



October 30, 2015

VIA HAND DELIVERY

The Honorable Kent Lambert
Chair, Joint Budget Committee
Legislative Services Building, 3rd Floor
200 East 14th Avenue
Denver, CO 80203

Dear Senator Lambert:

In response to the Joint Budget Committee's Request for Information (Higher Education FY 2015-16 RFI #4), History Colorado respectfully submits the enclosed report.

If you have any questions, feel free to contact me (email: robert.musgraves@state.co.us; phone: 303.866.2849) or our Controller, Michelle Zale (email: michelle.zale@state.co.us; phone: 303.866.3680).

Sincerely,

Robert E. Musgraves
Co-Lead, Transition Team

Enclosure

cc (w/ enclosure):

Representative Millie Hamner
Senator Kevin Grantham
Senator Pat Steadman
Representative Dave Young
Representative Bob Rankin

Mr. John Ziegler
Mr. Henry Sobanet
Mr. Eric Scheminske
Ms. Alexis Senger
Ms. Amanda Bickel
Ms. Jennifer Sobanet
Ms. Diane Duffy
Ms. Kachina Weaver
Ms. Debbie Wagner



**Response to Request for Information
from Joint Budget Committee
(Higher Education FY 2015-16 RFI #4)**

November 1, 2015

INTRODUCTION

The Joint Budget Committee (JBC) of the Colorado General Assembly made the following request for information (RFI) of History Colorado as part of the Long Bill for Fiscal Year 2015-2016 (Higher Education FY 2015-16 RFI #4):

“History Colorado is requested to submit a report by November 1, 2015, on its financial status. This report is requested to include a comprehensive financial analysis reflecting History Colorado’s current and projected fund balances, revenues, and expenditures. The analysis should address both operating and capital costs and the trends for the various types of revenue that support History Colorado. Finally, the report should include a detailed explanation of the steps the organization is taking to address its financial challenges and the projected impacts of these changes from both a financial and organizational perspective.”

This RFI grew out of the JBC's figure setting work in connection with the FY 2015-16 budgets, where specific questions were raised about the long-term financial health and prospects of History Colorado and the risk of a potential funding crisis at the agency.

History Colorado respectfully submits the following report in response to the RFI:

BACKGROUND

The Colorado Historical Society, established in 1879 and operating today under the trade name “History Colorado,” is an agency of the State of Colorado engaged in educational, charitable, scientific, literary, artistic, historic preservation activities that help preserve, study, promote, market, and define Colorado’s identity. The Society is an “institution of higher education” of the State of Colorado under the Department of Higher Education and a “Type 1” agency. History Colorado is also a 501(c)(3) non-profit entity under federal tax law, which provides a potential tax deduction to donors to History Colorado, a benefit to the organization in helping to meet its fund-raising goals.

History Colorado’s mission is to inspire generations to find wonder and meaning in Colorado’s past and to engage in creating a better Colorado. In support of this mission, the organization offers public access to cultural and heritage resources of Colorado, including statewide museums and special programs for individuals and families, stewardship of Colorado’s historic treasures and artifacts, educational resources for schools, students and teachers, services related to preservation, archaeology and history, a nationally renowned historic preservation grants program (through the State Historical Fund), and the Stephen H. Hart Research Library.

In October 2010, History Colorado completed construction of its nearly 200,000 square foot History Colorado Center at a cost of \$110.8 million funded by certificates of participation that are repaid from the organization’s operating funds (no General Fund dollars were or are used for this purpose). After build-out of the initial exhibits, the doors were opened to the public on April 28, 2012. Aside from serving as an operating museum and the repository of the Society’s vast collection of historical artifacts and resources, the History Colorado Center also serves as administrative headquarters for History Colorado, including the State Historical Fund (SHF) and Office of Archaeology and Historic Preservation (OAHP). In

addition to the History Colorado Center, the organization also owns and operates seven Community Museums located throughout the State, along with five other historical sites that do not currently have any sort of programming activities:

Community Museums

Byers-Evans House Museum (Denver)
El Pueblo History Museum (Pueblo)
Fort Garland Museum (Fort Garland)
Fort Vasquez (Platteville)
Healy House & Dexter Cabin (Leadville)
Trinidad History Museum (Trinidad)
Ute Indian Museum (Montrose)

Historic Sites

Georgetown Loop Railroad (Georgetown)
Grant-Humphreys Mansion (Denver)
McFarlane House (Central City)
Pearce-McAllister Cottage (Denver)
Pike's Stockade (Fort Garland)

The State Historical Fund (SHF) was created by Colorado voters through the passage of the 1990 constitutional amendment legalizing limited stakes gaming in Black Hawk, Central City, and Cripple Creek. Since its inception, the SHF's historic preservation grants program has awarded a total of approximately \$273 million in competitive grants to all 64 counties across Colorado resulting in an impact on Colorado's economy in excess of \$1 billion.

The Office of Archaeology and Historic Preservation handles the processing and documenting of statewide archaeological and historic preservation related projects.

2014 PERFORMANCE AUDIT

In June 2014, the State Auditor's Office conducted a performance audit of History Colorado. As part of that audit, the State Auditor's Office made several findings of material weakness in a number of areas, with specific recommendations that History Colorado undertake the following actions:

- Implement a specific cost allocation plan based upon accepted methodology that supports the payment by the State Historical Fund of a portion of the organization's internal costs
- Strengthen its internal controls over expenditures related to official functions
- Strengthen its internal controls over procurement cards
- Improve its financial reporting processes
- Strengthen its internal controls over accounting transactions
- Reassess its governance and organizational structure

History Colorado agreed with all of these audit recommendations and began immediate steps to implement the necessary changes.

FY2015-16 FIGURE SETTING

Then, in connection with the JBC's figure setting work on the budget for FY 2015-16, in March 2015, the JBC Staff raised in its report a number of serious concerns about the future financial prospects for History Colorado. JBC Staff recommended a 12.5% reduction in gaming revenue appropriations for most areas of the agency (specifically excluding the organization's Community Museums, Controlled Maintenance, Payroll Other Than Salary

(POTS), and the Certificates of Participation associated with the construction of the History Colorado Center), specifically noting that the reductions were “intended to draw further attention to the serious budget problems facing History Colorado.”

This concern on the part of JBC Staff and the JBC itself ultimately formed the basis for the RFI to which History Colorado is responding through this document.

AGENCY RESPONSE

The series of messages coming through the 2014 Performance Audit and, more recently, through the work done by the JBC have been heard “loud and clear,” and the organization has taken a number of fairly wide-reaching actions that it believes not only serve to address the specific fiscal weaknesses raised by the audit, but also to go much further to help address the more fundamental concerns about the organization’s budgetary issues raised by the JBC in March 2015. The agency fervently hopes and believes that these actions will help position it on a new and more favorable course financially.

First, History Colorado took immediate action to implement enhanced or new policies and procedures to address the first five audit recommendations. It believes all of these have been fully implemented except in one discrete area where it expects to be fully completed by the end of the calendar year.

In addition, during the course of the 2015 General Assembly session, the organization worked with the Governor’s Office, Office of State Planning & Budget (OSPB), the State Controller’s Office (SCO), and the JBC to implement a number of legislative actions intended to address certain of the other issues raised by the 2014 Performance Audit or by the JBC during its figure setting work in March 2015. This included the following three specific pieces of legislation:

SB 15-236—Reorganize State Historical Society Funds

This bill modified and updated the structure of Colorado Historical Society’s appropriated fund accounts to help improve the organization’s financial management, enhance its financial controls, and make its financial position more transparent. This included changes to the State Historical Fund, where the roughly 22% of the limited gaming revenue that is ultimately directed to historic preservation is deposited pursuant to the State Constitution. The legislation created two accounts within the State Historical Fund--the Museum and Preservation Operations Account and the Preservation Grant Program Account. These accounts receive 49.9% and 50.1%, respectively, of the 80% of State Historical Fund gaming revenues that remain after Constitutional allocations to gaming cities.

The bill also created the Enterprise Services Cash Fund, consisting of History Colorado’s revenue from memberships, admissions charges, sales and similar sources. It exempted this fund from the statutory limit on cash fund reserves. The bill also specified those History Colorado funds that are subject to annual appropriation.

SB 15-225—Governance Structure

To address the issue raised in the 2014 Performance Audit regarding the unusual governance structure of the agency (a state agency headed by a board of directors selected by the voting membership of the organization), History Colorado worked with the Governor's Office and the Colorado Department of Higher Education (CHDE) to secure passage of SB 15-225. The bill modified the governance structure of the organization to bring it into closer alignment with other State agencies, particularly those within the Department of Higher Education.

That legislation resulted, effective July 1, 2015, in the replacement of the 28-member board of directors previously elected on an annual basis by the membership of the organization with a nine-member board appointed by the Governor, subject to Senate confirmation (four of the initial members of the new board were appointed with the advice of the outgoing member-elected board). The initial appointed board has staggered terms of one to three years in length; as initial terms expire, all new terms will be three years. Eight of the nine appointments remain subject to Senate confirmation during the next legislative session. Under the statute, appointed members have full power to act as such while awaiting Senate confirmation. Brief biographies of the nine board members recently appointed by the Governor are set forth in Exhibit H.

SB 15-225 also went on to establish the History Colorado Directors Council to serve as an advisory group to the board. Under the current statute, the Directors Council is to be elected by the membership of History Colorado.

SB 15-234—Long Bill

This bill reduced spending authority for limited gaming funds deposited to the State Historical Fund pursuant to Constitutional allocations, as well as amounts shown for informational purposes from the same source, as there is insufficient revenue to support the current level of appropriations. The reductions included \$695,408 from line items that support the operation of History Colorado museums and facilities, including cuts of 12.5% from this fund source in most operating line items. Community Museums were expressly excluded from the 12.5% spending authority reduction. The bill also includes a spending authority reduction of \$3,825,102 for the State Historical Fund statewide preservation grant program to better reflect funds anticipated to be available for new grants in FY 2015-16. Amounts for grants (unlike museum and administrative costs) are continuously appropriated and shown for informational purposes only.

Effective in FY 2015-16, the JBC made a policy decision to move all state agency lease-purchase payments to the operating budgets. Inasmuch as the History Colorado Center is financed through a lease-purchase arrangement involving certificates of participation (COP), the Long Bill moved the COP payment amounts that were previously appropriated in the capital construction section of the Long Bill into the organization's operating budget. While this obviously changed the specific funding source for this expense, it had no real impact on the overall financial health of the organization.

In connection with the reorganization of the agency's funds pursuant to SB 15-236, the Long Bill also reorganized the specific line items for the agency to match up with this new fund structure.

Finally, the bill also included an increase of \$500,000 in limited gaming revenues to be distributed to gaming cities for historic preservation, based upon then-current projections and consistent with constitutional requirements.

In addition to these three specific legislative actions, in February 2015, History Colorado, in consultation with CDHE, OSPB, and SCO, established a Fiscal Working Group to evaluate the agency's fund balances and assess the statutory needs of the agency as it developed its future business plans. The work culminated in a presentation by CDHE and the State Controller to the History Colorado Board of Directors in April 2015. The CDHE and State Controller (1) detailed issues and concerns regarding each fund in order to help guide the board as it focused on future business direction and (2) counseled on the need for improvements in certain fiscal areas (e.g., transparency of payments between History Colorado and the Colorado Historical Foundation).

About the same time, the Board created its own *ad hoc* committee (entitled the "Solutions Task Force") consisting of nine board members, along with the President & CEO, the Chief Operating Officer, and the Chief Financial Officer, with the goal of more closely assessing the organization's financial situation and bringing agency expenditures into better alignment with its revenues within a short but reasonable timeframe. The Task Force requested that History Colorado leadership analyze and make recommendations concerning operational and personnel cuts, potential program efficiencies, and possible revenue enhancements, all with a view toward reducing the organization's structural deficit by a target of at least \$3.0 million over the next two fiscal years (FY 2015-16 and FY 2016-17) through a combination of expense reduction and revenue enhancement. This goal would allow the organization to stop drawing down reserves to cover regular operating expenses no later than July 1, 2017.

This target was developed by starting with the anticipated shortfall in FY 2014-15 of approximately \$2.2 million and adding in an additional \$0.8 million of cushion to guard against future events outside the agency's control that might jeopardize the organization's future financial position, such as a modest drop in gaming revenues, additional increases in personnel costs other than salaries (POTS), and the like. Leadership was instructed to examine all possibilities except cuts to the budgets of the Community Museums, which were to be regarded as "off limits." Throughout this process, the Task Force coordinated closely with DOHE and OSPB.

As the first step in the plan of action developed by the Task Force, FY 2015-16 operating budgets (excluding personnel costs) were reduced approximately 11% effective July 1, 2015, reflecting reduced allowances for travel, consulting, and other miscellaneous controllable non-personnel costs. However, as more than 60% of History Colorado's controllable expenses are represented by personnel costs, the Task Force recognized that staffing reductions were the only practical way to achieve any significant portion of the targeted deficit reduction.

Therefore, in early July, prior to undertaking any involuntary reductions, the agency initiated a voluntary early retirement program offering eligible employees willing to leave their positions with the agency a separation payment equal to one week of pay for each year of credited service. At the same time, employees were also invited to sign up for voluntary

furlough (unpaid time off). This entire process was coordinated with representatives from the Attorney General's Office, the SCO, the Department of Personnel and Administration, and the OSPB.

By the time the program ended in August (protracted timing is driven by Federal law), a total of eleven employees voluntarily elected to take early retirement under the program, including three senior officers (President & CEO, Chief Operating Officer, and Chief Financial Officer). A total of 42 individuals volunteered for a total of 4012 furlough hours (approximately 2 FTE). These voluntary reduction programs achieved approximately \$0.6 million in savings for FY2015-16 (including benefits and net of one-time costs in FY 2015-16) and \$1.0 million on a fully annualized basis in FY2016-17 and years thereafter (voluntary furloughs have not been taken into account for periods after FY2015-16 since they may be rescinded by the employee).

Combined, the reductions in operating budgets and all voluntary employee cost reduction programs achieved an estimated deficit reduction of approximately \$1.7 million for FY2015-16 and approximately \$2.0 million on an annualized basis starting in FY2016-17.

While these savings represented a significant dent in the deficit, they were still well shy of the target of \$3.0 million. Therefore, on the recommendation of the two individuals appointed in August to oversee operations on an interim basis during the search for a new organizational leader (board member Bob Musgraves and staff member Steve Turner), the board requested a more detailed evaluation of a possible program of involuntary layoffs.

This evaluation was carried out in close consultation with senior leadership in the organization to assure that the organization (1) retained its best, brightest, and most capable and versatile employees, (2) remained capable of carrying out all essential activities and all other organizational priorities (including exhibit programming and K-12 and adult educational programming), and (3) was well positioned to rebound from this difficult period with the enthusiasm, expertise, and horsepower needed to drive it forward to new successes. The effort was also coordinated with representatives in the Attorney General's Office and the Department of Personnel and Administration.

The involuntary reduction program culminated in late September when the board approved the involuntary layoff of approximately 15 FTEs (combinations of complete and partial layoffs). Most of these layoffs were completed effective October 2. This represents an additional savings in FY2015-16 of approximately \$0.5 million (including benefits; net of layoff costs) and an annualized savings of approximately \$0.7 million starting in FY2016-17. The personnel reduction programs, when taken with normal attrition (most of which will not be backfilled), have resulted in History Colorado's employment levels having been reduced from 127 FTEs in July to 105 FTEs in October, a reduction of approximately 17%.

In conjunction with these actions, the current plan is to institute an organization-wide policy prohibiting any new hiring (new employees or backfills for employees departing in the future) without express approval of the executive director or board. This approval process will specifically evaluate the criticality of any future hires as regards the ability of the organization to carry out its responsibilities and mission, along with the ability of the position to enhance the organization's revenues (or the risk to revenues that might result from not making the hire). Other fiscal measures will be put in place to help the senior leaders better control spending. Senior staff will be provided with regular budget-to-actual information and will be held accountable for achieving budgetary goals.

In this process, the organization has been realigned to consolidate certain functions and eliminate others, the result being a much flatter organization. The agency does not currently expect to fill the Chief Operating Officer and Chief Financial Officer positions (but does anticipate replacing the President & CEO through a search process currently underway). An updated organization chart is attached as Exhibit H.

As part of this effort, the individual responsible for achieving tremendous results in developing, programming, and running one of the agency's most successful Community Museums (El Pueblo in Pueblo), Dawn DiPrince, has been promoted to be in charge of all of History Colorado's Community Museums statewide. She will remain located in Pueblo (and the organization has committed to hiring an additional staff member in Pueblo to help her backfill for her new responsibilities).

The interim leaders have placed special emphasis on breaking down the very serious organizational silos that have developed in the organization in recent years in an effort to build better collaboration and cooperation throughout the agency. Attention is being focused on developing senior leadership into a cross-functional team. In view of the lower employment levels that are likely to persist for years to come, managers are being urged to emphasize employee empowerment, pushing decision-making from higher to lower levels of the organization in responsible ways wherever possible.

At this point, the organization believes it now has in place a program designed to achieve a total of approximately \$2.0 million in annualized expense reductions on an ongoing basis (approximately \$1.2 million for FY 2015-16). With all of these actions, the organization currently projects that it will be able to reduce its deficit in FY 2015-16 from the \$2.0 million projected in March 2015 down to approximately \$0.8 million (excluding any authorized capital construction spending). With the benefit of a full year of savings from reductions in staffing, History Colorado believes it should be able to improve its result in FY2016-17 to something modestly better-than-breakeven (before any capital improvements), a two-year improvement of approximately \$2.2 million. Barring something unforeseen, it is the board's hope and expectation that the organization will now be positioned to continue at this minimum level of acceptable financial performance and hopefully significantly better than that as it evaluates possible revenue enhancement opportunities.

With this significant reduction in personnel and other expenses, the board is concerned that any further expense cuts at this time could threaten the organization's longer-term prospects. Therefore, the Board and senior staff have now turned attention away from further expense reductions and toward evaluating ways in which the organization might succeed in achieving the remaining \$1.0 million in the total targeted improvement of \$3.0 million. The focus will be on ways in which History Colorado might meaningfully grow its existing base of earned revenues, which is today comprised principally of admissions, memberships, development, educational programming, and rentals in ways that are consistent with the organization's dual mission of preserving Colorado's rich heritage and educating Coloradans and the State's visiting public about that heritage. Those efforts are just getting underway in earnest, but will focus on areas such as:

- New and interesting exhibit programming aimed at further enhancing an already significantly improved base of visitorship
- Expanded educational offerings for both K-12 school children and adults

- Renewed efforts in development and fundraising, particularly with respect to securing sponsorships for individual exhibits
- Increased private and local government investment in the Community Museums; one area seen as a potential risk to the dramatic efforts undertaken to improve the situation in FY 2015-16 is a possible revenue shortfall from the Community Museums against earlier expectations; the organization is committed to finding ways to resolve any such shortfall
- Enhanced efforts to develop strategic partnerships and greater collaboration with other cultural and academic institutions, particularly with sister agencies within the Department of Higher Education
- Reassessment of the organization's physical facilities and associated revenue-generating opportunities
- Explore History Colorado's relationship with the Colorado Historical Foundation and determine if the relationship can be strengthened or if a new dedicated foundation needs to be formed to meet the future needs of History Colorado.

FUND ANALYSIS

Attached as Exhibits A-F are a series of detailed charts reflecting an analysis, by fund, of the financial health of History Colorado, including a review (both history, current, and forecast) of all funding sources other than its "Sponsored Programs" revenue line item, which is a federally funded program area with a small cash match.

Statutory Fund Descriptions

Fund 5090 (Enterprise Revenues) (Exhibit A)—This fund represents the organizations earned income from sources such as museum admissions, donations, membership, rentals and the like.

Fund 4390 (Gaming Revenues—Minority Share) (Exhibit B)—History Colorado's museum operations receive a majority of their funding from a minority share (49.9%) of the State taxes on gaming revenues after payment of Gaming Commission expenses and mandated distributions to gaming communities and Community Colleges (Fund 4390). Information regarding the history gaming revenues is attached as Exhibit G. It should be noted that the Certificate of Participation (COP) payments relating to the construction of the History Colorado Center appearing in Exhibit B ("HCC MCF/COP") increase from approximately \$3.0 million to \$3.5 million in FY 2021-22 (and increases every five years thereafter by approximately \$0.5 million until 2040 when the payment reaches \$5.0 million per year).

Exhibit C simply reflects the combination of Fund 5090 (Enterprise Revenues) (Exhibit A) and Fund 4390 (Gaming Revenues—Minority Share) (Exhibit B) and since those two funds were, until the reconfiguration of the organization's funds in 2015, historically combined.

Fund 4390 (Gaming Revenues—Majority Share) (Exhibit D)—The majority share (50.1%) of the taxes on gaming revenues after payment of Gaming Commission expenses and mandated distributions to gaming communities and Community Colleges goes to the State Historical Fund to pay for the Fund's historic preservation grant program. This grant program is managed within the funds available.

Fund 22T0 (State Museum Cash) (Exhibit E)—This fund holds monies used strictly to support the maintenance of the History Colorado Center. The existing spending authority expires in FY2016-17. Unexpended monies will remain in the account, but will require future appropriation before they may be spent.

Funds 7230/7240/7250 (Restricted/Unrestricted Cash Donations) (Exhibit F)—These funds include monies received by the organization as donations for both restricted purposes and on an unrestricted basis. In FY2014-15 and previous years, 6.6 FTEs were funded from these sources; for FY2015-16 and future years, no employees are supported by these funds and all employees are funded from Funds 4390 or 5090.

Below is a summary of the expected impacts in FY2014-15, FY2015-16, and FY2016-17 on each of these funds. Further details appear in Exhibits A-F attached.

(amounts shown in thousands of dollars)

Fiscal Year	Fund No.	5090	4390 (Minority)	4390 (Majority)	22T0	7230/7240/7250
	Exhibit	A	B	D	E	F
FY15	Beginning Balance	\$537	\$4,426	\$11,652	\$5,190	\$1,854
	Annual Impact	\$41	\$(2,195)	\$1,035	\$(123)	\$971
	Ending Balance	\$578	\$2,231	\$12,687	\$5,067	\$2,825
FY16	Annual Impact	\$4	\$(838)	\$(491)	\$51	\$28
	Ending Balance	\$582	\$1,393	\$12,194	\$5,117	\$2,853
FY17	Annual Impact	\$4	\$13	\$391	\$51	\$29
	Ending Balance	\$585	\$1,407	\$12,584	\$5,168	\$2,882

Colorado Historical Foundation

In addition to the agency's statutory fund balances, the Colorado Historical Foundation holds approximately \$6.0 million on behalf of History Colorado. Of this amount, approximately \$1.5 million represents capital campaign funds that may be used to support the exhibition program at the agency. The balance represents other restricted donations and endowments.

CONCLUSION

It is fair to say that 2015 has been a challenging year for History Colorado, with its financial issues, the departure of a large portion of its senior leadership due to voluntary retirements, the complete makeover of its board selection process after 139 years, and the very painful changes it has been forced to implement in order to improve on its financial position. For a group so closely connected to history and historical preservation, many of whom are accustomed to taking on change only in small, carefully measured amounts, this year has truly been something akin to drinking from a fire hydrant.

However, the new, highly dedicated board of History Colorado now in place believes that with all of these difficult events, the agency has gone through a painful but necessary "organizational reset" that will provide a solid financial base from which its very committed and capable team of senior leaders and employees can now use to build on the many successes the organization achieved during the early years of this decade. We need only look across the street at the Denver Art Museum, which underwent a very similar experience in 2007-2009 after it completed the new Hamilton Building. In the face of similar circumstances, that institution did a similar "reset" and now finds itself prospering and highly successful. History Colorado looks forward to following a similar blueprint and positioning itself to be the financially secure and highly successful cultural gem that we know it is capable of becoming.

Attachments:

Exhibit

- A Budget Forecast – Fund 5090 – Enterprise Revenues
- B Budget Forecast – Fund 4390 – Gaming Revenues (Minority Share)
- C Budget Forecast – Funds 5090 + 4390 (Combined Enterprise Revenue + Gaming Revenues (Minority Share))
- D Budget Forecast – Fund 4390 – Gaming Revenues (Majority Share) (State Historical Fund)
- E Budget Forecast – Fund 22T0 (State Museum Cash Fund)
- F Budget Forecast – Funds 7230/7240/7250 (Restricted/Unrestricted Cash Donations)
- G Gaming Revenue History (Minority Share only)
- H History Colorado Organizational Chart (Summary)
- I Biographies of Members of History Colorado Board of Directors

A: HISTORY COLORADO -- Enterprise Revenue (Fund 5090) BUDGET FORECAST

Funding Source/Revenue	Actual				Forecast			
	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20
Earned Revenue from Operations ⁽¹⁾	\$ 1,593,662	\$ 1,642,663	\$ 1,956,765	\$ 3,522,293	\$ 3,522,293	\$ 3,592,739	\$ 3,664,594	\$ 3,737,886
Prior Year Revenue/Adjustments		\$ (1,359)	\$ 9,328					
Interest Income	\$ 6,870	\$ 5,254	\$ 2,601	\$ 3,764	\$ 3,764	\$ 3,980	\$ 4,019	\$ 4,059
Total Revenue	\$ 1,600,532	\$ 1,646,557	\$ 1,968,694	\$ 3,526,057	\$ 3,526,057	\$ 3,596,718	\$ 3,668,613	\$ 3,741,945
Expenses								
Operational Budget ⁽¹⁾	\$ 1,757,533	\$ 1,757,535	\$ 1,926,563	\$ 3,522,293	\$ 3,522,293	\$ 3,592,739	\$ 3,664,594	\$ 3,737,886
Prior Year Adjustment			\$ 1,182					
Total Expense	\$ 1,757,533	\$ 1,757,535	\$ 1,927,745	\$ 3,522,293	\$ 3,522,293	\$ 3,592,739	\$ 3,664,594	\$ 3,737,886
Annual Revenue to Expense Surplus/(Shortfall)	\$ (157,001)	\$ (110,978)	\$ 40,949	\$ 3,764	\$ 3,764	\$ 3,980	\$ 4,019	\$ 4,059
(4)								
Beginning Fund Balance	\$ 804,955	\$ 647,954	\$ 536,976	\$ 577,926	\$ 581,690	\$ 585,454	\$ 589,433	\$ 593,453
Ending Fund Balance	\$ 647,954	\$ 536,976	\$ 577,926	\$ 581,690	\$ 585,454	\$ 589,433	\$ 593,453	\$ 597,512
Inventory Ending Balance	\$ 228,816	\$ 217,763	\$ 187,503	\$ 187,503	\$ 187,503	\$ 187,503	\$ 187,503	\$ 187,503
Ending CASH Fund Balance	\$ 419,138	\$ 319,214	\$ 390,423	\$ 394,187	\$ 397,951	\$ 401,930	\$ 405,950	\$ 410,009

⁽¹⁾ Expense/Revenue Growth Rate flat for FY17 - 2% growth rate starting in FY18

B: HISTORY COLORADO -- Gaming Revenue (Fund 4390) BUDGET FORECAST

Funding Source/Revenue	Actual										Forecast					
	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20				
OAHF Federal Grant (Fund 100) Revenue ⁽¹⁾	\$ 757,246	\$ 927,387	\$ 763,558	\$ 789,507	\$ 910,217	\$ 826,305	\$ 803,146	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303				
Earned Revenue from Operations ⁽¹⁾	\$ 733,841	\$ 664,643	\$ 636,140	\$ 1,024,617	\$ 1,991,568	\$ 2,040,455	\$ 1,795,209	\$ 28,898								
Prior Year Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,778	\$ 382,778	\$ 382,778	\$ 405,745	\$ 405,745	\$ 405,745				
Majority (SHF) Indirect Costs Transfer ⁽²⁾																
Gaming Fund Interest - Minority	\$ 11,243,738	\$ 9,532,379	\$ 9,927,050	\$ 9,658,648	\$ 9,232,440	\$ 9,434,371	\$ 9,371,341	\$ 9,762,834	\$ 9,762,834	\$ 10,658,640	\$ 10,871,813	\$ 11,089,249				
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$ 12,734,825	\$ 11,267,120	\$ 11,553,467	\$ 11,638,638	\$ 12,271,763	\$ 12,385,952	\$ 12,455,319	\$ 11,377,465	\$ 11,393,390	\$ 12,340,757	\$ 12,591,770	\$ 12,848,570				
Total Revenue																
Expenses																
Operational Budget ⁽¹⁾	\$ 6,703,948	\$ 6,536,997	\$ 6,617,108	\$ 7,475,149	\$ 8,925,950	\$ 9,308,025	\$ 10,133,987	\$ 6,665,620	\$ 6,075,682	\$ 6,197,196	\$ 6,321,140	\$ 6,447,562				
Higher Education Indirect Costs																
HCC MCF/COP	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 1,919,648	\$ 3,021,000	\$ 3,021,718	\$ 3,021,835	\$ 3,021,815	\$ 3,021,813	\$ 3,021,860	\$ 3,021,543				
Regional Museum Preservation (Controlled Maintenance Transfer to Fund 4610)	\$ 1,050,556	\$ 641,183	\$ 634,856	\$ 489,296	\$ 598,102	\$ 528,172	\$ 495,513	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000				
Unemployment and Contingency Plan																
Internal Grants	\$ 186,269	\$ 122,427	\$ 121,979	\$ 120,379	\$ 128,899	\$ 129,689		\$ 400,000	\$ 250,000							
OAHF Federal Grant (Fund 100) Expense	\$ 757,246	\$ 927,388	\$ 763,557	\$ 789,507	\$ 910,217	\$ 826,305	\$ 803,146	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303				
Total Expense	\$ 11,698,019	\$ 10,227,994	\$ 10,137,500	\$ 8,874,331	\$ 12,488,895	\$ 13,813,191	\$ 14,649,768	\$ 12,215,293	\$ 11,380,052	\$ 11,081,315	\$ 11,230,552	\$ 11,382,408				
Annual Revenue to Expense Surplus/(Shortfall)	\$ 1,036,806	\$ 1,039,125	\$ 1,415,968	\$ 2,764,307	\$ (217,131)	\$ (1,427,239)	\$ (2,194,449)	\$ (837,828)	\$ 13,338	\$ 1,259,442	\$ 1,361,219	\$ 1,466,161				
Beginning Minority Fund Balance	\$ (186,269)	\$ 850,537	\$ 1,889,662	\$ 3,305,629	\$ 6,069,936	\$ 5,852,804	\$ 4,425,565	\$ 2,231,116	\$ 1,393,289	\$ 1,406,627	\$ 2,666,069	\$ 4,027,288				
Ending Minority Fund Balance	\$ 850,537	\$ 1,889,662	\$ 3,305,630	\$ 6,069,936	\$ 5,852,804	\$ 4,425,565	\$ 2,231,116	\$ 1,393,289	\$ 1,406,627	\$ 2,666,069	\$ 4,027,288	\$ 5,493,449				

⁽¹⁾ Expense/Revenue Growth Rate flat for FY17 - 2% growth rate starting in FY18

⁽²⁾ Indirect Costs Transfer from Majority fixed for 3 years then assumed 2% annual increase for next 3 years

⁽³⁾ Forecasting revenue to stay flat in FY17, then OSPB estimate FY18 and 2% yearly growth beginning in FY19

Actual Gaming Revenue Distribution - 28%			OSPB Gaming Revenue Forecast - 28%				
FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18
\$ 24,867,360	\$ 24,195,009	\$ 23,127,355	\$ 23,633,195	\$ 23,475,304	\$ 24,455,998	\$ 25,700,000	\$ 26,700,000

State POTS appropriation	
Fiscal Year	
FY-09	\$ 1,175,070
FY-10	\$ 857,464
FY-11	\$ 1,449,498
FY-12	\$ 1,308,785
FY-13	\$ 1,427,814
FY-14	\$ 2,057,692
FY-15	\$ 2,153,733
FY-16	\$ 2,252,957

C: HISTORY COLORADO -- Combined Gaming + Enterprise Revenue (Fund 4390+5090) BUDGET FORECAST
Museum Operations (Minority 49.9%)

Colorado Constitution Article XVIII, Section 9 requires that 28% of the Limited Gaming Fund be transferred to the State Historical Fund. Of that, 20% goes the Gaming Cities for preservation and restoration. C.R.S. 12-47-1-1201 specifies that of the remaining 80% in the State Historical Fund, the majority shall be used for Historic Preservation Grants and grant administration, and the rest (minority) used by the Historical Society as an educational institution to collect preserve Colorado's history and capital construction and controlled maintenance of properties owned and managed for the society.

The section below relates to the costs and revenues of the "minority" portion for running the History Colorado Center (HCC), the Regional Museums, the Collection of Historical Artifacts, Educational Programs, and Development/Fundraising of membership and donations to create new exhibits and the expenses of all staff to keep History Colorado running.

	Actual										Forecast							
	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-16	FY-17	FY-18	FY-19	FY-20	
Funding Source/Revenue																		
Federal Grant (Fund 100) Revenue ⁽¹⁾	\$ 757,246	\$ 927,387	\$ 763,558	\$ 789,507	\$ 910,217	\$ 826,305	\$ 803,146	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303	
Combined Earned Revenue from Operations ⁽¹⁾	\$ 1,706,280	\$ 1,656,778	\$ 1,644,520	\$ 2,651,341	\$ 3,585,230	\$ 3,683,118	\$ 3,751,974	\$ 3,522,293	\$ 3,522,293	\$ 3,841,907	\$ 3,943,744	\$ 4,042,482	\$ 3,522,293	\$ 3,522,293	\$ 3,841,907	\$ 3,943,744	\$ 4,042,482	
Prior Year Revenue																		
Majority (SHF) Indirect Costs Transfer ⁽²⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 382,778	\$ 405,745	\$ 405,745	\$ 382,778	\$ 382,778	\$ 405,745	\$ 405,745	\$ 405,745	
Combined Interest - Minority	\$ -	\$ 142,711	\$ 226,720	\$ 165,865	\$ 144,408	\$ 90,075	\$ 76,548	\$ 22,328	\$ 13,987	\$ 17,710	\$ 31,363	\$ 45,127	\$ 22,328	\$ 13,987	\$ 17,710	\$ 31,363	\$ 45,127	
Gaming Revenue - Minority (49.9%) ⁽³⁾	\$ 11,243,738	\$ 9,532,379	\$ 9,927,050	\$ 9,658,648	\$ 9,232,440	\$ 9,434,371	\$ 9,371,341	\$ 9,762,834	\$ 9,762,834	\$ 10,658,640	\$ 10,700,509	\$ 11,089,249	\$ 9,762,834	\$ 9,762,834	\$ 10,658,640	\$ 10,700,509	\$ 11,089,249	
Total Revenue	\$ 13,707,264	\$ 12,259,254	\$ 12,561,847	\$ 13,265,361	\$ 13,872,296	\$ 14,033,868	\$ 14,424,014	\$ 14,903,522	\$ 14,919,447	\$ 16,186,308	\$ 16,368,912	\$ 16,895,905	\$ 14,903,522	\$ 14,919,447	\$ 16,186,308	\$ 16,368,912	\$ 16,895,905	
Expenses																		
Combined Operational Budget ⁽¹⁾	\$ 7,646,622	\$ 7,492,546	\$ 7,526,652	\$ 8,594,652	\$ 10,683,483	\$ 11,065,560	\$ 12,060,550	\$ 10,187,913	\$ 9,597,975	\$ 9,741,945	\$ 9,888,074	\$ 10,036,395	\$ 10,187,913	\$ 9,597,975	\$ 9,741,945	\$ 9,888,074	\$ 10,036,395	
HCC MCF/CoP ⁽⁶⁾	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 1,919,548	\$ 3,021,000	\$ 3,021,718	\$ 3,021,835	\$ 3,021,815	\$ 3,021,813	\$ 3,021,860	\$ 3,021,543	\$ 3,021,835	\$ 3,021,815	\$ 3,021,813	\$ 3,021,860	\$ 3,021,543	
Regional Museum Preservation (Controlled Higher Education Indirect Costs	\$ 1,050,556	\$ 641,183	\$ 634,856	\$ 489,296	\$ 598,102	\$ 528,172	\$ 499,988	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	
Maintenance Transfer to Fund 4610)							\$ 195,404	\$ 164,549	\$ 195,000	\$ 195,000	\$ 195,000	\$ 195,000	\$ 164,549	\$ 195,000	\$ 195,000	\$ 195,000	\$ 195,000	
Unemployment and Contingency Plan							\$ -	\$ 400,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 400,000	\$ 250,000	\$ -	\$ -	\$ -	
Internal Grants	\$ 186,269	\$ 122,427	\$ 121,979	\$ 120,379	\$ 128,899	\$ 129,689	\$ 129,689	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	
Federal Grant (Fund 100) Expense	\$ 757,246	\$ 927,388	\$ 763,557	\$ 789,507	\$ 910,217	\$ 826,305	\$ 803,146	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303	\$ 1,213,289	\$ 1,237,555	\$ 1,262,306	\$ 1,287,552	\$ 1,313,303	
Total Expense	\$ 12,640,693	\$ 11,183,544	\$ 11,047,044	\$ 9,993,834	\$ 14,240,350	\$ 15,570,726	\$ 16,580,806	\$ 15,737,586	\$ 14,902,345	\$ 14,902,345	\$ 14,821,064	\$ 15,166,241	\$ 15,737,586	\$ 14,902,345	\$ 14,821,064	\$ 14,992,486	\$ 15,166,241	
Annual Revenue to Expense Surplus/(Shortfall)	\$ 1,066,571	\$ 1,075,711	\$ 1,514,803	\$ 3,271,527	\$ (368,054)	\$ (1,536,858)	\$ (2,156,793)	\$ (834,064)	\$ 17,102	\$ 1,365,245	\$ 1,376,426	\$ 1,729,664	\$ (834,064)	\$ 17,102	\$ 1,365,245	\$ 1,376,426	\$ 1,729,664	
Beginning Minority Cash Balance - Combined	\$ (166,500)	\$ 900,070	\$ 1,934,528	\$ 3,420,919	\$ 6,665,611	\$ 6,271,942	\$ 4,744,779	\$ 2,587,987	\$ 1,753,923	\$ 1,771,025	\$ 3,136,270	\$ 4,512,696	\$ 2,587,987	\$ 1,753,923	\$ 1,771,025	\$ 3,136,270	\$ 4,512,696	
Ending Minority Cash Balance - Combined	\$ 900,071	\$ 1,934,528	\$ 3,420,919	\$ 6,665,611	\$ 6,278,020	\$ 4,746,138	\$ 2,587,987	\$ 1,753,923	\$ 1,771,025	\$ 3,136,270	\$ 4,512,696	\$ 6,242,360	\$ 1,753,923	\$ 1,771,025	\$ 3,136,270	\$ 4,512,696	\$ 6,242,360	

Actual Gaming Revenue Distribution - 28%						OSPB Gaming Revenue Forecast - 28%			
FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18
\$ 28,165,675	\$ 23,878,704	\$ 24,867,360	\$ 24,195,009	\$ 23,127,355	\$ 23,633,195	\$ 23,475,304	\$ 24,455,998	\$ 25,700,000	\$ 26,700,000

Fund balance

FY09 to FY15 - Fund balance was \$0.9 million in FY09, \$6.7 million in FY12, and has declined by \$4.1 million over three fiscal years to \$2.6 million at the end of FY15.
 Projection - Fund balance is projected to further decline by \$.8 million in FY16. However, after reductions are realized in FY16 and FY17, revenues are expected to exceed expenditures and fund balance will grow on an annual basis. By FY20, fund balance is projected to be back in the \$6 million range.

Revenue

FY09-15 - Total revenue has increased by \$0.7 million from \$13.7 million in FY09 to \$14.4 in FY15, mostly due to an increase in combined earned revenues from operations. Gaming revenue (minority share of 49.9%) declined from \$11.2 million in FY09 to \$9.5 million in FY10. From FY11 to FY15, gaming revenue (minority share of 49.9%) has been between \$9.2 million and \$9.9 million.
 Projection - Total revenues is projected to stay flat until FY18. A 2% increase is projected from FY18 and on so that by FY20, total revenue is projected to be \$16.9 million.

Expense

FY09-15 - Total expense has increased by \$4 million from \$12.6 million in FY09 to \$16.6 million in FY15. Expense for the operational budget was relatively flat at \$7.5 million for FY09, FY10, and FY11.
 Projection - Total combined operational budget is projected to decrease by about 16% for FY16. FY16 includes a proposed reduction to operating expense of \$1.6 million. Total expense is projected to decrease further in FY17 after realizing all staff savings. In FY18, projections are at an increase of 2% a year so that by FY20, operating expenses are projected to be \$15 million.

2.0%

(1) Expense/Revenue Growth Rate flat for FY17 - 2% growth rate starting in FY18

(2) Indirect Costs Transfer from Majority fixed for 3 years then assumed 2% annual increase for next 3 years

(3) Forecasting revenue to stay flat in FY17, then OSPB estimate FY18 and 2% yearly growth beginning in FY19 2% annual increase for next 3 years

(4) COP Payment will increase by about \$500K to \$3.525M in FY22 with increases every five years until 2040 when it reaches \$4.998M

Fund Balance Issues

Gaming Fund has not performed as estimated in bond offering from 2008 to date
 Commencement of the COP payments in FY-13
 Unfunded POTS demand on budget has increased

Gaming Revenue Impacted by:

Commission lowered gaming tax in FY13. Governor replaced commission then tax returned to previous rate.
 Gaming Commission administrative cost increase of \$1M for law enforcement (costs taken out of total gaming revenue in FY-15)
 Amendment 50 (\$100 limit, roulette/craps, extended hours) meant less revenue for gaming fund via introduction of community college support.
 Reduced casino attendance from: 2008 economic downturn, Natural Disasters 2013 (spring fires and fall floods), smoking ban.

State POTS appropriation	
Fiscal Year	
FY-09	\$ 1,175,070
FY-10	\$ 857,464
FY-11	\$ 1,449,498
FY-12	\$ 1,308,785
FY-13	\$ 1,427,814
FY-14	\$ 2,057,692
FY-15	\$ 2,153,733
FY-16	\$ 2,252,957

D: HISTORY COLORADO - STATE HISTORICAL FUND -- Gaming Revenue (Fund 4390) BUDGET FORECAST
Preservation Grant Program (Majority 50.1%)

Colorado Constitution Article XVIII, Section 9 requires that 28% of the Limited Gaming Fund be transferred to the State Historical Fund. Of that, 20% goes to the Gaming Cities for preservation and restoration. C.R.S 12-47.1-1201 specifies that of the remaining 80% in the State Historical Fund, the majority shall be used for Historic Preservation Grants and grant administration, and the rest used by the Historical Society as an educational institution to collect preserve Colorado's history and capital construction and controlled maintenance of properties owned and managed for the society.

The section below relates to the "majority" portion for the Preservation Grants and staff who administer/manage the grants. Grants are awarded in typically two grant rounds. The amount awarded is gaming revenue for the fiscal year minus the operational budget, plus interest earned and any unpaid or expired grants.

	Actual										Forecast				
	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20			
Funding Source/Revenue															
Gaming Fund Interest - SHF ⁽¹⁾	\$ 1,189,256	\$ 709,829	\$ 390,884	\$ 219,868	\$ 143,152	\$ 145,219	\$ 178,377	\$ 126,844	\$ 121,936	\$ 125,842	\$ 123,472	\$ 128,928			
Prior Year Revenue	\$ 11,288,803	\$ 9,570,585	\$ 9,966,838	\$ 9,697,360	\$ 9,269,444	\$ 9,472,184	\$ 9,408,902	\$ 9,801,964	\$ 10,181,690	\$ 10,453,240	\$ 10,662,304	\$ 10,875,550			
Gaming Revenue - SHF (50.1%) ⁽¹⁾	\$ 12,478,059	\$ 10,280,414	\$ 10,357,722	\$ 9,917,228	\$ 9,412,596	\$ 9,617,404	\$ 9,589,944	\$ 9,928,808	\$ 10,303,625	\$ 10,579,082	\$ 10,785,776	\$ 11,004,479			
Expenses															
Operational Budget ⁽¹⁾	\$ 1,347,817	\$ 1,333,035	\$ 1,298,245	\$ 1,444,582	\$ 1,412,553	\$ 1,550,943	\$ 1,361,894	\$ 1,558,059	\$ 1,589,220	\$ 1,621,005	\$ 1,653,425	\$ 1,686,493			
Majority (SHF) Indirect Costs Transfer to Minority			\$ 4,000,000	\$ 4,000,000	\$ 4,000,000		\$ 382,778	\$ 382,778	\$ 382,778	\$ 405,745	\$ 405,745	\$ 405,745			
Dome/Chambers Restoration Transfer (Statute)	\$ 16,410,524	\$ 13,787,116	\$ 10,393,349	\$ 10,152,744	\$ 6,784,207	\$ 5,932,334	\$ 6,377,481	\$ 7,478,747	\$ 7,941,001	\$ 8,789,353	\$ 8,180,960	\$ 8,567,315			
Historic Preservation Grants (5yr term)	\$ 17,758,341	\$ 15,120,151	\$ 15,691,593	\$ 15,597,326	\$ 12,196,760	\$ 7,483,277	\$ 8,555,094	\$ 10,419,584	\$ 9,913,000	\$ 10,816,103	\$ 10,240,129	\$ 10,659,553			
Total Expense	\$ (5,280,282)	\$ (4,839,737)	\$ (5,333,871)	\$ (5,680,099)	\$ (2,784,164)	\$ 2,134,127	\$ 1,034,850	\$ (490,776)	\$ 390,626	\$ (237,021)	\$ 545,647	\$ 344,926			
Annual Revenue to Expense Surplus / (Shortfall)	\$ 33,436,199	\$ 28,155,917	\$ 29,316,181	\$ 17,982,310	\$ 12,302,211	\$ 9,518,048	\$ 11,652,175	\$ 12,684,359	\$ 12,193,583	\$ 12,584,209	\$ 12,347,188	\$ 12,892,834			
Beginning Majority Fund Balance	\$ 28,155,917	\$ 23,316,181	\$ 17,982,310	\$ 12,302,211	\$ 9,518,048	\$ 11,652,175	\$ 12,687,024	\$ 12,193,583	\$ 12,584,209	\$ 12,347,188	\$ 12,892,834	\$ 13,237,761			
Ending Majority Fund Balance	\$ 22,017,416	\$ 21,037,643	\$ 15,534,992	\$ 11,054,440	\$ 7,344,587	\$ 10,540,189	\$ 11,868,101	\$ 12,193,583	\$ 12,584,209	\$ 12,347,188	\$ 12,892,834	\$ 13,237,761			
Cumulative Encumbrances															
(amount of Grants awarded but undistributed)															

Actual Gaming Revenue Distribution - 28%					OSPB Gaming Revenue Forecast - 28%				
FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18
\$ 28,165,675	\$ 23,878,704	\$ 24,867,360	\$ 24,195,009	\$ 23,127,355	\$ 23,633,195	\$ 23,475,304	\$ 24,455,998	\$ 25,403,417	\$ 26,080,937

Fund balance
 FY09 to FY15 - Fund balance has declined by \$15.5 million from \$28.2 million in FY09 to \$12.7 million in FY15. Most of this decline is due to transfers for the Dome Restoration and timing of expenditures. History Colorado operates this fund so that commitments never exceed spending authority or revenue (whichever is lower) for the year. This internal control ensures that the fund balance should never be a deficit.
 Projection - Fund balance is projected to increase to \$13.2 million in FY20, primarily due to higher gaming revenue (50.1% share).

Revenue
 FY09-15 - Total revenue has declined by \$2.9 million from \$12.5 million in FY09 to \$9.6 million in FY15, mostly due to a decline in gaming revenue from FY09 to FY10 of \$1.7 million and a \$1.0 million decline in gaming fund interest for FY09-FY15 reflecting lower interest earned as the fund balance has decreased.
 Projection - Revenues are projected to increase every year by about 2.5% a year so that by FY20, total revenue is projected to be \$11 million.

Expense
 FY09-15 - Total expense has declined by \$9.2 million from \$17.8 million in FY09 to \$8.6 million in FY15. Expenses include a transfer to the Dome Restoration project of \$4.0 million in FY11, FY12, and FY13 and \$.5 million in FY15 (total of \$12.5 million). Total expense also includes historic preservation grants which have declined by \$10.1 million from \$16.4 million in FY09 to \$6.3 million in FY15.
 Projection - Total expense is projected between \$9.6 million to \$10.8 million in FY20, primarily reflecting timing of expenditures as well as additional transfers to the Dome Restoration of \$1.0 million in FY 16.

⁽¹⁾ Expense Growth Rate for Forecast: 1.0%
⁽²⁾ Interest Income assumes interest rate of 1% on fund beginning balance
⁽³⁾ OSPB estimate FY16 - FY18, 2% yearly growth beginning in FY19

E: HISTORY COLORADO -- State Museum Cash Fund (Fund 2270) BUDGET FORECAST

The State Museum Cash Fund was created by S.B. 08-206 for the sale of the old 1300 Broadway museum to Judicial, the purchase of 1200 Broadway for HC, the building of the museum History Colorado Center (HCC), and the build-out of exhibits and exhibit spaces within HCC. Since the statute allows the building of exhibits, all exhibit expenses have been run through this account even though Foundation Grants/Donations from the Capital Campaign were raised for certain specific exhibits expenses. HC staff would then bill the Foundation for reimbursement of those expenses. Going forward any Foundation reimbursements will be run through the Donation Funds (72xx) as we wind down HCC build-out. As part of the Bond (COP) indentures, certain cash balances are required to be maintain for Controlled Maintenance, CHS/CJC Board legal funds, and HCC Emergency Repairs. These balances will grow with interest and will be closed when the HCC building is paid for (year 2045) and turned over the state as a real asset.

Funding Source/Revenue	Actual										Forecast			
	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20		
Foundation Transfers	\$ -	\$ -	\$ 2,030,107	\$ 4,722,327	\$ 2,911,609	\$ 1,392,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
HCC MCF Transfers from Gaming (Statutory)	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Judicial Transfers (\$25M over 3yrs)	\$ 13,997,721	\$ 10,000,000	\$ 1,002,279	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Interest Income (2)	\$ 138,995	\$ 253,897	\$ 336,168	\$ 134,858	\$ 60,710	\$ 41,601	\$ 50,619	\$ 50,619	\$ 51,172	\$ 51,683	\$ 52,200	\$ 52,722		
Total Revenue	\$ 17,136,716	\$ 12,253,897	\$ 5,368,555	\$ 4,857,185	\$ 2,972,319	\$ 1,434,002	\$ 50,619	\$ 50,619	\$ 51,172	\$ 51,683	\$ 52,200	\$ 52,722		
Expenses														
Exhibit expenses funded by Capital Campaign														
HCC construction and build-out	\$ 11,861,777	\$ 2,079,905	\$ 2,669,585	\$ 11,153,284	\$ 1,129,007	\$ 248,409	\$ 173,846	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Expense	\$ 11,861,777	\$ 2,079,905	\$ 4,699,692	\$ 15,003,673	\$ 3,859,302	\$ 2,379,216	\$ 173,846	\$ -	\$ -	\$ -	\$ -	\$ -		
Annual Revenue to Expense Surplus/(Shortfall)	\$ 5,274,939	\$ 10,173,992	\$ 668,862	\$ (10,146,488)	\$ (886,984)	\$ (945,214)	\$ (123,227)	\$ 50,619	\$ 51,172	\$ 51,683	\$ 52,200	\$ 52,722		
Beginning Fund Balance	\$ -	\$ 5,274,939	\$ 15,448,930	\$ 16,117,792	\$ 5,963,804	\$ 5,798,547	\$ 5,189,766	\$ 5,066,539	\$ 5,117,158	\$ 5,168,330	\$ 5,220,013	\$ 5,272,213		
Ending Fund Balance	\$ 5,274,939	\$ 15,448,930	\$ 16,117,792	\$ 5,971,304	\$ 5,076,821	\$ 4,853,333	\$ 5,066,539	\$ 5,117,158	\$ 5,168,330	\$ 5,220,013	\$ 5,272,213	\$ 5,324,935		
Deferred Revenue	\$ -	\$ -	\$ 1,958,998	\$ 288,836	\$ 310,990	\$ 336,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Ending CASH Fund Balance	\$ 5,274,939	\$ 15,448,930	\$ 18,076,791	\$ 6,260,141	\$ 5,387,810	\$ 5,189,766	\$ 5,066,539	\$ 5,117,158	\$ 5,168,330	\$ 5,220,013	\$ 5,272,213	\$ 5,324,935		

Fund balance

FY09 to FY15 – Fund balance has decreased by \$0.2 million from \$5.3 million in FY09 to \$5.1 million in FY15. This fund has been used to pay for History Colorado's cash share of construction of 1200 Broadway as well as exhibit build out.

Revenue

Projection – Fund balance is projected to remain relatively constant at \$5.0 million. This amount includes \$3.5 million for controlled maintenance that is not available until 2045.

Expense

FY09-15 – Total revenue from FY09 to FY11 included transfers from Gaming, and from Judicial for construction of the 1200 Broadway building and exhibits. Revenue also has included transfers from the Foundation to fund the building and exhibits.

Projection – Going forward, revenues are projected to be about \$50,000 per year reflecting interest on the fund balance.

FY09-15 – Total expense included 1200 Broadway building and exhibits from FY09 to FY15.

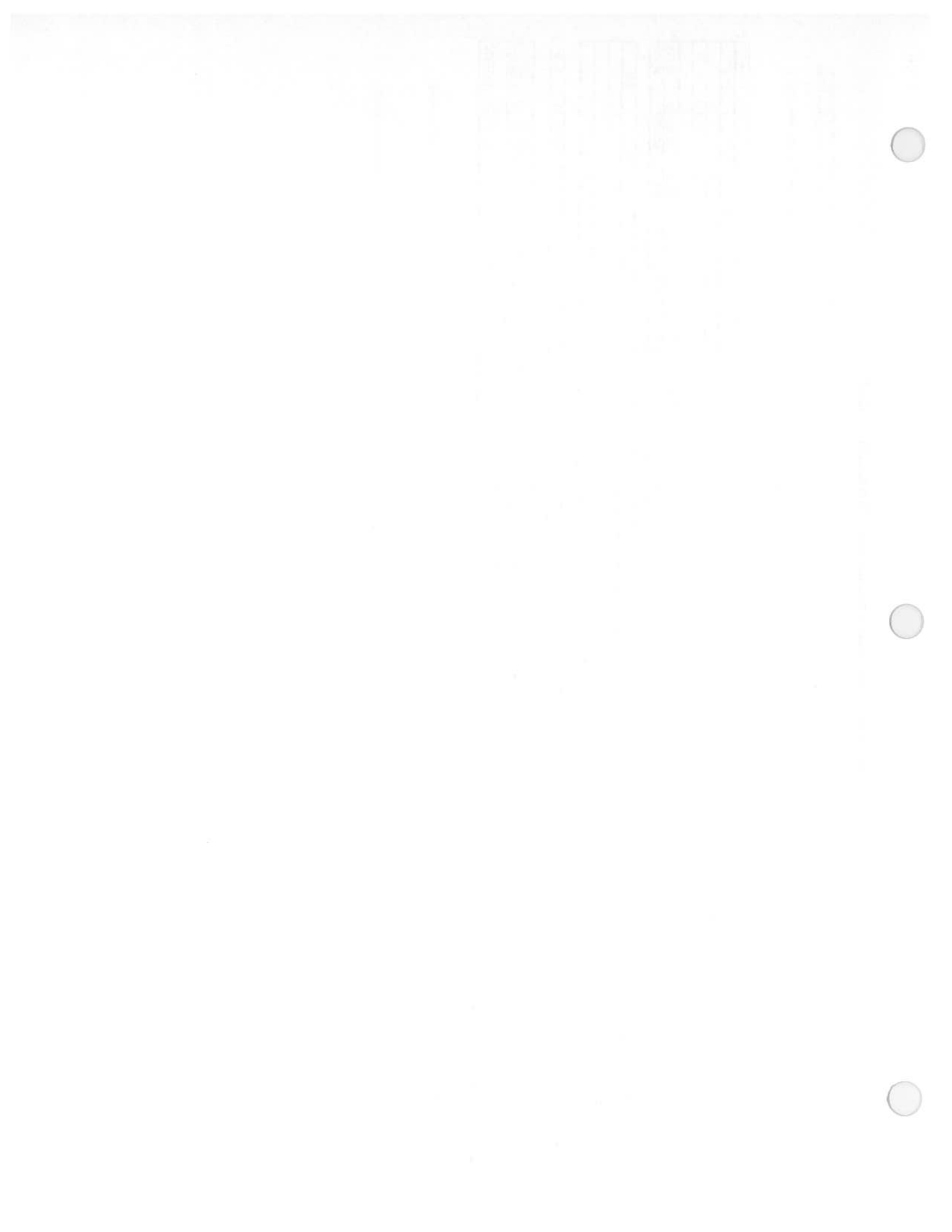
(1) Expense/Revenue Growth Rate for Forecast: TBD

(2) Interest income assumes interest rate of 1% on fund beginning balance

Assumptions/Adjustments

Deferred Revenue balance sheet account will no longer be used.

Controlled Maintenance amount is required to be \$3M and grow with interest, remainder may be used for exhibit buildout
Capital Campaign expenses to be reimbursed by the Foundation will no longer be run through 2270



F: HISTORY COLORADO -- Restricted/Unrestricted Cash Donations (Funds 7230/7240/7250) BUDGET FORECAST

Donations come from individuals at each of the regional museums, HCC (History Colorado Center), and fundraising efforts of the Development team. These donations are grouped by Unrestricted (can be used for any purpose) or Restricted (must be used for a specific purpose... examples: Byers Evans museum, post cards, 1968 Exhibit, etc.). Generally, cash received by HC staff goes into the state treasury funds listed below, some Development efforts generate donations to the Foundation which is outside the state treasury. Foundation money is then used for specific purposes via a reimbursement check billed quarterly by HC accounting/finance personnel.

Funding Source/Revenue	Actual										Forecast			
	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20		
7250 Donations/Foundation Reimbursements ^(b)	\$ 441,851	\$ 243,367	\$ 525,920	\$ 1,284,531	\$ 1,353,266	\$ 1,413,289	\$ 2,946,538	\$ 359,475						
7240 Unrestricted Donations ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ 74,735	\$ 47,016	\$ 1,635	\$ 125,000						
Combined Interest Income ⁽²⁾	\$ 37,292	\$ 29,801	\$ 26,964	\$ 23,266	\$ 17,029	\$ 15,412	\$ 13,462	\$ 28,249	\$ 28,532	\$ 28,817	\$ 29,105	\$ 29,396		
Total Revenue	\$ 479,144	\$ 273,168	\$ 552,884	\$ 1,307,798	\$ 1,445,030	\$ 1,475,717	\$ 2,961,635	\$ 512,724	\$ 28,532	\$ 28,817	\$ 29,105	\$ 29,396		
Expenses														
FTE and other expenses funded by 7250 Capital Campaign/Restricted Donations ⁽³⁾	\$ 442,481	\$ 243,367	\$ 525,920	\$ 1,320,361	\$ 1,353,266	\$ 1,051,885	\$ 1,781,862	\$ 359,475						
Board funded 7240 Unrestricted Donations ⁽¹⁾⁽⁴⁾	\$ -	\$ 5,000	\$ 64,000	\$ -	\$ 70,583	\$ 243,444	\$ 208,768	\$ 125,000						
7230 Hall Historical Marker Trust - Restricted ⁽⁵⁾	\$ 250	\$ -	\$ 2,377	\$ -	\$ -	\$ 250	\$ 8	\$ -						
Total Expense	\$ 442,731	\$ 248,367	\$ 592,297	\$ 1,320,361	\$ 1,423,849	\$ 1,295,578	\$ 1,990,638	\$ 484,475	\$ -	\$ -	\$ -	\$ -		
Annual Revenue to Expense Surplus / (Shortfall)	\$ 36,412	\$ 24,801	\$ (39,413)	\$ (12,563)	\$ 21,181	\$ 180,139	\$ 970,997	\$ 28,249	\$ 28,532	\$ 28,817	\$ 29,105	\$ 29,396		
⁽⁶⁾														
Beginning 72xx Fund Balance	\$ 622,541	\$ 658,953	\$ 683,754	\$ 644,341	\$ 631,778	\$ 652,958	\$ 1,853,914	\$ 2,824,910	\$ 2,853,160	\$ 2,881,691	\$ 2,910,508	\$ 2,939,613		
Ending 72xx Fund Balance	\$ 658,953	\$ 683,754	\$ 644,341	\$ 631,778	\$ 652,958	\$ 833,097	\$ 2,824,910	\$ 2,853,160	\$ 2,881,691	\$ 2,910,508	\$ 2,939,613	\$ 2,969,009		
Deferred Revenue (7250)	\$ 633,151	\$ 642,113	\$ 780,065	\$ 1,038,026	\$ 824,795	\$ 1,020,817	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Ending 72xx CASH Fund Balance	\$ 1,292,105	\$ 1,325,867	\$ 1,424,406	\$ 1,669,804	\$ 1,477,754	\$ 1,853,914	\$ 2,824,910	\$ 2,853,160	\$ 2,881,691	\$ 2,910,508	\$ 2,939,613	\$ 2,969,009		
Cash at Foundation - Capital Campaign Endowments at Foundation							\$ 1,449,811							
Other Cash - Temporarily Restricted							\$ 4,254,524							
							\$ 261,382							

Fund balance

FY09 to FY15 – Fund balance was \$1.3 million in FY09 and has increased to \$2.8 million in FY15. This fund includes restricted gifts, grants and donations.
 Projection – This fund has been placed on hold pending board approval

Revenue

FY09-15 – Total revenue has increased by \$2.5 million from \$0.5 million in FY09 to \$3.0 million in FY15, mostly due to the capital campaign reimbursements and moving deferred revenue to earned revenue.
 Projection – Revenue is projected to decrease as the capital campaign concludes.

Expense

FY09-15 – Total expense has increased by \$1.5 million from \$0.5 million in FY09 to \$2 million in FY15. Expense includes funding for 6.6 FTE for History Colorado who work on projects and also includes other expenses.

Accounting

Total expense is projected at \$0.5 million for FY16.
 This fund has had inconsistent accounting approaches for revenue and expenditures
 Schedule also includes the balance of cash at the Foundation.

(1) Growth Rate for Forecast:

TBD

(2) Amount is interest earned all 72xx funds. Interest income in forecast assumes interest rate of 1% on fund beginning balance

(3) Capital Campaign employed 6.6 FTE in FY15. There are no FTE funded here in FY16

(4) 7240 base budget needs \$125,000 annually for: tuition program, annual meeting, report and legislative liaisons

(5) Hall Historic Marker Trust will be used sporadically

Assumptions/Adjustments

Fund 7250 Deferred Revenue balance sheet account will no longer be used.

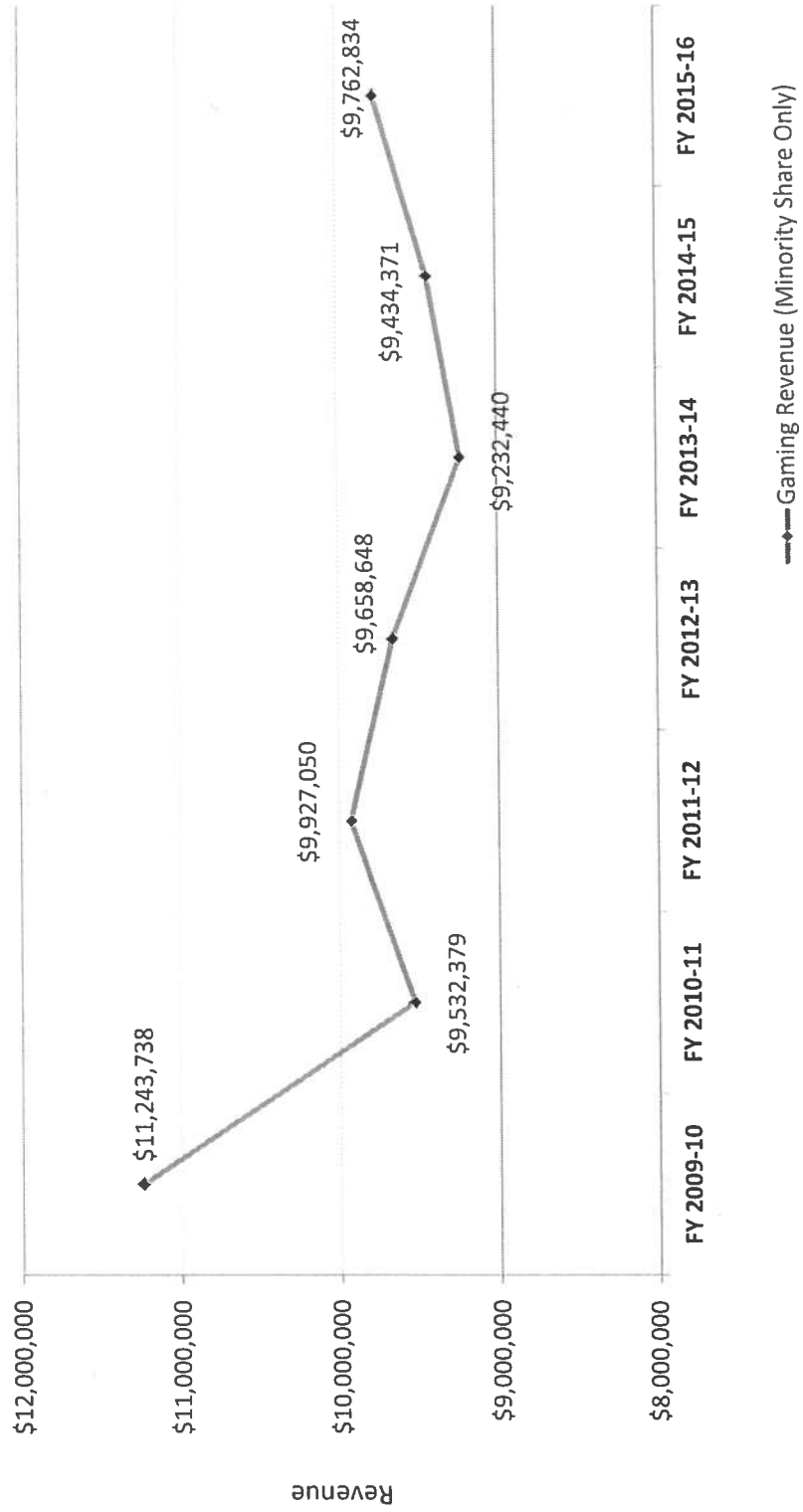
Governing Statutes

Funds 723, 724, 725 - C.R.S 24-80-209

Fund 725 (Restricted Gift/Grants/Donations) - C.R.S 24-80-208

Exhibit G

History Colorado
Gaming Revenues (Minority Share Only)
For the Fiscal Years 2009-10 to 2015-16



HISTORY COLORADO

(Colorado Historical Society)

Organizational Chart

09.29.15

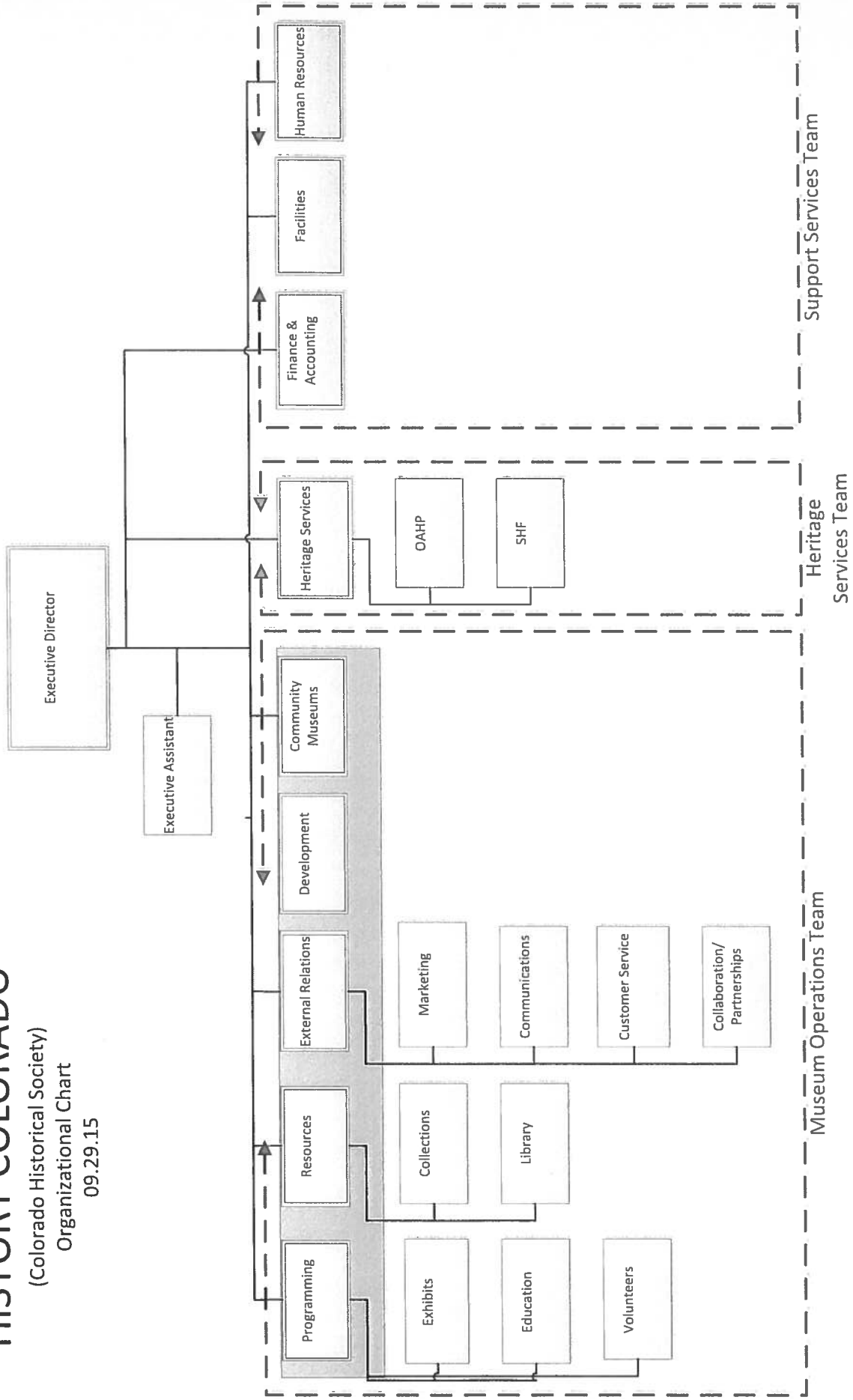


EXHIBIT I

Set forth below are brief biographies of the nine members appointed by the Governor to the Board of Directors of History Colorado following the passage of SB 15-225:

Ann Alexander Pritzlaff (Chair)

Ms. Pritzlaff is a consultant working in the areas of historic preservation, public lands, heritage education and tourism outreach and policy. Ann previously served as the State Historic Preservation Officer for the State of Arizona. She is an appointee to the State Historic Preservation Review Board for Colorado and was previously a Presidential appointee to the Advisory Council on Historic Preservation. She has been honored by numerous organizations for her work in the field of historic preservation. Her other board service includes the University of Colorado's Center for the American West and the National Western Stock Show Association, as well as serving on the advisory board for the National Trust for Historic Preservation. Ms. Pritzlaff is a graduate of Scripps College and the University of Vermont.

Marco Antonio Abarca

Mr. Abarca is the President & Owner of Ready Foods, Inc., a family-owned Denver custom food processor and purveyor of food products to restaurants nationwide. Marco grew up in North Denver and is a graduate of Yale University and Stanford Law School. He currently serves on the board of directors of the Latino Leadership Institute. He previously served as a member of the board of Latinos for Education Reform, KIPP Colorado, ACLU of Colorado, Colorado Enterprise Fund, and Historic Denver, Inc.

Cathey McClain Finlon

Ms. Finlon is the retired owner and Chief Executive Officer of McClain Finlon, a Denver advertising agency, as well as past President of the Denver Art Museum. Cathey has served as chair of the boards of Children's Hospital Colorado, Denver Metro Chamber of Commerce, Junior Achievement, and the Denver Advertising Federation. She currently chairs Denver Scholarship Foundation. Her other board service includes the Denver Art Museum, Denver Public Schools Foundation, Colorado Outward Bound, National Repertory Orchestra, Alliance for Contemporary Art, World Trade Center, and the American Association of Advertising Agencies. She has also served on the advisory boards of the University of Denver Daniels College of Business and the Center for Colorado's Economic Future at the University of Denver. She was named to the prestigious Colorado Business Hall of Fame and has received the Del Hock Lifetime Achievement Award. Ms. Finlon is a graduate of the College of Wooster (Ohio) and Penn State University.

Kenneth W. Lund

Mr. Lund is currently a Managing Director for PwC (PricewaterhouseCoopers LLP), a global accounting, auditing, and professional services firm. Ken previously served as Executive Director of the Governor's Office of Economic Development and International Trade for the State of Colorado, as well as Chief Legal Counsel to Governor Hickenlooper. His other board service includes the American Red Cross, the Denver Metro Chamber of Commerce,

the Denver Leadership Foundation, and the Metro Denver Sports Commission. He is a graduate of the University of Arizona and the University of Denver College of Law.

Robert E. Musgraves

Mr. Musgraves is the past President & Chief Operating Officer (North America) for Titanium Metals Corporation, one of the world's largest suppliers of titanium and titanium metal parts. He was previously a partner in the Denver office of Kirkland & Ellis, an international law firm. His other board service includes Historic Denver, Inc., Colorado Preservation, Inc., and HistoriCorps, along with the boards of several small, privately held companies. Mr. Musgraves is a graduate of Rice University and the University of Texas School of Law.

Rick Pederson

Mr. Pederson is chair of the Advisory Committee and a partner in Bow River Capital Partners, a Denver private equity firm, and the Chair of Foundation Properties, Inc., a Denver-based real estate management and consulting firm. Rick also serves as an advisor to investment funds sponsored by the Pauls Corporation. His board service includes Westcore Mutual Funds, ALPS ETF Trust, Principal Real Estate Income Fund, Biennial of the Americas, National Western Stock Show Association, Winter Park Recreation Association, and the Urban Land Conservancy. Mr. Pederson is a graduate of the University of Denver, the University of Denver School of Business, and the University of Denver School of Law.

Christopher W. Tetzeli

Mr. Tetzeli is an owner and President of 7S Management, a music management firm located in Denver. Chris was previously a Manager at Red Light Management, the largest independent band management firm in the world, and was a founder of ATO Records. His other board service includes the Denver Film Society, Wish of a Lifetime, and The Horizon (Colorado Academy). Mr. Tetzeli is a graduate of the University of Virginia.

Tamra J. Ward

Ms. Ward is the Founder and President of Ward & Associates LLC, a Denver public affairs consulting firm. Tamra was previously President & CEO of Colorado Concern, a statewide business advocacy organization. Her other past and present board service includes Mile High United Way, Komen Foundation of Colorado, ARC Thrift Stores, the State Board for Community Colleges & Occupational Education, and the Porter Adventist Hospital Foundation. Ms. Ward is a graduate of Baylor University.

Charles H. Woolley II

Charlie Woolley is the founder and CEO of St. Charles Town Company, a Denver-based real estate development firm specializing in adaptive reuse of historic buildings, affordable housing and urban infill development. Charlie's other board activities include service as chair of the Arts Student League of Denver, as well as service on the boards of Colorado Academy, the Downtown Denver Partnership, Historic Denver and the Denver Botanic Gardens. Charlie was the founding museum director of Four Mile Historic Park. Mr. Woolley is a graduate of the University of Massachusetts (Amherst) and the University of Denver School of Business.