

Colorado Fiscal Managers' Association

## CFMA 2007-2008 Officers

Tom Kingsolver - President

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President

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E-MAIL ADDRESS FOR THE  
OFFICERS AND COMMITTEE  
CHAIRS CAN BE FOUND ON THE  
CFMA WEBSITE:

[HTTP://WWW.STATE.CO.US/CFMA/HOME  
.HTM](http://www.state.co.us/cfma/home.htm)

## Inside This Issue:

President's Corner	1-2
Top Ten	1
Bean Counter's Underground Press	3
Controller's Corner	4-5
Spring Conference	5
Luncheon Information	6



## President's Corner *Tom Kingsolver*

**SPRING CONFERENCE NOTE** – I noted that several people who had signed up for the Controller's forum on Wednesday, April 16<sup>th</sup> from 10 a.m. to noon were not part of Higher Education. This forum is for Higher Education personnel only. I apologize that the conference sign in was not more specific but if you do not work for Higher Education please do not attend this forum.

We are still working on getting our new web site up and running. We hope it will be available by the end of the month.

We have two new mentoring teams in CFMA. First is Trinka

Mullin, from the Controller's office paired with Ward Steinburg from Revenue and yours truly teamed with Anne Bygrave from Education. We are still looking for more people to sign up to be mentors or mentorees. See the "Mentoring" page on the web site for more details. The Enforcement Division at Revenue has 3 new interns from Metropolitan State College. They started on Friday, February 29<sup>th</sup> and seem to be happy to gain the work experience. At the present time, they are working for college credit only. If you would like more information on this program, you may contact Melinda

Brenimer, internship coordinator at Metropolitan State College. She may be reached at 303-556-3290 or by e-mail at [brenimem@mscd.edu](mailto:brenimem@mscd.edu).

On Friday evening, February 29<sup>th</sup>, Les Shenefelt and I attended the Accounting Students Organization (ASO) government night at Metropolitan State College. Les gave a great presentation on careers in state government in general and detailed information on careers with the state auditor's office.

*...continued on page two*

## Top Ten

*Bill Schlaufman*

Top ten things I would do as Governor:

10. Create new Electoral College like process in Colorado in which voters elect representatives (who must be members of CFMA) who in turn elect Governor.
9. Order Secretary of State to declare war on Nebraska.
8. Take net assets of CU System and divide proportionately amongst other Colleges and Universities.
7. Hire someone to deal with COFRS because I'm tired of it.
6. Force new "CSU Global University" to do business

within the confines of the Western Hemisphere.

5. Take all the money from the State Treasury, convert to cash and store in a hidden vault behind a picture in my living room.

4. Sign Executive Order halting all Banner Conversions until further notice.

3. Declare all prizes at CFMA events exempt from Amendment 41.

2. Buy Broncos and Rockies franchises with State funds and declare Governor to be new general manager of both teams.

1. Appoint Representative Bruce as my new Lieutenant Governor to ensure I will never be

impeached.

## President's Corner continued from page one

I gave a short presentation on CFMA. There were also two presenters from the City of Denver Treasury Division. After the presentations we answered student's questions concerning careers in government. What made the evening really special was that Les organized the ASO at Metro and was their first President. There were approximately 55 students and faculty that attended.

If you don't have your reservations for the March luncheon please e-mail Kelli Cheshire no later than noon on Wednesday, March 10<sup>th</sup>. Kelli's e-mail is [kelli.cheshire@dora.state.co.us](mailto:kelli.cheshire@dora.state.co.us). Our speaker is State Treasurer Cary Kennedy. Cary will be discussing the State Taxpayer Accountability Report (STAR). This report presents information about the current fiscal condition of the state and was designed to be easily understood by the state's taxpayers. STAR is the first report of its kind in Colorado presenting financial information as a joint effort between the Governor, the State Treasurer and the State Controller. The report also includes interesting dates in the state's history, information about the state's geography and state designations.



Registration for the spring conference is growing daily. After having registration open for only two weeks we have 187 people registered. You still have until March 21<sup>st</sup> to get the early registration price of \$100. After that time the conference registration fee is \$125. Even though Cheyenne Mountain Resort is full there are several nearby hotels that still have rooms available. See the CIMA web site to register for the conference and for more information on hotels.

<http://www.state.co.us/cima/2008Spring/2008Spring.htm>

We finally have a closing key note speaker for Friday, April 18<sup>th</sup>, former Denver Bronco line backer Randy Gradishar. Those of you who followed football in the mid 70's to early 80's know that Randy was one of the all time greats.

I hope to see you on April 16<sup>th</sup>.



*"As long as a man stands in his own way, everything seems to be in his way."*

*~ Ralph Waldo Emerson*

### Educational Assistance Program

Just a reminder, if you are currently enrolled in an educational class, one of CFMA's prime objectives is to contribute to the education of it's members. To that goal, there is the educational assistance program that will reimburse 50% of the total out of pocket costs of a class up to \$500 per year.

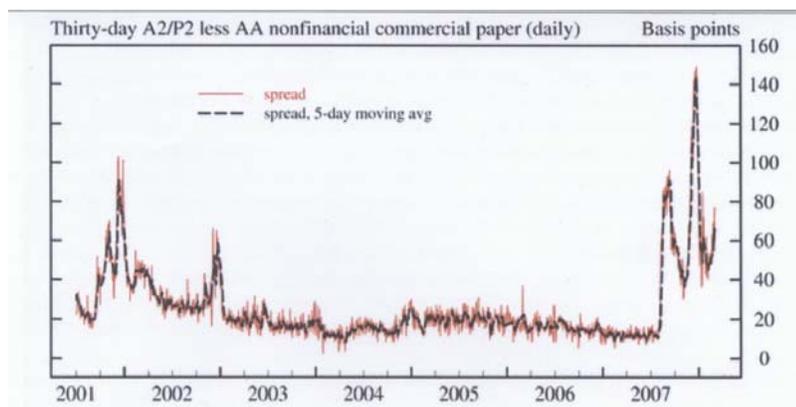
If you meet the criteria listed on our website, submit the required forms to Lynn Gabenski at [lynn.gabenski@state.co.us](mailto:lynn.gabenski@state.co.us).



# Bean Counter's Underground Press

Alan Boisvert

## FEAR



The graph above is my favorite graph in the whole world. I've entitled it Fear. It is available 7 days a week, 365 days a year on the Federal Reserve Board's website. However, you will not find it there under the name Fear, but rather it is the Yield of 30-day AA Non-financial Commercial Paper above the Discount Rate.

What is striking is the spike at the end of 2001 on the left side of the chart. That was 9/11. The smaller spike to the right of that was the start of the war in the Middle East. The spikes on the right which are the last eight months or so is what I will call, the meltdown of the financial markets caused by the accounting professions need to mark to market things that don't really have a market (my oversimplification). Please note that we are now more afraid than we have ever been before.

How the graph depicts fear is by showing us how much more highly rated companies like Boeing, or General Electric have to pay to borrow money over what people are willing to accept from the Federal Government. The Feds are considered risk-free, and everyone else is a riskier borrower. So, when we are afraid, we put all our money in

Treasuries, and demand a substantial premium to take it out and loan it to anyone else. Because suddenly, something has scared us, we do with our money what we do with our person, we run and hide.

To prevent a future Orange County fiasco, GASB now requires that governments mark to market their investments, even if they intend to hold to maturity. To prevent a future Enron, FASB now requires the private sector to mark to market their holdings even if they are not impaired. This adds volatility but also increases transparency. The two are trade-offs. What has made things so much worse today is the sub-prime mortgage market got leveraged similar to the way stocks got leveraged in 1929. Because of this leverage the infection of the sub-prime mortgages could not be contained as Mr. Bernanke promised it would be back in the Fall of 2007.

When a few mortgages went bad, that leverage caused a cascade through the financial community as their auditors demanded that they write-down their assets to market, even if those assets themselves were still performing and thus, not impaired. As many of these

assets were used as collateral for borrowings, when the value of the collateral fell, then the borrowers, whether they were hedge funds, mortgage lenders, or European banks, had to put up more assets, or reduce their borrowings to meet their margin calls.

Some, like Citigroup put up more assets by selling themselves to the Sovereign Wealth Fund of Abu Dhabi. Others, like Thornburg Mortgage sold their best assets at a discount to meet their margin calls with cash. However, the very selling of good assets at a discount creates the very market mark down that everyone fears. So begins the downward spiral and fear that we are experiencing now. Thornburg may not last long enough even for the publication of this article.

Now, pretend you are the investment guru at PERA. Are you afraid, or are you a vulture, picking over the carcasses for the meat that remains? I know in 1987 they were a vulture and bought a lot of good stuff 25 percent off the retail price. There are other vultures out there too. Warren Buffet is now the richest man in the world and he's buying. Microsoft, there's a predator for you, going after Yahoo. The sovereign wealth funds are picking over the things they want. What do they all have in common? I say they have deep pockets and time on their hands, which is more than most of us have. For me, I'm afraid, but I'm also betting on the vultures, because one of them sends me a check every month. Go get 'um PERA, I'm rooting for you.

For my friend who sold Apple at 180, you can now buy it back for 120.

*"The opinions expressed here in are those of the author and do not necessarily represent the opinion of the Colorado Fiscal Manager's Association, its board, or its members."*



# Controller's Corner



## What's Happening?

### OSC Retirement

After 32+ years of state service Les Shenefelt is retiring March 31, 2008. There will be a retirement party on Friday March 28 from 2:00 – 4:00 pm at 633 17th Street, 2nd Floor Conference Room (use the elevator near Starbucks).

### New Staff at OSC

On March 3, Christy Stein started in the Central Accounting Unit. Her duties will involve warrant distribution, cancellation, and reissue. For the past few years she has worked in a local Credit Union.

### Supplemental Bills

Draft Supplemental bills are out on the legislative website. If you are expecting a supplemental appropriation, get a head start and check them out. The bill numbers range from HB08-1281 – 1303. If your agency has a new line,

*By the Field Accounting Services Team, State Controller's Office*

### Open FY09/Close FY08 Training

Open/Close training is being planned at this time. The dates for the training are:

Open/Close for New Employees – Wednesday, April 23

General Open/Close – Thursday, May 1

Higher Ed Open/Close (Denver)– Thursday, May 8

Higher Ed Open/Close (Alamosa)– Thursday, May 15

### Fiscal Procedures Manual

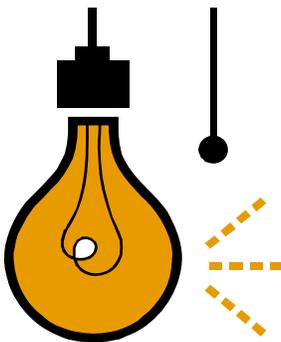
The OSC's intention is to have the Fiscal Procedure Manual available for distribution in mid-April. This is a little later than normal, but we are trying to incorporate information regarding the Long Bill recast, which is causing the delay.

### David Walker Announces Early Departure from GAO to Head New Public Interest Foundation

On February 15, David M. Walker, Comptroller General of the United States and head of the U.S. Government Accountability Office, announced his intention to resign his position effective March 12, 2008, in order to accept the position of president and chief executive officer of the newly established Peter G. Peterson Foundation. Walker has been Comptroller General of the United States since November 1998. During his tenure, the GAO has undergone a major transformation during which the agency's role has expanded while its visibility, viability and performance have improved significantly. In addition to leading this effort, Walker has worked to modernize the accountability profession both domestically and internationally. He has also been an outspoken advocate of the need for federal policymakers to address the fiscal and other key sustainability challenges and government transformation needs facing the United States. Walker noted that his decision was motivated by his desire to maximize his ability to make a real and lasting difference to

address the fiscal, entitlement, health care, energy, education and other major sustainability challenges facing the United States. "As comptroller general of the United States and head of the GAO, there are real limitations on what I can do and say in connection with key public policy issues, especially issues that directly relate to GAO's client – the Congress," Walker continued, "My new position will provide me with the ability and resources to more aggressively address a range of current and emerging challenges facing our country, including advocating specific policy solutions and courses of action. This move will enable me to sharpen my messages and bring focus and attention to the fiscal and other key sustainability challenges that I and others have been discussing during the past several years. Importantly, I will remain involved in The Fiscal Wake-up Tour and will work through the Peterson Foundation and with others to expand related public education and outreach

## From the "Thought You Should Know" Category



### West Virginia Joins 11 Other States in NASACT's Benchmarking Program

With the recent signing of the state of West Virginia, there are now 12 states that have or are participating in the Benchmarking program. Colorado participated in the finance functional area. The purpose of NASACT's Benchmarking Program is to help state governments identify areas where they can benefit from best practices, target processes that are inefficient, and prioritize areas to make process improvements through standardization and simplification. Information gathered for states participating in the project are benchmarked against other states and state agencies, as well as the private sector.



## Controller's Corner continued from page five

efforts, including through expanded use of technology and new media. My new position will help increase the probability that we can achieve the remaining key goal: getting Congress to address the nation's large and growing fiscal and other key sustainability challenges before a crisis hits." For more info on The Fiscal Wake-up Tour visit

[http://www.gao.gov/special\\_pubs/longterm/wakeuptour.html](http://www.gao.gov/special_pubs/longterm/wakeuptour.html) Accounting Standard Setters to Get a Re-Work

The Board of Trustees of the Financial Accounting Foundation announced last week that, following a public due process period in which 59 comments were received from accounting and financial organizations and others interested in standard setting, it has voted to approve major changes to the oversight, structure and operations of the FAF and its two standard-setting Boards, the Financial Accounting Standards Board and the Governmental Accounting Standards Board. The FAF approved the following changes:

Effective July 1, 2008, the FASB will be reduced from seven to five members, retaining a majority vote for action. Agenda setting processes for both the GASB and the FASB will become "leadership agendas," whereby the chairs shall be vested with authority, following appropriate consultation, to set project plans, agendas, and project priorities. Additionally, a document released by the FAF, "Recitals and Resolutions Adopted by the FAF Board of Trustees on 02-26-08," also outlines the following changes that

have been "approved in concept, subject to implementation steps to be taken by management and final approval by this Board":

- An increase in governance activities by the FAF Board, including its level of formal review, analysis and oversight of data and materials provided by GASB, FASB and their two advisory bodies.
- An increase in time devoted by the FAF to policy and strategy relating to independent standard setting.
- A change to FAF's executive and board leadership structure to encompass a one third to one-half-time chief executive officer and chairman of the FAF board, and a full time president and chief operating officer.
- Changes to the processes for nominating and electing of FAF trustees.
- A change of FAF board terms to a single five-year term (changed from a three-year term, with the possibility of a second three year term).
- A change in the size of the FAF from 15 to a flexible range of 14-18.
- An affirmation of the conviction to secure a stable and permanent source of funding for the GASB.

### **Federal 3% Withholding Provision**

There was a provision included in the Tax Increase Prevention and Reconciliation Act of 2006 which requires that beginning in 2011 all governments with expenditures of more than \$100 million withhold three percent on most payments for property or

services. The provision, while proposed in the *Treasury Blue Book* and the Joint Committee on Tax's "Options Report," was not a part of either the House or Senate version of the reconciliation bill and was added without a hearing, without consultation and with little knowledge during conference negotiations. In addition to being an almost \$7 billion dollar revenue raiser, the provision is an attempt to capture government contractors who do not pay taxes. Effective January 1, 2011, the provision would require governments (and political subdivisions exceeding aggregate payment of \$100 million or more for goods and services) to withhold three percent on payments for goods or services. The law further complicates implementation by exempting several types of payments including payments made through public assistance or welfare programs where eligibility is needs- or income-based, payments of interest, payments for real property, payments to tax-exempt entities or foreign governments, intra-governmental payments, payments based on a classified or confidential contract, and payments to a government employee not otherwise excludable with respect to their service as an employee.

There are efforts under way to repeal this provision, but their attempts are as yet unknown. The reasons for repeal are due to the cost/effort of administration and the increased costs that will be involved in procuring goods and services if the provision is not repealed.



## CFMA SPRING CONFERENCE

### REMINDER

## 2008 SPRING CONFERENCE

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APRIL 16, 17, & 18

CHEYENNE MOUNTAIN RESORT

COLORADO SPRINGS, COLORADO

Keynote speaker on Thursday, April 17th will be Governor Bill Ritter

Conference fee will be \$100 (\$125 for late registration).

You still have until March 21<sup>st</sup> to get the early registration price!! There are plenty of hotels close to the Resort that still have rooms available.

Go to <http://www.state.co.us/cfma/Seminars/seminars.htm> for more information.



## CFMA LUNCHEON DATES/LOCALE

We are still confirming dates for the remainder of the year. See the web site for more info.

Mar. 20, 2008 TBA  
Apr. 17, 2008 SPRING CONFERENCE  
May 22, 2008 TBA  
Jun. 19, 2008 TBA

Here is a list of the luncheon dates; speakers will be added as they are confirmed. Most luncheons are on Thursday except for Nov. 28 and Feb. 20, which are Wednesdays. The location will continue at the Beef Palace except for January 17, 2008 which will be held at the Historical Society.

Your lunch reservations should still be made using the Internet. Visit the CFMA luncheons web page (see link below) and click on the "Place Setting." You can register each month or sign up for all the lunches in one visit.

Oct. 17, 2007 Cherry Mallard  
Nov. 28, 2007 Dylan Ikenouye  
Jan. 17, 2008 TBA  
Feb. 21, 2008 Heather Copp



### MARCH LUNCHEON

**Place:** Beef Palace – Serving Carved Beef and Chicken

**Time:** March 20, 2008, 11:45am -1:30pm

**Speaker:** Cary Kennedy, Colorado State Treasurer

Please register by **12 PM on MONDAY, March 17th**. If you need to cancel after you register, please email Kelli Cheshire before noon on the Wednesday before the lunch

[kelli.cheshire@dora.state.co.us](mailto:kelli.cheshire@dora.state.co.us)

<http://www.state.co.us/cfma/Luncheons/lunch.htm>

## About Our Organization

CFMA is run by state employees elected by the membership. The Executive Board consists of the following four elected executive officers: President, Vice-President, Secretary, and Treasurer. Per CFMA's by-laws, all the officers are

elected for a one year term. The President and Vice-President can not succeed themselves in the same office. The Secretary and Treasurer can succeed themselves in office, but can serve no more than two consecutive terms.

At the discretion of the Executive Board, committees can be formed to assist in carrying out CFMA's goals and objectives. Participation on these committees comes from active CFMA members.

"Attend three CFMA luncheons this year and get the 4<sup>th</sup> lunch free!" – CFMA Board

CFMA's very popular buy three get one free lunch program is in place for the upcoming year. If you attend all eight lunches this year, CFMA will pay for two of them. To assist in the record Keeping process, please register each month using the Web site registration and be sure to use the same name. For example, Roger Cusworth and Roger A Cusworth are treated as two people in the database used to track free lunches. You also need to be sure you check in each time you attend a luncheon.

In case you are wondering, your attendance from last year does not carry over to this year.



**We're on the Web!**

See us at:

<http://www.state.co.us/cfma/home.htm>

