unit structure as outlined in the FPM.

**New SLFRF Agency Assignments**

<b>Joel Banas</b>	<b>Kathryn Brocko</b>	<b>Theresa Winsor</b>	<b>Patrick Karschner</b>	<b>Tammy Nelson Evan Statopoulos</b>
Gov's Office	Agriculture	Personnel & Admin	Natural Resources	Public Health
Corrections	Higher Education	Public Safety	Local Affairs	
OIT	IHE's	Human Services	Early Childhood	
OEDIT	Judicial	CDOT		
Labor and Employment	Local Affairs	Education		
Natural Resources	State	Military Affairs		
HCPF		Revenue		
Regulatory Affairs				
CEO				

**OSC Staff Changes**

The ARPA Federal Reporting Team is excited to announce Evan Statopulos as its new manager. Evan is transitioning from managing the Central Accounting and Vendor Operation Unit within the OSC. Welcome Evan!

The ARPA Federal Reporting Team is also pleased to introduce you to Patrick Karschner as a Federal Reporting Specialist on the team. Welcome Patrick!