

State of Colorado



Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director

Leslie M. Shenefelt
State Controller

DPA

Department of Personnel
& Administration

Office of the State Controller
633 17th Street, Suite 1500
Denver, Colorado 80202
Phone (303) 866-6200
Fax (303) 866-4233
www.colorado.gov/dpa

Alert #171

TO: Controllers and Chief Fiscal Officers of State Departments
 And Higher Education Institutions and Boards

FROM: Leslie M. Shenefelt 
 State Controller

DATE: June 8, 2007

SUBJECT: Capitalization of Emergency Maintenance Projects
 Compensated Absences Liability – Percentage of Employees Expected to
 Retire Under PERA
 Long Bill Headnotes
 New Financial System Security Request Form (NonHigher Education)
 New Object and Balance Sheet Codes

Capitalization of Emergency Maintenance Projects

Chapter 4, Section 1.17 of the Fiscal Procedures Manual has been revised to clarify responsibilities for the capitalization and recovery of indirect costs related to emergency maintenance projects. Emergency maintenance projects that increase the capacity, operating efficiency, or extended the useful life of the asset should be capitalized at the agency level. The agency is then responsible to recover indirect costs on the asset through depreciation. If the emergency maintenance project does not meet the capitalization criteria the Department of Personnel and Administration (DPA) will expense the project and recover the costs through the Statewide Cost Allocation Plan. It is the agency's/institution's responsibility to notify DPA prior to year-end close whether the project meets the criteria for capitalization. The following language replaces the language in the March 2007 Fiscal Procedures Manual and is applicable for Fiscal Year 2006-07.

1.17 Emergency Maintenance Projects

Department of Personnel & Administration (DPA) will notify agencies/institutions annually of emergency maintenance projects appropriated to DPA for the agency/institution that have been completed and for which the total project expenditures are \$50,000 or more. The agency/institution should capitalize on its books the cost of the projects that meet the criteria as set forth in Chapter 9, Section 1.4.1 so that it will recover indirect costs through depreciation. Emergency maintenance projects with expenditures that do not meet the capitalization criteria will be expensed within DPA and included in the Statewide Cost Allocation Plan for purposes of indirect cost recovery.

Please contact your FAST member with questions.

Compensated Absences Liability – Percentage of Employees Expected to Retire Under PERA

In conjunction with PERA's latest actuarial valuation, PERA's new actuary (Cavanaugh Macdonald Consulting LLC) has provided the Office of the State Controller with the percentage of state employees expected to retire with PERA benefits. Eighty-three and six tenths percent (83.6%) of State Troopers and fifty-six percent (56.0%) of other State Division members are expected to retire with PERA benefits. Please note that these percentages are different than those used in the prior year (Fiscal Year 2005-06), and they must be used in computing the sick leave related portion of your Fiscal Year 2006-07 compensated absences liability. You may refer to Chapter 3, Section 3.13 (page 88) of the March 2007 Fiscal Procedures Manual for more information on computing the compensated absences liability accrual. This information was originally provided to all agencies via email on May 23, 2007.

Long Bill Headnotes

In the past the Governor has vetoed several of the headnote provisions to the Long Bill, but has directed agencies to comply with the provisions to the extent possible. Again, the Governor vetoed many of the headnotes. However, subsequently the legislature voted to override the Governor's headnote veto. The implications of these actions are that agencies and institutions are required to adhere to the headnotes as a matter of law for Fiscal Year 2007-08. The OSC will provide notification should any future legal proceedings occur that would affect the applicability of this guidance. Additionally, the headnotes to the Long Bill have changed significantly from the prior year so it will be necessary for each agency/institution to review the new provisions to determine what, if any, impact they carry. Please contact your FAST member with questions.

New Financial System Security Request Form (NonHigher Education)

The Financial System Security Request Form has been revised and is now available as an electronic form document. The revised form can be accessed via the OSC's website at <http://www.colorado.gov/dpa/dfp/sco/Security/Security%20Request%20Form%20-%20COFRS.pdf>. The changes to the form include additional contact information, a checkbox for nonstandard profiles, and a checkbox for the Statement of Compliance. The compliance checkbox is intended to alleviate the need to distribute and/or maintain multiple copies of the document. For more information about financial system security see OSC's website at <http://www.colorado.gov/dpa/dfp/sco/security.htm> or contact your FAST member.

New Object and Balance Sheet Codes

Two object codes have been established for the supplemental amortization equalization disbursement payments effective January 1, 2008 pursuant to Senate Bill 06-235, as follows:

22 - 1525 SPS PERA-SUPPL AMORT EQUAL DIS
22 - 1625 CN PERA-SUPPL AMORT EQUAL DISB

A new liability balance sheet account has been established to separately account for noncurrent accrued interest on bond issuances, similar to liability code 22-2815 for certificates of participation, as follows:

02 - 2816 NONCURR BOND ACCRUED INTEREST

Please contact your FAST member with questions about the new codes.