

# State of Colorado



Bill Owens  
Governor

Jeffrey M. Wells  
Executive Director

Paul Farley  
Deputy Executive Director

Richard Pennington  
Division Director

Arthur L. Barnhart  
State Controller


## DPA

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& Administration

Division of Finance and Procurement  
State Controller's Office  
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## Alert #151

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

FROM: Arthur L. Barnhart   
State Controller

DATE: June 15, 2004

SUBJECT: Art Barnhart Retires  
Contacting the State Controller  
New Field Accounting Services Team Member  
Carryforward of Federal Funds from the Governor's Office  
Exhibits Due  
Fiscal Rule 5-1, Travel  
Percentage of Retirees Expected  
Exhibit K Requirements  
Revised Suggested PERA Footnote Language  
Statutory Violations

### **Art Barnhart Retires**

Art Barnhart, State Controller, retires from state government on June 30, 2004. To celebrate the occasion, there is a reception for Art on June 25, 2004 from 3:00 PM to 6:00 PM at the Warwick Hotel. The announcement is attached.

### **Contacting the State Controller**

Effective July 1, Leslie M. Shenefelt, State Controller, may be reached by telephone at 303-866-3281 or by email at [leslie.shenefelt@state.co.us](mailto:leslie.shenefelt@state.co.us).

### **New Field Accounting Services Team (FAST) Member**

As of June 1, 2004, Tammy Nelson joined the FAST as our newest Accounting Specialist. Previously she has been at the Office of the Child Representative in the

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Judicial Department and at the Office of the State Auditor as a member of the statewide audit team. Join us in welcoming her. Tammy may be reached at 303-866-3891; her email address is [tammy.nelson@state.co.us](mailto:tammy.nelson@state.co.us). The new list of agency assignments is attached.

### **Carryforward of Federal Funds from the Governor's Office**

Numerous programs and capital construction/controlled maintenance projects received funding from federal dollars received from the Federal Tax Relief Act of 2003. For **any** federal funds not fully expended in FY04, the unspent portion of the funds will be returned to the Governor's Office. If the amount of unspent funds can be identified prior to period 12 close, an IT document should be initiated by the agency or institution to return the funds to the Governor's Office. The original expenditure and revenue coding should be reversed for the unspent funds. If the amount of unspent funds is known after period 12 close, an interagency receivable and payable transaction is necessary, using a JV to record the transaction. The FY04 unspent funds will be returned to the agency or institution in FY05, subject to review by OSPB. The agency or institution, at the same time the FY04 documents are prepared, can initiate a FY05 IT document. The SCO will coordinate with the Governor's Office to complete this process. Please contact your Field Accounting Specialist with questions.

### **Exhibits Due**

Reminder: All exhibits and financial statements are due to the State Controller's Office by Wednesday, August 18, 2004.

### **Fiscal Rule 5-1, Travel**

There has been no change considering Alaska and Hawaii as anything other than out-of-state for the required approvals in the Fiscal Rules. The definition of out-of-state travel on page 52 makes it sound like these two states may be considered as international travel. This is not the case. The definition reads "Out-of-State Travel - Travel within CONUS, other than Colorado, Alaska, and Hawaii." It means that out of state travel is travel within the continental United States (other than Colorado, which is in state travel), Alaska, and Hawaii. "Other than" applies only to Colorado, not to Alaska and Hawaii. In the next process of updating the fiscal rules, this will be clarified.

### **Percentage of Retirees Expected**

The percentage of employees who are expected to retire as calculated by PERA is 61% for state division workers and 72% for state troopers. Use this number in your sick leave compensated absence calculation.

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**Exhibit K Requirements**

The SCO is not revising the Exhibit K for FY04. However, starting in FY05, we will add a column on the Exhibit K for the DUNS number. The following information is from the Instructions for Completing Form SF-SAC, Reporting on Audits of States, Local Governments and Non-Profit Organizations:

Part I, Item 5 (d): The Data Universal Numbering System (DUNS) number is a unique nine-digit identification sequence assigned by Dun & Bradstreet (D&B) and is required by OMB policy on all Federal award applications submitted on or after October 1, 2003. All primary applicants, i.e., the entity making the application to the Federal government, including states, local, and tribal governments, and other entities receiving block or other mandatory grants will need a DUNS number to apply for funds.

A DUNS number is required from these direct applicants for all Form SF-SAC submissions [Schedule of Expenditures of Federal Award, supported by the SCO Exhibit K] effective starting with fiscal periods ending in 2005. Although not required by sub-grantees, a DUNS number is requested for all form SF-FAC submissions effective starting with fiscal periods ending in 2005.

In certain instances, you may be required to report a DUNS number that is different than your own. Please refer to the following website, Part I, Item 5(d) for information on DUNS numbers:

[http://harvester.census.gov/fac/collect/sfsaci\\_2004.pdf](http://harvester.census.gov/fac/collect/sfsaci_2004.pdf)

**Revised Suggested PERA Footnote Language**

Legislation passed in the 2004 session ended the state match on contributions to voluntary retirement plans for pay periods ending after May 31, 2004. This change in the statute affects the suggested PERA pension footnote language presented in Chapter 3 Section 4.3. The following is the revised section 4.3. The changes occur in Note X, Section B – Funding Policy and in Note XX – Voluntary Tax-Deferred Retirement Plans.

**4.3 Suggested PERA Pension Footnote Language**

The following language is suggested for inclusion in the notes of any June 30 financial statements published for agencies or institutions of the State of Colorado. Due to the complex funding mechanism associated with the Matchmaker Program, you will not be able to determine the exact percentage allocation of the state contribution to two of the three plans described. The amount contributed to the health care fund can be calculated as 10.84% (1.1/10.15) of the total contribution from July 1, 2003, thru June 30, 2004.

*NOTE X. PENSION PLANS*

*A. PLAN DESCRIPTION*

Virtually all of the department/institution's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado 80203, by calling PERA at 303-832-9550 or 1-800-729-PERA (7372), or by visiting [www.copera.org](http://www.copera.org).

Plan members vest after five years of service and are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more. State troopers and judges comprise a small percentage of plan members but have higher contribution rates and state troopers are eligible for retirement benefits at different ages and years of service. Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their spouse or their eligible children under the age of 18 (23 if a full time student) are entitled to monthly benefit payments. If there is no eligible spouse, financially dependent parents will receive a survivor's benefit.

*B. FUNDING POLICY*

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their gross covered wages to an individual account in the plan. During FY03-04, the state contributed 10.15 percent (12.85 percent for state troopers and 12.66 percent for the Judicial Branch) of the employee's gross covered wages. Effective January 1, 2003, 1.1 percent of the total contribution was allocated to the Health Care Trust Fund. Through May 31, 2004, , the amount needed to meet the match requirement established by the PERA Board was allocated to the Matchmaker program (See Note XX below.) The balance remaining after allocations to the Matchmaker program and the Health Care Trust Fund was allocated to the defined benefit plan.

The annual gross covered wages subject to PERA is the gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code. The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly.

The department/institution's contributions to the three programs described above for the fiscal years ending June 30, 2004, 2003, and 2002 were \$x,xxx, \$x,xxx, and \$x,xxx, respectively. These contributions met the contribution requirement for each year.

*NOTE XX. VOLUNTARY TAX-DEFERRED RETIREMENT PLANS*

Beginning on January 1, 2001, the Matchmaker Program established a state match for PERA member's voluntary contributions to tax-deferred retirement plans. For calendar years 2001 and 2002, the match was 100 percent of up to 3 percent of the employee's gross covered wages paid during the month (7 percent for judges in the Judicial Branch). For calendar year 2003, the match was 100 percent of up to 2 percent of employee's gross covered wages paid during the month (6 percent for judges in the Judicial Branch). For calendar year 2004 through May 31, 2004, the match was 100 percent of up to 1 percent of employee's gross covered wages paid during the month (5 percent for judges in the Judicial Branch). The PERA Board sets the level of the match with two percent of gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan available for the match. While the plan was not overfunded in the current year, the maximum one-year change in the match rate is statutorily limited to one percent, and therefore, the match changed from 2 percent to 1 percent on January 1, 2004. Legislation passed in the 2004 session of the General Assembly terminated the match for pay periods ending after May 31, 2004. The match will resume when the actuarial value of the defined benefit plan assets are one hundred ten percent of actuarially accrued plan liabilities.

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. The state offers a 457 deferred compensation plan and certain agencies and institutions of the state offer a 403b plan. Members who contribute to any of these plans also receive the state match.

*NOTE XXX. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS*

Health Care Program

PERACare (formerly known as the PERA Health Care Program) began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from

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the monthly retirement benefit. During FY03-04, the premium subsidy was \$115.00 for those with 20 years of service credit (\$230.00 for members under age 65 and not eligible for Medicare), and it was reduced by 5 percent for each year of service fewer than 20.

The Health Care Trust Fund is maintained by an employer's contribution as discussed above in Note X B.

Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured medical and prescription benefit plans, and with several health maintenance organizations providing services within Colorado. As of December 31, 2002, there were 35,418 enrollees in the plan.

Life Insurance Program

PERA provides its members access to two group life insurance plans offered by Prudential Insurance Company and Anthem Life (formerly known as Rocky Mountain Life Insurance Company). Members may join one or both plans, and they may continue coverage into retirement. Premiums are collected monthly by payroll deduction or other means.

Other Programs

(Refer to GASB Statement No. 12 for disclosure requirements for other postretirement health care and life insurance benefit plans.)

**Statutory Violations**

Ron Keller has joined Phil Holtmann and Yvonne Anderson in reviewing and approving, as appropriate, commitment vouchers that are in violation of CRS 24-30-202 (1) or (3). Ron, the auditor for the State Controller, also has been delegated the authority to approve purchases (after-the-fact) that were made without a valid purchase order. Contracts that are in violation of statute should continue to be sent to the Central Contract Unit. An explanation of the agency's investigation of a contract violation should be addressed to the State Controller and attached to the contract. Violations that involve an obligation when a purchase order is the required commitment voucher should be addressed and sent to Ron Keller.

It is important that a request address each of the questions listed in the State Controller Policy "Managing Commitment Vouchers That Violate State Statutes".

This policy may be viewed on our web site at:

<http://www.colorado.gov/dpa/dfp/sco/contract/Policy/contractpolicies.htm> Our review is expedited if the requests follow the question and your response format in the policy. Additional documentation including invoices, if applicable, should be attached to support the request. Ron Keller may be reached by phone at (303) 866-3539 or by email at [ron.keller@state.co.us](mailto:ron.keller@state.co.us)



## Join Us in Celebrating a Life of Public Service

### Art Barnhart, State Controller

**Help Us Acknowledge Art's Contributions  
as he begins a new chapter after retirement**

**WHERE:** Warwick Hotel, 1776 Grant Street, 15<sup>th</sup> Floor, Millennium Ballroom

**WHEN:** Friday, June 25, 2004

**TIME:** 3:00 – 6:00 P.M.

**RSVP:** Before June 18<sup>th</sup> (303) 866-3281

There's More: A Special Colorado Tribute  
*Mamas, don't let your babies grow up to be 'Trollers*  
*Don't let 'em . . .*

Do you have *Blazing Saddles* stories from around the campfire?  
Or maybe some Google™-like links to Art's past?



Call or email them to Richard Pennington, Sandy Montanez,  
or reps from FAST or your other SCO team members

[Richard.pennington@state.co.us](mailto:Richard.pennington@state.co.us) (303) 866-3285  
[Sandy.Montanez@state.co.us](mailto:Sandy.Montanez@state.co.us) (303) 866-3814



## Field Accounting Services Team (FAST) Agency Assignments

(Updated 6/01/04)

LINDA BRADLEY			303-866-4162	BOB HABERKORN			303-866-2626
<a href="mailto:linda.bradley@state.co.us">linda.bradley@state.co.us</a>				<a href="mailto:robert.haberkorn@state.co.us">robert.haberkorn@state.co.us</a>			
PERSONNEL	D	AAA-ARA		EDUCATION	L	DAA-DBA	
AGRICULTURE	G	BAA		CU SYSTEM	G	GFA-GFE	
UNC	B	GKA		CSU SYSTEM	G	GGA-GGJ	
HUMAN SERVICES	T	IHA-ILF		FT LEWIS COLLEGE	D	GSA	
LEGISLATIVE BRANCH	G	MAA-MEA		MINES	D	GLA	
HEALTH CARE POLICY & FIN	T	UHA		PUBLIC SAFETY	L	RAA	
CONTROLLER		999		REGULATORY AGENCIES	L	SAA-SLA	
				REVENUE	D	TAA-TGA	
DAVE GRIER			303-866-4161	TAMMY NELSON			303-866-3891
<a href="mailto:dave.grier@state.co.us">dave.grier@state.co.us</a>				<a href="mailto:tammy.nelson@state.co.us">tammy.nelson@state.co.us</a>			
WESTERN STATE COLLEGE	B	GWA		CCHE/PRIV OCC ED	D	GAA/GPA	
ADAMS STATE COLLEGE	B	GYA		ARTS & HUMANITIES	D	GBA	
MESA STATE COLLEGE	B	GZA		HISTORICAL SOCIETY	D	GCA	
TRANSPORTATION	L	HAA		STUDENT LOAN	D	GDA	
JUDICIAL	L	JAA-JFA		AHEC	G	GMA	
LABOR & EMPLOYMENT	D	KA		COLLEGE INVEST	D	GRA	
LOCAL AFFAIRS	L	NAA		METROPOLITAN STATE COLLG	D	GTA	
SECRETARY OF STATE	D	VAA		LAW	L	LAA	
				MILITARY AFFAIRS	G	OAA-OCA	
<b>FIELD ACCOUNTING SERVICES ACCOUNTANT</b>							
DOTTIE RELAFORD			303-866-4165	DIANNE STUMP			303-866-3890
<a href="mailto:dottie.relaford@state.co.us">dottie.relaford@state.co.us</a>				<a href="mailto:dianne.stump@state.co.us">dianne.stump@state.co.us</a>			
Back up persons are noted by the letter				CORRECTIONS	B	CAA-CIA	
in the column to the right of the agency name.				GOVERNOR'S OFFICE	L	EAA-EGA	
Bob Haberkorn	B			PUBLIC HEALTH & ENV	L	FAA-FMA	
Dianne Stump	D			COMM. COLLEGES	B	GJA-GJT	
Linda Bradley	L			NATURAL RESOURCES	G	PAA-PKA	
Dave Grier	G			TREASURY	L	WAA-WCA	
Tammy Nelson	T						