

STATE OF COLORADO	Issued by the State Controller's Office	Standard No. <u>9</u>
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HIGHER EDUCATION	Last Revised <u>10/16/01</u>	
ACCOUNTING STANDARDS	Revision Effective <u>07/01/01</u>	
	Approved <u>Arthur J. Benhart</u>	Date <u>10/16/01</u>

TITLE: STATE APPROPRIATIONS

The "Long Bill" and special bills should be recorded in the accounting records of each college or university and be reconcilable to categories reflected in the state accounting system.

General fund appropriations should be reported under "Nonoperating Revenues" by each institution on its Statement of Revenues, Expenses and Changes in Net Assets. Any general fund appropriation not transferred from the State at the end of the fiscal year should be recorded on the financial statements of the college or university as a receivable from the State.

Transfers (which do not include allocations of spending authority) between higher education institutions and their governing boards should be reported as nonoperating revenues or expenses on the institution's stand alone Statement of Revenues, Expenses and Changes in Net Assets. Transfers-in should be netted against transfers-out and the resulting balance shown as nonoperating revenue or expense. At the consolidated or combined level these transfers should balance to zero - and therefore would not be reported on the system's or board's consolidated statements - except that transfers between the Auraria Higher Education Center and its constituent institutions will not balance to zero within each respective system or board.

State capital construction and controlled maintenance appropriations should be recognized on the Statement of Revenues, Expenses and Changes in Net Assets beneath nonoperating revenues and expenses as capital contributions only to the extent expended for project capital asset acquisition or construction and related expenses, recorded in the COFRS 461 fund. This includes project capital expenditures and expenses recorded for Americans with Disabilities Act projects. Any unexpended appropriation should not be shown on the financial statements, but may be disclosed by note.

The amount considered expended shall include the retainage approved by the institution but not paid until completion of the project. The liability associated with retainage amounts should be recorded only in the fund (state capital construction fund or higher education discrete plant fund) where the liability will ultimately be liquidated. Retainage payable should be reported on the Statement of Net Assets as a current liability, to the extent that it is expected to be paid within the next reporting period, or as a noncurrent liability, if payment is not expected to be made within the next year. Institution's should refer to the State Controller's Office, Capital Construction Manual, for the appropriate internal accounting practices for state capital construction and controlled maintenance appropriations.

As with other construction projects, assets arising from state capital construction and controlled maintenance projects should be capitalized according to the capitalization policies provided in Colorado Higher Education Accounting Standard #5, Criteria for Capitalization. Until the assets are placed in service, the amount expended should be recorded as Construction in Progress and reported as a noncurrent asset on the Statement of Changes in Net Assets.

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TITLE: STATE APPROPRIATIONS

Controlled maintenance may be funded by the State but not appropriated to the college or university. Upon notification that a controlled maintenance project has been completed on behalf of a college or university, the institution should capitalize the resulting assets, following the criteria in Standard #5 Expenditures for centrally administered projects that are not capitalized per Standard #5 should not be recorded and reported on the institution's financial statements. Controlled maintenance projects under \$50,000 are included in the statewide indirect cost plan and should not be included in the institution's indirect costs. Note disclosure is required per Higher Education Standard #13.