

# Office of the State Controller

## Alert # 175



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

FROM:        Leslie M. Shenefelt  
              State Controller

DATE:         March 20, 2008

SUBJECT:     Les Shenefelt Retires  
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### Les Shenefelt Retires

After more than thirty-two years of state service, the last four as our State Controller, Les Shenefelt is retiring on March 31. Please plan to join us on Friday, March 28 to congratulate Les on his accomplishments and wish him farewell. Further details are attached.

### New State Controller

David McDermott, currently the Manager of Reporting and Analysis, will become Colorado's new State Controller effective April 1, 2008. David brings a wealth of experience and knowledge to the position. He worked in the Office of the State Auditor prior to joining the Office of the State Controller. David is recognized in Colorado and nationally for his accounting knowledge and expertise. He has the leadership and integrity necessary to serve in this critical Colorado state government position. Please join us in welcoming and supporting David in his new role.

### Long Bill Recast

The Long Bill is currently presented in a five-column format that was intended to incorporate the exempt and nonexempt revenue concepts of TABOR (Article X Section 20 of the State Constitution). The Joint Budget Committee (JBC) staff proposed a

change in that format that would remove the cash and cash exempt concept from the Long Bill. The new format will include a Cash and Reappropriations column. Under the JBC staff definitions, Reappropriations are limited to instances where one appropriation is funded by another appropriation specifically listed in the Long Bill. Implied spending authority is not considered reappropriations, because only the final expenditure is appropriated. Cash encompasses all remaining activity that was formally budgeted cash or cash exempt.

In general, the recast will:

- Move most Highway User Tax Fund appropriations from the Cash Fund Exempt/Reappropriation (CFE/RE) column to the Cash Fund/Cash (CF/C) column,
- Move most fund balance spending authority from the CFE/RE column to the CF/C column, and
- Move all appropriations identified with a (T) note and any other appropriations identified as reappropriations to the CFE/RE column.

The automated budget booking process will result in multiple errors because the process will roll the Fiscal Year 2007-08 budget forward without consideration of the recast done in the Long Bill. A large number of revenue source codes used for annotations will have the wrong budget indicator (commonly referred to as the GCF indicator), or a new code will be needed because the recast produced instances of both Cash and Reappropriations for an individual revenue source code. In order to address the mismatch between revenue source code GCF indicators and the recast Long Bill, the OSC created a statewide spreadsheet report showing Fiscal Year 2007-08 cash appropriations and annotations (Spending Authority Indicator 01 – Long Bill only) matched with actual revenues from the close of Fiscal year 2006-07. In that comparison process, the OSC built a crosswalk of existing codes that had been used and new or revised codes that should support the recast appropriations. The spreadsheet that analyzes the recast and the crosswalk will be made available to state agencies for recording the Long Bill.

The following are important recast Long Bill considerations affecting agencies in the budget booking process:

- The GCF indicators 'C' and 'W' will continue to be used so that programming on COFRS and in the financial reporting section of the OSC will continue to work. The 'C' will be used on revenue source codes supporting a Cash column appropriation, and a 'W' will be used on revenue source codes supporting a Reappropriation column appropriation.
- The TABOR concept of Exempt and Nonexempt no longer has any bearing on the booking of the budget. However, it remains critical that actual revenues recorded are properly coded so that they can be counted for TABOR. To support this requirement, the OSC will publish a TABOR indicator for all revenue source codes in the state's chart of accounts. This indicator is not available on the COFRS tables or on the FDW.
- The OSC expenditure allocation will continue to operate as it has in the past based on the June 29, 1994, OSPB/JBC/OSC memo (See FPM Chapter 3 Section 1.5).

The Reappropriation column will be treated similarly to the historical Cash Funds Exempt column.

- New or changed codes were only created to support the recast where actual revenues were recorded.
- No new or changed codes were created to support annotations used in FY08 where matching actual revenues were not recorded.
- State agencies are required to remove annotations that are outdated and for which no actual revenue will be recorded.
- All nonappropriated activity will now default to Cash appropriations, rather than to the historical default to Cash Funds Exempt because there is no logical basis for assuming that a nonappropriated item is a reappropriation. New or changed revenue source codes have not been created to support these types of appropriations, and will have to be addressed on an ad hoc basis as agencies require them.

### Supplementals

Draft Supplemental bills are available on the legislative website, [www.leg.state.co.us](http://www.leg.state.co.us). The bill numbers range from HB08-1281 – 1303. For new line items, contact your FAST representative for coding. The AP documents are due in the period that the bills become effective. For example, if a bill is signed in March, the AP document should be submitted in Period 9. Please contact your FAST representative with questions.

### Open/Close Training

The OSC and the Colorado Fiscal Manager's Association (CFMA) will sponsor the general Open/Close Training. Changes for the current year will be reviewed on Thursday, May 1 at the Ft. Logan Auditorium. Timeframes and registration details will be provided at a later time.

“Open/Close Training for New Employees” is scheduled for Wednesday, April 23 in the 2<sup>nd</sup> floor Exam Room at 633 17<sup>th</sup> Street. Again, timeframes and registration details will be provided at a later time.

Higher education will have specific open/close training available to meet its unique needs. One session is scheduled for Thursday, May 8 on the Auraria Campus. The second session will be on Thursday, May 15 in Alamosa for the southern schools. Vicki Nichol is coordinating these details.

### Fiscal Procedures Manual Available Mid-April

The Fiscal Procedures Manual is expected to be published mid-April. The publication has been delayed to incorporate changes related to the long bill recast into the manual. An Alert will be published once the manual is available with ordering information.

### Availability of 2009 APP2 Records on the Financial Data Warehouse

The new fiscal year COFRS table initialization process will take place over the weekend of March 22 –23. The table listings will be available on the Financial Data Warehouse during the week of March 24. Agencies should review their account code structure and begin to modify agency-defined tables and request modifications to centrally defined tables. To review the applicable coding, the FDW has reports of all tables that were initialized for FY09. The reports may be found under “Table Listings” on the left hand side of the FDW homepage. The APP2 Table Listing will be distributed via e-mail by FAST. Additions, changes, or deletions to the APP2 Table Listing should be noted and returned to FAST for update.

### The OSC Welcomes New Staff

Central Payroll welcomes Jenine Burrell who will be responsible for CHOP checks. She comes to the OSC from the City of Rocky Ford. The Central Accounting Unit welcomes Christy Stein who will be responsible for warrant distribution, cancellations, and reissues. Christy also comes to the OSC from outside the state, working most recently for a local Credit Union. The FAST Team welcomes Brenda Shelinbarger as its FAST accountant. She will be responsible for statewide COFRS coding and the maintenance of the capital construction database. Brenda joins the FAST team from Central Payroll. Welcome Jenine, Christy, and Brenda!

### Federal Cell Phone Legislation Introduced

H.R. 5450 was introduced in the House of Representatives to remove cell phones from the definition of listed property. As listed property, the recordkeeping and audit requirements for the state (or other employer) to comply with Internal Revenue Code are onerous. With the current requirement, it is difficult to develop statewide cell phone policies that comply with the IRS policy on taxation of personal use and not penalize employee for personal calls that may be necessary in the course of their business. If the legislation passes, the removal of cell phones from the definition of listed property will allow states to craft a de minimus use policy for employer provided cell phones much like the policies for personal use of desk phones. Agencies and institutions will be notified if any subsequent actions result at the state level based on successful passage of the legislation.