



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Welcome 2025 Denver Government and Nonprofit Training Academy

August 12, 2025



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Information Technology Considerations for Finance Officers

August 12, 2025



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Learning Objectives

At the end of this session, you will be able to:

- Identify cost effective and non-technical methods to reduce cybersecurity risk and exposure
- Review cost saving measures and cost containment methods for monitoring IT related budgets/costs
- Recognize key elements of project management related to IT initiatives





IT Risks and Changing Environments



What Risks Are We Facing?

It is reported in several articles, as well as published studies, that as much as 70% of ALL ransomware attacks in the United States target state and local governments.

SolarWinds, CrowdStrike, etc. – vendors and third parties pose challenges and risk that require planning, compliance, and monitoring.

Cybercrime is increasing at an alarming rate. Studies report different metrics and rates of growth. Almost all are consistent in showing significant growth. One we researched reported as much as 600% growth during the pandemic (2020-2022). Several seem to have consensus on cybercrime increasing at within a 30%-60% range in the next two years.

Moore's Law and Artificial Intelligence (AI)

Changes/costs



Virtual Culture

- Technology is successfully allowing this to happen
- Risks or remote connectivity
- Cloud computing
 - Where is your data stored?
- For the best?
 - Is your organization still in flux? Still no clear plan or strategy for remote work?
 - Have audit plans, risk management, compliance requirements, data classification, etc. been updated to reflect all these changes?



Specific Trends to Consider

- Mice and keyboards vulnerable to "MouseJack"
 - "Internet of Things" risk
- Visitors to hotels, coffee shops, and malls often connect to free Wi-Fi without taking precautions
 - Hackers can set up fake Wi-Fi access points with names like 'Free Airport Wi-Fi' to trick users into connecting
 - Cybercriminals can then monitor activities and steal sensitive information such as email addresses, passwords, credit card numbers, and banking credentials
 - These fake access points, known as "evil twins," often have stronger signals, making them the default connection for many users
 - This type of attack is common and effective, with studies showing that over a third of Wi-Fi hotspot users do not take precautions and frequently connect to unsecured networks





Where Do Business and Operations Begin?



Security = Culture!

Security is a ***BUSINESS*** issue, NOT a technical or “IT” issue!

Objectives:

Confidentiality

Integrity

Availability

Strategy:

Administrative
policies/procedures

Physical access
controls

Technical security
controls



Preparedness and Risk Assessment

- Awareness and knowledge – are we integrated or do we rely on IT?
 - What standards will we follow?
 - NIST, ISO, CMMC?
 - Is there an IT Risk Assessment and Threat/Vulnerability Analysis?
 - Incident Response Plan??
 - Integrated with BCP?
 - Action plans to harden and implement controls/tools?
 - Training and communication?



What Standards Apply?

Some general standards on data classification do exist overall, including:

- International Organization for Standards (ISO) 27002
- National Institute of Standards & Technology (NIST) 800-60

Other standards for data will be driven by the nature and type of data:

- HIPAA
- PCI (Account/customer/credit)
- GDPR (EU Citizens)
- State and Federal: SSN, Taxpayer-
<https://www.irs.gov/pub/irs-pdf/p4557.pdf>
- Many other (higher education, etc.)



Awareness



- What is the importance of user education and testing?
 - We are conducting this awareness through this session.
 - Remember stats? 70% through phishing – that's us!
 - Phishing, testing, and awareness are critical. We all are the front line – and stats show we are failing.

Simple Fixes?

Are we willing to take additional steps as an organization?

- No local administrator rights
- Personal email and web filtering restrictions
- Privileged user account separations/logging
- Restrict USB drives
- Prevent zip file attachments

IT can implement quickly and for little cost. Are we willing to adjust and adapt?



Have a Plan

- Develop an incident response plan
 - Include the appropriate procedures
 - Determine if points of contact are included
 - Keep the plan update to date
- Establish relationships with key incident responders
 - Breach counsel
 - Forensic provider
 - Public relations



Incident Response Preparedness – Cost Savings

Impact of 25 key factors on the average total cost of a data breach

Change in US\$ from average total cost of \$3.86 million



Source: IBM Security Cost of a Data Breach Report 2020



Securing Your Remote Workforce

Organization connectivity

- Determine the connection is secure (i.e. disallow use of public Wi-Fi)
- Restrict remote access to only those **needed timeframes** (business hours or current network time restrictions)
- **MFA** required on any type of access
- Monitoring capability for remote access communications as well as the ability to **disable quickly** if an issue arises
- Capability to log remote access communications (including date, time, user, user location, duration, and activity), analyze logs in a timely manner, **updated IDS and firewall alerts** and follow up on anomalies.
- Strong **encryption** on all communications (SSL or TLS 1.2 or higher)



Securing Your Remote Workforce

Employee-owned devices

- Anti-malware protection (company provided or use device posture assessment)
- Enforce OS, application, utility & library patching (company provided or use device posture assessment) e.g. Mac OS, MS Office, Adobe Reader, Java Runtime
- Mobile device management or posture-checking access gateway
- Some assurance that all other devices connecting to the network (i.e. personal devices) meet security and configuration requirements
- Employee-owned devices should be restricted from storing company data
- Employee-owned devices should be encrypted to protect sensitive information regarding access to the company network



Cyberinsurance

- Easy to misunderstand, and few brokers well versed on the topic.
 - ❑ Many of the coverages are not applicable.
 - ❑ Cost to notify, public relations, credit monitoring services.
 - ❑ **Cost to restore systems, loss of revenue**, employee theft.
- **Are auditors working consultatively and collaboratively with management on these areas?**
 - Are staff experienced/versed to review coverages, impacts, etc.?
- **May want to coordinate with broker during the assessment and underwriting. Insurance companies now conduct significant due diligence quite often with these policies.**
 - Is the audit staff engaged/aware?





Third Parties and Managing Risk



Cybersecurity – Vendors and Data

As organizations continued to digitize and connect, an ecosystem has developed that requires a security architecture adequate to protect beyond “physical bounds”

Management needs to be aware of its supply chain and vendors (Vendor Risk Management). Proactive Vendor Risk Management is critical to minimizing the disruption of a companies supply chain.

A robust Data Management Resiliency Strategy is a key imperative – Know your “Crown Jewels”, where they reside and review the design and architecture of your cyber security framework. Data Classification policy defined? Enforced?

Continue to educate and inform your stakeholders and senior officials.

Awareness of employee home network, operations, and device/data risks must be considered in the strategies.



Modernization – to
improve citizen
experience

Cybersecurity – rise in
ransomware attacks
and potential effects on
financial ratings

Drivers for
Specialization
and Third
Parties

Transparency – having
the ability to share
information safely

Operations and support
– ability to scale,
support, and deploy
rapidly and effectively



Cloud Adoption Will Continue to Rise...Why?

Easier access to data

- Access wherever you have an internet connection

Less upkeep

- Typically cloud based software provides automatic updates

Stronger controls

- SSAE 16 (SAS70) – reports on controls for the cloud based vendor software

Ease of system integration

- Ability to interface with multiple external software (ex. grant management software)



Do We Have Proper Knowledge, Process and Tools?

Software/
hardware
inventories

We don't
know what we
don't know.

Essential to
any efforts to
consolidate,
streamline,
standardize,
etc.

Rationalization
and redundancy

Are software,
licenses, and
tools routinely
analyzed and
reviewed? What
opportunities are
noted? Is
hardware and
software
duplicated across
various
departments?
What cost and
efficiency is lost?

Inefficient/
duplicative
contracts –
enhance vendor
performance/
services

Standardization
of process and
procedures

Many cost
containment
issues with
support,
training,
resources, etc.
for disparate
systems,
applications,
tools, and
products

Are we aware of
how responsive,
scalable,
adaptive we
want IT to be?

Goes back
to question
of knowing
our goals
and vision.



Why Is Data Classification Important?

- Having proper data classification allows your organization to apply accurate controls based on a pre-defined data category.
 - Example: An online pamphlet. You want it to be viewable by everyone; you just don't want anyone to edit it. That would take a different level of access. Applying the right level of security required prevents this from happening based on the data classification.
- Classifying your data can save you time, allowing you to focus on what data is important.
 - It's an important first step in protecting your information security and protecting your company. Taking the time by defining your data classifications and putting the right controls in place can be the difference between a data breach or not.



Other Drives for Formal Data Classification?

- Foster compliance with data protection requirements
- Improve data security practices and policies
- End user awareness
- Improve efficiency in accessing/retrieving data
- Assign roles for data ownership and accountability
- Help clarify contractual requirements
- Enhance compliance with regulatory requirements or other standards
- Help align and foster effective data use, reporting, and access for business objectives or initiatives
- Assist in assessment of data disclosure (Right to Know, Sunshine Laws, etc.)



Consideration Strategies

Complete a risk assessment of sensitive data

- Determine a clear understanding of the organization's regulatory and contractual privacy and confidentiality requirements.
- Define your data classification objectives through an interview-based approach that involves key stakeholders, including compliance, legal and business unit leaders.

Develop a formalized data classification policy

- Granular classification schemes tend to cause confusion and become unmanageable.
- Four to five classification categories are reasonable.
- Solidify employee roles and responsibilities.
- Policies and procedures should be well-defined, aligned with the sensitivity of specific data types, and easily interpreted by employees.



What To Do With Data Categories?

Align data risks with business risk and objectives

- For Governments – align data risks with initiatives, projects, or directed services/operations

Confirm policies and procedures are consistent and supportive of data classification definitions and standards

- Does the acceptable use policy align with data classification definitions/assignment?
- Does the disclosure monitoring and information security policy align with data definitions?
- Does IT have data stored, restricted, and accessible in manners consistent with data definitions?

Data catalog

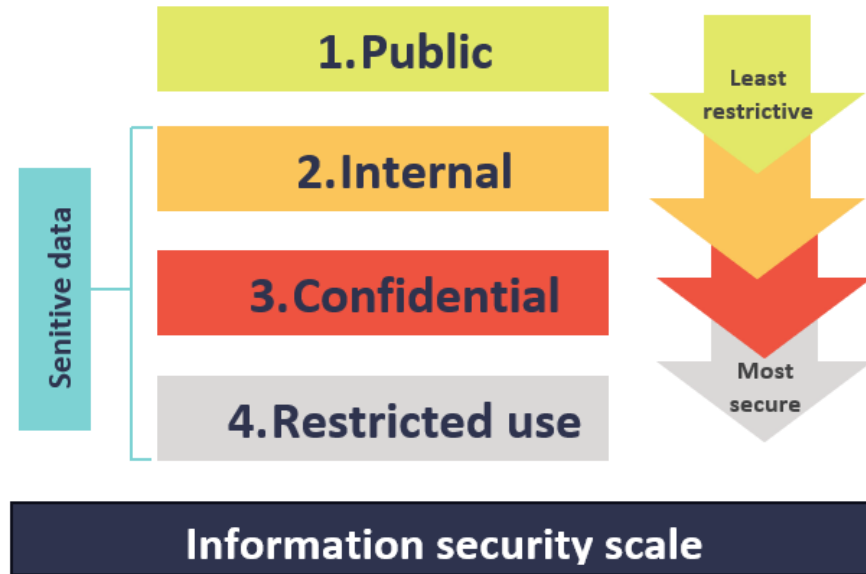
Asset handling

Continuous monitoring



Info Security and Vendors

- Use the policy to drive expectations with IT on data security, as well as hold vendors and partners accountable for handling of data.



Consideration Strategies

- Enable controls
 - Establish baseline cybersecurity measures and define policy-based controls for each data classification label to determine if the appropriate strategies are in place.
 - High-risk data requires more advanced levels of protection while lower-risk data requires less protection.
 - By understanding where data resides and the organizational value of the data, you can implement appropriate security controls based on associated risks.
- Monitor and maintain
 - Be prepared to monitor and maintain the organization's data classification system, making updates as necessary. Classification policies should be dynamic.
 - You need to establish a process for review and update that involves users to encourage adoption and that the approach continues to meet the changing needs of the business.





Using a Data Analytics Methodology



Risk Based Approach to Analytics

Systematically
identify greatest
risk areas
specific to the
organization

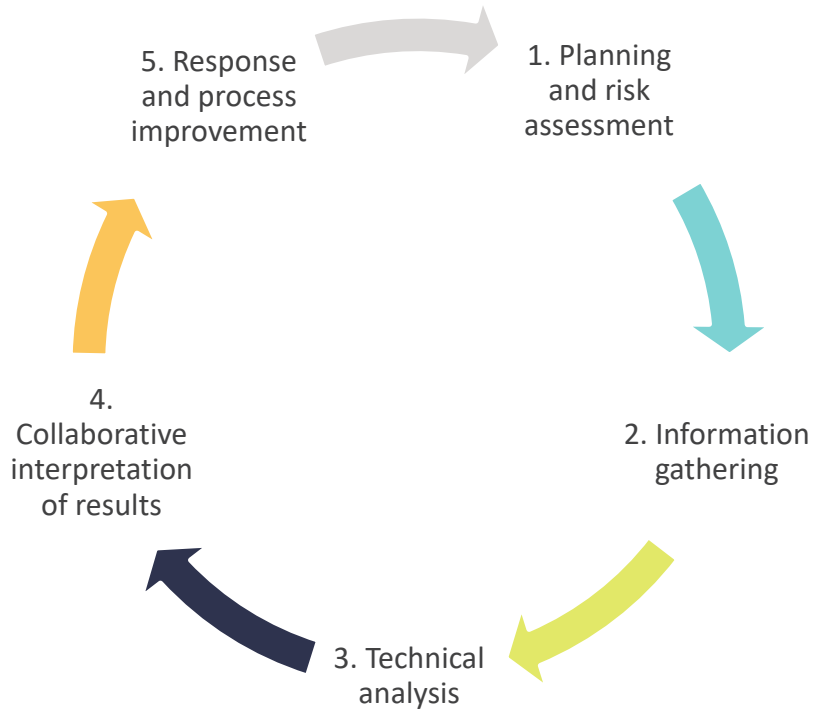
Tailor analytics
to assess
and better
understand
those areas

Readily analyze
100% of the
data rather
than relying
on samples

Compare results
across time, by
location, by
business unit, by
supervisor, etc.



Data Analysis Methodology – 5 Phases



- Methodology can be used for proactive and reactive data analysis. The following are common areas:

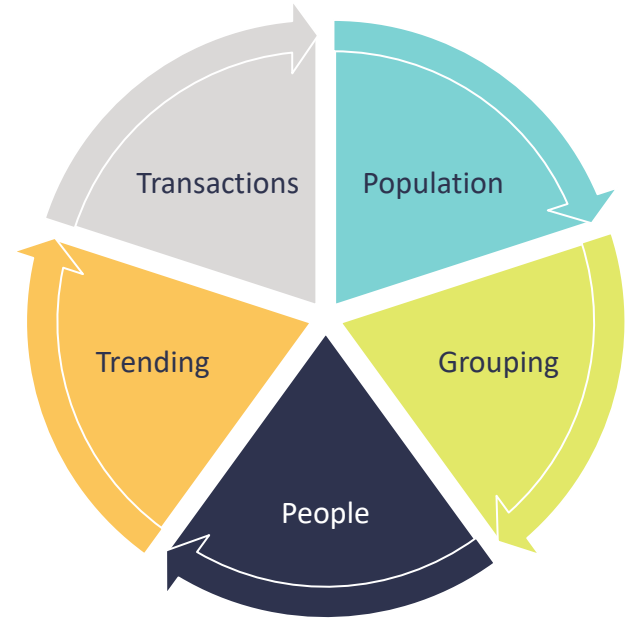
- Accounting – general ledger/journal entries
- Accounts payable
 - Vendor management
- Procurement cards
- Travel and entertainment
- Payroll



Technical Data Analytics – Design and Function(s)

Analytics selected from the following five categories will provide insight into the areas being examined.

- **Population analytics** – conducted to gain an understanding of the entire population.
- **Grouping analytics** – summarize transactions into meaningful groups.
- **People analytics** – designed to provide insight into who benefits from a transaction and who is responsible for the transaction.
- **Trending analytics** – provide interpretive value by showing data results over time.
- **Transaction analytics** – isolate transactions exhibiting particular traits or have a certain “DNA”. Rules based review.



Interpreting Results



- Compare results to the initial risk assessment and expectations while considering analytic objectives
- Follow up on exceptions to better understand these transactions
- Data analysis results are unpredictable; therefore, flexibility must be built into the work plan
- Continuously reassess results and risks and refine analytics

Dashboards?

Analytics can be used for real-time or periodic benchmarking or dashboards. Are you currently measuring any areas with your team?

% Projects on time

Target: X% or greater

Refresh frequency:
quarterly

% Projects at risk

Target: Y% or less

Refresh frequency:
quarterly

% Services availability

Target: 99%?

Refresh frequency:
monthly

Enterprise Services (Cloud, ISP, Online services)

Target: 100%

Refresh frequency:
monthly

Telecommunications and network

Target: 99.99%

Refreshed frequency:
quarterly

Payment Processing < 60 days

Target: 95 +%??

Refresh frequency:
quarterly

Many others – change processing, claims aging, payment accuracy, etc.



Summary – Questions?



Thank you.

Jim Kreiser, CRMA, CISA, CFSA
Principal
State and Local Government
Leader Risk and IT Services
Business Risk and Specialty Advisory Services
james.kreiser@CLAconnect.com
717-857-2613



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Thriving in the Public Sector: The Intersection of Well-Being and Performance for Leaders

Nancy Brown and Allison Slife

August 12, 2025

Learning Objectives

At the end of the session, you will be able to:

- Recognize the critical role that employee well-being plays in enhancing performance and productivity within public sector organizations.
- Identify practical strategies and practices for promoting well-being among public sector employees.
- Recall ways to design, implement, and assess effective well-being programs tailored to public sector needs.





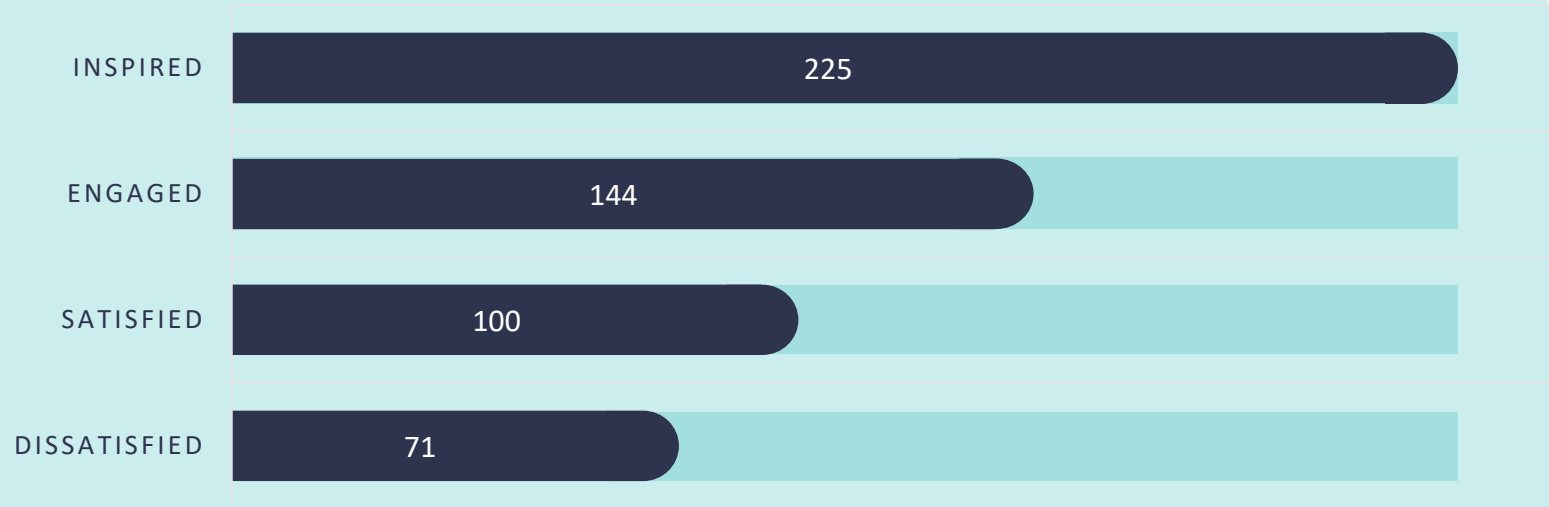
The Importance of Employee Well-Being



The Link Between Well-Being and Performance



PRODUCTIVE OUTPUT



Inspired
Employees

Mission
Leaders

225%

Engaged
Employees

Team
Autonomy
Grow
Impact

144%

Inspired
Employees

Safe
Tools
Efficiency
Valued

100%





The Impact of Technology on Wellness



4 Pillars of Wellness

Physical



Emotional

Social

Financial





Leading Teams: Strategies for Promoting Well-Being



Creating a Supportive Work Environment





Transforming Workplace Wellness: Organizational Strategies for Success



Assessing Organizational Needs



Identifying employee needs



Designing relevant programs



Engaging employees





Steps to Successful Implementation



Monitoring and Evaluating Effectiveness



Thank you!



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

GASB Update 2025

August 12, 2025



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Learning Objectives

At the end of the session, you will be able to:



Explain challenges related to the implementation of GASB Statement No. 100 and No. 101.



Identify upcoming GASB pronouncements and their potential impact on state and local government financial statements.



GASB 100 Accounting Changes and Error Corrections – Implementation Takeaways



GASB Statement No. 100 Categories

Change in
accounting
principle

Change in
accounting
estimate

Change to or
within the financial
reporting entity

Error correction



Change in Accounting Principle



Change from one generally accepted accounting principle to another.



Implementation of new accounting pronouncement.



Reported retroactively by restating beginning fund balance or net position as needed.



Additional note disclosures are applicable.

Not a Change in Accounting Principle

Events that are clearly different in substance

Occurring for the first time

Previously insignificant



Change in Accounting Estimate



Should be justified on basis that the newly adopted measurement methodology is preferable to the previous methodology used.



Estimates are amounts subject to measurement uncertainty.



Reported prospectively by recognizing the change in accounting estimate in the reporting period in which change occurs.



Additional note disclosures are applicable.

Change To or Within the Financial Reporting Entity



To: Change in presentation of component unit as blended or discretely presented; addition/removal of component unit.



Within: A change in a fund's presentation as major or nonmajor; addition/removal of a fund.



Beginning net position/fund balance should be adjusted for the effect of the change at the beginning of the reporting period.



Additional note disclosures are applicable.

Example – Nonmajor to Major Fund



Financial Statement Presentation

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Total Revenues	<u>\$ 1,550,000</u>	<u>\$ 1,000,000</u>	<u>\$ 750,000</u>	<u>\$ 2,300,000</u>
EXPENDITURES				
Total Expenditures	<u>500,000</u>	<u>\$ 6,000,000</u>	<u>250,000</u>	<u>750,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,050,000</u>	<u>(5,000,000)</u>	<u>500,000</u>	<u>1,550,000</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>\$ 50,000,000</u>	<u>(5,000)</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCES	<u>1,070,000</u>	<u>45,000,000</u>	<u>495,000</u>	<u>1,565,000</u>
FUND BALANCES, 12/31/2023	<u>15,500,000</u>		<u>2,000,000</u>	<u>17,500,000</u>
Change within financial reporting entity (nonmajor to major)	<u>-</u>	<u>750,000</u>	<u>(750,000)</u>	<u>-</u>
FUND BALANCES, 12/31/2023, as adjusted	<u>15,500,000</u>	<u>750,000</u>	<u>1,250,000</u>	<u>17,500,000</u>
FUND BALANCES, 12/31/2024	<u>\$ 16,570,000</u>	<u>\$ 45,750,000</u>	<u>\$ 1,745,000</u>	<u>\$ 19,065,000</u>



Footnote Disclosures

Reporting Units Affected by Adjustments to Beginning Balances

	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
12/31/2023, as previously reported	-	2,000,000
Change from nonmajor to major fund	750,000	(750,000)
12/31/2023, as adjusted	<u>\$ 750,000</u>	<u>\$ 1,250,000</u>



Example – Major to Nonmajor Fund

Debt Service Fund

Major



Nonmajor

Implementation Guidance 4.13 – Issued in 2025

Paragraph 31 of statement 100 requires that the aggregate adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed separately by reporting unit. As a result, a column should continue to be presented in the statement of revenues, expenditures, and changes in fund balances or the statement of revenues, expenses, and changes in fund net position, as applicable, that displays (a) the fund's beginning balance as previously reported in the major column and (b) the adjustment to that balance, even though that column does not present activity for the reporting period. Correspondingly, in the statement of revenues, expenditures, and changes in fund balances or the statement of revenues, expenses, and changes in fund net position, as applicable, the column that presents nonmajor funds in the aggregate also should display the adjustment to its beginning balance.



Financial Statement Presentation

	General Fund	Formerly Major Fund Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Total Revenues	\$ 1,550,000		\$ 750,000	\$ 2,300,000
EXPENDITURES				
Total Expenditures	500,000		250,000	750,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,050,000		500,000	1,550,000
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	20,000		(5,000)	15,000
NET CHANGE IN FUND BALANCES	1,070,000		495,000	1,565,000
FUND BALANCES, 12/31/2023	15,500,000	1,500,000	2,000,000	17,500,000
Change within financial reporting entity (major to nonmajor)	-	(1,500,000)	1,500,000	-
FUND BALANCES, 12/31/2023, as adjusted	15,500,000	-	3,500,000	17,500,000
FUND BALANCES, 12/31/2024	\$ 16,570,000	\$ -	\$ 3,995,000	\$ 19,065,000



Footnote Disclosures

	<u>Reporting Units Affected by Adjustments to Beginning Balances</u>	
	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>
12/31/2023, as previously reported	1,500,000	2,000,000
Change from major to nonmajor fund	(1,500,000)	1,500,000
12/31/2023, as adjusted	<u>\$ -</u>	<u>\$ 3,500,000</u>



Error Correction



Mathematical mistake or mistake in application of accounting principle.



Oversight or misuse of facts that existed at time financial statements were issued.



Reported retroactively by restating beginning fund balance/net position.



Additional note disclosures are applicable.



GASB 101 Compensated Absences – Implementation Takeaways

Effective date is fiscal years beginning after December 15, 2023

(12/31/24 & 6/30/25)



What are Compensated Absences?

- Leave for which employees may receive one or more of the following:
 - Cash payments when the leave is used for time off
 - Other cash payments, such as payment for unused leave upon termination of employment
 - Noncash settlements, such as conversion to defined benefit post-employment benefits
- Generally includes accumulated vacation time, sick leave, PTO



What's Changed

GASB 101

- Consistent model applied to all leave types (limited exceptions)
- “More likely than not” (MLTN) threshold for recognition
- Removes certain disclosure requirements
 - Gross additions and deductions to the liability
 - Fund used to liquidate

GASB 16

- Different rules for different leave types (for example, sick leave)
- “Probable” threshold for recognition
- Disclose gross additions/deductions
- Disclose fund(s) used to liquidate



Summary of Key Changes

- Leave that is not paid out at termination is accrued at the percentage that the leave is “more likely than not” to be taken as time off in the future
- Salary-related payments (employer taxes like FICA, DC retirement plan contributions, etc) are included in accrual
 - Defined benefit contributions are specifically excluded
- Note disclosure changes
 - No longer required to disclosure which funds are used to liquidate
 - Permitted to show the net change



Recognize When Leave Commences (Sporadic)

Military

Parental

Jury Duty



Recognition – Leave Not Used

Leave is attributable to
services already
rendered

Leave accumulates

Leave is more likely
than not to be used for
time off or otherwise
paid or settled



Salary-Related Payments



Obligations that a government incurs related to providing leave in exchange for services rendered



May be directly associated or incrementally associated with the leave



Common example – Employer payroll taxes (FICA)

Note: The wording in GASB 101 is intentionally broad to allow for judgment in different circumstances.

Example: Medical insurance benefits may meet the criteria at one government but may not meet the criteria at another (self-insurance)



DC and DB Pension Plans

- Defined contributions (DC) plan
 - Percentage associated with compensated absences is generally included
- Defined benefit (DB) plan
 - Payments related to a DB pension or OPEB plan should **NOT** be included in the measurement of the liabilities for compensated absences



Calculating the Compensated Absences Liability

$$\left(\begin{array}{l} \text{Pay rate in effect as of the financial reporting date} \\ \text{Salary-related payments (FICA \%, DC Plan \%, benefits, etc)} \end{array} \right) \times \text{Number of leave hours accrued} \times \text{Estimated percentage of leave that is more likely than not to be taken as time off or settled through cash or settled through noncash means} = \text{Compensated absences liability}$$



Determining the Estimated Percentage That Is “More Likely Than Not” To Be Taken As Leave

Considerations:

No change if all leave is fully paid out at termination

Partial payouts – assess separately from unpaid portion

“FIFO” vs “LIFO” flows assumptions

Terminology not in standard but discussed in basis for conclusions

FIFO – Previous year balance is utilized first

LIFO – Leave earned during the year offsets leave taken during the year



Determining the Estimated Percentage That Is “More Likely Than Not” To Be Taken As Leave

FIFO vs LIFO example:

- Small government with ten employees
- Sick leave carries over between years but is not paid out at termination
- Ending balance at year-end of 400 sick leave hours
- For the last five years, employees have earned 60 hours of sick leave each year and used an average of 30 hours of sick leave each year

What estimated percentage should be used in the accrual for sick leave?



Determining the Estimated Percentage That Is “More Likely Than Not” To Be Taken As Leave

Estimate that involves professional judgment

- Use historical data when possible
- Consider utilizing entire service periods of former employees within the assumptions – i.e. full number of days earned, used, forfeited, etc
 - Useful method but data may not be readily available
- Consider materiality
- **Document** considerations and conclusions



Note Disclosure

- No longer required to disclose which governmental funds typically have been used to liquidate compensated absences.
- Allowed to show the net change in compensated absences. If elected, should disclose that the amount is net.

	Beginning of Year	Additions	Deletions	End of Year	Due Within One Year
Compensated Absences ¹	5,000,000	-	1,000,000	4,000,000	500,000

¹ The change in compensated absence liability is presented as a net change.



Summary of Significant Accounting Policies

Sample wording after implementation of GASB 101:

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.





GASB 102 Certain Risk Disclosures

Effective date is fiscal years beginning after June 15, 2024
(6/30/25 & 12/31/25)



GASB 102 – Certain Risk Disclosures



State and local governments face a variety of risks



Risks refer to conditions that give rise to the potential for loss



Requirements exist already for certain risk exposures, but there are other prevalent risks not routinely disclosed because disclosure isn't explicitly required



Statement expands on disclosures around risks of concentrations and constraints

GASB 102 Risk Type Definitions

	Concentrations	Constraints
Definition:	Lack of diversity related to an aspect of a significant inflow of resources or outflow of resources	Limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority
Example:	Significant vendor or customer that accounts for a large portion of the governments expenditures/revenues	A limitation placed on a government to prevent an acquisition of resources or control spending, such as TABOR limitations on revenue growth

Disclosure Is Required if All Criteria Below Is Met:

A concentration or constraint is known to the government prior to issuance

The concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact

An event or events associated with the concentration or constraint that could cause a substantial impact has occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued



Notes to Financial Statements

Information below is required to be disclosed if all the requirements are met:

What the concentration or constraint is

Each event associated with the concentration or constraint that could cause a substantial impact if the event occurred or had begun to occur prior to issuance

Actions taken by the government prior to issuance to mitigate the risk



What is Considered a 'Substantial Impact'?



- Intended to convey the fact that a risk is more than only the existence of a concentration or constraint
 - For instance, a debt limit placed on a municipality
- More stringent criterion than materiality was needed to focus on circumstances that make a government have a heightened possibility of loss or harm
- In the end the Board believes that professional judgement of both the quantitative and qualitative factors be used in each circumstance

What is Considered an 'Event'?

- The term has not been defined specifically
- Ultimately means something that *could* cause a substantial impact on a government's existing concentrations or constraints
- Governments don't need to go searching for potential events, but instead disclose information about events when they become aware of them



What Happens if a Government Takes Mitigating Action?

If a government discovers an event that will cause a substantial impact to its concentrations or constraints and takes action:

The mitigating action should be disclosed in the notes if the event is not remediated by the financial statement issuance date

If the situation is resolved, and there is no longer a risk of substantial impact to the government, no note disclosure is required



Example: Concentration of Financial Resource Provider

Pilot City's Airport Fund—a major enterprise fund that accounts for the City's airport operations—reports a liability for revenue debt outstanding.

Charges for services, such as landing fees and terminal rentals paid by the airlines that use the airport, are a significant revenue of the Airport Fund.

In the bond indenture for the Airport Fund's revenue bonds, the charges for services are identified as the sole source of repayment for those bonds, which funded the construction of certain improvements to the airport.

Model Airways—the airport's largest airline customer—accounts for 75 percent of the Airport Fund's revenue generated from charges for services.

During the City's fiscal year ended June 30, 2025, Model Airways notified the city that due to falling demand from the airline's customers, it will terminate its lease and discontinue service to the city's airport by December 31, 2025.

The City's financial statements as of June 30, 2025, were issued on October 15, 2025. The city is in the process of developing plans to attract new airline customers to the airport.



Example: Concentration of Financial Resource Provider

Assessment of disclosure criteria:	In addition to assessing the disclosure criteria for the primary government reporting unit, the city assessed the disclosure criteria for the Airport Fund because it reports a liability for revenue debt.
Concentration:	75 percent of the Airport Fund's charges for services are associated with a single airline customer. Charges for services are a significant revenue of the Airport Fund.
Vulnerability to the risk of a substantial impact:	Management of the city has determined that the concentration of resources provided by a single airline (Model Airways) makes the Airport Fund vulnerable to the risk of a substantial impact.
Occurrence of an event or events and their timing:	An event associated with the concentration occurred when Model Airways notified the city that it will not renew its lease. That event is the beginning of the airline's discontinuation of services to the Airport Fund, which the management of the city has determined could cause a substantial impact to the Airport Fund.
Mitigating action:	The city is planning to implement certain measures to attract new airline customers to mitigate potential losses from a discontinuation of services related to Model Airways. Because those mitigating actions had not occurred prior to the issuance of the financial statements, a description is not included in the disclosure.

Example: Concentration of Financial Resource Provider

Example Note Disclosure:

Note 9. Concentration of Financial Resource Provider

The Airport Fund accounts for the city's airport operations and reports \$10 million of revenue bonds outstanding on June 30, 2025. The bond indentures state that the revenue generated by airport operations is pledged as the sole source of repayment for the bonds. 75 percent of the Airport Fund's revenues are associated with a single airline customer who has notified the city that it plans to terminate its lease and discontinue service to the city's airport by December 31, 2025. A loss of revenue from that airline could adversely affect the Airport Fund.





GASB 103 Financial Reporting Model Improvements

Effective date is fiscal years beginning after June 15,
2025 (6/30/26 & 12/31/26)



The Basics

Earlier application is encouraged

If primary government chooses early implementation, all component units should implement in the same year, subject to the provisions of statement 14, para 59

Changes adopted at transition should be reported as a change in accounting principle in accordance with statement 100

Illustrative examples are included within the text of the statement



What Areas Will Change?

Management's
Discussion and Analysis
(MD&A)

Unusual or infrequent
items

Proprietary fund
statement of revenues,
expenses, and changes
in fund net position

Major Component Unit
(CU) reporting

Budgetary comparison
information

Statistical section
financial trends



Management's Discussion and Analysis

GASB 34 (OLD)

- Government wide and fund analyses – Include reasons for significant changes and discussion of economic factors
- Budgetary variations – Discussion of significant general fund budgetary variances required
- Capital assets – Activity, commitments
- Long term debt – Activity, changes in credit ratings and debt limitations
- Currently known facts, decisions, and conditions – No explicit guidance

GASB 103 (NEW)

- Government wide and fund analyses – Reasons for change, economic factors, **significant policy changes and economic factors**
- Budgetary variations - No longer required to be in MD&A
- Capital assets - **Additions/disposals, Changes to commitments, policy changes and economic factors**
- Long term **financing** – Activity, changes in credit ratings and debt limitations, **policy changes and economic factors, explicitly includes Leases, SBITA, PPP**
- Currently known facts, decisions, and conditions – **Economic/demographic trends, subsequent year's budget, expected changes in budgetary net position or fund balance, actions after end of reporting period by both the government and other parties**

Unusual and Infrequent Items

GASB 34/62 (OLD)

- Extraordinary or special depending upon certain factors relating to whether an event is unusual or infrequent
- Shown prior to transfers on statement of activities
- Disclose unusual/infrequent items NOT within management's control

GASB 103 (NEW)

- **Unusual or infrequent**
- **Last item** prior to net change on government-wide, governmental fund, and proprietary fund statements of resource flows
- Explicit requirement **not** to net inflows/outflows
- Disclose whether unusual/infrequent items **are** within management's control
- Disclose the **program, function, or identifiable activity** to which an unusual/infrequent item is related



Proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position - GASB 34, as amended

Operating revenues (detailed)

Total operating revenues

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Nonoperating revenues and expenses (detailed)

Income before other revenues, expenses, gains, losses, and transfers

Capital contributions (grant, developer, and other), additions to
permanent and term endowments, special and extraordinary items
(detailed), and transfers

Increase (decrease) in net position

Net position – beginning of period

Net position – end of period



Proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position - GASB 103

Operating revenues (detailed)

Total operating revenues

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Noncapital subsidies (detailed)

Total noncapital subsidies

NEW

Operating income (loss) and noncapital subsidies

Other nonoperating revenues and expenses (detailed)

Total other nonoperating revenues and expenses

Income (loss) before unusual or infrequent items

NEW

Unusual or infrequent items (detailed)

Increase (decrease) in fund net position

Fund net position—beginning of period

Fund net position—end of period



Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

GASB 34, as amended (OLD)

- Operating revenues/expenses - follow established policy for defining
- Nonoperating revenues and expenses - items not meeting definition of operating, typically capital and noncapital related financing, and investing activities
- Subsidies – not defined in technical guidance

GASB 103 (NEW)

- Operating revenues and expenses defined as revenues and expenses **other than nonoperating**
- Nonoperating revenues and expenses defined as **subsidies**, financing related, capital asset/inventory disposals, investment income/expenses, contributions to permanent/term endowments (*Exceptions apply if such transactions constitute the fund's principal ongoing operations*)

What Are Subsidies?



Resources received from another party or fund

For which the proprietary fund does not provide goods and services to the other party or fund that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise



Resources provided to another party or fund

For which the other party or fund does not provide goods and services to the proprietary fund that are recoverable through the proprietary fund's current or future pricing policies



All other transfers

Major Component Unit Reporting

GASBs 14 and 34, as amended (OLD)

- Three options for presenting:
 - Separate column for each major discretely presented CU in the government wide financial statements
 - Combining statements after the fund financial statements
 - Condensed financial statements in the footnotes

GASB 103 (NEW)

- **Separate** column in the government-wide financials for **each** major component unit unless readability is reduced
- If readability is reduced, combining statements after the fund financials are allowed



Budgetary Comparison Information

GASBs 34 and 37, as amended (OLD)

- Required Supplementary Information (RSI) or basic financial statements
- Variances between original/final budget not required
- Variances between final budget and actual amount not required

GASB 103 (NEW)

- **Always RSI**
- Variances between original/final budget **required**
- Variances between final budget and actual amount **required**
- Explanation of significant variations in notes to RSI



Statistical Section

GASBs 34 and 37, as amended (OLD)

- No explicit requirement to distinguish revenue types when only business-type or business-type/fiduciary activities

GASB 103 (NEW)

- Governments engaged only in business-type/business-type and fiduciary activities – present revenues by **major source** for business-type activities
- **Distinguish between operating, noncapital subsidy, and other nonoperating revenue/expenses**





GASB 104 Disclosure of Certain Capital Assets

Effective date is fiscal years beginning after June 15, 2025
(6/30/26 & 12/31/26)



The Basics



Replaces GASB Statement
No. 16



Create a more consistent
model that can be applied to
all types of compensated
absence arrangements



Attempts to address
inconsistencies arising from
types of leave not originally
contemplated by GASB
Statement No. 16.

Overview of Disclosure Changes

Separate disclosure by major asset class

- Lease assets
- PPP assets
- Subscription assets
- Other intangible capital assets

Capital assets held for sale

- Historical cost and accumulated depreciation/amortization by major asset class
- Carrying amount of debt for assets pledged as collateral



	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 29,484	\$ 2,020	\$ (4,358)	\$ 27,146
Construction in progress	2,915	13,220	(14,846)	1,289
Total capital assets not being depreciated	32,399	15,240	(19,204)	28,435
Capital assets being depreciated:				
Buildings and improvements	40,861	334	-	41,195
Equipment	32,110	1,544	(1,514)	32,140
Road network	72,885	10,219	-	83,104
Bridge network	18,775	4,627	-	23,402
Software	2,100	548	(650)	1,998
Lease assets:				
Buildings	25,821	209	-	26,030
Equipment	20,389	2,312	(2,456)	20,245
Subscription assets	5,490	687	(743)	5,434
Total capital assets being depreciated	218,431	20,480	(5,363)	233,548
Less accumulated depreciation for:				
Buildings and improvements	(10,358)	(691)	-	(11,049)
Equipment	(9,247)	(2,676)	1,040	(10,883)
Road network	(12,405)	(823)	-	(13,228)
Bridge network	(2,896)	(197)	-	(3,093)
Software	(543)	(110)	25	(628)
Lease assets:				
Buildings	(7,456)	(596)	-	(8,052)
Equipment	(5,864)	(1,782)	823	(6,823)
Subscription assets	(1,009)	(450)	209	(1,250)
Total accumulated depreciation	(49,778)	(7,325)	2,097	(55,006)
Governmental activities capital assets, net	\$ 201,052	\$ 28,395	\$ (22,470)	\$ 206,977

Held for Sale Criteria



Government has decided to sell



Probable that sale will be finalized within one year of the financial statement date

Will the Asset Be Sold Within a Year?

Factors to consider



Present condition

Whether or not
active program to
locate buyer has
been initiated

Market conditions

Applicability of
regulatory
approvals



Frequency



Classification should be evaluated each reporting period

Contact Information:

John-Paul LeChevallier, Signing Director

johnPaul.leChevallier@CLAconnect.com

Molly Quinn, Manager

molly.quinn@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Significant Changes to OMB's Uniform Guidance

2025 Denver Government Training Academy

August 12, 2025



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Learning Objectives



Recall the changes to the Office of Management and Budget (OMB) updated and revised guidance for federal financial assistance



Recognize how to update grants management policies and procedures in response to the changes

Speakers



Sam Hellwege, CPA
Principal

Over 11 years of experience in public accounting serving governmental entities, including financial statement audits, implementation of GASB accounting standards, and single audits of federal awards. Also consults with clients on internal controls and fraud prevention.



Kendall Haffner, CPA
Manager

Over five years of regulated industry auditing experience. Industry specialization includes audits of counties, cities, water districts, school districts, and state agencies, including single audits.





Background and Implementation



Background



Every 5 years OMB reviews the guidance for federal financial assistance, located in title 2 of the Code of Federal Regulations (CFR)



Part 1, 25, 170, 180 182, 183, 184



Part 200 (Uniform Guidance)

2024 Revisions

- On April 22, 2024, the Office of Management and Budget (OMB) published revisions to Title 2 of the CFR (2024 Revisions), including 2 CFR part 200 in the Federal Register. This revised OMB Guidance for Grants and Agreements, is now called the “OMB Guidance for Federal Financial Assistance”.
 - www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance
- OMB also issued guidance in OMB Memorandum M-24-11, Reducing Burden in the Administration of Federal Financial Assistance, which included a section on implementation of Title 2 of the CFR discussed below.
 - <https://www.whitehouse.gov/wp-content/uploads/2024/04/M-24-11-Revisions-to-2-CFR.pdf>
- Resource to answer questions of why the changes, see below.
 - “Final 2 CFR Guidance - 4.3.2024 - Pre-Publication Version” file on www.cfo.gov



2024 Revisions

In this update, there were significant changes made to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, commonly known as the “Uniform Guidance”.

www.ecfr.gov

Noted as the most significant update to the Uniform Guidance since it was released in 2013.



OMB's Revision Objectives

1

Incorporate
statutory
requirements and
administrative
priorities

2

Reduce agency and
recipient burden

3

Clarify sections
that have been
interpreted
differently

4

Use plain language,
improving flow,
and addressing
inconsistent use of
terms



Revised Guidance Effective For:



Subpart A – E: New awards issued on or after October 1, 2024.



Subpart F: – Fiscal years beginning after October 1, 2024.

Subpart A - Acronyms and Definitions

Subpart B - General Provisions

Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards

Subpart D - Post Federal Award Requirements

Subpart E - Cost Principles

Subpart F - Audit Requirements



Federal Agency Adoption and Implementation

Federal agencies had to implement the changes in their own agency regulations in the Code of Federal Regulations.

Federal agencies needed to take appropriate steps to validate the 2024 revisions are effective for all Federal awards entered into on or after October 1, 2024.



New Awards

Federal agencies were required to validate that award templates, terms and conditions, NOFO templates, policies and procedures, and other program documents and policies, including those that support federal financial assistance oversight, are updated to reflect the 2024 revisions for all federal awards.



Existing Awards

2024



For existing awards entered into before October 1, 2024, federal agencies are strongly encouraged to apply the 2024 revisions to any amendment's agencies enter into on or after October 1, 2024.

2025



OMB also encourages agencies to amend existing awards for this purpose if the awards will extend into FY 2025 or beyond.

Amended Existing Awards



2024 revisions will generally apply prospectively to activities on or after the date of the amendment.



Agencies may never retroactively apply the 2024 revisions to past activities that preceded the effective date of the amendment if doing so would impose additional substantive requirements on recipients (such as requirements increasing burden).

Amended Existing Awards

- An agency may provide written approval to recipients allowing them to apply specific provisions of the 2024 Revisions that reduce burden on recipients to activities that preceded the amendment.
- This flexibility to provide written approval reducing burden for past activities does not apply to revisions of indirect cost rates or de minimis rates.



Full Application of Revision



- After October 1, 2024 unless different provisions are required by statute or approved by OMB, when the 2024 revisions are applied to new or existing awards, the revisions must be applied in full to activities following the effective date of the new award or amendment.
- Federal agencies cannot selectively apply some revisions but not others to such activities.

Exception to Full Application

If the federal agency and recipient seek to apply only one or more, but not all, provisions of the 2024 revisions to an existing award, the federal agency may consider using its case-by-case exception authority under 2 CFR 200.102(c) as an alternative to formally amending the award.



Example: Through a properly documented case-by-case exception, a federal agency may allow a recipient to use the new de minimis indirect cost rate for an existing award, which is now available under the 2024 revisions. This would also include using the new definition of modified total direct cost (MTDC).

Subawards

If a federal agency amends an existing award issued prior to October 1, 2024 to apply the 2024 revisions, then the 2024 revisions must apply to subawards issued under that award as well.



Thus, when a federal agency amends an award to apply the 2024 revisions, the pass-through entity **must** also amend any subawards already issued under that award.



Subawards



If a federal agency has not applied the 2024 revisions to an existing award, the pass-through entity must not apply the 2024 revisions to a subaward issued under that Federal award —event if the subaward itself was executed on or after October 1, 2024.



Application of the 2024 revisions to subawards does not prevent pass-through entities from applying more stringent requirements to their subrecipients as permitted by the 2024 revisions and the prior version of the guidance.

Implementation

In certain circumstances, especially during the transition period, recipients may simultaneously be implementing multiple federal awards some of which were issued under the previous guidance in 2 CFR and other federal awards that were issued under the 2024 revisions.



Implementation – Federal Agencies

Federal agencies should work closely with recipients during this transition period to clearly communicate the requirements applicable to a given federal award.

Federal agencies may also engage with recipients to address questions on whether systematic changes made by a recipient (e.g., internal controls, mandatory disclosure procedures, etc.) could impact compliance with the terms and conditions of existing federal awards.





Revisions



Terminology Update

Throughout subparts A – E, the use of non-federal entity was replaced with recipient and/or subrecipient.

Subpart F retained the use of a non-federal entity to maintain alignment with the statutory provisions of the Single Audit Act.



Notice of Funding Opportunity (NOFO)

Updates within subpart B contained several changes to align with OMB's objective of reducing administrative burden on recipients.



For example, the Notice of Funding Opportunity (NOFO) must:

- Include an executive summary
- A limit on the length of the published NOFO

Modified Total Direct Costs

Updated definition of MTDC to include up to \$50,000
(previously \$25,000) of each subaward



Negotiated Indirect Cost Rate Agreements

Negotiated Indirect Cost Rate Agreements (NICRA) negotiated prior to October 1, 2024 must continue to be honored by both federal agencies and recipients.

Cognizant agencies for indirect costs may—but are not required to—renegotiate existing NICRAs (i.e., issue revised or amended agreements) to reflect the new MTDC base.

Still some unresolved questions on how that will coincide when an award is not updated for 2024 revisions



Negotiated Indirect Cost Rate Agreements

Provisional rates:

- Recipients with provisional rates in effect prior to October 1, 2024 must finalize those rates using the provisional rate's approved MTDC base.

Predetermined and fixed rates:

- Recipients with predetermined or fixed rates must use the new MTDC base beginning with the first proposal that is required on or after October 1, 2024.

Negotiating new rates:

- Recipients preparing indirect cost rate proposals must apply the new MTDC base for proposals that are submitted to the cognizant agency for indirect costs on or after October 1, 2024.

De Minimus Rate



- Recipients and subrecipients that do not have a current federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15% of modified total direct costs (MTDC).
 - The recipient or subrecipient is authorized to determine the appropriate rate up to this limit.
- Federal agencies and pass-through entities may not require recipients and subrecipients to use a de minimis rate lower than the negotiated indirect cost rate or the rate elected pursuant to this subsection (15%) unless required by federal statute or regulation.

De Minimis Rate – New Awards



Recipients may elect to use the new 15% de minimis indirect cost rate for any award executed on or after October 1, 2024.



All federal agencies must honor the new de minimis rate after this date unless a different rate is required by law (such as federal statute or regulation) or otherwise allowed by 2 CFR part 200.



Recipients submitting applications to federal agencies before October 1, 2024 for programs with an anticipated award date that occurs on or after October 1, 2024 may use the 15% de minimis rate in calculating the budget in that application even if the NOFO does not yet indicate that the 2024 revisions will apply.

De Minimis Rate – Existing Awards



Federal agencies may allow a recipient to apply the 15% de minimis rate to an existing award if the agency determines that there are sufficient funds to support the 15% de minimis rate.



In these instances, the recipient must charge the 15% de minimis rate only to costs incurred after the effective date of the amendment to implement the 15% de minimis rate.



Recipients may not retroactively apply the de minimis rate to costs incurred prior to the effective date of the amendment.

Mandatory Disclosure

Modifications were made to the mandatory disclosure requirements to more closely align with Federal Acquisition Regulation (FAR) 48 CFR 52.203-13.

Previously, an entity was required to report violations of Federal criminal law involving fraud, bribery or gratuity violations.

As revised, the requirement now reads that an applicant, recipient or subrecipient of a federal award must promptly disclose whenever it has **credible evidence** of a commission of a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations under the false claims act.



Fixed Amount Awards and Subawards

A type of grant or cooperative agreement under which the Federal agency or pass-through entity provides a specific amount of support without regard to actual costs incurred under the federal award.

This type of federal award reduces some of the administrative burden and record-keeping requirements for both the recipient and federal agency or pass-through entity.

Accountability is based primarily on performance and results.



Fixed Amount Subawards Updates

Increased the threshold for when fixed amount subawards can be made from \$250,000 to \$500,000



Expanded guidance to clarify certain requirements for fixed amount subawards including that unexpended funds may be retained if the program objectives and milestones have been achieved



Internal Controls – PII



200.303(e) added a requirement that a recipient/subrecipient take “reasonable cybersecurity and other measures to safeguard information including protected personally identifiable information (PII) and other types of information”.



OMB did not provide a relevant framework for “cybersecurity and other measures”



OMB indicated that they would consider the need to implement a government-wide specific framework in the future but in the interim, will leave it to the federal agencies to consider providing more specific guidance on the topic, as appropriate.

Equipment and Unused Supplies Thresholds

Increased capitalization threshold from \$5,000 to \$10,000 minimum for federally funded equipment.

Increased threshold from \$5,000 to \$10,000 regarding the requirement in 200.314(a) to remit unused supplies

The OMB is granting an exception allowing recipients and subrecipients to use the revised equipment thresholds of \$10,000, even for federal awards otherwise operating under previous OMB guidance, if permitted by the federal agency.

Procurement Updates

- Include “veteran-owned businesses” to the types of businesses that are encouraged to be considered.
- Updated “affirmative steps **must be taken**” to “**when possible**, the recipient or subrecipient should validate” in relation to using small businesses, minority businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms (§ 200.321).
- Change “small purchases” terminology to “simplified acquisitions” (§ 200.320(2)).
- Remove restrictions related to geographic preference requirements and allow for scoring mechanisms to evaluate bidders committing to U.S. jobs and certain compensation and benefits (§ 200.319).
- Prioritize environmentally sustainable products and services (§ 200.323(b)). This includes consideration of reused, refurbished, and recycled products; biobased or energy and water efficient acquisitions; and purchasing compostable items.



Subrecipient Monitoring



Clarification was added to clarify that no single factor or combination of factors contained in subrecipient vs. contractor is necessarily determinative.

Emphasis was noted on the need for the pass-through entity to exercise judgment in classifying each agreement as a subaward or a procurement contract.



Subrecipient Monitoring

Added language to specifically require pass-through entities to verify subrecipients are not excluded or disqualified (suspended or debarred) in accordance with 2 CFR § 180.300.



Subrecipient Required Certifications

- 200.415(b) added requirements for *subrecipients* to certify to the pass-through entity whenever applying for funds, requesting payment, and submitting reports:
 - “I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812.” Applies to all tiers of subrecipients.



Closeout – Final Indirect Cost Rate

Updated to include that when the recipient does not have a final indirect cost rate covering the period of performance, a final financial report must still be submitted to fulfill the requirements of this section.

The recipient must submit a revised final financial report when all applicable indirect cost rates have been finalized.

Administrative Closeout Costs

Updated to state that administrative closeout costs may be incurred until the final report due dates but must be liquidated prior to the due date and charged to the final budget period.



Prior Approval

OMB removed the following areas as requiring prior written approval:

(a) § 200.201 — Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5)

(e) § 200.311 — Real property

(f) § 200.313 — Equipment

(h) § 200.413 — Direct costs, paragraph (c)

(k) § 200.438 — Entertainment costs

(r) § 200.454 — Memberships, subscriptions, and professional activity costs, paragraph (c)

(t) § 200.456 — Participant support costs

(w) § 200.467 — Selling and marketing costs

(x) § 200.470 — Taxes (including value added tax)



Fringe Benefits – Unfunded Pension Costs

- 200.431(g)(6)(v) (new) requires :
 - “Payments for unfunded pension costs must be charged in accordance with the allocation principles of this subpart. Specifically, the recipient or subrecipient may not charge unfunded pension costs directly to a federal award if those unfunded costs are not allocable to that award.”
- This requirement was scaled back from initial FR notice that garnered much feedback. As revised, this should not create a significant burden. OMB only sought to clarify that payments for unfunded pension costs must be charged in accordance with the allocation principles of subpart E.
- Specifically, the recipient or subrecipient may not charge unfunded pension costs directly to a federal award if they are not allocable to that award (e.g., for employees that did not devote time/effort to the grant).



Audit Related Changes



Effective for FY **beginning** after 10/1/2024 (first ones being 9/30/2025)



Increase single audit threshold from \$750,000 to \$1,000,000



Increased the type A threshold to \$1,000,000 while also increasing the amount of awards expended for which it applies (from \$25 million up to \$34 million).

Audit Related Changes

Modified the definition of questioned costs

Amount, expended or received from a Federal award that in the auditor's judgement 1) is noncompliant or suspected noncompliant with federal statutes, regulations, or the terms and conditions of the federal award 2) at the time of the audit lacked adequate documentation to support compliance or 3) appeared unreasonable and did not reflect the actuations a prudent person would take in the circumstances



When the amount of known questioned costs is “not determinable” or unknown, a description of why the dollar amount was undetermined must be reported.

Audit Report Submission

200.512 updated to include:

“The cognizant agency for audit or oversight agency for audit (in the absence of a cognizant agency for audit) may authorize an extension when the nine-month timeframe would place an undue burden on the auditee.”





Conclusions



What Should Recipients Do Now?

Review internal controls
and policies

Understand effective
dates and impact on your
organization's grants

Communicate revisions
within your organizations
as appropriate

Assign responsibilities

Connect with your
auditor



Thank you!

Sam Hellwege, Principal

State and Local Government

303-439-6082

sam.hellwege@CLAconnect.com

Kendall Haffner, Manager

State and Local Government

303-265-7831

kendall.haffner@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Digital Transformation

Client Success Stories and Lessons Learned



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Today's Moderators



Matt Anderson, CPA/CFF, CFE

Managing Principal
Digital Data Analytics



Mitch Thompson

Director
State and Local Government



Today's Panelists



Mimi Livermore, CFE, SFO

Assistant Comptroller
St. Vrain Valley Schools



Armando Guardiola, MSA

Director of Administration &
Finance
Boulder County Public Health

Key Learning Objectives



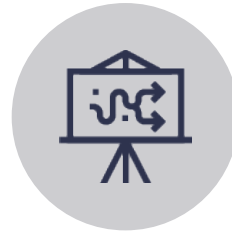
Identify key indicators of digital transformation needs



Identify effective practices for digital collaboration internally and externally



Describe the steps and strategies in initiating and implementing a digital project



Recall the lessons learned and outcomes from real-world digital transformation projects



Questions



Thank you!

Matt Anderson
(303) 779-5710
matt.anderson@CLAconnect.com

Mitch Thompson
(317) 569-6154
mitch.thompson@CLAconnect.com



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Monetizing Clean Energy Tax Credits From the Inflation Reduction Act

August 12, 2025



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Learning Objectives

At the
end of
this
session,
you will
be able
to:

Describe the various tax credit opportunities created by the IRA

Recall how credit refunds and transfers operate under the IRA

Describe the latest legal and regulatory updates under the IRA

Identify how to plan for clean energy investments within your agency or entity

Recognize grant opportunities for local governments included in the IRA and Infrastructure Law

Discuss several examples of how organizations receive tax credits from their specific projects



Background



Inflation Reduction Act (IRA) Snapshot



- Created and modified a number of renewable energy credits as well as financing programs
- Created new monetization options for tax-exempt and taxable entities
- Section 6417 provides an elective pay option (i.e., cash refund) for:
 - Tax-exempt organizations
 - State and local governments (all levels)
 - Tribal governments
 - Rural electric cooperatives

Refundable / Transferable Credits

§30C Alternative fuel
vehicle refueling
property credit

§45 Electricity
produced from
certain renewable
resources, etc.

§45Q Credit for
carbon oxide
sequestration

§45U Zero-emission
nuclear power
production credit

§45V Credit for
production of
clean hydrogen

§45W Credit for
qualified commercial
clean vehicles
(elective pay only)

§45X Advanced
manufacturing
production credit

§45Y Clean electricity
production credit

§45Z Clean fuel
production credit

§48 Energy credit

§48C Advanced
energy project credit

§48E Clean electricity
investment credit



Know Your Dates

IRA is effective for assets placed in service on or after Jan. 1, 2023

Credits may be claimed once property is placed in service

Construction start date is important under the IRA

Construction generally starts when:

- 5% or more of the cost of the property is paid or incurred, or
- Physical work of a significant nature begins

Executive Order issued July 2025 may change the governing rules for Sections 45Y and 48E

Fiscal year end will determine period in which property is placed in service and tax return due dates



Legislative Update



“One Big Beautiful Bill”



Passed the House on May 22, 2025



Senate released its version of the bill on June 16, 2025



Bill was signed into law on July 4, 2025

OBBBA Key Energy Credit Comparison

Credit	Final Bill
Section 45W – Commercial Clean Vehicles	Repeals credit for vehicles acquired after September 30, 2025.
Section 30C – Alternative Fuel Refueling Credit	Repeals credit for property placed in service after June 30, 2026.
Section 48E – Clean Electricity Investment Credit	For wind and solar, if construction start date is more than 12 months after date of enactment (DOE), must be placed in service by December 31, 2027.
Section 179D – Energy Efficient Commercial Building Deduction	Terminates the deduction for property that begins construction more than 12 months after DOE.





Specific Credit Opportunities



Investment Tax Credit (ITC) – Sections 48 and 48E

- Tax credit based on a percentage of the cost of qualified property
- 6% base credit
- 30% base credit if:
 - Prevailing wage and apprenticeship (PWA) is met,
 - Construction started prior to Jan. 29, 2023, or
 - System is less than one megawatt (does not apply to all ITC property)



Section 30C Alternative Fuel Refueling Credit

Includes EV chargers

Must be placed in service by
June 30, 2026

6% of the cost of any single item of
qualified property not meeting PWA, up
to \$100,000

30% of the cost of qualified property if
PWA is met, up to \$100,000

Qualified property must be installed in locations that meet one of the following census tract requirements:

- The census tract is not an urban area,
- A population census tract where the poverty rate is at least 20%, or
- Metropolitan and non-metropolitan area census tract where the median family income is does not exceed 80% of the state median family income level
- Use Department of Energy map linked at <https://electrek.co/us-treasury-released-ev-charger-tax-credit-guidance-heres-how-to-find-out-if-you-qualify>



Section 45W Clean Vehicle Credit



Applies to clean commercial vehicles and mobile machinery acquired or leased after 2022 and before September 30, 2025



Credit equals the lesser of:

- 15% of the vehicle's basis (30% if fully electric) or
- Incremental cost of the vehicle



Max credit is:

- \$7,500 for vehicles less than 14,000 GVWR, and
- \$40,000 for all others
- Dealers may elect to use the credit as part of your payment

Planning



Identify Eligible Energy Projects

Solar (rooftop, carport, ground-mounted)

Geothermal HVAC

Wind

Biogas

Battery energy storage systems

Combined heat and power systems

Hydropower

Alternative fuel refueling (charging infrastructure)

Electrified vehicles



Information To Gather for Planning Purposes

Project / site name

Project address

Project type

System size in kW or
MW (DC and AC),
or BTUs

Planned construction
start date

Planned construction
completion date

Estimated project
cost

Description of
financing

Does the energy
project replace or
enhance existing
similar technologies?

Entity fiscal year end



Contract Discussions and Planning Considerations

Considerations
during
planning
period

Prevailing wage and apprenticeship
requirements

Domestic content requirements

Low-income community bonus

990-T extension



Prevailing Wage and Apprenticeship (PWA)

- Increases base credit by 5X (from 6% to 30%) – if project meets 1-MW or construction date exceptions, PWA is not needed
- Requires that all laborers and mechanics employed on an energy construction project are paid at least the prevailing wage rates for the type of work performed in the geographic area of the facility as determined by the Department of Labor in accordance with the Davis-Bacon Act
- Must maintain strict recordkeeping of each laborer or mechanic's hourly rates, hours worked, deductions from wages, and actual wages paid, among other records
- Proper ratio for supervision of apprentice by journey worker must be met daily to avoid paying apprentices prevailing wage rate



PWA Continued

- A taxpayer and its contractors and subcontractors who employ four or more workers on an energy construction project (including repair work) must hire at least one qualified apprentice
- For construction beginning in 2023, at least 12.5% of the total labor hours on a construction project (including repair work) must be performed by a qualified apprentice from a registered apprenticeship program
 - This percentage increases to 15% for projects beginning in 2024 or after
- Good faith exception for apprenticeship requirements if qualified apprentices have been requested from a registered apprenticeship program and either (i) the request was denied for reasons other than the taxpayer, contractor, or subcontractor's refusal to comply with the program's standards and requirements, or (ii) the program failed to respond within five business days of receiving a request



Domestic Content Bonus

- Projects are eligible for an additional bonus credit of 10% (2% if 5X multiplier not met) if the following conditions are met:
 - 100% of any steel or iron that is a component of the facility is manufactured in the United States
 - Not less than the applicable percentage of the manufactured components of the facility are manufactured in the United States (year in which construction begins):
 - 40% before June 16, 2025
 - 45% after June 16, 2025
 - 50% in 2026
 - 55% in 2027

100% of steel and iron

Applicable percentage of
manufactured products



Domestic Content Continued

- Credits are reduced beginning in 2024 if DC isn't met (unless exception applies) for direct pay
 - 90% of base amount in 2024
 - 85% of base amount in 2025, and
 - 0% for projects that begin construction after Dec. 31, 2025
- Exceptions to domestic content claw-back
 - Projects less than 1 MW
 - Increased cost exception (increases overall project cost by more than 25%)
 - Non-availability exception
- IRS notices provide elective safe harbor for solar, land-based wind, and battery energy storage systems
 - Use assigned cost percentages for applicable projects
 - If elected, must use in its entirety for that project



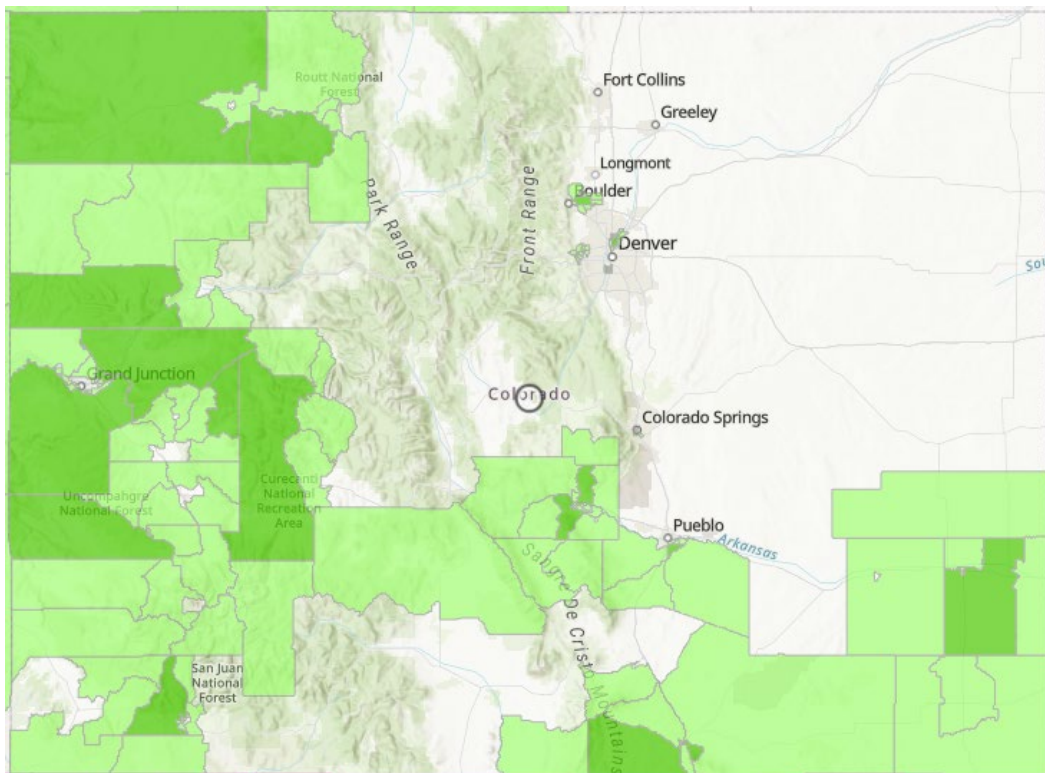
Energy Community Bonus

Projects are eligible for an additional bonus credit of 10% (2% if 5X multiplier not met) if the facility is located in any of the following:

- A brownfield site, or
- An area that:
 - Has (or, at any time during the period beginning after December 31, 2009, had) 0.17% or greater direct employment or 25% or greater local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas,
 - Has an unemployment rate above the national average for the previous year, or
 - Has a census tract or a census tract that is adjoining a census tract in which a coal mine has closed after 1999 or a coal-fired electric generating unit was retired after 2009



Energy Community Map of Colorado



Source: [IRA Energy Community Tax Credit Bonus](#), U.S. Department of Energy, National Energy Technology Laboratory (NETL); licensed under a Creative Commons Attribution 4.0 License.





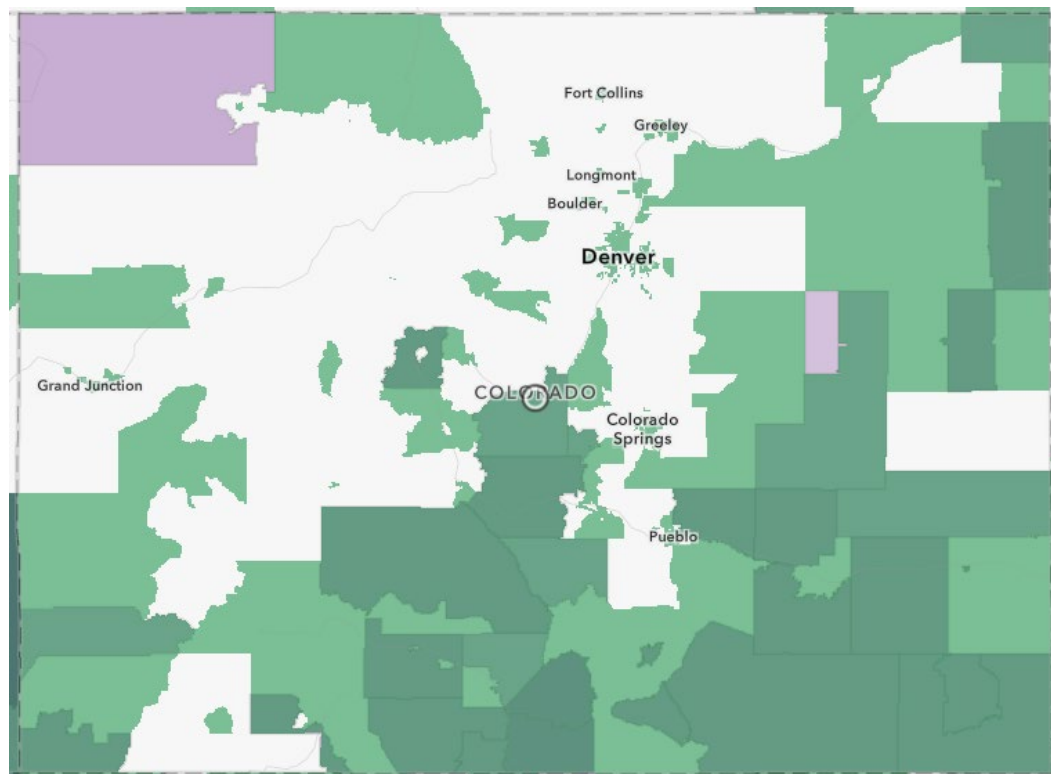
Low-Income Community Bonus

Project is built in a low-income community as defined by the New Markets Tax Credit or on Indian Land can receive an increased tax credit of 10%

Project associated with a low-income residential building project, or a low-income economic benefit project, can receive an increased tax credit of 20%

Must apply for an allocation before project is complete

Low-Income Community Map of Colorado



Source: [Mapping Tool for Clean Electricity Low-Income Community Bonus Credit Program](#), U.S. Department of Energy, National Energy Technology Laboratory (NETL); licensed under a Creative Commons Attribution 4.0 License.



Construction



Potential Tasks During Construction



Monitor prevailing wage
and apprenticeship



Gather documentation
needed for
credit calculations



Apply for low-income
community bonus credit

Credit Monetization



Information Needed for Credit Calculation – ITC

- Project / site name
- Project address
- Property type
- System size in kW or MW (DC and AC), or BTUs
- Specifications of project
- Final, or most recent, pay application from the general contractor
- Other costs incurred (i.e. – survey fees, architect / engineering fees, construction period interest, etc.)
- Full set of plans (construction or as-builts)
- Construction start date
- Date the completion certificate was issued
- Date the property was placed into service (if different than certificate of occupancy date)
- Power purchase agreement, if applicable
- Copy of the utility's connection agreement
- Amount of tax-exempt funding used
- Copies of grant funding agreements
- PWA supporting documents
- Domestic content supporting documents



Information Needed for Credit Calculation – Vehicles



- Property owner (entity)
- Project address
- Make and model of commercial vehicle
- Number of vehicles
- EV or plug-in hybrid designation
- Vehicle size / weight
- Cost per vehicle
- Date the property was placed into service (purchase date)
- Bill of sale
- Vehicle registration
- Amount of tax-exempt funding used
- Copies of grant funding agreements
- No filing needed if dealer took the credit as part of payment

Information Needed for Credit Calculation – Alternative Fuel Refueling

Project / site name

Project address

Construction start
date

Date the property
was placed
into service

Capital
expenditure per
charging station

Number of
charging stations

Amount of tax-
exempt funding
used

Copies of grant
funding
agreements

Commissioning
report

Prevailing wage
and apprenticeship
supporting
documents



990-T Extension

Determine fiscal year
end that property is
placed in service

File 990-T extension
within 5.5 months of
fiscal year end



Pre-Registration With the IRS



Complete pre-registration prior to filing 990-T tax return.



The IRS will issue registration numbers to qualifying projects. This number must be used when making the credit election on the tax return.

Pre-Registration With the IRS



Register for an ID/me account

<https://www.irs.gov/credits-deductions/register-for-elective-payment-or-transfer-of-credits>

EIN

Entity name as shown on EIN

Entity address

Bank account information



Gather supporting documentation

Placed in service date

Construction start date

Project address: longitude east-west,
latitude north-south

[How to get coordinates](#)





Credit Calculation

Detailed cost segregation analysis to identify and segregate eligible basis for the ITC related to the energy project. The process involves an engineering-based review of primary project documentation.

Calculate credits based on results of cost segregation study, information gathered and applicable credit percentages.

Consider impact of grant funding and use of tax-exempt bond financing on credit.



Grant Funding

- Grant funding *may* reduce otherwise allowable credits
- Excess benefit rule
 - If a grant, forgivable loan, or other exempt income is received for the specific purpose of purchasing or constructing ITC property, and the sum of such amounts plus the applicable credit otherwise determined with respect to that property exceeds the cost of the property, then the amount of the applicable credit is reduced so that the total amount of applicable credit plus the amount of any restricted tax-exempt amounts equals the cost of investment-related credit property



Grant Funding Continued

- The determination of whether a tax-exempt grant is made for the specific purpose of purchasing, constructing, reconstructing, erecting, or otherwise acquiring ITC property is made at the time the grant is awarded to the applicable entity
- A tax-exempt grant awarded after the property is purchased, constructed, etc. is generally not a restricted tax-exempt amount unless approval of the grant was perfunctory and the amount of the grant was virtually assured at the time of application
- Examples of tax-exempt amounts that are not restricted tax-exempt amounts are:
 - A tax-exempt amount from the organization's general funds is not a restricted tax-exempt amount, and
 - A tax-exempt amount's use that is not restricted to the purpose of purchasing, constructing, reconstructing, erecting, or otherwise acquiring ITC property (such as purchasing an electric vehicle) and could be used for any of several different applicable credit properties (such as purchasing an electric vehicle or purchasing solar panels) or can be put to other purposes (such as purchasing an electric vehicle or making a building more energy efficient)



Tax-Exempt Bonds

ITC property acquired using proceeds from a tax-exempt bond issuance must be reduced by the lesser of:

- 15% of the pre-reduction ITC, or
- The product of the pre-reduction ITC and a fraction
 - The numerator of which is the amount of current, and all prior taxable years' tax-exempt bond proceeds used to finance the ITC energy property, and
 - The denominator of which is the aggregate amount of the additions to the capital account for the ITC property for the current taxable year and all prior taxable years

Tax-exempt bond credit reduction rule applies before the application of Section 6417

Thus, any tax credit reduction that is required for tax-exempt grants and forgivable loans under the Section 6417 excess benefit rule is computed after application of the tax-exempt bond issuance credit reduction rule discussed above



Filing for Elective Pay Credits and Refunds

- Must be claimed on a timely filed return (including extensions). Cannot be claimed on an amended return.
- Must be filed on Form 990-T by due date along with:
 - Form 3800 (General Business Credit)
 - Applicable credit forms and registration info
 - State and local governments that do not file a tax return will need to file a Form 990-T for this limited purpose
- Entities that have never filed can elect a different fiscal year end.



Process Flow

Planning

- Identify potential eligible projects
- Gather planning information

Construction

- Monitor prevailing wage and apprenticeship, if applicable
- Gather documentation needed for credit calculations
- Apply for [Low-Income Community Bonus](#), if applicable, when project is in progress and *before project is completed*.

Credit monetization

- Detailed cost segregation study and credit calculations
- Pre-register with the IRS
- File 990-T and supporting credit forms prior to filing deadline



Case Study – Nonprofit (YMCA)



Scenario – \$400K combined heat and power system

Needed to establish construction start date prior to 12/31/24

Existing Cogeneration unit impact on eligibility

No grant funding or tax-exempt financing

Located in an energy community



Results – \$160,000 to claim

Ensured at least 5% of costs were incurred by 12/31/24

Existing unit was disposed of – passing the 80/20 test

Credit calculated at 40% of \$400K cost = \$160,000

Will file for credit for fiscal year ending 12/31/25

Case Study – County in the Southeast



Large solar projects across multiple municipal buildings.



All over 1 MW.



Some projects were exempt from PWA and DC reduction due to BOC date; some were not.



Two solar projects submitted for year end Sept. 30, 2024, totaling \$1.8 million.

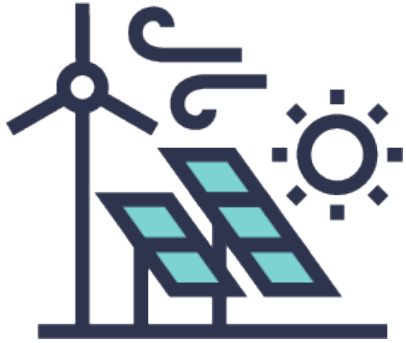


EV credits also claimed.



IRS has approved solar credits but not issued the refunds – EV credits are being scrutinized per IRS feedback.

Case Study – City



Scenario – City with multiple projects, some outside current fiscal year

Several solar projects, charging infrastructure,
EV purchases

One project was in service prior fiscal year and filing
deadline had passed

No grant or tax-exempt funding



Results – \$1.2M claimed

Elected a different year end for 990-T filing, able to
capture project that would have been outside current
fiscal year

Case Study – Higher Education (Community College)



Scenario – \$3.3M Geothermal and \$1M solar system, part of \$19M project

Construction started in 2021

Partially funded by a \$1M grant

Both systems under 1MW of output

Client had done own cost segregation and needed assistance with filing



Results - \$1.3M claimed

Assessed impact of grant funding – no excess benefit

Performed full cost segregation study

Total credit of \$1.3M – increased credit by \$60K as compared to client calculation



Thank you!

Michael De Prima, Principal

michael.deprima@CLAconnect.com

239-280-3548

Christine DiMenna, Principal

christine.dimenna@CLAconnect.com

860-570-6439



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer).
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

Emerging Themes: A Fresh Take on Ethics and Fraud

August 12, 2025



The information herein has been provided by CliftonLarsonAllen LLP for general information purposes only. The presentation and related materials, if any, do not implicate any client, advisory, fiduciary, or professional relationship between you and CliftonLarsonAllen LLP and neither CliftonLarsonAllen LLP nor any other person or entity is, in connection with the presentation and/or materials, engaged in rendering auditing, accounting, tax, legal, medical, investment, advisory, consulting, or any other professional service or advice. Neither the presentation nor the materials, if any, should be considered a substitute for your independent investigation and your sound technical business judgment. You or your entity, if applicable, should consult with a professional advisor familiar with your particular factual situation for advice or service concerning any specific matters.

CliftonLarsonAllen LLP is not licensed to practice law, nor does it practice law. The presentation and materials, if any, are for general guidance purposes and not a substitute for compliance obligations. The presentation and/or materials may not be applicable to, or suitable for, your specific circumstances or needs, and may require consultation with counsel, consultants, or advisors if any action is to be contemplated. You should contact your CliftonLarsonAllen LLP or other professional prior to taking any action based upon the information in the presentation or materials provided. CliftonLarsonAllen LLP assumes no obligation to inform you of any changes in laws or other factors that could affect the information contained herein.

Learning Objectives

At the end of this session, you will be able to:

- Explain the psychological and behavioral drivers behind unethical decisions
- Identify ethical challenges and fraud risks heightened by economic downturns
- Discuss ethical implications of AI and automation in business processes



Speaker Introduction



Emilie Deveraux, CFE

Signing Director

CLA's Forensics Practice

Over 23 years of experience leading fraud investigations, forensic accounting projects, and litigation support services for large government organizations, educational institutions, nonprofits, and commercial businesses.



Speaker Introduction



Anna Landgraf, CPA

Manager

CLA's Nonprofit Practice

Over six years of auditing experience, all of which have been devoted to nonprofit and governmental clients. Her experience includes serving regulated industry (nonprofit and government) clients.





Psychological and Behavioral Drivers of Fraud



Cognitive Biases

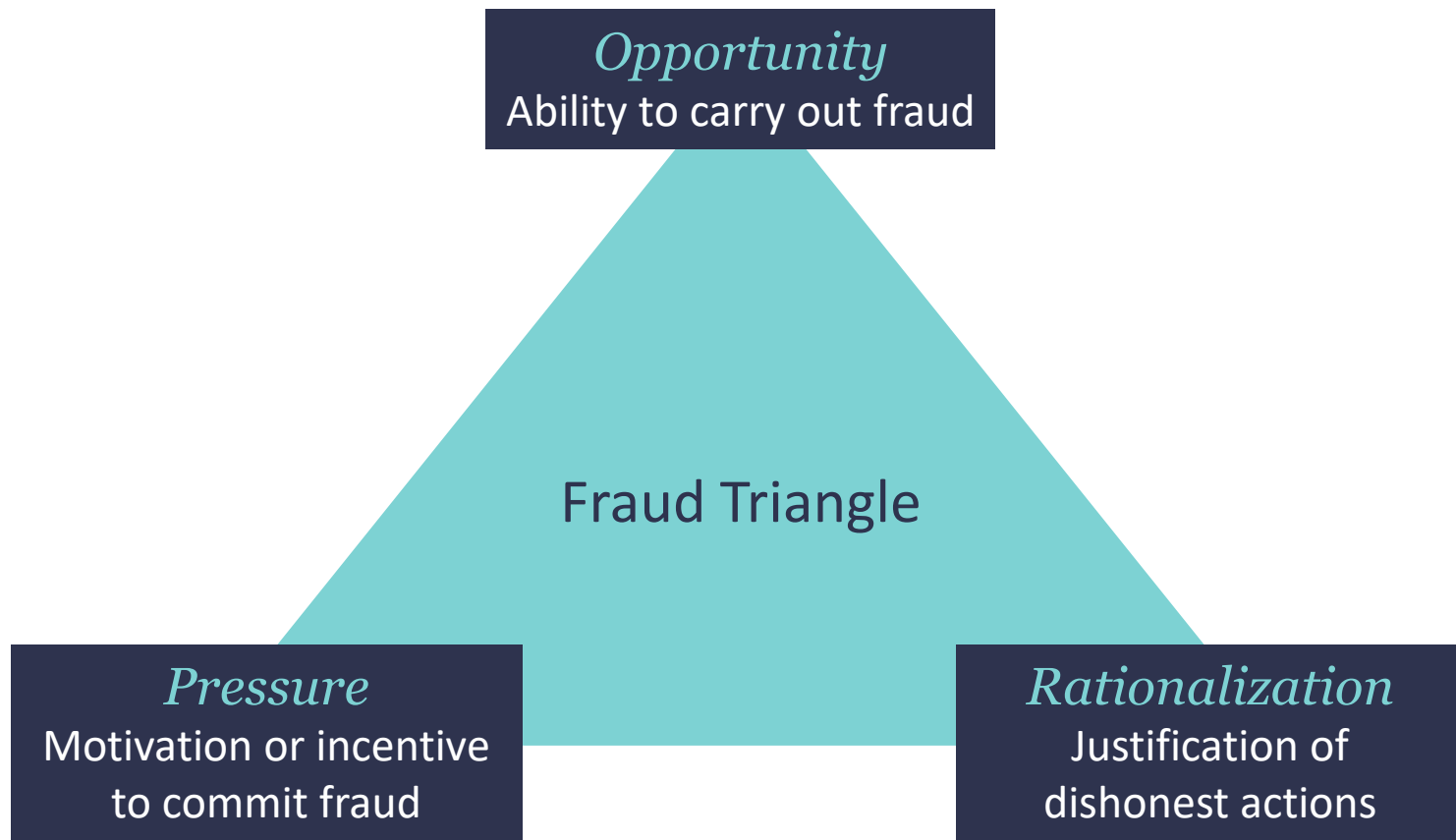
Overconfidence bias

- Belief you are less likely to make unethical choices than others
- Ignoring warning signs or bypassing controls
- Assuming you're too competent to fail
- Can lead to risky decisions

Groupthink

- Suppress dissenting opinions to maintain consensus
- Not wanting to be a “troublemaker”
- Especially problematic in high-pressure or hierarchical environments





Biases and Fraud Triangle

Overconfidence bias

Rationalization

- Too smart to get caught

Opportunity

- Assume can outsmart controls

Groupthink

Rationalization

- May feel actions are acceptable

Pressure

- Social pressure to conform

Ethical Leaders Start at Home

Personal Ethics

- Values
- Moral choices
- What we do when no one is looking
- Can change over time or by situation or role
- Defined by:
 - Faith, spirituality
 - Upbringing, family
 - Laws, civil rights, academia

Business Ethics

- Personal ethics
 - Values of the employees
- Organizational culture
 - Tone at the top
 - History of the company
 - Perception of what is acceptable
- Organizational systems
 - Policies and rules in place
 - Regulatory oversight
 - Code of ethics and how it's monitored and enforced





Ethical Challenges During Economic Downturns



Fraud Risks Due to Increased Financial Pressures

These pressures can push individuals to commit fraud to “stay afloat” or meet unrealistic targets

Individuals

- Job insecurity
- Pay cuts
- Financial strain

Organizations

- Revenue shortfalls
- Increased investor/stakeholder pressure
- Funding gaps



Real Life Fraud Examples

Personal use of
credit cards

Payroll and ghost
employees

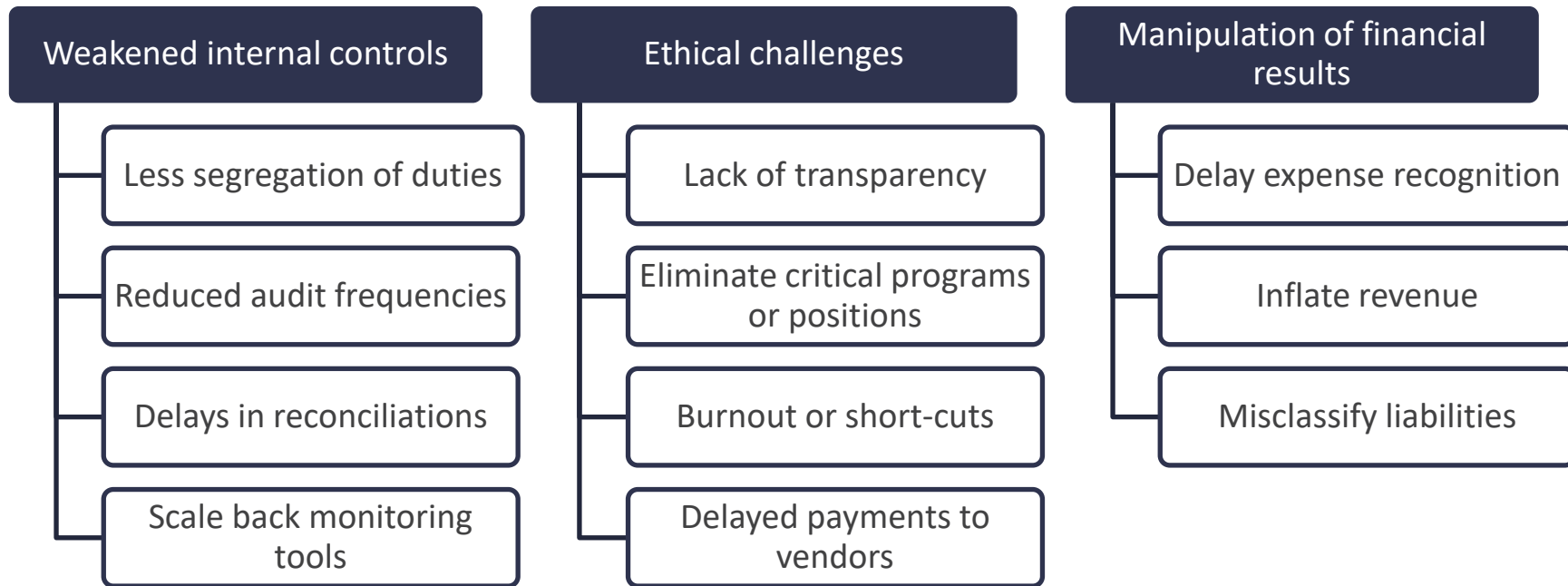
Misuse of
restricted funds

Setting up
fictitious Vendors

Vendor bank
account changes



Risks of Cost Cutting



Importance of Ethical Leadership in Downturns



Key Benefits of an Ethical Organization

- Enhanced decision-making
 - Provides a framework for making informed decisions
- Employee morale
 - Boosts morale, engagement and retention
- Sustainable growth
 - Higher customer retention due to strong reputation
 - Focus on sustainable practices, resistance to cut corners



Develop an Anti-Fraud Culture

- Person or office responsible for anti-fraud, ethics, and compliance
 - Empowered by management and governance
- Lead by example (“tone at the top”)
 - Management and governance promote an environment of integrity
- Encourage transparency and accountability
 - Review, oversight, monitoring
- Well-developed anti-fraud and ethics policy and/or code of conduct
 - In writing, communicated to and acknowledged by employees
- Well-developed and updated written policies and procedures
 - Kept current and acknowledged by employees



Develop an Anti-Fraud Culture (Continued)

- Regular technical training of employees on policies, procedures, applicable laws, ethics, fraud awareness, etc.
 - Internal or external instructors
- Strong compliance/internal audit programs
 - Internal, outsourced, or combination – prioritized by management and governance
- Established fraud and ethics hotline
 - Anonymous, confidential, protect whistleblowers – prioritized by governance
- Reinforce good behavior and don't reinforce bad behavior
 - Follow through on reports of misconduct – encourages people to come forward





AI and Fraud



How Is AI Impacting Fraud?

More convincing
false documents
and data

Decreased
detectability

Increased
sophistication

Increased speed
and proliferation
of fraud schemes



Using AI to Prevent and Detect Fraud

Data analysis and pattern recognition

Real-time monitoring

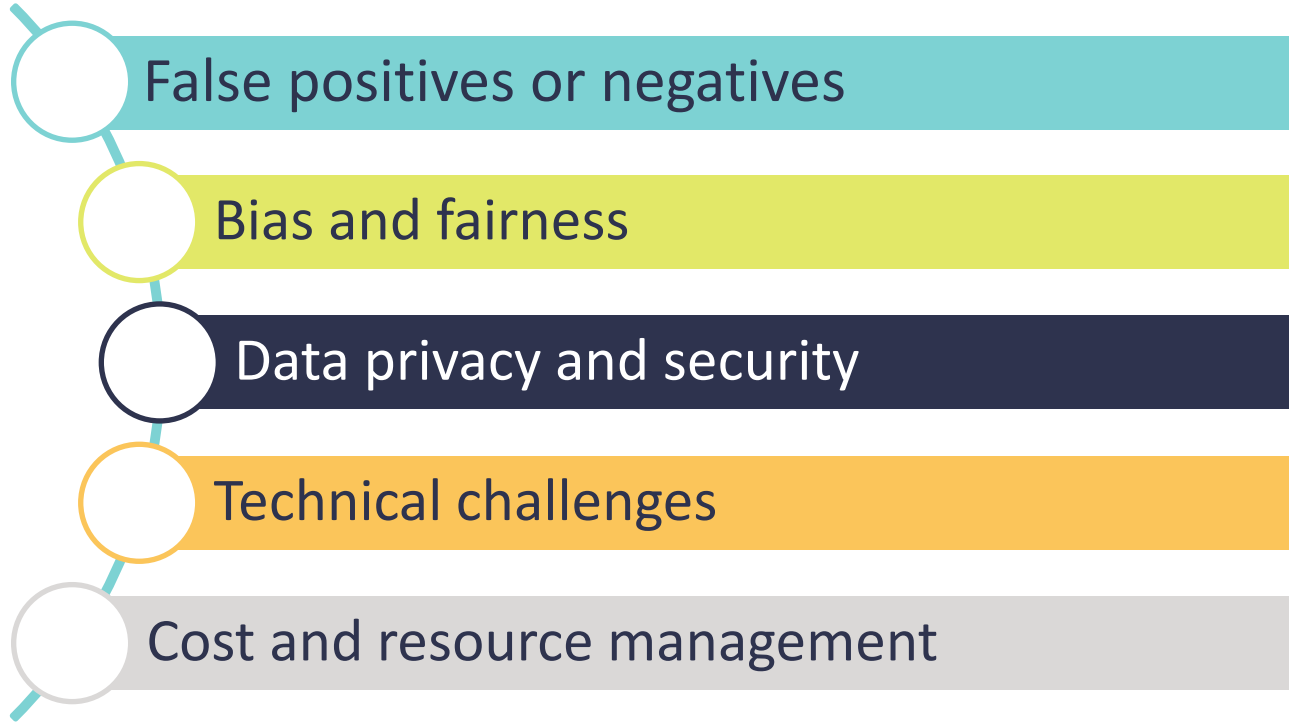
Natural language processing (NLP)

Predictive analytics

Image and video analysis



Risks Associated with Using AI to Prevent and Detect Fraud



Ethical Implications of AI and Automation



Closing Thoughts



Closing Thoughts

Be aware of cognitive biases

- Overconfidence and Groupthink can lead individuals to bypass controls or rationalize unethical behavior

Ethics during economic downturns

- Ethical leadership is foundational to setting expectations and shaping culture
- Importance of building an anti-fraud culture

AI and Fraud

- AI is a great tool for fraud prevention, but must be used appropriately
- Align AI use with ethical and legal standards



Questions?

Emilie Deveraux, CFE

Signing Director

emilie.deveraux@CLAconnect.com | 505-222-3531

Anna Landgraf, CPA

Manager

anna.landgraf@CLAconnect.com | 303-793-1434



CLAconnect.com



CPAs | CONSULTANTS | WEALTH ADVISORS

©2025 CliftonLarsonAllen LLP. CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://claglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.