



FY2025 Open & FY2024 Close Training Higher Education

Presented by:
Office of the State Controller



COLORADO
Department of Personnel
& Administration

Housekeeping

- CPE credits will be offered for this training. At least 11 out of 12 attendance check CPE codes must be submitted if you would like to receive CPE credits.
- There will be two breaks (about 10 minutes each) during the training.
- You can ask questions in the chat or wait till the Q & A session after each presentation.
- The recorded training will be available for people who cannot attend it today. However, no CPE credits will be issued.

Agenda

- State Controller Comments
- Calendar Highlights
- Budget Process
- Capital Construction
- Opening & Closing Procedures
- *Break (about 10 minutes)*
- Federal Funds
- Fraud Prevention
- Reporting
- Exhibit Preparation
- *Break (about 10 minutes)*
- TABOR, Single Audit, and IR_IP Confirmation
- GASB, Post-Closing Accounting Adjustments
- Closing Comments

Presenters

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State Controller Comments

FY2023 Financial and Single Audits

- Annual Comprehensive Financial Report
 - Issued February 2, 2024 compared with December 20, 2022 for FY22
 - Unmodified or clean opinion on the financial statements
- Single Audit
 - OSA opined on both Financial and Single Audits on February 2, 2024

Statewide Audit Findings for OSC

- Statutory compliance and internal controls over financial reporting
- Treatment of Health Insurance Affordability Enterprise Revenue under TABOR - DORA
- Compliance with Spending Authority - DMVA Real Estate Cash Proceeds Fund
- Internal Controls Over Financial Reporting - Disaster Emergency Fund - FEMA reimbursement
- System and Organization Control Reports (SOC) Reports
- Errors in Compiling the SEFA

Audit Risk Letter

All repeat items from last year:

- Federal Funding and Turnover
- Internal Controls over Financial Reporting and Other Matters - four subpoints
- Internal Controls over Compliance with Federal Program Requirements and Federal Reporting
- Internal Controls over Compliance with Federal Requirements and Federal Reporting - three subpoints
- Complying with Federal Requirements as Federal Waivers Expire
- Internal Controls over Information Technology Systems

FY2025 OSC Major Initiatives

- System Initiatives
 - CORE Upgrade and stabilization
 - Payroll Modernization
- Statutory Close
 - Determine root causes of “late” submissions
 - Improve timing - follow the calendar
- ARPA/SLFRF Compliance and Reporting
- ARPA SLFRF Refinancing

Questions?



Links to the Open/Close training slides and the evaluation form are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Send detailed questions on either of the open/close training sessions to:

dpa_FARmailbox@state.co.us

Calendar Highlights

Period Close Dates

Period	Purpose	Close Date
12	Payment/Cash Cut Off	July 19, 2024
13	Department Close	August 5, 2024
14	OSC Close	August 9, 2024
15	Basic Financial Statements	September 20, 2024
16	Annual Report/Audit Opinion	December 13, 2024

Calendar Highlights

Date	Item
6/24/2024	<ul style="list-style-type: none"><li data-bbox="537 553 2527 609">• Recommended cutoff for FY 2024 commercial card transactions.<li data-bbox="537 711 2527 854">• Department billing changes related to Telecom charges (templates) need to be communicate to OIT by this date
6/28/2024	<ul style="list-style-type: none"><li data-bbox="537 1003 2486 1222">• All ACH transactions related to FY 2024 must be processed in CORE and ready for Treasury's approval no later than 11:00 AM on this date

Calendar Highlights

Date	Item
6/28/2024	<ul style="list-style-type: none"><li data-bbox="510 404 2551 615">• Treasury cash and check cutoff. All Walk-in deposits must be at the State Treasurer's Office by 1:00 pm to be recorded in balance sheet account 1100-Operating Cash for FY2024<li data-bbox="510 649 2551 932">• Wire or electronic fund transfers of depository account balances or federal fund drawdowns must be deposited into the State Treasurer's operating account at Wells Fargo by close of business to have cash included in balance sheet account 1100-Operating Cash for FY2024.<li data-bbox="510 1038 2551 1320">• Final date to complete physical inventory of consumable goods & all inventory transactions for FY24. All goods and services must be received by this date in order to be accounted for in the current fiscal year.<li data-bbox="510 1406 2551 1606">• For continuation of expiring capital construction project appropriations, all encumbrances must be effective on or before this date.<li data-bbox="510 1698 2551 1835">• Indirect Cost Rate Proposal's Negotiated Agreement with the Federal government due to the OSC.

Calendar Highlights

Date	Item
7/1/2024	<ul style="list-style-type: none">• CORE FY25 Period 1 Open• CORE Period 13 Open
7/08/2024	<ul style="list-style-type: none">• The State and Local Fiscal Recovery Fund (SLFRF) quarterly financial reporting package is due to OSC in Gravity.
7/12/2024	<ul style="list-style-type: none">• Target date to complete all billing and send receivable/payable confirmation forms to IHE, including any central billing.

Calendar Highlights

Date	Item
7/19/2024	<ul style="list-style-type: none">• Period 12 Close (FY2024) - Vendor Payments/Cash cutoff• IHE set your own system APD 12 close deadlines;• All the interface files must be positioned for pickup into CORE before 5:30pm.• After APD 12 close, please make sure to review the OSC diagnostic reports for any issues need to be researched or resolved.
07/24/2024	<ul style="list-style-type: none">• The OSC will provide the allocation for posting Treasury Pooled Cash Unrealized Gain/Loss to the Institutions of Higher Ed, based on Period 12 balances (on the assumption that cash balances will not change for the IHE)
07/26/2024	<ul style="list-style-type: none">• Exhibit K3 due to OSC

Calendar Highlights

Date	Item
8/5/2024	<ul style="list-style-type: none">• Period 13 Close (FY2024) - Department Close• This is the last day for entries to be processed through regular workflow channels. Please make sure all your interface files are uploaded successfully to CORE.• All transfers must be in balance; deadline to clear all CORE default and clearing accounts.• Conduct final review and clean-up of internal receivable/payable balances• IHE deadline to post Treasury Pool and Institution-Held Unrealized Investment Gains/Losses to CORE• Items listed on OSC diagnostics reports should be either explainable or resolved.• All the interface files must be positioned for pickup into CORE before 5:30pm.

Calendar Highlights

Date	Item
8/6/2024	<ul style="list-style-type: none"><li data-bbox="491 498 1682 547">• Period 14 Open (FY2024) - OSC's closing period<li data-bbox="491 625 2115 674">• Period 14 open for input, all entries are subject to OSC approval.<li data-bbox="491 752 2582 1058">• Entry submitted after Period 13 must include a justification. The justification need to include reason why the entry is necessary, departmental impact by not approving the entry, and why the entry was not processed prior to Period 13 close. The justification should be included in the "Document Comment" section of the CORE document .
8/9/2024	<ul style="list-style-type: none"><li data-bbox="491 1156 1146 1205">• Period 14 Close (FY2024)<li data-bbox="491 1283 2513 1402">• The OSC will process cash sweep entries based on Period 13 closing balances and other OSC recurring year end entries for Financial Statement purpose.<li data-bbox="491 1479 2513 1716">• Final day to revert remaining appropriation on expiring projects and/or process a carryforward on the valid portion of the project for which the department had encumbered as of 6/30. Use the OSC-019 Capital Construction Reversions and Carryforwards Report to help identify expiring projects.

Calendar Highlights

Date	Item
8/10/2024	• Period 15 Open (FY2024)
8/12/2024	• Internal Receivable/Payable Confirmation Forms/Exhibits due to the OSC
8/12/2024	• OSC-004 TABOR Nonexempt Revenue Variance Report will be provided by OSC to each Department in order to provide variance explanations
8/16/2024	• All Exhibits are due to OSC, except Exhibits: I, J, V, V2, K1 and K3 • Target date for OSC to distribute pension and OPEB workbooks (GASB 68 and GASB 75) to IHE and standalones. (Timing impacted by date PERA publishes related schedules.)

Calendar Highlights

Date	Item
8/16/2024	<ul style="list-style-type: none">• OSC-004 TABOR Nonexempt Revenue Variance responses due to the OSC
8/26/2024	<ul style="list-style-type: none">• Targeted due date for Exhibit Js, V1 & V2 submit to the OSC, unless an extension has been granted by the State Controller.• Exhibit I due to the OSC. If an exhibit J extension had been granted by the State Controller, it should be noted as pending in the Exhibit I• Higher Education regular appropriated revenue and expense and informational only appropriated revenue and expense for budget reporting purposes (YE Model #20) must be entered into CORE by this date.
9/9/2024	<ul style="list-style-type: none">• Annual Report Variance Analysis sent to departments based on the Period 14 ending balances.
9/13/2024	<ul style="list-style-type: none">• Stand alone, IHE Pension/OPEB notes and RSI (Non-PERA) due to the OSC.• Subsequent events reporting related to the BFS due to the OSC• Period 15 entries cutoff for BFS

Calendar Highlights

Date	Item
9/20/2024	<ul style="list-style-type: none">• Period 15 Close (FY2024)• Statutory deadline for issuing the Basic Financial Statements (BFS) and Cash Funds Report
9/21/2024	<ul style="list-style-type: none">• Period 16 Open (FY2024) - Financial Statement Audit Period
9/27/2024	<ul style="list-style-type: none">• Annual Report Variance Analysis responses due to the OSC.• All Stand alone and IHE Financial Statement notes due to the OSC;
9/30/2024	<ul style="list-style-type: none">• Target date for all funds to return to full appropriation control
10/01/2024	<ul style="list-style-type: none">• Exhibit K1 due to the OSC• Exhibit K1 Reconciliations due to the OSC for differences between CORE and the Exhibit K1 for U.S. Department of Treasury ALNs (21.023-ERAP, 21.026-HAF, 21.027-SLFRF, and 21.029-CPF).

Calendar Highlights

Date	Item
10/8/2024	• The State and Local Fiscal Recovery Fund (SLFRF) Quarterly Financial Reporting package due
10/11/2024	• Current year audited financial statements from Discretely Presented & blended Component Units meeting the materiality threshold due to the OSC
11/01/2024	• Commercial card violation report due to OSC

Calendar Highlights

Date	Item
12/14/2024	<ul style="list-style-type: none"><li data-bbox="524 472 1182 523">• Period 16 Close (FY2024)<li data-bbox="524 600 2573 717">• If OSA opinion is on this date, Gap Management Representation Letters are due to the OSA and OSC by 10:00 AM<li data-bbox="524 795 2573 911">• Finalize Annual Report, Schedule of Expenditures of Federal Awards, and Schedule of TABOR Computations with State Auditor opinions<li data-bbox="524 989 2486 1040">• Final Subsequent events reporting related to the Annual Report due to the OSC<li data-bbox="524 1118 1794 1169">• Final Over-expenditure letter due to the Governor<li data-bbox="524 1246 2348 1351">• Submit management response for recommendations in OSA's current year Statewide Single Audit Report to the OSC
12/27/2024	<ul style="list-style-type: none"><li data-bbox="524 1453 2472 1569">• Financial Responsibility and Accountability Act Statements due to the OSA and OSC

Questions?



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Budget Process

FY2024 Supplemental Bill & Emergency Supplementals

- Supplemental Bill
 - All bills with FY2024 appropriations are entered in the PB system by DHE and interfaced to CORE by the OSC
 - Contact Fiftwo if new coding is necessary
- Emergency (or “1331”) Supplementals
 - Fiftwo processes as manual budget documents
 - Once regular supplemental bills have been booked in CORE through PB, Fiftwo reverses the emergency supplemental

FY2025 Budget

- FY2025 budget lines are now available in CORE
 - Based on active FY2024 budget lines as of January 31
 - EXCEPT lines for expiring capital construction projects
 - Search the BQ190LV3 or BQ191LV3 screens, based on the fund or appropriation unit
 - Any questions, contact Fiftwo
 - If budget line exists that is not needed in FY2025, work with Fiftwo to deactivate the line
 - If a budget line does not exist that should be available in FY2025, work with Fiftwo to add the line

FY2025 Long Bill and Special Bills

- Budget data is contained in the Performance Budgeting (PB) system and will be interfaced to CORE
 - Anticipated to be complete by July 1st
- Contact Fiftwo if new coding is necessary

FY2025 Federal Carryforward

- SLFRF appropriations will be carried forward by the OSC until they expire
 - Anticipated to be complete by September 6th
- Adjustments to the carryforward amounts will be processed after period 15 and after period 16

Questions?



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Capital Construction

Typical Lifecycle

1. Long Bill is introduced
2. CDC and JTC provide a list of project IDs to the OSC
3. Budget data are entered into PB and interfaced into CORE
4. Budgets are restricted
5. A SC4.1 or IT letter is signed to begin the project
6. A budget document is created to unrestrict the budget
7. Six-month certifications are due
8. Expenditures occur
9. IET4s are submitted to reimburse institutional funds from 4610/4611
10. OSC automatically processes the carryforward each year until year 3
11. At year 3 funds must be encumbered by June 30th to be carried forward. All remaining unencumbered/unspent funds must be reverted.

Long Bill & Special Bill Booking

- Capital construction appropriations are effective upon signature by the Governor
- Appropriations are available upon enactment plus three full fiscal years and for any subsequent year for the amount encumbered as of June 30th
- CDC assigns a number to each project and provides a list to the OSC
- OSC will set up appropriation units for new projects and provide the coding to Fiftwo. Fiftwo will also create duplicate codes in IHEs 320x Funds. The duplicate codes are the appropriation units that have a last digit of “F” which stands for “feed”.
- Funding Sources:
 - Capital Construction Funds:
 - Fund 4610 - Brick & Mortar Projects
 - Fund 4611 - IT Projects
 - Institution Cash Funds
 - Federal Funds (for example the SLFRF funding in FY2023)
 - COP Funding (will discuss this later)
- Once the new project are coded DHE enters the budgets into PB
- OSPB and OSC reviews the PB entries and if ok interfaces them into CORE

Restrictions

- Once the budget is interfaced and finalized in CORE, the OSC will apply restrictions which prohibit spending.
- To unrestricted the budget, IHEs need to send a fully executed (signed) SC4.1 or IT approval to Fiftwo.
- Once Fiftwo receives the signed SC4.1 or IT approval, she will prepare a budget document in CORE (BGA190/191) to remove the restriction. This document will need to be approved in CORE by campus personnel, and will then route to OSC for final approval.

Recording 1331s

- Spending authority granted when session is out
- Approval is in the form of a 1331 letter from the JBC
- Fiftwo will enter a BG doc to record the 1331 letters
- Follow normal process for recording supplementals
- OSC will not restrict again if already unrestricted with a SC4.1 or IT approval
- Remember to reverse all 1331s except June's

Carryforwards: Non-Expired Projects

Projects within the three years

- OSC will process the budget documents in CORE to carryforward spending authority
- Target date for the carryforward is Sept 23th
- Calculation is FY Budget less FY Expenditures (based on period 15 balances)
- For any post-closing entries in period 16, work with Fiftwo and your FSU Specialist to ensure the budget carryforward is correct

Carryforwards: Expired Projects

- **Projects outside the three years (expired projects)**
 - IHEs need to work with Fiftwo to manually process a budget document to carryforward any amount encumbered as of June 30 and attach encumbrance documentation
 - Also work with Fiftwo to process a budget document to revert any unencumbered amount
 - Due date is Period 14 Close (August 9th)
 - Use OSC-019 Capital Construction Reversions and Carryforwards to identify expiring projects
 - The OSC-019 is also part of your year-end diagnostic review

Six-Month Rule

- Statute requires that funds for new capital construction projects be encumbered within six months from the date the Long Bill is signed, or six months from the date on the 1331 approval letter, if applicable
- Rule applies to the *initial appropriation only*
- Excludes IT projects over \$500,000 (overseen by JTC)
- Rule does not apply to projects that are solely funded from cash funds, federal funds, or a combination of both.
- 6-Month Certification Form must be submitted to the OSC by six-month due date at DPA_farmailbox@state.co.us
- Appropriations will be restricted for any projects not certified, however we will send a final reminder and cc Fiftwo on projects where we have not received a certification.
- If an IHE is unable to encumber funds within six-month they may request a waiver from the CDC. If a waiver is not received, the IHE would be required to submit a new budget request.

Six-Month Rule

- Summary:

Six-Month Rule Requirement¹			
	Project Type	Funding	Six-Month Rule Applies
IHEs	Brick & Mortar, and IT	Solely IHE Cash Funds, Federal Funds, or a combination	No
IHEs & <u>Depts</u>	Brick & Mortar	State Funds, or a combination of State and Cash Funds	Yes
IHEs & <u>Depts</u>	IT (less than \$500K)	State Funds, or a combination of State and Cash Funds	Yes
IHEs & <u>Depts</u>	IT (greater than \$500K)	State Funds, or a combination of State and Cash Funds	No

¹ See Section 24-30-1404, C.R.S., for all exceptions related to the six-month rule.

Personal Services Expenditures

Reminder:

- Personal services costs may be charged to a capital construction IT appropriation if these costs are within the project scope. For expiring projects, must encumber these costs as of June 30
- Personal services costs may not be charged to a brick & mortar projects for amounts funded by the Capital Construction Fund. Such costs, are already appropriated in a department's operating Long Bill.

Budgetary Compliance

- For State-funded projects, budgetary compliance is measured in the Capital Construction Funds 4610 & 4611
 - Spend directly in Fund 305x/320x
 - Record a transfer from Fund 4610/4611 to Fund 305x/320x
- Reminders
 - Funds should not be transferred out of Fund 4610/4611 without expenditures in Fund 305x/320x
 - At fiscal year end, IHEs will need to transfer funds from 4610/4611 for any capital construction related accruals in Fund 305x/320x.
 - The transfers are done using and IET4 document in CORE.

Capital Assets

- IHEs maintain detailed records of all capital assets in their own systems
- Data are interfaced to CORE at a summary level
- Entries for recording the asset
 - Some IHEs use 6610-Clearing Offset Account to record the elimination entry for the asset and feed this entry to CORE
 - Other IHEs do the eliminating entry in their own system and then feed the asset entry to CORE

Reconciliation

- Tool to help determine if Fund 4610, 4611, 3601 and 305x/320x are in sync
- InfoAdvantage Report OSC-011 - Higher Ed Capital Construction Transfers Compared to Institutional Fund Expenditures
 - **“Expenditure Difference”** should be \$0
 - **“Capitalization Difference”** should be \$0 unless only a portion of the expense was capitalized, the amount is in CIP, or the IHE does not use the 6610-Clearing Offset Account

GWAA - Western State Colorado						Fund 305x/320x	Fund 4610			
Fiscal Year	Accounting Period	Higher Ed Capital Appropriation Unit	Long Bill Line Item No.	Funding Source Code	Appropriation Class Name	Fund Expense Excluding 6610 Capital Clearing Offset	Capital Construction Fund Transfer Expenditure	Expenditure Difference	Higher Education Fund 6610 Capital Clearing Offset Amount	Capitalization Difference
2017	16	G*PDV133*	GR78609	PDV	2007-133P14 Quigley Hall Renovation	5,783,246.39	5,783,246.39	0.00	(5,783,246.39)	0.00
2017	16	G*PQF065*	GR78756	PQF	2016-065M16 Replace HVAC System, Hurst Hall	408,354.99	408,354.99	0.00	(408,354.99)	0.00
						6,191,601.38	6,191,601.38	0.00	(6,191,601.38)	0.00

Emergency Maintenance Projects

- If DPA completes an EM project for an IHE:
 - The expenditures are recorded by DPA, however for TABOR purposes expenditures must also be duplicated in IHEs Funds (305x/320x) to support the calculation of state support.
 - If the project meets the requirements of increasing the capacity, efficiency, or extending the useful life of the asset, the IHE should capitalize the cost of the project each year end to CIP if not complete by year end, or if complete to the proper asset.
 - See sample entries in the FPM, Chapter 4, Section 1

Emergency Maintenance Projects

- In some cases, IHEs may have remaining budget on a CM project that is about to expire
- The excess budget can be applied to an EM project
- IHEs must obtain approval by the State Architect
- Once approved by the State Architect, work with Fiftwo to process a BG document to transfer the budget by June 30, otherwise the funds stay in Fund 4610/4611 and must be reverted like other unencumbered expired projects.
- Additionally, *if the EM project is also about to expire*, the budget that was transferred will also need to be encumbered by DPA by June 30. Therefore, for *expiring* EM projects it is important to get everything done *well in advance* so DPA also has time to encumber the funds. Any unencumbered funds on an expiring EM will be required to be reverted.

SLFRF-Funded Projects

- Majority of FY2023 Brick & Mortar Projects were funded with SLFRF
- Revenue Loss Restoration Cash Fund (Fund CSFL)
- These projects have a last digit in the appr unit of “J”
- 12/31/2024 - deadline to encumber
- 12/31/2026 - deadline to spend
- The deadline for clearing retainage is March 31, 2027. Any balances remaining will need to be returned to the US Treasury.

COP Projects

- On occasion the state has issued Certificates of Participation (COPs) to fund capital projects
- Different spending deadlines than regular capital construction projects.
- From the date of COP issuance, spending requirements are:
 - 85% within 3 years
 - 15% within 2 years
- Current COPs
 - HB20-1408 Projects
 - SB20-219 Projects

COP Projects

- **HB20-1408 Projects**

- These projects are related to the *second* (FY2020) COP issuance authorized in SB17-267
- Issuance occurred June 2, 2020
- The proceeds were recorded credited to the Capital Construction Fund (4610) and appropriated through HB20-1408
- We refer to these as the HB20-1408 Projects
- Recorded as appropriated
- In Fund 4610
- These projects have a last digit in the appr unit of “E”
- 85% of the project budget has been spent so all projects with an unobligated balance can continue to June 2, 2025

Good
News!

COP Projects

- **HB20-1408 Projects Continued**
 - Accounting
 - Front end: IHEs pay their vendors from Fund 320x/305x
 - Back end: IHEs will process an IET4 to transfer funds from Fund 4610 to Fund 320x/305x (similar to what is done for regular capital construction projects)

COP Projects

- **SB20-219 Projects**

- These projects are related to a COP issuance, unrelated to those authorized in SB17-267
- Issuance occurred February 24, 2021
- We refer to these as the SB20-219 Projects
- Three IHEs received funding (CU, CSU, and Ft. Lewis)
- Recorded as non-appropriated
- In Fund 3602
- COP projects have a last digit in the appr unit of “G”
- 85% of the project budget must be spent in 3 years (by February 24, 2024) and 100% within 5 years (by February 24, 2026)

COP Projects

- **SB20-219 Projects Continued**

- Accounting

- Front end: IHEs pay their vendors from Fund 320x/305x

- Back end:

- IHEs will process an IET4 to transfer funds from Fund 3602 to Fund 320x/305x
- IHEs submit project requisitions to Treasury who will send to the trustee
- The trustee will issue payment to the IHEs
- Once payment is received IHEs must enter a JV1ADV to record the cash in Fund 3602. The entry is:

Dr. Fund 3602 and Cash (BSA 1100)

Cr. Fund 3602, RSRC 900W and the appropriation unit for the project

COP Projects

- **All COP Projects**

- Budgets were recorded and restricted
- The OSC will carryforward unobligated balances into the new fiscal year until expiration
- The infoAdvantage OSC-019-A report can be used to track funds remaining on each project and compliance with the spending deadlines
- Important note: Some projects have received funds under the regular capital construction LB as well as through a COP issuance, so it is important to carefully track those projects and compliance with spending deadlines

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InfoAdvantage Reports for Monitoring

- **Three main reports:**
 - OSC-011 - IHE Capital Transfers Compared to Expenditures
 - OSC-019 - Capital Construction Reversions and Carryforwards
 - OSC-019A - COP Project Reversions and Carryforwards

InfoAdvantage Reports for Monitoring

OSC-019 - Capital Construction Reversions and Carryforwards
(Expired projects tab)

Project Number	Appropriation Unit	Fur	Appropriation Name	Expires End of FY:	Encumbered (N/A for IHEs)	Unobligated Legal Budget (BQ) (Remaining available budget, includes OSC restrictions)
2008-036P07	GCPDX036A	4610	GSAA 2008-036P07 Berndt Hall Reconstruction (4610)	2018	0.00	87,480.57
2011-018P15	GCPBL018A	4610	GFBA 2011-018-P15 Systems Biotech Bldg, Academic W	2021	0.00	1,987,031.38
2015-014P18	GCPIC014A	4610	GFEA 2015-014P18 CO Ctr for Prsonalizd Med&Behav H	2023	0.00	4,047,316.14
2015-084M14	GXPEZ0000	4610	GTLRR Wildfire Mitigation	2019	7,718.02	250.00
2019-025M18	GXPHJ025A	4610	GFBA 2019-025M18 Rplc Campus Fire Alarm Cntrl Pane	2022	0.00	1,192,737.02
2019-029M18	GXPGV029A	4610	GMAA 2019-029M18 Replace Fire Alarm Sys- Admin Bld	2021	0.00	37,027.28

InfoAdvantage Reports for Monitoring

OSC-019 - Capital Construction Reversions and Carryforwards (SLFRF projects tab)

Project Number	Appropriation Unit	Fun	Appropriation Name	Expiration Date	Encumbered (N/A for IHEs)	Unobligated Legal Budget (BQ) (Remaining available budget, includes OSC restrictions)
2004-120P21	GFLXT120J	CSFL	2004-120P21 Hellems Arts and Sciences Building Renovation an	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	10,868,038.00
2015-158M22	GFLWS158J	CSFL	2015-158M22 Replace Chiller, Rampart Range Campus	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	0.00
2017-049P22	GFLXU049J	CSFL	2017-049P22 Gray Hall Mechanical Systems Improvements (Capit	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	4,512,816.00
2017-057P21	GFLXS057J	CSFL	GJMA 2017-057P21 Fruedenthal Library Renovation CSFL	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	1,165,125.00
2018-028P21	GFLXV028J	CSFL	2018-028P21 Boulder Creek Building Remodel and Addition	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	0.00
2018-061M21	GFLWE061J	CSFL	GGJA 2018-061M21 Rplc/Upgrd Bldg Fire Alarm Eqmt, C	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	1,475,045.54
2019-037M18	GFLVT037J	CSFL	2019-037M18 Remediate Campus Fall Hazards	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	547,737.00
2019-073M19	GFLXG073J	CSFL	2019-073M19 Improve Heating System, Building 500	Encumbered by 12/31/2024, Expended by 12/31/2026	0.00	970,439.00

InfoAdvantage Reports for Monitoring

OSC-019A - COP Project Reversions and Carryforwards
(HB20-1408 Projects tab)

				Fiscal Year Carryforward	Spending Requirement		
Appr Unit	Fun	Appropriation Name	Expiration Date	Unobligated Legal Budget (BQ) (Remaining available budget, includes OSC restrictions)	Total Project Budget (Original Budget +/- Transfers In/Out +/- Amendments - Reversions)	Total Project Expenses (Project Inception to Date)	Percent Spent (85% by June 2, 2023, 100% by June 2, 2025)
GXB20070E	4610	GLAA 2014-070M21 HB1408 Repair Campus St	June 2, 2023 (85%), June 2, 2025 (100%)	22,823.29	357,915.00	335,091.71	93.62%
GCB32126E	4610	2015-126M21 HB1408 Heating Plant Boiler #3 F	June 2, 2023 (85%), June 2, 2025 (100%)	46,800.00	46,800.00	0.00	0.00%
GXB32126E	4610	2015-126M21 HB1408 Heating Plant Boiler #3 F	June 2, 2023 (85%), June 2, 2025 (100%)	1,375,648.86	3,779,372.00	2,403,723.14	63.60%
GXB31023E	4610	2017-023M21 HB1408 Plachy Hall HVAC Upgra	June 2, 2023 (85%), June 2, 2025 (100%)	342,499.30	2,819,630.00	2,477,130.70	87.85%
GXB22025E	4610	2019-025M21 HB1408 Replace Campus Fire Al	June 2, 2023 (85%), June 2, 2025 (100%)	1,131,228.47	1,202,798.00	71,569.53	5.95%
GXB19027E	4610	2019-027M21 HB1408 Upgrade Fire Alarm Mas	June 2, 2023 (85%), June 2, 2025 (100%)	134,658.34	933,034.00	798,375.66	85.57%
GXB06040E	4610	2019-040M21 HB1408 Upgrade Security System	June 2, 2023 (85%), June 2, 2025 (100%)	111,411.81	522,579.00	411,167.19	78.68%

Questions?



Links the Open/Close training slides and the evaluation form are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Send detailed questions on either of the open/close training sessions to:

dpa_FARmailbox@state.co.us

Open/Close Procedures

Quarterly Reporting Required by Section 24-30-204(2), C.R.S.

Reminder:

- Due within 2 weeks after the quarter close in CORE
- Should make every effort to correct all abnormal account balances, out-of-balance conditions, over-expenditures, and other items identified in the reports
- The diagnostic report training guide is available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Unrealized Gain/Loss

- **Required by GASB No. 72**
 - Measure investments at fair value at year-end
 - Record the difference as unrealized gain/loss
- **Investments Made by Treasury Pooled Cash**
 - OSC will provide the allocation based on BSA 1100 balances as of period 12 close to IHEs by July 24
 - IHEs should feed or post allocation to CORE by August 5
 - Post to Accounts:
 - BSA 1105 - Cumulative Unrealized Gain/Loss on Treasury Pooled Cash
 - RSRC 6050 - Unrealized Gain/Loss

Unrealized Gain/Loss

- **Institution-Held Investments**
 - IHEs determine allocation
 - Difference between book and market value as reported on Exhibit N1
 - IHEs should feed or post allocation to CORE by August 5
 - Accounts to use:
 - BSA 1605 - Cumulative Unrealized Gain/Loss on Investment
 - RSRC 6050 - Unrealized Gain/Loss

Compensated Absences

- The percentage of state employees expected to retire with PERA benefits will be provided by the OSC
- Accrual should be made for employees covered by retirement plans other than PERA or FICA in accordance with GAAP
- Allocate the current and long-term liabilities using reasonable estimates
- The detailed instructions are available in FPM, Chapter 3, Section 3.11

Estimates

- **Preparing Accounting Estimates**
 - Document estimation methodologies
 - Use reasonable and consistent the process and source data
 - Continuous improvement of the estimation process
- **Estimation of Accrued Expenditures and Revenue**
 - Based on situations and documented evidence known before the statutory close date
 - Document deviation from a historical methodology
 - No need to change methodology or revise the estimate after period 14 close

Post-Closing Adjustment Entry

- Entries submitted in period 14, 15, or 16 to correct errors that are material or have important impacts
 - Exceeding \$200,000
 - Over \$1,000 that would cause or prevent an overexpenditure
 - Related to compliance (TABOR, Cash Funds Excess Reserves, etc.)
 - Correct CORE balances to be in alignment with exhibits or standalone financial statements
 - Audit adjustments
 - Entries required by the OSC for the BFS and Annual Financial Report
- Provide a detailed explanation of the correction entry in the Description or transaction Comment field

Post-Closing Entries

- **After period 14:**
 - No cash-offset on accounting entries
 - Use internal accounts payable & receivable BSAs (2370 & 1370 or 2380 & 1380) as offsets if needed
 - Must complete Exhibit IR_IP to confirm IR_IP if used, and clear IR_IP in the new fiscal year with cash offset

Questions?



Links to the Open/Close training slides and the evaluation form are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Send detailed questions on either of the open/close training sessions to:
dpa_FARmailbox@state.co.us

Federal Funds

State & Local Fiscal Recovery Funds



Fiscal Year 2024/25 Overview

- √ Accurate and Timely SLFRF Fiscal Year End Close

- √ All SLFRF Funds Must be Obligated by 12/31/2024

- √ JBC to introduce legislation to refinance approximately \$1.5 billion
 - Accelerate spending due to continued US Treasury changes to obligation definitions
 - Training and Fiscal Procedures Manual updates will be provided separately once the bill is enacted

State & Local Fiscal Recovery Funds



Fiscal Year End Reminders

- CORE TO SEFA/Exhibit K-1 Reconciliation
 - ✓ OSC will Calculate Expected Exhibit K-1 Expenditures as CORE Expenses Plus Current Year Advance Balance Less Prior Year Advance Balance
 - Advances to subrecipients are counted when disbursed for Exhibit K-1 purposes, but when the eligible expenditure is incurred for accounting and federal reporting purposes
 - The Exhibit K-1 is based on fiscal year accrued expenses, does not align with cash calendar cutoff used for federal reporting
 - New, the OSC will provide balances prior to the Exhibit K-1 due date to facilitate any needed further analysis prior to the Exhibit K-1 submission date - variances will require explanation with the Exhibit K-1

State & Local Fiscal Recovery Funds

Fiscal Year End Reminders



- SLFRF Specific Diagnostic Reports
 - OSC-SLFRF-005A: Identifies Object/Revenue source code coding errors, primarily related to transferring SLFRF funds
 - OSC-SLFRF-005B: Identifies out-of-balance SLFRF transfers
 - OSC-SLFRF-005C: Informational only, identifies awards reported as Lump Sum Grants in Gravity for use in reviewing advances
 - OSC-SLFRF-005D: Identifies over/underearned federal revenue in SLFRF categorical and companion funds.
 - OSC-SLFRF-005E: Identifies IHE capital construction transfers and revenue earning issues.
 - OSC-SLFRF-005F: Identifies SLFRF categorical and companion funds with a non-zero fund balance. Generally SLFRF fund balance should equal zero.

State & Local Fiscal Recovery Funds



New Procedures

√ Encumbrances

- By November 1, 2024, record all federal encumbrances through the life of grant/contract in IHE financial systems
 - Because encumbrance data is not in CORE, IHE will need to provide this information to the OSC (format TBD)

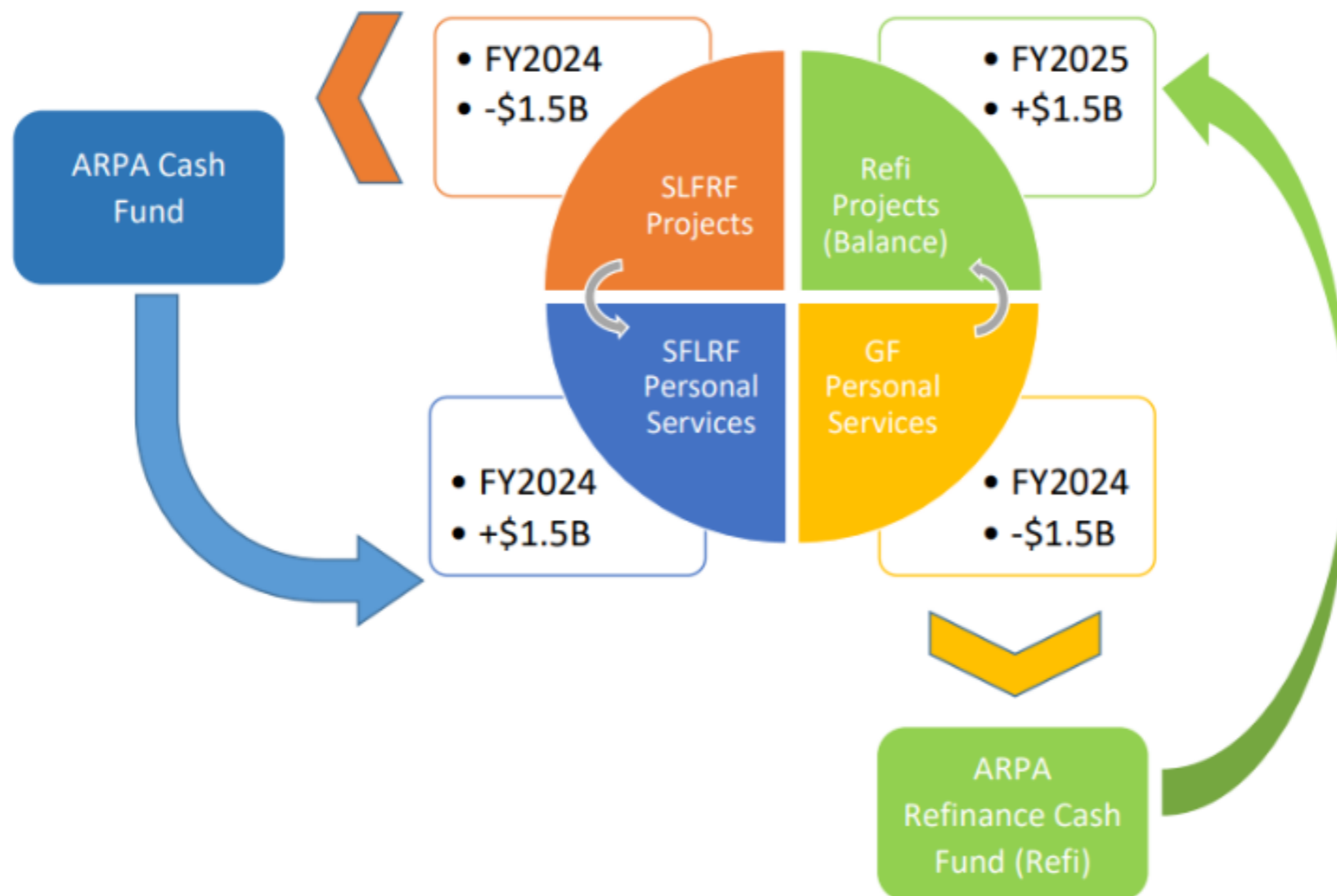
- If new contracts/grants will be executed between November 1, 2024 and December 31, 2024, notify the OSC via the soc_slfrf_mailbox@state.co.us

State & Local Fiscal Recovery Funds



ARPA / General Fund Refinance Proposal (Draft)

(Counterclockwise from Orange to Green)



State & Local Fiscal Recovery Funds



ARPA Refinance Assumptions

- Why?
 - Obligation Challenges, Particularly with Changing US Treasury Guidance
- Model Balanced Statewide
 - Agency Project ↓ ≠ Agency Personal Services ↑
- Adhere to Legislative Intent and Federal Requirements for Projects
 - Scope, end date, compliance and programmatic requirements unchanged
 - Exception: 12/2024 Obligation Deadline for refinanced portions of project

State & Local Fiscal Recovery Funds



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 - Agency Project ↓ ≠ Agency Personal Services ↑
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 - Scope, end date, compliance and programmatic requirements unchanged
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State & Local Fiscal Recovery Funds



ARPA Refi Cash Fund Project Completion	
CORE	Record in “companion” appropriation units in SLFRF Funds
Gravity	Report in Gravity at a Summary Level
Portal	Not directly reported in US Treasury Portal, but included in Annual Report narrative
DHE	Continue to report metrics

Coronavirus Relief Funds (CRF)



√ OIG Desk Review Coming!

- Documentation about substantially dedicated personnel
- Justification of how costs addressed the pandemic
- Sample selection time periods expected to vary

Expenditure of Federal Funds for Costs Associated with a Disaster



√ a.k.a SB21-288 Emergency Federal Report

√ Due October 16

-- Report Required in Conjunction with Exhibit K1

-- Reported in Gravity, same as last year

Questions?



Links to the Open/Close training slides and the evaluation form are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

<https://osc.colorado.gov/american-rescue-plan-act>

Send questions on the open/close training sessions to:

dpa_FARmailbox@state.co.us
Soc_SLFRF_Mailbox@state.co.us

Fraud Prevention

Electronic Funds Transfer (EFT)

- EFT can refer to transferring funds via wire or ACH, in CORE EFT is more accurately ACH
- Treasury manages wires, more of a manual, involved process, recorded in CORE with an MD
- EFT/ACH is efficient, cost-effective, and generally preferred by vendors. Obviates warrant management - mail issues, cancels and reissues, and escheatment and unclaimed property reporting.
- Caution must be exercised when adding or changing banking information

Business Email Compromise (BEC), Imposter Fraud

- FBI definition
 - Business Email Compromise/Email Account Compromise (BEC) is a sophisticated scam that targets both businesses and individuals who perform legitimate transfer-of-funds requests.
 - The scam is frequently carried out when an individual compromises legitimate business or personal email accounts through social engineering or computer intrusion to conduct unauthorized transfers of funds.
- FBI has been tracking BEC since October 2013
 - Through Dec 2022, \$50.87 billion exposed dollar loss*
 - Running topic in the annual FBI IC3 reports

*Source: Business Email Compromise: The \$50 Billion Scam, 6/9/2023, <https://www.ic3.gov/Media/Y2023/PSA230609>

Business Email Compromise (BEC), Imposter Fraud cont'd

- Essentially social engineering; a criminal impersonates someone you know and trust such as a vendor, executive, or the IRS
 - Of the state's vendors, criminals often target not-for-profits with large grant funding or construction
 - Imposter can intercept emails sent from the state
 - Emails appear to be from vendor
 - Imposter may have access to banking information and State forms
- FBI Internet Crime Complaint Center (IC3) 2023 report
 - 21,489 BEC complaints, adjusted losses of over \$2.9 billion
 - \$2.7 billion in 2022, 2.4 billion in 2021, \$1.8 billion in 2020

EFT/ACH Controls

- Forms, vendor should be able to provide their legal name, Taxpayer ID Number, address, and other contact information
- If changing their banking information, they should be able to provide their existing bank account and routing number
- Backup documentation (voided check or signed bank letter)
- Guidance and thorough independent, out-of-band verification

CAVO EFT Setup / Change Guidance, Step 8

8) *****This is the most crucial and essential part of any EFT modification*****

- Perform independent, out-of-band verification. Do not be afraid to contact and ask the vendor questions. Verifying changes to payment information protects the vendor as well as the state:
- a. Contact the vendor using information independent of what is on the ACH Authorization Form. This can be a **known good phone number or email address**. Exercise caution when using email (see **Appendix B**). Google is also an appropriate resource if you need to obtain contact information. **DO NOT USE THE CONTACT INFORMATION PROVIDED ON THE ACH AUTHORIZATION FORM**. "Out-of-band" means you need to use a separate communication channel; replying to the email providing the EFT form is not sufficient verification.
 - b. Verify with the vendor that they did request the EFT set up or modification. If you have any concerns or need further guidance, please see the *Wells Fargo Imposter Fraud Protection Checklist* in **Appendix B** on page five or email state_centralapproval@state.co.us.
 - c. For any changes to banking information, we strongly recommend calling the vendor and verbally verifying all information on the form. There has been a rise in Business Email Compromise, or imposter fraud, where the vendor's email and bank account is potentially compromised (i.e. accessible by a criminal or hacked). Please see the *Imposter Fraud Protection Checklist* in **Appendix B**.
 - d. Ask the vendor any additional questions or clarifications you might have, especially if you found any discrepancies in Steps 5-7.
 - e. Inform the vendor that EFT email remittance advice will be sent to the email entered on the form. These emails contain an attached PDF identical to a warrant stub and are sent from dpa_eftremit@state.co.us
 - f. Verify the email address with the vendor. If it is unclear please include the vendor's email address in the body of your email request. CORE has the ability to associate only one email per payment address, so we recommend that a group email box be set up and used if multiple people need to access remittance advices.
 - g. When you are satisfied that the EFT information truly came from your vendor, combine the ACH Authorization Form and voided check or bank letter into one PDF. Enter your name in the Verified By field in Section I of the ACH Authorization Form.

Independent, Out-of-band Verification

- ✓ *****This is the most crucial and essential part of any EFT modification*****
- ✓ Use a known good contact, independent of information on forms
 - ✓ Google is an appropriate resource for finding contact information
 - ✓ Vendors are very appreciative of the due diligence
- ✓ Verify the request and review the information on the form
- ✓ Validate discrepancies between info on form, in CORE, and backup documentation (voided check or signed bank letter)
- ✓ Verbal verification strongly encouraged, especially for changes
- ✓ Keep EFT and payment forms private, do not post on external sites
- ✓ Follow the job aid; CAVO business processes and forms are designed to prevent fraud

ACH Authorization Form

VENDOR DIRECT DEPOSIT / EFT ACH AUTHORIZATION FORM



COLORADO

Office of the State Controller

Department of Personnel & Administration

SECTION I (AGENCY USE) - PAYOR, STATE INFORMATION

STATE AGENCY _____ VENDOR CODE _____

MAILING ADDRESS _____ ADDRESS ID _____

CITY, STATE, ZIP _____ VERIFIED BY** _____

AGENCY CONTACT/EMAIL _____ VERIFICATION METHOD:

VENDOR/VERIFICATION CONTACT _____ PHONE EMAIL

** State employee who performed independent verification per the EFT Setup/Change guidance (step 8) on the CORE site

SECTION II - PAYEE, VENDOR INFORMATION

PAYEE NAME _____ PHONE _____

DOING BUSINESS AS (DBA, OPTIONAL) _____

MAILING ADDRESS _____

CITY, STATE, ZIP _____

EMAIL (FOR REMITTANCE ADVICE) _____

ACH Authorization Form cont'd

SECTION III - DEPOSITORY FINANCIAL INSTITUTION AND ACCOUNT INFORMATION

PLEASE INCLUDE A VOIDED CHECK (NOT A TEMPORARY CHECK OR DEPOSIT SLIP) OR SIGNED BANK LETTER THAT INCLUDES ALL INFORMATION REQUESTED IN THIS SECTION

BANK NAME _____ BRANCH ADDRESS _____

ROUTING NUMBER _____ ACCOUNT NUMBER _____

ACCOUNT TYPE CHECKING SAVINGS FOR FURTHER CREDIT (OPTIONAL) _____

PAYEE TAXPAYER ID NUMBER (SSN OR EIN, NO DASHES) _____

SHOULD ALL STATE OF COLORADO PAYMENTS TO THIS TAXPAYER ID USE THIS BANK ACCOUNT? YES NO

IF NO, PLEASE EXPLAIN _____

SECTION IV - AUTHORIZATION FOR ACH / DIRECT DEPOSIT SETUP, CHANGE, OR CANCEL

SETUP CHANGE CANCEL **FOR CHANGES ONLY**, PLEASE PROVIDE EXISTING ROUTING & ACCOUNT NUMBER

ROUTING NUMBER _____ EXISTING ACCOUNT NUMBER _____

I certify that I have the authority to execute this authorization. I hereby authorize the State of Colorado to initiate ACH credit entries (deposits) and if necessary to reverse any incorrect ACH payments made in error to the above bank account. In the event a reversal cannot be implemented, I understand the State will utilize any other lawful means to recover the deposited funds to which the payee was not entitled. This authorization is to remain in full force until the state has received written notification of cancellation in such time as to afford a reasonable opportunity to act on it.

Signed bank letter, e.g.



Alpine Bank

Cherry Creek

215 St. Paul Street, Ste 100
Denver, Colorado 80206
303-270-0101
Fax 303-270-0102

102103407-1540
Alpine Bank

DEC 19 2018

Teller 5401
Cherry Creek

DCW

December 19, 2018

To Whom It May Concern,

We have received a request from one of our customers to provide you with the following information regarding their account with Alpine Bank. Our branch address is as follows:

Alpine Bank
215 St. Paul St. Ste 100
Denver, CO 80206.

Alpine Bank's routing number is 102103407.

██████████ has a checking account with us, and that account number is ██████████. The EIN for that business is ██████████.

Regarding the question, "Should all payments to this taxpayer ID use this bank account?", please review the EFT Direct Deposit Authorization Form.

Sincerely,

██████████
Personal Banking Representative at Alpine Bank – Cherry Creek

██████████@alpinebank.com

(303) ██████████

Red Flags



High degree of urgency or last minute changes to remittance instructions



Contact has difficulty providing their Taxpayer ID Number, addresses, existing bank account, or other information



Documentation is incorrect or does not match information in your financial system



Changing recently added or unused EFT information



Voided check or signed bank letter does not appear legitimate



Email domain is suspicious; carefully examine the email address, URL, and spelling used in any correspondence

Fraud Prevention Resources

Central Accounting and Vendor Operations (CAVO) site

<https://osc.colorado.gov/financial-operations/central-accounting>

CAVO shared email, state_centralapproval@state.co.us

Wells Fargo

[Impostor Fraud Protection Checklist](#)

Government Finance Officers Association (GFOA)

<https://www.gfoa.org/materials/electronic-vendor-fraud>

National Automated Clearing House Association (NACHA)

[Protect Your Organization From Fraud](#)

FBI Internet Crime Complaint Center (IC3)

Colorado Bureau of Investigation (CBI, part of CDPS)

<https://reportwirefraud.com/> and reportwirefraud@state.co.us

Accounting Changes and Error Corrections

Accounting Changes and Error Corrections

Statement No. 100 of the GASB - *Accounting Changes and Error Corrections*

- Effective beginning fiscal year 2024
- No changes to Exhibits, chart-of-accounts, or process
- Process review
 - Fiscal Procedures Manual, Chapter 3, Sections 3.38 & 3.39
 - Error Corrections
 - Less than \$1 million - Ok with current year transactions
 - Greater than \$1 million - contact OSC for guidance
 - All prior period transactions (prior period errors) should be included with Exhibit PPA
- Stand-alone financial statement presentation
 - Align CORE BSAs 340A and 340P regardless of dollar amount

Exhibit Changes

Exhibit Changes

- Exhibit U1
 - Section F - new for FY2024
 - Statement No. 91 of the GASB - Conduit Debt Obligations
 - Paragraph 6 - defines conduit debt obligation
 - Exhibit limited to confirming exists or not (yes/no)

Exhibit Changes

- **Exhibit J**

- Complete submission defined in the Fiscal Procedures Manual, Chapter 3, Section 5
 1. Exhibit J1/J2
 - Consolidated, if applicable
 - Net Investment in Capital Assets
 2. J-Rec Detail Report
 3. Separately-issued draft financial statements
 4. Trial balance report for non-CORE general ledger
 5. Crosswalk between non-CORE general ledger and CORE COA

FY 2024

Exhibit Preparation:

- 1. Exhibit J1/J2 process*
- 2. Gravity Update*
- 3. Exhibit PPA Changes*

Exhibit Preparation

- The fiscal year-end Exhibit documents are an integral tool in ensuring the Accuracy of the financial statements.
- Exhibits provide supplemental information needed to prepare the ACFR Notes and MD&A.
- Exhibits serve as documentation of compliance with GASB and other reporting standards.
- Exhibits are part of the OSC's internal control process key to our oversight and review responsibilities.

Exhibit Preparation

- There are over 50 unique Exhibit templates but Departments only need to prepare the ones that are applicable.
- The two methods of preparing and submitting Exhibits to the OSC are:
 1. **Using Gravity** - a web based Data Collection tool. The majority of Exhibits are prepared using Gravity.
 2. **Manually preparing excel templates** which are then sent to the FAR mailbox. dpa_FARmailbox@state.co.us

Exhibit Preparation

- Due Date for Exhibits in Gravity is **August 16th 2024**.
- The manually prepared Exhibits such as the IP/IR, J1/J2, K3 etc... are due **August 26th 2024**.
- Specific information regarding Exhibit preparation can be downloaded from the OSC website:
 - **Operations / Fiscal Rules & Procedures / Financial Statement Exhibits**

Exhibit Preparation

^ Financial Statement Exhibits - FY2023

Exhibits Listing

- [Exhibits Listing](#)
- [Exhibits Instructions](#)
- [Exhibit W3&4](#)
- [Gravity User Guide](#)

Exhibits J1 and J2

- [Exhibits J1 and J2 - Enterprise funds](#)
- [Exhibits J1 and J2 - Governmental funds](#)
- [Exhibits J1 and J2 - Instructions](#)

Exhibit IR_IP

- [Exhibit IR_IP Instructions](#)
- [Exhibit IR_IP Training Video](#)

Exhibit J - Process Update

Exhibits J1/J2 - Overview

- The J Exhibits are used to reconcile the department/IHE's financial statements per CORE to the department/IHE's separately issued financial statements.
- Exhibits J1/J2 are **Not** prepared using Gravity.
 - Exhibit J1 - Statement of Net Position (BS)
 - Exhibit J2 - Rev/Exp and Change in Net Position (IS)
- Completed Exhibits J1/J2 are submitted by emailing all required forms to the FAR Mailbox on or before the due date.

Exhibits J1/J2 - Procedures

- Exhibits J1/J2 template and filing instructions located on OSC Website:
 - **Fiscal Rules & Procedures / Financial Statement Exhibits - FY2024**



- Use of Exhibits J1/J2 template is required.

Exhibits J1/J2 - Procedures

1. First download the Exhibits J1/J2 template and instructions from the OSC Website
2. Run the IA Report *J-Rec Detail Report - Enterprise* located in: **Statewide Reports / ACFR folder**
3. Open the downloaded Exhibits J1/J2 template and copy and paste values from the CORE report J1 and J2 tabs into the respective columns on the template CORE Inputs tab.
4. Manually input the Stand alone Financial Statement amounts on the right side of the J1 and J2 tabs and identify all variances.
5. Complete new NICA worksheet in the Exhibits J1_J2 workbook.



J-Rec Detail Report - Prompts

Search

Enter Fiscal Year: (1)
2024

Enter Accounting Period: (1)
16

Enter value(s) for Fund Category: (1)
E100

Enter value(s) for Department: (4)
GFAA; GFBA; GFCA; GFEA

Enter value(s) for Fund:
(All values)

Enter value(s) for Unit:
(All values)

Enter EXCLUDED Funds:
(All values)

1=natural signage, 0=financial statement signage: (1)
0

Prompts

Enter value(s) for Department:

Search or enter value(s) manually

Department	Department Name
<input type="checkbox"/> GAAA	Department of Higher Education
<input type="checkbox"/> GCAA	History Colorado
<input type="checkbox"/> GDAA	College Assist
<input checked="" type="checkbox"/> GFAA	University of Colorado System Admin
<input checked="" type="checkbox"/> GFBA	University of Colorado Boulder
<input checked="" type="checkbox"/> GFCA	University of Colorado Colorado Springs
<input checked="" type="checkbox"/> GFEA	University Of Colorado Denver
<input type="checkbox"/> GFFA	University of Colorado UPI Blended Entity
<input type="checkbox"/> GGAA	Colorado State University System
<input type="checkbox"/> GGBA	Colorado State University
<input type="checkbox"/> GGBC	CSU COP Trust
<input type="checkbox"/> GGBT	CSU OPEB Trust

Mandatory (2) Reset All Run Cancel

Exhibits J1/J2 - Procedures

J-Rec Detail Report - Enterprise (New 2023)	
J1- Net Position	
Run Date: 4/7/23 - Financial Statement Signage	
GSAA	Fort Lewis College
Fiscal Year:	2023
Through Period:	16
ASSETS:	
Current Assets:	
Cash and Pooled Cash	56,670,898
Investments (CA)	7,836,427
Premiums Receivable, net	0
Student and Other Receivables, net	899,633
Due From Other Governments	0
Due From Other Funds (CA)	7,176
Due From Component Units	0
Inventories	68,891
Prepays and Advances	52,719
Total Current Assets	65,535,743

Copy InfoAdvantage "J-Rec Detail Report - Enterprise" Statement of Net Position and Paste HERE	
Fiscal Year:	2023
Through Period:	16
ASSETS:	
Current Assets:	
Cash and Pooled Cash	56,670,898
Investments (CA)	7,836,427
Premiums Receivable, net	0
Student and Other Receivables, net	899,633
Due From Other Governments	0
Due From Other Funds (CA)	7,176
Due From Component Units	0
Inventories	68,891
Prepays and Advances	52,719
Total Current Assets	65,535,743

Exhibits J1/J2 - Procedures

- After pasting the CORE financial statement information from the J-Rec Detail Report into the CORE Inputs tab, the Exhibit J1 will look like this:

EXHIBIT J1 STAND ALONE FINANCIAL STATEMENT RECONCILIATION FOR THE STATEMENT OF NET POSITION (ENTERPRISE FUNDS) FOR THE FISCAL YEAR ENDING JUNE 30, 2022						
Dept/IHE: <input type="text"/>			Prepared By: <input type="text"/>			
CORE Info as of Date: <input type="text"/>			Prepared Date: <input type="text"/>			
ACFR Financial Statement Presentation				Stand-Alone Financial Statement Presentation		
FS Line Title	FS Amount	Recon Items	Adjusted Amt	FS Line Title	FS Amount	Variance
CURRENT ASSETS				CURRENT ASSETS		
Cash and Pooled Cash	56,670,898	-	56,670,898			56,670,898
Investments (CA)	7,836,427	-	7,836,427			7,836,427
Premiums Receivable, net	-	-	-			-
Student and Other Receivables, net	899,633	-	899,633			899,633
Due From Other Governments	-	-	-			-
Due From Other Funds (CA)	7,176	-	7,176			7,176
Due From Component Units	-	-	-			-
Inventories	68,891	-	68,891			68,891
Prepays and Advances	52,719	-	52,719			52,719
TOTAL CURRENT ASSETS	65,535,743	-	65,535,743	TOTAL CURRENT ASSETS	-	65,535,743
NONCURRENT ASSETS				NONCURRENT ASSETS		
Restricted Cash and Pooled Cash	-	-	-			-
Restricted Investments	-	-	-			-
Restricted Receivables	-	-	-			-
Investments	-	-	-			-
Due from Other Funds	-	-	-			-
Other Long-Term Assets	-	-	-			-
Depreciable Capital Assets and Infrastructure, net	151,243,624	-	151,243,624			151,243,624
Land and Nondepreciable Capital Assets	4,245,573	-	4,245,573			4,245,573
TOTAL NONCURRENT ASSETS	155,489,197	-	155,489,197	TOTAL NONCURRENT ASSETS	-	155,489,197

Exhibits J1/J2 - Procedures

- Fill in the orange section of the Exhibits J1/J2 with the descriptions and amounts from the department/IHE's separately issued financial statements

EXHIBIT J1
STAND ALONE FINANCIAL STATEMENT RECONCILIATION
FOR THE STATEMENT OF NET POSITION (ENTERPRISE FUNDS)
FOR THE FISCAL YEAR ENDING JUNE 30, 2022

Dept/IHE: Prepared By:
 CORE Info as of Date: Prepared Date:

ACFR Financial Statement Presentation				Stand-Alone Financial Statement Presentation		
FS Line Title	FS Amount	Recon Items	Adjusted Amt	FS Line Title	FS Amount	Variance
CURRENT ASSETS				CURRENT ASSETS		
Cash and Pooled Cash	56,670,898	-	56,670,898			56,670,898
Investments (CA)	7,836,427	-	7,836,427			7,836,427
Premiums Receivable, net	-	-	-			-
Student and Other Receivables, net	899,633	-	899,633			899,633
Due From Other Governments	-	-	-			-
Due From Other Funds (CA)	7,176	-	7,176			7,176
Due From Component Units	-	-	-			-
Inventories	68,891	-	68,891			68,891
Prepays and Advances	52,719	-	52,719			52,719
TOTAL CURRENT ASSETS	65,535,743	-	65,535,743	TOTAL CURRENT ASSETS	-	65,535,743
NONCURRENT ASSETS				NONCURRENT ASSETS		
Restricted Cash and Pooled Cash	-	-	-			-
Restricted Investments	-	-	-			-
Restricted Receivables	-	-	-			-
Investments	-	-	-			-
Due from Other Funds	-	-	-			-
Other Long-Term Assets	-	-	-			-
Depreciable Capital Assets and Infrastructure, net	151,243,624	-	151,243,624			151,243,624
Land and Nondepreciable Capital Assets	4,245,573	-	4,245,573			4,245,573
TOTAL NONCURRENT ASSETS	155,489,197	-	155,489,197	TOTAL NONCURRENT ASSETS	-	155,489,197

Exhibits J1/J2 - Procedures

EXHIBIT J1 STAND ALONE FINANCIAL STATEMENT RECONCILIATION FOR THE STATEMENT OF NET POSITION (ENTERPRISE FUNDS) FOR THE FISCAL YEAR ENDING JUNE 30, 2022							
Dept/IHE: <input type="text"/>			Prepared By: <input type="text"/>				
CORE Info as of Date: <input type="text"/>			Prepared Date: <input type="text"/>				
ACFR Financial Statement Presentation				Stand-Alone Financial Statement Presentation			
FS Line Title	FS Amount	Recon Items	Adjusted Amt	FS Line Title	FS Amount	Variance	
CURRENT ASSETS				CURRENT ASSETS			
Cash and Pooled Cash	56,670,898	200,000	56,870,898	Cash and Pooled Cash	56,870,898	-	Add Line
Investments (CA)	7,836,427	(1,000,000)	6,836,427	Investments (CA)	6,836,427	-	Add Line
Premiums Receivable, net	-	-	-	Premiums Receivable, net	-	-	Add Line
Student and Other Receivables, net	899,633	(10,000)	889,633	Student and Other Receivables, net	889,633	-	Add Line
Due From Other Governments	-	-	-	Due From Other Governments	-	-	Add Line
Due From Other Funds (CA)	7,176	-	7,176	Due From Other Funds (CA)	7,176	-	Add Line
Due From Component Units	-	-	-	Due From Component Units	-	-	Add Line
Inventories	68,891	-	68,891	Inventories	68,891	-	Add Line
Prepays and Advances	52,719	-	52,719	Prepays and Advances	52,719	-	Add Line
TOTAL CURRENT ASSETS	65,535,743	(810,000)	64,725,743	TOTAL CURRENT ASSETS	64,725,743	-	
Reconciliation Items							
Reported on ACFR Line:	Reported on Stand-Alone FS Line	Description	Amt	Item #			
Cash and Pooled Cash	Cash and Pooled Cash	Reclass state cash to other receivable	200,000	1			
Investments	Investments (CA)	Reclass unrealized gain to current investments	(1,000,000)	2			
Student and Other Receivables, net	Student and Other Receivables, net	Reclass to other receivables	(10,000)	3			
				4			
				5			

Exhibits J1/J2 - Procedures

Net Investment in Capital Assets of a Reporting Unit

<u>Net Investment in Capital Assets</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>List BSA Account Codes included</u> Example: 2610, 2608, 2810...
	\$	\$	
Total capital assets ^b (both tangible and intangible)			
Less: Accumulated depreciation/amortization			
Net carrying value of capital assets	-	-	
Less:			
<ul style="list-style-type: none"> All outstanding principal of capital-related debt/borrowings^c related to the government's own capital assets, including borrowing used to refund capital-related borrowings 			
<ul style="list-style-type: none"> Outstanding principal balance of any other (non-debt) capital related liabilities as of fiscal year end, including capital accounts payable and retainage payable 			
<ul style="list-style-type: none"> Unamortized original issue premiums on outstanding capital debt 			
<ul style="list-style-type: none"> Capital-related deferred inflows of resources (such as a gain on refunding of outstanding capital debt) 			
<ul style="list-style-type: none"> Other reductions, if any [SPECIFY] 			
Specify			
Specify			
	-	-	
Plus:			
<ul style="list-style-type: none"> Unamortized balance of original issue discounts on outstanding capital debt 			
<ul style="list-style-type: none"> Unamortized balance of capital-related deferred outflows of resources, such as from "losses" on refunding of outstanding capital debt 			
<ul style="list-style-type: none"> Capital Borrowings related to unspent bond proceeds 			
Other additions, if any [SPECIFY]			
Specify			
Specify			
	-	-	
Equals: Net investment in capital assets	-	-	Should agree with BSA 3218 - NICA

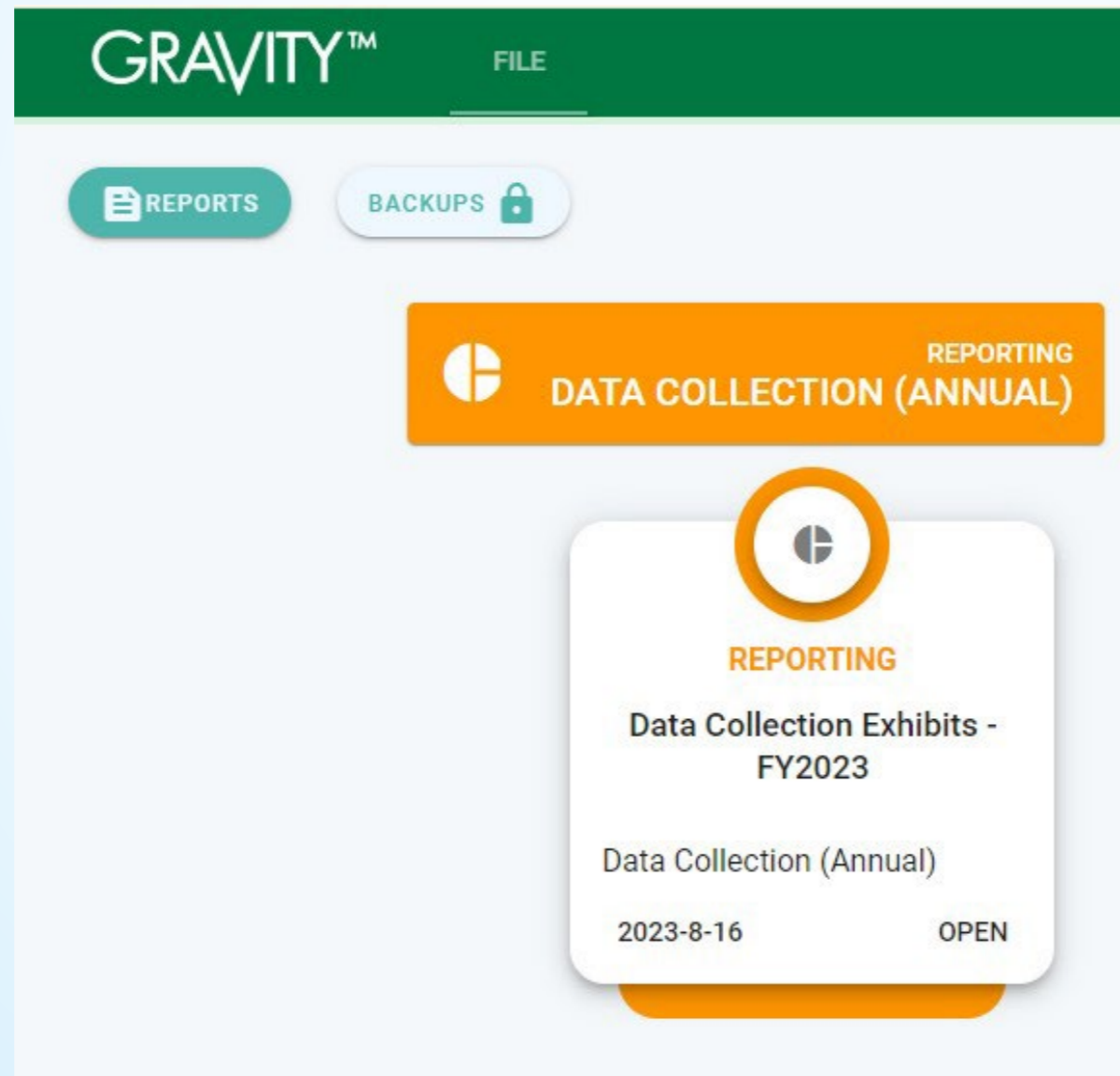
Exhibits J1/J2 - Procedures

- To submit the Exhibits J1/J2 to the OSC - Email the following items to dpa_FARmailbox@state.co.us:
 1. Copy of the completed Exhibits J1/J2 workbook with Dept. code in the file name. **Note the NICA tab must be completed.**
 2. Copy of the CORE J-Rec Detail Report used to prepare the exhibits.
 3. Copy of the most current version of the institution's stand-alone financial statement including notes if available.
 4. FY Trial Balance report of non-CORE general ledger if applicable (SAP, Banner, etc...)
 5. If native ERP Trial Balance attached also include a crosswalk between the non-CORE accounts and the CORE elements.

Gravity Update

Preparing Exhibits in Gravity

- Log into Gravity - User ID info is the same as last year.
- Contact the FAR mailbox if you need to change or add authorized users



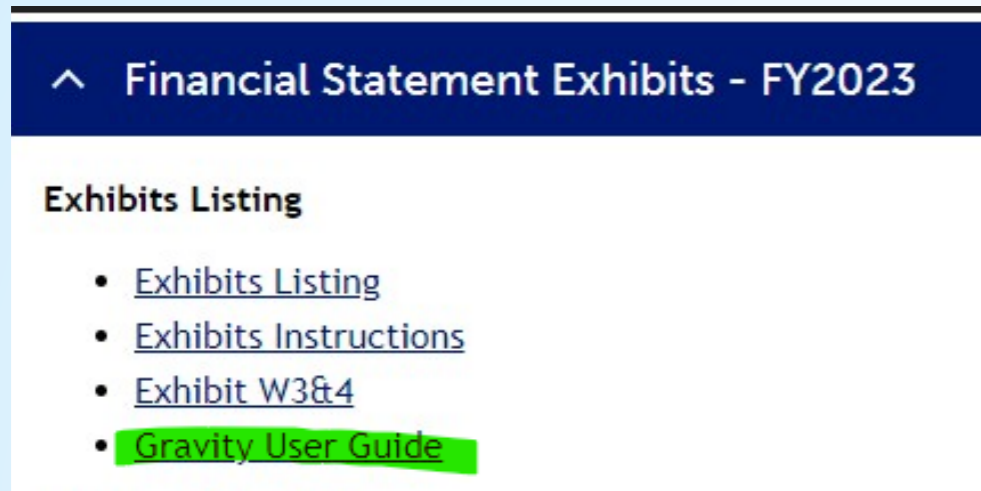
Preparing Exhibits in Gravity

1. Enter the financial data or text into the exhibit template
2. Clear all validation formatting until all input fields are highlighted in blue
3. The status bar at the top should turn Green indicating that “Template is Valid”
4. Move the workflow step forward to the “Ready for Review” stage.
5. Have the Controller review the Exhibit
6. Once reviewed, the Controller moves the workflow step to “Submitted”

Preparing Exhibits in Gravity

The screenshot displays the GRAVITY™ software interface. At the top, there is a green header with the logo and navigation tabs for FILE, DATA, and REPORTS. Below the header, a language dropdown is set to 'All'. The main area is divided into a left sidebar and a main content area. The sidebar contains a search bar 'Find & Open Report' and a tree view of folders: 'Data Collection Exhibits - FY2023', 'Dashboards', 'Exhibits Summaries', 'Cabinet', 'Cabinet A', 'Cabinet Level Exhibits', 'AXXX', 'Exhibits to Submit', 'Exhibit A', and 'Exhibit B'. The 'AXXX - Exhibit B' folder is currently selected. A context menu is open over the 'AXXX' folder, listing actions: Open, Add Sibling, Copy, Cut, Tile, Workflow Step, Show Workflow, Properties, Delete, Generation, Data, and Help. The 'Workflow Step' sub-menu is expanded, showing 'Data Input', 'OSC Reviewed', 'Submitted', and 'Ready for Review'. The 'Submitted' and 'Ready for Review' items are highlighted in yellow. The main content area shows a 'Status' section with a pie chart and text: 'OSC Reviewed: 1.4 %' and 'OSC Reviewed: 1.5 %'. A search bar at the bottom right is labeled 'Find document'.

Preparing Exhibits in Gravity



- Exhibits must be SUBMITTED in Gravity. Just entering data into an Exhibit is not a submission.
- If you are having trouble please send a request to the FAR mailbox with “Gravity” in the subject line and a team member will contact you to help troubleshoot.
- Assess need for Exhibits by using the OSC-018 report. If an Exhibit is needed for a particular Department and it does not exist in Gravity please contact the OSC to request that it be added.

Exhibit PPA Changes

Exh. PPA - Preparation

Prior period transactions of \$1 million or less

Departments should account for prior period transactions of \$1 million or less with revenue or expense/expenditure of FY 2024 (current year operations) and include the related information on Exhibit PPA.

Prior period transactions over \$1 million

Departments should contact their FSU Financial Specialist at the time a prior period transaction in excess of \$1 million is identified. OSC will provide direction regarding the accounting treatment in CORE and if an entry to BSA 340P is needed. Prior period transactions in excess of \$1 million should always be included on Exhibit PPA.

Exh. PPA - Preparation

- The Exhibit PPA validations rules are being modified for FY24 to allow for easier preparation and submission.
- The look up tables and fields have been updated and will now be optional so if there is missing information or the look ups are not working, you should still be able to submit the Exhibit with just the information you manually entered.
- New validation rules are being added to limit only one chart of account element per row.
- Also only a single amount either debit or credit will now be allowed per row.
- Summarized data showing the rolled up impact of the adjustment is allowed and encouraged especially if there are many small amounts impacting relatively few accounts.

Exh. PPA - Preparation

Exhibit PPA
PRIOR PERIOD ADJUSTMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

ve been posted in a prior fiscal year.

Only one COA element per row.

Only one \$ amount either Debit or Credit per row

	BSA	Object	Revenue Source	Account Title	Fund	Debit	Credit	Pri
	▼	▼	▼		▼			
	▼	▼	▼		▼			
	▼	▼	▼		▼			
	▼	▼	▼		▼			
	▼	▼	▼		▼			

Exh. PPA - Preparation

The screenshot displays the GRAVITY™ software interface. On the left, a file explorer shows a hierarchy of exhibits from D to R, with 'Exhibit PPA' selected. A context menu is open over 'Exhibit PPA', listing actions such as 'Open', 'Add Sibling', 'Copy', 'Cut', 'Tile', 'Workflow Step', 'Show Workflow', 'Properties', 'Delete', 'Generation', 'Data', and 'Help'. The 'Workflow Step' sub-menu is expanded, showing 'Data Input', 'OSC Reviewed', 'Submitted' (highlighted in yellow), and 'Ready for Review'. The main window shows a spreadsheet for 'Exhibit PPA' with a menu bar (File, View, Insert, Format, Data, Tools, Extensions, Help) and a toolbar. A table below the spreadsheet contains the following data:

List	Jrnl Doc (Code,Dept,ID,Vers)	Jrnl Doc Accounting Line No
1	JV1ADV N AAGA 82002023*3	1
2	JV1ADV N AAGA 82002023*3	2

Questions?



Links to the Open/Close training slides and evaluation forms are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Send questions on the open/close training sessions to:

dpa_FARmailbox@state.co.us

TABOR Enterprise Changes

TABOR

- New TABOR Enterprises (additions to FPM Ch. 5, Section 5)
 - Fuels Impact Enterprise (CDOT)
 - 43-4-1504(1)(a), C.R.S.
 - Fund: 5480
 - Family and Medical Leave Insurance Enterprise (CDLE)
 - 8-13.3-518(1), C.R.S.
 - Fund: FMLI
 - Natural Disaster Mitigation Enterprise (CDPS)
 - 24-33.5-1619, C.R.S.
 - Fund: 26TE

Single Audit - Exhibit K1

Exhibit K1

- Exhibit K1 Due 10/1/2024
- U.S. Department of Treasury (21.XXX) Award Reconciliations
 - OSC provides expenditure amount expected on K1 based on CORE activity - 9/13/2024
 - Reconciliation of K1 reported amounts and expected amounts based on CORE activity - 10/1/2024
- The Exhibit K1 is in Gravity
 - Still working with vendor to resolve validation issues
 - Additional step needed if data is not entered manually
- If preparing the Exhibit K1 outside of Gravity and copying/pasting into Gravity:
 - In the Excel workbook: select the data and copy
 - In Gravity: paste the data into the “Data Input” tab
 - In Gravity: copy from the “Data Input” tab
 - In Gravity: paste special, values into the “K1” tab

Internal Receivables and Internal Payables

Internal Receivables/Payables

- Exhibit IR_IP in Google Shared Drive
 - FAR staff will contact institution/department controller to identify users and grant permissions
- New for FY24
 - \$10,000 threshold for reporting balances
 - On Exhibit IR, IR record can be matched to IP record
 - Last year, the matching could only be done on the Exhibit IP
- Exhibit Instructions document will provide detailed instructions for the Exhibit IR_IP and the overall process

*Governmental
Accounting Standards
Board Pronouncements,
Post-Closing Accounting
Entries, & Closing
Comments*

Agenda

- GASB Part I - Fiscal Year 2024
- GASB Part II - Future Fiscal Years
- Post-closing Accounting Adjustments
- Closing Comments

GASB Part I

GASB Pronouncements Effective for Fiscal Year 2024

- GASB Statement No. **99** - *Omnibus 2022*
- GASB Statement No. **100** - *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- GASB Implementation Guide No. **2021-1** - *Implementation Guidance Update—2021*
- GASB Implementation Guide No. **2023-1** - *Implementation Guidance Update—2023*

***Statement No. 99,
Omnibus 2022***

GASB Statement No. 99 - Effective FY 2024

GASB issued Statement No. 99 Omnibus 2022 (GASB 99) in April 2022, which provides clarification guidance on several of its recent statements, including GASB Statement No. 87 *Leases* and GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*. The requirements related to leases, PPPs, and SBITAs were effective for Fiscal Year 2023. The requirements related to **financial guarantees** and the **classification and reporting of derivative instruments** within the scope of Statement 53 are effective for Fiscal Year 2024.

What Is a Financial Guarantee?

The easily searched definition of a financial guarantee is “an agreement that guarantees a debt will be repaid to a lender by another party if the borrower defaults.” This situation is like a college student buying their first car with a parent to cosign. A guarantor and a cosigner are not the same thing, but are similar. A college student might not have the income history or credit to buy a car themselves without an extremely high interest rate, but adding a parent to the loan makes the transaction possible. Similarly, some governments agree to guarantee the debt for other governments or private parties.

GASB Statement No. 99 (Cont.)

Why Do Governments Provide Guarantees?

There are a variety of reasons that a government may offer financial guarantees. Some governments, such as finance authorities, are created for the sole purpose of issuing debt for other governments or helping other governments issue debt. Providing guarantees may be a part of their normal business. Some higher-level governments (state agencies or counties) may help lower-level governments to issue debt to provide services for common constituencies. A guarantee from a higher-level government may help secure more favorable terms and some governments guarantee debt for private parties as part of an economic development initiative.

Why Are Financial Guarantees Included in the 2022 Omnibus?

GASB issued Statement No. 70 in 2014, which focused entirely on nonexchange financial guarantees - which were much more prevalent than exchange or exchange-like guarantees covered under GASB No. 99. The GASB was concerned that the revenue recognition aspect of exchange or exchange-like financial guarantees made them much more complicated, and hoped that the looming revenue recognition project may take care of the revenue recognition issue; financial instruments are currently scoped out of the revenue and expense recognition project.

GASB Statement No. 99 (Cont.)

Why Are Financial Guarantees Included in the 2022 Omnibus? (cont.)

After several years, the GASB noted some indications that governments were engineering financial guarantees to meet the “exchange-like” criterion, which would allow them to apply the perceived more favorable threshold of “probable.”

“Exchange-like” is subjective and requires judgement. How does one determine the fair value of a financial guarantee? Some governments were charging nominal fees to provide guarantees, passing them off as exchange-like and then not stressing about recognizing indemnification liabilities. Therefore the GASB addressed this unintended consequence.

What Does the 2022 Omnibus Prescribe About Exchange or Exchange-like Financial Guarantees?

If the GASB had intended to make substantial changes, the Omnibus would not have been the place to address the issue. The six paragraphs related to financial guarantees in GASB No. 99 is a long way to say that governments who provide exchange or exchange-like financial guarantees should provide the same guidance from GASB No. 70.

GASB Statement No. 99 - Effective FY 2024

What is a derivative instrument?

Derivatives are financial instruments that derive their value from an underlying asset, index, or reference rate. Examples of derivatives include futures contracts, options contracts, swaps, and forward contracts. Derivative instruments that are within the scope of Statement 53, but do not meet the definition of an investment derivative instrument or the definition of a hedging derivative instrument are considered other derivative instruments. These “other derivative instruments” should now be accounted for as follows:

- Changes in fair value should be reported on the “resource flows statement” separately from the investment revenue classification.
- Information should be disclosed in the notes to financial statements separately from hedging instruments and investment derivative instruments.
- Governments should disclose the fair values of derivative instruments that were reclassified from hedging derivative instruments to other derivative instruments.

***Statement No. 100,
Accounting Changes and
Error Corrections—an
amendment of GASB
Statement No. 62***

GASB Statement No. 100 - Effective FY 2024

- Three types of accounting changes:
 - Changes in accounting principles (reported retroactively - restate **prior** period beginning balances).
 - Changes in accounting estimates (reported prospectively - recognize change in **current** period).
 - Changes to or within the financial reporting entity (adjust beginning balances of **current** period - no prior period restatement).
- Error correction (reported retroactively - restate **prior** period beginning balances).
- Information to be collected on Exhibit PPA.

GASB Statement No. 100

REQUIRED DISCLOSURES:

- Changes in accounting principles:
 - Nature of change (identify financial statement line items that changed) and rationale for adoption (if a new pronouncement, then identify adoption).
 - For comparative financials, rationale if prior periods are not restated.
- Changes in accounting estimates (required if significant):
 - Nature of change (identify financial statement line items that changed).
 - Rationale for change in measurement methodology, if applicable.

GASB Statement No. 100

REQUIRED DISCLOSURES:

- Changes to or within the financial reporting entity:
 - Nature and rationale for change (quantitative changes to major funds excluded).
 - Effects on beginning net position and/or fund balance.
- Error Correction:
 - Nature of error and its correction (identify the periods affected and the financial statement line items that were affected).
 - Effect on the prior period's change in net position and/or fund balance.
 - Effect on the current period's beginning net position and/or fund balance.

GASB Implementation Guides 2021-1 & 2023-1

GASB Implementation Guides

IMPLEMENTATION GUIDE 2021-1

- The following question is effective in Fiscal Year 2024: Question 5.1 (capitalization of assets in the aggregate).

IMPLEMENTATION GUIDE 2023-1

- Questions 4.1-4.9 and 5.1 (Leases and SBITAs) and Question 4.10 (Accounting Changes and Error Corrections) are effective for Fiscal Year 2024.

DEPARTMENTS SHOULD REVIEW THE CONTENTS OF EACH IG AND APPLY THE PROVISIONS, AS APPROPRIATE. REACH OUT TO THE OSC WITH QUESTIONS OR CONCERNS.

GASB Part II

GASB Pronouncements Effective for Future Fiscal Years

FY 2025

- GASB Statement No. **101** - *Compensated Absences*
- GASB Statement No. **102** - *Certain Risk Disclosures*

***Statement No. 101,
Compensated Absences***

GASB Statement No. 101 - Effective FY 2025

- Examples of compensated absences: vacation leave, sick leave, paid time off (PTO), holidays (floating), parental leave, military leave, bereavement leave, and certain types of sabbatical leave.
- Liability for compensated absences recognized for:
 - (1) Leave that has not been used and
 - (2) leave that has been used but not yet paid in cash or settled through noncash means.
- Liability for compensated absences that are dependent upon occurrence of a sporadic event that affects a small portion of employees (parental leave, military leave, and jury duty leave) should not be recognized until leave commences.

GASB Statement No. 101

- Recognize a liability for leave that has not been used if:
 - The leave is attributable to services already rendered,
 - The leave accumulates, **and**
 - The leave is more likely than not (>50%) to be used for time off or otherwise paid in cash or settled through noncash means.
- Relevant factors in determining if leave will be used:
 - Government's employment policies related to compensated absences.
 - Whether leave that has been earned is, or will become, eligible for use or payment.
 - Historical information about the use, payment, or forfeiture of compensated absences.
 - Information known to the government that would indicate historical information may not be representative of future trends or patterns.

***Statement No. 102,
Certain Risk Disclosures***

GASB Statement No. 102 - Effective FY 2025

BACKGROUND

Governments are exposed to numerous risks that may limit their ability to acquire resources or control spending, such as a property tax base heavily reliant on a single commercial property owner, a workforce belonging to a single collective bargaining unit, or a college's ability to issue debt to fund capital construction may be limited by a cap on outstanding debt. Such circumstances may be well-known to those charged with governance and within management, but not widely understood by other stakeholders. Such concerns led to the GASB issuing GASB No. 102.

KEY CONSIDERATIONS

The scope of GASB 102 is limited to risks arising due to certain **concentrations** or **constraints**.

GASB 102 defines a **concentration** as a lack of diversity related to an aspect of a significant inflow of resources or outflows of resources (i.e., revenue and expense). A **constraint** is a limitation that is imposed by an external party or by a formal action of a government's highest level of decision-making authority.

GASB Statement No. 102 (cont.)

KEY CONSIDERATIONS (cont.)

Governments should disclose a concentration or constraint if it is:

1. *Known to the government* prior to the issuance of the financial statements.
2. The concentration or constraint *makes the reporting unit vulnerable* to a risk of a substantial impact.
3. An *event or events* associated with the concentration or constraint that could cause a substantial impact has occurred, begun to occur, or more likely than not to *occur within 12 months of the date the financial statements are issued*.

If a government takes steps to address the risk presented by the concentration or constraint prior to the issuance of the financial statements, and such steps are successful to the point any of the three criteria listed in the previous paragraph are no longer met, then disclosure is no longer necessary.

GASB Statement No. 102 (cont.)

DISCLOSURE REQUIREMENTS

Governments should include in the notes to the financial statements the:

- A. A description of the concentration or constraint.
- B. Each associated event that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- C. Actions taken by the government prior to issuance of the financial statements to mitigate the risk. Information provided should be sufficient to allow for users to understand the nature of the circumstances and the government's vulnerability to the risk.

For government's presenting comparative financial statements, the reporting requirements apply only to the current period. Efforts should be taken to supplement the note disclosures and not to duplicate what is already disclosed. Disclosure should occur at the reporting unit level; risks involving multiple reporting units should be disclosed in a combined fashion to avoid duplication.

GASB Statement No. 102 (cont.)

EXAMPLES

Background: County X, with a June 30, 2025 fiscal year-end, was notified on July 24, 2025 that the County's largest property taxpayer, XYZ Corporation, will cease operations by the end of Dec. 2025. XYZ Corporation most recently paid 25% of the County's property tax collections. Given the specialized configuration of the facilities, it is unlikely another entity will acquire or occupy the property. The County's financial statements are expected to be issued in September 2025.

Analysis: County X should include a disclosure in its June 30, 2025 financial statements. The concentration of property tax revenue with XYZ Corporation is known prior to the issuance of the financial statements. The decrease in property tax revenue is likely to have a substantial impact and to occur within 12 months of the financial statements being issued.

GASB Statement No. 102 (cont.)

EXAMPLES (cont.)

Background: Hospital X, with a June 30, 2025 fiscal year-end, is currently negotiating with the National Nurses United, a labor union which effectively represents all the Hospital's nursing staff. Despite months of negotiations, no progress has been made towards a new collective bargaining agreement (CBA). The current CBA expires on Dec. 31, 2025. The Hospital's financial statements are to be issued no later than Dec. 15, 2025.

Analysis: Hospital X should include a disclosure in its financial statements. The hospital nursing staff belonging to the same CBA represents a known concentration. The possibility of the Hospital's nursing staff walking out if no new agreement is reached by Dec. 31, 2025 would have a substantial impact on the hospital's ability to operate and provide services. Given the fact that no progress has been made toward a new CBA, a potential work stoppage is more likely than not to occur within 12 months of the date the financial statements are issued.

GASB Statement No. 102 (cont.)

EXAMPLES (cont.)

Background: College X, with a June 30, 2025 fiscal year-end, has experienced a recent surge in enrollment. The College's current instructional facilities cannot accommodate the current needs. As a result, the College's administration approved a \$50 million expansion plan to acquire the instructional facilities of a nearby recently closed private university. The acquisition is to be funded by general obligation debt. As of June 30, 2025 the College has reached its cap on outstanding debt and is prohibited under state law from issuing additional debt. With no other available funding sources, the College will need to halt admissions and reduce its class offerings, thereby restricting tuition and fee revenue. During the recent state legislative session, a bill was introduced to increase the College's debt cap by \$250 million. On Dec. 15, 2025, the bill passed and was signed into law. The College's financial statements are expected to be issued on Dec. 31, 2025.

Analysis: The debt cap presented a constraint that made College X vulnerable to the risk of a substantial impact due to the inability to provide adequate instructional facilities. The passage of legislation increasing the debt cap to accommodate the issuance of the necessary debt represents a mitigating factor that eliminates the constraint prior to the issuance of the financial statements. As such, no risk disclosure is considered necessary in the financial statements.

GASB Current Projects

- Financial Reporting Model (Final Statement - June 2024)
- Classification of Nonfinancial Assets (Final Statement - September 2024)
- Infrastructure Assets (Preliminary Views - September 2024)
- Subsequent Events (Exposure Draft - December 2024)
- Going Concern Uncertainties & Severe Financial Stress (Preliminary Views - December 2024)
- Revenue and Expense Recognition (Exposure Draft - March 2025)

Post-closing Accounting Adjustments

Fiscal Year 2024 Financial Reporting Cycle

- **August 5th, 2024** - represents the statutory closing deadline and the close of APD13 (official books of the state shall be closed 35 days after the end of the fiscal year). Entries submitted after this date are considered post-closing accounting transactions. FY 2023 was the 9th straight year of the statutory non-compliance finding.
- **August 9th, 2024** - represents the close of APD14, which is the OSC's period close.
- **August 26th, 2024** - represents the statutory deadline for departments and institutions of higher education to submit their financial statements to the OSC for approval. However, statute grants the state controller the authority to extend this deadline for up to 20 days.
- **September 20th, 2024** - represents the statutory deadline for OSC's submission of the Basic Financial Statements, and the close of APD15.
- **December 13th, 2024** - PLANNED opinion date and completion of the FY 2024 ACFR per OSC/OSA agreement in the Engagement Letter; close of APD16 (period of audit).
- February 2nd, 2024 - ACTUAL opinion date and completion of the FY 2023 ACFR; close of APD16.

Department-submitted Post-closing Accounting Adjustments for FY 2023

Non-standard Adjustments	4,444,574,648.67
IHE YE Budget Entry	9,424,819,552.40
IHE Pension/OPEB	792,945,273.45
CU Blended Comp Unit	127,788,817.00
New Accounting Standard	214,173,504.79
Bud. Entry; No F/S Impact	639,983,363.63
NP Reclassification	554,197,403.08
Grand Total	16,198,482,563.02

The Fiscal Procedures Manual authorizes certain post-closing accounting entries, such as pension/OPEB, CU Blended Component Unit, higher education budget entry, Medicaid deferral, and entries to implement year 1 of a new GASB standard, and several other entries needed to prepare the financial statements for presentation. These entries CANNOT be made prior to the 35-day statutory deadline.

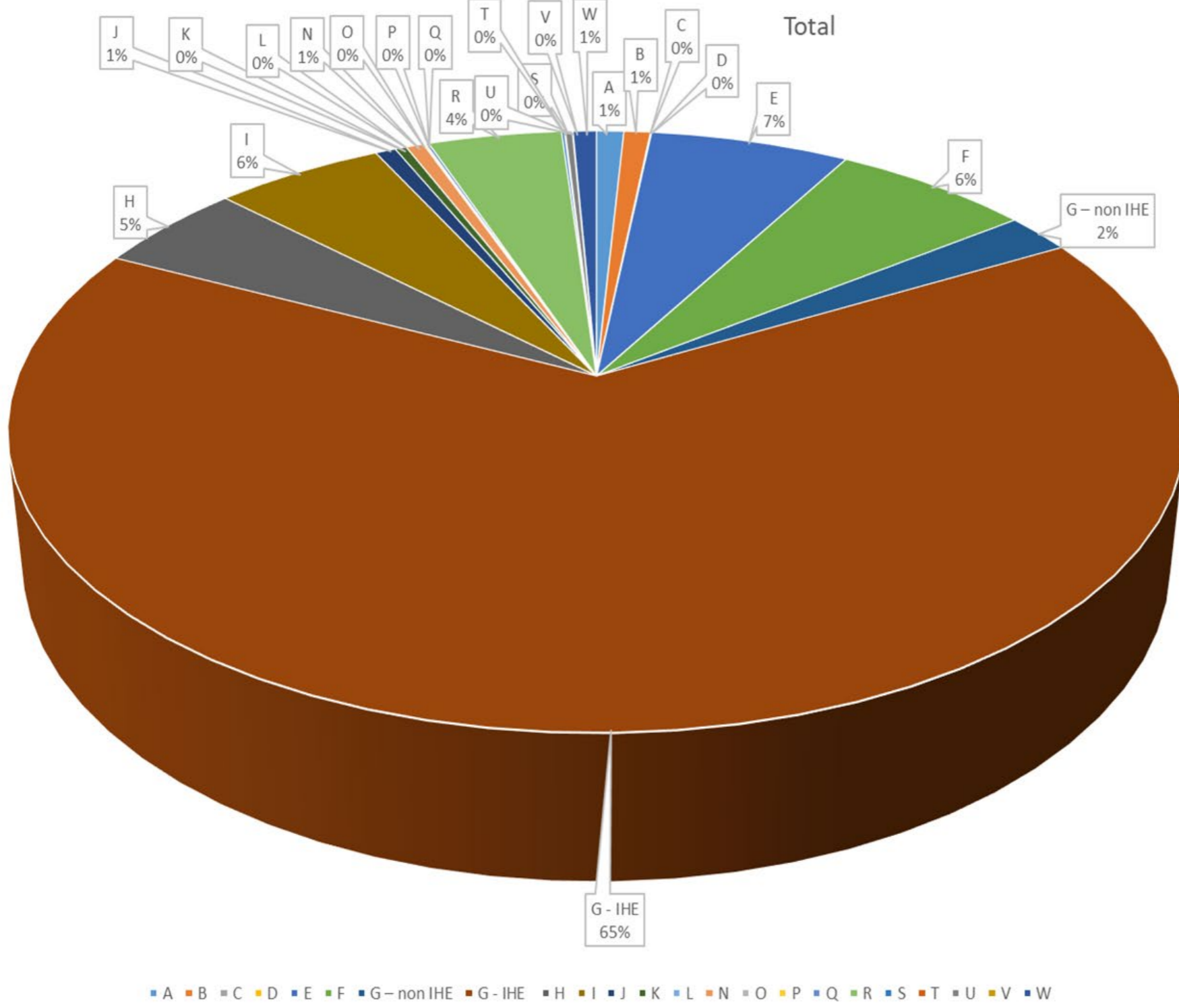
Key take-away: Departments and institutions of higher education submitted nearly \$16.2 billion in post-closing accounting entries after APD13.

- **Total post-closing accounting adjustments authorized by the OSC as per Chapter 1, Section 2 of the Fiscal Procedures Manual: \$10,559,727,147.64 or \$10.56 billion.**
- **Of the \$16.2 billion in post-closing adjustments, \$13.3 billion (82.14%) were posted by institutions of higher education.**
- **One non-standard \$640.0 million entry in APD14 related to a change in appropriation units, and had no financial statement impact.**
- **One financial presentation entry in APD15 for \$554.1 million was to reclassify net position related to the calculation of Net Investment in Capital Assets for the transportation enterprises.**
- **Departments (\$848.5 million) and institutions of higher education (\$1.9 billion) posted more than \$2.7 billion in non-standard accounting entries in APD15.**
- **Departments (\$353.5 million) and institutions of higher education (\$530.9 million) posted more than \$884.4 million in non-standard accounting entries in APD16.**

Key take-away: Of the \$16.2 billion in non-standard accounting entries, \$4.4 billion were audit adjustments or error corrections.

The following table breaks down the non-standard post-closing adjustments of \$4.4 billion noted above:

Cabinet	APD14	APD15	APD16	Total
A	6,304,789.10	32,726,962.49	774,725.51	39,806,477.10
B	432.00	221,881.44	38,441,214.02	38,663,527.46
C	222,604.59	55,683.92		278,288.51
D	1,055,121.36	18,023.73	203,903.00	1,277,048.09
E	1,481,730.09	273,366,628.13	15,804,074.45	290,652,432.67
F	7,532,777.19	190,458,338.50	90,674,616.56	288,665,732.25
G – non IHE	18,127,934.97	45,587,027.31	32,184,118.90	95,899,081.18
G - IHE	496,868,770.53	1,870,600,000.85	530,865,189.84	2,899,333,961.22
H	16,720,297.49	74,976,074.24	125,771,729.01	217,468,100.74
I	208,080,206.93	37,447,000.92	809,496.33	246,336,704.18
J	66,991.74	29,834,453.21	485.00	29,901,929.95
K	15,074,828.97	1,500,844.74		16,575,673.71
L		248,427.00		248,427.00
N	9,990,241.39	11,031,348.55	4,641,341.00	25,662,930.94
O	997.44	359,423.08	331,448.00	691,868.52
P	1,617,009.57	52,743.12	1,023,010.09	2,692,762.78
Q	1,762,853.81	1,819,946.96	1,041,101.21	4,623,901.98
R	49,969,546.35	136,607,135.49	8,411,364.82	194,988,046.66
S		4,090,396.00		4,090,396.00
T	979,868.98		387,491.75	1,367,360.73
U	5,224,550.31	2,944,468.29	2,146,370.77	10,315,389.37
V		874,411.85		874,411.85
W	6,333.81	3,235,356.97	30,918,505.00	34,160,195.78
Total	841,087,886.62	2,719,056,576.79	884,430,185.26	4,444,574,648.67



Cabinet Total (thousands)

A	\$ 39,806
B	38,664
C	278
D	1,277
E	290,652
F	288,666
G	95,899
IHE	2,899,334
H	217,468
I	246,337
J	29,902
K	16,576
L	248
N	25,663
O	692
P	2,693
Q	4,624
R	194,988
S	4,090
T	1,367
U	10,315
V	874
W	34,160
Total	\$4,444,573

Key take-away: Of the \$4.4 billion in non-standard entries, \$2.9 billion were from IHEs.

Post-closing Accounting Adjustments Next Steps

- Meet with each individual departmental controllers to go over the non-standard entries, and determine the challenges departments face in closing the books and the reasons for the significant number of post-closing adjustments.
- Meet with institutions of higher education to get a better understanding their closing process, and as with departmental controllers, understand their challenges and reasons for the high number of post-closing transactions.
- Perform similar analysis of post-closing entries for Fiscal Year 2021 & 2022 to identify trends and patterns.

Questions?



Links to the Open/Close training slides and the evaluation form are available on the Fiscal Rule and Procedures website:

<https://osc.colorado.gov/financial-operations/fiscal-rules-procedures>

Send detailed questions on either of the open/close training sessions to:
dpa_FARmailbox@state.co.us



Thank you!

Presented by:
Office of the State Controller