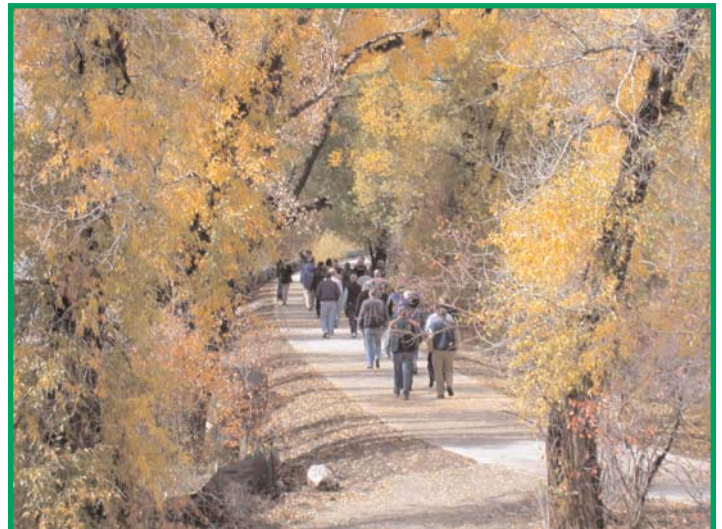


FY 2006 Annual Report

GOCO's Investment of Lottery Proceeds



Cover Photo Credits:

Cheyenne Mountain State Park, GOCO photo

Holyoke Ballfield, GOCO photo

Gunnison Sage Grouse, photo by Louis Swift

Yampa River Trail, GOCO photo



GREAT OUTDOORS COLORADO

A responsibility of the Great Outdoors Colorado (GOCO) Trust Fund Board is to keep elected officials and citizens informed about how the Board is meeting its Constitutional mandate to help "preserve, protect, enhance and manage the state's wildlife, park, river, trail and open space heritage" with Lottery dollars.

This Annual Report is one of the reporting mechanisms required by Article XXVII of the Constitution to keep you aware of the Board's activities.

The GOCO Board is interested in your questions, comments, critiques and project ideas. Contact GOCO at 303-863-7522 or at info@goco.org.

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GOCO Executive Director

John Swartout

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Background

Created in 1992 as the result of a citizens initiative, the Great Outdoors Colorado (GOCO) Constitutional Amendment - Article XXVII of the Colorado Constitution - redirected a portion of Lottery proceeds to the GOCO Trust Fund for projects that preserve, protect and enhance Colorado's wildlife, park, river, trail and open space heritage. The Amendment also created the GOCO Board to oversee distribution of the funds.

Contrary to what many people think, GOCO receives only a portion of Lottery proceeds. The Conservation Trust Fund and the Colorado Division of Parks and Outdoor Recreation are allocated 50% of the proceeds. Additionally, a cap is placed on the total amount of funding GOCO receives. In Fiscal Year 2005-2006, GOCO reached its cap of \$50.2 million. Therefore, \$12.5 million was contributed to the State Public School Fund which was created by voters in November 2000 with the passage of the Lottery game of Powerball.

The allocation of Lottery proceeds in Fiscal Year 2005-2006 was:

- ◆ 40% to the Conservation Trust Fund for distribution to local governments and park & recreation districts on a per capita basis for parks, recreation and open space.
- ◆ 10% to the Division of Parks and Outdoor Recreation for state park and outdoor recreation projects.
- ◆ 50% to the GOCO Trust Fund capped at \$35 million annually adjusted for inflation. That translated to \$50.2 million.
- ◆ \$12.5 million to the State Public School Fund for facility improvements since GOCO reached its cap.

Graph Goes Here

Funding Categories

The Colorado Constitution requires GOCO to allocate its proceeds to four areas in substantially equal portions over time:

- (1) **"Investments in the wildlife resources of Colorado through the Colorado Division of Wildlife**, including the protection and restoration of crucial wildlife habitats, appropriate programs for maintaining Colorado's diverse wildlife heritage, wildlife watching, and educational programs about wildlife and wildlife environment."
- (2) **"Investments in the outdoor recreation resources of Colorado through the Colorado Division of Parks and Outdoor Recreation**, including the State Parks system, trails, public information and environmental education resources, and water for recreational facilities."
- (3) "Competitive grants to the Colorado Divisions of Parks and Outdoor Recreation and Wildlife, and to counties, municipalities, or other political subdivisions of the state, or non-profit land conservation organizations, to **identify, acquire, and manage open space and natural areas of statewide significance.**"
- (4) "Competitive matching grants to local governments or other entities which are eligible for distributions from the Conservation Trust Fund, to **acquire, develop, or manage open lands and parks.**"

Structure of the Board

Great Outdoors Colorado Board members are appointed by the Governor and subject to confirmation by the Colorado State Senate. The structure of the 17-member Board is designed to provide representation to all parts of the state based on population:

- ◆ Two members from each of Colorado's seven congressional districts serve.
- ◆ No two members from one congressional district can be from the same political party.
- ◆ One member of the Board must represent agricultural interests.
- ◆ Two members must live west of the Continental Divide.
- ◆ The Executive Director of the Colorado Department of Natural Resources and a representative from the Colorado Board of Parks and Outdoor Recreation and from the Colorado Wildlife Commission are members.

Accountability

The Great Outdoors Colorado Board strives to be responsive to the needs of communities, takes seriously the enormous responsibility the citizens have given it to allocate these public funds, and works hard to be an accountable organization. The Board:

- ♦ Adopted bylaws.
- ♦ Adopted the State Code of Ethics.
- ♦ Adopted the Colorado Open Meetings Law.
- ♦ Is subject to an annual audit by the State Auditor presented to the Legislative Audit Committee.
- ♦ Must provide this annual report to the Governor, Colorado General Assembly, and citizens of Colorado.
- ♦ Ensures the Joint Budget Committee and Capital Development Committee are notified of grants to the Division of Parks and Outdoor Recreation and the Division of Wildlife.
- ♦ Regularly conducts "stakeholder" meetings with citizens who represent organizations with involvement or expertise in each of GOCO's funding categories to set grant award criteria.
- ♦ Has conducted four extensive public hearing processes in conjunction with formulating three strategic plans and one rule-making.
- ♦ Directs staff to conduct grant writing workshops throughout the state twice a year.
- ♦ Holds one-half of all Board meetings outside the Denver metro area.
- ♦ Commissioned three statewide surveys to identify citizen priorities for use of Lottery proceeds and to gain a better understanding of Coloradans' preferences for open space, parks, outdoor recreation, and wildlife.
- ♦ Commissioned two surveys of eligible grant recipients to assess the grant process and where additional technical assistance should be provided.

Payment In Lieu of Taxes (PILT)

GOCO does make Payments In Lieu of Taxes (PILT) on properties purchased by the Colorado Divisions of Wildlife and Parks. GOCO's share of the payment equals the portion of the project for which it paid. For example, if GOCO paid 50% for acquisition of a parcel, it would provide 50% of the PILT payment based on the agricultural value of the property.

What Great Outdoors Colorado Does Not Do

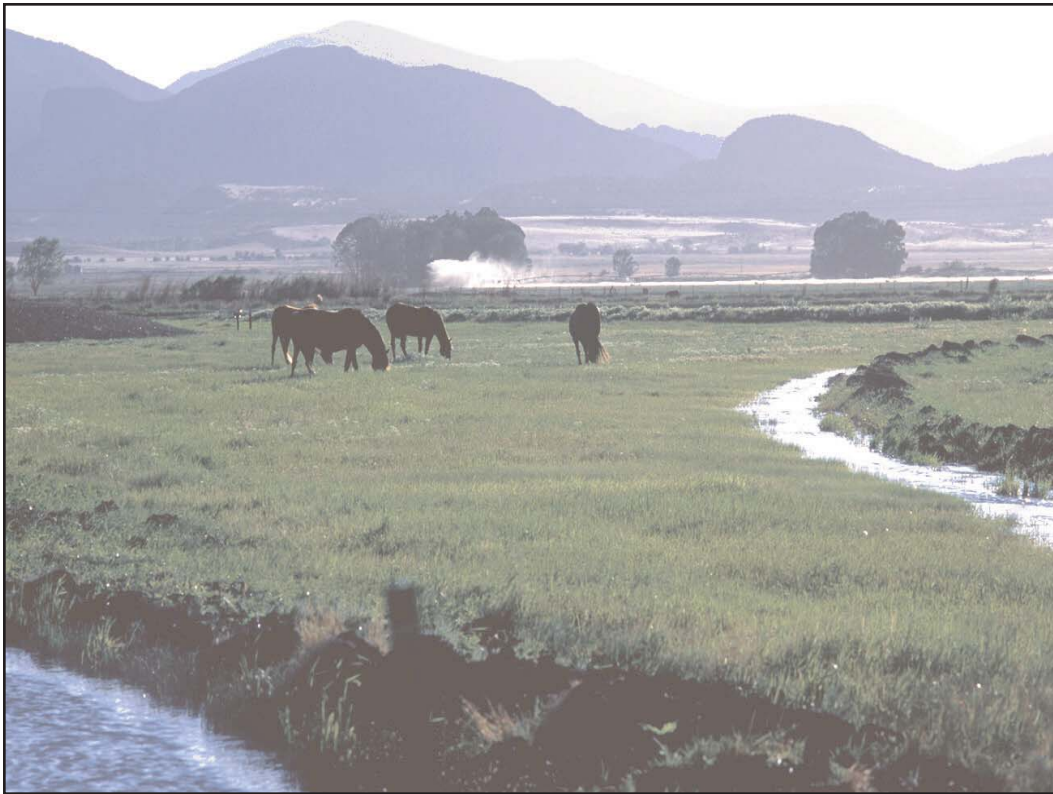
- ♦ The Board does not have the power to regulate. It only makes grants to willing recipients.
- ♦ The Board itself does not have the authority to acquire any interest in real property. The Board makes grants to eligible entities to acquire interest in real property.
- ♦ The Board does not have power of eminent domain. GOCO dollars cannot be used to acquire real property by condemnation.
- ♦ The Board cannot have an effect on Colorado water law. However, it can make grants to purchase water for recreational purposes or for aquatic habitat restoration or enhancement pursuant to Colorado law.

Overview of Grants Awarded for FY 2006

In Fiscal Year 2005 - 2006, the GOCO Board awarded \$34.8 million for 172 projects - projects that preserve land, provide new ballfields, skateparks and playgrounds, protect species, improve existing facilities at and establish new state parks, and expand the state's trail system.

While the dollars GOCO awards are significant, demand continues to be greater. To maximize its resources, GOCO encourages grant recipients to form partnerships and to leverage GOCO dollars. Grant recipients have embraced these criteria, providing cash matching contributions and in-kind services far exceeding GOCO's requirements.

Project partners include local governments, state and federal agencies, land trusts, foundations, special districts, the business community, private landowners, non-profit organizations, school districts, community groups and volunteers.



Dunn Ranch Open Space, photo courtesy of Trust for Public Land

Open Space Grants

As Colorado's population grows, so do the number of subdivision and commercial complexes. Lost amid the development are many of the state's prime agricultural lands, important wildlife habitats, buffers surrounding parks, natural areas and corridors between communities. While the Front Range and mountain valleys have experienced the greatest share of growth, few parts of Colorado are left untouched. Maintaining the state's beauty and open space in the midst of such rapid change presents an enormous challenge. GOCO funds are helping the entities eligible for open space grants - local governments, land trusts, the Colorado Division of Wildlife and Colorado State Parks - address this challenge. Open Space grants are offered twice yearly with applications typically being available in December and June.

In FY 2006, GOCO awarded \$7.4 million in open space grants for 26 projects that are helping to preserve 27,113 acres. Projects funded include:

- ♦ King Ranch Preservation Project/Phase II in Alamosa County sponsored by the Rio Grande Headwaters Land Trust
- ♦ Twamore Farms Land Acquisition sponsored by the City of Fort Morgan
- ♦ Yampa River Open Space Acquisition sponsored by the City of Steamboat Springs
- ♦ Kentucky Placer/Bridal Veil Project sponsored by the Town of Telluride
- ♦ Peak to Prairie-Fountain Creek Conservation Project in El Paso County sponsored by Colorado Open Lands



Beatty Canyon Ranch, Las Animas County, GOCO photo

Local Government Park, Outdoor Recreation and Environmental Education Facility Grants

Places to play, gather, compete. All communities in Colorado have varying needs for such places and GOCO funds help provide for them. Cities, counties and park & recreation districts are eligible for GOCO grants to acquire, expand, and improve local parks, outdoor recreation facilities and environmental education facilities. For some communities, GOCO funding provides an opportunity to build a first playground or ballfield. Others use GOCO assistance to complete major sports facilities. Local Government Park and Outdoor Recreation Grants and Mini-Grants (for smaller projects in communities of 5,000 people or less) are offered twice yearly with applications typically being available in December and June.

In FY 2006, GOCO awarded \$6.5 million in local government park & outdoor recreation grants for 64 projects in 37 counties. Projects funded include:

- ◆ Community Activity Area in Wray sponsored by the City of Wray
- ◆ Briggsdale Community Sports Complex Renovation and Addition sponsored by Weld County
- ◆ Meadow Wood Sports Complex/Phase II sponsored by the City of Woodland Park
- ◆ Downtown Denver Children's Playground sponsored by the City & County of Denver
- ◆ Mesa View Elementary Playground sponsored by Mesa County



Palmer Lake Playground, photo courtesy of Sue Huisman

Wildlife Investments through the Colorado Division of Wildlife

The Division of Wildlife (DOW) manages the state's 960 wildlife species. The DOW also manages more than 230 wildlife areas for public recreation, conducts research to improve wildlife management activities, provides technical assistance to private and other public landowners concerning wildlife and habitat management, and develops programs to protect and recover threatened and endangered species. Funded largely by fees on hunting and fishing licenses, the Division spends most of its revenue managing game species. That leaves limited resources for nongame species, many of which have declined during the past 30 years due to changes in the state's landscape. GOCO dollars help the Division fund projects for nongame species and habitat protection and provide opportunities for Coloradans to watch and learn about the state's magnificent wildlife.

In FY 2006, GOCO invested \$9.2 million in projects through the DOW. Projects funded include:

- ◆ Acquiring High Priority habitat including implementing the Sage Initiative to protect critical Gunnison and Greater Sage Grouse habitat.
- ◆ Wetlands Conservation with a goal to protect 500 acres of wetlands and restore and create 5300 acres of wetlands.
- ◆ Native Species Protection including establishing 148 populations of Colorado River Cutthroat Trout in 460 stream miles.



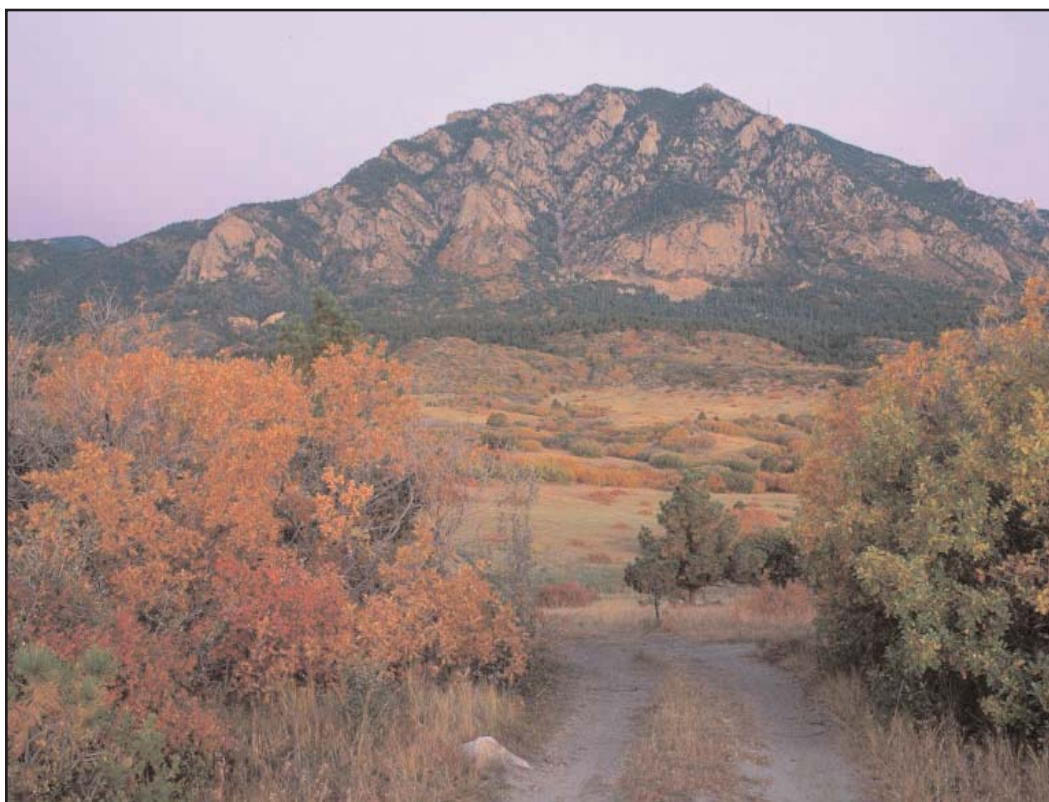
Canadian Lynx Recovery, photo courtesy of Grant Merrill

Outdoor Recreation Investments through the Division of Parks and Outdoor Recreation

Attracting over 11 million visitors per year, Colorado's 41 State Parks are a vital cornerstone in Colorado's economy and quality of life, offering some of the highest quality outdoor recreation destinations in the state. GOCO funds have been essential to State Parks ability to enhance existing facilities, buy land and provide facilities at new State Parks, and to acquiring buffers to protect existing parks from encroaching development. State Parks has also used GOCO funds to improve the visitors experience by establishing visitor centers, expanding campgrounds and trails, and providing educational opportunities for Colorado's youth.

In FY 2006, GOCO invested \$12.2 million in projects through the DPOR. Projects funded include:

- ◆ Parks enhancements through the Army Corps of Engineers Cost-Share Program for rehabilitation of Cherry Creek, Trinidad and Chatfield reservoirs
- ◆ Colorado Youth Corps Association
- ◆ State Trail Grants



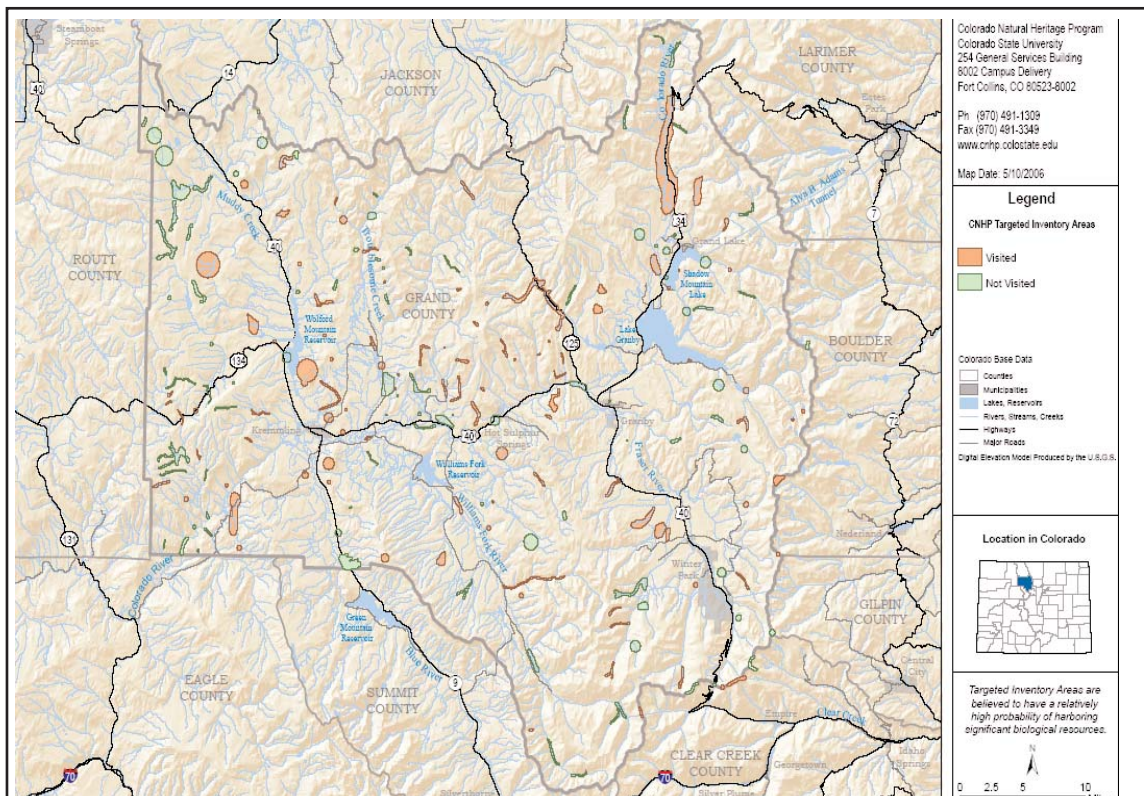
Cheyenne Mountain State Park, photo courtesy of Colorado State Parks

Planning Grants

Many communities are working to preserve their character in the face of growth and to plan for future outdoor needs. GOCO grants help these communities produce plans to protect and enhance open space, wildlife habitat and parks - features that give towns their identity. Planning grants lead to high quality projects with a greater chance of long-term success. Local governments, land trusts, the Colorado Division of Wildlife and Colorado State Parks can apply for planning grants which are offered twice yearly with applications typically being available in December and June.

In FY 2006, GOCO awarded \$387,640 in planning grants for 10 projects. Projects funded include:

- ♦ Salida Parks Master Plan sponsored by the City of Salida
- ♦ Denver Mountain Parks Master Plan sponsored by the City & County of Denver
- ♦ Mineral Development and Land Conservation: A Handbook for Conservation Professionals sponsored by the Colorado Coalition of Land Trusts



Grand County Assessment of Critical Biological Resources

Trail Grants

Since its establishment in 1971, the Colorado State Trails Program has actively encouraged the development of a variety of trails including for hiking, biking, wildlife watching, horse-back riding, cross-country skiing, and snowshoeing. Great Outdoors Colorado funding has provided a huge boost to the State Trails grant program that helps provide grants for trail planning and design, construction, maintenance, special projects, and equipment. Trail grants are offered once a year through the Colorado State Trails Program.

GOCO provided \$1.2 million for the State Trails Program in FY2006. Projects funded include:

- ♦ Walker Ranch Trailhead Improvement Project sponsored by Boulder County
- ♦ Weir Gulch Trail Underpass Project sponsored by the City of Lakewood
- ♦ Arkansas River Trail Project sponsored by the City of Pueblo



Sharptail Trail in Douglas County (GOCO Photo)

Legacy Projects

Look to tomorrow and imagine the Colorado you want your children to inherit. That is the challenge posed by Great Outdoors Colorado to local governments, land trusts and state agencies through its Legacy Grant Program. These projects are of regional or statewide significance and often draw funding from two of GOCO's funding purposes. They are multi-year projects to which GOCO has made multi-million dollar commitments that preserve land and water, enhance critical wildlife habitats, create new state and local parks, construct trails, and provide environmental education. Projects are marked by strong partnerships that cross political and jurisdictional boundaries and include federal agencies, non-profit organizations, landowners, and the private sector. These innovative projects are making a long-lasting contribution to the preservation of Colorado's natural heritage. Indeed, without GOCO funding, these projects would have taken decades to achieve - if they could have been achieved at all.

All entities eligible for GOCO funds can participate in this program - local governments, land trusts, Colorado State Parks and the Colorado Division of Wildlife. The program is offered periodically as GOCO's financial position allows. While Legacy Grants were not awarded in FY 2006, work continued on projects previously funded:

- ◆ Colorado Open Lands conserved three more properties in the South Park Basin.
- ◆ The Colorado Cattlemen's Agricultural Land Trust continued its work in the Saguache Creek Corridor conserving two more working ranches.
- ◆ The Nature Conservancy closed a portion of the Wolf Mountain Project in Routt County.



Laramie Foothills Mountain to Plains Project in Larimer County (GOCO photo)

Financial Summary for Fiscal Year 2005-2006

The following is a summary of financial information drawn from State Audit reports for 13 fiscal years of Great Outdoors Colorado's operation. More detailed financial information is included in the annual audit reports, which are available through GOCO.

Since Fiscal Year 1993-1994, Great Outdoors Colorado has authorized grants from Lottery proceeds for:

- ◆ Local government park, outdoor recreation, and environmental education facilities projects
- ◆ Outdoor recreation projects through the Colorado Division of Parks and Outdoor Recreation
- ◆ Wildlife projects through the Colorado Division of Wildlife
- ◆ Open space projects
- ◆ Planning and capacity building projects
- ◆ Trail projects
- ◆ Legacy projects that integrate components of GOCO's four Constitutionally mandated funding categories

There are two financial steps to the GOCO grant process:

- 1) **Grant Authorization** -- The GOCO Board approves the use of funds for projects up to a specified amount.
- 2) **Grant Expenditure** -- Funds are distributed for projects as either reimbursements to sponsors for expenses incurred, or in the case of land acquisition payments, to a title company at the time of closing.

Financial Summary for Fiscal Year 2005-2006

The Board furthered its mission during Fiscal Year 2005-2006 with \$57.5 million in grants expended.

Financial Summary	FY 2005-2006	FY 1993-1994 to FY 2005-2006
Total Revenues	\$51,256,302	\$488,705,084
Grant Expenditures	57,540,024	429,569,778
Administrative Expenses	1,682,906	17,981,699

Revenue and Expenditures

Revenues

Great Outdoors Colorado revenues are primarily from Lottery proceeds and interest income.

Revenues FY 2005-2006	FY 2005-2006	FY 1993-1994 to FY 2005-2006
Lottery Proceeds	\$50,230,238	\$461,648,969
Interest and Other Income	1,026,064	27,056,115
Total Revenues	\$51,256,302	\$488,705,084

Expenditures

Great Outdoors Colorado expenditures include payments to grantees and those covering administrative expenses. Administrative expenses include operating expenses and Board expenses. Through 13 fiscal years, administrative expenses totaled 3.7 percent of total revenues, substantially less than interest earned on cash balances.

Expenditures FY 2005-2006	FY 2005-2006	FY 1993-1994 to FY 2005-2006
Grant Expenditures	\$57,540,024	\$429,569,778
Administrative Expenses	1,682,906	17,981,699
Total Expenditures	\$59,222,930	\$447,551,477

Grants Allocated to Funding Categories

Authorizations

Great Outdoors Colorado authorizes grants in categories defined in Article XXVII of the Colorado Constitution.

Grant Authorization Allocations	FY 2005-2006	FY 1993-1994 to FY 2005-2006	% authorized by funding category
Wildlife	\$9,221,560	\$125,747,652	23.6%
Outdoor Recreation	12,217,884	127,854,666	24.0%
Open Space	7,030,402	139,180,755	26.1%
Local Government	6,369,328	139,880,701	26.3%
Total Grant Authorization Allocations	\$34,839,174	\$532,663,774	

Expenditures

The Constitution requires grants expended in these funding categories to be substantially equal over time.

Grant Expenditure Allocations	FY 2005-2006	FY 1993-1994 to FY 2005-2006	% authorized by funding category
Wildlife	\$10,184,560	\$103,904,460	24.2%
Outdoor Recreation	15,254,891	106,742,042	24.9%
Open Space	13,642,566	110,818,263	25.9%
Local Government	18,458,007	107,034,839	25.0%
Total Grant Expenditures	\$57,540,024	\$428,499,604	

Fund Balances

Great Outdoors Colorado divides its available fund balances into two categories:

- ♦ Unreserved and undesignated funds. These include funds that will be available for future appropriations.
- ♦ Reserved (for grants previously appropriated, but not yet expended).

Available Fund Balances as of June 30, 2006

Unreserved and Undesignated	\$28,966,686
Reserved for subsequent year's expenditures	12,346,880
Totals	\$41,313,566

The Undesignated Fund Balance has not been reduced for projects that have been authorized, but not yet expended. As of June 30, 2006, this amount was \$104,164,170.

**FY 2005-2006 Great Outdoors Colorado
Grant Awards by County**



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