

COLORADO STATE TREASURY

BUDGET REQUEST

FISCAL YEAR 2005-06

COLORADO STATE TREASURY

FY 2005-06 Budget Request

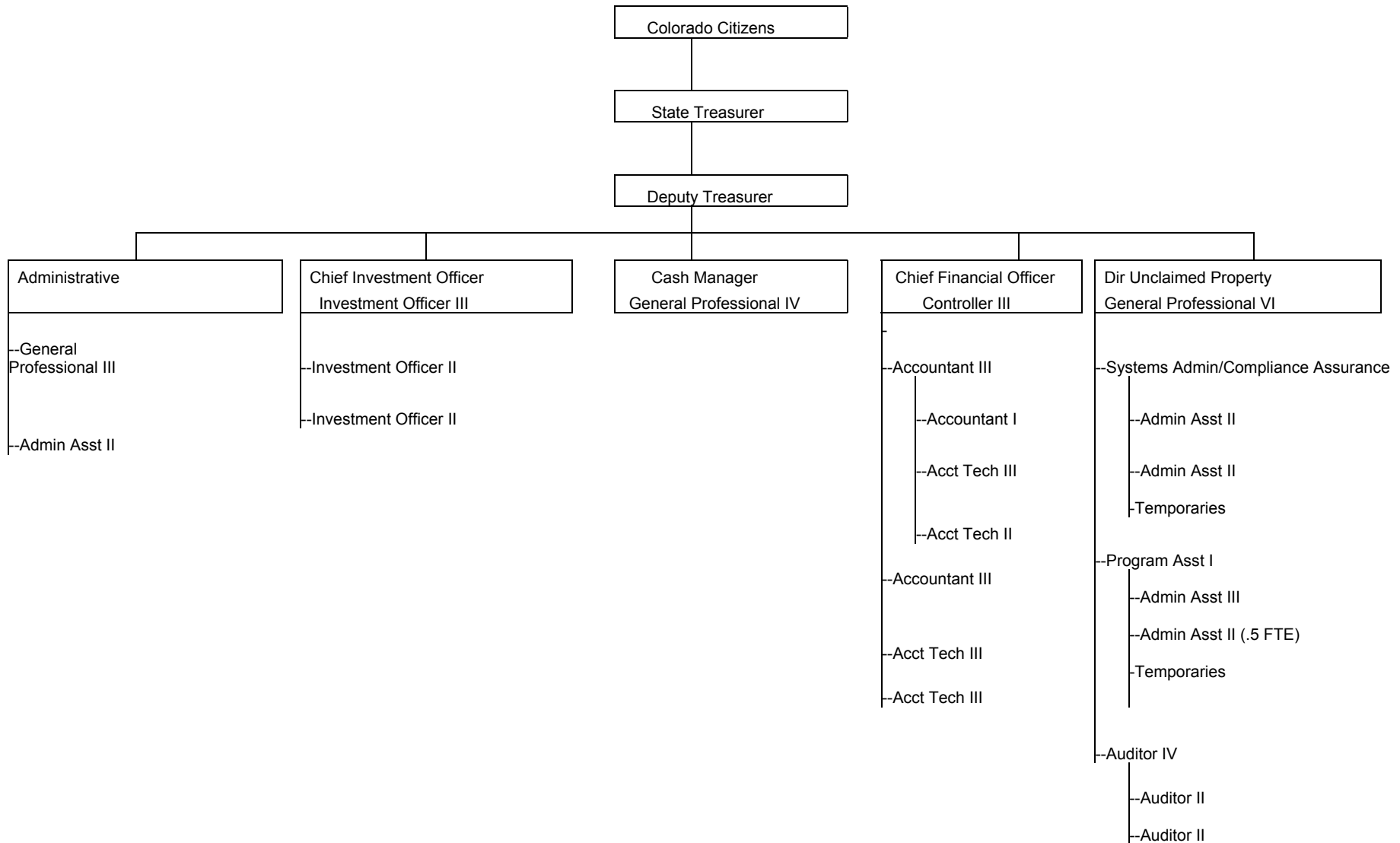
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DEPARTMENT OVERVIEW

Colorado State Treasury – Organizational Chart



Colorado State Treasury Mission and Vision Statements

MISSION STATEMENT

"The Colorado State Treasury is the constitutional custodian of the public's funds. It is the Treasury's duty to manage and account for the citizen's taxes dollars from the time they are received until the time they are disbursed. The Treasury's staff is committed to safeguarding and managing the people's monies with the same diligence and care as they do their own.

"The mission of the Unclaimed Property Section is to reunite all Colorado owners (or heirs) with their unclaimed or abandoned property."

VISION STATEMENT

"The Colorado State Treasury staff will continually strive to better serve the citizens of Colorado. Central to this goal is the continued introduction and use of new technologies to provide improved access to services for both citizens and other governmental agencies.

Colorado State Treasury Strategic Plan

The Treasury Department is organized to support three distinct sections. The first is **Administration**, the second is **Unclaimed Property**, and the third is **Special Purpose**.

Administration

The State Treasurer and his staff serve the citizens of Colorado by providing banking and investment services for all funds deposited with the Treasury. As funds are deposited, all cash is immediately invested in statutorily authorized investments. Simultaneously, the Treasury ensures that sufficient funds are maintained in cash accounts to meet the State's daily cash needs. The income earned on these investments augments the State's revenues from taxes and fees and significantly decreases the tax burden on Colorado's citizens.

Accounting

Within this program, the Treasury's accounting section, on a daily basis, receipts for, records, and reconciles all the cash that flows into and out of the state's accounts. The Accounting Section also manages the disbursement of flow-through funds such as Minerals Management funds, miscellaneous federal funds, and the Highway User's Tax apportionment. Within the Treasury, the Accounting staff also takes on significant responsibilities including:

- Calculation and allocation of monthly investment earnings to funds eligible to earn interest.
- Accounting for and the maintenance of the database of Treasury's investments
- Receipting, accounting, and distributing the Tobacco Settlement moneys
- Preparing and managing cash flow estimates for the disclosures required for Treasury's annual Tax and Revenue Anticipation Note issuance. This includes calculating the state's monthly cash flows, and providing disclosure documents and information to the national rating agencies
- Managing the Elderly Property Tax Deferral Program
- Calculating and disbursing payments for the Senior Citizen Property Tax Exemption Program
- Issuing cash flow notes on behalf of those school districts participating in the Treasury's interest free school loan program. The administration of this program includes ongoing monitoring of actual vs. projected cash flow information.
- Administering the school bond payment guarantee program.
- Administering the Charter School Intercept and Financing Program.
- Accounting for investment of custodial funds deposited from State issued Certificates of Participation

Finally, the Accounting section handles the department's administrative functions such as budgeting, personnel, payroll, accounts payable, purchasing, records retention, and the Department's information technology management.

At the beginning of FY 2003-04, the Treasury reorganized. The reorganization resulted in the elimination of one Investment Officer position and the addition of one Accountant III. This reorganization specifically addresses the increased demands that additional statutory programs and work volumes have placed upon the

accounting section. The reorganization also allows for the training of a "back up" person for all the section's functions as well as for succession planning since the present chief financial officer plans to retire in one to two years.

In FY 2002-03 the Department was appropriated funds to replace the in-house computer system on which Treasury's investment database resides. The additional funding allowed for replacement of this outdated computer with an application service provider (ASP) agreement. With the implementation of this agreement the Treasury no longer requests periodic equipment replacement for this item per its asset management plan nor pays ongoing hardware maintenance costs. The ASP agreement was successfully implemented in October of 2002 and will be subject to renewal in September 2005. Advances in technology, and the consolidation of the banking sector may make available other more cost effective investment accounting solutions that may provide additional benefits to the State. The Treasury is actively investigating these possibilities.

A portion of the accounting section provides cashier services for the state. The cashiers are responsible for daily tracking of all the cash receipts, monitoring all the deposits made by other agencies in the state's bank accounts, updating the state's bank balances throughout the day, and initiating electronic transfers from the State to recipients of state and fiduciary funds.

The Capitol Life Safety Project continues. During the beginning of FY 2003-04, a portion of the accounting section's space was permanently lost to the construction. In anticipation of continued construction and the loss of additional space, the Department purchased two scanners to increase the use of electronic rather than paper storage of documents. The Treasury is now scanning all cash receipt, payment voucher, and journal voucher documents, doing so considerably decreases the amount of paper stored. The Department is also seeking to identify additional high volume items for electronic storage. As the Capitol Life Safety project continues in FY 2005-06, the Accounting section will deal with this loss of space through the retention of scanned images in lieu of actual documents. A key factor in additional use of scanned documents is identifying and procuring appropriate software that will allow for the indexing and rapid recall of documents when they are needed. At a future date, depending on the availability of such software, the Treasury may need additional resources for its purchase.

Cash Management

Treasury's Cash Manager manages the state's banking service agreements and accounts including investment safekeeping. The cash manager is preparing RFPs for enhanced banking services including the "T-Commerce" project (discussed below), an alternative service for investment accounting, the sale of securities held by the unclaimed property division, and the states master credit card agreement.

The current banking contracts continue the emphasis on replacing paper with electronic payments and transfers. Other on-going banking efforts include closing unused or redundant bank accounts and the possibility of substituting an overnight delivery service in lieu of outlying bank accounts for revenue concentration in the state's operating account.

The cash manager oversees the State's credit card program. By providing state agencies and local government with a low cost and efficient means to accept credit cards, this program provides the citizens of Colorado with improved customer service. The Treasury continues to work with state agencies to expand credit card

services and overcome financial and organizational obstacles to implementation. As noted above, these services will be rebid as the current agreements expire by the end of this fiscal year.

A significant Treasury project underway is T-Commerce. The objective will be to provide a statewide standard for accepting and processing payments via the Internet, the automatic reconciliation of these transactions, and their posting to the State's accounting system. Even with the Portal Authority and OIT assuming primary responsibility for implementation, this project will require a significant commitment of the Treasury's resources since the Treasury must develop the requirements, assist in vendor selection and participate in project management and evaluation. Success will make a substantial contribution to the state's portal effort, significantly increase the state's ability to accept and account for payments made electronically, and improve the state's capacity to provide its citizens with an easier method to execute transactions with the state.

Investments

The Investment section manages several distinct investment portfolios with the primary objectives, in order of importance of, legality, safety, liquidity and yield. The Treasurer's Pooled Funds (TPOOL/TCASH) provide state agencies with the liquidity of a money market fund while generating a higher yield than a typical money market fund. TPOOL/TCASH can do both these things because their significant size allows for more varied investments and the use of longer-term maturities.

Statutory changes oblige large vendors to remit their sales taxes to the Department of Revenue electronically. With these changes, remittances are processed more quickly providing the investment officers with more accurate cash balance information. This improved information allows the investment division to better invest the money while still maintaining sufficient liquidity

The Public School Fund (PSPF) is a constitutionally mandated permanent trust. The principal of the fund is made up of money earned from the sale of lands held in the school land trust and overseen by the State Land Board. Both the principle and interest on this fund are exempt from the requirements of section 20 article X of the state constitution. A unique feature of this fund is that the General Assembly must make up any capital losses it may suffer from the General Fund. To minimize the likelihood of such an event, the portfolio is structured to preserve principal and, only then, to maximize income. Beginning in FY 2003-04 the amount of money used from this fund for the School Finance Act was capped at \$19 million annually with any additional earnings reinvested in the fund to limit its long term status as a "wasting asset."

Investments in the Major Medical Insurance Fund were liquidated and transferred to the General Fund during FY 2002-03. However, the Treasury is working with the Department of Labor and Employment to begin investing available funds in longer-term securities matched to their existing liabilities. New securities will be added during FY 2004-05.

The Pinnacol Assurance portfolio has been managed to meet Pinnacol's long-term business needs. Management of this portfolio is expected to be assumed by Pinnacol by January 1, 2005.

The Tobacco Settlement Trust Fund (TSTF) previously received a portion of settlement payments to the state; however with the passage of HB 04-1421, the balance of the fund was transferred to the General Fund. Beginning in FY 2005-06, the first \$20 million dollars normally deposited in the TSTF will be transferred to the General Fund. Consequently, this fund will not maintain large balances for the foreseeable future.

The Colorado Prepaid Tuition Fund (CPTF) was established to provide families with an opportunity to pay now for future college education expenses. The investment goal of the fund is to achieve a rate of return that allows CollegeInvest, managers of the program, to ensure that it has sufficient funds on hand to meet the college related expenses of those students upon whose behalf it has entered into these prepaid tuition contracts. In February 2003 the Colorado Prepaid Tuition program was closed to new contracts and it is currently in a run-off position. Although the funds remain in the custody of the Treasurer, effective July 1 2004, HB 04-1350 gave the board of CollegeInvest sole authority to make investment decisions for the remaining funds.

The Colorado State Education Fund (CSEF) was established with the passage of Amendment 23 to the State's constitution in 2000. The amendment requires the diversion of a specified percentage of state income tax revenues collected on income earned on or after December 28, 2000 to the newly created Fund. Moneys may be appropriated only for specified education-related programs. The Treasury accounting section using the data provided by Legislative Council has established a cash flow projection for this fund. Based upon this projection, the Treasury has in place a methodical program to maximize the Fund's earnings by developing a unique portfolio of fixed income securities. Due to appropriations out of the fund over the past few years that greatly exceed those suggested by either the Legislative Council or the Treasury's internal models, and changes to the timing of disbursements from the fund, the primary challenge now is maintaining sufficient liquidity. Consequently the Treasury is not presently making any new long term investments for this fund.

SB 04-256 authorized the sale of securities in the custody of the State Treasurer as the administrator of Unclaimed Property. The proceeds will be deposited into the newly created Unclaimed Property Tourism Promotion Trust Fund. The Treasury is currently in the RFP process. Proceeds will be deposited before the end of FY 2004-05.

The Treasury is also currently evaluating other large funds in the Treasury Pool that may benefit from separate and distinct investment in order to maximize interest earnings to that fund.

For each of the portfolios it manages, the Department, in addition to constitutional and statutory guidance, has developed, in some cases with the assistance of an investment advisor, a written investment policy explicitly stating the appropriate goals, investment standards, level of liquidity, degree of credit risk, duration or average life, and other performance measures. A critical aspect of that process is the use of an on-line data and analytical system (Bloomberg) which assists the investment managers in analyzing specific investments. The Treasurer has also established an investment advisory committee incorporating private sector investment professionals, and a representative of each of the agencies for which the fund is managed to assist him in developing these policies.

Historically, the investment section has had three terminals for the Bloomberg system. Pinnacol Assurance, which has had the largest and most complex portfolio within the Treasury has always funded these terminals, as well as the monthly connecting fee which covers all the terminals. On a monthly basis, Treasury has reimbursed Pinnacol for a portion of these costs. Pinnacol has also contributed a portion of the cost of the department's subscription to a credit analysis service upon which the investment officers rely when evaluating specific securities for either purchase or sale. With the transfer of Pinnacol's portfolio, these cost sharing arrangements will cease and the Treasury will request additional funding to allow investment officers to continue to have full access to these essential investment tools.

The investment section also oversees a securities lending program. Securities lending allows Treasury to earn additional incremental income over and above the coupon income on the bonds held in the portfolio by entering into contracts with providers to loan securities to qualified borrowers at an agreed upon fee. Annually the Treasury receives approximately \$1 million in additional income from this agreement.

Unclaimed Property

The Unclaimed Property program was established in 1987 by HB 87-1376 to locate owners of dormant or abandoned property and return their property to them. The law was expanded subsequently to include all types of companies and business entities, except racetracks, and, with the passage of SB 04-108, to exempt gaming award points and gaming chips or tokens issued or sold by a licensed gaming establishment. Also covered under the law are public institutions, including courts, municipalities, most governmental subdivisions/agencies, public corporations or authorities, non-profit entities, hospitals, utilities, estates, trusts, or any other legal or commercial entity. 6,500 businesses and reporting services are notified annually that instructions and reporting forms are available on the Treasury's website to be downloaded. Increased use of electronic communications has reduced the time it takes a business to prepare and submit its report. Most items are now submitted electronically. Electronic submission has simplified the overall reporting process and greatly improved the accuracy of the data submitted. The Unclaimed Property Division also includes a small audit section that is charged with ensuring holder compliance with the reporting requirement. All of these factors have contributed to a 10% increase in holder reporting since FY 2002-03.

Since the program's inception the Treasury has returned nearly \$100 million to citizens. During the reporting process Colorado businesses have typically identified and returned millions of additional dollars directly to Coloradans rather than transferring them to the Treasury. Due to these dual efforts, more than 300,000 owners or their heirs have received unclaimed property since the program began.

In FY 2003-04, the Unclaimed Property section returned more than \$10.1 million to rightful owners or their heirs. During the first 4 months of FY 2004-05, the section continues to handle an unprecedented number of inquiries and claims. This is, in part, due to the fact that the Treasurer and the division actively publicize the program in an attempt to ensure that citizens learn of its existence and check to see if property is being held on their behalf. It is also due to the ability of the public to access information over email and the Internet. The success of this effort is a constant increase in citizen inquiries. Last year, for example, the Division initiated 62,394 claims; more than a 15% increase. The division has seen no decrease in activity this year. In fact it has initiated more claim forms. SB 04-211 passed in the last legislative session will further enhance Treasury's efforts to educate and inform Colorado citizens about the program. This bill allows increased advertising funding, removes the requirement that names be published in a newspaper with statewide circulation and mandates maintenance of an electronic listing of all names on the Unclaimed Property database. The Treasury is currently researching and pricing a variety of proposals for advertising alternatives to identify those that appear the most effective. During the current fiscal year the Treasury anticipates trying several new alternatives to identify those with the best potential. The Treasury will not request any increases in the program's advertising appropriation until a cost/benefit analysis of the various new advertising methods is performed.

Another significant change in SB 04-211 requires the Treasurer, to transfer to Cover Colorado an amount documented by statutorily required actuarial assumptions. The amount available for transfer will be determined after reserving an amount for future claims and for the operations of the program to Cover Colorado. This transfer will help insure the continued operations of Cover Colorado by providing a secure funding source.

SB 04-256 requires the Treasurer to sell unclaimed securities of Colorado citizens held by a third party. The proceeds of this sale will be deposited into the newly created Unclaimed Property Tourism Promotion Trust Fund. Interest from this fund will be used for tourism promotion in the State. The Treasury is currently in the process of selecting a vendor to facilitate these securities sales. The sale of the securities will be accomplished in three phases. The Department's Investment Section will manage the Unclaimed Property Tourism Promotion Trust Fund as a separate account. The interest earned on the fund will be distributed to the State Tourism fund to augment the state's tourism promotion efforts.

Substantial increases in property remittances to the Unclaimed Property program as well as the addition of unclaimed income tax refunds have pushed the Program's existing database software to its storage capacity limit. Each year from FY 2002-03 through FY 2004-05, the Treasury has requested additional funding for the purchase of upgraded software to ensure continued data integrity and avoid potential system failures. The Treasury is again requesting, in FY 2005-06, funds for a conversion to a much more robust, stable and secure operating system. Funding of this request will ensure that property information will remain secure and accessible well into the future.

Additionally, the Treasury is separately requesting funding for a new file server to replace the existing outdated server that has remained in operation far longer than the state's guidelines for the replacement of computers.

Special Purpose

The special purpose programs include the Elderly Property Tax Program, the Senior Citizen Property Tax Exemption Program, Highway Users Tax Funds, and the Fire and Police Pension Fund.

Elderly Property Tax Deferral (County Costs)

This program provides loans to pay the property taxes for qualified Colorado citizens who make application. HB 02-1241, effective July 1, 2002, changed the funding of this program from a General Fund appropriation to an investment as a loan to the taxpayer. Liens are placed on the property and interest compounds annually. The interest rate floats with the 10 year Treasury note, changing each year in February. There are no controls over the number of applications the Department may receive and limited eligibility requirements. As of June 30, 2004, Treasury has 491 participants in the program. Historically, participation in the program is directly related to interest rates and changes in property tax levies. The General Assembly's decision to suspend funding for the Senior Citizen Property Tax Exemption (below) is the likely reason that participation increased so significantly in the past year.

The Treasury uses a database to simplify management of this program. Treasury also uses an annual verification process to monitor existing participants thus ensuring their continued eligibility for the program. Also, in conjunction with Central Collections, the Department aggressively pursues delinquent accounts.

Senior Citizen Property Tax Exemption

Created by the passage of Referendum A and HB 01-1224, this program originally exempted one-half of the first \$200,000 of a home's value from property taxation for citizens over the age of 65 who have lived in their current homes for at least 10 years. It also applies to surviving spouses of qualified taxpayers. The first payment to counties was made in April of 2003. The Treasury, in conjunction with the Department of Local Affairs has developed and maintains an extensive database for the program to ensure that distributions are correctly calculated and disbursed. When the program resumes payment of taxes, the Departments will continue efforts to modify and improve the program's administration. The statutory framework of the program, however, has extremely limited safeguards against fraudulent or improper claims so there are limits on the capacity to preclude the disbursement of incorrect payments.

Language in Referendum A gave the legislature the authority to lower the amount of assessed residential property that may be exempted from taxes. Due to the State budget shortfall, SB 03-265 was enacted to decrease this amount to zero for tax years after January 1, 2003 but before January 1, 2006. Consequently no payments to seniors were made for FY 2003-04 and will not be made through FY 2005-06.

Highway User Tax Funds

The annual calculation, allocation and distribution of Highway User Tax Funds to Colorado counties and municipalities, and the Department of Transportation are responsibilities of the Treasury. Estimates for future needs are based on historical increases as well as information from the Legislative Council Office.

Fire and Police Pension

Fire and Police Pension payments are also a Treasury responsibility. Estimates to cover contributions to local volunteer fire departments for pensions and insurance originally provided by the Fire and Police Pension Association (FPPA) will now be provided by the Department of Local Affairs (DOLA) according to SB 04-198 and the line item for this payment will no longer be part of Treasury's budget submission. Additionally, although previously suspended, current law reinstates the annual payment to FPPA to subsidize the unfunded liability in its "Old Hire" pension plans in FY 2005-06.

Treasury will continue to request necessary funds on behalf of FPPA annually until the "Old Hire" pension plan's unfunded liability is extinguished or FY 2011-12 whichever ever comes sooner.

Key Administration Accomplishments and Critical Performance Measures

Short-term Note Issuance:

In July 2004 the Treasury issued \$650 million in tax and revenue anticipation notes. The notes mature in June 2005. Due to the highly irregular flows of revenues in to the state, this financing provides funds to meet the state's liquidity need in months when the state's general fund experiences a deficit. Interest on the notes and their costs of issuance are paid from the investment earnings and premium.

The Treasury also issued \$225 million in notes on behalf of the State of Colorado Education Loan Program to fund cash flow shortages in school districts. An additional issuance of approximately \$335 million for this program will be done in December. The repayment of these notes is from the property tax collections of the participating local school districts.

Performance Measures Level One:

To accelerate receipt of all funds coming into the Treasury Department

Measure 1.1.1 Trained other agency personnel on alternative cash concentration procedures such as the use of Internet based bank transfers to quickly and efficiently move money to State's main bank account.

To conservatively and safely invest the portfolios to preserve principal and consistently provide income

Measure 1.2.1 Provided \$212.5 million from all funds managed

Measure 1.2.2 No investments in default or nonpaying status

Measure 1.2.3 Provide for cost effective liquidation of securities held by Unclaimed Property Program.

To disburse funds on deposit at Treasury more efficiently

Measure 1.3.1 Expanded Internet based electronic disbursement program to other state agencies

Measure 1.3.2 Electronically produced over 9,000 Unclaimed Property vouchers

Measure 1.3.3 Electronically produced over 1,000 HUTF payment systems

To establish new programs as required by legislation

Measure 1.5.1 Successfully completed three debt issuances on behalf of school districts to meet their cash flow needs

Measure 1.5.2 Ensured that all outstanding loans to school districts were timely repaid.

Measure 1.5.3 Worked with Cover Colorado to transfer funds from Unclaimed Property as required.

Measure 1.5.4. Developed Request for Proposal for sale of securities held as Unclaimed Property for deposit to new fund.

Measure 1.5.5 Developed and implemented new charter school intercept program

Performance Measures Level Two:

To improve cash management and ensure adequate liquidity through better forecasting

Measure 2.1.1 Continued to refine cash flow forecasting methodology.

Measure 2.1.2 Continued to meet with OSPB, Dept of Revenue and Legislative Council to ensure accurate cash-flow information for legislature and debt rating agencies.

Measure 2.1.3 Worked with State Controller's Office and COFRS to create mechanism for reporting other cash fund balances

Performance Measures Level Three:

To improve banking services

Measure 3.1.1 Implemented cost-effective and improved banking services by means of competitive RFP process.

Measure 3.1.2 Continue to evaluate new banking services for improved reporting and cash management.

To better inform public of Treasury's Services

Measure 3.2.1 Web site updated monthly with most current information

Measure 3.2.2 Added payment information for local governments and state agencies to Web site.

To provide technical assistance to local governments

Measure 3.3.1 Continue to instruct local government finance officials on State master credit card agreement at their conferences.

Measure 3.3.2 Continue to provide cash management services to local governments as requested.

Key Unclaimed Property Accomplishments and Critical Performance Measures

To educate citizens and businesses about unclaimed property and the related responsibilities for compliance

Measure 1.1.1 Held 6 seminars in Ft Collins and Pueblo, and 4 in Denver.

Measure 1.1.3 Through the work of our auditors, new companies reporting increased by 10%.

To reduce the administrative burden on holders

Measure 1.2.1 Forms and reporting instructions available on the Internet at the Treasury website

Measure 1.2.2 Increased the number of holders responding electronically by 40%

Measure 1.2.3 Continue to encourage electronic reporting

Measure 1.2.4 Encourage holders to pay through electronic wire transfer

To increase payment of claims and reduce turn around time

Measure 1.3.1 Paid over 3,000 more owners and heirs in FY 2003-04 than in FY 2002-03

Measure 1.3.2 Again increased the number of claims paid within 30 days by 30%

To increase holder compliance with the unclaimed property law

Measure 1.4.1 10% increase in holder reporting

Measure 1.4.2 Participated in 30 hours of specialized unclaimed property auditor training

Measure 1.4.3 Recovered more than \$2 million through audit process

Measure 1.4.4 40% increase in holders reporting electronically

To increase productivity and customer satisfaction through the use of e-mail and the Internet

Measure 1.5.1 Responded to more than 40,000 email and web inquiries in FY 2003-04

Measure 1.5.2 When email inquiries are less than 1,000 per day, responded within 5 days

To communicate existence of Program more effectively to potential owners

Measure 1.6.1 Participated in several special and feature television programs throughout the year to educate the public and remind them to check with the Treasury to see if they have unclaimed funds

Measure 1.6.2 Linked website to other Unclaimed Property websites in other states

Measure 1.6.3 Linked website to television stations and the Denver Post websites on several occasions to promote increased public awareness

Strategic Plan Summary

The Treasury continues its efforts to increase the dollars available for state use through a variety of means. The most significant of these means is the investment income earned through the prompt deposit and investment of state money properly researched and appropriate investments. Others include an effective audit program to ensure compliance with the Unclaimed Property Program, and the use of automation to increase productivity. The Treasury requests, then, the continued funding of its existing positions and programs. At the beginning of FY 2003-04, the Department reorganized. The reorganization led to the elimination of one Investment Officer position and the addition of a new Accountant III position. The accounting section's ever expanding responsibilities (in particular the addition of the Educational Notes, the Charter school moral obligation program, and increased cash flow monitoring) had placed severe strains on the Accounting section. This reorganization not only provides much needed assistance for that section but will also provide sufficient depth to allow for the cross training of the professional staff. Prior to this change, with only two experienced professionals there was not enough depth to cross train. Cross training is especially important as a succession planning issue since the current chief financial officer will probably retire within two years.

Continual reevaluation of tasks and improved use of automation has allowed the Treasury to address many new responsibilities and issues with virtually no additional resources. For example, in addition to the reorganization cited in the previous paragraph, the General Professional III position in Administration has been reoriented to take a larger role in the ongoing T-Commerce initiative of the Treasury.

The Department's Personal Services FY 2005-06 budget request represents full funding for existing positions, and adequate funding for temporary assistance in the Unclaimed Property division.

Costs for access to investment and accounting information continue to grow, as does the importance of access to them. In the next fiscal year, the Treasury seeks additional funding to maintain existing information capabilities. Lack of funding for these vital tools will compromise the Department's ability to perform its statutory and Constitutional functions and may result in the need for additional staff.

In conclusion, the Department's unique characteristics, which include its small size, low turnover, and heavy reliance upon temporary employees to fill gaps when vacancies do occur or to meet the seasonal workflows of Unclaimed Property, cause budget reductions to have a disproportionately severe impact on the Department's day-to-day ability to function.

COLORADO STATE TREASURY
BUDGET SUMMARY
Schedule 2.A

Item	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
TOTAL ADMINISTRATION	1,284,615	15.7	1,896,132	15.6	2,007,335	16.0	1,992,590	16.0	2,292,028	16.0
General Fund	612,359		716,479		734,675		708,409		748,601	
Cash Fund	610,116		1,179,653		1,272,660		1,284,182		1,543,427	
Cash Fund Exempt	62,140		0		0		0		0	
TOTAL UNCLAIMED PROPERTY	866,353	8.8	870,396	8.5	880,029	9.5	894,774	9.5	974,323	9.5
General Fund	0		0		0		0		0	
Cash Fund	0		870,396		880,029		894,774		974,323	
Cash Fund Exempt	866,353		0		0		0		0	
TOTAL SPECIAL PURPOSE	61,491,764		0		0		0		0	
General Fund	61,491,764		0		0		0		0	
Cash Fund	0		0		0		0		0	
TOTAL FIRE & POLICE PENSION FUNDS	29,111,973		3,658,199		3,790,894		3,790,894		25,321,079	
General Fund	29,111,973		3,658,199		3,790,894		3,790,894		25,321,079	
Cash Fund	0		0		0		0		0	
TOTAL APPROPRIATED - COUNTIES	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
General Fund	0		0		0		0		0	
Cash Fund (Exempt)	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
TOTAL APPROPRIATED - MUNICIPALITIES	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
General Fund	0		0		0		0		0	
Cash Fund Exempt	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
GRAND TOTAL	343,049,281	24.5	261,913,435	24.1	268,305,258	25.5	268,305,258	25.5	292,762,754	25.5
General Fund	91,216,096	15.7	4,374,678	15.6	4,525,569	16.0	4,499,303	16.0	26,069,680	16.0
Cash Fund	610,116	0.0	2,050,049	0.0	2,152,689	9.5	2,178,955	9.5	2,517,750	9.5
Cash Fund Exempt	251,223,069	8.8	255,488,708	8.5	261,627,000	0.0	261,627,000	0.0	264,175,324	0.0

Schedule 2.B

Index from Line Items to Programs

Department: Fiscal Year:		Treasury 2005-06 Request			
Long Bill Line Item Group	Long Bill Line Item	Brief Long Bill Line Item Description	Specific State Statutory Citation (if applicable)	Cross-Reference to Program Crosswalk	
				Associated Program(s)	Page Number
Administration					
	Personal Services	Salaries, benefits and other related costs for employees as well as contractual costs and tuition payments per long bill head note		Administration	53
	Health, Life, Dental	State share of health, life and dental insurance		Administration	54
	Short-Term Disability	State share of short-term disability insurance.		Administration	54
	Salary Survey	Funding for annual salary increases per Department of Personnel percentages		Administration	55
	Performance Based Pay	Funding for performance based pay awards.		Administration	55
	Amortization Equalization Disbursement	Additional employer contribution to the PERA Trust Fund to amortize the unfunded liability		Administration	55
	Operating Expenses	General non-employee costs including ongoing expenses and capital outlay		Administration	55
	Information Technology Asset Maintenance	Annual costs to upgrade and replace computers, printers and other information technology within Department		Administration	56
	Legal Services	Fees paid to Attorney General's office for counsel and representation		Administration	57

Schedule 2.B

Index from Line Items to Programs

Department: Fiscal Year:		Treasury 2005-06 Request			
Long Bill Line Item Group	Long Bill Line Item	Brief Long Bill Line Item Description	Specific State Statutory Citation (if applicable)	Cross-Reference to Program Crosswalk	
				Associated Program(s)	Page Number
	Purchase of Services-GGCC/Data Center Svcs	Fees for use of general computer center including access, equipment usage and storage costs		Administration	57
	Risk Management	Payment to Dept of Personnel for liability insurance (does not include statutorily required fidelity bond coverage for employees)		Administration	57
	Capitol Complex Leased Space	Payment to Dept of Personnel for space in Capitol (3,650 sq ft)		Administration	58
	Third Party Auditor	Payments to Contractual Unclaimed Property Auditors		Administration	58
	Charter School Facilities Financing Services	Continuously appropriated moneys for the costs of administering the Charter School Intercept Program		Administration	58
	Discretionary Fund	Statutorily authorized fund for additional costs of elected official.		Administration	58
Special Purpose					
	County Costs	Elderly Property Tax program authorized to pay property taxes for qualified Colorado citizens. Liens are placed on property and interest accrues. Anyone who meets the qualifications may apply. NO LONGER APPROPRIATED PER HB 02-1241	C.R.S. 39-3.5-101	Special Purpose	59

Schedule 2.B

Index from Line Items to Programs

Department: Fiscal Year:		Treasury 2005-06 Request			
Long Bill Line Item Group	Long Bill Line Item	Brief Long Bill Line Item Description	Specific State Statutory Citation (if applicable)	Cross-Reference to Program Crosswalk	
				Associated Program(s)	Page Number
	Senior Property Tax Exemption	Constitutionally mandated payment of property tax for elderly. NOT APPROPRIATED FOR FY 2003-04 THROUGH FY 2005-06	C.R.S. 39-3-201	Special Purpose	59
Unclaimed Property					
	Personal Services	Salaries, benefits and other related costs for employees as well as contractual costs and tuition payments per long bill head note		Unclaimed Property	59
	Operating Expenses	General non-employee costs including ongoing expenses and capital outlay		Unclaimed Property	60
	Leased Space	Payment for space within Chancery building (3,420 sq ft). Lease expires 6/30/06		Unclaimed Property	61
Fire and Police Pension Association			C.R.S. 24-75-201		
	Unfunded Liability-Old Hire Plans	Continuously appropriated by permanent statute. Provided for purposes of complying with Article X, Section 20 of constitution - Estimates from FPPA		Special Purpose	62
	Volunteer Firefighter Retirement Plans	Continuously appropriated by permanent statute. Provided for purposes of complying with Article X, Section 20 of constitution - SUBMITTED AS PART OF DEPT OF LOCAL AFFAIR'S BUDGET BEGINNING FY 2005-06		Special Purpose	62

Schedule 2.B

Index from Line Items to Programs

Department: Fiscal Year:		Treasury 2005-06 Request			
Long Bill Line Item Group	Long Bill Line Item	Brief Long Bill Line Item Description	Specific State Statutory Citation (if applicable)	Cross-Reference to Program Crosswalk	
				Associated Program(s)	Page Number
	Volunteer Death and Disability	Continuously appropriated by permanent statute. Provided for purposes of complying with Article X, Section 20 of constitution - SUBMITTED AS PART OF DEPT OF LOCAL AFFAIRS'S BUDGET BEGINNING FY 2005-06		Special Purpose	62
Appropriated Counties		Estimate of HUTF payment to counties provided for purposes of complying with Article X, Section 20 of constitution	C.R.S. 43-4-207	Special Purpose	63
Appropriated Cities		Estimate of HUTF payment to cities provided for purposes of complying with Article X, Section 20 of constitution	C.R.S. 43-4-208	Special Purpose	63

**Schedule 5.A
Special Bills Including Supplemental Bills**

Department: State Treasury

Bill Number	Line Item	Total Funds	GF	HUTF	CF	CFE	FF
Actual FY 2002-03							
HB02-1036	Fire and Police Pension	3,000	3,000				
HB02-1241	County Costs	(382,878)	(382,878)				
HB02-1038	Pay for Performance	(895)	(895)				
SB02-50	Pay for Performance	(898)	(898)				
HB02-1468	Health Life Dental	1,192	1,192				
SB03-220	Supplemental						
	Admin Personal Svcs	(39,804)	(39,804)				
	Health Life Dental	(4,761)	(4,761)				
	Short-term Disability	(153)	(153)				
	Admin Operating	(24,512)	(24,512)				
	Information Tech Asset	(1,450)	(1,450)				
	Legal Services	15,918	(15,918)			31,836	
	Computer Center	2,881	1,906			975	
SB 03-184	Treasury Transaction Fee	0	(587,116)		587,116		
SB 03-197	Pay Date Shift	(51,271)	(51,271)				
Department Total FY 2002-03		(483,631)	(1,103,558)		587,116	32,811	
Actual FY 2003-04							
SB 03-263	Fire & Police Pension	(25,312,079)	(25,312,079)				
SB 03-265	Senior Property Tax Exemp	(56,600,000)	(56,600,000)				
SB 03-273	Salary Survey	(39,828)	(25,280)		(14,548)		
HB 03-1316	Health, Life, Dental	(142)	(142)				
HB 04-1337	Supplemental						
	Legal Services	79,186			79,186		
	Purch. Serv.-Computer Ctr	80	80				
	Risk Management	(38)	(38)				
	Capitol Complex Space	(4,993)	(4,993)				
	Vol. Firefighter Retirement	(138,343)	(138,343)				
Department Total FY 2003-04		(82,016,157)	(82,080,795)				
Estimate FY 2004-05							
Department Total FY 2004-05		-	-				

Schedule 5. B							
Summary Table for Salary Survey and Performance Based Pay Increases							
Department: State Treasury							
	Line Item	Total Funds	GF	HUTF	CF	CFE	FF
Actual FY 2002-03							
Administration	Salary Survey	62,500	62,500				
Administration	Anniversary Allocation	7,692	7,692				
Division Subtotal		70,192	70,192				
Unclaimed Property	Salary Survey/Anniversary	12,575				12,575	
Unclaimed Property	Anniversary Allocation	2,830				2,830	
Division Subtotal		15,405				15,405	
Department Total Actual FY 2002-03		85,597	70,192			15,405	
Actual FY 2003-04							
Administration	Salary Survey	0	0				
Administration	Performance Based Pay	0	0				
Division Subtotal		0	0				
Unclaimed Property	Salary Survey/Anniversary	0				0	
Unclaimed Property	Performance Based Pay	0				0	
Division Subtotal		0				0	
Department Total Actual FY 2003-04		0	0			0	
Estimate FY 2004-05							
Administration	Salary Survey	22,712	11,810		10,902		
Administration	Performance Based Pay	8,843	4,598		4,245		
Division Subtotal		31,555	16,409		15,146		
Unclaimed Property	Salary Survey	7,997			7,997		
Unclaimed Property	Performance Based Pay	6,748			6,748		
Division Subtotal		14,745			14,745		
Department Total Estimate FY 2004-05		46,300	16,409		29,891		
Request FY 2005-06							
Administration	Salary Survey	28,138	14,632		13,506		
Administration	Performance Based Pay	9,918	5,159		4,759		
Division Subtotal		38,056	19,791		18,265		
Unclaimed Property	Salary Survey	12,927			12,927		
Unclaimed Property	Performance Based Pay	5,312			5,312		
Division Subtotal		18,239			18,239		
Department Total Request FY 2005-06		56,295	19,791		36,504		

**Schedule 5.C
Summary Table for Health, Life, Dental**

Department: State Treasury

	Line Item	Total Funds	GF	HUTF	CF	CFE	FF
Actual FY 2002-03							
Administration	Health, Life Dental	32,326	18,794			13,532	
Unclaimed Property	Health, Life Dental	14,660				14,660	
Department Total Actual FY 2002-03		46,986	18,794			28,192	
Actual FY 2003-04							
Administration	Health, Life Dental	31,248	16,560		14,688		
Unclaimed Property	Health, Life Dental	16,235			16,235		
Department Total Actual FY 2003-04		47,483	16,560		30,923		
Estimate FY 2004-05							
Administration	Health, Life Dental	49,018	25,479		23,539		
Unclaimed Property	Health, Life Dental	16,494			16,494		
Department Total Estimate FY 2004-05		65,512	25,479		40,033		
Request FY 2005-06							
Administration	Health, Life Dental	60,666	31,546		29,120		
Unclaimed Property	Health, Life Dental	20,446			20,446		
Department Total Request FY 2005-06		81,112	31,546		49,566		

**Schedule 11.A
AIR Account**

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Beginning Balance	265,796	1,057,387	1,744,370	1,950,728	2,270,654
Exempt Revenue	172,788	202,276	207,333	212,516	217,829
Non-Exempt Revenue	6,952,338	7,201,886	7,119,194	7,381,933	7,297,174
Total Expenditures	6,333,535	6,717,179	7,120,169	7,274,523	7,521,857
Ending Balance	1,057,387	1,744,370	1,950,728	2,270,654	2,263,801
Reserves	791,591	686,983	206,358	319,926	(6,854)
Increase/Decrease					

Fee Levels

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
1. \$. 50	2,040,597	2,031,978	2,089,571	2,082,777	2,141,811
2. \$1.50 Fee	3,934,415	3,958,020	4,028,841	4,056,971	4,129,562
3. Inspection Stations	316,760	380,664	324,362	390,181	332,471
4. Diesel Fees	660,566	831,224	676,420	852,005	693,330

Cash Fund Reserve Balance

	FY 2001-02	FY 2002-03	FY 2003-04
Uncommitted Fee Reserve Balance (total reserve balance minus exempt assets and previously appropriated funds; calculated based on % of revenue from fees)	261,973	1,031,744	1,696,714
Target/Alternative Fee Reserve Balance (amount set in statute or 16.5% of total expenses)	1,326,735	1,045,033	1,108,335
Excess Uncommitted Fee Reserve Balance			588,379

Statutory Deadline for Complying with the Target/Alternative Reserve Balance

Cash Fund Narrative Information

Purpose/Background of Fund	Created in 1986, revenues in this fund are used to support the costs of motor vehicle emissions activities. Excess revenues have been used to fund other environmental pollution control programs.
Fee Sources	Fees are set in statute and are collected at the time of vehicle registration
Non-Fee Sources	Non-fee sources are fines collected and interest earned. These are expected to continue and have historically equaled approximately 3% of revenues
Long Bill Groups Supported by Fund	Treasury transfers moneys to the Depts of Public Health and Environment and Revenue
Statutory or Other Restriction on Use of Fund	Treasury acts as a pass-through of moneys collected by the Dept of Revenue. Moneys are transferred up to the amount of appropriation to the two departments.
Revenue Drivers	Revenues collected are dependent on cars registered each year. Revenue estimates current and future years are based on the Dept of Public Health and Environment and OSPB's estimate of 2.5% growth in the current and future fiscal years.
Expenditure Drivers	Expenditures are based on appropriations made.
Assessment of Potential for Compliance	Changes in fees are dependent on legislative action.
Action	<input checked="" type="checkbox"/> Already in Compliance <input type="checkbox"/> Statute Change ¹ <input type="checkbox"/> Planned Fee Reduction ¹ <input type="checkbox"/> Planned One-time Expenditure(s) ¹ <input type="checkbox"/> Planned Ongoing Expenditure(s) ¹ <input type="checkbox"/> Waiver ²
1. If plan is needed to meet compliance deadline, attach Form 11.B. 2. If pursuing a waiver, attach Form 11.C.	

CHANGE REQUEST

**Schedule 6
DECISION ITEM REQUEST for FY 2005-06**

Department: STATE TREASURY
 Priority Number: 1 of 5
 Division: Administration
 Program:
 Request Title: Lease Bloomberg Terminals

Dept. Approval:
 OSPB Approval:
 Statutory Citation:

Date: 11/1/04
 Date:

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Supplemental Request FY 2004-05	Total Revised Request FY 2004-05	Base Request FY 2005-06	Decision/Base Reduction FY 2005-06	November 1 Request FY 2005-06	Budget Amendment FY 2005-06	Total Revised Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total	26,340	26,340	0	26,340	26,340	15,521	41,861	0	41,861	15,521
	FTE										
	GF	13,960	14,224	0	14,224	13,697	8,071	21,768	0	21,768	8,071
	CF	12,380	12,116	0	12,116	12,643	7,450	20,093	0	20,093	7,450
	CFE FF										
Line Item Name	Total	26,340	26,340	0	26,340	26,340	15,521	41,861	0	41,861	15,521
	FTE										
	GF	13,960	14,224	0	14,224	13,697	8,071	21,768	0	21,768	8,071
	CF	12,380	12,116	0	12,116	12,643	7,450	20,093	0	20,093	7,450
	CFE FF										

Letter Notation:

Cash Fund name/Number, Federal Fund Name:

IT Request Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)

Supplemental and Budget Amendment Criteria: Emergency Technical Error New Data Unforeseen Contingency

Request for New or Replacement Vehicles: Yes No (If yes, a copy of the Schedule 6 will be forwarded to the OSPB analyst assigned to Personnel/DPA)

Request Affects Another Department(s): Yes No (If yes, Name of other Department(s) _____)

State Treasurer's Office Decision Item

Long Bill Group/Division: (1) Administration

Program Title: Administration Operating Expenses

Request Title: Lease Bloomberg Terminals

Problem Definition:

- *Bloomberg description.* Bloomberg is an online, real time investment tool that provides live prices and yields in all the markets in which the Treasury actively buys and sells securities. Bloomberg provides information critical to the conduct of independent securities analysis by the investment officers, using their own assumptions. Absent the capacity to conduct independent analysis, the investment officers must rely upon recommendations from brokers. Bloomberg's financial databases allow the investment officers to create charts/graphs to store bond portfolio information, to calculate duration, and market value, and to make comparisons to indices. Bloomberg also provides near real time news on world and financial markets and a platform for online trade execution. This information allows the investment officers to react quickly to changes in the markets. The cost of the Bloomberg terminals includes the cost of the personal computer and specialized multi screen monitor. Bloomberg provides periodic training for users in Denver and all updates and upgrades to its system at no additional cost.
- The investment section is comprised of three full time investment professionals. Each officer is assigned responsibility for a distinct market segment: short, intermediate, and long. Currently each investment officer spends most of her time on her Bloomberg immersed in her particular market sector. Detailed knowledge of each distinct sector is critical since changes in the economy and interest rates affect each of these market segments differently.
- Presently, the Treasury has three Bloomberg terminals. Pinnacol pays a portion of the costs for the Bloomberg terminals, as well as the monthly connecting fee which covers all the terminals. A portion of the costs are also allocated to the Treasury's debt issuances for the General Fund and for School districts as the Bloomberg system is used to reinvest the proceeds of those issues before the cash is expended and after it is returned to the Treasury. The use of the Bloomberg system is essential for maximizing yield and minimizing interest costs for the state on these note issues. When Pinnacol takes control of its investments, (currently projected to occur on January 1, 2005) Pinnacol will no longer subsidize these costs. Treasury is requesting additional funds to replace this lost amount.

Value of Bloomberg:

To provide some perspective on just how critical the Bloomberg system is to the Treasury, the following describes the consequences of a complete loss of access to Bloomberg. The specific consequences of the loss of one terminal are detailed in the decision alternatives:

For FY 04 the Treasury invested extensively in securities other than U.S. Treasuries. Without Bloomberg the investment officers would not have had access to the information available to them to perform the due diligence needed to buy these more complex, higher yielding securities (known as 'spread product', because they offer yield at a basis point spread above treasuries), such as asset-backed bonds, mortgage-backed bonds, etc. Completely losing this capability would cost the combined TPOOL/TCASH alone \$43.7 million annually (\$2,428.7 million * 180 basis points) which represents nearly half of its total investment income. The 'basis points' number reflects the additional spread earned above treasury yields, and is calculated by taking the difference between the treasury benchmark and the yield earned.

The cost to the Public School Permanent Fund would have been \$8.7 million (\$321.7 million * 270 basis points) which represents 43% of its total investment income. **Lose of this income has a direct relationship on funds available for the School Finance Act as all interest income up to \$19 million is transferred directly to fund school finance.**

The impact on the State Education Fund would have been \$3.6 million (\$93.4 million * 390 basis points) or 30% of its total investment income. **Once again, loss of this income has a direct relationship on funds available for school finance.**

Total potential lost income for the State without the Bloomberg systems was approximately \$56 million in FY 04.

Other services potentially impacted by the loss of access to the Bloomberg system include:

- *Time Deposit Program.* Administering the state's weekly Time Deposit program will become much more difficult. To ensure that interest rates are set at a level that is fair to both the state and to the participating Colorado banks the Treasury must obtain numerous current prices (on treasuries, agency discount notes, federal funds rates, commercial paper rates, brokered CD rates) early on Monday mornings. Because the state must also invest its short term cash early in the morning, a single terminal would delay setting rates and settlements with Colorado banks, thus hampering their operations.
- *Other inefficiencies.* Without the ability to visually monitor the markets, investment officers will have to rely on the telephone, email, fax, and Wall Street Journal for market color. This is clearly a step backward in the use of technology and would slow reaction times to events moving the markets.

The Investment section also provides extensive assistance to other state agencies through the use of its Bloomberg terminals. Specifically it assists the Banking Commission by providing a quarterly report of the Federal Financial Institutions examination Council (FFIEC) testing of Collateralized Mortgage Obligations pledged by banks against public deposits. Treasury also often assists the Insurance Commission examiners in evaluating bond structures found in insurance company portfolios. Finally, the Treasury periodically purchases bonds at the request of Colorado State University, and others.

Available Alternatives:

Alternative I: Lease An Additional Bloomberg Terminal

- Investment officers will receive full access to view live daily market activity including prices, economic releases, world & financial news.
- Each investment officer will continue to have a terminal on her desk.
- *Daily cash investing.* The short-term investment officer has full access to multiple money markets simultaneously in the morning receiving the maximum level of money market inventory, viewing a full spectrum of rates, and achieving a high degree of interest rate efficiency without infringing on the ability of the other investment officers to access the information they need.
- *Investment Income.* Investment officers will be able to participate fully in their markets, focused, and without distraction in the pursuit of investment income. With three Bloomburges it is possible to achieve the highest level of investment income.
- *Investment Strategies.* Investment officers will be able to develop their own strategies on their own timeline. Strategies can be developed and implemented on a timely basis.
- We will have reached maximum efficiency.
- The Treasury investment section will respond to requests from other state agencies such as the Banking and the Insurance Commission, on a timely basis.

Summary of Costs	III. Three terminals
Monthly charge for 3 terminals	\$ 4,350
Monthly connecting fee	495
Total monthly charges	4,845
Annual charges	58,140
Allocated to Debt Issuances	(16,279)
FY 05 budget amount	(26,340)
Additional costs currently subsidized by Pinnacol	\$ 15,521
General Fund (52%)	\$ 8,071
Cash Fund (48%)	\$ 7,450

Alternative II – Do Not Fund Leasing of Third Bloomberg Terminal.

- *Daily cash investing.* Until approximately 9:30 each morning one Bloomberg will be reserved exclusively for the short-term cash investment officer. Until the cash is fully invested and the Time Deposit program is priced (Mondays), the intermediate term and long term investment officers will have to share a second Bloomberg for access to their markets. By mid-morning, the intermediate term investment officer will have access to the Bloomberg used by the short-term investment officer.
- *Investment Income.* Access to investment information will be shared. Investment Officers would have the time to identify, analyze, and purchase some spread product. However, the estimated decrease in investment income is approximately 16%, equating to almost \$20 million, due to the inability to invest TPOOL in spread products.
- *Investment Strategies.* Investment officers would be able to develop their strategies, but still within a shared Bloomberg access schedule. Access will continue to dictate the timeliness of the development and implementation of any investment strategy.
- *Other inefficiencies.* Investment officers will have some ability to monitor their markets. The telephone, fax and financial publications will need to supplement each investment officer's maturity sector.
- The Treasury investment section will have limited ability to respond to requests from other state agencies such as the Banking and the Insurance Commission.

SUMMARY:

- Technology utilized in today's financial markets disseminates information instantaneously increasing market volatility. In order to fully participate in the investment process the investment section requires the basic industry standard, Bloomberg.
- The continual evolution of the bond markets creates new, innovative bond structures that add incremental investment income to the state's portfolios. Before Treasury can buy these bonds, the investment section uses the unique capabilities of the Bloomberg system to evaluate and analyze the risks in these structures. Without Bloomberg, the investment section cannot perform this high level of analysis. Without the ability to perform this research the investment officers inevitably restrict the types of securities they purchase which will diminish income.
- With Bloomberg we are in direct communication with all the broker/dealers we do business with, and can bid competitively on spread product with multiple brokers simultaneously, increasing the opportunity to get the best price. This is particularly

important when investing hundreds of millions of dollars in proceeds from the State's tax and revenue anticipation notes. Treasury is bound by statute to get the best price (within the constraints of legality, liquidity and safety) for the state.

- Each investment officer needs her own Bloomberg for monitoring bond prices daily in order to identify buy/sell/swap opportunities to enhance book income to the portfolios of the state, and to keep up-to-date on financial and economic conditions that could materially impact investment holdings. There is a potentially enormous opportunity cost to the state due to lack of information.
- Investment officers would have to seek current market information by telephone/email/fax, and perform complex mathematical and analytical calculations manually that Bloomberg can do in an instant.
- The investment section generates millions of dollars in additional revenue for the state. Absent adequate access to this system, the amount of revenue the Treasury can generate within the constraints of legality, safety, liquidity and yield will decline considerably.

Recommendation:

Treasury recommends alternative I in order to provide the investment officers with complete access to the tools necessary to achieve maximum efficiencies and realize the greatest possible level of investment income for the State.

**Schedule 6
DECISION ITEM REQUEST for FY 2005-06**

Department: STATE TREASURY
 Priority Number: 2 of 5
 Division: Administration
 Program:
 Request Title: **Subscribe to Credit Research Service**

Dept. Approval:
 OSPB Approval:
 Statutory Citation:

Date: 11/1/04
 Date:

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Supplemental Request FY 2004-05	Total Revised Request FY 2004-05	Base Request FY 2005-06	Decision/Base Reduction FY 2005-06	November 1 Request FY 2005-06	Budget Amendment FY 2005-06	Total Revised Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total	3,600	3,600	0	3,600	3,600	3,390	6,990	0	6,990	3,390
	FTE			0	3,600	3,600	3,390	6,990	0	6,990	3,390
	GF	1,908	1,944	0	1,944	1,872	1,763	3,635	0	3,635	1,763
	CF	1,692	1,656	0	1,656	1,728	1,627	3,355	0	3,355	1,627
	CFE										
	FF										
Line Item Name	Total	3,600	3,600	0	3,600	3,600	3,390	6,990	0	6,990	3,390
	FTE			0	3,600	3,600	3,390	6,990	0	6,990	3,390
	GF	1,908	1,944	0	1,944	1,872	1,763	3,635	0	3,635	1,763
	CF	1,692	1,656	0	1,656	1,728	1,627	3,355	0	3,355	1,627
	CFE										
	FF										

Letter Notation:

Cash Fund name/Number, Federal Fund Name:

IT Request Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)

Supplemental and Budget Amendment Criteria: Emergency Technical Error New Data Unforeseen Contingency

Request for New or Replacement Vehicles: Yes No (If yes, a copy of the Schedule 6 will be forwarded to the OSPB analyst assigned to Personnel/DPA)

Request Affects Another Department(s): Yes No (If yes, Name of other Department(s) _____)

State Treasurer's Office Decision Item

Long Bill Group/Division: (1) Administration

Program Title: Administration Operating Expenses

Request Title: Subscribe to Credit Research Service

Problem Definition:

Currently, the Treasury has direct access to a credit research service through the Bloomberg system available to our investment officers. Pinnacol Assurance pays for this service. Treasury reimburses Pinnacol Assurance for a portion of the costs from its current operating budget. Another portion is allocated to the costs of the Department's debt issuances (Tax Revenue Anticipation Notes) since the Treasury relies upon this service to assist it in reinvesting the proceeds of these issuances. The balance due is subsidized by Pinnacol.

When Pinnacol takes control of its investments (probably January 1, 2005), the Treasury's current operating budget cannot make up the share of this cost currently allocated to Pinnacol and the Treasury will no longer possess sufficient funds to subscribe to this service.

Value of a Credit Research Service:

Provides the investment officers access to information necessary to perform due diligence in order to invest in the corporate bond market. For FY 04 investing in corporate bonds added \$30.4 million to the State's overall investment income.

If the investment officers had been unable to research these bonds for investment, the cost to the combined TPOOL would have been \$18.9 million (\$428.9 million * 440 basis points), which represents 21% of its total investment income. The 'basis points' number reflects the additional spread earned above treasury yields, and is calculated by taking the difference between the treasury benchmark and the yield earned.

The cost to the State Education Fund would have been \$1.6 million (\$44.2 million * 360 basis points) or 13% of its total investment income. The cost to the Public School Permanent Fund would have been nearly \$700,000. The loss of income to these two funds directly impacts moneys available for the School Finance Act.

Available Alternatives:

Alternative I: Standard and Poors CreditWire

Real-time Access to Standard & Poor's Ratings Actions and Analysis over a Bloomberg terminal.

Features:

- Includes CreditWire News: a summary of late-breaking headlines and bulletins.
- Includes Standard & Poor's Teleconferences: dial-up or log on to the latest developments on relevant issues affecting the fixed-income market.
- Delivers credit ratings bulletins and analyses for various sectors such as Industrial Corporations , Financial Institutions, Utilities, Insurance, Structured Finance, and Municipal Finance.
- Includes Credit Watch reports that alert you to potential changes in key issuer ratings.
- Provides information on ratings Criteria, and ratings definitions.

Alternative II: Standard and Poors RatingsDirect.Com

A real-time, Web-based source for Standard & Poor's global credit ratings, research, and risk analysis.

Features:

- Captures more than 14 years of ratings history from Standard & Poor's.
- Provides access to more than 5 million ratings, and 180,000 research articles on the three major business sectors, including Global Issuers, U.S. Public Finance, and Structured Finance.
- Provides breaking news and ratings actions as soon they occur with RatingsDirect's E-mail alerts.
- Provides access to relevant Standard & Poor's research and analysis incorporating a sector focus that aligns content more closely to individual needs.
- Provides news articles, analyses, commentaries, and reports from Standard & Poor's global network of more than 1,250 analysts.

Summary of Costs	I. CreditWire	II. RatingsDirect.Com
Annual subscription	\$ 10,750	\$ 10,000
FY 05 budget amount	(3,600)	(3,600)
Allocated to debt issuances	(3,010)	(3,010)
Additional costs(currently subsidized by Pinnacol)	\$ 4,140	3,390
General Fund (52%)	\$ 2,153	\$ 1,763
Cash Fund (48%)	\$ 1,987	\$1,627

Recommendation:

Treasury recommends alternative II as RatingDirect.Com provides full, detailed credit reports whereas CreditWire only provides summary reports. Also, only the RatingDirect.Com internet site allows the investment officers to export data to a spreadsheet on their own personal computers for further analysis.

**Schedule 6
DECISION ITEM REQUEST for FY 2005-06**

Department: STATE TREASURY
 Priority Number: 3 of 5
 Division: Administration
 Program:

Dept. Approval:
 OSPB Approval:
 Statutory Citation:

Date: 11/1/04
 Date:

Request Title: Third Party Auditor Contract Services

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Supplemental Request FY 2004-05	Total Revised Request FY 2004-05	Base Request FY 2005-06	Decision/Base Reduction FY 2005-06	November 1 Request FY 2005-06	Budget Amendment FY 2005-06	Total Revised Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total	528,048	600,000	0	600,000	600,000	200,000	800,000	0	800,000	200,000
	FTE										
	GF	0	0	0	0	0	0	0	0	0	0
	CF	528,048	600,000	0	600,000	600,000	200,000	800,000	0	800,000	200,000
	CFE FF										
Line Item Name	Total	528,048	600,000	0	600,000	600,000	200,000	800,000	0	800,000	200,000
	FTE										
	GF	0	0	0	0	0	0	0	0	0	0
	CF	528,048	600,000	0	600,000	600,000	200,000	800,000	0	800,000	200,000
	CFE FF										

Letter Notation:

Cash Fund name/Number, Federal Fund Name:

IT Request Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)

Supplemental and Budget Amendment Criteria: Emergency Technical Error New Data Unforeseen Contingency

Request for New or Replacement Vehicles: Yes No (If yes, a copy of the Schedule 6 will be forwarded to the OSPB analyst assigned to Personnel/DPA)

Request Affects Another Department(s): Yes No (If yes, Name of other Department(s) _____)

State Treasurer's Office Decision Item

Long Bill Group/Division: (1) Administration

Program Title: Third Party Auditor Contract Services

Request Title: Funding for an additional contract with a Third Party Auditor for the Unclaimed Property Division

Problem Definition:

In accordance with the Colorado "Unclaimed Property Act", Treasury's Unclaimed Property Division collects dormant or abandoned properties and attempts to locate the owners in order to return their property to them. Property is held both in Colorado and in other states. The division currently contracts with a third party auditing firm which conducts audits of holders located in other states. The firm with which the Treasury has an existing contract (ACS) acts as an agent of the State, examining the books and records of holders and providing the State with the appropriate reports. ACS focuses mainly on securities firms. To broaden the scope of the program, and recover additional property for Colorado citizens, the division intends to contract with an additional auditing firm. The firm the division has identified (ASUS) primarily examines insurance companies, payroll records and other areas of unclaimed property that ACS does not normally review.

The Treasury currently has a cash funded appropriation of \$600,000 to fund the projects performed by ACS. In FY 2003-04, ACS remitted over \$4.4 million dollars in properties owned by Colorado citizens. The audit companies by contract receive a fee for their services of approximately 12% of the value of properties remitted. The division presently anticipates that ASUS, will initially operate on a smaller scale than will ACS. Consequently current projections are that it will remit approximately \$1.5 million net to Colorado. This decision item, therefore, is for an additional \$200,000 in cash funded spending authority to pay the auditors the fees they are due on the property they recover for Colorado's citizens.

Available Alternatives:

Alternative I: Provide spending authority to reimburse an additional auditing firm

The addition of a second third party auditor will allow the Unclaimed Property Division to extend the reach of its audit efforts and to recover additional property for Colorado's citizens.

Alternative II: Do not provide spending authority for an additional auditing firm

Not providing the authority to pay for the services of this additional auditing firm will substantially decrease the amount of property the Division can recover and reunite with its rightful owners.

Summary of Costs	Alternative I: Add Auditor	Alternative I: Do Not Add Auditor
Annual charges	800,000	0
FY 05 budget amount	600,000	600,000
Additional costs	200,000	0
Unclaimed Property is 100% Cash Funded		

Recommendation:

Treasury recommends alternative I in order to increase the Unclaimed Property Division’s capacity to reach holders of abandoned properties and better serve the citizens of Colorado by reuniting them with such property.

**Schedule 6
DECISION ITEM REQUEST for FY 2005-06**

Department: STATE TREASURY
 Priority Number: 4 of 5 (IT related)
 Division: Administration
 Program:
 Request Title: Asset Management Plan

Dept. Approval:
 OSPB Approval:
 Statutory Citation:

Date: 9/1/04
 Date:

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Supplemental Request FY 2004-05	Total Revised Request FY 2004-05	Base Request FY 2005-06	Decision/Base Reduction FY 2005-06	November 1 Request FY 2005-06	Budget Amendment FY 2005-06	Total Revised Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total	0	5,792	0	5,792	0	12,568	12,568	0	12,568	
	FTE										
	GF	0	2,143	0	2,143	0	2,635	2,635	0	2,635	
	CF	0	3,649	0	3,649	0	9,933	9,933	0	9,933	
	CFE FF										
Line Item Name	Total	0	5,792	0	5,792	0	12,568	12,568	0	12,568	
	FTE										
	GF	0	2,143	0	2,143	0	2,635	2,635	0	2,635	
	CF	0	3,649	0	3,649	0	9,933	9,933	0	9,933	
	CFE FF										

Letter Notation:

Cash Fund name/Number, Federal Fund Name:

IT Request Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)

Supplemental and Budget Amendment Criteria: Emergency Technical Error New Data Unforeseen Contingency

Request for New or Replacement Vehicles: Yes No (If yes, a copy of the Schedule 6 will be forwarded to the OSPB analyst assigned to Personnel/DPA)

Request Affects Another Department(s): Yes No (If yes, Name of other Department(s) _____)

State Treasurer's Office Information Technology Asset Maintenance

Long Bill Group/Division: (1) Administration

Program Title: Information Technology Asset Maintenance

Request Title: Continued funding of Asset Maintenance Plan

Problem Definition:

Treasury requests continued funding of its asset maintenance plan as implemented in FY 2000-01. The objective of this plan is to replace the oldest system components based on lifecycles established either internally or by OIT. These include computers, printers, routers, hubs, wiring, software and any other obsolete infrastructure within the Treasury.

Benefits of Continued Funding:

Treasury and the State benefit from the continued funding of this IT Asset Maintenance Plan by:

- Faster access to information
- Seamless downloading of information from the Internet into software programs
- Meeting state agency and citizen demands for information more quickly
- Reduced hardware failures and insurance of continuous operations
- Upgrades to the most current software
- Improved connectivity to external systems
- Improved productivity

Technical Architecture:

Hardware:

Treasury has two separate network systems – one for administration and one for unclaimed property. These two systems operate at physically separate locations. Administration has 17 networked PC's, two networked laptops, and one network server. Unclaimed Property has 15 networked PC's, four laptops, and one network server. Both networks include associated routers and hubs. Administration and Unclaimed Property each have six printers, and Administration has two scanners. Treasury scans some accounting documents for more efficient record management and storage.

Software:

Software inventory includes a variety of Microsoft compatible products including Unclaimed Property’s database, and Office 2000 among others. The Treasury is in compliance with all current software licensing requirements.

Treasury also has one highly specialized software application. The Unclaimed Property network houses a FoxPro based database of all receipts and claims paid since the program’s inception. This software is essential to the program allowing claimant inquiries and payments as well as providing reports and other information.

In FY 2002-03, Treasury administration entered into an Application Service Provider agreement with our investment accounting software vendor to access Treasury investment information housed in New Jersey via a secure Internet connection. This investment accounting software provides information for day-to-day investment decisions and the information necessary for making monthly interest allocations to state agencies.

Assumptions:

Our request uses the following planned replacement cycles, which all conform to the standards set by OIT:

Equipment Type	Life Cycle
Desktop PC’s	4 years
Laptops	4 years
Printers	5 years
Network	5 years
Servers	4 years
Software	3 years
Scanners	5 years

FY 06 Asset Management Plan Request:

As part of our asset management plan, Treasury received funding for four computers in FY 05, however, Treasury did not receive funding for any replacement equipment in the two prior fiscal years. Consequently, there are still several computers overdue for replacement according to the cycles adopted by OIT. Also overdue for replacement is the server which runs the database for Unclaimed Property.

For FY 06, we request replacement of four computers in the Treasury Administration office. Three were due for replacement in FY 2004-05 and one is due for FY 2005-06. Replacement costs have been determined based on OIT recommendations. We also request replacement of the Unclaimed Property division’s server which was due for replacement in FY 2003-04. For the protection of the data stored on Unclaimed Property’s database, it is essential to purchase a RAID Level 5 server. This will better ensure the accuracy and integrity of the data and assist with any error corrections made necessary by an unexpected hardware failure.

Available Alternatives:

Alternative I: Purchase new computers and server

The costs would be as follows:

• Computers	\$973 x 4 = 3,892
• Office Software	\$294 x 4 = 1,176
• Server	<u>7,500</u>
Total Request	\$12,568

Treasury’s Administration division has a funding mix of approximately 52% General Fund and 48% Cash, while the Unclaimed Property division is completely Cash funded. Therefore the cost split would be:

• General Fund	\$2,635
• Cash Funds	\$9,933

Alternative II: Do not fund new computers; fund server only

These computers are already experiencing slowdowns, inability to multitask and potential for data loss. Delaying their replacement could seriously constrain the ability of Treasury employees to perform vital functions.

Alternative III: Do not fund new server; fund computers only

The server is currently near capacity and is estimated to reach full capacity during FY 2005-06. Until that time, as the remaining disk space is used, the system will become progressively slower. Once the server reaches full capacity, work stops: data cannot be added or indexed, file swapping is not possible and reports cannot be retrieved. If replacement is delayed too long, the server data will have to be migrated on an emergency basis and all accounts re-established with very little testing and no assurances that the migrated data is complete and accurate. Already, it is difficult to perform “hot backups” on the current server due to its capacity limitations.

Recommendation:

Treasury recommends alternative I in order to meet the duties and responsibilities of the Department.

**Schedule 6
DECISION ITEM REQUEST for FY 2005-06**

Department: STATE TREASURY
 Priority Number: 5 of 5 (IT related)
 Division: Unclaimed Property
 Program:

Dept. Approval:
 OSPB Approval:
 Statutory Citation:

Date: 9/1/04
 Date:

Request Title: Unclaimed Property Database Upgrade

		1	2	3	4	5	6	7	8	9	10
Fund		Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Supplemental Request FY 2004-05	Total Revised Request FY 2004-05	Base Request FY 2005-06	Decision/Base Reduction FY 2005-06	November 1 Request FY 2005-06	Budget Amendment FY 2005-06	Total Revised Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total										
	FTE										
	GF										
	CF	193,310	196,617	0	196,617	196,617	76,300	272,917	0	272,917	16,050
	CFE FF										
Line Item Name	Total										
	FTE										
	GF										
	CF	193,310	196,617	0	196,617	196,617	76,300	272,917	0	272,917	16,050
	CFE FF										

Letter Notation:

Cash Fund name/Number, Federal Fund Name:

IT Request Yes No (If yes and request includes more than 500 programming hours, attach IT Project Plan)

Supplemental and Budget Amendment Criteria: Emergency Technical Error New Data Unforeseen Contingency

Request for New or Replacement Vehicles: Yes No (If yes, a copy of the Schedule 6 will be forwarded to the OSPB analyst assigned to Personnel/DPA)

Request Affects Another Department(s): Yes No (If yes, Name of other Department(s) _____)

State Treasurer's Office
Decision Item
Unclaimed Property Database Software

Long Bill Group/Division: (3) Unclaimed Property Program

Program Title: Unclaimed Property Operating Expenses

Request Title: Upgrade Unclaimed Property Database Software

Problem Definition:

The State Treasurer's Office's decision item for this upgrade was denied during each of the budget processes for FY 02-03 through FY 04-05. As the existing database continues to grow, funding this decision item becomes increasingly critical to ensure the integrity of the unclaimed property database and to allow the ongoing processes of the program to function efficiently. Also, upgrading the existing system would allow for stronger, network based security on the file server and better protection of the personally identifiable data collected from banks and businesses on the system.

The Unclaimed Property program was created in 1987. Since that time the database of claimants has grown to over 1,500,000 records. In just the past year over 345,000 new records were added; and over the past five years, the volume of records entered each year continues to show an upward trend (see table below). The existing database had a design capacity of approximately 1,600,000 records. Software updates have resolved some design limitations allowing the capacity to increase. However these are one time only changes that will not allow for further expansion. New software offering greater stability, security, error-recovery and growth potential is needed to ensure uninterrupted access to information. The new software will allow the division to automate processes currently being done manually, thereby increasing the quantity and quality of service provided without any additional FTEs.

	Total Number of Properties Entered
FY 2003-04	347,022
FY 2002-03	271,444
FY 2001-02	207,340
FY 2000-01	253,755
FY 1999-00	159,131
FY 1998-99	104,112

Technical Architecture:

Current Software:

The database presently used is written in FoxPro and uses the Windows 2000 operating system. The program uses a relational database that does not permit the archiving of records. Volume is expected to grow at an average rate of no less than 275,000 to 350,000 records per year. Changes to the Unclaimed Property statute required the addition of Income Tax warrants and other state agency warrants to the database and increased compliance due to an active audit program has added to the number of records stored. As the Unclaimed Property division continues to add records to this outdated system, slowdowns and data corruption will occur.

Additionally, the FoxPro data tables are not completely secure because all tables created in the system must be readable and writeable for all users. This increases the possibility that files could be corrupted by users or that a security breach will occur.

Software Support:

Since inception of the Unclaimed Property program, software and software support has been provided by Wagers & Associates, Inc. Wagers and Associates is locally owned, located in Boulder, CO. Unclaimed property systems are Wagers' only business with systems installed in 32 states. Due to its proximity to Boulder and its status as one of Wagers' earliest customers, Colorado has historically received preferential pricing. Wagers assures us that this practice continues with this bid. Wagers and Associates is extremely familiar with unclaimed property laws and provides robust support for its programs.

New Software:

The proposed new software (UPS2000) utilizes Microsoft SQL Server, which is a much more powerful data base program than is FoxPro. Conversion to this system will provide a number of advantages including:

- High-level security for network and programs
- Unlimited growth potential
- A more robust, stable operating environment
- The ability to maximize current technology including implementing bar coding, imaging and other technologies.
- A more efficient workflow process
- Optimized productivity
- Seamless interaction across multiple modules
- Automation of many manual processes
- Improved initiation, tracking and payment of claims with multiple properties
- Ability to produce more adhoc reports
- Improved audit tracking
- Opportunity to customize and expand system as needed

Wagers and Associates developed this system and, in doing so, incorporated the lessons it has learned through more than fifteen years of experience in unclaimed property management. It was initially deployed four years ago and has already been installed in 15 other states across the country.

System Training:

The division does not currently have any personnel with SQL Server training. In order to ensure ongoing daily support of the new system, training is imperative. Treasury estimates a cost of \$4,000 for the necessary computer classes.

Available Alternatives:

Alternative I: Purchase the new Unclaimed Property Software with SQL Server training

The Unclaimed Property division is totally cash funded.

Wagers and Associates quotes a price for the system as follows:

UPS2000 Base Licensing Fee	\$125,000
This fee includes the following:	
○ System customization (150 hours)	\$18,750
○ System conversion	2,500
○ Training/Installation (80 hours)	9,000
○ First Year support	37,500
Discount to bronze level support	(6,250)
Credit for current clients (25%)	(31,250)
SQL Server training	<u>4,000</u>
Estimated cost of UPS2000 implementation	\$91,500

Purchase of the new system will naturally increase the annual software support fee paid to Wagers. Support provided by the vendor includes the usual components such as unlimited telephone access and scheduled updates as well as the ability to download pertinent software files from the Internet as needed, additional hours of system customization and new report generation. Treasury currently pays \$15,200 for support and maintenance from the Unclaimed Property operating base. The new fee will be 25% of the base licensing fee or \$31,250. This increase of \$16,050 will be a requested decision item increase to Unclaimed Property’s Operating line in the following year. Costs for Alternative I are summarized here.

Costs of New Software and Support

	Software	SQL Server Classes	Software Support	Current Appropriated Support Costs	Total Additional Costs
FY 06	\$56,250	4,000	31,250	(15,200)	\$76,300
FY 07			31,250	(15,200)	16,050

Alternative II: Purchase different software

Other systems have been custom built for some states. Most of these systems run on a main frame with PC access to data. States using such software have much larger databases and need this extra capacity. The State of Virginia uses a similar system with a comparable number of records. It purchased the source code for the software it uses for \$100,000. All customization and maintenance subsequent to its purchase must be handled either in-house or by a contractor. As Treasury does not currently employ any individuals capable of performing such specialized work, Treasury would have to contract for system customization and software maintenance using this alternative. In the years following the initial purchase and implementation, the cost of supporting such a highly customized program will almost certainly exceed \$31,250 annually and it is unlikely that the contractor could provide support comparable to that delivered by Wagers and Associates.

Some of the States formerly using in-house databases have converted to the Wagers and Associates database.

Alternative III: Do Nothing

The third alternative is to not purchase new software. Given the continued growth in claimants and receipts, the current system will reach capacity. While Wagers and Associates cannot fully determine an impact, at best, data access will eventually become extremely slow and customer service and productivity will suffer. Wagers and Associates have made modifications to our present system to help maintain as much stability as possible. However, with the influx of potentially 300,000 to 400,000 new records in November, the Treasury cannot anticipate the impact on the current system. At worst, data will become corrupted and unusable. Any deterioration of the system will jeopardize or compromise Treasury’s ability to return moneys to Colorado citizens and businesses. The table below shows this alternative for three years for cost comparison only as the current system quite likely will not support data through fiscal year 2005-06.

Summary of Alternatives:

In summary, total costs per year under the three alternatives are:

	I. Wagers Software & Support with incremental costs in future years	II. Alternative Software with incremental costs in future years	III. Current System Support (for comparison only in future years)
FY 06	\$76,300	\$150,000	\$15,200
FY 07	16,050	37,500	15,200
FY 08	16,050	37,500	15,200
Total	\$108,400	\$225,000	\$45,600

Recommendation:

Treasury recommends alternative I in order to ensure that the Unclaimed Property program continues to function effectively.

**COLORADO STATE TREASURY
PROGRAM CROSSWALK
Administration Section**

Program Title: Administration
Change Request(s): 4

Estimated Total Funding:

Line Item		FY 2004-05 Appropriation		FY 2005-06 Request	
		Dollars	FTE	Dollars	FTE
Personal Services	GF	592,909	16	587,357	16
	CF	505,070		542,176	
Group Health & Like	GF	25,479		31,546	
	CF	40,033		49,566	
Short-Term Disability	GF	1,204		1,427	
	CF	1,026		1,317	
Salary Survey	GF	12,264		14,632	
	CF	18,445		26,433	
Performance Based Pay	GF	4,775		5,159	
	CF	10,816		10,071	
Amortization Equalization Disbursement	GF	0		1,410	
	CF	0		2,528	
Operating Expense	GF	63,035		70,534	
	CF	53,696		65,108	
It Asset Management Plan	GF	3,128		2,635	
	CF	2,664		9,933	
Legal Services	GF	6,246		10,565	
	CF	14,072		9,753	
Data Center Services	GF	2,052		656	
	CF	1,748		606	
Risk Management	GF	563		1,108	
	CF	479		1,022	
Capitol Complex Leased Space	GF	20,321		18,972	
	CF	17,310		17,513	
Treasurer's Discretionary	GF	2,700		2,600	
	CF	2,300		2,400	
Third Party Audit Contract	GF	0		0	
	CF	600,000		800,000	
Charter School Facilities Financing Services	GF	0		0	
	CF	5,000		5,000	
Total	GF	734,675		748,601	
	CF	1,272,660		1,543,427	
		2,007,335		2,292,028	

Federal/State Statutory and Other Authority:

Created in constitution with cash management authority in C.R.S. 24-22-107.

Program Description

Administration of the State Treasury includes banking and investment services for all state agencies as well as operating, personal services, distribution of pots and information technology asset management. The Accounting section also distributes HUTF and Minerals Management moneys as well as other federal pass throughs to cities, counties and state agencies. This section also distributes Tobacco program moneys and investment interest earnings to state agencies. The section is also responsible for the interest free school loan program and the charter school financing program.

**COLORADO STATE TREASURY
PROGRAM CROSSWALK
Unclaimed Property**

Summary Section

Program Title: Unclaimed Property
Change Request(s) 1

Estimated Total Funding: 100% Cash Funded

Line Item	FY 2004-05 Appropriation		FY 2005-06 Request	
	Dollars	FTE	Dollars	FTE
Personnel Services	608,719	9.5	623,464	9.5
Operating Expense	196,617		272,917	
*** Change Request***				
Leased Space	74,693		77,942	
Total	880,029		974,323	

Federal/State Statutory and Other Authority:
C.R.S. 38-13-101

Program Description

The program was established to locate owners of dormant or abandoned property and and return this property to them.

**COLORADO STATE TREASURY
PROGRAM CROSSWALK
Special Programs**

Summary Section

Program Title: Special Programs
Change Request(s): None

Estimated Total Funding:

Line Item		FY 2004-05 Appropriation		FY 2005-06 Total Request	
		Dollars	FTE	Dollars	FTE
Special Purpose (2)					
Senior Property Tax Exemption	GF	0	0	0	0
Fire & Police Pension Fund (4)			0		0
Unfunded Liability	GF	0		25,321,079	
Volunteer Retirement	GF	3,760,894		0	
Volunteer Death & Disability	GF	30,000		0	
HUTF Counties (5)	Cash Exempt	157,940,000		159,051,987	
HUTF Municipalities (6)	Cash Exempt	103,687,000		105,123,337	
	Total	265,417,894		289,496,403	

Federal/State Statutory and Other Authority:

C.R.S 39-3.5-101, 31-30.5-307 and 43-4-201
C.R.S 39-2-201

Program Description

These lines represent payments to counties for the Senior Property Tax Exemption, funding for FPPA for their pension funds and monthly distributions of the Highway Users Tax Fund.

COLORADO STATE TREASURY
FY 2005-06 Budget Request

CALCULATIONS AND ASSUMPTIONS FOR LINE ITEMS

LEGAL SERVICES:

	Total Hours Used	Ongoing Usage
FY 2001-02	930.25 ¹	418
FY 2002-03	642.00 ²	501
FY 2003-04	1,053.50 ³	461
Average 3 years	875.25	460 ⁴
FY 05 hrs		460
Common Policy Combined Rate:	61.57	61.57
Est FY 05 :		28,317

Est hours FY 05:	330	use FY 05 appropriated hours
Est FY 05 X rate	20,318	The Treasury expects to use at least 460 hours of legal services for ongoing needs in FY 05.
Request:	20,318	At this time the defense of the Eugene Mines Case is awaiting further action. Consequently, the number of hours to be spent on the case during the balance of FY 05 and during FY 05-06 is uncertain.

In addition to the legal hours for ongoing defense or advice, the Treasury through its Unclaimed Property office has been heavily involved in specific cases, the most expensive of which is:

Eugene Mines: This case will continue for several years. The Treasury was billed for 593 legal hours in FY 04. We can not currently estimate the number of hours in FY 05. Consequently these are not included in the estimate given above. If necessary, the Treasury will request additional funds in a supplemental request.

1. Includes extraordinary cases involving 512 hours.
2. Includes extraordinary cases involving 141 hours
3. Includes extraordinary cases involving 593 hours
4. Average ongoing usage.

**COLORADO STATE TREASURY
FY 2005-06 Budget Request**

CALCULATIONS AND ASSUMPTIONS FOR LINE ITEMS

HIGHWAY USERS TAX - COUNTIES AND CITIES

Fiscal Year	Total Revenue	% Increase	Paid to Counties	% Increase	City % of Total	% Increase	Paid to Cities	% Increase	City % of Total	% Increase
00	715,056,000		150,442,915		21.04%		97,475,066		13.63%	
		0.463%		-0.530%		-0.989%		0.404%		-0.01%
01	718,366,026		149,644,922		20.83%		97,868,973		13.62%	
		2.970%		2.024%		-0.919%		2.584%		-0.05%
02	739,703,912		152,674,376		20.64%		100,398,268		13.57%	
		-0.499%		-1.571%		-1.078%		-0.378%		0.02%
03	736,012,068		150,275,510		20.42%		100,019,066		13.59%	
		2.926%		2.360%		-0.550%		1.647%		-0.17%
04	757,545,890		153,822,038		20.31%		101,666,670		13.42%	
	AVG INCREASE 00-04	1.5%				-0.9%		1.1%		-0.05%
					20.71%				13.59%	
			Est City %:		19.82%		Est City %:		13.54%	

Estimated Revenues & Payouts:

	FY 04 Actual Pymts	Est Incr over FY 04	Estimated FY 05 Pymts		
Estimated FY 05 Pymts	153,822,038	1.5%	156,075,487		
	101,666,670	1.5%	103,156,058		
Legislative Council	153,822,038	3.4%	159,051,987	Estimate	
	101,666,670	3.4%	105,123,337	(Using Leg Council)	
	Total Rev FY 06	Est Incr over FY 04	Est County/City Pymt		
Treasury Estimate	768,643,722	1.5%	152,371,145	Request:	155,277,000
			104,063,382	(Using Leg Council)	Counties
Legislative Council	783,302,450	3.4%	155,277,000		106,047,964
			106,047,964		Cities

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
(1) ADMINISTRATION										
PERSONAL SERVICES -ADMINISTRATION										
<u>Position Detail</u>										
State Treasurer	68,500	1.0	68,500	1.0			68,500	1.0	68,500	1.0
Deputy State Treasurer	82,404	1.0	84,163	1.0			88,128	1.0	88,128	1.0
Investment Officer III	94,584	1.0	94,584	1.0			96,480	1.0	96,480	1.0
Investment Officer II	163,848	2.0	163,848	2.0			170,136	2.0	170,136	2.0
Investment Officer I	68,712	1.0	17,445	0.2			0	0.0	0	0.0
Controller III	100,284	1.0	100,284	1.0			103,320	1.0	103,320	1.0
General Professional IV	67,464	1.0	67,464	1.0			68,808	1.0	68,808	1.0
Accounting Tech III	119,381	3.0	121,652	3.0			124,652	3.0	124,464	3.0
Accounting Tech II	22,005	0.9	21,427	1.0			25,704	1.0	25,704	1.0
General Professional III	40,980	0.8	40,095	0.8			42,626	1.0	42,877	1.0
Admin Assistant II	30,664	1.0	31,560	1.0			33,097	1.0	33,168	1.0
Accountant III	68,712	1.0	108,794	1.6			141,444	2.0	141,408	2.0
Accountant I	50,160	1.0	50,160	1.0			52,080	1.0	52,080	1.0
Subtotal	977,698	15.7	969,976	15.6			1,014,975	16.0	1,015,073	16.0
<u>Other Personal Services</u>										
Pera & Other Retirement Plans	94,335		99,217				103,020		103,030	
Medicare	9,294		10,192				11,539		11,431	
Disability Insurance										
Termination Leave Payments			7,217							
Hourly non classified	6,256		9,836							
Legal Svcs	0									
Paydate Shift	(51,271)		3,440							
Sub total	58,614		129,902				114,559		114,461	
Total Personal Services-Administration	1,036,312	15.7	1,099,878	15.6	1,097,979	16.0	1,129,534	16.0	1,129,534	16.0
General Funds	495,353		582,935		592,909		587,358		587,357	
Cash Funds	540,959		516,943		505,070		542,176		542,176	
<u>Difference</u>							(0)		0	
<u>Calc. of Pers Services Approp</u>										
Previous Year Long Bill									1,097,979	
Salary Survey									22,712	
Performance Based Pay									8,843	
FY 06 Appropriation Calculation									1,129,534	16.0
<u>Reconciliation of Funds</u>										
Long Bill Appropriation	1,057,254	15.7	1,100,042	16.0			1,097,979	16.0		
Special/Supplemental Bills:										
SB 03-197	(51,271)									
SB 03-220	(39,804)									
Authorization Subtotal	966,179	15.7	1,100,042	16.0			1,097,979	16.0		

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Allocated Pots										
Salary Survey	62,500		0				22,712			
Performance Based Pay	7,692		0				8,843			
Reversion	(59)		(164)							
TOTAL PERSONAL SVCS-ADMINISTRATION	1,036,312	15.7	1,099,878	15.6			1,129,534	16.0		
	0		0							
GROUP HEALTH & LIFE										
SPS Dental Insurance 1510	3,756		4,114							
SPS Health Insurance 1511	37,356		36,477							
SPS Life Insurance 1512	460		484							
CN Dental Insurance 1610	358		406							
CN Health Insurance 1611	5,012		5,957							
CN Life Insurance 1612	44		45							
Total Group Health & Life	46,986		47,483		65,512		65,512		81,112	
General Fund	18,794		16,560		25,479		25,479		31,546	
Cash Funds	(0)		30,923		40,033		40,033		49,566	
Cash Funds Exempt	28,192		0		0		0		0	
Reconciliation of Funds										
Long Bill Appropriation	52,463		55,089							
Special/Supplemental Bills:										
HB 02-1468	1,192		0							
SB 03-220	(4,761)		0							
HB 03-1316 (GF)			(207)							
Reversion	(1,908)		(7,399)							
TOTAL GROUP HEALTH & LIFE	46,986		47,483							
General Fund	18,794		16,560							
Cash Funds	(0)		30,923							
Cash Funds Exempt	28,192		0							
SHORT-TERM DISABILITY										
SPS disability 1513	1,475		1,704							
CN disability 1613	193		221							
Total Short Term Disability	1,668		1,925		2,230		2,230		2,744	
General fund	834		1,020		1,204		1,160		1,427	
Cash funds	834		905		1,026		1,070		1,317	
Reconciliation of Funds										
Long Bill Appropriation	1,827		2,027							
Special/Supplemental Bills:										
SB 03-220	(153)		0							
Reversion	(6)		(102)							
TOTAL SHORT-TERM DISABILITY	1,668		1,925							

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
SALARY SURVEY	75,075		0		30,709		30,709		41,065	
Total Available	75,075		0		30,709		30,709		41,065	
General Fund	62,500		0		12,264		11,810		14,632	
Cash Funds	0		0		18,445		18,899		26,433	
Cash Funds Exempt	12,575		0		0		0		0	
PERFORMANCE BASED PAY AWARDS	12,315		0		15,591		15,591		15,230	
Special/Supplemental Bills:	(1,793)									
Total Available	10,522		0		15,591		15,591		15,230	
General Fund	7,692		0		4,775		4,598		5,159	
Cash Funds	0		0		10,816		10,993		10,071	
Cash Funds Exempt	2,830		0		0		0		0	
AMORTIZATION EQUALIZATION DISBURSEMENT (AED)	0		0		0		0		3,938	
Total Available	0		0		0		0		3,938	
General Fund	0		0		0		0		1,410	
Cash Funds	0		0		0		0		2,528	
Cash Funds Exempt	0		0		0		0		0	
Reconciliation of Funds										
Long Bill Appropriation Salary Survey	75,075		39,828							
Long Bill Appropriation Performance Based Pay	12,315		0							
Special/Supplemental Bills:										
SB 03-273			(39,828)							
Salary Survey Allocation	(75,075)		0							
Performance Based Pay	(10,522)		0							
Reversion	0		0							
TOTAL SALARY SURVEY, PERFORMANCE BASED PAY AND AED	1,793		0							
OPERATING EXPENSE - ADMINISTRATION										
Personnel Svcs - Professional	1920	1,165	900				1,165		1,165	
Equipment Maintenance	2230	3,506	2,267				3,506		3,506	
Software maintenance/Upgrade	2232	38,450	39,757				41,450		41,450	
Rental/Lease Motor Pool Vehicle	2251	126	0				126		126	
Equipment Rental	2253	29,940	22,455				30,940		46,461	
Travel In-state	2510	564	493				564		564	
IS Pers Vehicle Reimbursement	2513	1,573	1,748				1,905		1,905	
Travel Out-of-state	2530	0	70				0		0	
OS Common Carrier Fares	2531	0	0				0		0	
Advertising	2610	123	201				200		200	
Comm Svcs from Div of Telecom	2630	12,183	14,652				12,483		12,483	
Communications from outside sources	2631	0	1,591				850		850	
Other ADP Billings-Purchase Services	2641	0	0				400		400	
Insurance	2660	11,064	0				0		0	

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Printing & Reproduction	2680	2,831	2,575				3,331		3,331	
Other Purchased Services	2820	495	0				495		495	
Office Moving Purch Svc	2830	200	40				200		200	
Storage-Pur Serv	2831	0	150				0		0	
ADP Supplies & Service	3115	829	2,154				829		829	
Purchase/Lease of Software	3116	693	291				793		793	
Educational Supplies	3117	0	0				0		0	
Food & Food Serv Supplies	3118	0	20				0		0	
Books & Subscriptions	3120	3,591	3,225				3,900		7,290	
Office Supplies	3121	956	6,578				1,906		1,906	
Photographic Supplies	3122	0	0				0		0	
Postage	3123	1,566	4,633				2,466		2,466	
Printing/Copy Supplies	3124	48	177				48		48	
Repair & Maintenance Supplies	3126	0	181				0		0	
Noncapitalized IT - PCs	3140	0	5,319				5,400		5,400	
Noncapitalized IT - Other	3143	0	775				0		0	
Other Operating Expenses	4100	1,399	1,424				1,399		1,399	
Dues & Memberships	4140	1,876	1,940				1,875		1,875	
Registration Fees	4220	0	2,865				500		500	
Total Operating Expense-Administration		113,178	116,481		116,731		116,731		135,642	
General Fund		66,775	61,735		63,035		60,700		70,534	
Cash Funds		46,403	54,746		53,696		56,031		65,108	
Reconciliation of Funds										
Long Bill Appropriation		137,731	116,731							
Special/Supplemental Bills:										
SB 03-220		(24,512)	0							
Overexpend./.(Reversion)		(41)	(250)							
DECISION ITEMS									15,521	
Lease Bloomberg Terminals									8,071	
General Fund									7,450	
Cash Funds										
Subscribe to Credit Research Service									3,390	
General Fund									1,763	
Cash Funds									1,627	
TOTAL OPERATING EXPENSE ADMINISTRATION		113,178	116,481							
INFORMATION TECHNOLOGY										
ASSET MANAGEMENT										
Data Processing Supplies	3115	0	0		0		0		0	
Total Information Technology Asset Management		0	0		5,792		5,792		12,568	
General Fund		0	0		3,128		3,012		2,635	
Cash Funds		0	0		2,664		2,780		9,933	
Reconciliation of Funds										

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Long Bill Appropriation	1,450		0							
Special/Supplemental Bills: SB 03-220	(1,450)									
Overexpend./(Reversion)										
DECISION ITEM										
Asset Management Plan										12,568
General Fund										2,635
Cash Funds										9,933
TOTAL INFORMATION TECHNOLOGY ASSET MANAGEMENT	0		0							
LEGAL SERVICES	33,948		58,249		20,318		20,318		20,318	
General Fund 2690	0		30,872		6,246		6,014		10,565	
Cash Funds	0		27,377		14,072		14,304		9,753	
Cash Funds Exempt	33,948		0							
Reconciliation of Funds										
Long Bill Appropriation	19,734		20,061							
Special/Supplemental Bills: SB 03-220	15,918									
HB 04-1337			79,186							
Appropriation Transfer Paid from Personal Services										
Reversion	(1,704)		(40,998)							
TOTAL LEGAL SERVICES	33,948		58,249							
PURCHASE SERVICES - GGCC/DATA CENTER SVCS	3,989		3,325		3,800		3,800		1,262	
General Fund 2640	2,354		1,762		2,052		1,976		656	
Cash Funds	1,635		1,563		1,748		1,824		606	
Reconciliation of Funds										
Long Bill Appropriation	1,108		3,245							
Special/Supplemental Bills: HB 04-1337			80							
SB 03-220	2,881		0							
Overexpend./(Reversion)	0		0							
TOTAL GGCC/DATA CENTER SERVICES	3,989		3,325							
RISK MANAGEMENT	3,206		2,491		1,042		1,042		2,130	
General Fund 2660	1,892		1,320		563		542		1,108	
Cash Funds	1,314		1,171		479		500		1,022	
Reconciliation of Funds										
Long Bill Appropriation	3,206		2,529							
Special/Supplemental Bills: HB 04-1337			(38)							
Overexpend./(Reversion)	0		0							
TOTAL RISK MANAGEMENT	3,206		2,491							

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
CAPITOL COMPLEX LEASED SPACE										
General Fund	2255	40,768		35,693		37,631		37,631		36,485
Cash Funds		24,053		18,917		20,321		19,568		18,972
		16,715		16,776		17,310		18,063		17,513
Reconciliation of Funds										
Long Bill Appropriation		40,768		40,686						
Special/Supplemental Bills: HB 04-1337				(4,993)						
Overexpend./(Reversion)										
TOTAL CAPITOL COMPLEX LEASED SPACE		40,768		35,693						
THIRD PARTY AUDITOR CONTRACT SERVICES				528,048		600,000		600,000		800,000
General Fund				0		0		0		0
Cash Funds				528,048		600,000		600,000		800,000
Reconciliation of Funds										
Long Bill Appropriation				600,000						
Special/Supplemental Bills:										
Overexpend./(Reversion)				(71,952)						
DECISION ITEM										
Third Party Auditor Contract Services										200,000
General Fund										0
Cash Funds										200,000
TOTAL THIRD PARTY AUDITOR CONTRACT SERVICES				528,048						
CHARTER SCHOOL FACILITIES FINANCING SERVICES						5,000		5,000		5,000
General Fund						0		0		0
Cash Funds						5,000		5,000		5,000
Reconciliation of Funds										
Long Bill Appropriation										
Special/Supplemental Bills:										
Overexpend./(Reversion)										
TOTAL CHARTER SCHOOL FACILITIES FINANCING SERVICES										
TREASURER'S DISCRETIONARY		4,560		2,559		5,000		5,000		5,000
General fund	4100	2,304		1,356		2,700		2,600		2,600
Cash Fund		2,256		1,203		2,300		2,400		2,400
Reconciliation of Funds										
Long Bill Appropriation		5,000		5,000						
Overexpend./(Reversion)		(441)		(2,441)						
TOTAL TREASURER'S DISCRETIONARY		4,559		2,559						

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
TOTAL- (1) ADMINISTRATION	1,284,615	15.7	1,896,132	15.6	2,007,335	16.0	1,992,590	16.0	2,292,028	16.0
General Fund	612,359		716,479		734,675		708,409		748,601	
Cash Fund	610,116		1,179,653		1,272,660		1,284,182		1,543,427	
Cash Funds Exempt	62,140		0		0		0		0	
 (2) SPECIAL PURPOSE										
COUNTY COSTS	0		0		0		0		0	
General Fund	5520 0		0		0		0		0	
Cash Fund	0		0		0		0		0	
Reconciliation of Funds										
Long Bill Appropriation	382,878		0							
Special/Supplemental Bills:										
HB 02-1241	(382,878)									
Overexpend./(Reversion)	0		0							
TOTALCOUNTY COSTS	0		0							
 SENIOR CITIZEN PROPERTY TAX EXEMPTION										
General Fund	61,491,764		0		0		0		0	
Cash Fund	61,491,764		0		0		0		0	
Cash Fund	0		0		0		0		0	
Reconciliation of Funds										
Long Bill Appropriation	62,262,422		56,600,000							
Special/Supplemental Bills:										
SB 03-265			(56,600,000)							
Overexpend./(Reversion)	(770,658)		0							
TOTAL SENIOR CITIZEN PROPERTY TAX EXEMPTION	61,491,764		0							
 TOTAL - (2) SPECIAL PURPOSE	61,491,764		0		0		0		0	
General Fund	61,491,764		0		0		0		0	
Cash Fund	0		0		0		0		0	
 (3) UNCLAIMED PROPERTY										
PERSONAL SERVICES-UNCLAIMED PROPERTY										
Position Detail										
General Professional VI	86,100	1.0	86,100	1.0			88,884	1.0	88,884	1.0
General Professional IV	35,353	0.8	62,400	1.0			64,788	1.0	64,788	1.0
Program Assistant I	41,748	1.0	41,748	1.0			43,356	1.0	43,356	1.0
Admin Assistant II	79,719	3.0	79,515	2.5			60,834	2.5	63,984	2.5
Admin Assistant III							29,736	1.0	29,736	1.0
Auditor IV	69,960	1.0	69,960	1.0			72,648	1.0	72,648	1.0
Auditor II	95,582	2.0	93,033	2.0			101,052	2.0	101,052	2.0
Subtotal	408,462	8.8	432,756	8.5			461,298	9.5	464,448	9.5
Other Personal Services										

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Pera	39,518		42,516				46,822		47,141	
Medicare	5,707		6,074				6,689		6,734	
Disability Insurance	0		0							
Termination Leave Payments	0		0							
Professional Fees	14,000		20,000							
Hourly non classified	133,993		104,296				108,655		105,140	
Sub Total	193,218		172,886				162,166		159,016	
Total Personal Services-Unclaimed Property	601,680	8.8	605,642	8.5	608,719	9.5	623,464	9.5	623,464	9.5
General Fund	0		0		0		0		0	
Cash Funds	0		605,642		608,719		623,464		623,464	
Cash Funds Exempt	601,680		0							
Difference									0	
Personal Services Detail Total	601,680		605,642		608,719				623,464	9.5
Calc. of Pers Services Approp										
Previous Year Long Bill									608,719	
Salary Survey									7,997	
Performance Based Pay									6,748	
Subtotal									623,464	
FY 06 Appropriation Calculation									623,464	9.5
Reconciliation of Funds										
Long Bill Appropriation	586,275	8.8	609,939	9.5			608,719	9.5		
Special/Supplemental Bills:										
Overexpend./(Reversion)	0		(4,297)							
Authorization Subtotal	586,275	8.8	605,642	8.5			608,719	9.5		
Allocated Pots										
Sal Survey Allocation	12,575		0				7,997			
Performance Based Pay Allocation	2,830		0				6,748			
TOTAL PERS SVCS-UNCLAIMED PROPERTY	601,680	8.8	605,642	8.5			623,464			
	0		0							
OPERATING-UNCLAIMED PROPERTY										
Professional Svcs	1,920	5,650	0				0		0	
Rental/Lease Motor Pool Vehicle	2251	0	0				0		0	
Rental of Buildings	2255	0	1,292				0		0	
Travel-in State	2510	783	573				783		783	
IS Pers Vehicle Reimbursement	2513	574	501				574		574	
Travel-Out of State	2530	1,587	523				1,587		1,587	
OS Common Carriers	2531	1,562	779				1,562		1,562	
Advertising & Publicity	2610	91,499	91,543				91,524		91,524	
Telephone	2630	12,413	14,156				12,413		12,413	
Communications Services - Outside Sources	2631	1,824	1,587				1,824		1,824	
Other ADP Billing	2641	15,200	15,200				15,200		91,500	
Printing & Reproduction	2680	11,743	12,334				11,743		11,743	

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
Other Purchased Services	2820	99	0				99		99	
Office Moving-Pur Services	2830	225	0				225		225	
Storage-Pur Serv	2831	0	40				0		0	
Data Processing Supplies & Services	3115	1,311	1,761				1,311		1,311	
Purchase/Lease of Software	3116	145	0				145		145	
Educational Supplies	3117	0	0				0		0	
Library Books,Periodicals and Subs	3120	547	0				547		547	
Office Supplies	3121	2,286	5,137				2,286		2,286	
Postage	3123	47,838	39,561				53,488		53,488	
Printing/Copy Supplies	3124	35	0				35		35	
Repair & Maintenance Supplies	3126	533	0				533		533	
Noncapitalized IT - PCs	3140	0	5,801				0		0	
Noncapitalized IT - Other	3143	0	775				0		0	
Other Operating Expenses	4100	238	697				238		238	
Dues and Memberships	4140	250	400				250		250	
Registration Fees	4220	250	650				250		250	
Total operating U. P.		196,592	193,310				196,617		272,917	
Total Operating - Unclaimed Property		196,592	193,310			196,617	196,617		272,917	
General Funds		0	0			0	0		0	
Cash Funds		0	193,310			196,617	196,617		272,917	
Cash Funds Exempt		196,592	0							
Reconciliation of Funds										
Long Bill Appropriation		196,617	196,617							
Special/Supplemental Bills:										
Transfer of Appropriation		0	0							
Reversions		(25)	(3,307)							
TOTAL OPERATING UNCLAIMED PROPERTY		196,592	193,310							
DECISION ITEM										
Database Upgrade									76,300	
General Funds									0	
Cash Funds									76,300	
LEASED SPACE-UNCLAIMED PROPERTY		68,081	71,444			74,693	74,693		77,942	
General Funds	2255	0	0			0	0		0	
Cash Funds		0	71,444			74,693	74,693		77,942	
Cash Funds Exempt		68,081	0							
Reconciliation of Funds										
Long Bill Appropriation		68,195	71,444							
Reversions		(114)	0							
TOTAL LEASED SPACE-UNCLAIMED PROPERTY		68,081	71,444							
TOTAL - (3) UNCLAIMED PROPERTY		866,353	870,396	8.8	8.5	880,029	894,774	9.5	974,323	9.5
General Funds		0	0			0	0		0	0.0
Cash Funds		0	870,396			880,029	894,774		974,323	
Cash Funds Exempt		866,353	0			0	0		0	0.0

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
(4) FIRE AND POLICE PENSION										
UNFUNDED LIABILITY-OLD HIRES										
General Funds	5570	25,321,079		0		0		0		25,321,079
Cash Funds		0		0		0		0		0
Reconciliation of Funds										
Long Bill Appropriation		25,321,079		25,321,079						
Special/Supplemental Bills: SB 03-263				(25,321,079)						
Total Unfunded Liability-Old Hires		25,321,079		0						
VOLUNTEER FIREFIGHTERS RETIREMENT										
General Funds	5570	3,760,894		3,628,199		3,760,894		3,760,894		0
Cash Funds		0		0		0		0		0
Reconciliation of Funds										
Long Bill Appropriation		3,555,110		3,760,894						
Special/Supplemental Bills: HB 04-1337 SB 03-220				(138,343) 0						
		205,784		5,648						
Total Volunteer Firefighters Retirement		3,760,894		3,628,199						
VOLUNTEER DEATH & DISABILITY										
General Funds	5570	30,000		30,000		30,000		30,000		0
Cash Funds		0		0		0		0		0
Reconciliation of Funds										
Long Bill Appropriation		30,000		30,000						
Supplementals Reversions										
Total Volunteer Death & Disability		30,000		30,000						
TOTAL- (4) FIRE & POLICE PENSION										
General Funds		29,111,973		3,658,199		3,790,894		3,790,894		25,321,079
Cash Funds		0		0		0		0		0

**COLORADO STATE TREASURY
SCHEDULE 3
PROGRAM DETAIL**

ITEM	Actual FY 2002-03		Actual FY 2003-04		Approp FY 2004-05		Estimate FY 2004-05		Request FY 2005-06	
	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE	Total Funds	FTE
(5) APPROPRIATED COUNTIES	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
General Funds	0		0		0		0		0	
Cash Funds Exempt 5520	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
Reconciliation of Funds										
Long Bill Appropriation	161,384,000		154,225,000		157,940,000					
Supplementals										
Additional Spending Authority										
Reversions	(11,108,490)		(402,962)							
Total Appropriated Counties	150,275,510		153,822,038		157,940,000					
TOTAL- (5) APPROPRIATED COUNTIES	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
General Funds	0		0		0		0		0	
Cash Funds	0		0		0		0		0	
Cash Funds Exempt	150,275,510		153,822,038		157,940,000		157,940,000		159,051,987	
APPROPRIATED MUNICIPALITIES	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
General Funds	0		0		0		0		0	
Cash Funds Exempt 5510	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
Reconciliation of Funds										
Long Bill Appropriation	102,561,000		100,968,000							
Supplementals										
Additional Spending Authority			698,670							
Reversions	(2,541,934)									
Total Appropriated Municipalities	100,019,066		101,666,670							
TOTAL- (5) APPROPRIATED MUNICIPALITIES	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
General Funds	0		0		0		0		0	
Cash Funds	0		0		0		0		0	
Cash Funds Exempt	100,019,066		101,666,670		103,687,000		103,687,000		105,123,337	
TOTAL PROGRAM - TREASURY										
Total Funds	343,049,281	24.5	261,913,435	24.1	268,305,258	25.5	268,305,258	25.5	292,762,754	25.5
General Funds	91,216,096	15.7	4,374,678	15.6	4,525,569	16.0	4,499,303	16.0	26,069,680	16.0
Cash Funds	610,116	0.0	2,050,049	0.0	2,152,689	9.5	2,178,955	9.5	2,517,750	9.5
Cash Funds Exempt	251,223,069	8.8	255,488,708	8.5	261,627,000	0.0	261,627,000	0.0	264,175,324	0.0

**COLORADO STATE TREASURY
SOURCE OF FINANCING
Schedule 4**

Item	Actual FY 2002-03	FTE	Actual FY 2003-04	FTE	Estimate FY 2004-05	FTE	Request FY 2005-06	FTE
Schedule 3 Total	343,049,281	24.5	261,913,435	24.1	268,305,258	25.5	292,762,754	25.5
General Fund	91,216,096	15.7	4,374,678	15.6	4,499,303	16.0	26,069,680	16.0
Cash Funds	610,116	8.8	2,050,049	8.5	2,178,955	9.5	2,517,750	9.5
Cash Funds (Exempt)	251,223,069		255,488,708		261,627,000		264,175,324	
HUTF	250,294,576		255,488,708		261,627,000		264,175,324	
Federal Funds	0		0		0		0	

COLORADO STATE TREASURY – INFORMATION TECHNOLOGY

Architecture Review Scorecard

FY04-05

1. Department:	Treasury			
2. Scope: (select one)	Agency	Project	Procurement	Other (specify below):
	x			
3. Target Name:	Entire Department			

4. Summary				
	Number Compliant	Total Possible	Percentage Compliant	Comments
Network	8	10	80%	Please note that many of these items are not applicable to small departments.
Datacenter	6	7	86%	
Web Access	1	2	50%	For example, Treasury depends on the Computer Center for email and web access.
Email	3	3	100%	
Identity Mgt	0	1	0%	
Database	1	3	33%	
Application	5	5	100%	
Security	6	7	86%	
Overall	30	38	79%	

5. Data Worksheet							
Network (7.1)	Yes	No	N/A	Email (7.4)	Yes	No	N/A
IP Network	x			SMTP			x
IP Address Alloc	x			POP /IMAP			x
Local Net Unroutable	x			MIME			x
Routing			x	Identity Mgmt. (7.5)	Yes	No	N/A
DNS	x			LDAP		x	
Reverse Proxy			x	Database (7.6)	Yes	No	N/A
DHCP		x		ODBC / JDBC		x	
VPN			x	SQL		x	
Firewall			x	RDBMS	x		
Wireless Access		x		Application (7.7)	Yes	No	N/A
Datacenter (7.2)	Yes	No	N/A	n-Tier			x
Services			x	Tool SW Dev			x
Environmentals			x	OOA / OOD			x
Network Access			x	UML			x
Physical Security			x	Config. Mgmt			x
Network Security			x	Security (7.8)	Yes	No	N/A
Backup			x	Encryption	x		
Bus. Continuance		x		IDS	x		
Web Access (7.3)	Yes	No	N/A	Anit-Virus	x		
HTML	x			Wireless		x	
XML		x		DMZ			x
				Auth / Auth / Acc.	x		
				SSL	x		

Summary of IT Systems

FY04-05

This schedule is intended to provide an overview of the department's primary communication and information technology systems including their architectural characteristics.

Name	User Interface		Database		Application Language		Computing Platform		Network		Facility		Interfaces w/ other systems		
	Select	Other	Select	Other	Select	Other	Select	Other	Select	Other	Select	Other	D	S	E
Q2 Investment Acctg System	Web Browser		Select..	Unknown	Select..	Unknown	UNIX		Internet		Outsourced		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bloomberg	Web Browser		Select..	Unknown	Select..	Unknown	Select..	Unknown	Internet		Outsourced		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unclaimed Property System	Windows		Other	FoxPro	Other	FoxPro	Other**		LAN		Agency DC		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Select..		Select..		Select..		Select..		Select..		Select..		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

** Although made to run on the windows operating system, it runs on the user machine since it is only sharing the database and not a client-server based program.

IT Asset Mgmt Annual Summary

This schedule is intended to provide a high-level, comprehensive overview of the department's IT assets and their associated costs including those for replacement, recurring maintenance, as well as administration and support.

IT Asset Category	IT Asset Sub Category	Quantity of Units	Deployment/Replacement			Ownership	Category TOTAL (F+G)	Forecast Expenses
			Total Current Value (replacement cost)	Average Lifecycle	Annual Amortized Cost (D/E)	Annual Maintenance Costs		
A	B	C	D	E	F	G	H	I
Facilities		# computer rooms w/ A/C: # Fire Suppression: # Security:			\$0		\$0	
IT Hardware - Workstations		Total # of workstations: 37	\$44,644		\$11,188		\$11,188	\$5,792
	Heavy (PC/Laptop)	# of PCs: 31 # of Laptops: 5	\$44,322	4	\$11,081		\$11,081	\$5,792
	Thin (PDA/cell phone/pager)	# of PDAs: # cell phones: # pagers: # of other (describe): 1 combo	\$322	3	\$107		\$107	
IT Hardware - Servers		Total # of server boxes: 2	\$10,000	4	\$2,500		\$2,500	
	Web Functions	# of servers that perform web functions:	X					
	Mail Functions	# of servers that perform mail functions:						
	Print Functions	# of servers that perform print functions:						
	Database Functions	# of servers that perform DB functions:						
	Other Application Functions	# of servers that perform other functions: (describe)						
IT Hardware - Printers		Total # of printers: 15	\$23,860	5	\$4,772		\$4,772	

IT Asset Category	IT Asset Sub Category	Quantity of Units	Deployment/Replacement			Ownership		Forecast Expenses
			Total Current Value (replacement cost)	Average Lifecycle	Annual Amortized Cost (D/E)	Annual Maintenance Costs	Category TOTAL (F+G)	
A	B	C	D	E	F	G	H	I
IT Hardware - Networks			\$1,500	5	\$300		\$300	
	Circuits	# of FDDI: # ISDN: # SMDS: # ATM: # Frame Relay: # of other: (describe)						
	Routers	# of routers:						
	Switches	# of switches:						
	Hubs	# of hubs: 2						
IT Hardware - Other Components		# of scanners: 3 # of plotters: # of other (describe)	\$4,500	5	\$900		\$900	
Software		Total # of software licenses/purchases 76	\$12,496	3	\$4,165		\$4,165	
	MS Office	Total # of MS Office licenses 36						
	GIS	Total # of GIS licenses						
Totals			\$97,000		\$23,825	\$0	\$23,825	\$5,792
						Base Budget:		
If this amount is > 0, provide explanation in the IT Sch4010						Other:	\$23,825	\$5,792

This schedule is intended to describe the department's objectives, policies, and resources focused on supporting the decisions necessary to manage all IT assets throughout their entire lifecycle.

Department: Treasury

1. Plan Description

Replace oldest system components based on established lifecycles.

2. Deployment/Replacement

Processes:

Track inventory including description, cost, purchase date and subsequent replacement date.

Tools:

Access Database

3. Staffing (help desk support)

Processes:

Tools:

4. Ownership (administration and maintenance)

Processes:

Staff makes suggestions based on operational needs, and Deputy Treasurer approves or disapproves.

Tools:

5. Architecture		Component description
User	desktops	
Applications / Software	applications	Treasury has no plans to change the current architecture as described on Sch4000.
	database	
	directory	
	e-mail	
	productivity	
Data		
Computing / Servers		
Network		
Facilities		

6. Standards	Lifecycle	Source
--------------	-----------	--------

6. Standards		Lifecycle	Source
Facilities			
Network		5 years	OIT guidelines adapted for department
Printers		5 years	
Scanners		5 years	
Servers		4 years	
Software	applications	3 years	
	database	3 years	
	directory	3 years	
	e-mail	3 years	
	OS	3 years	
Workstations - heavy	productivity	3 years	
	desktops	4 years	
	laptops	4 years	
Workstations - thin		3 years	

Comments:

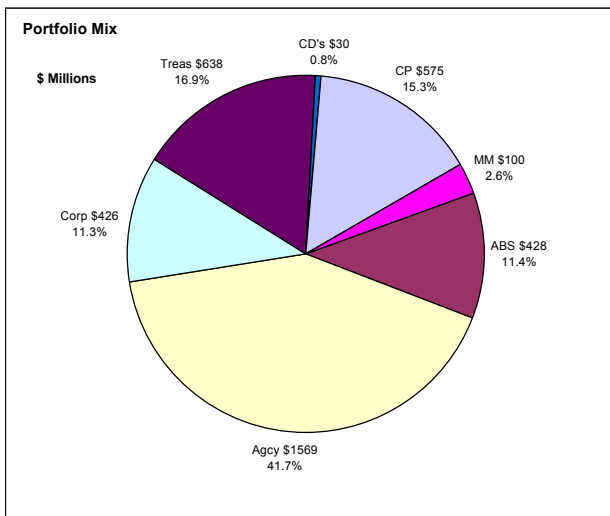
APPENDIX

Footnote Responses

#126 – State Treasury Investment Reports as of 9/30/04

Colorado Treasury Pool Combined

September 30, 2004



Portfolio Value

Market Value \$3,795.0 Million
 Book Value \$3,766.1 Million

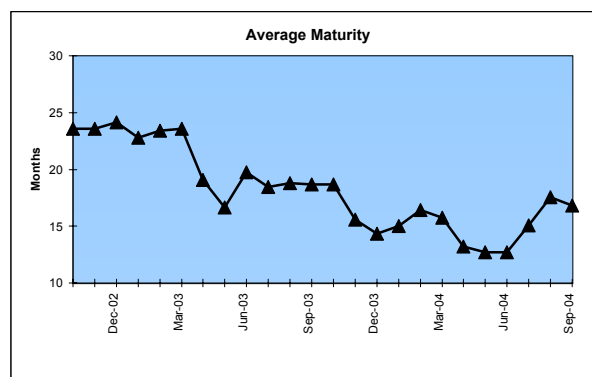
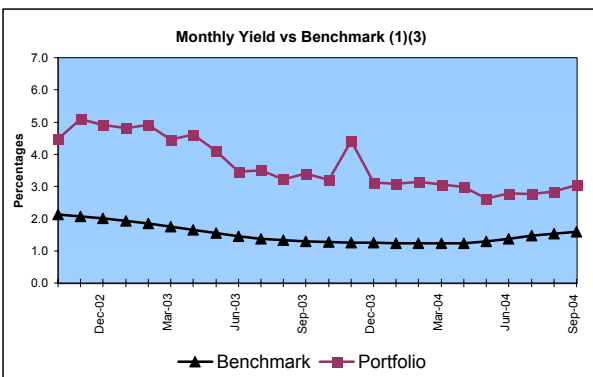
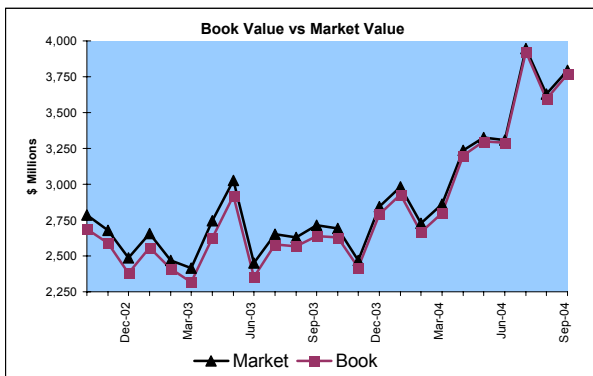
Yield and Average Maturity

Portfolio Yield to Maturity 3.0%
 Portfolio Average Maturity 16.8 Months

Portfolio Quality

	AAA	AA	A	BBB	Other	Portfolio Percent
Asset Backed	100.0%					11.4%
Corporates	4.7%	28.9%	66.4%			11.3%
Bankers' Acceptance						
Commercial Paper	20.0%	16.5%	46.0%	17.5% *		15.3%
Treasuries	100.0%					16.9%
Federal Agencies	100.0%					41.7%
Certificates of Deposit					100.0%	0.8%
Money Market Funds	80.0%				20.0%	2.6%
Total Portfolio	75.7%	5.8%	14.5%	2.7%	1.3%	100.0%

* The senior debt of the issuer is 'BBB,' but the asset back commercial paper program is rated A1+ - P1.

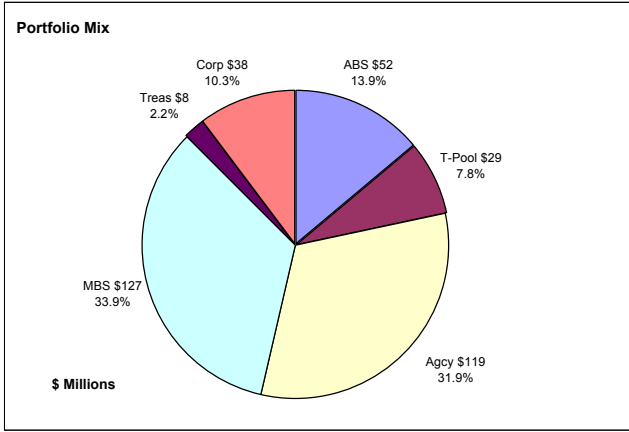


	\$ Millions		Book Yield	Performance Benchmarks (2)
	Average Portfolio	Interest Income		
FY '05 YTD	3,812.7	28.0	2.9%	1.6%
Last 12 months	3,145.7	96.6	3.1%	1.6%
FY '04	2,843.5	91.6	3.2%	1.4%
FY '03	2,719.6	124.1 ³	4.5%	1.5%
FY '02	3,158.1	176.3	5.5%	2.9%
FY '01	3,233.4	198.4	6.2%	5.1%
FY '00	2,826.2	170.2	6.0%	5.8%
Avg FY '00-'04	2,956.2	152.1	5.1%	3.3%

(1) 12 month moving average of the constant maturity yield on the 1 year Treasury note
 (2) 12 month moving average of the constant maturity yield on the 1 year Treasury note at end of period
 (3) Net of \$40.8 million in extraordinary gains on the sale of investments at the end of FY 2002-03.

Colorado Public School Permanent Fund

September 30, 2004



Portfolio Value

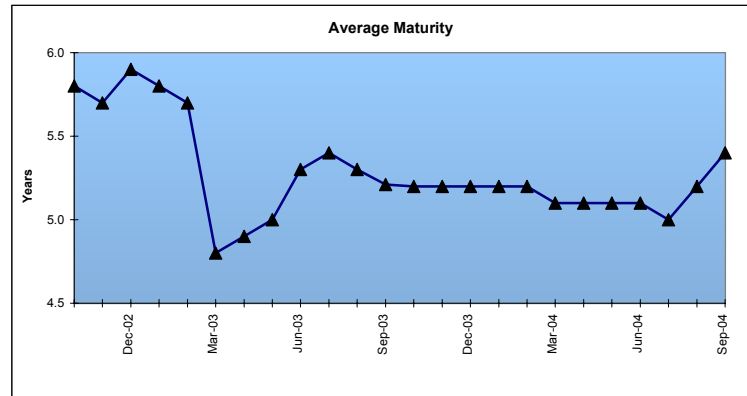
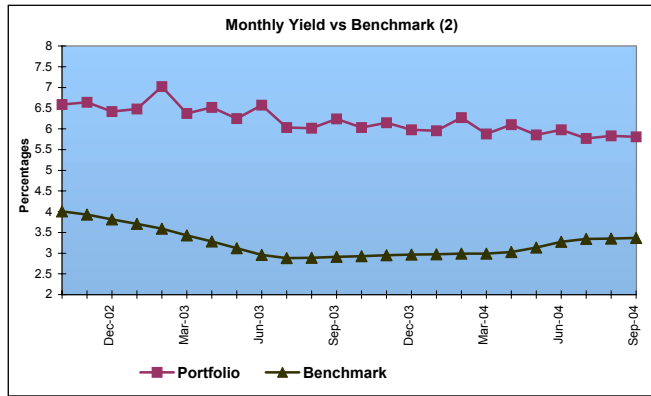
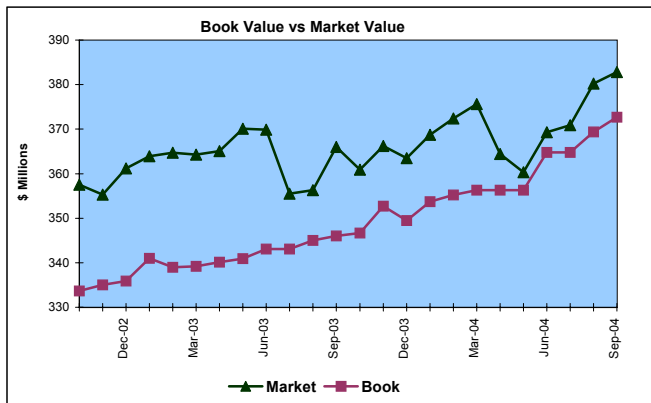
Market Value \$382.8
Book Value \$372.7

Yield and Average Maturity

Portfolio Yield to Maturity 5.8% (1)
Portfolio Average Maturity 5.4 Yrs (1)

Portfolio Quality

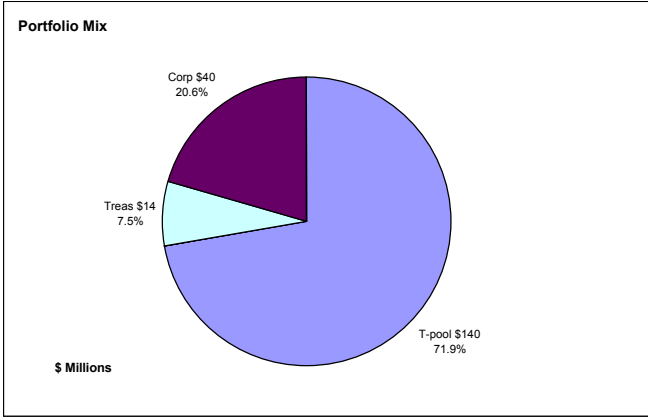
	AAA	AA	A	BBB	Other	Portfolio Percent
Asset Backed	82.3%				17.7%	13.9%
Corporates	26.1%	60.9%	13.0%			10.3%
Mortgage Securities	100.0%					33.9%
Treasuries	100.0%					2.2%
Federal Agencies	100.0%					31.9%
T-Pool	80.9%	5.8%	13.3%			7.8%
Total Portfolio	88.4%	6.7%	2.4%		2.5%	100.0%



	Average Portfolio	Interest Income	Book Yield	Performance Benchmarks (3)
FY '05 YTD	362.9	5.4	5.9%	3.4%
Last 12 months	353.1	21.1	6.0%	3.4%
FY '04	347.2	20.8	6.0%	3.3%
FY '03	331.9	21.4	6.5%	3.0%
FY '02	319.2	21.7	6.8%	4.5%
FY '01	303.7	21.2	7.0%	5.3%
FY '00	292.3	19.9	6.8%	6.2%
Three Year Average	332.8	21.3	6.4%	3.6%
Five Year Average	318.9	21.0	6.6%	4.5%

(1) Does not include State Treasury Pool balances in calculation.
 (2) Latest 12 month average of the constant maturity yield on the 5 year Treasury note.
 (3) Latest 12 month average of the constant maturity yield on the 5 year Treasury note at end of period.

Colorado State Education Fund
September 30, 2004



Portfolio Value

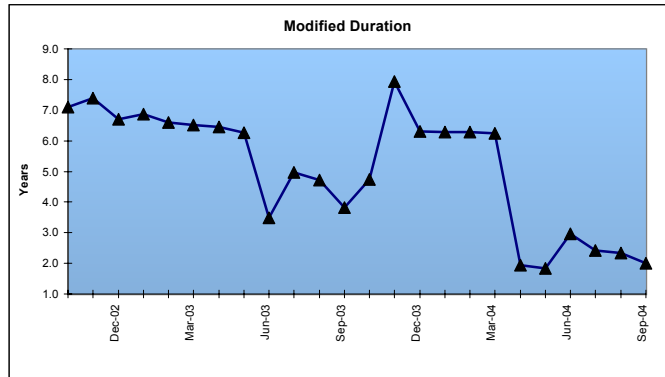
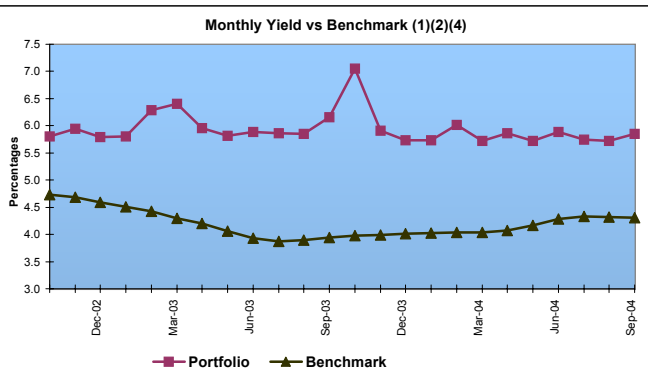
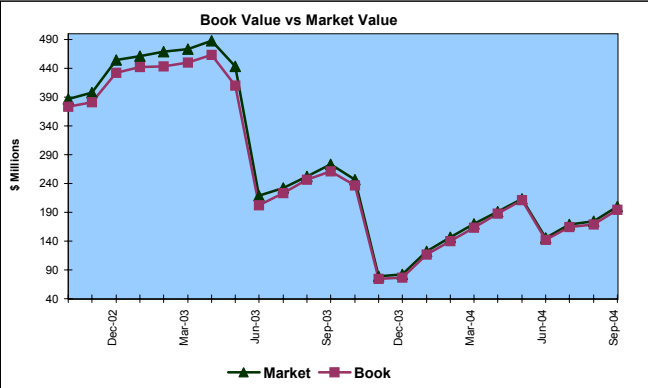
Market Value \$199.5 Million
Book Value \$194.4 Million

Yield and Average Maturity

Portfolio Yield to Maturity 5.9% (1)
Portfolio Average Duration 2.0 Yrs (1)

Portfolio Quality

	AAA	AA	A	BBB	Other	Portfolio Percent
Asset Backed						0.0%
Corporates	12.5%	37.7%	49.8%			20.6%
Mortgage Securities						0.0%
Treasuries	100.0%					7.5%
Federal Agencies						0.0%
T-Pool	80.9%	5.8%	13.3%	0.0%		71.9%
Total Portfolio	68.3%	11.9%	19.8%			100.0%



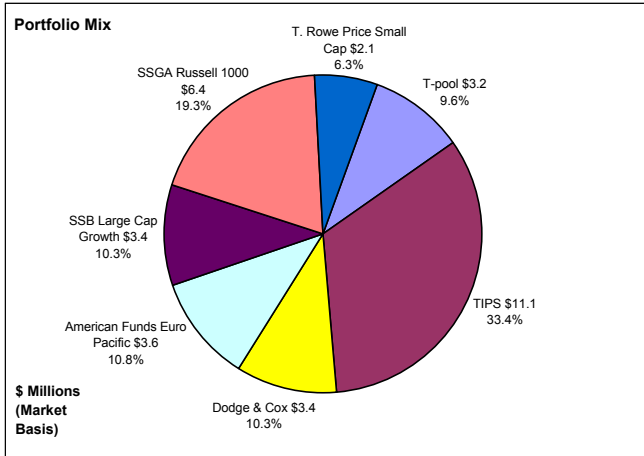
	\$ Millions		Book	Performance
	Average Portfolio	Interest Income	Yield	Benchmarks (3)
FY '05 YTD	155.5	1.5	3.8%	4.3%
Last 12 months	151.9	12.2	8.1%	4.3%
FY '04	168.4	13.9 ⁵	8.2%	4.3%
FY '03	374.8	20.9 ⁴	5.6%	3.9%
FY '02	284.4	16.3	5.7%	5.0% First Investments 8/01

- (1) Does not include State Treasury Pool balances in calculation; and monthly portfolio yields calculated on investments only.
- (2) Latest 12 month average of the constant maturity yield on the 10 year Treasury note.
- (3) Latest 12 month average of the constant maturity yield on the 10 year Treasury note at end of period.
- (4) Net of \$15.6 million in extraordinary gains on sale of investments at the end of FY 2002-03.
- (5) Net of \$5.44 million in extraordinary gains on sale of investments in the month of November.

Colorado Prepaid Tuition Fund

September 30, 2004

Effective July 1, 2004, HB 04-1350 gave the board of CollegenInvest sole authority to make investment decisions for the remaining funds.



Portfolio Value

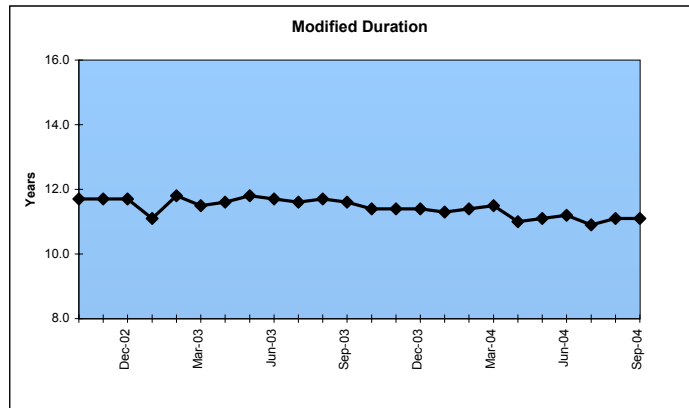
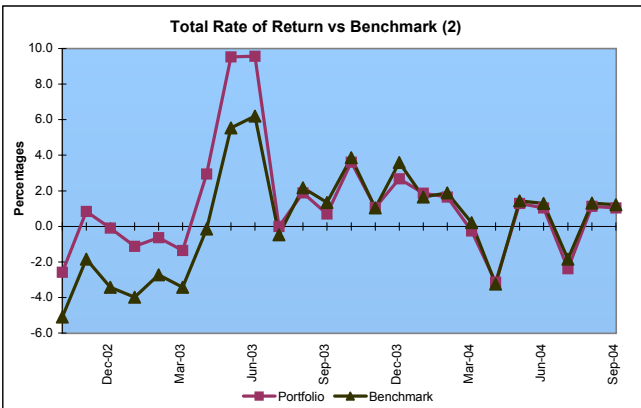
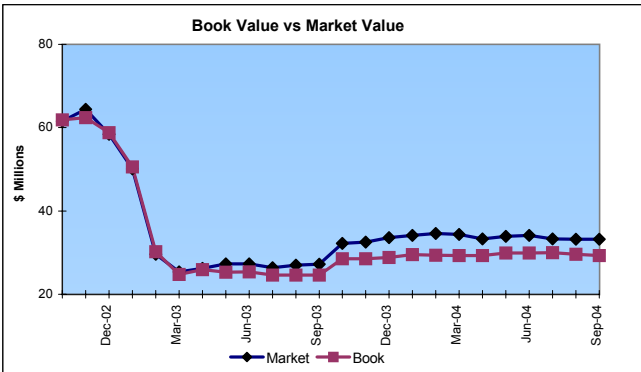
Market Value \$33.2 Million
 Book Value \$29.3 Million

Fixed Income Yield and Duration

Fixed Income Yield to Maturity 3.5% (1)
 Fixed Income Modified Duration 11.1 Years

Portfolio Quality

	AAA	AA	A	BBB	Other	Portfolio Percent
Equities					N/R	57.0%
Treasuries	100.0%					33.4%
T-Pool	80.9%	5.8%	13.3%			9.6%
Total Portfolio	41.2%	0.6%	1.3%		56.9%	100.0%



\$ Millions

	Average Portfolio	Interest Income	Book Yield
FY '05 YTD	12.2	0.2	7.4%

Total Rate of Return YTD (%)

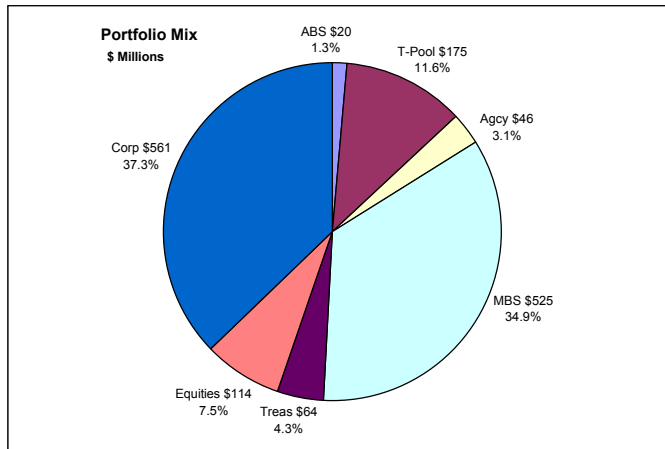
Equities		Fixed Income		Combined	
Portfolio	Benchmark	Portfolio	Benchmark	Portfolio	Benchmark
(2.89)	(1.49)	4.03	3.89	(0.26)	0.66

(1) Does not include State Treasury Pool balances in calculation.

(2) Benchmark consists of 15% MSCI EAFE, 40% Russell 1000, 5% Russell 2000, and 40% Merrill Lynch TIPS Index.

Pinnacol Assurance

September 30, 2004



Portfolio Value

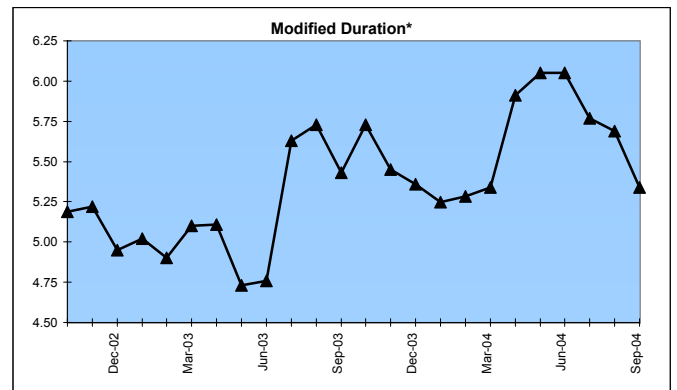
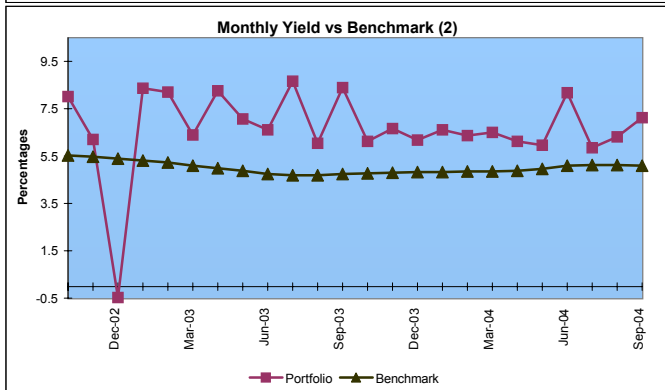
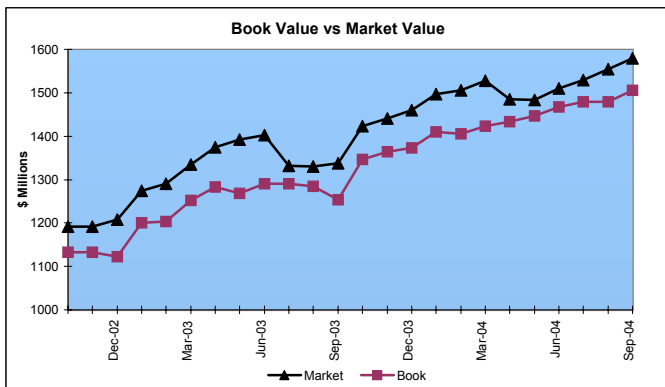
Market Value \$1,578.8 Million
Book Value \$1,505.2 Million

Yield and Duration

Portfolio Yield to Maturity 5.9% (1)
Portfolio Modified Duration 5.3 (1)

Portfolio Quality

	AAA	AA	A	BBB	Other	Portfolio Percent
Asset Backed	100.0%					1.3%
Corporates	10.9%	21.6%	55.9%	10.7%	0.9%	37.3%
Mortgage Securities	100.0%					34.9%
Treasuries	100.0%					4.3%
Federal Agencies	100.0%					3.1%
Equities					N/R	7.5%
T-Pool	80.9%	5.8%	13.3%			11.6%
Total Portfolio	57.0%	8.7%	22.4%	4.0%	7.9%	100.0%



\$ Millions

	Average Portfolio	Interest Income(3)	Book Yield	Portfolio Benchmark (4)
CY '04	1,323.8	62.8	6.3%	5.1%
Last 12 months	1,307.2	82.1	6.3%	5.1%
CY '03	1,190.0	85.9	7.2%	4.8%
CY '02	1,037.5	73.4	7.1%	5.4%
CY '01	886.5	69.9	7.9%	5.8%
CY '00	758.9	56.5	7.4%	6.8%
CY '99	636.6	47.1	7.4%	6.0%
Three year average	1038.0	76.4	7.4%	5.3%
Five year average	901.9	66.6	7.4%	5.8%

(1) Does not include State Treasury Pool balances in calculation.

(2) 12 month moving average of the constant maturity yield on the 10 year Treasury note plus 80bp.

(3) Includes income from securities lending.

(4) 12 month moving average of the constant maturity yield on the 10 year Treasury note plus 80bp (as of 1/1/00) at end of period.

#127 – Fire and Police Pension Association Budget Request Information

Submitted as part of the Department of Local Affairs' budget beginning FY 2005-06