

**Office of the
State Controller**



Efficient & Effective Financial Management

**FY07-08 Closing and
FY08-09 Opening Training**

Presented by

Office of the State Controller



May 1, 2008



Presenters

David McDermott, State Controller

Reporting & Analysis
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FAST
 Lynn Gabenski 303-866-2626
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Agenda – General Session

- Opening Comments
- Calendar Highlights – Closing and Opening
- Administrative Highlights
- FAST Issues
- R&A Closing Changes/Issues
- Long Bill Recast
- Questions

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Certificate of Achievement for Excellence in Financial Reporting

Presented to
State of Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public corporations that meet or exceed their performance goals in financial reporting. The award is presented to those units that have achieved the highest standards in government accounting and financial reporting.



Oliver S. Cox
President

Jeffrey A. Blum
Executive Director

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Opening Comments

- Fiscal Procedures Manual
– <http://www.colorado.gov/dpa/dfp/sco/FiscalProcedures/Cur/manual08-09.htm>
- Audit Risk Letter
- Highlights
- Agency Planning Checklist



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FY07-08
Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion



FY07-08 Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion

- Final Close of period 12.
- Last day for PV, IT, CR, encumbrance transactions. (See table Chapter 1, Section 3)



FY07-08 Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion

- Period 13 closes for agency input.
- This is it.
- No more entries.



FY07-08 Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion

• Agency exhibits (except I, J & K) due to OSC. (Chapter 3, Section 5)



FY07-08 Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion

• Exhibits I & J due to the OSC. (Chapter 3, Section 5)



FY07-08 Calendar Highlights

CLOSING

- July 11
- July 30
- August 13
- August 29
- Audit Completion

• Submit copy of Management Representation Letter to OSC.



FY08-09 Calendar Highlights

OPENING

- June 16
- July 11
- August 18



FY08-09 Calendar Highlights

OPENING

- June 16
- July 11
- August 18

- Deadline for agency's level 3 approval on AP documents needed to record the FY08-09
- Long Bill

FY08-09 Calendar Highlights

OPENING

- June 16
- July 11
- August 18

- Rollover of purchase documents from FY07-08 to FY08-09. Coding for EPS transactions must be correct, EAP transactions must be agency approved from SUSF. (Chapter 1, Section 4)

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FY08-09 Calendar Highlights

OPENING

- COFRS goes on "full appropriation control".

- June 16
- July 11
- August 18



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Calendar Review

<ul style="list-style-type: none"> • Closing - July 11 - July 30 - August 13 - August 29 - Audit Completion 	<ul style="list-style-type: none"> • Opening - June 16 - July 11 - August 18
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Administrative Highlights

- * Fiscal Officer contact information is now maintained ONLY on the OSC's website:
<http://www.colorado.gov/dpa/dfp/sco/contacts/fiscalcontacts.htm>
 - Do not submit changes to OSC staff
 - Make updates via the automated form
 - View contact information at these sites
- * Acronym list - Chapter 1, Section 1

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FY07-08 Closing Highlights

- * **Sweep Entries**
 - Include in JA entries made on July 31 and Aug 1
 - Agency must include cash entry in JA
 - Chapter 3, Section 3.16
 - Normally automated except during OSC close
 - Ensures fund balances in funds 100 and 461 equal zero.

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FY07-08 Closing Highlights

- **Pay date shift**
 - See Chapter 3, Section 3.27
- **Overexpenditures or transfers must be approved PRIOR to releasing warrants.**
 - Chapter 3, Section 1
- **Fund Balance reclassification**
 - Use of fund balance accounts other than 3400
 - Use of b/s acct 3161 (Chapter 3, Sec 3.26)

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FY08-09 Opening Highlights

- **Capital Construction IT Projects**
 - Letter of Intent to Certify (Chapter 4, Sec. 1)
- **Carry Forwards into FY09**
 - No carry forward AP's until close out of FY08

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FAST Issues

- Diagnostic Reports
 - Don't wait for FAST
- JAs during OSC close
 - Not for agency use to finish closing process
 - OSC's time to review and make material corrections
- Exhibit H's
 - Think of them as paper JV's that never appear on COFRS data

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FAST Issues

- IRS forms 8038, 8038-G, 8038-GC, and 8038-T
 - Chapter 5, Section 6.3
- Software Capitalization
 - Chapter 9, Section 1.4.1 thresholds
 - Chapter 9, Section 1.12 what to include in capitalizing internally developed software

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FAST Issues

- Security
 - Audit comment - Employees retaining security after leaving employment

 - PV: enter, correct, approve
 - NEVER, NEVER, NEVER....well almost

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FAST Issues

- Forms on the Website are now Adobe fillable forms.
 - Accounts Receivable collections 30 day waiver
 - Capital Construction certification
 - Financial Responsibility and Accountability Act (FRAC)
 - Loan and Advance Initial request
 - Loan and Advance Renewal request
 - Overexpenditure form
 - Rollforward form

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Other Issues

- Fiscal Rules
 - Recent presentations; CFMA & CCIT
 - For updates, please check our website
 - Bob Jaros, 303-866-3765
 - Bob.jaros@state.co.us

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Other Issues

- HB08-1321
 - Previously known as the “Headnotes to the Long Bill” are now substantive legislation

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Questions

FAST:

Lynn Gabenski	303-866-2626
Tom Gamache	303-866-3890
Susan Meade	303-866-4161
Trinka Mullin	303-866-4162
Tammy Nelson	303-866-3891
Brenda Shelinbarger	303-866-4165

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Questions?



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Reporting & Analysis Issues

- General Information
- Changes to F/S and Closing Accounting Issues
- Changes to Exhibits
 - Exhibits D, E, H, Bank Confirmation
 - GASB 48 – Sales and Pledges of Receivables and Future Revenues (as it relates to Exhibit E1/E2)

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Reporting & Analysis Issues

- Changes to Chart of Accounts (to be mentioned during the Long Bill discussion later)
- Upcoming Standards
 - GASB 49 – Pollution Remediation
 - R&A will be sending a survey for responses

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R&A General Information

- Annual reports prior to final close (after Period 12)
 - Unrealized Gain/Loss (T-Pool Allocation)
 - Based on Period 12 cash balances and June 30 fair value
 - Exhibit Reconciling Balances Report
 - Exhibits C, D1, D2, F1 only, and depreciation expense
 - Purpose: proper classification of balance sheet accounts between current and long-term

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R&A General Information

- Agency close is Wednesday, July 30th.
 - Closing reports on or shortly after August 6th (Page 102-103)
 - Final Diagnostics
 - Variance Analysis
 - Exhibit J Data Report (distributed by FAST)
 - Final Exhibit Reconciling Balances Report

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Chapter 3 Section 3

- **Compensated Absences Accrual PERA Percentage applicable to annual leave** (page 89)
 - 12.05% most state employees
 - 14.75% State Troopers /CBI Agents
 - 15.56% Judges
- Percentage expected to retire not yet available
 - PERA's actuary Cavanaugh McDonald Consulting is working on data
 - Watch the Alerts for this item (June 8 last year)

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Chapter 3 Section 3

- **Diagnostics available on Financial Data Warehouse** (page 100-101)
 - Self-service
 - Available every day based on COFRS prior nightly cycle

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Chapter 3 Section 4

- **Suggested PERA footnote disclosures** (page 112)
 - Contribution rate changes for AED and Supplemental AED

Chapter 3 Section 5: Exhibit D1/D2 –
Debt Service Requirements to

Maturity (page 144-147)

- New section added to these Exhibits for additional disclosure purposes
 - Provide the Total Amount of the Original Obligation for Each Type of Debt
 - Provide the original obligation amount including any premium or discount.
 - Helps readers of the CAFR determine State's progress in paying down its debt.

**Exhibit E - Schedule of
Revenue Bond Coverage**

(page 148)

- Reporting on this exhibit has been expanded due to GASB Stmt 48.
- Exhibit E is now split into Exhibit E1 and Exhibit E2.

**Exhibit E1 – Schedule of
Revenue Bond Coverage**

- Section A: Same as previous years (amount of pledged gross revenues and related Debt Service) EXCEPT:
 - Report each pledge commitment (debt issuance) on a separate line of this section.
 - The pledged revenue amounts in this section must tie to the Pledged Revenue accounts in COFRS.

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Exhibit E1 (continued)

- **Section B: Pledged Revenue Detail (new):**
 - For each pledge in Section A, list the pledged revenue source code(s) and provide the projected revenues (remaining balance) through the end of the pledged revenue commitment.
 - Calculate Pledged Revenue as a percentage of the total revenue stream.
 - Provide inception date and end date of each commitment.

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Exhibit E1 (continued)

- **Section C: Nature and Purpose of Debt Secured (new)**
 - Provide information for each pledge commitment.

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Exhibit E2 – Sale of Future Revenue Streams (page 150)

- We are required to disclose information related to the sale of future revenue streams.
 - Complete this exhibit in the year of sale.
 - **Section A:** Provide information such as:
 - Sale proceeds
 - Present Value of future revenues sold
 - Period to which sale applies.
 - Total amount of revenues sold
 - Sold revenue as a percentage of the total revenue stream

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Exhibit E2 (continued)

- **Section B:** Significant assumptions used to determine amount of future revenue.
- **Section C:** Significant assumptions used to determine the present value of future revenue.

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Exhibit H – Proposed Post Closing Entries (page 158-159)

- The OSC has changed the threshold of this exhibit.
 - Report only errors or audit adjustments that exceed **\$200,000**.
 - In addition, use this exhibit to report errors that are over \$1,000 that would cause/prevent an overexpenditure.

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Bank Confirmation Form (page 192)

- Due to an audit comment in FY07, we have made some changes to the bank confirmation form.
 - Format change - new column for the PDPA number.
 - If your agency has more than one account at a bank with the same PDPA number, use one confirmation form and list each account number separately.

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Bank Confirmation Form (con't)

- Please see page 192 in the FPM for a link to a listing of PDPA numbers by agency, and complete this section of the form before sending it to the bank.
 - Once received, please review the form carefully, and contact the bank if the form is incomplete or incorrect.

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A/R and A/P Confirmations
(page 236-239)

- The cutoff date for initiating a rec/pay confirmation is 07/22/08 for FY08.
- In the past, selling agencies have sent confirmation forms after the cutoff date, which requires the buying agency to record additional expenditures/payables late in the process.

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A/R and A/P Confirmations (con't)

- New for FY08:
 - No confirmations may be initiated after the cutoff date. Buying agencies are authorized to refuse confirmations after this date.

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A/R and A/P Confirmations
(con't)

- New Procedure:
 - After cutoff date, the selling agency must record the receivable as EXTERNAL instead of inter/intrafund.
 - If the external receivable amount exceeds the \$200,000 Exhibit H threshold, selling agency must submit an Exh H to OSC.

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A/R and A/P Confirmations
(con't)

- The buying agency will be requested to complete an Exhibit H (by OSC) for a intra/interfund payable only if the OSC determines that the entry would be material to the financials.

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Chap 5 Sec 5 TABOR (page 303)

- Table listing of TABOR exempt enterprises with fund numbers has been updated.

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Chap 5 Sec 5 TABOR (con't)

- At this time, we are anticipating that Western State College, Mesa State College and potentially Adams State College will lose TABOR enterprise status for FY07-08.

– Please review any revenue received from these institutions to ensure proper recording for TABOR purposes.

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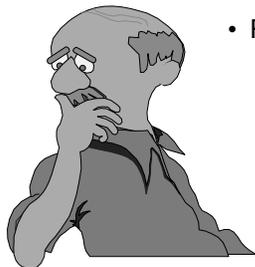
Chap 5 Sec 5 TABOR (con't)

– As a reminder, TABOR indicators are now displayed with the Chart of Accounts to assist you with proper TABOR recording.

- You must satisfy both requirements:
- Correct TABOR coding of revenue.
 - A GCF code that matches your budget column definition (will be discussed during the Long Bill Recast).

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Questions?



- R&A@state.co.us
