

## SECTION IX: REPORTING

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### FISCAL RULE

#### 9-1 Financial Statements

#### 9-2 Quarterly Financial Reporting

#### 9-3 Cost Allocation Plans

### Rule 9-1 FINANCIAL STATEMENTS

Annual *Financial Statements* prepared by the College shall be submitted to and approved by the Board of Trustees Business Affairs Committee. Unless otherwise provided by this fiscal Rule, *Financial Statements* shall be prepared by the Office of the College Controller in accordance with generally accepted accounting principles and shall reflect the financial activities of College.

The College or its contractor may provide draft *Financial Statements* to the Office of the State Auditor to facilitate a timely and efficient audit. Draft *Financial Statements* and accountant work papers are not public records.

#### State-Generated Financial Statements for the College

The state financial system generates a balance sheet and an income statement for the College utilizing the CORE system. These system generated statements are considered acceptable *Financial Statements* for any purposes of the State Controller. The College shall continue to provide information to the State Controller, including exhibit information required in the fiscal year-end closing instructions issued by the State Controller and any post-closing adjustments, as necessary for the State Controller to meet the obligations set forth in C.R.S. §§24-30-202(11), 24-17-102 and 24-20-204, as described in C.R.S. §24-30-202(13).

#### Required Reconciliation to the State Financial System

*Financial Statements* prepared by the College shall be reconciled to the state financial system. A copy of this reconciliation shall be provided to the State Controller.

### Rule 9-2 QUARTERLY FINANCIAL REPORTING

The College shall prepare quarterly *Financial Reports*. Quarterly *Financial Reports* shall be available for use by the Board of Trustees Business Affairs and Audit Committees and others for planning purposes and decision making.

**9.2.1** The College's financial system shall be the system used to record the College's financial information and the system from which standard reports shall be prepared.

**9.2.2** The College's Budget Office shall determine what is reasonable and necessary to be included in the report, the funds which are to be included, and the date each report is due.

Each quarterly reporting period shall be regarded as an integral part of the fiscal year. Revenues shall be allocated to quarterly reporting periods in accordance with generally accepted accounting principles. Expenditures such as salaries, operating expenditures and accruals of expenditures shall be allocated to interim periods in which they are incurred or, where appropriate, allocated among quarterly periods on the basis of benefits received or time expended. Arbitrary assignment to a quarterly period shall not be allowed.

### Rule 9-3 COST ALLOCATION PLANS

The College shall prepare a documented *Indirect Cost Allocation* or *Indirect Cost* rate proposal/plan that assigns *Indirect Costs* to their programs, activities, and services relative to their benefits received from the activities whose *Costs* are being allocated or on another *Equitable Relationship*. The allocated *Costs* shall be used as the

basis of recovering *Indirect Costs* from the federal government, determining fees for program services and activities, and assessing the cost effectiveness of a program or activity.

The College shall use a cost allocation methodology that assures that the allocations made through the methodology represent a service/benefit or other *Equitable Relationship* between the *Costs* of the services provided and the value of the benefits received by users of the services.

The College shall periodically review its cost allocation methodology to ensure that the methodology represents the best allocation attainable. Allocations should be reconciled to actual expenditures to ensure all *Costs* have been captured and allocated.

***Indirect Cost Allocations Made for Federal Indirect Cost Recovery Purposes***

When the College receives *Federal Funds*, it shall prepare a federal *Indirect Cost* rate proposal/plan in accordance with OMB A-21 and sign an *Indirect Cost* rate or allocation methodology agreement with the federal government. The College's federal *Indirect Cost* rate proposal/plan shall include all *Costs* allocated to the College in the federal *Indirect Cost Allocation* plan and other approved cost allocation plans.

Grants, contracts, and other agreements that do not allow for the recovery of the *Full Cost* incurred under the agreement should be closely evaluated to determine if their acceptance is cost effective and in the best interest of the College.

***Accounting for Indirect Cost Recoveries***

*Indirect Cost* recoveries shall be recorded when earned in separately identifiable accounts as determined by the College Controller.

Revenues from *Indirect Cost* recoveries shall not be deferred at the end of the fiscal year.