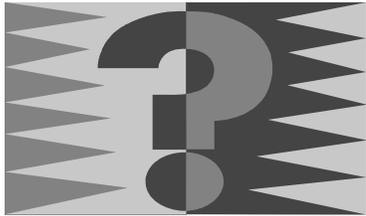


Opening & Closing the Books 101
& More



1

Questions?????



2

A Word from the State Controller



3

Agenda

- Available Resources
- Closing the Books
 - ◆ Calendar, Financial Statements & Exhibits, diagnostic reports etc.
 - ◆ Special situations – transfers & overexpenditures, roll forwards, capital assets, paydate shift
- Opening the Books
- Other Items
 - ◆ Quarterly Reporting, TABOR, Cash Reserves, Loans, Capital Construction, Bank Accounts, Security, Debt, OSC Reports

4

Who are we and where are we?

- FAST is the Field Accounting Services Team
- We are located in this building on the 15th floor
- In the Office of the State Controller
- CAOS, Contracting, R&A, Central Payroll

5

Lynn Gabenski 303-866-2626

- Public Health & Environment
 - Community Colleges
 - Labor & Employment
 - Law
 - Legislative Branch
 - Local Affairs
 - Secretary of State

6

Tom Gamache 303-866-3890

- Historical Society
- Ft. Lewis College
- Western State College
- Adams State College
- Mesa State College
 - Judicial
 - Military Affairs
- Regulatory Agencies

7

Susan Meade 303-866-4161

- Education
 - DHE/CCHE/Private Occupation Education
 - College Assist
 - CSU
 - College Invest
 - Transportation
- Natural Resources

8

Tammy Nelson 303-866-3891

- DPA
- Governor's Office
 - UNC
 - AHEC
- Metro State College
 - Human Services
- Health Care Policy & Financing

9

Trinka Mullin 303-866-4162

- Agriculture
- Corrections
- CUSystem
 - Mines
- Public Safety
- Revenue
- Treasury

10

Brenda Shelinbarger
303-866-4165

- Long Bill Coding
- New Appropriation Coding
- Capital Construction
 - Bill Review
- Loans & Advances

11

Resources

•Executive

- Alphabetical Index on the Office of the State Controller's website (www.colorado.gov/dpa/dfp/sco)
- Comprehensive Annual Financial Report (CAFR)
- Chart of Accounts – Definitions
- Contact List – Agencies Controller List
- Exhibit Form – Reporting and Analysis Exhibits for CAFR
- Expenditure Object Codes Definitions

12

Resources

- FAST Agency Assignments
- Financial Data Warehouse
- Forms (i.e. COFRS Security)
- Payroll Links and Forms
- Vendor File Tips
- Authoritative Guidance
 - ◆ 1099 Information
 - ◆ Alerts
 - ◆ Capital Construction Accounting Guidelines
 - ◆ Health Insurance Portability and Accountability Act
 - ◆ Security Policy for Access to State Financial Systems
 - ◆ Tax Guide for Settlement Awards

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Executive Branch

- Office of State Planning and Budget (OSPB)
 - ◆ (http://www.state.co.us/gov_dir/govnr_dir/ospb/staff.html)
- Approves all appropriation transfers
- Approves all overexpenditures
- Approves all loans

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Legislative

- General Assembly (www.leg.state.co.us)
 - ◆ Audio Broadcasts of Current Proceedings
 - ◆ Bill (House & Senate, current & past)
 - ◆ Joint Budget Committee (JBC)
 - ◆ Capital Development Committee (CDC)
 - ◆ Office of the State Auditor (OSA)
 - ◆ Colorado Statute (C.R.S.) locator

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■ Federal

- Catalog of Federal Domestic Assistance (CFDA) listing
 - (<http://12.46.245.173/cfda/cfda.html>)
- Office of Management and Budget (OMB) Circulars
 - (<http://whitehouse.gov/omb/circulars/>)
- Implementation Guide for Circular A-87
 - (<http://rates.psc.gov/fms/dca/asmb%20c-10.pdf>)
- Debarment & Suspension Site (www.epls.gov)
- Superintendent of Documents
 - (www.gpoaccess.gov/index/html)

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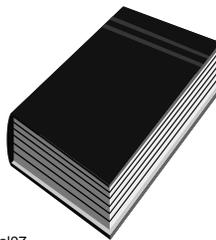
Other resources

- The American Institute of Certified Public Accountants (<http://www.aicpa.org>)
- Colorado State Society of CPA's (<http://www.cocpa.org/>)
- Governmental Accounting Standards Board (GASB) (www.gasb.org/)

17

Fiscal Procedures Manual

- Audit Risk Letter
- Highlights
- Checklist
- Calendar
 - ◆ Standard Font = Opening
 - ◆ *Italic Font* = Closing
- Appendices
 - ◆ Website:
(http://www.colorado.gov/dpa/dfp/sco/FiscalProcedures/Cur/manual07_08.htm)
 - ◆ Index



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If we go too fast, let us know!

**Closing the Books –
What’s Different?**

- NOT BUSINESS AS USUAL!
- Limited transactions available
- Transactions may be recorded differently
- Review and correct accounting records
- Closing entries



Closing the Books

- FPM Chapter 3, Section 3
- Key dates - ***what applies to you?***
- Monitor calendar for important events
 - ◆ Use the checklist or make one of your own
 - ◆ Department calendar – assign duties and disseminate information
 - ◆ Meet regularly to monitor progress



Expiring Warrants – May 31, June 20

- Expired Warrants Table EXPW
 - ◆ Chapter 3: Section 3.23
- Request to cancel or reissue by June 20
- Clearing Balance Sheet Account (#2751)
- Reissuing Expired Warrants
 - ◆ Chapter 6
 - ◆ Contact Christy Stein 303-866-2126
 - ◆ Christy.stein@state.co.us



22

Calendar Close -- June 30 Last Day for Certain Transactions

- Petty cash and change fund physical counts
- Fixed asset inventory – furn/equip (ch3:sec3.11)
 - ◆ COFRS Inventory Module (ch3:sec3.14)
 - ◆ Freeze inventory—begin by June 24 (3 days)
 - ◆ Post inventory counts by June 30
- Consumable inventory (ch3:sec3.14)



23

Cash Receipts



- All cash and checks must be at Treasury by 2:00pm on June 30th (CH 3:sec3.12) - if not, they are FY09 deposits.
- Outside bank accounts balances or agency deposits must be credited to the Treasury operating account by Monday, June 30th - if not, they are FY09 deposits.
- FY08 CR documents can be sent to the Treasury through Thursday, July 10th, as long as the money was physically in the Treasury's bank account by June 30th.
- Help us record your deposits on COFRS – always put a contact person and phone number on your CR documents.
- CR documents must be approved by the Agency (level 3) by July 10.

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HELP TREASURY GIVE YOU MONEY



- Call Leslie Sloss at 303-866-5649 if you expect money.
- Where does your money come from? Give the Treasury a list of people and PIN #'s.
- Put your COFRS agency code on your ACH request. Make sure that those who send you money by direct deposit put your 3 letter agency designation and a contact name & phone number in the reference/description fields. If they spell out the full agency name, it may be truncated on the advice and Treasury may only see Colorado Department of..... Not real helpful.

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CASH DISBURSEMENTS



- All ACH requests for monies leaving the Treasury's operating account must be received by the Treasury by 11:00am on Friday, June 27th. If not, the disbursement will be recorded in FY09.

26

Period 12 June 1-- July 11

- Process June activity as usual PLUS
- Watch your dates - on July 1, two fiscal years are open, FY08 transactions must have June 30 date
- Daily review of documents (SUSF) starts July 1
- Daily review of EAP05R & EAP12R starts July 1
 - ◆ Unscheduled Payment Turnaround Report
 - ◆ Unscheduled EFT Turnaround Report
 - ◆ On Document Direct

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Period 12 Close -- July 11

- Last date for certain transactions
 - ◆ (Ch 3)
 - ◆ CR, IT, PB, Purchasing documents (POs, OEs), PV
- Daily review of documents (SUSF)
- Target date to clear default and clearing accounts
 - ◆ Undistributed charges
 - ◆ Undistributed receipts/return checks
 - ◆ Cancelled warrants prior year
- Encumbrances roll/lapse (Ch 1: Sec 4.4)

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Interagency Transactions - IT

- COMMUNICATE
- DO IT NOW
- IT Document is / is not
- Submit invoice timely
- Monitor dates
 - ◆ Initiate by July 3rd
 - ◆ Higher Ed processing ends July 8th
 - ◆ Document processing ends July 11th



29

PERIOD 13 OPENS

- IT transaction deadline passed and you realize you have an a/r or an a/p transaction with another state agency
- Billings from DPA not received in Period 12

OH NO - WHAT TO DO?????

30

Interagency Transactions - JV

- Recording transactions after July 11
 - ◆ Use journal voucher (JV)
 - ◆ Record receivable/payable
 - + inter vs. intra fund (CH 3: Sec 3.17)
- DPA billings
 - ◆ Estimate procedure (CH 3: Sec 5.37, general #7-11)
- Confirmation form (CH 3, Sec 5 -sample on last page)
- Process outlined under "GENERAL INSTRUCTIONS"
 - ◆ Seller initiates (except CU)
 - ◆ Communicate to other agency
 - ◆ Only for amounts over \$1,000
 - ◆ Finalize with other agency by July 22
 - ◆ Form due August 1 to Reporting and Analysis section of the OSC at R&A@state.co.us
- Disagreements – process (CH 3: sec 5.37, General Inst, #5) ³¹



Transfer Codes

- Every transfer has an object and revenue code
- Two broad types beginning with either an A or an E
- Either understand the smart coding behind the transfers or avoid the brain damage and just run your finger down the pages until you find the right one

32

Smart Coding (Page 101-105)

- The first digit is A or E for Intra or Inter
- The second is for the kind of transfer
- The third is the department either paying or receiving
- The fourth is unique, to identify a particular transfer



33

Diagnostic Reports 7/14 – 8/1

■ **Review Daily!!!**

- Abnormal Balance DOACABN1
 - ◆ Errors on account balance or account/fund
- Unchanged Balances DOACUCH1
 - ◆ Same balance as last year
- Transfer Balances DOACXFR1
 - ◆ Intrafund and Interfund activity

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Diagnostic Reports 7/14 – 8/1

- Annotations Report DOACANN1,2
 - ◆ Measures compliance with long bill revenue source
- Budget to Actual DOACOEX1X, 2X, 3X, L1
 - ◆ Allocates expenditures
 - ◆ (Over)/Under expenditures
 - ◆ (Over)/Under earned revenue
 - ◆ Be Aware of general exempt allocation
- Matching Object Codes GOV/GFAAG
 - ◆ Reconcile purchases to capitalization

35

Period 13 Agency Close – July 30

- Last Day for JV, EB, and RB transactions
- Last day to review documents (SUSF)
- Last Day for... and hopefully not first time seen
 - ◆ Accounts payable accruals (CH 3: Sec 3.2)
 - Estimates
 - 1099 issues
 - Clear by 9/30
 - ◆ Depreciation – Accumulated, current year
 - Chapter 9

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Period 13 Agency Close – July 30 (Continued)

- ◆ Revenue accruals (CH 3: Sec 3.1.2)
- ◆ Accounts receivable accruals, allowance and write-off (CH 3: Sec 3.3 - 3.6)
- ◆ Augmenting Revenue (CH 3: Sec 3.9)
- ◆ Compensated absence accrual (CH 3: Sec 3.13)
- ◆ Transfers balanced (CH 3: Sec 3.17)
- ◆ Clearing accounts (CH 3: Sec 3.18)
- ◆ Review revenue and expenditure codes for correct booking

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Period 13 Final Close – August 1

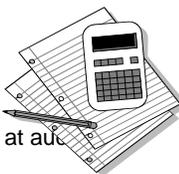
- Only JA, JS, AP, and TA transactions are available
- Sweep Entries (CH 3: Sec 3.16)
- Last chance to review Diagnostics
 - ◆ CH 3: Sec 3.21
 - ◆ If you see anything wrong, call your FAST member 
 - ◆ Available in Document Direct and the Financial Data Warehouse (FDW = DAILY Reports)
 - ◆ FDW reports with a run date of 8/2/07 will be finals for period 13 (FY08). They will contain information through Friday, 8/1/08. Report run on 8/5/08 will contain Aug 4th data and will be the first reports for FY09
 - ◆ Avoid need to prepare Exhibit H



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Financial Statements

- Chapter 3, Section 4
- Fiscal rule 8-1
- MCR01R & MCR02R
- August 29
 - ◆ Exhibit I
 - ◆ Exhibit J
- MD&A due September 19
- Management Rep Letter due at audit completion



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Exhibits

- Chapter 3, Section 5
- Exhibit listing (CH 3: Sec. 5.1)
- Purpose--to provide information for CAFR footnotes
- Know who is responsible in your organization
- Submit to Reporting and Analysis section of the OSC (R&A@state.co.us)
- Due August 13, except Exhibits I & J due August 29, and K due September 15



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Exhibits

- General Instructions:
 - ◆ Instructions for each exhibit
 - ◆ Block for Email address of preparer
 - ◆ Use Exhibit Reconciling Balances Report
 - ◆ Electronic submission
 - ◆ This year more protection to aid in completion

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Exhibits



- A1 & A2 – TABOR changes and corrections
- B – Reporting for self-insured risk pools
- C – Changes in Long Term Liabilities
- D1 & D2 – Debt Service Requirements
- E1 – Revenue bond coverage
- **E2 – Sale of Future Revenue Streams**
- F1 & F2 – Leases
- G – Debt refunding and defeasance
- H – Post-closing entries (threshold change)

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Exhibits



- I – Controller certification
- J – Financial statement reconciliation
- K – Federal awards
- L – Contingent liabilities
- M – Custodial credit risk related to cash
- N1, N2, and N3 – Investments
 - ◆ Fair value
 - ◆ Credit quality of debt security
 - ◆ Interest rate and other risk disclosures

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Exhibits



- O – Related parties
- P – Major accounting estimates
- Q – Proprietary fund - noncash transactions (non HE only)
- R – Petty cash / change fund delegation
- S – Changes in short term financing

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Exhibits



- T – Segment reporting
- U1 & U2 – Other
- V – HE cash flow
- W1 & W2 – Changes in capital assets

45

Exhibits

- Y1 – OPEB Disclosures for Financial Statement and RSI notes
- Y2 – OPEB Plan Financial Statements and RSI schedules
- Y3 – OPEB Employer Reporting
- Y4 – OPEB Employer Required Supplementary Information Reporting

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Questions????



47

Other Close Issues – Transfers & Overexpenditures

(Chapter 3, Sect 1)

- Transfers
 - ◆ CRS 24-75-107.5: Cash to cash exempt (anytime)
 - ◆ CRS 24-75-108: Between like items (after May 1)
 - ◆ Utility Transfers (after May 1)
- Dollar thresholds apply
 - ◆ \$2,000,000 for like item transfers for statewide
 - ◆ \$1,000,000 for judicial transfers and overexpenditures combined

48

Other Close Issues – Transfers

(Chapter 3, Sect 1.1 & 1.2)

- Require OSPB approval
- Due Dates:
 - ◆ Request Forms
 - ✦ as soon as possible but not later than July 22
 - ◆ Final signature
 - ✦ August 4
- Footnote transfer authority NOT included

49

Other Close Issues– Overexpenditures

(Chapter 3, Sect 1.3)

- Overexpenditures
 - ◆ Can request after May 1
- Dollar thresholds apply
 - ◆ \$1,000,000 for overexpenditures statewide
 - ◆ Unlimited for Medicaid programs
 - ◆ \$1,000,000 for DHS other than Medicaid

50

Other Close Issues– Overexpenditures

(Chapter 3, Sect 1)

- Consequences:
 - ◆ Budget restricted in following year
 - ◆ If approved may release warrants to vendors, if not must hold for legislative action to release
- Require OSPB & State Controller approval – will approve or disapprove by July 25
- Due Dates:
 - ◆ Forms - ASAP but not later than July 22
 - ◆ Final signature – August 4

51

Transfers - Summarized

Type	CRS	Limit
Medicaid	24-75-106	Unlimited
Cash to Cash Exempt	24-75-107.5	Unlimited
Utilities/Operating	24-75-108(3)(b)	Unlimited
Non-Medicaid & Non-Utilities	24-75-108(8)	\$2,000,000
Judicial	24-75-110	\$1,000,000 (T + OE)

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Overexpenditures - Summarized

Type	CRS	Limit
Medicaid	24-75-109(a)	Unlimited
Human Services, Non-Medicaid	24-75-109(b)	\$1,000,000
Remainder of State	24-75-109(c)	\$1,000,000
Judicial	24-75-110	\$1,000,000 (T + OE)

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Other Close Issues— Rollforwards (non-capital construction)

- Rollforwards (Chapter 3, Section 2)
 - ◆ Express Legislative intent
 - ◆ Valid encumbrance plus extenuating circumstances
 - ◆ Colorado Correctional Industries
- Not to be used to spend remaining dollars
- If between state agencies, BOTH must apply for the rollforward
- Deadline to submit request July 11
 - ◆ SCO target to approve by August 8

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QUESTIONS?

55

Other Close Issues –
Full Accrual vs. Modified Accrual

- The government-wide statements are on the FULL ACCRUAL basis –
 - ◆ Government as a whole
 - ◆ Includes all revenues, expenditures
 - ◆ Current and long-term assets/liabilities (including capital assets, depreciation and long-term debt)

56

Other Close Issues –
Full Accrual vs. Modified Accrual

- Governmental fund statements are on the modified accrual basis
 - ◆ Short-term view
 - ◆ Excludes capital assets, debt, and other long-term liabilities
 - ◆ Focus is on when cash will be received or disbursed and is well suited to showing amounts available for appropriation

57

Other Close Issues – Accounting for Capital Assets

- All governmental funds (except permanent trust funds) are required to account for and depreciate capital assets meeting the capitalization threshold in fund 471 in COFRS.
- All proprietary funds, including institutions of higher education, are required to account for and depreciate their capital assets in their respective funds.

58

Other Close Issues - What is a Capital Asset?

- Capital Assets are long-lived assets, owned by the state, held primarily for the use in an agency's operations and programs.
- Useful life greater than one year
- Must be capitalized if they meet cost thresholds as defined in the Fiscal Procedures Manual Chapter 9: Section 1.4.1

59

Other Close Issues – What is a Capital Asset?

- ◆ Land / land improvements
- ◆ Equipment
- ◆ Library books
- ◆ Works of art
- ◆ Historical treasures
- ◆ Infrastructure

60

Other Close Issues –
How does fund 471 work?

- Allows us to book entries to conform with accrual accounting for the government-wide statements
- Preserves original modified accrual accounting in the governmental funds.

61

Other Close Issues –
Accrual Entries Needed

Additional entries are needed in fund 471 for the following:

- Record capital assets
- Record depreciation of capital assets
- Record disposal of assets

62

Other Close Issues –
From Modified Accrual to Accrual

- You must use Fund 471 to do entries that convert modified accrual to full accrual
- Best to do when you do the modified accrual entry
- See Chapter 9, Section 1 for examples of how to do these entries

63

Other Close Issues – Example – Capital Purchase

You are the Department of Agriculture and you want to purchase a new building. You get a great deal at a mere \$1,000,000.



64

Other Close Issues – Debits on the Left Credits on the Right



Cash

65

Other Close Issues The Entries

Full Accrual

- Debit 1820 Buildings \$1,000,000
- Credit 1100 Cash \$1,000,000

Modified Accrual

- Debit 6110 Building Purchase \$1,000,000
- Credit 1100 Cash \$1,000,000

66

Other Close Issues Put Them in the Right Fund

Full Accrual – Fund 471

- Debit 1820 Buildings \$1,000,000
- Credit Something \$1,000,000

Modified Accrual – Fund 100

- Debit 6110 Building Purchase \$1,000,000
- Credit 1100 Cash \$1,000,000

67

Other Close Issues You've Got to Undo

Full Accrual – Fund 471

- DR: 1820 Buildings \$1,000,000
- ~~CR: 6110 Bldg Purch.~~ ~~\$1,000,000~~

Modified Accrual – Fund 100

- ~~DR: 6110 Bldg Purch.~~ ~~\$1,000,000~~
- CR: 1100 Cash \$1,000,000

68

Other Close Issues Depreciable and Non-depreciable

- Separate your fixed assets into Depreciable and Non-Depreciable
 - ◆ 1810 Depreciable Improvements to Land
 - ◆ 1815 Non-Depreciable Improvements to Land
 - ◆ 1855 Depreciable Art & Historical Treasures
 - ◆ 1857 Non-Depreciable Art & Historical Treasures

69

Are there any questions?



70

Other Close Issues

■ Capital Leases in Governmental Funds (Chapter 3, section 3.25)

Inception:

- ◆ Debit appropriate object codes (63XX or 64XX series) using type 24 to avoid budgetary impact. (Modified Accrual)
- ◆ Credit RSRC 7200 (blocked from the diagnostic reports but beware – it shows on COFRS (Modified Accrual)
- ◆ Use fund 471 to record capital asset and related lease liability (Accrual)

71

Capital Lease Inception Entry:

FUND	TYPE	DESCRIPTION	DR	CR
100	24	Capital Lease exp.	\$\$\$	
100	31	Future Lease pmts		\$\$\$
471	01	Asset	\$\$\$	
471	02	Liability		\$\$\$
471	31	Future lease pmts	\$\$\$	
471	24	Capital Lease exp.		\$\$\$

72

Other Close Issues

■ Capital Leases in Governmental Funds (Chapter 3, section 3.25)

Payment:

- ◆ Recognized as expenditures the year they are due (paid). (Modified Accrual)
- ◆ Use fund 471 to convert the payment to a reduction of lease liability (Accrual)

73

Capital Lease Payment Entry:

FUND	TYPE	DESCRIPTION	DR	CR
100	22	Capital Lease Principal	\$\$\$	
100	22	Capital Lease Interest	\$\$\$	
100	01	Cash		\$\$\$
471	02	Lease Payable	\$\$\$	
471	22	Capital Lease Principal		\$\$\$

74

Other Close Issues

■ Closing a fund (CH 3: Sec 3.26)

- ◆ If net assets, use object and revenue source codes for residual equity transfers or operating transfers
- ◆ Statutory fund closures should designate where remaining fund balance should go.
- ◆ If not, can't do anything until legislatively directed.

75

Other Close Issues
Pay Date Shift (CH 3: Sec 3.27)

- SB03-197 changed pay date for June payroll only to first working day in July
- Applies to all state employees regardless of funding source
- Includes monthly payroll and second bi-weekly payroll for June



Other Close Issues
Pay Date Shift

- Payroll (CPPS) posts as normal
- Departmental redistribution completed by July 9
- PB and AJ documents processed by July 9



Other Close Issues
Pay Date Shift

- Liability Entry
 - ◆ COFRS generate/reverse for most agencies
 - ◆ Community Colleges, AHEC, CDOT generate/reverse JA entry (CPPS users)
 - ◆ Non-CPPS record as of June 30, reverse July 1
- Clean up of payroll codes must be done before period 12, or during period 13
- Object codes – make sure they are all correct payroll codes.



Other Close Issues Pay Date Shift



- Payroll Expenditures
 - ◆ General funded portion only!
 - ◆ FY08 JV to change transaction type 24/22
 - ◆ FY09 Reversing entry
 - ✦ Type 24/22 posting must be reversed exactly in FY09 as posted in FY08
 - ◆ May move expenditure (type 22 side) entries as necessary
- DO NOT ADJUST THE TYPE 24 ENTRIES

79

Other Close Issues Federal Flexible Funds (Chapter 4, section 1.11)

- Expenditures must be finalized by July 25, 2008
- SCO will process transactions to:
 - ◆ Transfer unspent funds to Governor's Office
 - ◆ Return to the agency in FY 08-09

80

Other Close Issues Pass Through Grants

Federal Grants
Pass-thru to
Agencies

- 5770 Intrafund
- 5771 Interfund

State Grants to
State Agencies

- 5775 Intrafund
- 5776 Interfund

81

Questions????



82

Opening the Books

Budget Process (CH 2: Section 2)

- Agency budget due to OSPB August 1
- Draft budget due to the Legislature on November 1
- Long Bill introduced in late March
- Long Bill typically signed by the Governor in May/June
- Supplemental requests due to OSPB by December 1
- Supplemental bills approved in February/March



83

Opening the Books

– What's Most Important

Enter Budgeted amounts in COFRS

- Long Bill
- Non-Appropriated Activity

84

Opening the Books - Long Bill Booking

- 2nd Step in the Booking Process (CH 2: Section 2.4)
 - ◆ Agencies can delete, change, or add to shell AP transactions
 - ◆ Agency applies level 3 approval by June 16th
 - ◆ COFRS then generates a BDA17R report and applies level 4 approval
 - ◆ OSC applies level 5 approval
 - ◆ COFRS then generates a BDA18R report

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Opening the Books - Automated Long Bill Booking Process

- This can be used for AP transactions and EB documents
- This can be used for Appropriated and non-appropriated spending authority
- It runs from March 24 to June 30

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Opening the Books - AP Transactions

- Appropriation Transaction
 - ◆ Increases, decreases, or restricts spending authority
 - ◆ It's not an intuitive document – 2 pages
 - ◆ Header required fields
 - † Budget FY
 - † Fund
 - † Agency
 - † Organization
 - † Funding Source Code
 - † Spending Authority Indicator
 - † Total Amount, I/D
 - † APPR Amount(s), I/D

Opening the Books - AP Transactions

```

FUNCTION: DOCID: AP HAA 0700000100 04/13/07 04:39:33 PM
STATUS: ACCPT BAIID: APPROPRIATION INPUT SCREEN ORG:
FUND: 140 AGENCY: HAA ORGANIZATION:
APPROPRIATION DATE: 03 31 07 ACCOUNTING PRD: 09 07 BUDGET FY: 07
FUND: 140 AGENCY: HAA ORGANIZATION:
FUNDING SOURCE CODE: ARE FUND SOURCE DESC: OPERATING EXPENSES
SPENDING AUTHORITY INDICATOR: 03 HEADNOTE:
GEN EXEMPT DETAIL OPT: N CASH EXEMPT DETAIL OPT: N FEDERAL DETAIL OPT: N
CASH DETAIL OPT: Y
-----
          APPR AMOUNTS      I/D      B/A OPTION
          -----
TOTAL:                3,287      D
GENERAL:                0      I      R
GENERAL EXEMPT:        0      I      R
CASH:                  3,287      D
CASH EXEMPT:           0      I      R
FEDERAL:                0      I      R
-----
FUNCTION: DOCID: AP HAA 0700000100 04/13/07 04:39:39 PM
STATUS: ACCPT APER: REST GCF REVENUE ORG: 001-002 OF 002
ACT CODE RES/RP IND TYPE WK SOURCE APPROPRIATION NAME
-----
          AMOUNT      I/D      B/A OPT COMMENTS
-----
01- C                3,287      D      E      1000
02- C 020            3,287      D      E      AVIATION OPERATING EXPENSE
03-
    
```

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Opening the Books - Spending Authority Indicators

(FPM Appendix 3)

- SAI- The code used to indicate the source of the appropriation authority being recorded.
 - ◆ 01 - Long Bill
 - ◆ 02 - Special Bills - Legislative acts with appropriation clauses
 - ◆ 03 - Supplemental Bills

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Opening the Books - Spending Authority Indicators

- ◆ 04 - Custodial - Funds not generated by taxes which are given to the state that can be specifically identified and set aside, for which the state is to act as a custodian, and which are not available for the general use of the state.
 - ✦ Non appropriated and for a specific purpose
 - ✦ Custodial = private gifts, grants, or donations; court awards, and most federal funds
 - Illustration G
 - Grant Awards
 - Recording estimates
 - Carryforwards (Ch 2: Section 2)

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Opening the Books - Spending Authority Indicators

- ◆ 05 - Roll forwards
- ◆ 06 - Capital construction reversions
- ◆ 07 - Transfers - POTS distributions, routine sub-allocations and \$0 APs
- ◆ 08 - Capital construction carry forwards
- ◆ 09 is a DO NOT USE
- ◆ 10 - Statutory authority based upon substantive statute (C.R.S. #)
- ◆ 11 - Inferred or duplicative authority
- ◆ 12 - Statutory transfers (CRS 24-75-107.5-110)

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Opening the Books - Spending Authority Indicators

(FPM Appendix 3)

Appropriated
(SAI - 01, 02, 03)

- Agency = alpha
- Fund Source = alpha
- Line = numeric
- APPR Code = agency defined

Non-Appropriated
(SAI - 04, 10, 11)

- Agency = alpha
- Fund Source = numeric
- Line = alpha/numeric
- APPR Code = agency defined

95

Opening the Books - \$0 AP Transactions (Ch 2: Section 2)

- Header portion has no dollars
- There are no attachments
- Send an E-mail to FAST with the AP number(s) to be approved
- If applicable, provide the appropriate information for FAST to approve the APP2
- No paper copy has to be submitted to OSC, FAST will print these

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Opening the Books - Miscellaneous APP2/AP Items

- APP2 table entries since March 24, 2008
- Booking Rollforwards
- Full Appropriation Control is turned on – 8/1808
- Transaction Dating
 - ◆ Two Fiscal Years Open at the Same Time-
7/1 through 8/1
 - ◆ Automatic Document Numbering (CH 1: Section 3.3)

97

Opening the Books - Expense Budgets

- Implementing an Expense Budget (CH 2: Section 2)
 - ◆ Decide Level of Control - Complete, Presence, None
 - ◆ Decide Control at Program, Organization, Both, or Neither
 - ◆ Decide Control at Object Level - Object, Group, Class, or Category
 - ◆ Setup Control in FAGY and APP2 Tables
 - ◆ Prepare EB to establish budget lines

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Opening the Books – POs and RQs

- Processing New Year RQs and POs (CH 1: Section 4.1)
 - ◆ Appropriation Booked vs. Not Booked
- Modifying Existing POs - PORA Table (EPS Only)
- Encumbrance Documents Rolled From Prior Year
 - ◆ Common Elements of EPS and EAP – PORL Table (CH 1: Section 4.4)
 - ◆ EPS - Extended Purchasing System (CH 1: Sec 4.4)
 - Creates RO document
 - ◆ EAP - Expenditures and Accounts Payable
 - Creates PO document

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Opening the Books - Miscellaneous Budget Items

- Roll encumbrances into the new FY
- Booking rollforwards
- Recurring Journal Entries (CH 2: Section 1.2)
 - ◆ REJA, REJV, REPV Tables
- Clearing accounts payable and revenue accruals
- Ledgers roll to the new FY after final close

100

Opening the Books - Questions?



101

Other Items Quarterly Reporting

- Fiscal Procedures Manual
 - ◆ Chapter 5, Section 4
- Quarterly Reporting – Additional Procedures
 - ◆ Expenditure accrual if budget is \$250,000 or greater
 - ◆ Revenue accrual if greater than 4% of line or exceeds \$1,000,000
 - ◆ Clear distribution accounts to \$0
 - ◆ Correct abnormal balances
- Report variances from policy to your FAST member

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Other Items TABOR

- Fiscal Procedures Manual
 - ◆ Chapter 5, Section 5
- Constitutional Amendment
 - ◆ Limits ability to increase taxes
 - ◆ Limits revenue that the state can retain
 - ↳ Annual increase = population + inflation growth
- Voter approval required to deviate from the constitutional limitations

103

Other Items TABOR

- Voters have approved:
 - ◆ Referendum C "time-out" through FY 2010 (2005 election)
 - ◆ Amendment 35 Tobacco Tax (2004 election)
 - ◆ Amendment 23 State Education Fund (2000 election)
 - ◆ Referendum A Property Tax (2000 election)
 - ◆ Other minor changes

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Other Items TABOR

- Exempt Revenue (per Constitution)
 - ◆ Federal Funds
 - ◆ Gifts
 - ◆ Collections for another Government
 - ◆ Damage Awards
 - ◆ Property Sales
 - ◆ State Enterprise Operations
 - ◆ Transfers in-district
 - ◆ Voter approved tax increases
- Non-Exempt Revenue
 - ◆ Everything not exempt

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Other Items TABOR

State Enterprises for FY 07-08

- ✦ Lottery
- ✦ College Assist
- ✦ Correctional Industries
- ✦ Higher Education Institutions (Does not AHEC)
- ✦ AHEC Auxiliaries
- ✦ State Nursing Homes
- ✦ Division of Wildlife
- ✦ State Fair
- ✦ Clean Screen Authority
- ✦ Statewide Tolling Authority
- ✦ CollegeInvest
- ✦ Petroleum Storage Tank Fund
- ✦ Capitol Parking Authority
- ✦ Brand Board

Subject to change, based on application of criteria!

106

Other Items TABOR

■ Potential loss of FY07-08 TABOR

Enterprise Status

- ◆ Adams State College
- ◆ Western State College
- ◆ Mesa State College

107

Other Items TABOR

Rule of Thumb ~

Revenue counts for TABOR purposes the first time it comes into the State and is not otherwise exempted

108

Other Items TABOR

- Accounting for Exempt vs. NonExempt
 - ◆ State enterprise funds (exempt)
 - ↳ By fund
 - ◆ All other funds
 - ↳ By revenue source code

109

Other Items Excess Cash Fund Reserves

- Fiscal Procedures Manual
 - ◆ Chapter 5, Section 7
- Excess Cash Fund Reserves (C.R.S. 24-30-207)
 - ◆ Generally refers to fund balance in excess of 16.5% of annual expenditures
 - ↳ Distinction between fee and non-fee
 - ↳ Statutory exemptions

110

Other Items Excess Cash Fund Reserves

- Why does having an excess matter?
 - ◆ TABOR, any refunds are made from the general fund, not the cash fund contributing to the excess
- Annual Plans
 - ◆ Submitted as part of budget package to OSPB
 - ◆ Covers how excess fund balance will be reduced

111

Other Items

Loans and Advances

- Fiscal Procedures Manual
 - ◆ Chapter 5, Section 3
- The Policy of the State Controller, State Treasurer and OSPB requires:
 - ◆ Cash must be on deposit with Treasury, except:
 - ✦ approved by State Controller & Treasurer
 - ✦ exempted by State Constitution
 - ◆ An application for a working capital loan or advance must be submitted for all deficit cash balances unless specifically exempted
 - ◆ Unapproved deficit cash balances will constitute unauthorized use of general fund cash subject to interest charges and other remedies

112

Other Items

Loans and Advances

- CRS 24-75-203 allows the State Treasurer to:
 - ◆ Make working capital loans to state agencies with prior approval of Governor & State Controller.
 - ✦ Enterprise-like activity for funds earning interest on their Treasury deposits
 - ◆ Make working capital advances to state agencies with prior approval of the State Controller.
 - ✦ Non-enterprise activity for funds not earning interest on their Treasury deposits
 - ◆ Not required for funds 100, 461 or 600
 - ◆ No cash transfer, approval only provides permission to maintain the deficit

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Other Items

Capital Construction

- Chapter 4, Section 1
- Projects are authorized via Legislation
 - ◆ Effective when legislation signed
 - ◆ Can only be spent for purposes appropriated
- Rules
 - ◆ 6 month rule – Compliance certification by Agency
 - ◆ 3 year rule
 - ◆ 1 year rule



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Other Items Capital Construction

- Accounting/Budgetary Considerations
 - COFRS does not accommodate a 3-year appropriation
 - Continuing (within 3-year window)
 - Expiring (3-year window as elapsed)
 - Limitations on charges (see Alert #106)
 - State Staff Salaries
 - Administrative Costs

115

Other Items External Bank Accounts

- Fiscal Procedures Manual
(Chapter 7, Section 1)
 - ◆ Requires OSC Approval
 - ◆ Must be identified as public moneys through assignment of a Public Deposit Protection Act (PDPA)
 - ◆ Requires Annual Confirmation from Banking Institution (Chapter 3, section 5.18.1)
 - ◆ Requires annual confirmation to the OSC for match with Division of Banking's data on public accounts



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Other Items Financial System Security

- Fiscal Procedures Manual
 - ◆ Chapter 10, Section 1
- Double Layer Security
 - ◆ TOP SECRET – Mainframe
 - ◆ COFRS/DD/FDW – Financial System
- High Risk Area
 - ◆ Payment Vouchers (PV) – No one person can enter, correct, and approve a single payment voucher transaction

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Other Items

Debts Due to the State

- Fiscal Procedures Manual
 - ◆ Chapter 8, Section 1
- Debts Due to the State
 - ◆ Must be turned over to Central Collections within 30 days of becoming past due
 - ✦ Unless – statutory exception or State Controller approved extension
 - ◆ Cannot be forgiven without approval of the State Controller and State Treasurer
 - ◆ Cannot be “written-off” without following procedures

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Other Items

OSC Reports



- Comprehensive Annual Financial Report (CAFR)
- State Taxpayer Accountability Report (STAR)
- Travel Expense Report (CH 5, section 2)
- Loans and Advances Report (CH 5, section 3)
- TABOR Report (CH 5, section 5)
- Financial Responsibility and Accountability Act Compliance Letter (CH 5, section 6)
- Uncommitted Cash Reserves Report (CH 5, section 7)

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Other Items

Questions



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Good Luck!

- Remember that someone else has done this before
- Ask questions: The only dumb question is the one unasked
- Contact your FAST Member



THE END