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Alert #164

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

FROM: Leslie M. Shenefelt 
State Controller

DATE: February 23, 2006

SUBJECT: SCO Fiscal Rules Hearing
Revenue Received from Higher Education Institutions
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Fiscal Rules Hearing

The State Controller's Office will hold a hearing on the proposed fiscal rules changes beginning at 9 am on Friday, March 3, 2006, at the Colorado Department of Labor and Employment exam room located on the second floor of 633 17th Street in Denver, CO. Directions to this meeting room is attached below. The proposed changes include an update in the per diem rates, new language for reporting fraud, theft, and embezzlement, and a reimbursement rate for long-distance international calls. These proposed changes and suggestions and comments are posted on the State Controller's website in Proposed Fiscal Rule Changes under "What's New." at <http://www.colorado.gov/dpa/dfp/sco/whatsnew.htm>. If you have any suggestions or comments, please e-mail them to Bob Jaros at bob.jaros@state.co.us by the close of business on March 1, 2006, or attend the hearing on March 3, 2006. NOTE: this is not the official notice of the hearing, which has been published in the Colorado Register.



Revenue Received from Higher Education Institutions

The passage of Referendum C did not change the requirement for state agencies to properly account for revenues subject to the TABOR limits. However, a significant change to the accounting for revenues received from Higher Education Institutions occurred when those institutions became fully qualified TABOR exempt enterprises effective July 1, 2005. The University of Colorado became a fully qualified enterprise effective July 1, 2004. Previously, only certain portions of Higher Education Institutions were TABOR enterprises. Note that the following agencies in the Department of Higher Education are not considered higher education institutions;

- ♦ GAA – Commission on Higher Education,
- ♦ GBA – Council on the Arts,
- ♦ GCA – State Historical Society,
- ♦ GMA – Auraria Higher Education Center,
- ♦ GPA – Private Occupational School Division.

Also note that the College Access Network (agency GDA) and CollegenInvest (agency GRA) are both fully qualified TABOR enterprises, and revenue received from these agencies (by agencies or funds that are not TABOR enterprises) should be treated similarly to revenues received from Higher Education Institutions.

State agencies or funds that are not TABOR enterprises are required to record all Fiscal Year 2005-06 and future revenue and transfers received from Higher Education Institutions as nonexempt revenue. The revenue source codes in the 44xx series that are from Higher Education Institutions have been revised to ensure that they will be counted as nonexempt for TABOR purposes. The fully qualified TABOR enterprise status of Higher Education Institutions is contingent on the institution not receiving more than 10 percent of its revenue in grants from all state or local governments in Colorado, and that calculation cannot be made until fiscal year end. State agency controllers will be notified via the SCO email list if any institutions become disqualified. If disqualification occurs, the revenue recorded during the year as nonexempt will become exempt to the extent that it was received from the portion of the enterprise that was not a qualified TABOR enterprise prior to July 1, 2005 (that is, all funds except 320 through 325). If disqualification occurs you may need to contact the Higher Education Institution to determine the source of the funds paid to you and provide an Exhibit H if the adjustment has not been made before the COFRS fiscal year close.

Higher Education Institutions are responsible for providing information to the State Controller's Office on base year (Fiscal Year 2004-05 for all institutions except the University of Colorado) interactions with state agencies or funds that were not TABOR enterprises. This information will be used to offset the adjustment of the base year nonexempt revenues related to the institutions becoming fully qualified enterprises. The State Controller's Office will revise the Exhibit A2 to provide a reporting mechanism for this information. In addition, the State Controller's Office will distribute a report of each institution's nonexempt revenues reported for TABOR purposes in Fiscal Year 2004-05.

FAST Updates:

Open/Close Training

The State Controller's Office and the Colorado Fiscal Manager's Association (CFMA) will sponsor the Open/Close Training. Changes for the current year will be reviewed on Tuesday April 4th at the Ft. Logan Auditorium. The session will begin at 9:00 a.m. The length of the session has not been finalized so please check our website for updated details as the training approaches. The online registration form and training materials can be accessed at: <http://www.colorado.gov/dpa/dfp/sco/traininginfo.htm>. If you wish to have a copy of the training materials, please print the handouts and bring to the session. Coffee and donuts will be available at 8:45 a.m.

Sign up for the session for new employees on opening and closing the books is also on the online registration form. It is scheduled for Friday April 28th from 9:30 a.m. to 3:00 p.m. with a break for lunch. Again, if you wish to have a copy of the handouts, please print a copy of the materials and bring to the session.

Higher education will have a specific open/close training available to meet its unique needs. It is scheduled for Friday morning, April 7. The training will be held at Metro and will be available either there at the site or via video conference. Vicki Nichol is coordinating these details.

New FAST Members

FAST welcomes two new team members. Tom Gamache is joining the team from Labor and Employment. Tom worked in their audit section, and previously in the audit section in Human Services. Susan Meade also joins the team from Labor and Employment where she spent sixteen years, most recently as their Controller. Welcome! New agency assignments are attached effective March 1, 2006.



ASSIGNPLAN.XLS

Extended FAST Hours :

On a temporary basis, FAST extended its availability to 5:30 p.m. for both month-end and quarter-end close. The extended availability will be discontinued for regular month-end close. However, FAST will continue to have at least one team member available until 5:30 p.m. on quarter close.

VeriSign Presentation – March 7, 2006:

The State Controller's Office will be hosting a presentation from VeriSign. This presentation will address the benefits of digital certificate/signature technology. This presentation will take place on Tuesday, March 7, 2006, from 9:00 a.m. –11:00 a.m. The meeting will be held at the Colorado Department of Labor and Employment's 12th Floor Conference Room, 633 17th Street. If you plan to attend, please **RSVP to Traci Snyder (traci.snyder@state.co.us) no later than March 2, 2006, as space is limited.**