



STATE OF CONNECTICUT
DEPARTMENT OF MENTAL RETARDATION



M. JODI RELL
GOVERNOR

June 14, 2004

To: Private Providers of Residential and Day Services
CAN, CCPA, ARC-CT, FORConn
DMR Assistant Regional Directors for Administration
DMR Individual Resource Administrators

From: Vincent O'Connell, Director Administrative Services

Re: **Updated DMR Cost Accounting Standards effective July 1, 2004**

The Department of Mental Retardation has updated the **DMR Cost Accounting Standards**. The updated Standards will be effective July 1, 2004. This update includes changes that we indicated would be made based upon reviews of prior approvals, and it includes some changes that appeared appropriate. The updated Cost Accounting Standards are on the DMR Web site under **Private Provider Forms**.

The following is a summary of the changes that have been made:

Changes in Attachment B:

Depreciation – cost item 11 ~ Within this cost category in sub-paragraph b., we added language to clarify the allowability of depreciation on assets purchased with donated funds. Depreciation on assets purchased with donated funds with restriction to purchase such assets is not an allowable cost. This would not be an allowable cost because the asset was purchased with donated funds and therefore the agency would not have a cost to obtain the asset. There would be no difference in the depreciation on donated assets or on assets purchased with donated funds. Specifically, the following language was added ...“**Depreciation on assets purchased with restricted assets (i.e. cash) donated for the specified restriction to purchase such assets are unallowable**”. This language was added to provide more clarity to this cost item.

Fines and penalties – cost item 16 ~ The language ...“**and interest**” was added to the cost item. The change includes interest as an unallowable cost of fines and penalties of an agency. This language was added for clarification and in response to an informal question that we received.

Severance pay – cost item 53 ~ The change to this cost item was made in sub-paragraph b. This sub-paragraph was modified to recognize that the only allowable severance payments were those payments that are required by law “**or**” has been approved by DMR. This cost category contains a prior approval requirement.