

# ALERT! ALERT! ALERT!

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## ALERT #128

TO: Department Controllers, Fiscal Officers and Other Interested Parties

FROM: Arthur L. Barnhart   
State Controller

DATE: March 22, 2000

SUBJECT: *Proprietary Fund Accounting and the Statement of Cash Flows*  
*Open/Close Training Sign-up*  
*Statewide Single Audit*  
*Request for ACH Information from Agencies*  
*Procurement Card Use*

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### ***Proprietary Fund Accounting and the Statement of Cash Flows***

In fiscal year 1998-99, the State Controller's Office changed from the indirect method of preparing the proprietary fund Statement of Cash Flows to the direct method. The methodology chosen for reporting direct cash flows involves reviewing all transactions affecting cash (accounts 10XX, 11XX, including liability accounts 2000 and 2712 beginning with Fiscal Year 1999-00) to determine the source or use of cash.

In general, all cash disbursements and cash receipts in proprietary funds should be related to an operating statement account. However, due to the nature of COFRS transaction coding detail, many cash transactions "dead end" in balance sheet accounts and thus, cannot be traced to the operating statement account to which they are related. In addition, the direct method of preparing the cash flow statement may be adversely affected by accounting methods selected by state agencies. Therefore, agencies should observe the following requirements when entering proprietary fund type transactions:

- ♦ Agency fund accounting should not be done in proprietary funds. If you are holding and disbursing cash for another entity or fund, and making no entries to operating statement accounts, the activity should be accounted for in an agency fund.
- ♦ Journal voucher transactions should not be done on documents involving cash, such as, PVs, CRs, etc.



- ♦ If you are holding cash or disbursements on the balance sheet (e.g. deferred revenue or undistributed charges or receipts), the transaction that distributes that receipt/disbursement should include an impact on cash. This will result in an equal debit and credit to cash with zero net impact on cash. This will allow the State Controller's Office to identify the operating statement account impacted by the deferred cash accounting distribution.

These requirements were developed in cooperation with a group of agency proprietary-fund accountants in response to an audit comment from the State Auditor's Office. The State Controller's Office believes implementation of these requirements will avoid the additional requirement that all proprietary fund cash transactions have object or revenue source code offsets. Questions about these requirements may be directed to David McDermott at 303-866-2739.

### ***Open/Close Training Sign-up***

The sign-up for Open/Close Training is available on the State Controller's Office website at <http://www.sco.state.co.us>. Regular sessions highlighting the changes are on April 12, 18, 28 and May 2. Agencies planning to have more than 10 attendees may schedule their own sessions with their field accounting specialist.

Opening training for new employees is on April 20. Closing training for new employees is on May 3.

All of the training is scheduled at 1525 Sherman in room B-70 (basement). Times and instructors are posted on the website. If you have questions, call your field accounting specialist.

### ***Statewide Single Audit***

The statewide single audit report for fiscal year 1998-99 will be available on the State Auditor's website at [http://www.state.co.us/gov\\_dir/audit\\_dir/audit.html](http://www.state.co.us/gov_dir/audit_dir/audit.html) by March 31, 2000. The fiscal year 1997-98 report is currently on the State Controller's Office website at <http://www.sco.state.co.us>.

### ***Request for ACH Information from Agencies***

The Treasurer's Office needs your help to identify deposits into the state's operating account. The number of electronic payments, especially by the federal government, has grown substantially. Information on the Treasurer's bank statement for each deposit is very limited and often refers simply to "Colorado".

Some agencies have identified their deposits by putting their COFRS agency code in the reference area of their drawdown requests. Another suggestion is to enter the agency code or name into the "Account Name" section. If you are setting up a new bank information form for ACH payments or can change information previously submitted to the payer, please include your COFRS code and the appropriate person's name or phone number as identification. The Treasurer's Office appreciates any additional information you can provide.

Please send the Treasury a current list of names and pin numbers used to request federal funds. Please call Julie Stephenson at (303) 866-4949 or JoAnn Vondracek at (303) 866-5826 if you have any questions or if you expect to receive money so that we can help you record it on COFRS. The Treasurer's fax number is (303) 866-2123.

***Procurement Card Use***

Procurement card use is growing daily - helping us achieve our goal of reducing the handling of warrants. Already over 7,000 state employees have cards and they are processing over 300,000 transactions annually...and we are just getting started.

Attached is a partial list of vendors that currently take our card. Share this list with cardholders and staff in your accounts payable sections to encourage them to use the card for payment. If you have questions about vendors on the card, call Tara Drummond at 303-866-3154.

Target Group II: Vendor list for preferred method of payment using the procurement card.

Ace Hardware	Payless Cashways
Airtouch Cellular	Rocky Mountain News
Amazon.com	Roche/Boehringer Bio
Apple Austin-SAP	Santa Cruz Biotechnolo
Applied Biosystems	The Denver Post
Associated Equip Spe	US Postal Service
AT &T Wireless Services	U S West Communication
Beckman Coulter	VWR Scientific
Best Buy	Waste Management
Bio Rad Laboratories	Walmart
CDW Government Inc.	Waxman's
Cellular one	Xerox
Charles River Lab	
Commnet Cellular Inc.	
Comp USA	
Computer Equip Warehouse	
Corporate Express	
Dell Marketing	
Eagle Hardware	
Fisher Scientific	
General Medical Corp	
Grainger	
H R Computer	
Harlan Sprague Dawley	
Herman Miller	
Home Depot	
Hugh M WoodsI	
Ikon Office Solutions	
Jackson Laboratory	
Lasercycle USA	
Life Technologies	
MCI	
MacWarehouse	
McGuckin Hardware	
Metrocall Paging	
Midwest Chemical and Supply	
Midwest Chemical & Supply	
Mike's Camera	
New England Biolabs	
Office Depot	
Office Max	
Pagenet Paging Nertwork	