

# COLORADO

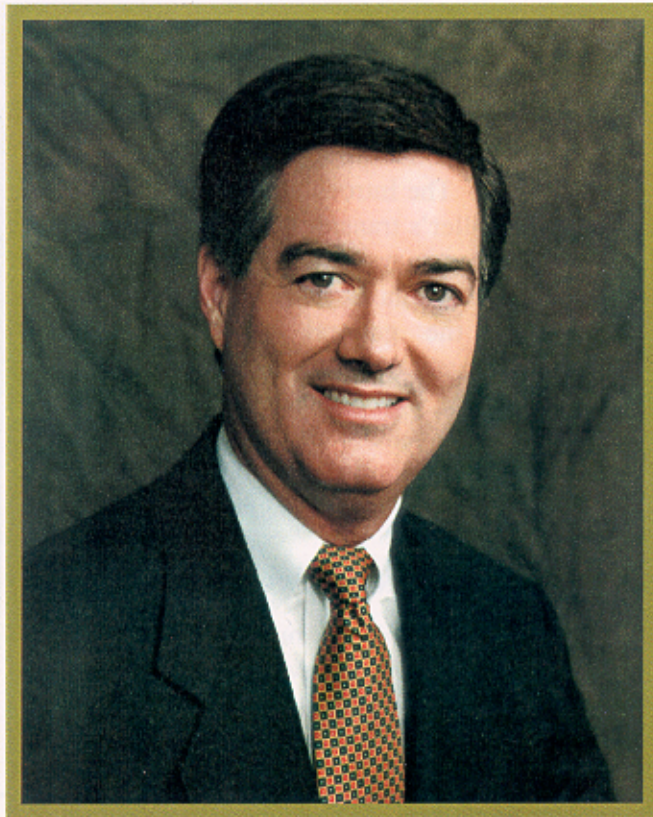


COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2001



# COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended June 30, 2001



**Bill Owens**  
**Governor**

Department of Personnel  
Larry E. Trujillo, Sr., Executive Director  
Arthur L. Barnhart, State Controller



**STATE OF COLORADO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2001**

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# INTRODUCTORY SECTION







# STATE OF COLORADO

**DEPARTMENT OF PERSONNEL &  
GENERAL SUPPORT SERVICES  
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Bill Owens  
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Arthur L. Barnhart  
State Controller

October 25, 2001

To the Citizens, Governor, and Legislators of the State of Colorado

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Colorado for the fiscal year ended June 30, 2001. This report is prepared by the Office of the State Controller and is submitted as required by Colorado Revised Statutes 24-30-204. The state controller is responsible for managing the finances and financial affairs of the state and is committed to sound financial management and governmental accountability.

We believe the financial statements are fairly presented in all material aspects. They are presented in a manner designed to set forth the financial position, results of operations, and changes in fund balances of the various fund types. All required disclosures have been included to assist the members of the General Assembly, the financial community, and the public in understanding the state's financial affairs.

The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles applicable to government as prescribed by the Governmental Accounting Standards Board (GASB), and are audited by the state auditor of Colorado. In addition to the general purpose financial statements, the CAFR includes: combining financial statements that present information by fund category; certain narrative information that describes the individual fund categories; supporting schedules; and statistical tables that present financial, economic, and demographic data about the state.

The funds and entities included in the CAFR are those for which the state is financially accountable based on criteria for defining the financial reporting entity as prescribed by GASB. The primary government is the legal entity that comprises the funds and account groups of the state, its departments, agencies, and state funded institutions of higher education. It also includes certain university foundations that have been included with the institution that is financially accountable for the foundation.

The state's elected officials are financially accountable for legally separate entities that qualify as component units. Financial results of the state's component units are discretely presented in the financial statements. The following entities qualify as component units of the state.

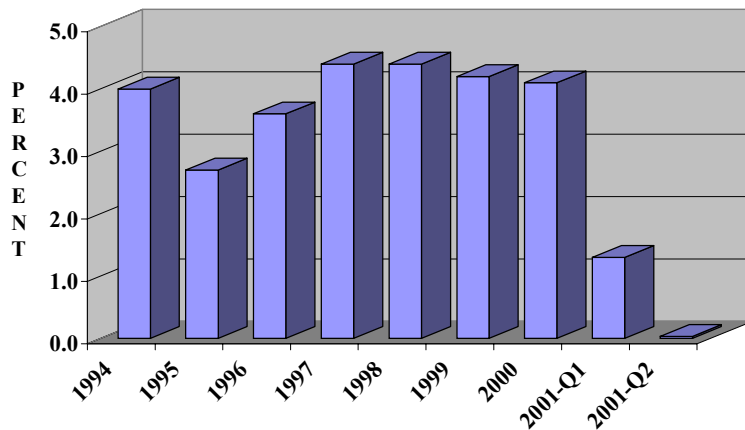
Denver Metropolitan Major League Baseball Stadium District  
 University of Colorado Hospital Authority  
 Colorado Water Resources and Power Development Authority  
 Colorado Uninsurable Health Insurance Plan (also known as CoverColorado)

Additional information about these component units and other related entities is presented in this report in Note I-A in the notes to the financial statements. Audited financial reports are available from each of these entities.

### ECONOMIC CONDITION AND OUTLOOK

In order to carry out budget formulation, the Office of State Planning and Budgeting (OSPB) estimates state revenues. In preparing those revenue estimates, OSPB analyzes the national and state economic conditions. The following synopsis is largely based on OSPB's analysis in the Colorado Economic Perspective that is dated September 20, 2001.

**PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT**



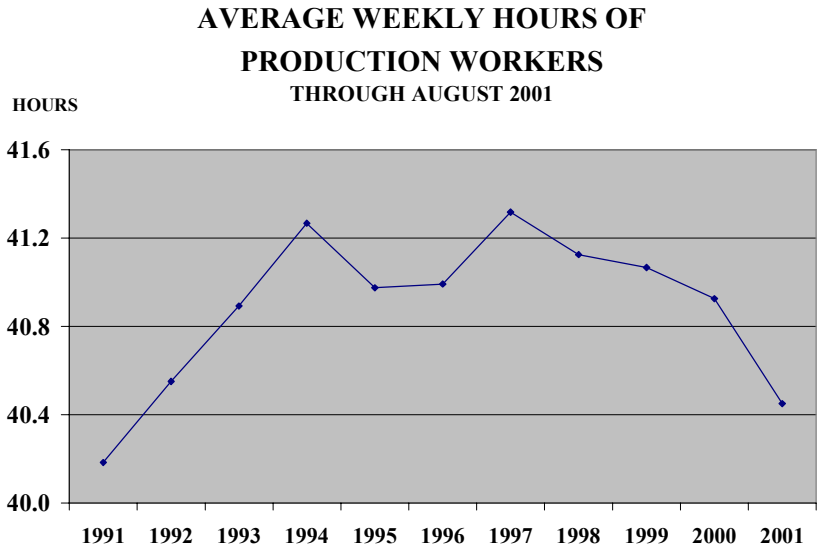
During the state Fiscal Year 2000-01, the national economy continued to grow – albeit at a significantly reduced pace. The near term direction of the economy was not clear at the time the September forecast was prepared. The U.S. Department of Commerce reported that real gross domestic product (GDP), the output of goods and services produced in the United States, increased at an annual rate of .3 percent in the second quarter of 2001. This followed a first quarter increase in real GDP at

an annual rate of 1.3 percent. While these amounts indicate a constricting economy, they do not qualify as a recession. However, these statistics do not reflect the impact of the September 11, 2001 terrorist's attacks on Washington and New York. Significant layoffs have occurred in the airline industry since that date, and hotels report layoffs and reduced work schedules due to occupancy rates near 50 percent. Thus, the travel and tourism industry will negatively impact GDP growth in the near future, and it is unclear the extent to which the general lack of certainty about the future will affect the overall economy.

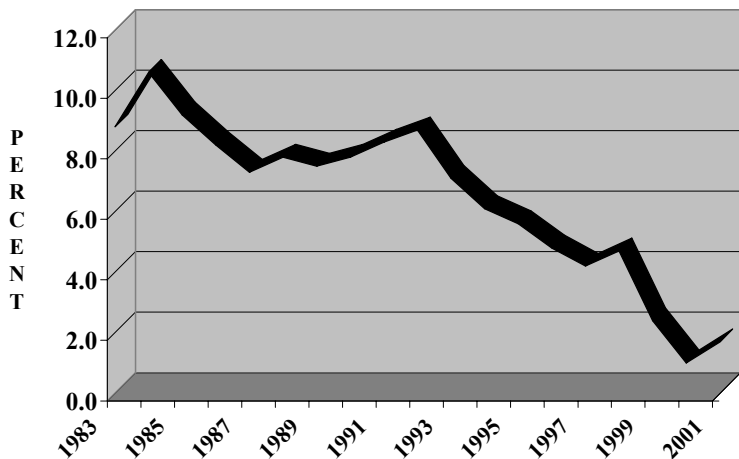
The primary factors affecting the limited growth in GDP currently are the continued, but waning, strength of consumer spending, the precipitous drop in business investment, the clearing of inventories, and nine consecutive interest rate reductions by the Federal Reserve Board. Consumer spending increased at an annual rate of 2.5 percent in the second quarter after averaging 4.7

percent increases over the previous 15 quarters. Total domestic investment declined for the fourth quarter in a row, led by a 14.6 percent decline in the annual rate of business investment. Part of the growth in consumer spending was related to consumers purchasing existing inventories – those inventories declined \$27.1 billion and \$38.3 billion, in the first and second quarter, respectively. These inventory reductions negatively impacted current GDP growth, but they bode well for future growth as manufacturers may replenish those inventories to support future consumer purchases.

Productivity indicators also show positive but anemic growth. Business output per hour increased 2.2 percent in the second quarter after no increase in the first quarter. However, this measure is tempered by the fact that the amount of time on the job for production workers is falling after maintaining unusually high rates through most of the economic expansion. The reduction in weekly hours is consistent with a recession in the manufacturing sector, which has contracted for thirteen consecutive months. That contraction is driving the continuing increase in the U.S. unemployment rate. Unemployment surged to 4.9 percent in August 2001 in a nearly continuous climb from its 21-year low of 3.9 percent in September 2000.



**PERSONAL SAVINGS AS A PERCENT OF  
DISPOSABLE PERSONAL INCOME**



Personal savings has begun to reflect the decrease in consumer spending. It increased to 1.7 percent in 2001 (through August) after hitting a low of 1.0 percent in 2000. The upturn in savings is consistent with a decline in consumer confidence due to the highly publicized stock market woes and the general economic constriction. While this increase in the savings rate augurs well for the consumer's ability to participate in a future economic recovery, it also represents an untimely reduction in spending that is likely to exacerbate

the current economic downturn. In an effort to stimulate borrowing, spending, and the economy in general, the Federal Reserve has lowered interest rates nine consecutive times. The current federal funds rate of 2.5 percent is .2 percent below the current rate of inflation, bringing into question the Federal Reserve's ability to stimulate the economy by increasing liquidity.

Before the events of September 11, 2001, OSPB made the following predictions for the national economy in preparing its Colorado economic forecast.

- Due to the intrinsic soundness of the national economy, inflation-adjusted GDP growth is expected to be 1.6, 2.6, and 3.4 percent in 2001, 2002, 2003, respectively, before slowing to sustainable rates of 2.5 to 2.8 percent through 2006.
- The overall inflation rate is expected to rise to 3.1 percent in 2001, 2.3 percent in 2002, and 3.0 percent or less through 2006.
- Unemployment will increase to 5.2 percent in 2002 and recede to 4.9 percent by 2006. These rates are high compared to recent years, but they are low in a historical context and are often considered full employment.

In identifying the risks to the national economy and its forecast, OSPB cites a slowing world economy and the possibility that the tax rebates and interest rate cuts will be inadequate to maintain consumer activity. Additionally, the terrorist attacks on New York and Washington will adversely affect the travel and tourism industry, but may stimulate the advanced technology industry as businesses seek data redundancy, increased security, and high tech alternatives to business travel.

Through Fiscal Year 2000-01, Colorado's economy outpaced the national economy. However, the stagnant growth at the national level has begun to seep into Colorado's economy. The following are some of the significant indicators of the condition of the Colorado economy:

- Nonfarm employment grew 3.0 percent through July 2001 as compared to year-to-date June 2000.
- Unemployment averaged 3.3 percent in July 2001 compared with a national rate of 4.5 percent.
- The number of residential housing permits grew 10.5 percent through July 2001 compared with year-to-date July 2000. The growth was predominantly in multi-family units.
- Retail sales were up 2.4 percent through June 2001.
- Through the first six months of 2001, the Denver-Boulder-Greeley consumer price index increased 5.4 percent.

While these indicators point to a strong economy, more recent information on the state's general revenue receipts indicate that the strength may not be long lived.

Construction has been the backbone of Colorado's booming economy during much of the past decade. Increased personal wealth from the stock market combined with low mortgage rates and significant immigration have made residential construction a significant driver of Colorado's economic growth. However, overbuilding and excess inventory, recent declines in the stock market, and a lower anticipated rate of immigration all conspire for a residential building downturn. OSPB forecasts home permits slowing to 6.2 percent growth for 2001, a 10.7 percent decline in 2002, and annual declines of .4 percent through 2006.

The value of nonresidential building construction has declined since 1999. Notwithstanding, this decline, retail and manufacturing construction have shown significant increases. However, the sustainability of this growth is dubious because increases in vacancy rates for office, retail, and industrial space are also observed. The state has scheduled \$1.2 billion of transportation



infrastructure construction to begin in the fall of 2001. This should support the construction sector as the excess inventory is absorbed.

The following is the OSPB forecast for Colorado's major economic variables:

- Nonfarm employment will grow 2.8 percent in 2001 and subsequently slow to 2.4 percent before returning to an average of 2.7 percent per year.
- Unemployment will average 3.1 percent in 2001 and steadily increase to 3.7 percent by 2006.
- Wages and total personal income will increase by 9.6 and 8.2 percent, respectively, in 2001. However, on an inflation-adjusted basis, personal income growth will be a more moderate 3.1 percent.
- Immigration is expected to slow to 58,000 residents per year through 2006 after having been as high as 77,000 in recent years.
- The Denver-Boulder-Greeley inflation rate is forecasted to be 4.9 percent in 2001 and then average 3.8 percent from 2001 to 2006.

## **MAJOR GOVERNMENT INITIATIVES**

Over the upcoming years, the state's finances will be significantly impacted by actions taken by three groups during state Fiscal Year 2000-01. Those actions include ballot measures passed by the Colorado voters, laws passed by the General Assembly, and federal tax changes enacted by Congress.

The voters approved two measures affecting the state's finances. Both measures affect state revenues under Article X, Section 20 (TABOR) of the State Constitution. Amendment 23 created the State Education Fund and reduced the General Fund revenues (and the TABOR refund) by \$164.3 million in the first six months of 2001 after it became effective. The amendment will reduce Fiscal Year 2001-02 General Fund revenues by an estimated \$330.3 million. Among other provisions, the amendment requires the legislature to increase per pupil spending by at least inflation plus one percent for the next ten years and by at least the rate of inflation thereafter. The voters also passed Referendum A, which requires the state to use part of the TABOR refund to reimburse local governments for lost revenues resulting from Referendum A's reduction of qualified senior citizen's property taxes. The Office of State Planning and Budgeting estimates Referendum A will reduce the TABOR surplus by \$44 million in 2002.

In the 2001 legislative session, the General Assembly enacted five permanent tax reductions (estimated at \$7.8 million for Fiscal Year 2002-03) to lower the collection of excess revenues under TABOR. Income taxes, sales and use taxes, and insurance premium taxes were all reduced. These actions followed a number of tax reductions enacted in the 2000 and 1999 legislative sessions. The 2001 tax reductions were smaller than those passed in prior years, but they were nonetheless significant. The permanent and temporary tax changes enacted over the past three years reduce estimated taxes by approximately \$894.6 million and \$926.5 million in Fiscal Years 2001-02 and 2002-03, respectively.

Federal tax law changes, while not initiated by state government, will have a significant impact on the state's finances. OSPB estimates that the federal tax law changes will reduce state revenues by \$330 million over the next five years. This is primarily because state income tax and estate tax

revenues are calculated based on federal amounts, which will be lowered due to phased reduction of federal estate tax and increases in IRA and 401k contribution limits.

During the 2001 session, the legislature authorized the transfer of the principal balance of the Controlled Maintenance Trust Fund (approximately \$244 million) to the General Fund on July 1, 2001. The transfer was intended to preserve the diversion of General Fund sales tax revenues to the Highway Fund (see page 19) , which is terminated when the General Fund reserve or expenditures drop below the statutory limits. However, it was later determined that Fiscal Year 2001-02 revenues would not be adequate to support the Highway Fund diversion, and the diversion was terminated in the Second Extraordinary Session of the Sixty-Third General Assembly in September 2001. Current law requires \$276.4 million to be transferred from the General Fund back to the Controlled Maintenance Trust Fund on July 1, 2002.

Notwithstanding the significant tax reductions in place, the Fiscal Year 2000-01 TABOR refund decreased only 1.5 percent below the prior year to \$927.2 million. Including the \$927.2 million, the state will have refunded \$3.25 billion since it first exceeded the TABOR revenue limitation in Fiscal Year 1996-97. In addition, the state has refunded an additional \$98.2 million in excess of the TABOR requirement due to a law that sets the sales tax refund at 105 percent of the TABOR requirement.

In the 2001 legislative session, the General Assembly again addressed ways of refunding the excess TABOR revenues by altering two existing mechanisms and adding three more – bringing the total to twenty. Nearly all of the mechanisms are dependent on the total refund exceeding certain thresholds. Significant changes in population growth estimates from the 2000 census will allow the state to retain a greater share of its Fiscal Year 2001-02 revenues, and OSPB estimates the refund for that year will be \$93.2 million. Many of the thresholds are significantly above this amount, and therefore, those mechanisms would not be in effect for the Fiscal Year 2001-02 refund to be paid in 2003. As a result, any refund is likely to be made through the earned income credit and the six-tier sales tax refund. OSPB estimates the single filer refund to average \$210 in 2002 and \$22 in 2003.

In November 1999, Colorado voters approved the issuance of \$1.7 billion of Transportation Revenue Anticipation Notes (TRANS) to fund the acceleration of specific transportation projects. The Department of Transportation issued \$524.36 million of TRANS on June 1, 2000 and \$506.37 million on June 16, 2001. (See Note IV-B page 79.) The department will use future federal transportation revenues and state matching funds to pay the principal and interest on the TRANS. Additional TRANS will be issued as work progresses on the construction projects. In addition, the state continued the diversion of 10 percent of sales tax receipts from the General Fund to the Highway Fund. During Fiscal Year 2000-01, the state diverted \$197.2 million to the Highway Fund. However as noted above, future diversions to the Highway Fund have been terminated.

## **BUDGETARY CONTROLS AND ACCOUNTING SYSTEMS**

The annual budget of the state for ongoing programs, except for federal and custodial funds, is enacted by the General Assembly. New programs are funded for the first time in the enabling legislation and continued through the Long Appropriations Act in future periods. For the most part, appropriations lapse at the end of the fiscal year unless extenuating circumstances prompt the state

controller to approve an appropriation rollforward. Capital construction appropriations are normally effective for three years.

The state records the budget in its accounting system along with federal awards and custodial funds of the various departments. Encumbrances are also recorded and result in a reduction of the budgeted spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. Encumbrances in the General Fund are not reported as a reservation of fund balance unless the related appropriations are approved for rollforward to the subsequent fiscal year. Fund balance is reserved for encumbrances that represent legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Special Revenue Fund.

The state's financial records for governmental type funds are accounted for on a modified accrual basis with the revenues recorded when available and measurable, while expenditures are recorded when goods or services are received or a liability is expected to be liquidated from current available resources. The state maintains proprietary and fiduciary fund type accounting records on the full accrual basis. That is, revenues are recorded when earned, and expenses, including depreciation, are recorded when incurred.

In developing the state's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets.

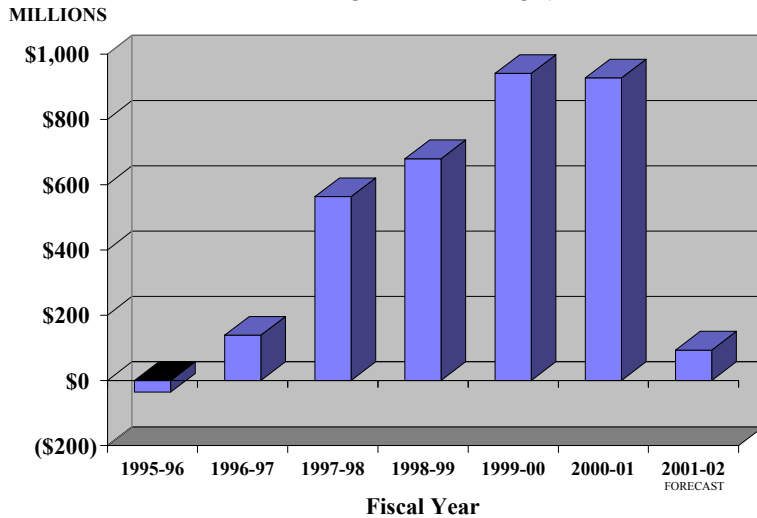
The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **FINANCIAL OVERVIEW**

Fiscal Year 2000-01 is the eighth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the State Constitution). With certain exceptions, the rate of growth of state revenues is limited to the combination of the percentage change in the state's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts, sales of property, refunds, damage recoveries, transfers, and qualified enterprise fund revenues.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the state to retain the surplus. TABOR also limits the General Assembly's ability to raise taxes and borrow money. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election. Multiple year borrowings can only be undertaken after approval by a vote of the people at the annual election.

**NON-EXEMPT REVENUES OVER (UNDER)  
THE TABOR LIMITATION**



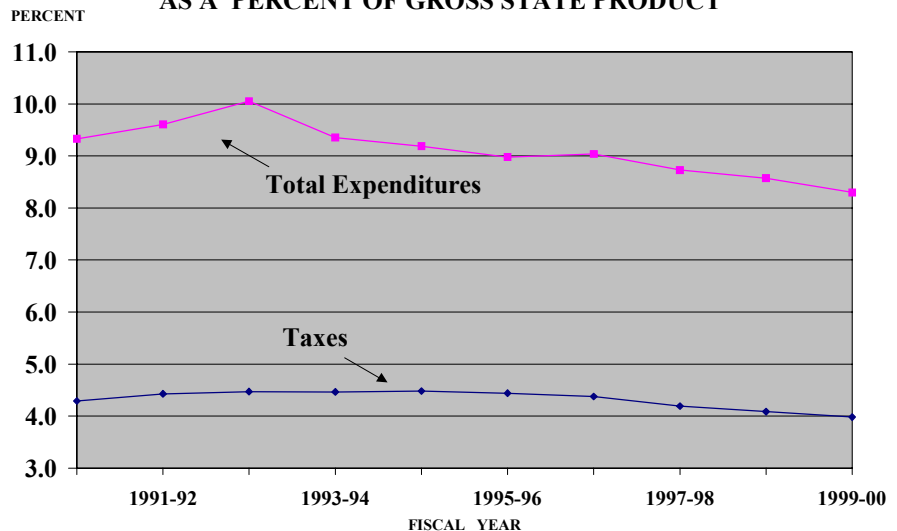
In the first three years of operation under TABOR, the state did not exceed the revenue limitation. In Fiscal Years 1996-97 through 2000-01, state revenues exceeded the TABOR limitation by \$139.0, \$563.2, \$679.6, \$941.1, and \$927.2 million, respectively. The state recorded a liability in the General Fund at June 30 for these amounts in each fiscal year. See Note II-D – Tax, Spending, and Debt Limitations in the notes to the financial statements for additional details.

Notwithstanding the tax reductions discussed above, the Office of State

Planning and Budgeting forecasts revenues greater than the TABOR amendment allows. However, the excess revenue is expected to be significantly lower due to an adjustment to the limit related to revisions of the population growth estimates.

TABOR controls state revenues by limiting their growth to the sum of inflation plus population increases. If, however, the state's economy grows at a rate above the percentage change in inflation and population then state revenues become a smaller percentage of Gross State Product (GSP). The chart at left shows the trend of state expenditures and tax revenues as a portion of GSP.

**STATE EXPENDITURES AND TAX REVENUE  
AS A PERCENT OF GROSS STATE PRODUCT**



This chart demonstrates several important points:

- State expenditures as a portion of GSP expand and contract even when tax revenues remain stable.
- Over the period covered by the graph, state tax revenues have remained between 3.98 and 4.29 percent of GSP. Federal revenues, which are primarily grants, and cash revenues, which are primarily exchanges for goods or services, funded much of the variation in state expenditures.
- The increase in total expenditure percentage between 1991 and 1993 was primarily the result of healthcare inflation under the Medicaid mandate and distributions to school districts to relieve local property tax burdens. The former was funded partially by federal



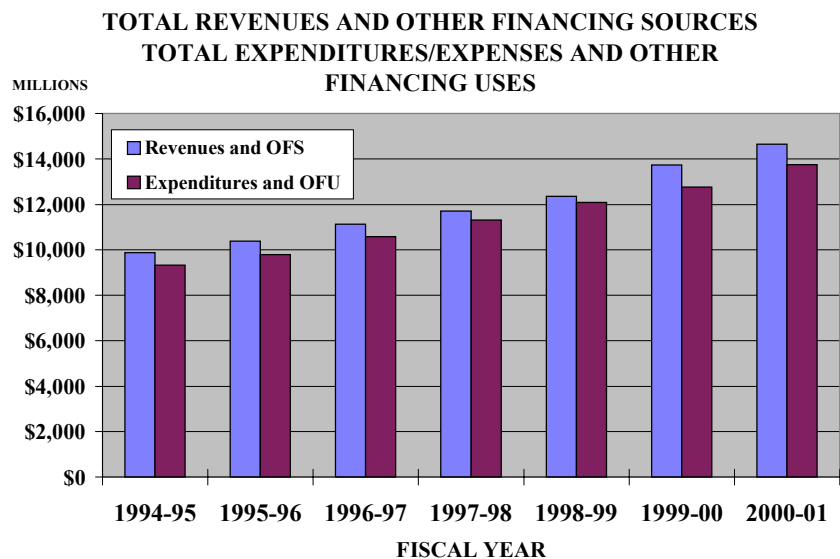
revenue and partially by general-purpose tax revenue, while the latter was funded primarily by general-purpose tax revenues. Neither required a tax increase.

- General tax revenue at 3.98 percent of GSP is at its lowest level in the period covered by the chart.

It is anticipated that state tax revenues will continue to decline relative to the GSP as long as the state's economy expands. If the economy were to contract abruptly, state revenues could rise as a percentage of the GSP in the short term. However, without a tax increase or retention of the TABOR surplus (both require a vote of the people), the long-term trend would remain downward.

The current combined balance sheet for the state's primary government shows total assets of \$17,683 million and liabilities of \$5,992 million. Under current accounting principles, this difference of \$11,691 million is the financial equity that the citizens of Colorado have in their state government. The state's current accounting practices do not include the recording of infrastructure on the state's books. Thus, the recorded equity is exclusive of such assets as highways, bridges, and parks. Similarly, there is no recording of the estimated cost to maintain those assets.

Total revenues and other financing sources for the primary government, excluding operating transfers-in and excess TABOR revenues, were \$14,657 million and \$13,738 million in Fiscal Years 2000-01 and 1999-00, respectively. In Fiscal Year 1999-00, the amount shown includes bond proceeds of \$539.2 million from Transportation Revenue Anticipation Notes (TRANS) issued by the Department of Transportation. Total expenditures/expenses and financing uses, excluding operating transfers-out were \$13,743 million and \$12,762 million in Fiscal Years 2000-01 and 1999-00, respectively.



For Fiscal Year 2000-01, various fund equity accounts changed from the beginning of the fiscal year due to differences between revenues, other financing sources, transfers-in, and expenditures, other financing uses, and transfers-out. The equity of the governmental fund types had a net increase of \$459.0 million primarily due to a General Fund decrease of \$228.7 million, a Special Revenue Fund increase of \$702.1 million, and a Capital Projects Fund decrease of \$18.1 million. The General Fund decline occurred primarily because general-purpose revenue growth was inadequate to cover increased spending and because \$164.3 million was diverted to the State Education Fund by Amendment 23. The increase in the Special Revenue Fund was primarily related to the TRANS issued by the Highway Users Tax Fund. The Special Revenue Funds also increased by \$168.8 million and \$48.1 million due to tax receipts and investment earnings of the State Education Fund and Labor Fund, respectively. The decrease in the Capital Projects Fund was the result of project expenditures exceeding transfers-in from the General Fund. The

combined fund equities of the colleges and universities increased by \$282.7 million primarily related to increases in capital assets recorded in the Plant Funds. In addition, Higher Education revenues and transfers from the state exceeded increases in spending by \$38.7 million. The Trust Fund equity increased by \$322.6 million. These funds are not available for state programs, and several factors contributed to the increase including:

- \$159.3 million increase in investments held for the Colorado Compensation Insurance Authority in an Investment Trust Fund due to participant additions and investment earnings,
- \$30.5 million increase in the State Lands from investments and rent,
- \$54.9 million increase in the Tobacco Litigation Settlement Trust Fund from contributions and investment income,
- \$48.6 million decrease in the Deferred Compensation Plan due to investment losses,
- \$34.9 million increase in the Scholar's Choice Fund from participant purchases.

### **GENERAL FUND ACTIVITIES**

The General Fund is the focal point in determining the state's financial position. This fund accounts for all revenues and expenditures that are not required by law to be accounted for in other funds. Revenues of the General Fund consist of two broad categories, general-purpose revenues and augmenting revenues. General-purpose revenues are taxes, fines, and other similar sources that are raised without regard to how they will be spent. Augmenting revenues consist of federal funds, transfers-in, cash fees and charges, or specific user taxes. Augmenting revenues are usually restricted as to how they can be spent.

The revised budget frequently varies from the original budget for several reasons. The departments submit their request for original budget about eight months in advance of the fiscal year. Therefore, conditions may have changed during the time the legislature evaluates and finalizes the original budget. In addition, mandated programs may have overruns beyond the department's control. When such overruns are anticipated, the legislature may enact a supplemental bill increasing the department's budget. Supplemental bills may also reduce a department's budget. In Fiscal Year 2000-01, the following significant variances occurred between original and revised general funded budget. (See page 34.)

- The Department of Corrections revised budget was \$2.8 million more than the original budget due to a supplemental appropriation to pay for increasing health care needs of an aging inmate population experiencing increasingly severe illnesses.
- The Department of Education revised budget was \$3.8 million less than the original budget due to several factors. Senate Bill 01-181 increased spending authority by \$.97 million for actual emergencies identified. Senate Bill 01-212, and others, decreased general fund spending authority a net amount of \$6.9 million primarily due to the legislature's identification of additional cash fund sources to use in funding the school finance program. The two bills mentioned also reduced general funding by \$1.1 million related to actual claim data submitted by local school districts under the program known as School Finance – Locally Negotiated Business Incentive Agreements. The Department's original budget

increased by \$3.0 million due to a rollforward of Fiscal Year 1999-00 spending authority for the Colorado Student Assessment Program.

- The Department of Health Care Policy and Financing revised budget exceeded the original budget by \$26.9 million primarily due to a legislative supplemental for increased medical services costs and a budget transfer from the Department of Human Services for Medicaid matching funds. The Medicaid program expenditures are mandated for the receipt of related federal funds.
- The Department of Human Services original budget exceeded the revised budget by \$7.8 million primarily due to the above-mentioned transfer to the Department of Health Care Policy and Financing for Medicaid matching funds.
- The Department of Revenue revised budget exceeded the original budget by \$3.9 million primarily due to the following supplemental appropriations. Spending authority was increased \$.7 million to fund court ordered backpay to revenue agents and \$.8 million to cover unanticipated increases in the number of driver's license documents issued. The Department also received a \$2.6 million supplemental appropriation to replace existing motor vehicle license plates.

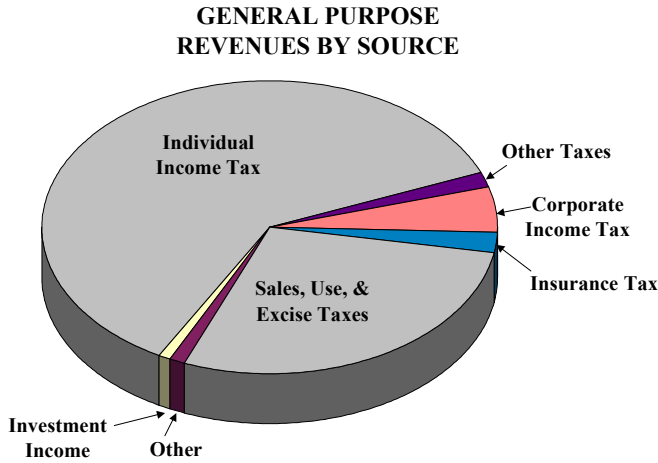
In Fiscal Year 2000-01, the following significant variances occurred between the revised general funded budget and the actual expenditures:

- The Department of Corrections actual general funded expenditures were \$6.1 million less than its revised budget primarily because the growth in inmate population was less than estimated. This resulted in lower costs for all inmate services especially in the anticipated payments to house state prisoners in private facilities.
- The Department of Education actual general funded expenditures were \$3.1 million less than the revised budget primarily due to a \$2.7 million approved rollforward for contracts and purchase orders to be filled in Fiscal Year 2001-02. The remaining difference was primarily due to the absence of legitimate claims to be paid under the Education Reform and Incentive Awards Programs for school districts.
- The Department of Health Care Policy and Financing general funded expenditures exceeded the revised budget by \$6.4 million primarily because Medicaid is an entitlement program, and the department is required to pay for the services provided to qualified clients. Because of this requirement, the department is statutorily allowed unlimited Medicaid overexpenditures. The \$6.4 million amount is not the same as reported in Note II-C of the General Purpose Financial Statements because it is combined with other line items where the revised budget exceeded actual expenditures.
- The Department of Revenue expenditures were \$6.2 million less than its revised budget. The largest single portion of this variance (\$5.1 million) occurred because the anticipated payments to individuals under the Old Age Heat Fuel Property Tax Program were less than expected due to increased individual earnings in the strong economy. The Department also experienced about \$.34 million of vacancy savings due to difficulties in recruiting employees for its information technology and motor vehicle programs.

In Fiscal Year 1997-98, the state began allocating 10 percent of the General Fund sales and use tax revenues to the Highway Users Tax Fund (HUTF). These revenues, which amounted to \$154.6,

\$170.4, \$188.9, and \$197.2, million in Fiscal Years 1997-98 through 2000-01, respectively, are no longer recorded as general-purpose revenues.

General-purpose revenues for Fiscal Years 2000-01 and 1999-00 were \$6,355 million and \$5,623 million, respectively, on the budgetary basis. Sales, use, and excise taxes increased by \$34.2 million

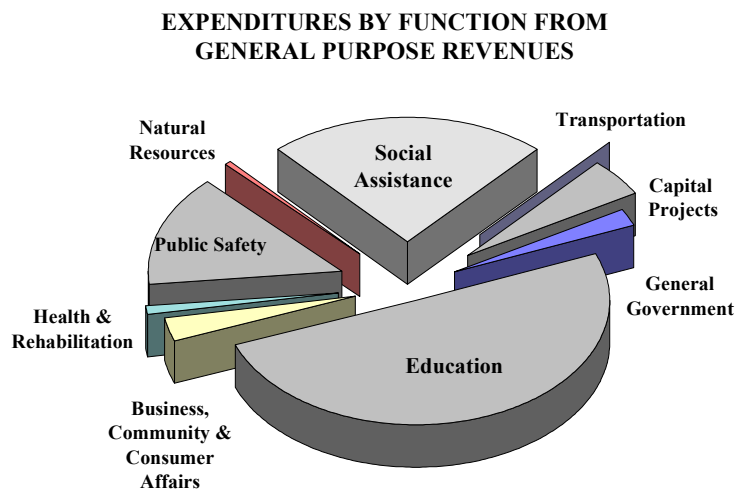


or 1.9 percent, and individual income taxes increased by \$148.7 million or 4.0 percent. In addition, corporate income tax increased by \$27.2 million or 9.4 percent, and other taxes (primarily estate and gaming taxes) increased by \$25.4 million or 28.8 percent. These increases demonstrate the continued strength of the Colorado economy through most of the year and the related increases in personal income. Other Revenues decreased by \$11.3 million or 15.5 percent primarily due to a change in the state's Medicaid Disproportionate Share Hospital program. The state no longer receives revenue that the hospitals formerly provided as

a match for federal Medicaid expenditures. In addition, there was a reduction in other revenues related to accounts payable estimates from the prior year that did not need to be paid.

On the budgetary basis and excluding the TABOR refund, total expenditures and transfers-out funded from general-purpose revenues during Fiscal Years 2000-01 and 1999-00 were \$5,739.0 million and \$5,318.0 million, respectively, a 7.9 percent increase (see page 95). The total annual increase in general funded expenditures is limited to six percent over the previous year with certain adjustments. The primary adjustments are for changes in federal mandates and lawsuits against the state. This limitation is controlled through the legislative budget process.

The Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 77.8 percent of all Fiscal Year 2000-01 general funded expenditures. Of the departments with substantial general funded expenditures, the most significant increases were in the Department of Education (\$102.0 million, 5.0 percent), Department of Health Care Policy and Financing (\$77.0 million, 8.1 percent), Department of Human Services (\$44.1 million, 8.6

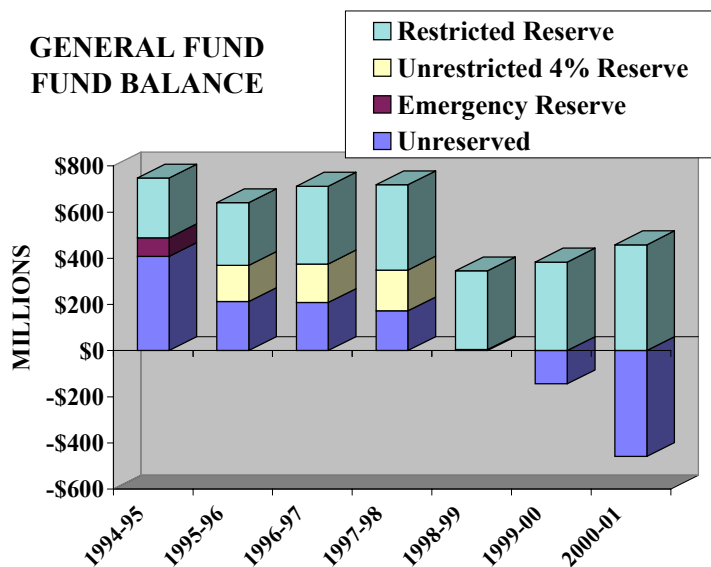


percent), and the Department of Corrections (\$36 million, 9.4 percent). The Department of Education increase was primarily related to inflation and growth in local public schools under its main program – School Finance. The increase in Department of Health Care Policy and Financing was primarily related to growth in the existing Medicaid program; however, the department also



received approximately \$18 million in new programs appropriations related to the tobacco settlement. The Department of Human Services increase was primarily related to replacing federal funds available only in the prior year (\$20.2 million), cost of living increases in the Child Welfare Services program (\$6.6 million) and the Family and Children's Programs (\$3.1 million), and a transfer to the Family Issues Cash Fund (\$5.9 million). The Department of Corrections increase was the result of opening the Sterling Correctional Facility and general increases in inmate population and related costs. In addition, the Department of Local Affairs (DOLA) general fund expenditures decreased \$27.2 million or 72.1 percent. Several programs related to economic development were transferred from DOLA to the Governor's Office, where general funded expenditures increased \$13.9 million or 236.1 percent. The Youth Prevention and Intervention Program was transferred from DOLA to the Department of Public Health and Environment where general funded expenditures increased \$9.8 million or 41.1 percent.

The "Unreserved – Undesignated" title, in the fund equity section of the General Fund on the *Combined Balance Sheet – All Fund Types and Account Groups*, normally represents the accumulated unexpended net general-purpose revenues. For the current fiscal year, the amount shown is a negative \$457.9 million. This \$314.0 million increase in the deficit over the prior year is the result of expenditures exceeding revenues. It includes the \$927.2 million TABOR refund as a reduction of revenue, which for GAAP purposes is recognized in the year the excess revenues are collected or accrued. However, because the TABOR refund declined from the prior year by \$13.9 million, it did not contribute to the increase in the deficit. The restricted cumulative unexpended net augmenting revenues are represented as "Reserved for Statutorily Specified Amounts." Augmenting revenues of the General Fund were \$2,763 million and \$2,524 million in Fiscal Year 2000-01 and 1999-00, respectively. Federal grants and contracts made up 84.6 percent and 86.4 percent of this amount in each respective fiscal year. The remainder is cash funds, which consist of revenues of specific programs that are statutorily restricted.



During Fiscal Years 1993-94 and 1994-95 a portion of the General Fund fund balance was reserved for emergencies as required by Article X, Section 20 (TABOR) of the State Constitution. Beginning with Fiscal Year 1995-96, a portion of the fund balance of the Controlled Maintenance Trust Fund is designated by the legislature as the TABOR emergency reserve.

Beginning in Fiscal Year 1995-96, the state controller reserved an amount equal to the statutorily required four percent of General Fund appropriation. Before that, the four-percent reserve was determined during the appropriation process, but it was not formally recognized in the financial statements. In Fiscal Year 2000-01, the required reserve was \$213.67 million; however, no funds were available for this reserve on the generally accepted accounting principle basis. Legal

compliance was achieved on the budgetary basis because the Fiscal Year 2000-01 TABOR refund of \$927.20 million will not be recognized until it is paid in Fiscal Year 2001-02.

### **PROPRIETARY OPERATIONS**

Proprietary type funds are accounted for using the full accrual basis of accounting, as would a private business. These operations have many of the attributes of a business in that their revenue relates to the provision of goods or services to the state or to the public. Proprietary funds consist of enterprise funds that provide services to the citizens of the state, and internal service funds that provide services to the state government. Capital investments of these operations are recorded within the fund and depreciation is recorded using methods similar to private enterprise.

The Colorado Student Obligation Bond Authority (CSOBA) became a state agency on July 1, 2000. The inclusion of this activity resulted in a \$78.8 million adjustment to the beginning fund equity of the proprietary operations reported in the state's financial statements. CSOBA issues tax exempt and taxable bonds and uses the proceeds to originate and purchase loans for postsecondary education students. CSOBA also operates a prepaid tuition program that allows citizens to purchase units of average tuition to be used at maturity to pay eligible expenses at colleges and universities throughout the United States. CSOBA had approximately \$866.5 million of assets and \$681.1 million of notes and bonds payable at June 30, 2001.

Total fund equity for the proprietary funds at June 30, 2001 and June 30, 2000, was \$215.0 million and \$115.5 million, respectively – an increase of \$20.8 million not including the \$78.8 million beginning balance adjustment for CSOBA. This increase occurred mainly in the CSOBA enterprise fund (\$9.6 million), the Telecommunications internal service fund (\$3.1 million), and the State Employees and Officials Insurance internal service fund (\$4.4 million). Operating revenues for the proprietary operations were \$767.6 million for Fiscal Year 2000-01 and \$690.0 million for Fiscal Year 1999-00. Operating expenses were \$672.7 million and \$602.5 million, respectively. During Fiscal Year 2000-01, the major transfers from the Lottery Fund were \$31.7 million to the Conservation Trust Fund and \$7.9 million to the Wildlife Fund. In addition, the Lottery Fund distributed \$39.6 million of net proceeds to the Great Outdoors Colorado Trust Fund, a related party that is a constitutionally created public authority.

### **DEBT ADMINISTRATION**

The State Constitution prohibits the state from incurring any general obligation debt. However, the state issues revenue anticipation notes to meet short-term cash needs (see Note VI-A page 92) and certificates of participation under a master lease agreement to finance some capital projects. In addition, many higher education institutions have issued bonds and notes with revenues pledged from specific user payments to retire these bonds and notes. On April 17, 2001, The Colorado Department of Transportation issued Transportation Revenue Anticipation Notes, Series 2001 (TRANs) in the amount of \$506.4 million. The TRANs are payable solely from certain federal and state funds annually allocated by the State Transportation Commission. Before the November 1999 general election, the Colorado Supreme Court determined that the TRANs do not constitute general obligation debt of the state. Additional information regarding the TRANs is provided in the footnotes

to the general-purpose financial statements and the statistical section. (See Note IV-B page 79 and Statistical Section page 158.)

### **RISK MANAGEMENT**

The state self-insures its agencies, officials, and employees against the risk of loss related to general liability, motor vehicle liability, and workers' compensation. Property claims are not self-insured, as the state has purchased insurance. The state uses the General Fund and the General Long-Term Debt Account Group to account for the risk management function including operations and all claims or judgments except employee medical claims. (See Notes I-E page 53, IV-C page 81, and IV-E page 83.) Medical claims for officials and employees are managed through the State Employees and Officials Insurance Fund, an internal service fund. The Regents of the University of Colorado are self-insured for workers' compensation, auto, general, and property liability.

### **CASH MANAGEMENT**

Statutes permit the state treasurer to invest cash not immediately needed to pay obligations of the state. These investments may consist of obligations of the United States, commercial paper of prime quality, repurchase agreements, bank acceptance agreements, and other investment instruments. The state treasurer also invests funds of the Colorado Water Resources and Power Development Authority, a component unit, and the Great Outdoors Colorado Trust Fund, a related party. Both are accounted for in the treasurer's agency funds. At June 30, 2001, the state treasurer held the following investments at fair value:

| Investment Type                     | Amount in<br>Millions |
|-------------------------------------|-----------------------|
| United States Treasury and Agencies | \$ 1,813.9            |
| Asset Backed Securities             | 717.0                 |
| Corporate Bonds                     | 920.9                 |
| Commercial Paper                    | 408.5                 |
| Mortgages                           | 478.9                 |
| Bankers' Acceptance                 | 49.6                  |
| Other                               | 186.9                 |
| Total                               | \$ 4,575.7            |

Included above is \$912.4 million belonging to the Colorado Compensation Insurance Authority, a related party, that the state treasurer maintains in a separate investment trust fund. The financial statements of that fund are included in this report.

## INDEPENDENT AUDIT

The audit of the General Purpose Financial Statements was performed by the state auditor. The opinion of the auditor is on page 28 of this report preceding the financial statements. Besides auditing of the statewide financial statements, the auditor will from time to time audit the financial statements and operations of various departments and institutions within state government.

In 1996, the United States Congress amended the Single Audit Act of 1984. The amended act clarifies the state's and the auditor's responsibility for ensuring that federal moneys are used and accounted for properly. Under the requirements of this act, transactions of major federal programs are tested. The state prepares a Schedule of Expenditures of Federal Awards for inclusion in the state auditor's Statewide Single Audit Report. The state auditor issues reports on the schedule, the financial statements, internal controls, and compliance with the requirements of federal assistance programs.

## CERTIFICATE OF ACHIEVEMENT

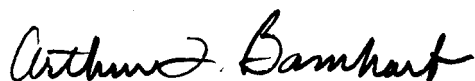
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Colorado for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

In conclusion, I thank my staff and the staffs of all the state departments and institutions whose time and dedication have made this report possible. I reaffirm our commitment to maintain the highest standards of accountability in financial reporting.

Sincerely,



Arthur L. Barnhart  
State Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

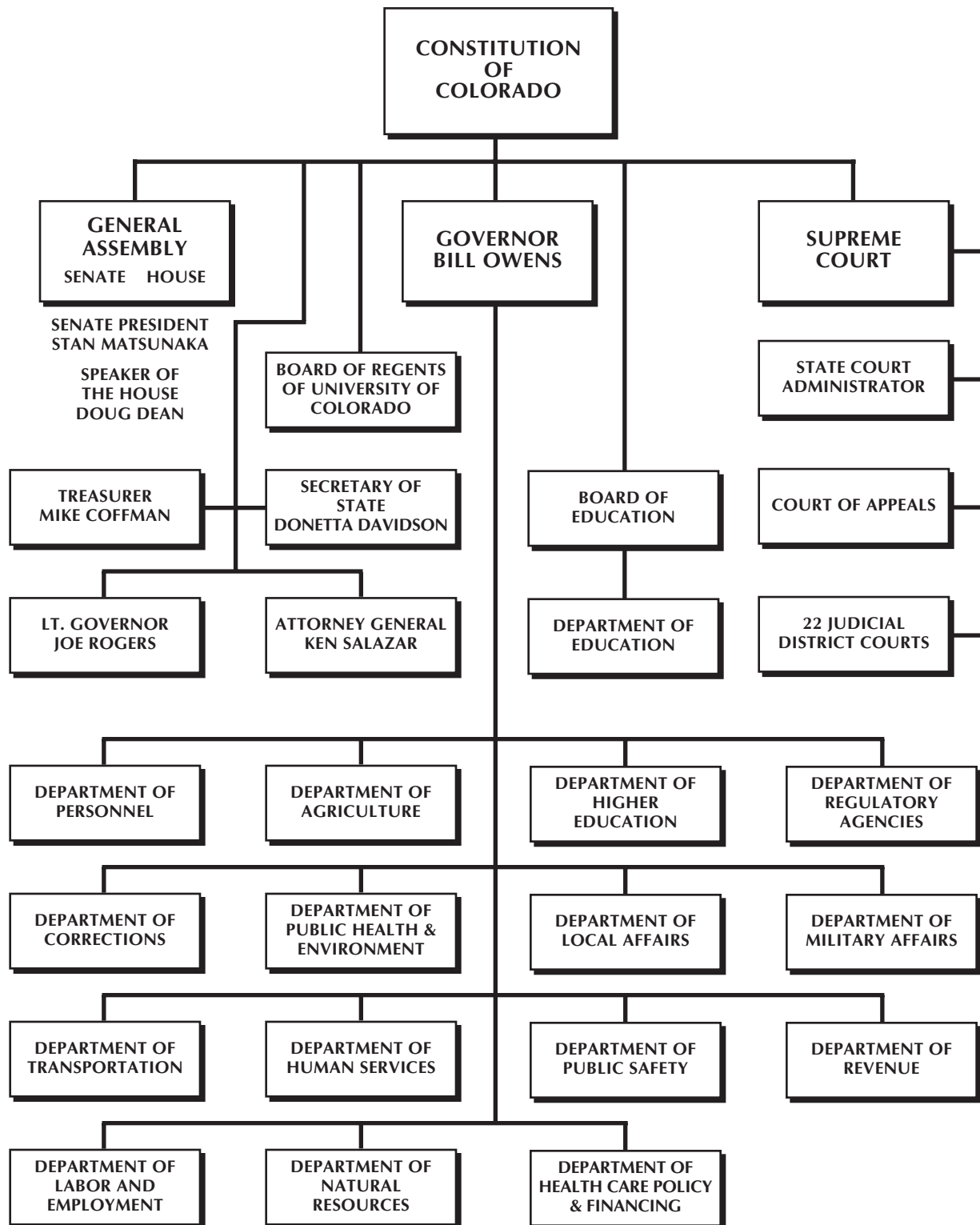
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Imelda Aruete*  
President

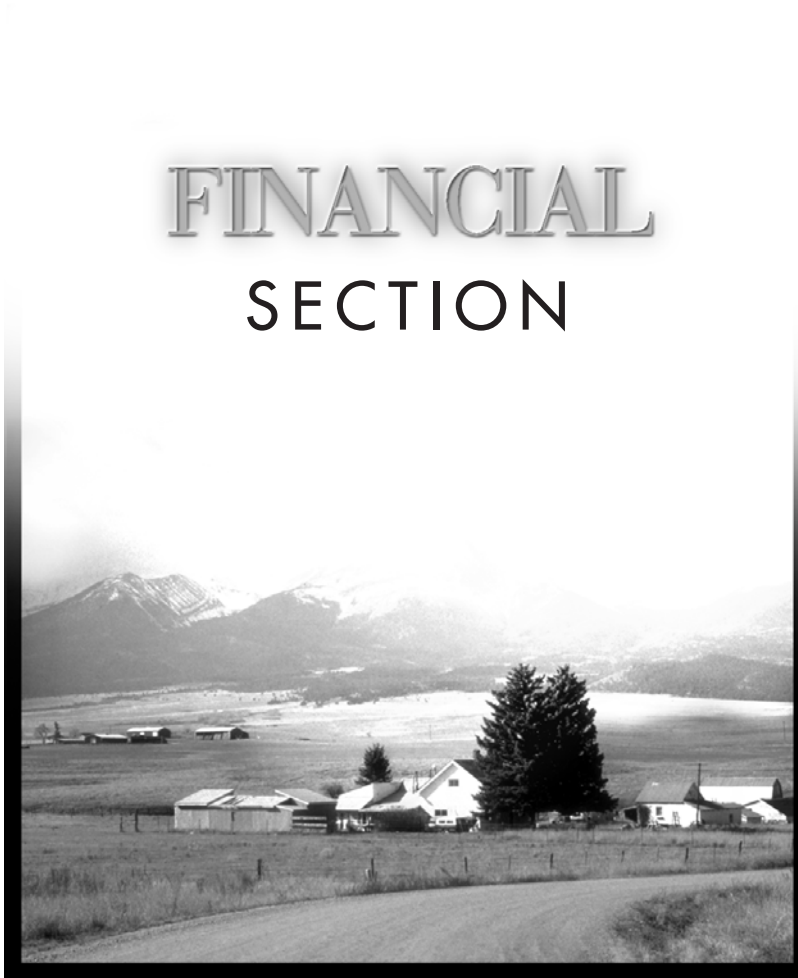
*Jeffrey L. Esler*  
Executive Director

# PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





# FINANCIAL SECTION





STATE OF COLORADO

OFFICE OF THE STATE AUDITOR  
(303) 866-2051  
FAX (303) 866-2060

JOANNE HILL, CPA  
Acting State Auditor

Legislative Services Building  
200 East 14th Avenue  
Denver, Colorado 80203-2211

October 25, 2001

**Independent Auditor's Report**

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were not able to obtain certain year-end accounting records supporting the financial activities of the Scholars Choice Fund and were not able to satisfy ourselves as to those financial activities through other auditing procedures. Year-end accounting records of the Scholars Choice Fund must be reconstructed due to losses suffered in the September 11, 2001 events. Financial activities of the Scholars Choice Fund represent two percent and nine percent of the assets and revenue, respectively, of the State's Fiduciary Funds.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain year-end accounting records of the Scholars Choice Fund, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentation, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS AT JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

|   | <b>GOVERNMENTAL FUND TYPES</b> |                    |                 |                     |
|---|--------------------------------|--------------------|-----------------|---------------------|
|   | GENERAL                        | SPECIAL<br>REVENUE | DEBT<br>SERVICE | CAPITAL<br>PROJECTS |
| <b>ASSETS AND OTHER DEBITS:</b>                         |                                |                    |                 |                     |
| Cash and Pooled Cash                                    | \$ 614,383                     | \$2,033,266        | \$ 3,555        | \$410,057           |
| Taxes Receivable, net                                   | 886,493                        | 76,006             | -               | -                   |
| Other Receivables, net                                  | 65,060                         | 19,235             | 17              | 3,658               |
| Due From Other Governments                              | 242,224                        | 101,065            | 341             | 4,303               |
| Due From Other Funds                                    | 49,610                         | 21,123             | -               | 3,427               |
| Inventories   | 14,374                         | 6,901              | -               | -                   |
| Prepays, Advances, and Deferred Charges                 | 56,111                         | 306                | -               | 3,360               |
| Investments   | 2,319                          | 178,672            | 5,561           | -                   |
| Property, Plant and Equipment, net                      | -                              | -                  | -               | -                   |
| Other Long-Term Assets                                  | 7,669                          | 179,392            | -               | 187                 |
| Amount Available in Debt Service Fund                   | -                              | -                  | -               | -                   |
| Amount To Be Provided For Retirement Of                 |                                |                    |                 |                     |
| Long-Term Obligations: From State Sources               |                                | -                  | -               | -                   |
| From Federal Revenues                                   | -                              | -                  | -               | -                   |
| <b>TOTAL ASSETS AND OTHER DEBITS</b>                    | <b>\$1,938,243</b>             | <b>\$2,615,966</b> | <b>\$ 9,474</b> | <b>\$424,992</b>    |
| <b>LIABILITIES:</b>                                     |                                |                    |                 |                     |
| Tax Refunds Payable                                     | \$ 378,320                     | \$ 315             | \$ -            | \$ -                |
| Accounts Payable and Accrued Liabilities                | 377,636                        | 158,063            | -               | 38,699              |
| TABOR Refund Liability (See Note II-D)                  | 927,201                        | -                  | -               | -                   |
| Due To Other Governments                                | 58,040                         | 65,284             | -               | -                   |
| Due To Other Funds                                      | 34,584                         | 68,391             | -               | 2,666               |
| Deferred Revenue  | 92,580                         | 38,947             | -               | 29                  |
| Deposits Held In Custody For Others                     | 8,720                          | 39                 | -               | -                   |
| Other Current Liabilities                               | 32,579                         | 13,308             | -               | -                   |
| Capital Lease Obligations                               | -                              | -                  | -               | -                   |
| Notes and Bonds Payable                                 | -                              | -                  | -               | -                   |
| Accrued Compensated Absences                            | -                              | -                  | -               | -                   |
| Other Long-Term Liabilities                             | 105                            | 9                  | -               | -                   |
| <b>TOTAL LIABILITIES</b>                                | <b>1,909,765</b>               | <b>344,356</b>     | <b>-</b>        | <b>41,394</b>       |
| <b>FUND EQUITY AND OTHER CREDITS:</b>                   |                                |                    |                 |                     |
| Investment in Fixed Assets                              | -                              | -                  | -               | -                   |
| Contributed Capital                                     | -                              | -                  | -               | -                   |
| Retained Earnings                                       | -                              | -                  | -               | -                   |
| Fund Balance/Equity:                                    |                                |                    |                 |                     |
| Reserved For:   |                                |                    |                 |                     |
| Encumbrances  | 6,960                          | 984,993            | -               | 138,804             |
| Long-Term Assets and Long-Term Receivables              | 7,669                          | 179,579            | -               | 187                 |
| Statutorily Specified Amounts (See Note I-M)            | 458,679                        | -                  | -               | 5,578               |
| Unreserved:   |                                |                    |                 |                     |
| Designated for Unrealized Investment Gains              | 13,111                         | 25,927             | -               | 6,415               |
| Designated Other  | -                              | 1,081,111          | 9,474           | 229,436             |
| Undesignated  | (457,941)                      | -                  | -               | 3,178               |
| <b>TOTAL FUND EQUITY AND OTHER CREDITS</b>              | <b>28,478</b>                  | <b>2,271,610</b>   | <b>9,474</b>    | <b>383,598</b>      |
| <b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b> | <b>\$1,938,243</b>             | <b>\$2,615,966</b> | <b>\$ 9,474</b> | <b>\$424,992</b>    |

See accompanying notes to the financial statements.

| <b>PROPRIETARY<br/>FUND TYPES</b> |                     | <b>FIDUCIARY<br/>FUND TYPES</b> | <b>ACCOUNT GROUPS</b>      |                              |                                    | <b>MEMORANDUM<br/>ONLY</b>              |                            |
|-----------------------------------|---------------------|---------------------------------|----------------------------|------------------------------|------------------------------------|---|----------------------------|
| ENTERPRISE                        | INTERNAL<br>SERVICE | TRUST &<br>AGENCY               | GENERAL<br>FIXED<br>ASSETS | GENERAL<br>LONG-TERM<br>DEBT | COLLEGE AND<br>UNIVERSITY<br>FUNDS | <b>TOTAL<br/>PRIMARY<br/>GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> |
| \$ 128,262                        | \$26,480            | \$1,251,344                     | \$ -                       | \$ -                         | \$ 357,570                         | \$ 4,824,917                            | \$ 83,741                  |
| -                                 | -                   | 142,999                         | -                          | -                            | -                                  | 1,105,498                               | 6,566                      |
| 690,771                           | 314                 | 37,149                          | -                          | -                            | 182,054                            | 998,258                                 | 130,432                    |
| 8,351                             | 53                  | 754                             | -                          | -                            | 46,931                             | 404,022                                 | 32,712                     |
| 1,207                             | 111                 | 69,547                          | -                          | -                            | 40,390                             | 185,415                                 | 17,483                     |
| 11,022                            | 619                 | 6                               | -                          | -                            | 24,070                             | 56,992                                  | 6,876                      |
| 920                               | 387                 | 70                              | -                          | -                            | 22,544                             | 83,698                                  | 3,377                      |
| 145,764                           | -                   | 1,966,084                       | -                          | -                            | 500,811                            | 2,799,211                               | 505,017                    |
| 33,518                            | 53,841              | 13,118                          | 1,935,907                  | -                            | 3,547,332                          | 5,583,716                               | 484,979                    |
| 4,288                             | -                   | 18,249                          | -                          | -                            | 7,554                              | 217,339                                 | 500,823                    |
| -                                 | -                   | -                               | -                          | 9,474                        | -                                  | 9,474                                   | -                          |
| -                                 | -                   | -                               | -                          | 924,418                      | -                                  | 924,418                                 | -                          |
| -                                 | -                   | -                               | -                          | 490,047                      | -                                  | 490,047                                 | -                          |
| <b>\$ 1,024,103</b>               | <b>\$81,805</b>     | <b>\$3,499,320</b>              | <b>\$ 1,935,907</b>        | <b>\$ 1,423,939</b>          | <b>\$ 4,729,256</b>                | <b>\$ 17,683,005</b>                    | <b>\$1,772,006</b>         |
|                                   |                     |                                 |                            |                              |                                    |   |                            |
| \$ -                              | \$ -                | \$ 568                          | \$ -                       | \$ -                         | \$ -                               | \$ 379,203                              | \$ -                       |
| 9,314                             | 3,384               | 34,503                          | -                          | -                            | 150,090                            | 771,689                                 | 65,679                     |
| -                                 | -                   | -                               | -                          | -                            | -                                  | 927,201                                 | -                          |
| 13,736                            | -                   | 177,409                         | -                          | -                            | -                                  | 314,469                                 | 143,866                    |
| 21,622                            | -                   | 20,062                          | -                          | -                            | 38,090                             | 185,415                                 | 17,484                     |
| 3,299                             | 10,778              | 7,880                           | -                          | -                            | 96,855                             | 250,368                                 | 291                        |
| 15                                | -                   | 162,548                         | -                          | -                            | 26,707                             | 198,029                                 | -                          |
| 16,690                            | 12,883              | 16,141                          | -                          | -                            | 11,940                             | 103,541                                 | 28,750                     |
| 581                               | 26,521              | 45                              | -                          | 23,750                       | 100,817                            | 151,714                                 | -                          |
| 688,077                           | -                   | -                               | -                          | 1,028,880                    | 345,553                            | 2,062,510                               | 680,170                    |
| 3,388                             | 1,156               | 244                             | -                          | 114,882                      | 102,047                            | 221,717                                 | 6,908                      |
| 79,419                            | 12                  | 62,473                          | -                          | 256,427                      | 28,072                             | 426,517                                 | 5,042                      |
| 836,141                           | 54,734              | 481,873                         | -                          | 1,423,939                    | 900,171                            | 5,992,373                               | 948,190                    |
|                                   |                     |                                 |                            |                              |                                    |   |                            |
| -                                 | -                   | -                               | 1,935,907                  | -                            | 2,787,734                          | 4,723,641                               | -                          |
| 22,220                            | 9,669               | -                               | -                          | -                            | -                                  | 31,889                                  | 144,918                    |
| 164,432                           | 16,944              | -                               | -                          | -                            | -                                  | 181,376                                 | 559,921                    |
|                                   |                     |                                 |                            |                              |                                    |   |                            |
| -                                 | -                   | -                               | -                          | -                            | -                                  | 1,130,757                               | -                          |
| -                                 | -                   | 26,717                          | -                          | -                            | -                                  | 214,152                                 | -                          |
| -                                 | -                   | 238,457                         | -                          | -                            | -                                  | 702,714                                 | -                          |
|                                   |                     |                                 |                            |                              |                                    |   |                            |
| 1,310                             | 458                 | 43,400                          | -                          | -                            | 2,700                              | 93,321                                  | -                          |
| -                                 | -                   | 2,682,378                       | -                          | -                            | 1,041,918                          | 5,044,317                               | -                          |
| -                                 | -                   | 26,495                          | -                          | -                            | (3,267)                            | (431,535)                               | 118,977                    |
| 187,962                           | 27,071              | 3,017,447                       | 1,935,907                  | -                            | 3,829,085                          | 11,690,632                              | 823,816                    |
| <b>\$ 1,024,103</b>               | <b>\$81,805</b>     | <b>\$3,499,320</b>              | <b>\$ 1,935,907</b>        | <b>\$ 1,423,939</b>          | <b>\$ 4,729,256</b>                | <b>\$ 17,683,005</b>                    | <b>\$1,772,006</b>         |

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

|  | <b>GOVERNMENTAL FUND TYPES</b> |                     |                 |                     |
|--|--------------------------------|---------------------|-----------------|---------------------|
|  | GENERAL                        | SPECIAL<br>REVENUE  | DEBT<br>SERVICE | CAPITAL<br>PROJECTS |
| <b>REVENUES:</b>   |                                |                     |                 |                     |
| Taxes (See Note II-D)  | \$5,386,411                    | \$ 1,002,340        | \$ -            | \$ -                |
| Licenses, Permits, and Fines   | 174,989                        | 330,505             | -               | 1,466               |
| Charges for Goods and Services   | 98,656                         | 10,973              | -               | 73                  |
| Investment Income  | 107,000                        | 127,564             | 302             | 45,433              |
| Federal Grants and Contracts   | 2,451,417                      | 326,655             | -               | 16,275              |
| Other  | 165,614                        | 54,285              | 1               | 3,435               |
| <b>TOTAL REVENUES</b>  | <b>8,384,087</b>               | <b>1,852,322</b>    | <b>303</b>      | <b>66,682</b>       |
| <b>EXPENDITURES:</b>   |                                |                     |                 |                     |
| Current:   |                                |                     |                 |                     |
| General Government   | 213,555                        | 7,170               | -               | -                   |
| Business, Community and Consumer Affairs   | 210,740                        | 17,682              | -               | -                   |
| Education  | 100,602                        | 7,784               | -               | -                   |
| Health and Rehabilitation  | 459,749                        | 7,270               | -               | -                   |
| Justice  | 789,742                        | 55,661              | -               | -                   |
| Natural Resources  | 64,553                         | 72,653              | -               | -                   |
| Social Assistance  | 2,367,340                      | -                   | -               | -                   |
| Transportation   | 828                            | 1,067,849           | -               | -                   |
| Capital Outlay   | 23,676                         | 29,441              | -               | 131,664             |
| Intergovernmental:   |                                |                     |                 |                     |
| Cities   | 50,068                         | 121,932             | -               | 2,839               |
| Counties   | 981,668                        | 166,908             | -               | 333                 |
| School Districts   | 2,388,524                      | 379                 | -               | -                   |
| Special Districts  | 65,091                         | 13,725              | -               | 1,997               |
| Federal  | 1,982                          | 696                 | -               | 197                 |
| Other  | 37,163                         | 4,985               | -               | 985                 |
| Deferred Compensation Distributions  | -                              | -                   | -               | -                   |
| Debt Service   | 14,666                         | 16                  | 39,164          | -                   |
| <b>TOTAL EXPENDITURES</b>  | <b>7,769,947</b>               | <b>1,574,151</b>    | <b>39,164</b>   | <b>138,015</b>      |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>                                      | <b>614,140</b>                 | <b>278,171</b>      | <b>(38,861)</b> | <b>(71,333)</b>     |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                                |                     |                 |                     |
| Operating Transfer-In  | 194,892                        | 83,568              | 42,593          | 322,730             |
| Operating Transfer-Out   | (1,022,927)                    | (198,939)           | -               | (269,527)           |
| Proceeds of Bond Issuance  | -                              | 539,234             | -               | -                   |
| Capital Lease Proceeds   | 1,102                          | 44                  | -               | -                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>(826,933)</b>               | <b>423,907</b>      | <b>42,593</b>   | <b>53,203</b>       |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | <b>(212,793)</b>               | <b>702,078</b>      | <b>3,732</b>    | <b>(18,130)</b>     |
| <b>FUND BALANCE, FISCAL YEAR BEGINNING</b>   | <b>257,151</b>                 | <b>1,569,532</b>    | <b>5,742</b>    | <b>401,728</b>      |
| Prior Period Adjustment (See Note III-L)   | (15,880)                       | -                   | -               | -                   |
| <b>FUND BALANCE, FISCAL YEAR END</b>   | <b>\$ 28,478</b>               | <b>\$ 2,271,610</b> | <b>\$ 9,474</b> | <b>\$ 383,598</b>   |

See accompanying notes to the financial statements.



| <b>FIDUCIARY<br/>FUND TYPES</b> |           | <b>MEMORANDUM ONLY</b>                  |                            |
|---------------------------------|-----------|---|----------------------------|
| <b>EXPENDABLE<br/>TRUST</b>     |           | <b>TOTAL<br/>PRIMARY<br/>GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> |
| \$                              | 185,982   | \$                                      | 6,574,733                  |
|                                 | 26,889    |   | 533,849                    |
|                                 | 713       |   | 110,415                    |
|                                 | 33,384    |   | 313,683                    |
|                                 | 14,686    |   | 2,809,033                  |
|                                 | 84,992    |   | 308,327                    |
|                                 | 346,646   |   | 10,650,040                 |
|                                 |           |   | 2,764                      |
|                                 | 3,450     |   | 224,175                    |
|                                 | 197,900   |   | 426,322                    |
|                                 | 4,109     |   | 112,495                    |
|                                 | 344       |   | 467,363                    |
|                                 | 6,023     |   | 851,426                    |
|                                 | 167       |   | 137,373                    |
|                                 | 4         |   | 2,367,344                  |
|                                 | -         |   | 1,068,677                  |
|                                 | 164       |   | 184,945                    |
|                                 | 21,370    |   | 196,209                    |
|                                 | 13,084    |   | 1,161,993                  |
|                                 | 173       |   | 2,389,076                  |
|                                 | 3,940     |   | 84,753                     |
|                                 | -         |   | 2,875                      |
|                                 | 15,166    |   | 58,299                     |
|                                 | 18,151    |   | 18,151                     |
|                                 | 5         |   | 53,851                     |
|                                 | 284,050   |   | 9,805,327                  |
|                                 | 62,596    |   | 844,713                    |
|                                 |           |   | 2,764                      |
|                                 | 31,863    |   | 675,646                    |
|                                 | (70,629)  |   | (1,562,022)                |
|                                 | -         |   | 539,234                    |
|                                 | -         |   | 1,146                      |
|                                 | (38,766)  |   | (345,996)                  |
|                                 |           |   | (2,663)                    |
|                                 | 23,830    |   | 498,717                    |
|                                 |           |   | 101                        |
|                                 | 1,288,848 |   | 3,523,001                  |
|                                 | 36,697    |   | 20,817                     |
|                                 |           |   | 42,609                     |
|                                 |           |   | -                          |
| \$                              | 1,349,375 | \$                                      | 4,042,535                  |
|                                 |           |   | \$ 42,710                  |

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                              | ORIGINAL<br>APPROPRIATION | FINAL<br>SPENDING<br>AUTHORITY | ACTUAL           | (OVER)/UNDER<br>SPENDING<br>AUTHORITY |
|---|---------------------------|--------------------------------|------------------|---------------------------------------|
| <b>REVENUES AND TRANSFERS-IN:</b>                   |                           |                                |                  |                                       |
| Sales and Other Excise Taxes                        |                           |                                | \$1,809,053      |                                       |
| Income Taxes  |                           |                                | 4,183,329        |                                       |
| Other Taxes   |                           |                                | 231,263          |                                       |
| Federal Grants and Contracts                        |                           |                                | 14               |                                       |
| Sales and Services                                  |                           |                                | 1,099            |                                       |
| Interest Earnings                                   |                           |                                | 79,967           |                                       |
| Other Revenues                                      |                           |                                | 38,136           |                                       |
| Transfers-In  |                           |                                | 332,470          |                                       |
| <b>TOTAL REVENUES AND TRANSFERS-IN</b>              |                           |                                | <b>6,675,331</b> |                                       |
| <b>EXPENDITURES AND TRANSFERS-OUT:</b>              |                           |                                |                  |                                       |
| Operating Budgets:                                  |                           |                                |                  |                                       |
| Departmental:                                       |                           |                                |                  |                                       |
| Agriculture   | \$ 10,087                 | \$ 10,148                      | 9,921            | \$ 227                                |
| Corrections   | 420,594                   | 423,426                        | 417,301          | 6,125                                 |
| Education   | 2,150,369                 | 2,146,527                      | 2,143,468        | 3,059                                 |
| Governor  | 19,977                    | 19,989                         | 19,754           | 235                                   |
| Health Care Policy and Financing                    | 995,389                   | 1,022,266                      | 1,028,689        | (6,423)                               |
| Higher Education                                    | 747,445                   | 747,964                        | 746,963          | 1,001                                 |
| Human Services                                      | 499,473                   | 491,664                        | 489,940          | 1,724                                 |
| Judicial Branch                                     | 206,112                   | 206,520                        | 205,328          | 1,192                                 |
| Law   | 9,601                     | 9,479                          | 8,997            | 482                                   |
| Legislative Branch                                  | 28,978                    | 29,595                         | 27,355           | 2,240                                 |
| Local Affairs                                       | 12,518                    | 13,276                         | 12,895           | 381                                   |
| Military Affairs                                    | 4,091                     | 4,026                          | 4,090            | (64)                                  |
| Natural Resources                                   | 29,046                    | 29,497                         | 29,163           | 334                                   |
| Personnel   | 15,375                    | 15,733                         | 14,930           | 803                                   |
| Public Health and Environment                       | 33,510                    | 34,145                         | 33,484           | 661                                   |
| Public Safety                                       | 57,154                    | 57,567                         | 56,663           | 904                                   |
| Regulatory Agencies                                 | 1,980                     | 1,982                          | 1,975            | 7                                     |
| Revenue   | 177,456                   | 181,319                        | 175,111          | 6,208                                 |
| Transportation                                      | 1                         | 1                              | 1                | -                                     |
| Treasury  | 31,077                    | 31,144                         | 31,141           | 3                                     |
| Fiscal Year 1999-00 TABOR Refund (Notes II-A, II-D) | 815,500                   | 941,129                        | 941,129          | -                                     |
| <b>SUB-TOTAL OPERATING BUDGETS</b>                  | <b>6,265,733</b>          | <b>6,417,397</b>               | <b>6,398,298</b> | <b>19,099</b>                         |

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001 (Continued)**

| (DOLLARS IN THOUSANDS)   | ORIGINAL<br>APPROPRIATION | FINAL<br>SPENDING<br>AUTHORITY | ACTUAL              | (OVER)/UNDER<br>SPENDING<br>AUTHORITY |
|--|---------------------------|--------------------------------|---------------------|---------------------------------------|
| Capital and Multi-Year Budgets:  |                           |                                |                     |                                       |
| Departmental:  |                           |                                |                     |                                       |
| Agriculture  | 1,847                     | 6,401                          | 1,930               | 4,471                                 |
| Corrections  | 61,443                    | 112,982                        | 32,953              | 80,029                                |
| Education  | 678                       | 7,952                          | 3,031               | 4,921                                 |
| Governor   | -                         | 4,691                          | 1,964               | 2,727                                 |
| Health Care Policy and Financing   | 805                       | 9,330                          | 1,545               | 7,785                                 |
| Higher Education   | 199,397                   | 351,125                        | 173,189             | 177,936                               |
| Human Services   | 32,210                    | 58,741                         | 31,732              | 27,009                                |
| Judicial Branch  | 582                       | 1,443                          | 192                 | 1,251                                 |
| Law  | 54                        | 89                             | 45                  | 44                                    |
| Local Affairs  | 5,000                     | 3,044                          | 1,235               | 1,809                                 |
| Military Affairs   | 1,079                     | 2,650                          | 720                 | 1,930                                 |
| Natural Resources  | -                         | 1,686                          | 1,686               | -                                     |
| Personnel  | 39,484                    | 68,263                         | 31,196              | 37,067                                |
| Public Health and Environment  | 3,000                     | 8,443                          | 3,988               | 4,455                                 |
| Public Safety  | 4,853                     | 19,901                         | 10,010              | 9,891                                 |
| Revenue  | (1,624)                   | 3,130                          | 3,064               | 66                                    |
| Transportation   | (7,496)                   | 97,133                         | 64,362              | 32,771                                |
| Budgets/Transfers Not Booked by Department   | 279,131                   | 288,696                        | 288,696             | -                                     |
| <b>SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS</b>  | <b>620,443</b>            | <b>1,045,700</b>               | <b>651,538</b>      | <b>394,162</b>                        |
| <b>TOTAL EXPENDITURES AND TRANSFERS-OUT</b>  | <b>\$6,886,176</b>        | <b>\$7,463,097</b>             | <b>7,049,836</b>    | <b>\$ 413,261</b>                     |
| <b>EXCESS OF REVENUES AND TRANSFERS-IN OVER<br/>(UNDER) EXPENDITURES AND TRANSFERS-OUT</b> |                           |                                | <b>\$ (374,505)</b> |                                       |

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - CASH FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)  | ORIGINAL<br>APPROPRIATION | FINAL<br>SPENDING<br>AUTHORITY | ACTUAL            | (OVER)/UNDER<br>SPENDING<br>AUTHORITY |
|---|---------------------------|--------------------------------|-------------------|---------------------------------------|
| <b>REVENUES AND TRANSFERS-IN:</b>   |                           |                                |                   |                                       |
| Sales and Other Excise Taxes  |                           |                                | \$ 738,328        |                                       |
| Income Taxes  |                           |                                | 164,266           |                                       |
| Other Taxes   |                           |                                | 442,369           |                                       |
| Tuition and Fees  |                           |                                | 547,164           |                                       |
| Sales and Services  |                           |                                | 838,615           |                                       |
| Interest Earnings   |                           |                                | 348,077           |                                       |
| Other Revenues  |                           |                                | 1,307,756         |                                       |
| Transfers-In  |                           |                                | 4,135,066         |                                       |
| <b>TOTAL REVENUES AND TRANSFERS-IN</b>  |                           |                                | <b>8,521,641</b>  |                                       |
| <b>EXPENDITURES/EXPENSES AND TRANSFERS-OUT:</b>   |                           |                                |                   |                                       |
| Operating Budgets:  |                           |                                |                   |                                       |
| Departmental:   |                           |                                |                   |                                       |
| Agriculture   | \$ 19,498                 | \$ 19,527                      | 18,825            | \$ 702                                |
| Corrections   | 54,225                    | 54,176                         | 45,953            | 8,223                                 |
| Education   | 2,098,001                 | 2,089,286                      | 2,088,470         | 816                                   |
| Governor  | 15,075                    | 16,926                         | 9,688             | 7,238                                 |
| Health Care Policy and Financing  | 128,634                   | 150,463                        | 133,919           | 16,544                                |
| Higher Education  | 1,544,259                 | 1,544,568                      | 1,447,383         | 97,185                                |
| Human Services  | 690,869                   | 256,250                        | 245,798           | 10,452                                |
| Judicial Branch   | 52,501                    | 50,268                         | 42,023            | 8,245                                 |
| Labor and Employment  | 254,506                   | 254,982                        | 250,643           | 4,339                                 |
| Law   | 22,252                    | 23,541                         | 21,486            | 2,055                                 |
| Legislative Branch  | 3,411                     | 5,532                          | 2,753             | 2,779                                 |
| Local Affairs   | 133,035                   | 135,581                        | 77,605            | 57,976                                |
| Military Affairs  | 537                       | 537                            | 518               | 19                                    |
| Natural Resources   | 256,583                   | 255,699                        | 167,930           | 87,769                                |
| Personnel   | 280,538                   | 282,489                        | 264,851           | 17,638                                |
| Public Health and Environment   | 72,830                    | 75,108                         | 57,369            | 17,739                                |
| Public Safety   | 81,845                    | 83,508                         | 81,066            | 2,442                                 |
| Regulatory Agencies   | 66,464                    | 68,495                         | 66,368            | 2,127                                 |
| Revenue   | 536,066                   | 538,873                        | 478,501           | 60,372                                |
| State   | 11,511                    | 11,721                         | 10,222            | 1,499                                 |
| Transportation  | 513,956                   | 92,516                         | 75,312            | 17,204                                |
| Treasury  | 1,096,675                 | 1,097,025                      | 1,094,106         | 2,919                                 |
| <b>SUB-TOTAL OPERATING BUDGETS</b>  | <b>7,933,271</b>          | <b>7,107,071</b>               | <b>6,680,789</b>  | <b>426,282</b>                        |
| Capital and Multi-Year Budgets:   |                           |                                |                   |                                       |
| Departmental:   |                           |                                |                   |                                       |
| Corrections   | 7,611                     | 9,079                          | 1,040             | 8,039                                 |
| Education   | -                         | 209                            | -                 | 209                                   |
| Governor  | 2,200                     | 2,156                          | 999               | 1,157                                 |
| Health Care Policy and Financing  | -                         | 94                             | 23                | 71                                    |
| Higher Education  | 91,822                    | 60,537                         | 24,317            | 36,220                                |
| Human Services  | 3,197                     | 8,103                          | 4,390             | 3,713                                 |
| Labor and Employment  | 31,305                    | 51,545                         | 22,799            | 28,746                                |
| Law   | 166                       | 333                            | 170               | 163                                   |
| Military Affairs  | -                         | 106                            | 99                | 7                                     |
| Natural Resources   | 131,032                   | 171,952                        | 59,272            | 112,680                               |
| Personnel   | 19,779                    | 41,615                         | 9,778             | 31,837                                |
| Public Health and Environment   | 500                       | 17,486                         | 2,278             | 15,208                                |
| Public Safety   | (145)                     | 1,012                          | 1,012             | -                                     |
| Regulatory Agencies   | -                         | 1,901                          | -                 | 1,901                                 |
| Revenue   | 909                       | 2,778                          | 391               | 2,387                                 |
| Transportation  | 1,666,150                 | 1,670,144                      | 803,712           | 866,432                               |
| Budgets/Transfers Not Booked by Department  | 746                       | 746                            | 746               | -                                     |
| <b>SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS</b>   | <b>1,955,272</b>          | <b>2,039,796</b>               | <b>931,026</b>    | <b>1,108,770</b>                      |
| <b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>  | <b>\$9,888,543</b>        | <b>\$9,146,867</b>             | <b>7,611,815</b>  | <b>\$1,535,052</b>                    |
| <b>EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER)<br/>EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b> |                           |                                | <b>\$ 909,826</b> |                                       |

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - FEDERALLY FUNDED  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)  | ORIGINAL<br>APPROPRIATION | FINAL<br>SPENDING<br>AUTHORITY | ACTUAL           | (OVER)/UNDER<br>SPENDING<br>AUTHORITY |
|---|---------------------------|--------------------------------|------------------|---------------------------------------|
| REVENUES AND TRANSFERS-IN:  |                           |                                |                  |                                       |
| Federal Grants and Contracts  |                           |                                | \$2,890,550      |                                       |
| <b>TOTAL REVENUES AND TRANSFERS-IN</b>  |                           |                                | <b>2,890,550</b> |                                       |
| Capital and Multi-Year Budgets:   |                           |                                |                  |                                       |
| Departmental:   |                           |                                |                  |                                       |
| Agriculture   | \$ 1,098                  | \$ 2,531                       | 1,111            | \$ 1,420                              |
| Corrections   | 10,705                    | 13,388                         | 5,676            | 7,712                                 |
| Education   | 265,669                   | 365,010                        | 244,787          | 120,223                               |
| Governor  | 14,444                    | 22,986                         | 15,871           | 7,115                                 |
| Health Care Policy and Financing  | 1,083,607                 | 1,161,292                      | 1,144,926        | 16,366                                |
| Higher Education  | 5,464                     | 67,957                         | 59,342           | 8,615                                 |
| Human Services  | 487,102                   | 831,580                        | 670,183          | 161,397                               |
| Judicial Branch   | 2,189                     | 5,476                          | 3,771            | 1,705                                 |
| Labor and Employment  | 80,945                    | 115,345                        | 72,437           | 42,908                                |
| Law   | 778                       | 909                            | 793              | 116                                   |
| Local Affairs   | 37,396                    | 91,423                         | 51,659           | 39,764                                |
| Military Affairs  | 113,277                   | 9,566                          | 5,400            | 4,166                                 |
| Natural Resources   | 14,641                    | 38,263                         | 23,131           | 15,132                                |
| Personnel   | 52                        | 76                             | 68               | 8                                     |
| Public Health and Environment   | 150,155                   | 201,717                        | 166,119          | 35,598                                |
| Public Safety   | 26,336                    | 76,626                         | 34,442           | 42,184                                |
| Regulatory Agencies   | 827                       | 2,149                          | 1,305            | 844                                   |
| Revenue   | 866                       | 2,906                          | 1,553            | 1,353                                 |
| Transportation  | 292,811                   | 579,264                        | 317,182          | 262,082                               |
| Treasury  | -                         | 65,295                         | 65,204           | 91                                    |
| <b>SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS</b>   | <b>2,588,362</b>          | <b>3,653,759</b>               | <b>2,884,960</b> | <b>768,799</b>                        |
| <b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>  | <b>\$2,588,362</b>        | <b>\$3,653,759</b>             | <b>2,884,960</b> | <b>\$ 768,799</b>                     |
| <b>EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER)<br/>EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b> |                           |                                | <b>\$ 5,590</b>  |                                       |

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

| (DOLLARS IN THOUSANDS)   | <b>PROPRIETARY<br/>FUND TYPES</b> |                     |
|--|-----------------------------------|---------------------|
|  | ENTERPRISE                        | INTERNAL<br>SERVICE |
| <b>OPERATING REVENUES:</b>                                     |                                   |                     |
| Licenses and Permits   | \$ 46                             | \$ -                |
| Charges for Goods and Services                                 | 426,504                           | 196,066             |
| Investment and Rental Income                                   | 65,083                            | 8,993               |
| Federal Grants and Contracts                                   | 64,788                            | -                   |
| Other  | 5,843                             | 277                 |
| <b>TOTAL OPERATING REVENUES</b>                                | <b>562,264</b>                    | <b>205,336</b>      |
| <b>OPERATING EXPENSES:</b>                                     |                                   |                     |
| Salaries & Fringe Benefits                                     | 51,444                            | 18,438              |
| Operating and Travel   | 163,124                           | 159,428             |
| Cost of Goods Sold   | 35,159                            | 4,588               |
| Depreciation and Amortization                                  | 5,036                             | 16,198              |
| Intergovernmental Distributions                                | 4,243                             | 2                   |
| Prizes and Awards  | 215,084                           | 2                   |
| Other  | -                                 | -                   |
| <b>TOTAL OPERATING EXPENSES</b>                                | <b>474,090</b>                    | <b>198,656</b>      |
| <b>OPERATING INCOME (LOSS)</b>                                 | <b>88,174</b>                     | <b>6,680</b>        |
| <b>NON-OPERATING REVENUES AND (EXPENSES):</b>                  |                                   |                     |
| Taxes  | -                                 | -                   |
| Fines and Settlements  | 1                                 | 750                 |
| Interest and Rents   | 3,738                             | 1,041               |
| Grants and Donations   | 591                               | -                   |
| Intergovernmental Distributions                                | (39,642)                          | -                   |
| Federal Grants and Contracts                                   | 730                               | -                   |
| State Funds  | -                                 | -                   |
| Debt Service   | (176)                             | (2,045)             |
| Other  | -                                 | -                   |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>                 | <b>(34,758)</b>                   | <b>(254)</b>        |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>                | <b>53,416</b>                     | <b>6,426</b>        |
| <b>OPERATING TRANSFERS:</b>                                    |                                   |                     |
| Operating Transfer-In  | 264                               | 5,037               |
| Operating Transfer-Out   | (41,722)                          | (3,010)             |
| <b>TOTAL OPERATING TRANSFERS</b>                               | <b>(41,458)</b>                   | <b>2,027</b>        |
| <b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>                  | <b>11,958</b>                     | <b>8,453</b>        |
| <b>FUND EQUITY, FISCAL YEAR BEGINNING</b>                      |                                   |                     |
| Additions (Deductions) to Contributed Capital (See Note III-N) | 96,894                            | 18,618              |
| Prior Period/Other Adjustments (See Note III-L)                | 341                               | -                   |
|  | 78,769                            | -                   |
| <b>FUND EQUITY, FISCAL YEAR END</b>                            | <b>\$ 187,962</b>                 | <b>\$27,071</b>     |

See accompanying notes to the financial statements.



| <b>FIDUCIARY<br/>FUND TYPES</b> | <b>MEMORANDUM ONLY</b>                  |                            |
|---------------------------------|---|----------------------------|
| NONEXPENDABLE<br>TRUST          | <b>TOTAL<br/>PRIMARY<br/>GOVERNMENT</b> | <b>COMPONENT<br/>UNITS</b> |
| \$ -                            | \$ 46                                   | \$ -                       |
| -                               | 622,570                                 | 320,766                    |
| 68,121                          | 142,197                                 | 31,207                     |
| -                               | 64,788                                  | -                          |
| 87                              | 6,207                                   | 17,823                     |
| 68,208                          | 835,808                                 | 369,796                    |
| -                               | 69,882                                  | 132,051                    |
| -                               | 322,552                                 | 129,756                    |
| -                               | 39,747                                  | 58,996                     |
| -                               | 21,234                                  | 28,638                     |
| -                               | 4,245                                   | -                          |
| -                               | 215,086                                 | -                          |
| -                               | -                                       | 10,709                     |
| -                               | 672,746                                 | 360,150                    |
| 68,208                          | 163,062                                 | 9,646                      |
| -                               | -                                       | 37,350                     |
| 18,048                          | 18,799                                  | -                          |
| -                               | 4,779                                   | 7,718                      |
| -                               | 591                                     | -                          |
| -                               | (39,642)                                | -                          |
| -                               | 730                                     | -                          |
| -                               | -                                       | 3,492                      |
| -                               | (2,221)                                 | (6,032)                    |
| -                               | -                                       | (246)                      |
| 18,048                          | (16,964)                                | 42,282                     |
| 86,256                          | 146,098                                 | 51,928                     |
| 35,753                          | 41,054                                  | 2,663                      |
| (20,111)                        | (64,843)                                | -                          |
| 15,642                          | (23,789)                                | 2,663                      |
| 101,898                         | 122,309                                 | 54,591                     |
| 622,831                         | 738,343                                 | 589,840                    |
| -                               | 341                                     | 60,408                     |
| -                               | 78,769                                  | -                          |
| \$724,729                       | \$939,762                               | \$704,839                  |

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

| (DOLLARS IN THOUSANDS)  | PROPRIETARY<br>FUND TYPES |                     |
|---|---------------------------|---------------------|
|   | ENTERPRISE                | INTERNAL<br>SERVICE |
| CASH FLOWS FROM OPERATING ACTIVITIES:                         |                           |                     |
| Cash Received from:   |                           |                     |
| Fees for Service  | \$ 28,709                 | \$ 144,302          |
| Sales of Products   | 389,256                   | 52,125              |
| Grants and Contracts  | 59,605                    | -                   |
| Loan Repayments   | 146,548                   | -                   |
| Other Sources   | 7,394                     | 1,186               |
| Cash Payments to:   |                           |                     |
| Employees   | (45,287)                  | (16,597)            |
| Suppliers   | (78,258)                  | (48,537)            |
| Lottery Prizes and Sales Commissions                          | (244,020)                 | -                   |
| Health Claims and Premiums                                    | -                         | (122,912)           |
| Others for Student Loans and Loan Losses                      | (161,106)                 | -                   |
| Other Governments   | (4,243)                   | (2)                 |
| Other   | (12,057)                  | (448)               |
| Component Unit Cash Flows from Operating Activities           | -                         | -                   |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>              | <b>86,541</b>             | <b>9,117</b>        |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:              |                           |                     |
| Transfers-In  | 264                       | 5,038               |
| Transfers-Out   | (41,722)                  | (3,010)             |
| Intergovernmental Distributions                               | (37,491)                  | -                   |
| NonCapital Debt Service                                       | (67,450)                  | -                   |
| <b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>          | <b>(146,399)</b>          | <b>2,028</b>        |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:     |                           |                     |
| Acquisition of Capital Assets                                 | (2,317)                   | (501)               |
| Proceeds from Sale of Capital Assets                          | 10                        | 1,808               |
| Income from Property  | 1,038                     | 7,016               |
| Proceeds from Issuance of Capital Debt                        | -                         | -                   |
| Principal Paid on Capital Debt                                | (100)                     | -                   |
| Interest Payments   | (191)                     | (117)               |
| Capital Lease Payments  | (151)                     | (15,459)            |
| Taxes   | -                         | -                   |
| Bond Defeasance and Refunding                                 | -                         | -                   |
| Received from Borrowers                                       | -                         | -                   |
| Disbursements to Borrowers                                    | -                         | -                   |
| Capitalization Grants Received                                | -                         | -                   |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> | <b>(1,711)</b>            | <b>(7,253)</b>      |

(Continued)

| <b>FIDUCIARY<br/>FUND TYPES</b> | <b>MEMORANDUM ONLY<br/>TOTAL</b> |                            |
|---------------------------------|----------------------------------|----------------------------|
| NONEXPENDABLE<br>TRUST          | <b>PRIMARY<br/>GOVERNMENT</b>    | <b>COMPONENT<br/>UNITS</b> |
| \$ -                            | \$ 173,011                       | \$ -                       |
| -                               | 441,381                          | -                          |
| -                               | 59,605                           | -                          |
| -                               | 146,548                          | -                          |
| 19,004                          | 27,584                           | -                          |
| -                               | (61,884)                         | -                          |
| -                               | (126,795)                        | -                          |
| -                               | (244,020)                        | -                          |
| -                               | (122,912)                        | -                          |
| -                               | (161,106)                        | -                          |
| -                               | (4,245)                          | -                          |
| -                               | (12,505)                         | -                          |
| -                               | -                                | 17,917                     |
| 19,004                          | 114,662                          | 17,917                     |
| 35,755                          | 41,057                           | 6,651                      |
| (24,234)                        | (68,966)                         | (496)                      |
| -                               | (37,491)                         | -                          |
| -                               | (67,450)                         | -                          |
| 11,521                          | (132,850)                        | 6,155                      |
| -                               | (2,818)                          | (88,450)                   |
| 77                              | 1,895                            | -                          |
| 16,054                          | 24,108                           | -                          |
| -                               | -                                | 93,694                     |
| -                               | (100)                            | (34,500)                   |
| -                               | (308)                            | (14,964)                   |
| -                               | (15,610)                         | (1)                        |
| -                               | -                                | 36,845                     |
| -                               | -                                | (38,124)                   |
| -                               | -                                | 23,654                     |
| -                               | -                                | (102,994)                  |
| -                               | -                                | 26,106                     |
| 16,131                          | 7,167                            | (98,734)                   |

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

(DOLLARS IN THOUSANDS)

|  | <b>PROPRIETARY<br/>FUND TYPES</b> |                     |
|--|-----------------------------------|---------------------|
|  | ENTERPRISE                        | INTERNAL<br>SERVICE |
| CASH FLOWS FROM INVESTING ACTIVITIES:                  |                                   |                     |
| Interest and Dividends on Investments                  | 20,641                            | 2,066               |
| Proceeds from Sales of Investments                     | 365,675                           | -                   |
| Purchases of Investments                               | (328,615)                         | -                   |
| Net (Increase)Decrease in Investments                  | -                                 | -                   |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>              | <b>57,701</b>                     | <b>2,066</b>        |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b> | <b>(3,868)</b>                    | <b>5,958</b>        |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING           | 83,898                            | 20,522              |
| Prior Period Adjustment                                | 48,232                            | -                   |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>           | <b>128,262</b>                    | <b>26,480</b>       |
| RECONCILIATION TO THE COMBINED BALANCE SHEET           |                                   |                     |
| Add: Expendable Trust Funds                            | -                                 | -                   |
| Investment and Pension Trust Funds                     | -                                 | -                   |
| Agency Funds   | -                                 | -                   |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>           | <b>\$ 128,262</b>                 | <b>\$ 26,480</b>    |

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

|   |                  |                 |
|---|------------------|-----------------|
| Operating Income (Loss)   | \$ 88,174        | \$ 6,680        |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by Operating Activities: |                  |                 |
| Depreciation  | 5,035            | 16,198          |
| Investment/Rental Income and Other Revenue in Operating Income                                    | 27,361           | (8,995)         |
| Fines, Donations, and Grants and Contracts in NonOperating  | 1,322            | 750             |
| Loss on Disposal of Fixed Assets  | 678              | -               |
| Compensated Absences  | 202              | 25              |
| Interest and Other Expense in Operating Income  | 405              | 118             |
| Provision for Bad Debts   | -                | -               |
| Net Changes in Assets and Liabilities Related to Operating Activities:                            |                  |                 |
| (Increase) Decrease in Operating Receivables  | (37,372)         | 473             |
| (Increase) Decrease in Inventories  | 1,532            | (43)            |
| (Increase) Decrease in Other Operating Assets   | 477              | (142)           |
| Increase (Decrease) in Accounts Payable   | (788)            | (4,374)         |
| Increase (Decrease) in Other Operating Liabilities  | (485)            | (1,573)         |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 86,541</b> | <b>\$ 9,117</b> |

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):

|   |         |        |
|---|---------|--------|
| Fixed Assets Transferred from General Fixed Asset Account Group | 341     | -      |
| Unrealized Gain/(Loss) on Investments                           | (7,749) | -      |
| Loss on Disposal of Fixed Assets                                | 707     | 674    |
| Assumption of Capital Lease Obligation                          | 182     | 12,426 |

See accompanying notes to the financial statements.

| <b>FIDUCIARY<br/>FUND TYPES</b> | <b>MEMORANDUM ONLY<br/>TOTAL</b> |                            |
|---------------------------------|----------------------------------|----------------------------|
| NONEXPENDABLE<br>TRUST          | <b>PRIMARY<br/>GOVERNMENT</b>    | <b>COMPONENT<br/>UNITS</b> |
| 24,628                          | 47,335                           | 8,365                      |
| 79,390                          | 445,065                          | 375,504                    |
| (88,217)                        | (416,832)                        | (274,261)                  |
| -                               | -                                | (20,031)                   |
| 15,801                          | 75,568                           | 89,577                     |
| 62,457                          | 64,547                           | 14,915                     |
| 30,847                          | 135,267                          | 62,225                     |
| -                               | 48,232                           | -                          |
| 93,304                          | 248,046                          | 77,140                     |
| 911,072                         | 911,072                          | 6,601                      |
| 14,809                          | 14,809                           | -                          |
| 232,159                         | 232,159                          | -                          |
| <b>\$ 1,251,344</b>             | <b>\$ 1,406,086</b>              | <b>\$ 83,741</b>           |

\$ 68,208                      \$ 163,062                      \$ 9,646

|                  |                   |                  |
|------------------|-------------------|------------------|
| -                | 21,233            | 28,638           |
| (68,123)         | (49,757)          | (2,005)          |
| 18,048           | 20,120            | -                |
| -                | 678               | -                |
| -                | 227               | -                |
| -                | 523               | 10,135           |
| -                | -                 | 13,645           |
| 3                | (36,896)          | (28,447)         |
| -                | 1,489             | (1,940)          |
| 75               | 410               | (1,969)          |
| (2)              | (5,164)           | (13,227)         |
| 795              | (1,263)           | 3,441            |
| <b>\$ 19,004</b> | <b>\$ 114,662</b> | <b>\$ 17,917</b> |

|        |        |   |
|--------|--------|---|
| -      | 341    | - |
| 26,475 | 18,726 | - |
| -      | 1,381  | - |
| -      | 12,608 | - |

**STATEMENT OF NET ASSETS  
ALL PENSION AND INVESTMENT TRUST FUNDS  
AT JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

|  | <b>PRIMARY<br/>GOVERNMENT</b>                                |  | <b>COMPONENT<br/>UNITS</b>                                   |
|--|--|--|--|
|  | <b>INVESTMENT<br/>TRUST</b>                                  | <b>PENSION<br/>TRUST</b>                 | <b>PENSION<br/>TRUST</b>                                     |
|  | <b>COLORADO<br/>COMPENSATION<br/>INSURANCE<br/>AUTHORITY</b> | <b>DEFINED<br/>CONTRIBUTION<br/>PLAN</b> | <b>UNIVERSITY<br/>OF COLORADO<br/>HOSPITAL<br/>AUTHORITY</b> |
| <b>ASSETS:</b>   |  |  |  |
| Cash and Pooled Cash                                       | \$ 14,804  | \$ 5                                     | \$ -   |
| Other Receivables, net                                     | 13,391   | -  | -  |
| Investments  | 912,424  | 2,719                                    | -  |
| Externally Restricted Under Pension Plan                   | -  | -  | 76,267   |
| <b>TOTAL ASSETS</b>  | <b>940,619</b>   | <b>2,724</b>                             | <b>76,267</b>  |
| <b>LIABILITIES:</b>  |  |  |  |
| <b>TOTAL LIABILITIES</b>                                   | <b>-</b>   | <b>-</b>                                 | <b>-</b>   |
| <b>NET ASSETS:</b>   |  |  |  |
| Held in Trust for Pension Plan Participants                | -  | 2,719                                    | 76,267   |
| Held in Trust for Investment Trust Participants            | 920,321  | -  | -  |
| Designated for Unrealized Gains                            | 20,298   | -  | -  |
| Unreserved Undesignated                                    | -  | 5  | -  |
| <b>TOTAL NET ASSETS HELD<br/>IN TRUST FOR PARTICIPANTS</b> | <b>\$ 940,619</b>  | <b>\$ 2,724</b>                          | <b>\$ 76,267</b>   |

See accompanying notes to the financial statements.

The Investment Trust and Pension Trust Fund balances of the Primary Government shown above are included in the Trust and Agency Fund Type balances shown on the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*. The Pension Trust Fund balances of the University of Colorado Hospital Authority shown above are included in the Component Units column of the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*.

**STATEMENT OF CHANGES IN NET ASSETS  
ALL PENSION AND INVESTMENT TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001  
AND DISCRETELY PRESENTED COMPONENT UNITS**

| (DOLLARS IN THOUSANDS)            | PRIMARY GOVERNMENT                        |                           | COMPONENT UNITS                           |
|-----------------------------------|---|---------------------------|---|
|                                   | INVESTMENT TRUST                          | PENSION TRUST             | PENSION TRUST                             |
|                                   | COLORADO COMPENSATION INSURANCE AUTHORITY | DEFINED CONTRIBUTION PLAN | UNIVERSITY OF COLORADO HOSPITAL AUTHORITY |
| ADDITIONS:                        |   |                           |   |
| Additions By Participants         | \$ 401,380                                | \$ 1,329                  | \$ 5,925                                  |
| Investment Income                 | 90,566                                    | (234)                     | 1,862                                     |
| TOTAL ADDITIONS                   | 491,946                                   | 1,095                     | 7,787                                     |
| DEDUCTIONS:                       |   |                           |   |
| Deductions By Participants        | 332,677                                   | 173                       | 1,706                                     |
| Administrative Expense            | -   | -                         | 452                                       |
| Other Deductions                  | -   | 2                         | -   |
| TOTAL DEDUCTIONS                  | 332,677                                   | 175                       | 2,158                                     |
| NET INCREASE (DECREASE) IN ASSETS | 159,269                                   | 920                       | 5,629                                     |
| NET ASSETS AVAILABLE              |   |                           |   |
| Beginning of the Year             | 781,350                                   | 1,804                     | 70,638                                    |
| End of the Year                   | \$ 940,619                                | \$ 2,724                  | \$ 76,267                                 |

See accompanying notes to the financial statements.

**COMBINED BALANCE SHEET  
ALL COLLEGE AND UNIVERSITY FUNDS  
AT JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                     | CURRENT FUNDS     |                   |                  |                   |
|--|-------------------|-------------------|------------------|-------------------|
|  | UNRESTRICTED      | RESTRICTED        | LOAN FUNDS       | ENDOWMENT FUNDS   |
| <b>ASSETS:</b>                             |                   |                   |                  |                   |
| Cash and Pooled Cash                       | \$ 187,916        | \$ 19,291         | \$ 4,646         | \$ 16,361         |
| Accounts Receivable:                       |                   |                   |                  |                   |
| Tuition, Fees, Charges for Services, net   | 59,412            | 30,233            | 59               | -                 |
| Intergovernmental                          | 446               | 45,545            | 222              | -                 |
| Other                                      | 3,201             | 59                | 229              | 21                |
| Subtotal Accounts Receivable               | 63,059            | 75,837            | 510              | 21                |
| Loans and Notes Receivable, net            | 1,023             | -                 | 85,094           | -                 |
| Due From Other Funds                       | 29,751            | 5,655             | -                | 150               |
| Inventories                                | 24,070            | -                 | -                | -                 |
| Other Current Assets                       | 20,423            | 1,162             | 5                | -                 |
| Investments                                | 210,658           | 31,062            | 6,912            | 84,692            |
| Plant Facilities:                          |                   |                   |                  |                   |
| Land and Improvements                      | -                 | -                 | -                | 4,312             |
| Buildings and Improvements, net            | -                 | -                 | -                | -                 |
| Leasehold Improvements, net                | -                 | -                 | -                | -                 |
| Construction in Progress                   | -                 | -                 | -                | -                 |
| Equipment, net                             | -                 | -                 | -                | -                 |
| Library Books                              | -                 | -                 | -                | -                 |
| Other Fixed Assets                         | -                 | -                 | -                | -                 |
| Subtotal Plant Facilities                  | -                 | -                 | -                | 4,312             |
| Other Long-Term Assets                     | 5,878             | -                 | -                | -                 |
| <b>TOTAL ASSETS</b>                        | <b>\$ 542,778</b> | <b>\$ 133,007</b> | <b>\$ 97,167</b> | <b>\$ 105,536</b> |
| <b>LIABILITIES:</b>                        |                   |                   |                  |                   |
| Accounts Payable and Accrued Liabilities   | \$ 98,970         | \$ 29,139         | \$ 38            | \$ -              |
| Due To Other Funds                         | 8,160             | 8,473             | -                | 7,415             |
| Deferred Revenue                           | 90,816            | 5,469             | -                | -                 |
| Other Current Liabilities                  | 19,411            | 666               | 1,395            | 259               |
| Capital Lease Obligations                  | -                 | -                 | -                | -                 |
| Notes and Bonds Payable                    | 20                | 8                 | -                | -                 |
| Accrued Compensated Absences               | 101,793           | 254               | -                | -                 |
| Other Long-Term Liabilities                | 27,683            | -                 | 50               | -                 |
| <b>TOTAL LIABILITIES</b>                   | <b>346,853</b>    | <b>44,009</b>     | <b>1,483</b>     | <b>7,674</b>      |
| <b>FUND BALANCE:</b>                       |                   |                   |                  |                   |
| Investment in Fixed Assets                 | -                 | -                 | -                | -                 |
| Designated for Unrealized Investment Gains | 1,835             | 694               | -                | -                 |
| Restricted                                 | -                 | 88,304            | 95,684           | 97,862            |
| Unrestricted:                              |                   |                   |                  |                   |
| Designated                                 | 197,357           | -                 | -                | -                 |
| Undesignated                               | (3,267)           | -                 | -                | -                 |
| <b>TOTAL FUND BALANCE</b>                  | <b>195,925</b>    | <b>88,998</b>     | <b>95,684</b>    | <b>97,862</b>     |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>  | <b>\$ 542,778</b> | <b>\$ 133,007</b> | <b>\$ 97,167</b> | <b>\$ 105,536</b> |

See accompanying notes to the financial statements.



| PLANT FUNDS       |                            |                     | MEMORANDUM ONLY  |                     |
|-------------------|----------------------------|---------------------|------------------|---------------------|
| UNEXPENDED        | RETIREMENT OF INDEBTEDNESS | INVESTMENT IN PLANT | AGENCY FUNDS     | TOTALS              |
| \$ 111,738        | \$ 6,234                   | \$ -                | \$ 11,384        | \$ 357,570          |
| 698               | 1                          | -                   | 1,870            | 92,273              |
| 623               | 8                          | -                   | 87               | 46,931              |
| 93                | 61                         | -                   | -                | 3,664               |
| 1,414             | 70                         | -                   | 1,957            | 142,868             |
| -                 | -                          | -                   | -                | 86,117              |
| 4,825             | -                          | -                   | 9                | 40,390              |
| -                 | -                          | -                   | -                | 24,070              |
| 892               | 19                         | -                   | 43               | 22,544              |
| 152,838           | 9,010                      | -                   | 5,639            | 500,811             |
| -                 | -                          | 224,858             | -                | 229,170             |
| -                 | -                          | 2,120,841           | -                | 2,120,841           |
| -                 | -                          | 5,010               | -                | 5,010               |
| 362,989           | -                          | 1,270               | -                | 364,259             |
| -                 | -                          | 518,989             | -                | 518,989             |
| -                 | -                          | 307,216             | -                | 307,216             |
| 394               | -                          | 1,453               | -                | 1,847               |
| 363,383           | -                          | 3,179,637           | -                | 3,547,332           |
| 199               | -                          | 1,477               | -                | 7,554               |
| <b>\$ 635,289</b> | <b>\$ 15,333</b>           | <b>\$ 3,181,114</b> | <b>\$ 19,032</b> | <b>\$ 4,729,256</b> |
| \$ 13,294         | \$ 2,933                   | \$ 4                | \$ 5,712         | \$ 150,090          |
| 5,416             | 147                        | 8,345               | 134              | 38,090              |
| 309               | -                          | 99                  | 162              | 96,855              |
| 17                | 111                        | 3,764               | 13,024           | 38,647              |
| 2,019             | 213                        | 98,585              | -                | 100,817             |
| 61,825            | 1,140                      | 282,560             | -                | 345,553             |
| -                 | -                          | -                   | -                | 102,047             |
| 21                | 295                        | 23                  | -                | 28,072              |
| 82,901            | 4,839                      | 393,380             | 19,032           | 900,171             |
| -                 | -                          | 2,787,734           | -                | 2,787,734           |
| 55                | 116                        | -                   | -                | 2,700               |
| 552,333           | 10,378                     | -                   | -                | 844,561             |
| -                 | -                          | -                   | -                | 197,357             |
| -                 | -                          | -                   | -                | (3,267)             |
| 552,388           | 10,494                     | 2,787,734           | -                | 3,829,085           |
| <b>\$ 635,289</b> | <b>\$ 15,333</b>           | <b>\$ 3,181,114</b> | <b>\$ 19,032</b> | <b>\$ 4,729,256</b> |

**COMBINED STATEMENT OF CHANGES IN FUND BALANCE  
ALL COLLEGE AND UNIVERSITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                                   | CURRENT FUNDS     |                  | LOAN FUNDS       | ENDOWMENT FUNDS  |
|--|-------------------|------------------|------------------|------------------|
|  | UNRESTRICTED      | RESTRICTED       |                  |                  |
| <b>REVENUES AND OTHER ADDITIONS:</b>                     |                   |                  |                  |                  |
| Tuition and Fees   | \$ 690,593        | \$ -             | \$ -             | \$ -             |
| Federal Grants and Contracts                             | 14,049            | 592,620          | 1,031            | -                |
| State and Local Grants and Contracts                     | 586               | 43,852           | -                | -                |
| Private Gifts, Grants, and Contracts                     | 1,656             | 172,917          | 26               | 1,021            |
| Indirect Cost Recoveries                                 | 112,764           | -                | -                | -                |
| Investment Income  | 32,607            | 8,008            | 407              | (6,222)          |
| Sales and Services of Educational Activities             | 111,769           | 78               | -                | -                |
| Sales and Services of Auxiliaries and Hospitals          | 319,665           | -                | -                | -                |
| Gain (Loss) on Debt Extinguishment                       | -                 | -                | -                | -                |
| Interest on Loans Receivable                             | -                 | -                | 2,069            | -                |
| Retirement of Indebtedness                               | -                 | -                | -                | -                |
| Additions to Plant Facilities                            | -                 | -                | -                | -                |
| Other Revenues and Additions                             | 58,038            | 1,554            | 1,002            | 685              |
| <b>TOTAL REVENUES AND OTHER ADDITIONS</b>                | <b>1,341,727</b>  | <b>819,029</b>   | <b>4,535</b>     | <b>(4,516)</b>   |
| <b>EXPENDITURES AND OTHER DEDUCTIONS:</b>                |                   |                  |                  |                  |
| Educational and General:                                 |                   |                  |                  |                  |
| Instructional  | 787,661           | 119,112          | -                | -                |
| Research   | 45,634            | 390,437          | -                | -                |
| Public Service   | 61,695            | 46,203           | -                | -                |
| Academic Support   | 179,095           | 16,243           | -                | -                |
| Student Services   | 135,091           | 13,723           | -                | -                |
| Institutional Support                                    | 152,248           | 10,401           | -                | -                |
| Operation of Plant                                       | 153,016           | 3,208            | -                | -                |
| Scholarships and Fellowships                             | 42,133            | 147,201          | -                | -                |
| Subtotal Educational and General                         | 1,556,573         | 746,528          | -                | -                |
| Auxiliaries and Hospitals                                | 314,645           | 8,633            | -                | -                |
| Indirect Cost Charges                                    | 595               | 111,982          | 187              | -                |
| Loan Cancellation and Write-off                          | -                 | -                | 1,074            | -                |
| Expended for Plant Facilities                            | -                 | -                | -                | -                |
| Retirement of Indebtedness                               | -                 | -                | -                | -                |
| Interest on Indebtedness                                 | -                 | -                | -                | -                |
| Disposal of Plant Facilities                             | -                 | -                | -                | -                |
| Other Expenditures and Deductions                        | 46                | 2                | 511              | 2,203            |
| <b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>           | <b>1,871,859</b>  | <b>867,145</b>   | <b>1,772</b>     | <b>2,203</b>     |
| <b>TRANSFERS BETWEEN FUNDS - ADDITIONS (DEDUCTIONS):</b> |                   |                  |                  |                  |
| Mandatory Transfers In (Out)                             | (47,229)          | (2)              | 283              | 24               |
| Nonmandatory Transfers In (Out)                          | (62,703)          | (16,314)         | (198)            | 1,627            |
| Net Operating Transfers From State Funds                 | 662,142           | 81,081           | -                | 251              |
| <b>TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS</b>      | <b>1,319,649</b>  | <b>802,380</b>   | <b>1,687</b>     | <b>301</b>       |
| <b>NET INCREASE (DECREASE) IN FUND BALANCE</b>           | <b>22,078</b>     | <b>16,649</b>    | <b>2,848</b>     | <b>(4,817)</b>   |
| FUND BALANCE, JULY 1                                     | 173,847           | 72,349           | 92,836           | 102,679          |
| Prior Period Adjustment (See Note III-L)                 | -                 | -                | -                | -                |
| <b>FUND BALANCE, JUNE 30</b>                             | <b>\$ 195,925</b> | <b>\$ 88,998</b> | <b>\$ 95,684</b> | <b>\$ 97,862</b> |

See accompanying notes to the financial statements.

| PLANT FUNDS |                               |                        | MEMORANDUM     |
|-------------|-------------------------------|------------------------|----------------|
| UNEXPENDED  | RETIREMENT OF<br>INDEBTEDNESS | INVESTMENT<br>IN PLANT | ONLY<br>TOTALS |
| \$ -        | \$ -                          | \$ -                   | \$ 690,593     |
| 296         | 167                           | -                      | 608,163        |
| 150         | -                             | -                      | 44,588         |
| 10,178      | 878                           | 2,568                  | 189,244        |
| -           | -                             | -                      | 112,764        |
| 17,952      | 681                           | -                      | 53,433         |
| -           | -                             | -                      | 111,847        |
| -           | -                             | -                      | 319,665        |
| -           | (221)                         | (1,051)                | (1,272)        |
| -           | -                             | -                      | 2,069          |
| 3,257       | 221                           | 34,188                 | 37,666         |
| 76          | -                             | 366,438                | 366,514        |
| 8,269       | -                             | 2,457                  | 72,005         |
| 40,178      | 1,726                         | 404,600                | 2,607,279      |
| -           | -                             | -                      | 906,773        |
| -           | -                             | -                      | 436,071        |
| -           | -                             | -                      | 107,898        |
| -           | -                             | -                      | 195,338        |
| -           | -                             | -                      | 148,814        |
| -           | -                             | -                      | 162,649        |
| -           | -                             | -                      | 156,224        |
| -           | -                             | -                      | 189,334        |
| -           | -                             | -                      | 2,303,101      |
| -           | -                             | -                      | 323,278        |
| -           | -                             | -                      | 112,764        |
| -           | -                             | -                      | 1,074          |
| 277,079     | -                             | -                      | 277,079        |
| 105         | 36,940                        | -                      | 37,045         |
| 1,354       | 23,152                        | 69                     | 24,575         |
| -           | -                             | 124,170                | 124,170        |
| 15,552      | 193                           | 1,711                  | 20,218         |
| 294,090     | 60,285                        | 125,950                | 3,223,304      |
| (6,172)     | 53,085                        | 11                     | -              |
| 76,014      | 1,453                         | 121                    | -              |
| 166,691     | -                             | -                      | 910,165        |
| 57,557      | 5,747                         | 125,818                | 2,313,139      |
| (17,379)    | (4,021)                       | 278,782                | 294,140        |
| 575,129     | 14,515                        | 2,515,005              | 3,546,360      |
| (5,362)     | -                             | (6,053)                | (11,415)       |
| \$ 552,388  | \$ 10,494                     | \$ 2,787,734           | \$ 3,829,085   |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### A. REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds and account groups of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units, which are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity. The state is financially accountable for those entities for which the state appoints a voting majority of the governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. For those entities that the state does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

Discretely presented in the combined financial statements for the state are the following entities:

- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- Colorado Uninsurable Health Insurance Plan

With the exception of the University of Colorado Hospital Authority, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan are included because they present a financial burden on the state. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the entity. The Water Resources and Power Development Authority is included because the state is able to impose its will upon the authority.

Detailed financial information may be obtained directly from these organizations at the following addresses:

Denver Metropolitan Major League Baseball Stadium District  
1701 Bryant Street, Suite 500  
Denver, Colorado 80204

University of Colorado Hospital Authority  
4200 East Ninth Avenue, Box A020  
Denver, Colorado 80262

Colorado Water Resources and Power Development Authority  
1580 Logan Street, Suite 620  
Denver, Colorado 80203

Colorado Uninsurable Health Insurance Plan  
1700 Broadway, Suite 430  
Denver, Colorado 80290

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14:

- Colorado Compensation Insurance Authority  
(D.B.A. Pinnacle Assurance)
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Facilities Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Benefit Association
- The State Board of the Great Outdoors
- Colorado Trust Fund

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state does not impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state higher education institutions. These entities are included in the various note disclosures if they qualify as related parties or omitting them would be misleading.

The state has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state but is operated by the hospital district under a twenty-year contract that is renewable at the district's option for successive ten-year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the district states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The state's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

**B. FUND STRUCTURE**

**Primary Government**

The financial activities of the state are organized on the basis of individual funds and account groups. Each fund is a separate accounting entity, in which the operations are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, or expenses, of that entity. For financial statement presentation, similar funds have been combined into fund types and categories.

**GOVERNMENTAL FUND TYPES**

General Fund

Transactions related to resources obtained and used for those services traditionally provided by state government, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are

accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue Funds

Transactions related to resources obtained from specific sources, and restricted to specific purposes are accounted for in the special revenue funds. The individual funds include the Highway Fund, the Wildlife Fund, the Labor Fund, the Gaming Fund, the Water Projects Construction Fund, the Tobacco Litigation Settlement Fund, and the State Education Fund.

Debt Service Fund

This fund accounts for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest. The primary debt serviced by this fund consists of certain long-term lease purchase agreements and notes issued by the Department of Transportation to fund infrastructure.

Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities and certain equipment are accounted for in the capital projects fund.

**PROPRIETARY FUND TYPES**

Enterprise Funds

These funds account for activities that are financed and operated in a manner much like private business enterprises. Costs of providing goods and services to the public, including depreciation, are recovered primarily through user charges.

Internal Service Funds

These funds account for the operations that provide goods or services on a cost-reimbursement basis to state agencies.

**FIDUCIARY FUND TYPES**

Trust and Agency Funds

These funds account for assets held by the state in a trustee capacity or as an agent for other organizations or individuals. They include agency funds, expendable and nonexpendable trust funds, investment trust funds, and pension trust funds.

Agency funds are used to account for assets held for other funds, governments, or individuals. They are custodial in nature and do not involve the measurement of operations.

The expendable trust fund classification is used when both the principal and revenue earned may be expended for purposes designated by the trust agreement.

Nonexpendable trust funds require that the principal of the fund remains intact while only the earnings of the fund are expendable.

Individual investment trust funds are used to account for investments that are not in the treasurer's investment pool but are managed by the state treasurer for external entities.

A pension trust fund is used to account for the assets and liabilities arising from the contributions and benefits payable to participants in one of the state's pension plans. Participation in this defined contribution plan is limited to select employees – primarily legislators. Most state employees are covered by the defined benefit plan operated by the Public Employees Retirement Association. (See Note V.)

## ACCOUNT GROUPS

### General Fixed Assets Account Group

Land, buildings, equipment and other capital assets of the governmental fund types are accounted for in this group. Capital assets of the proprietary, trust, and the college and university funds are recorded in their respective funds and may be depreciated there. Infrastructure is not recorded in the state's accounting system or financial statements.

### General Long-term Debt Account Group

This group accounts for long-term liabilities of the governmental type funds, such as general liability, lease purchase obligations, employee leave obligations, notes, and employee workers' compensation claims. It also accounts for short-term risk management liabilities for which expendable financial resources are not available. Long-term obligations of the proprietary funds, trust funds, and the college and universities are accounted for in their respective funds.

## COLLEGE AND UNIVERSITY FUNDS

These funds account for the operations of the state-supported system of higher education. The College and University Funds consist of the following funds:

Current Funds Unrestricted account for economic resources that are expendable for any purpose in accomplishing the institutions' primary objectives.

Current Funds Restricted account for resources received from donors or other outside agencies, primarily the federal government, that are restricted for specific purposes.

Loan Funds account for resources available for student loans.

Endowment Funds account for resources contributed by donors. While the principal portion of the contribution must remain intact, earnings may be added to the principal or expended for restricted or unrestricted purposes.

Plant Funds account for resources available, acquisition costs, debt service requirements, and liabilities related to acquiring or repairing institutional properties.

Agency Funds account for resources held by the institution in a fiduciary capacity that it will distribute to designated beneficiaries.

## Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan (CUHIP) uses practices prescribed or permitted by the state's Division of Insurance. However, CUHIP's financial statements have been recast to conform to generally accepted accounting principles for presentation in these financial statements. The financial information for both entities is presented as of December 31, 2000.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting for its operations except for its expendable trust fund, which uses governmental fund accounting, and its agency fund, which records assets and liabilities on the modified accrual basis. The expendable trust fund accounts for assets held in a trustee capacity for Animas – LaPlata dam project in southwest Colorado. The agency fund accounts for unspent bond proceeds held in trustee capacity for local governments. The Authority's financial information is presented as of December 31, 2000.

The University of Colorado Hospital Authority uses proprietary fund accounting for their operations. The financial statements for the Hospital Authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting. Financial information for the authority is presented as of June 30, 2001.

## C. BASIS OF ACCOUNTING

### Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Nonexpendable trust funds and proprietary funds are accounted for on a flow of economic resources measurement focus.

Governmental fund types, expendable trust funds, and agency funds are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year end.

Historical data, adjusted for economic trends, is used in the estimation of the following accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due by June 30.
- Net income taxes from individuals, corporations, and trusts are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate the taxpayer's current income. The revenue is accrued net of an allowance for uncollectible taxes.

Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met.

Expenditures are recognized during the period in which the fund liability is incurred, except for accumulated employee leave time, principal and interest on long-term debt, which is recorded when due, risk management liabilities in excess of the available current financial resources appropriated for that purpose, and inventories which are generally considered expenditures when consumed.

Special reporting treatment at year end is accorded to encumbrances. In the General Fund, a reserve for encumbrances is recorded at year end for the appropriation that will be rolled-forward to cover encumbrances. In the Capital Projects Fund and the Highway Fund, a reserve for encumbrances is established for the contracted legal obligations of the funds.

Proprietary fund types, and nonexpendable, investment and pension trust funds are reported on the full accrual basis. Using this basis, revenues are recognized when earned, and expenses, including depreciation, are recognized when the economic benefit of an asset is consumed or a liability is incurred.

College and university funds are reported on the accrual basis, except for depreciation related to plant fund assets, which is generally not recorded, and revenues and expenditures related to summer school programs which are recorded primarily in the subsequent fiscal year in accordance with the National Association of College and University Business Officer's Financial Accounting and Reporting Manual for Higher Education.

The state has determined that proprietary and non-expendable trust funds will apply all applicable GASB pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 10, 1989: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

## Component Units

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations. Under these provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

## D. ELIMINATIONS

Substantially all intrafund transactions and balances of the primary government have been eliminated. Interfund sales and federal grant pass-throughs are not eliminated, but are shown as revenues and expenditures/expenses of the various funds. Substantially all other interfund transactions are classified as operating transfers-in or operating transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

## E. INSURANCE

The state has agreements with the Colorado Compensation Insurance Authority (CCIA), a related party, to administer a Paid Loss/Retro Plan for workers' compensation insurance claims through June 30, 1996. For claims arising after that date, the state is self-insured for workers' compensation. The state reimburses CCIA for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured for general liability for both its officials and employees.

## F. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements for the primary government are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor are they comparable to a consolidation, as interfund eliminations have not been made in the aggregation of this data.

**G. CASH AND POOLED CASH****Primary Government**

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and pooled cash with the state treasurer.

**Component Units**

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan consider highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Denver Metropolitan Major League Baseball Stadium District, and the Colorado Water Resources and Power Development Authority consider investments with maturity of three months or less when purchased to be cash equivalents.

**H. INVENTORY**

Inventories of the various state agencies primarily comprise finished goods inventories held for resale by Correctional Industries, and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average cost, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expended at the time of sale.

**I. INVESTMENTS**

For the primary government, items classified as investments, including those held by the state treasurer and represented as pooled cash, are both short and long-term investments. These are stated at fair value except for certain money market investments. (See Note III-G.) Investments that do not have an established market are reported at their estimated fair value. The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts.

**J. PROPERTY, PLANT, AND EQUIPMENT****Primary Government**

Capital assets are carried at cost on the balance sheet. Donated capital assets are carried at their fair market value at the date of donation. The state capitalizes assets whose cost exceeds \$5,000.

Generally, the state capitalizes interest during the construction of general fixed assets. General fixed assets do not include infrastructure and are not depreciated. Assets in proprietary and nonexpendable trust are depreciated using the straight-line method.

State agencies are required to use actual experience in setting useful lives for depreciating their fixed assets; however, in the absence of such experience, the following useful lives are recommended:

|                                     |             |
|-------------------------------------|-------------|
| Buildings                           | 25-40 years |
| Improvements other than buildings   | 10-17 years |
| Furniture, machinery, and equipment | 5-12 years  |

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District capitalized interest costs during construction of the stadium; however, no interest expense was capitalized in 2000 or 1999. The University of Colorado Hospital Authority capitalizes interest during the construction of fixed assets. Due to the ongoing relocation of its main campus, the hospital evaluates long-lived assets annually for impairment. No adjustments for impairment have been recognized for the years ended June 30, 2001 or 2000. Both entities depreciate fixed assets over the estimated useful life of the asset class using the straight-line method.

**K. DEFERRED REVENUE**

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures are made. Revenues related to taxes receivable that the state does not expect to collect until after the following fiscal year are deferred. In addition, it is the policy of the state's higher education institutions to defer summer school tuition to the following fiscal year.

**L. ACCRUED COMPENSATED ABSENCES LIABILITY****Primary Government**

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in



classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988 plus 360 additional hours. After earning the maximum accrual each employee may convert five hours of sick leave to one hour of annual leave. Employees are paid for one-fourth of their unused sick leave upon death or retirement.

Annual leave is earned at increasing rates based on employment longevity. In no event can a classified employee accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving state service.

Compensated absence liabilities related to the governmental funds are recorded in the General Long-Term Debt Account Group. For all other fund types, both current and long-term portions are recorded as individual fund liabilities.

### Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service and actual hours worked. The hospital records PTO expense as earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base which will ultimately retire from the hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

### M. FUNDEQUITY

Reserved fund balance indicates that a portion of fund equity is not available for appropriation, or is legally segregated for a specific use. Unless a fund is in itself a legal segregation (such as, a special revenue or fiduciary fund), designated unreserved fund balances are not legally segregated, but rather, they indicate tentative management plans for future use of funds.

The fund balance of the General Fund is reserved as provided by statute or as provided by generally accepted accounting principles. The unreserved and undesignated portion of fund equity on the budgetary basis is available for appropriation or working capital. Since the state is prohibited by its constitution from incurring general obligation debt, the General Fund surplus on the budgetary basis must be positive at year end.

Reserves and designations of fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 2000-01 appropriation that was encumbered for goods and services that were not received before June 30, 2001, due to extenuating circumstances. The specific appropriation related to these items is rolled-forward to Fiscal Year 2001-02.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts, and long-term contracts related to construction of major capital projects. Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. When a deficit occurs it is funded by future proceeds of the fund.

Reserved for Long-Term Assets and Long-Term Receivables - These reserves in the governmental funds are used to reserve the portion of fund balance that relates to long-term interfund receivables and other long-term assets that are not offset by deferred revenue. These assets are not currently available for appropriation.

Reserved for Statutorily Specified Amounts - In the General Fund, the statutory reserve is for cash funds that are allowed to maintain restricted fund balances in the General Fund. These balances are not available for general appropriation. In addition, Colorado Revised Statutes 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year. In Fiscal Year 2000-01, this amount should be \$213.67 million. Under generally accepted accounting principles no funds were available to meet this reserve requirement. However, due to delayed recognition of excess-revenue refunds under the state's budgetary basis, the reserve requirement was met and legal compliance was achieved. (See Note II-A.)

The statutory reserve in the Capital Projects Fund is the fund balance of the Corrections Expansion Reserve and certain other projects that are allowed to maintain a fund balance in the Capital Projects fund. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

The statutory reserve in the Trust and Agency Funds is required by Article X, Section 20 (TABOR) of the State Constitution, which requires the reservation of three percent or more of fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. (See Note II-D.)

Designated for Unrealized Investment Gains - In all fund types, this designation represents the amount by which the

fair value of investments exceeds amortized cost. It is not equivalent to the net change in fair value of investments.

Designated Unreserved – In the Special Revenue Fund, this designation represents the legally segregated balances not otherwise reserved or designated as unavailable. In the Capital Projects Fund, this designation represents amounts appropriated but not encumbered by contracts. In the Fiduciary Funds, this designation includes the unreserved portion of the principal in the Controlled Maintenance Trust Fund, as well as, all other fiduciary balances not otherwise reserved or designated as unavailable. In the College and University Funds, this designation represents the fund balance of the higher education auxiliary activities in the Current Unrestricted Fund.

#### **N. OUTSTANDING ENCUMBRANCES**

The state uses encumbrance accounting as an extension of formal budgetary integration in all funds except pension trust funds, investment trust funds, and the college and university funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities.

They lapse at year end unless specifically brought forward to the subsequent year, thus, committing the subsequent year's available appropriation.

#### **O. FUTURE CHANGES IN REPORTING STANDARDS**

The Governmental Accounting Standards Board has issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities; Statement No. 37 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38 Certain Financial Statement Note Disclosures. These reporting standards will result in new financial statements as well as changes to certain existing financial statement formats. In addition, fund equity reporting will be affected, and certain financial statement footnotes will be added or expanded. The state will implement these standards for the Fiscal Year ending June 30, 2002. Due to the significance of these changes it is not possible to present proforma data prior to implementing the standards.

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**NOTE II. BUDGETS - LEGAL COMPLIANCE**

**A. BUDGETARY BASIS**

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all funds received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. General-purpose revenues are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in several instances of duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exception. Refunds under Article X, Section 20 (TABOR) of the State Constitution are reductions of revenue for nonbudgetary reporting purposes, but they are shown as expenditures for budgetary purposes. For budgetary purposes, these expenditures are recognized in the year that the refunds are paid, not in the year the refund liability arises. For budgetary purposes, unrealized gains and losses on investments are not recognized as changes in revenue.

**B. BUDGETARY PROCESS**

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriation made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the Department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long

Appropriations Act segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Bill, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year end unless executive action is taken to rollforward all or part of the remaining unspent budget authority. General funded appropriations that meet the strict criteria for rollforward are reserved in the General Fund at year end. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the state agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. The institutions of higher education are appropriated at the governing board level. Statutes allow the Judicial and Executive Branches, at year end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual statements, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and any statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded, supplemental appropriations of the legislature, and other miscellaneous budgetary items.

**C. OVEREXPENDITURES**

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance, and earned federal revenues, are less than cash and federal expenditures, then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation.

The state controller may allow certain overexpenditures of the legal appropriation with the approval of the Governor as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The Department of Human Services is allowed \$1 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to \$1 million in total for the remainder of the executive branch. An additional \$1 million of transfers and overexpenditures are allowed for the Judicial Branch.

If the controller restricts the subsequent year appropriation for an overexpenditure, the agency is required to seek a supplemental appropriation from the General Assembly or reduce their subsequent year's expenditures.

Total overexpenditures at June 30, 2001, were \$8,897,867. The state controller has recommended that future appropriations be restricted by that amount. Overexpenditures at June 30, 2001, are described below.

#### Medicaid Overexpenditures:

- Transfer to the Department of Human Services – The Department of Health Care Policy and Financing overexpended general fund appropriations by \$5,778,736 when it transferred funds to the Department of Human Services, which used the funds to provide mental health, developmental disability, and child welfare services.
- Medical Service Premiums – The Department of Health Care Policy and Financing overexpended general fund appropriations by \$2,070,005 when it recorded bad debt expenditures to remove \$4,140,010 of receivables that were determined to be uncollectible. The amounts were due from medical services providers that had been overpaid due to errors or fraudulent billings. One half of the amount deemed uncollectible has been charged to the General Fund with the remaining balance expected to be collected from the federal government.

#### Department of Human Services Overexpenditures Other Than Medicaid:

- Self Sufficiency-Adult Assistance Programs / Aid to the Needy Disabled - State Only Grant Program – The Department of Human Services overexpended this budget line item by \$821,668, which comprises \$333,745 of general funded appropriation and \$487,923 of cash funded appropriation. The program provides interim financial assistance to disabled low-income clients awaiting approval of their application for Supplemental Social Security Income.

#### Statewide Overexpenditures Subject to the \$1 Million Limit:

- Legal Services to State Agencies / Personal Services – The Department of Law overexpended this appropriation by \$44,570. The overexpenditure occurred because the Department did not bill state agencies enough to cover the cost of providing legal defense services to those agencies.
- Executive Director and Army National Guard / Operating Expenses – The Department of Military Affairs (DOMA) overexpended this general funded appropriation by \$9,415 due to emergency year end expenditures for air conditioning and elevator repairs.
- Executive Director and Army National Guard / Utilities – The DOMA overexpended this general funded appropriation by \$105,574 due the unanticipated increase in market prices – primarily for natural gas.
- Executive Director and Army National Guard / Capitol Complex Leased Space – The DOMA overexpended this general funded appropriation by \$3,031 when the actual charges billed by General Support Services (GSS) exceeded the estimated billing amounts provided to DOMA by GSS.

#### Other Overexpenditures – Expenditures Exceeding Earned Revenue Plus Statutory Fund Balance:

- Central Services-Facilities Maintenance and Planning / Property Maintenance-Capitol Complex Facilities-Utilities – The Department of Personnel/General Support Services overexpended its statutory fund appropriation by \$58,600 primarily due to utility costs. DOP/GSS was unable to pass those costs on to state agencies because those agencies did not have adequate appropriations to pay these cost increases.
- Executive Director's Office and Administrative Services / Office of Boxing – Program Costs – The Department of Regulatory Agencies overexpended its statutory fund appropriation by \$6,268 when revenues of the newly established Office of Boxing were inadequate to meet the costs of new program.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the State Controller's Office.

**D. TAX, SPENDING, AND DEBT LIMITATIONS**

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments or agencies of the state.

Annual revenues that exceed the constitutional limitation must be refunded, unless voters approve otherwise. The state exceeded the revenue growth limitation in each year since Fiscal Year 1996-97. A liability was recorded in the General Fund as a reduction of tax revenues for the current year amount exceeding the limitation (\$927.20 million). The Fiscal Year 2000-01 refund is shown on the *Combined Balance Sheet - All Fund Types and Discretely Presented Component Units* as TABOR Refund Liability.

Colorado Revised Statutes 24-75-201 requires that the recording of the TABOR refund not be included in the General Fund budgetary fund balance (General Fund Surplus) in the year in which the excess revenues were recorded. Instead, the budgetary fund balance is reduced in the following year by reporting an expenditure equal to the excess revenue reduced by any amount the voters authorize the state to retain.

Therefore, the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Funded* shows a \$941.13 million expenditure related to the Fiscal Year 1999-00 TABOR refund. A separately issued audited report of TABOR computations for Fiscal Year 2000-01 will be available from the State Controller's Office in December 2001.

**E. BUDGET TO GAAP RECONCILIATION**

The three combined budget-to-actual statements show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (See pages 34 to 37). College and university funds, with the exception of the state-appropriated amounts are excluded from these statements.

Certain expenditures on a generally-accepted-accounting-principle (GAAP) basis, such as, bad debt expense and depreciation, are not budgeted by the General Assembly. These expenditures are not shown on the budget-to-actual statements but are include in the following reconciliation as "GAAP Expenditures Not Budgeted". Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments and the recognition of the current year TABOR liability, affect revenues on a GAAP basis but not on the budgetary basis. These events and transactions are shown in the following reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

A reconciliation of the three budget-to-actual statements to the fund balances of the GAAP fund types appears on the following page.

**RECONCILING SCHEDULE  
ALL BUDGET FUND TYPES  
TO ALL GAAP FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|   | <b>GOVERNMENTAL FUND TYPES</b> |                     |                 |                     |
|---|--------------------------------|---------------------|-----------------|---------------------|
|   | GENERAL                        | SPECIAL<br>REVENUE  | DEBT<br>SERVICE | CAPITAL<br>PROJECTS |
| <b>BUDGETARY BASIS:</b>   |                                |                     |                 |                     |
| Revenues and Transfers-In:  |                                |                     |                 |                     |
| General   | \$ 6,355,277                   | \$ -                | \$ -            | \$ 320,054          |
| Cash  | 3,004,059                      | 2,806,218           | 42,896          | 69,196              |
| Federal   | 2,466,805                      | 326,655             | -               | 16,885              |
| Sub-Total Revenues and Transfers-In   | <u>11,826,141</u>              | <u>3,132,873</u>    | <u>42,896</u>   | <u>406,135</u>      |
| Expenditures/Expenses and Transfers-Out   |                                |                     |                 |                     |
| General Funded  | 6,683,550                      | -                   | -               | 366,286             |
| Cash Funded   | 2,930,801                      | 2,163,743           | 39,164          | 51,726              |
| Federally Funded  | 2,464,214                      | 326,628             | -               | 16,885              |
| Expenditures/Expenses and Transfers-Out   | <u>12,078,565</u>              | <u>2,490,371</u>    | <u>39,164</u>   | <u>434,897</u>      |
| Excess of Revenues and Transfers-In Over<br>(Under) Expenditures and Transfers-Out - Budget Basis | (252,424)                      | 642,502             | 3,732           | (28,762)            |
| <b>BUDGETARY BASIS ADJUSTMENTS:</b>   |                                |                     |                 |                     |
| (Increase)/Decrease in TABOR Refund   | 13,928                         | -                   | -               | -                   |
| Increase/(Decrease) for Unrealized Gains/Losses   | 24,422                         | 34,483              | -               | 10,631              |
| Increase for Budgeted Non-GAAP Expenditures   | 1,422                          | 32,815              | -               | -                   |
| Increase/(Decrease) for GAAP Expenditures Not Budgeted  | 100,191                        | (7,766)             | -               | 16,629              |
| Increase/(Decrease) for GAAP Revenue Adjustments  | (100,332)                      | 44                  | -               | (16,628)            |
| Increase/(Decrease) for Non-Budgeted Funds  | -                              | -                   | -               | -                   |
| Excess of Revenues and Transfers-In Over<br>(Under) Expenditures and Transfers-Out - GAAP Basis   | <u>(212,793)</u>               | <u>702,078</u>      | <u>3,732</u>    | <u>(18,130)</u>     |
| <b>GAAP BASIS FUND BALANCES:</b>  |                                |                     |                 |                     |
| FUND BALANCE, JULY 1  | 257,151                        | 1,569,532           | 5,742           | 401,728             |
| Prior Period Adjustments  | (15,880)                       | -                   | -               | -                   |
| FUND BALANCE, JUNE 30   | <u>\$ 28,478</u>               | <u>\$ 2,271,610</u> | <u>\$ 9,474</u> | <u>\$ 383,598</u>   |

| PROPRIETARY<br>FUND TYPES |                     | FIDUCIARY<br>FUND TYPES | ACCOUNT GROUPS             |                              |                                    | TOTAL<br>PRIMARY<br>GOVERNMENT |
|---------------------------|---------------------|-------------------------|----------------------------|------------------------------|------------------------------------|--------------------------------|
| ENTERPRISE                | INTERNAL<br>SERVICE | TRUST &<br>AGENCY       | GENERAL<br>FIXED<br>ASSETS | GENERAL<br>LONG-TERM<br>DEBT | COLLEGE AND<br>UNIVERSITY<br>FUNDS |                                |
| \$ -                      | \$ -                | \$ -                    | \$ -                       | \$ -                         | \$ -                               | \$ 6,675,331                   |
| 518,957                   | 212,422             | 482,717                 | -                          | -                            | 1,385,176                          | 8,521,641                      |
| 65,519                    | -                   | 14,686                  | -                          | -                            | -                                  | 2,890,550                      |
| 584,476                   | 212,422             | 497,403                 | -                          | -                            | 1,385,176                          | 18,087,522                     |
| -                         | -                   | -                       | -                          | -                            | -                                  | 7,049,836                      |
| 486,962                   | 201,685             | 383,459                 | -                          | -                            | 1,354,275                          | 7,611,815                      |
| 62,663                    | -                   | 14,570                  | -                          | -                            | -                                  | 2,884,960                      |
| 549,625                   | 201,685             | 398,029                 | -                          | -                            | 1,354,275                          | 17,546,611                     |
| 34,851                    | 10,737              | 99,374                  | -                          | -                            | 30,901                             | 540,911                        |
| -                         | -                   | -                       | -                          | -                            | -                                  | 13,928                         |
| (5,145)                   | 712                 | 26,348                  | -                          | -                            | (2,147)                            | 89,304                         |
| 1,608                     | 79                  | -                       | -                          | -                            | -                                  | 35,924                         |
| (19,015)                  | (3,075)             | 5                       | -                          | -                            | (10)                               | 86,959                         |
| -                         | -                   | -                       | -                          | -                            | -                                  | (116,916)                      |
| -                         | -                   | 160,190                 | 86,518                     | -                            | 253,981                            | 500,689                        |
| 12,299                    | 8,453               | 285,917                 | 86,518                     | -                            | 282,725                            | 1,150,799                      |
| 96,894                    | 18,618              | 2,694,833               | 1,849,389                  | -                            | 3,546,360                          | 10,440,247                     |
| 78,769                    | -                   | 36,697                  | -                          | -                            | -                                  | 99,586                         |
| \$ 187,962                | \$ 27,071           | \$ 3,017,447            | \$ 1,935,907               | \$ -                         | \$ 3,829,085                       | \$ 11,690,632                  |

**NOTE III. OTHER ACCOUNTING DISCLOSURES****A. CASH AND POOLED CASH****Primary Government**

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund, unless a specific statute directs otherwise. Where a fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system. Electronic transfers are used by the state to enhance availability of funds for investment purposes.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding those amounts insured by federal insurance.

The state maintains accounts for various purposes at locations throughout the state. Cash balances in these accounts that are not required for immediate use are invested in certificates of deposit by the fund custodian or moved to the state treasurer's pooled cash investments.

The Cash and Pooled Cash line on the financial statements includes \$3,071.6 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 2001, the treasurer had invested \$2,996.9 million of the pool with the balance in demand deposits and certificates of deposit. At June 30, 2001, the state had cash balances in all funds with a carrying value of \$2,035.2 million. The state categorizes its cash into three categories as to its risk:

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held

by the pledging financial institution, or by its trust department or agent, but not in the state's name.

The bank balances of these funds are categorized by risk as follows:

| Risk<br>Category | Bank Balance<br>June 30 |
|------------------|-------------------------|
| 1                | \$ 838,701,166          |
| 2                | 1,156,196,273           |
| 3                | 6,826,883               |
| TOTAL            | <u>\$ 2,001,724,322</u> |

**Component Units**

At December 31, 2000, the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of \$14,750 and deposits collateralized in single institution pools of \$21,321,972.

At December 31, 2000 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of \$30,078. They also had \$6,008,006 in money market funds invested in obligations of the U.S. Government or its agencies. The money market funds are carried at cost, which approximates market value.

**B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES**

In the proprietary fund types, noncash transactions occur that do not affect the *Combined Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. These transactions are summarized at the bottom of the statement and are explained as follows:

**Enterprise Funds:**

- The Guaranteed Student Loan Program (GSLP) recorded a \$647,636 loss on disposal of equipment due to a change in its fixed asset capitalization threshold. The GSLP also acquired fixed assets valued at \$178,373 by entering a capital lease.
- The Colorado State Lottery recorded a \$37,217 loss on disposal of fixed assets.
- The State Nursing Homes received fixed assets costing \$38,841 from the General Fixed Assets Account Group, which were funded by the Capital Projects Fund. The General Fixed Asset Account Group does not have a statement of operations; therefore, no matching transfer out is shown on the



financial statements. The State Nursing Homes also acquired fixed assets valued at \$3,759 by entering a capital lease.

- The State Fair Authority received fixed assets costing \$302,289 from the General Fixed Assets Account Group, which were funded by the Capital Projects Fund. On its investments not held by the state treasurer, the State Fair Authority recorded a gain of \$12,225 for the unrealized net change in fair value of investments. The Authority also reported a loss on disposal of fixed assets of \$23,456.
- The Colorado Student Obligation Bond Authority recorded a loss of \$7,760,945 for the unrealized net change in fair value of investments.

**Internal Service Funds:**

- Central Services acquired fixed assets, primarily motor vehicles, valued at \$12,425,573 by entering capital leases. Central Services also reported losses on disposal of fixed assets of \$674,425.

**Nonexpendable Trust Funds:**

- The State Lands Fund recorded a gain of \$14,300,939 for unrealized net change in fair value of investments on those investments individually held for the fund.
- The Controlled Maintenance Trust Fund recorded a gain of \$10,114,411 for the unrealized net change in fair value of investments on those investments individually held for the fund.
- The Tobacco Settlement Fund recorded a gain of \$2,059,380 for the unrealized net change in fair value of its individually held investments.

Nearly all proprietary type funds also recorded unrealized gains on the investments underlying the treasurer’s pooled cash in which they participate. The unrealized gains on the Treasurer’s pool are shown as increases in cash balances. The unrealized gains/losses on investments individually held are shown as increases/decreases in investment balances, and therefore, are reported as noncash transactions. Note III-G shows the combined effect of these two sources of unrealized gains/losses.

**C. RECEIVABLES**

**Primary Government**

The taxes receivable of \$1,105.5 million shown on the *Combined Balance Sheet - All Fund Types, Account Groups* results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of \$998.3 million are net of a deduction of \$78.9 million in allowance for doubtful accounts.

**Component Units**

The Colorado Water Resources and Power Development Authority had loans receivable of \$514.8 million and \$436.1 million at December 31, 2000 and 1999, respectively. During 2000 the Authority made new loans of \$102.3 million and canceled or received repayments for existing loans of \$23.7 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (25 percent), Medicaid (10 percent), managed care including Blue Cross (44 percent), and other commercial insurance (11 percent). However, the authority’s management does not believe there are credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 2000-01 and 1999-00 were approximately \$123.0 million and \$106.9 million, respectively. Medicaid, Medicare, and other third-party payer programs reimburse providers at rates generally less than the Hospital’s billing rates. Net patient-service revenue is adjusted for these differences and is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital reports pledges at their net present value. As a result, three pledges totaling \$65 million were discounted at rates ranging from 4.25 percent to 5.88 percent and are reported as receivables in the amount of \$46.1 million.

**D. INVENTORY**

Inventories of \$14.37 million in the General Fund at June 30, 2001, consisted of \$8.60 million of consumable and supplies inventories, and \$5.77 million of food donated to the Department of Human Services.

**E. PREPAIDS, ADVANCES, AND DEFERRED CHARGES**

In the General Fund, this account consists primarily of Medicaid payments in advance made to mental health and health care providers by the Department of Health Care Policy and Financing. Charges in the College and University Funds related to summer school are deferred to Fiscal Year 2001-02 to match the deferral of summer school tuition.

**F. INTERFUND BALANCES**

Individual interfund receivable and payable balances at June 30, 2001, were:

(Amounts in Thousands)

| Fund                         | Interfund<br>Receivables | Interfund<br>Payables |
|------------------------------|--------------------------|-----------------------|
| General Fund                 | \$ 49,610                | \$ 34,584             |
| Special Revenue Funds        |                          |                       |
| Highway                      | 8,697                    | 422                   |
| Wildlife                     | 2,022                    | 29                    |
| Labor                        | 372                      | -                     |
| Gaming                       | 9,838                    | 41,677                |
| Water Projects               | 194                      | 26,263                |
| Capital Projects Funds       | 3,427                    | 2,666                 |
| Enterprise Funds             |                          |                       |
| Guaranteed Student Loan      | 588                      | 841                   |
| State Lottery                | -                        | 20,056                |
| State Nursing Homes          | 1                        | -                     |
| Prison Canteens              | -                        | 1                     |
| Correctional Industries      | 618                      | 115                   |
| Other Enterprise Activities  | -                        | 609                   |
| Internal Service Funds       |                          |                       |
| Central Services             | 92                       | -                     |
| Telecommunications           | 8                        | -                     |
| Capitol Complex              | 4                        | -                     |
| Administrative Hearings      | 7                        | -                     |
| Expendable Trust Funds       |                          |                       |
| Unemployment Insurance       | -                        | 1,083                 |
| State Treasurer              | 16,129                   | -                     |
| Severance Tax Fund           | 33,897                   | -                     |
| Land Board                   | -                        | 3,553                 |
| Victims Compensation         | -                        | 25                    |
| Scholars Choice              | -                        | -                     |
| Conservation Trust Fund      | 8,020                    | -                     |
| Other Expendable Trusts      | -                        | 131                   |
| Nonexpendable Trust Funds    |                          |                       |
| State Lands                  | 127                      | -                     |
| Other Nonexpendable Trusts   | 10                       | -                     |
| Agency Funds                 |                          |                       |
| Revenue                      | 1,039                    | 15,268                |
| Treasury                     | 10,025                   | -                     |
| Other Agency Funds           | 300                      | 2                     |
| College and University Funds |                          |                       |
| Unrestricted                 | 29,751                   | 8,160                 |
| Restricted                   | 5,655                    | 8,473                 |
| Loan                         | -                        | -                     |
| Endowment                    | 150                      | 7,415                 |
| Unexpended Plant Fund        | 4,825                    | 5,416                 |
| Retirement of Indebtedness   | -                        | 147                   |
| Investment in Plant          | -                        | 8,345                 |
| Agency                       | 9                        | 134                   |
| <b>Totals</b>                | <b>\$ 185,415</b>        | <b>\$ 185,415</b>     |

**G. INVESTMENTS****Primary Government**

The state holds investments both for its own benefit and as an agent for certain entities as provided by law. The state does not invest its funds with any external investment pool; rather, funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer (See Note III-H.)

The fair value of the state's investments are determined from quoted market prices except for money market investments that are reported at amortized cost which approximates market.

The following schedule reconciles deposits and investments to the financial statements for the primary government:

(Amounts in Thousands)

| Footnote Amounts                       | Carrying<br>Amount  |
|--|---------------------|
| Deposits (Note III-A)                  | \$ 2,035,216        |
| Investments                            | 5,805,118           |
| <b>Total</b>                           | <b>\$ 7,840,334</b> |
|  |                     |
| Combined Balance Sheet Amounts         |                     |
| Net Cash and Pooled Cash               | \$ 4,824,917        |
| Add: Warrants Payable Included in Cash | 216,206             |
| Total Cash and Pooled Cash             | 5,041,123           |
| Add: Investments                       | 2,799,211           |
| <b>Total</b>                           | <b>\$ 7,840,334</b> |

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. Realized gains from the sale of investments related to the Treasurer's pooled cash were \$743,157 for Fiscal Year 2000-01. Excluding the Individual Investment Trust Fund, the Deferred Compensation Plan, and the Defined Contribution Plan, the state realized \$2,935,340 of net gains from the sale of investments of other funds during Fiscal Year 2000-01.

The state treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 2001 and 2000, the treasurer had \$34.02 million and \$31.7 million at fair value, respectively, of GOCO's

funds on deposit and invested. The treasurer also maintains an individual investment trust fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 2001 and 2000, the treasurer had \$927.2 million and \$770.1 million at fair value, respectively, of CCIA's funds on deposit and invested.

Colorado Revised Statutes 24-75-601.1 authorizes the type of investments that the state may hold. In general, the statute requires securities that are of the highest quality as determined by national rating agencies, those guaranteed by another state or the federal government, or a registered money market fund whose policies meet criteria set forth in the statute. The state may also enter securities lending agreements that meet certain collateralization and other requirements.

The state categorizes the custodial risks of its investments into the following categories:

- Category A is those investments that are insured or registered securities held by the state or its agent in the state's name.
- Category B is those investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name.
- Category C is those investments that are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the state's name.

Mutual funds and certain other investments are not categorized as to custodial risk because ownership is not evidenced by a security. The following table lists the state's investments by type and risk category:

(Amounts in Thousands)

| Type of Investment*        | Risk Category       |                  |                  | Total<br>Fair Value |
|----------------------------|---------------------|------------------|------------------|---------------------|
|                            | A                   | B                | C                |                     |
| U.S. Government Securities | \$ 2,018,280        | \$ 19,435        | \$ 7,306         | \$ 2,045,021        |
| Bankers' Acceptance        | 49,567              | -                | -                | 49,567              |
| Commercial Paper           | 409,318             | 4,513            | -                | 413,831             |
| Corporate Bonds            | 1,030,482           | -                | 1,420            | 1,031,902           |
| Corporate Securities       | 7,640               | -                | 11,137           | 18,777              |
| Repurchase Agreements      | 3,409               | 266              | -                | 3,675               |
| Asset Backed Securities    | 1,296,644           | -                | 573              | 1,297,217           |
| Subtotal                   | <b>\$ 4,815,340</b> | <b>\$ 24,214</b> | <b>\$ 20,436</b> | 4,859,990           |
| Uncategorized              |                     |                  |                  | 945,128             |
| <b>Total</b>               |                     |                  |                  | <b>\$ 5,805,118</b> |

\*Note: Amounts include the treasurer's pool and individual investment accounts.

The following schedule shows the state's net unrealized gains and (losses) by fund category for Fiscal Years 2000-01 and 1999-00. The schedule excludes the Deferred Compensation Plan, an expendable trust fund, the

individual investment trust fund managed for the Colorado Compensation Insurance Authority, and agency funds because realized and unrealized gains of these funds are not available to the state's programs.

(Amounts in Thousands)

| Fund Type                           | Fiscal Year<br>2000-01 | Fiscal Year<br>1999-00 |
|-------------------------------------|------------------------|------------------------|
| General Fund                        | \$ 24,422              | \$ (9,774)             |
| State Lands                         | 14,644                 | (6,916)                |
| Labor                               | 12,546                 | (1,222)                |
| Highway (Special Revenue)           | 11,224                 | (3,294)                |
| Controlled Maintenance Trust        | 10,833                 | (4,645)                |
| Capital Construction                | 10,631                 | (3,450)                |
| Tobacco Litigation Settlement Trust | 2,630                  | 327                    |
| State Education Fund                | 2,614                  | -                      |
| Water Conservation Construction     | 2,325                  | (745)                  |
| Wildlife                            | 2,217                  | (731)                  |
| Colorado Gaming Fund                | 1,813                  | (529)                  |
| Tobacco Litigation Settlement       | 1,745                  | (642)                  |
| Severance Tax Trust Fund            | 1,290                  | (507)                  |
| Guaranteed Student Loan Program     | 1,270                  | (419)                  |
| Other Expendable Trusts             | 692                    | (192)                  |
| State Employee Group Insurance      | 660                    | (197)                  |
| Colorado Lottery Fund               | 608                    | (188)                  |
| Correctional Industries             | 104                    | (25)                   |
| Other Nonexpendable Trusts          | 92                     | (5)                    |
| Unexpended Plant Funds              | 90                     | (170)                  |
| State Nursing Homes                 | 60                     | (19)                   |
| Highway (Internal Service)          | 52                     | (16)                   |
| State Fair Authority                | 29                     | (10)                   |
| Treasurer's Expendable Trust        | 23                     | (7)                    |
| Business Enterprise Program         | 9                      | (3)                    |
| Victims Compensation                | 2                      | -                      |
| Loan Fund                           | (65)                   | 9                      |
| Current Funds - Unrestricted        | (235)                  | (260)                  |
| Retirement of Indebtedness          | (409)                  | 11                     |
| Renewal and Replacement             | (1,241)                | 861                    |
| Current Funds - Restricted          | (1,247)                | (306)                  |
| Scholars Choice                     | (3,871)                | -                      |
| Student Obligation Bond Authority   | (7,223)                | 5,411                  |
| Endowment Fund                      | (9,864)                | (4,353)                |
| <b>Totals</b>                       | <b>\$ 78,470</b>       | <b>\$ (32,006)</b>     |

### Component Units

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which governmental units may invest. The risk criteria are defined the same as for the primary government.

Investments of the University of Colorado Hospital Authority are reported at fair values which are based on

quoted market prices, if available, or estimated using market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are based on the specific identification method and are included in non-operating income when earned.

The hospital uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates. At June 30, 2001, the hospital was party to two swap agreements having notational amounts of \$50 million and \$72 million. The fair value of the swaps was \$1,644,000

and (\$91,000), respectively, based on the gross unrealized market gain/loss. Gains and losses are reported in income, as the agreements do not qualify for hedge accounting. Both interest rate swaps are scheduled to terminate in 2006.

The following table lists the component units' investments by type and risk category:

(Amounts in Thousands)

| Type of Investment         | Risk Category     |             |                   | Total Fair Value  |
|----------------------------|-------------------|-------------|-------------------|-------------------|
|                            | A                 | B           | C                 |                   |
| U.S. Government Securities | \$ 93,484         | \$ -        | \$ 9,980          | \$ 103,464        |
| Repurchase Agreements      | -                 | -           | 231,419           | 231,419           |
| Corporate Bonds            | 48,374            | -           | -                 | 48,374            |
| Equity Securities          | 33,172            | -           | -                 | 33,172            |
| Other                      | 1,339             | -           | -                 | 1,339             |
| Subtotal                   | <u>\$ 176,369</u> | <u>\$ -</u> | <u>\$ 241,399</u> | 417,768           |
| Uncategorized              |                   |             |                   | 87,249            |
| Total                      |                   |             |                   | <u>\$ 505,017</u> |

## H. TREASURER'S INVESTMENT POOL

Participation in the treasurer's pool is mandatory for all state agencies with the exception of the University of Colorado. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains and losses and interest earnings, adjusted for amortization of premium and discounts, are distributed monthly prorated to the average of the participant's daily balance during the month if the participant is authorized to receive interest and investment earnings by statute.

Colorado Revised Statutes 24-36-113 authorizes the state treasurer to enter collateralized securities lending agreements. During Fiscal Year 2000-01, the treasurer loaned U.S. government, federal agencies' securities, mortgage pools, and collateralize mortgage obligation securities, held for the Colorado Compensation Insurance Authority to Morgan Stanley. The treasurer also loaned U.S. government and federal agencies securities held for the Colorado Treasury Pool, the State Lands Nonexpendable Trust Fund, Labor Fund and the Controlled Maintenance Trust Fund to Deutsche Bank. Morgan Stanley and Deutsche Bank pay the treasurer an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

Currently, collateral held by the custodial bank includes A-rated or better domestic corporate bonds, mortgage pools, U.S. treasuries, and federal agencies securities. Corporate securities held as collateral must equal at least 105 percent of the market value of the loaned securities, while government securities must equal at least 102 percent of the market value. The treasurer does not have the authority to pledge or sell collateral securities without borrower default nor does the treasurer accept cash as collateral.

Morgan Stanley, acting as the principal, and Deutsche Bank, acting as agent and fiduciary, are directly responsible for safeguarding the assets. Each carries a financial institution bond that is substantially more than the amount required by the New York Stock Exchange. On June 30, 2001, the market value of securities on loan from the Colorado Compensation Insurance Authority account was \$402,785,761. The market value of the collateral securities pledged was \$413,167,592. At June 30, 2001, the market value of the securities on loan from the other four funds was \$1,472,526,058, and the market value of the related pledged collateral was \$1,613,660,159.

## I. PROPERTY, PLANT, AND EQUIPMENT

### Primary Government

A summary of fixed assets by account groups and fund types at June 30, 2001, follows:

(Amounts in Thousands)

|                                | General             |                  | Internal         | Fiduciary        | College &           | Totals              |
|--------------------------------|---------------------|------------------|------------------|------------------|---------------------|---------------------|
|                                | Fixed Assets        | Enterprise       |                  |                  |                     |                     |
|                                | Account             | Funds            | Funds            | Funds            | Funds               |                     |
|                                | Group               |                  |                  |                  |                     |                     |
| Land and Improvements          | \$ 243,602          | \$ 9,216         | \$ -             | \$ 7,574         | \$ 229,170          | \$ 489,562          |
| Buildings and Improvements     | 1,208,803           | 27,916           | 847              | 59               | 2,127,195           | 3,364,820           |
| Equipment                      | 318,638             | 33,116           | 126,351          | 355              | 519,139             | 997,599             |
| Library Books and Holdings     | 4,102               | -                | -                | 5,130            | 307,216             | 316,448             |
| Construction in Progress       | 147,746             | 526              | -                | -                | 364,259             | 512,531             |
| Other                          | 13,016              | 60               | 16,978           | -                | 1,847               | 31,901              |
| Less: Accumulated Depreciation | -                   | (37,316)         | (90,335)         | -                | (1,494)             | (129,145)           |
| <b>Totals</b>                  | <b>\$ 1,935,907</b> | <b>\$ 33,518</b> | <b>\$ 53,841</b> | <b>\$ 13,118</b> | <b>\$ 3,547,332</b> | <b>\$ 5,583,716</b> |

A statement of changes in general fixed assets for the year ended June 30, 2001, is shown below:

(Amounts in Thousands)

|                            | Beginning           |                   | Deductions       | Reclassifications | Ending              |         |
|----------------------------|---------------------|-------------------|------------------|-------------------|---------------------|---------|
|                            | Balance             | Additions         |                  |                   | Balance             | June 30 |
|                            | July 1              |                   |                  |                   |                     |         |
| Land and Improvements      | \$ 233,056          | \$ 18,137         | \$ 7,591         | \$ -              | \$ 243,602          |         |
| Buildings and Improvements | 1,140,669           | 10,818            | 23,169           | 80,485            | 1,208,803           |         |
| Equipment                  | 313,230             | 21,028            | 15,620           | -                 | 318,638             |         |
| Library Books and Holdings | 4,023               | 91                | 12               | -                 | 4,102               |         |
| Construction in Progress   | 145,490             | 82,741            | -                | (80,485)          | 147,746             |         |
| Other                      | 12,921              | 95                | -                | -                 | 13,016              |         |
| <b>Totals</b>              | <b>\$ 1,849,389</b> | <b>\$ 132,910</b> | <b>\$ 46,392</b> | <b>\$ -</b>       | <b>\$ 1,935,907</b> |         |

The Department of Revenue, Department of Regulatory Agencies, and Department of Corrections removed fixed assets with values below the state's \$5,000 capitalization threshold in Fiscal Year 2000-01 resulting in larger than normal fixed asset deductions.

### Component Units

The Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of \$37,617 at December 31, 2000.

The Denver Metropolitan Major League Baseball Stadium District reported land and improvements, buildings, and other property and equipment, of \$175.2 million and \$179.6 million, net of accumulated depreciation, at December 31, 2000 and 1999, respectively.

At June 30, 2001, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of \$309.1 million, equipment of \$131.8 million, and construction in progress of \$3.9 million. Accumulated depreciation related to these fixed assets was \$135.0 million.

## J. OTHER LONG-TERM ASSETS

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable. The loans in the Special Revenue Fund are made to local entities by the Water Conservation Board for the purpose of constructing water projects in the state. These loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 7 percent. The loans require the local entities or districts to make a yearly payment of principal and interest.

## K. FUND BALANCE DEFICITS

The deficit of \$457.9 million in unreserved undesignated fund equity of the General Fund is related to recording a liability of \$927.20 million for excess-revenue refunds under Article X, Section 20 (TABOR) of the State Constitution. Due to delayed recognition of excess-revenue refunds under the state's budgetary basis, legal compliance was achieved. (See Note II-A and II-D.)

The Capitol Complex Fund, an internal service fund, had a retained earnings deficit of \$163,688 and \$291,469 respectively at June 30, 2001, and June 30, 2000.

The State Fair Authority, an enterprise fund, had a retained earnings deficit of \$918,671 and \$2,043,385 respectively at June 30, 2001, and June 30, 2000.

portion of the Controlled Maintenance Trust Fund balance reserved for emergencies under Article X, Section 20, of the State Constitution. Fund equities reserved for statutorily specified amounts in the General Fund at June 30, 2001, are:

(Amounts in Thousands)

**L. PRIOR PERIOD ADJUSTMENTS**

**Primary Government**

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds* the beginning fund balance of the General Fund decreased by \$15,880,218. This reduction occurred because the Department of Health Care Policy and Financing determined that amounts recorded as receivable from the federal government were not valid and were the result of accounting errors made in prior years.

In addition, the beginning fund balance of the Expendable Trust Funds on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds* increased by \$36,697,485 due to the first-time inclusion of the Colorado Student Obligation Bond Authority (CSOBA) college savings plan (commonly referred to as the Scholar’s Choice Program). The Authority became a state agency on July 1, 2000.

On the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types and Similar Trust Funds*, the beginning fund equity of the Enterprise Funds increased by \$78,769,361 as a result of the CSOBA becoming a state agency. This amount represents the fund equity on July 1, 2000 of CSOBA’s bond activities, prepaid tuition program, and administrative activities.

On the *Combined Statement of Changes in Fund Balance – All Colleges and University Funds* the beginning fund balance of the Unexpended Plant and Investment in Plant Funds decreased by \$5,361,704 and \$6,052,972, respectively. Both adjustments were accounting errors related to capitalizing reimbursed plant expenditures funded by the University of Colorado Hospital Authority, a component unit.

**M. FUNDEQUITY**

In the Capital Projects Fund, the Reserve for Statutorily Specified Amounts includes the fund equity of the Corrections Expansion Reserve. In the Trust and Agency Funds, the Reserve for Statutorily Specified Amounts is the

| Reserved For                               | General Fund |
|--|--------------|
| Severance Tax                              | 55,600       |
| Hazardous Substances Response              | 37,036       |
| Employment Support Fund                    | 32,951       |
| Public Safety Communications               | 31,723       |
| Family Issues Cash Fund                    | 25,309       |
| Uninsurable Health Insurance Plan          | 24,731       |
| Mineral Leasing                            | 23,528       |
| Species Conservation                       | 16,464       |
| Children’s Basic Health Plan               | 16,320       |
| Energy Conservation                        | 13,058       |
| Petroleum Storage Tank Fund                | 11,695       |
| Workers’ Compensation Cash                 | 10,608       |
| State Public School Fund                   | 10,125       |
| Natural Resources Damage Recovery          | 10,042       |
| Aviation Fund                              | 9,393        |
| Risk Management Liability Fund             | 8,354        |
| Contiguous County Limited Gaming Impact    | 7,902        |
| Hazardous Substance Settlement             | 7,651        |
| Risk Management Workers’ Compensation Fund | 6,373        |
| Economic Development Fund                  | 5,923        |
| Old Age Pension Stabilization              | 5,000        |
| Secretary of State Fees                    | 4,716        |
| Division of Registrations Cash Fund        | 4,229        |
| Read-To-Achieve Cash Fund                  | 4,129        |
| Offender Services                          | 4,049        |
| Disaster Emergency Fund                    | 3,046        |
| Brand Inspection Fund                      | 2,953        |
| Public Employees Social Security           | 2,730        |
| Drug Offender Surcharge Fund               | 2,705        |
| Wildlife Parks & Outdoor Recreation        | 2,684        |
| Alcohol Driver Safety                      | 2,224        |
| Motor Carrier Safety Program               | 1,968        |
| Unemployment Revenue Fund                  | 1,952        |
| Disabled Telephone Users Fund              | 1,864        |
| Off Highway Vehicles                       | 1,719        |
| Department of Law-Custodial Funds          | 1,704        |
| Uniform Consumer Credit Code               | 1,695        |
| Gear Up Scholarship Trust Fund             | 1,640        |
| Waste Tire Recycling Fund                  | 1,468        |
| Oil & Gas Conservation Fund                | 1,375        |
| Environmental Response Fund                | 1,241        |
| Colorado Children’s Trust Fund             | 1,231        |
| Tobacco Program Fund                       | 1,208        |
| Infant Immunization Fund                   | 1,197        |
| Arts In Public Places Fund                 | 1,192        |
| Risk Management Property Fund              | 1,177        |
| Federal HUD Reserved Operating             | 1,068        |
| Central Information System                 | 1,048        |
| Fixed Utilities                            | 1,037        |
| State Rail Bank Fund                       | 1,014        |
| Other Statutory Programs                   | 34,002       |
| Subtotal                                   | 464,051      |
| Less Unrealized Gains Included Above       | 5,372        |
| Total Statutorily Specified Amounts        | \$ 458,679   |

## N. TRANSFERS BETWEEN FUNDS

In addition to the operating transfers shown below, residual equity transfers were made to the proprietary funds from the governmental funds and the General Fixed Assets Account Group. In the proprietary funds, these transfers are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of \$341,131. This amount comprises the following transactions:

- The State Nursing Homes, an enterprise fund, received \$38,841 of fixed assets from the General

Fixed Assets Account Group that were funded by the Capital Projects Fund and were shown as additions to contributed capital. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.

- The State Fair Authority, an enterprise fund, received \$302,289 of fixed assets from the General Fixed Asset Account Group that were funded by the Capital Projects Fund and are shown as additions to contributed capital.

Operating transfers between funds for the fiscal year ended June 30, 2001, were as follows:

| (Amounts in Thousands)                | Transfers-In to the: |                   |                  |                 |                 |                  |                   |                     |
|---------------------------------------|----------------------|-------------------|------------------|-----------------|-----------------|------------------|-------------------|---------------------|
|                                       | General Fund         | Higher Education  | Highway          | Wildlife        | Water Projects  | Debt Service     | Capital Projects  | State Nursing Homes |
| <b>Transfers-Out of the:</b>          |                      |                   |                  |                 |                 |                  |                   |                     |
| General Fund                          | \$ -                 | \$ 728,356        | \$ 600           | \$ -            | \$ 6,069        | \$ -             | \$ 287,465        | \$ 260              |
| Higher Education                      | 3,368                |                   |                  |                 |                 |                  |                   |                     |
| Special Revenue Funds                 |                      |                   |                  |                 |                 |                  |                   |                     |
| Highway                               | 21,398               |                   |                  |                 |                 | 37,211           | 4,421             |                     |
| Wildlife                              | 3,952                |                   |                  |                 |                 |                  | 12,118            |                     |
| Labor                                 | 480                  |                   |                  |                 |                 |                  |                   |                     |
| Gaming                                | 36,853               |                   | 5,089            |                 |                 |                  | 79                |                     |
| Water Projects                        | 2,328                |                   |                  |                 |                 |                  |                   |                     |
| Tobacco Litigation Settlement         | 33,433               | 6,335             |                  |                 |                 |                  |                   |                     |
| Capital Projects                      | 17,179               | 178,591           | 63,863           |                 |                 | 5,382            |                   |                     |
| Enterprise Funds                      |                      |                   |                  |                 |                 |                  |                   |                     |
| Guaranteed Student Loan               | 88                   |                   |                  |                 |                 |                  |                   |                     |
| State Lottery                         | 348                  |                   |                  | 7,928           |                 |                  |                   |                     |
| State Nursing Homes                   | 96                   |                   |                  |                 |                 |                  |                   |                     |
| Prison Canteens                       | 70                   |                   |                  |                 |                 |                  | 256               |                     |
| Correctional Industries               | 500                  |                   |                  |                 |                 |                  |                   |                     |
| Other Enterprise Activities           | 139                  |                   |                  |                 |                 |                  | 583               |                     |
| Internal Service Funds                |                      |                   |                  |                 |                 |                  |                   |                     |
| Central Services                      | 1,487                |                   |                  |                 |                 |                  |                   |                     |
| General Govt Computer Center          | 313                  |                   |                  |                 |                 |                  |                   |                     |
| Telecommunications                    | 560                  |                   |                  |                 |                 |                  |                   |                     |
| State Employees & Officials Insurance | 286                  |                   |                  |                 |                 |                  |                   |                     |
| Capitol Complex                       | 249                  |                   |                  |                 |                 |                  |                   |                     |
| Expendable Trust Funds                |                      |                   |                  |                 |                 |                  |                   |                     |
| State Treasurer                       | 16,746               |                   |                  |                 |                 |                  |                   |                     |
| Severance Tax Trust                   | 19,600               |                   |                  |                 |                 | 19               |                   |                     |
| Land Board                            | 31,356               | 63                |                  |                 |                 |                  |                   |                     |
| Victims Compensation                  | 2,003                |                   |                  |                 |                 |                  |                   |                     |
| Deferred Compensation                 | 14                   |                   |                  |                 |                 |                  |                   |                     |
| Other Expendable Trust                | 4                    |                   |                  |                 |                 |                  |                   |                     |
| NonExpendable Trust Funds             |                      |                   |                  |                 |                 |                  |                   |                     |
| State Lands                           | 2,042                | 188               |                  |                 |                 |                  |                   |                     |
| Controlled Maintenance                |                      |                   |                  |                 |                 |                  | 17,808            |                     |
| Other NonExpendable Trust             |                      |                   |                  |                 |                 |                  |                   |                     |
| <b>Total Transfers-In</b>             | <b>\$ 194,892</b>    | <b>\$ 913,533</b> | <b>\$ 69,552</b> | <b>\$ 7,928</b> | <b>\$ 6,088</b> | <b>\$ 42,593</b> | <b>\$ 322,730</b> | <b>\$ 260</b>       |



| Correctional Industries | Central Services | Telecommunications | Public Safety | Land Board | Conservation Trust | Other Expendable Trust | State Lands | Tobacco Litigation Settlement Trust | Other Nonexpendable Trust | Total Transfers-Out |
|-------------------------|------------------|--------------------|---------------|------------|--------------------|------------------------|-------------|-------------------------------------|---------------------------|---------------------|
| \$ 4                    | \$ -             | \$ -               | \$ 108        | \$ -       | \$ -               | \$ 65                  | \$ -        | \$ -                                | \$ -                      | \$ 1,022,927        |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 3,368               |
|                         |                  |                    | 301           |            |                    |                        |             |                                     |                           | 63,331              |
|                         |                  |                    |               |            |                    |                        |             |                                     | 5,000                     | 21,070              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 480                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 42,021              |
|                         |                  |                    |               |            |                    |                        |             | 29,941                              |                           | 2,328               |
|                         |                  | 4,512              |               |            |                    |                        |             |                                     |                           | 69,709              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 269,527             |
|                         |                  |                    |               |            |                    | 31,714                 |             |                                     |                           | 88                  |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 39,990              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 96                  |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 326                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 500                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 722                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 1,487               |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 313                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 560                 |
|                         | 115              |                    |               |            |                    |                        |             |                                     |                           | 286                 |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 364                 |
|                         |                  |                    |               |            |                    |                        | 63          |                                     |                           | 16,809              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 19,619              |
|                         |                  |                    |               |            |                    |                        | 750         |                                     |                           | 32,169              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 2,003               |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 14                  |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 15                  |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 2,270               |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 17,808              |
|                         |                  |                    |               |            |                    |                        |             |                                     |                           | 33                  |
|                         |                  |                    |               |            |                    | 33                     |             |                                     |                           | 33                  |
| \$ 4                    | \$ 115           | \$ 4,512           | \$ 409        | \$ 51      | \$ 31,714          | \$ 98                  | \$ 813      | \$ 29,941                           | \$ 5,000                  | 1,630,233           |

Higher Education Transfer to General Fund in Net Operating Transfers From State Funds 3,368

Total Transfers In and Out per Financial Statements.

\$ 1,626,865

## O. SEGMENT INFORMATION

### Primary Government

The principal activities of the state's enterprise funds are the guaranteed student loan program, the lottery, the business enterprise program, the state's nursing homes, enterprises at the state's prisons, the state fair, and the activities of the Colorado Student Obligation Bond Authority.

The guaranteed student loan program guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools.

The State Lottery encompasses the various lottery and lotto games run under state statute. The net proceeds of the lottery are distributed to the Great Outdoors Colorado program (a related party), the conservation trust fund, and the general fund. The funds are used primarily for open space purchases and recreational facilities throughout the state.

The business enterprise program assists the visually impaired in operating businesses, such as cafeterias, in state office buildings.

The state nursing homes provide nursing home and retirement care to the elderly. The state's nursing homes are located at Homelake, Walsenburg, Florence, Rifle, and Trinidad.

Enterprise activities at the state's prisons include canteen sales to prisoners and the sale of manufactured goods and farm products produced by convicted criminals incarcerated in the state's prison system.

The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.

The Colorado Student Obligation Bond Authority became a state agency during Fiscal Year 2000-01. It issues revenue bonds to originate and purchase student loans. The Authority also operates a prepaid tuition program designed to keep pace with average tuition inflation in Colorado.

Segment information for the enterprise funds of the state for the year ended June 30, 2001, is:

(Amounts in Thousands)

|                                 | GUARANTEED<br>STUDENT<br>LOAN | STATE<br>LOTTERY | BUSINESS<br>ENTERPRISE<br>PROGRAM | STATE<br>NURSING<br>HOMES | PRISON<br>CANTEENS |
|---------------------------------|-------------------------------|------------------|-----------------------------------|---------------------------|--------------------|
| Operating Revenue               | \$ 65,359                     | \$ 350,830       | \$ 624                            | \$ 20,708                 | \$ 10,343          |
| Federal Grants and<br>Contracts | 55,946                        | -                | 730                               | 5,987                     | -                  |
| Depreciation / Amortization     | 568                           | 603              | 93                                | 542                       | 89                 |
| Operating Income (Loss)         | 1,635                         | 78,084           | (704)                             | (886)                     | 1,624              |
| Operating                       |                               |                  |                                   |                           |                    |
| Transfers-In                    | -                             | -                | -                                 | 260                       | -                  |
| Transfers-(Out)                 | (88)                          | (39,990)         | -                                 | (96)                      | (326)              |
| Net Income (Loss)               | 1,547                         | 680              | 53                                | (467)                     | 1,338              |
| Additions to                    |                               |                  |                                   |                           |                    |
| Contributed Capital             | -                             | -                | -                                 | 39                        | -                  |
| Working Capital                 | 50,418                        | 653              | 561                               | 2,983                     | 5,818              |
| Increase(Decrease) in Net       |                               |                  |                                   |                           |                    |
| Property, Plant, and Equip      | (1,009)                       | (340)            | (8)                               | (153)                     | (34)               |
| Total Assets                    | 60,519                        | 41,646           | 929                               | 10,535                    | 7,653              |
| Bonds and Other Long-           |                               |                  |                                   |                           |                    |
| Term Liabilities                | 1,231                         | 920              | 44                                | 768                       | 63                 |
| Fund Equity                     | 50,646                        | 1,912            | 794                               | 9,121                     | 7,149              |

| CORREC-<br>TIONAL<br>INDUSTRIES | STATE<br>FAIR<br>AUTHORITY | STUDENT<br>OBLIGATION<br>BOND<br>AUTHORITY | OTHER<br>ENTERPRISE<br>ACTIVITIES | TOTALS     |
|---------------------------------|----------------------------|--|-----------------------------------|------------|
| \$ 35,538                       | \$ 6,875                   | \$ 66,932                                  | \$ 5,055                          | \$ 562,264 |
| -                               | -                          | -  | 2,855                             | 65,518     |
| 1,160                           | 816                        | 1,087                                      | 78                                | 5,036      |
| 1,182                           | (1,611)                    | 9,605                                      | (755)                             | 88,174     |
| 4                               | -                          | -  | -                                 | 264        |
| (500)                           | -                          | -  | (722)                             | (41,722)   |
| 893                             | (889)                      | 9,605                                      | (802)                             | 11,958     |
| -                               | 302                        | -  | -                                 | 341        |
| 12,585                          | (419)                      | 702,716                                    | 542                               | 775,857    |
| (628)                           | (511)                      | 2,175                                      | (40)                              | (548)      |
| 22,283                          | 8,935                      | 866,484                                    | 5,119                             | 1,024,103  |
| 749                             | 2,094                      | 765,517                                    | 79                                | 771,465    |
| 19,968                          | 5,374                      | 88,374                                     | 4,624                             | 187,962    |

## Component Units

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development and utilization of the water resources of the state.

The Denver Metropolitan Major League Baseball Stadium District includes all or part of the six counties in the Denver metro area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium. The District levied a sales tax of one-tenth of one percent throughout this District for a period not to exceed 20 years for this purpose. However, the District discontinued the sales tax levy on January 1, 2001 after it defeased all outstanding debt. A portion of this tax is shown as taxes receivable on the *Combined Balance Sheet – All Fund Types, Account Groups, and Discretely Presented Component Units*.

University Hospital is a nonsectarian, general acute care regional hospital, with seven outpatient clinics and a home therapy unit, operated by the University of Colorado Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

The Colorado Uninsurable Health Insurance Plan is a non-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

## CONDENSED BALANCE SHEET ALL DISCRETELY PRESENTED COMPONENT UNITS

| DOLLARS IN<br>THOUSANDS                  | TRUST &<br>AGENCY | PENSION<br>TRUST FUND | PROPRIETARY FUND TYPES  |  |   |  | TOTAL               |
|--|-------------------|-----------------------|---|--|---|--|---------------------|
|  |                   |                       | DENVER<br>METROPOLITAN<br>MAJOR LEAGUE<br>BASEBALL<br>STADIUM<br>DISTRICT | UNIVERSITY<br>OF COLORADO<br>HOSPITAL<br>AUTHORITY | COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | COLORADO<br>UNINSURABLE<br>HEALTH<br>INSURANCE<br>PLAN |                     |
| <b>ASSETS:</b>                           |                   |                       |   |  |   |  |                     |
| Current Assets                           | \$ 9,432          | \$ -                  | \$ 12,776   | \$ 150,554   | \$ 104,460  | \$ 3,965   | \$ 281,187          |
| Investments                              | 172,970           | 76,267                | -   | 116,150  | 139,630   | -  | 505,017             |
| Property, Plant and Equip., net          | -                 | -                     | 175,169   | 309,770  | 38  | 2  | 484,979             |
| Other Long-Term Assets                   | -                 | -                     | 395   | 10,047   | 490,381   | -  | 500,823             |
| <b>Total Assets</b>                      | <b>\$ 182,402</b> | <b>\$ 76,267</b>      | <b>\$ 188,340</b>   | <b>\$ 586,521</b>                                  | <b>\$ 734,509</b>   | <b>\$ 3,967</b>  | <b>\$ 1,772,006</b> |
| <b>LIABILITIES:</b>                      |                   |                       |   |  |   |  |                     |
| Current Liabilities                      | \$ 139,692        | \$ -                  | \$ 12   | \$ 60,251  | \$ 53,210   | \$ 2,905   | \$ 256,070          |
| Notes and Bonds Payable                  | -                 | -                     | -   | 232,861  | 447,309   | -  | 680,170             |
| Other Long-Term Liabilities              | -                 | -                     | -   | 6,908  | 5,042   | -  | 11,950              |
| <b>Total Liabilities</b>                 | <b>139,692</b>    | <b>-</b>              | <b>12</b>   | <b>300,020</b>                                     | <b>505,561</b>  | <b>2,905</b>   | <b>948,190</b>      |
| <b>FUND EQUITY:</b>                      |                   |                       |   |  |   |  |                     |
| Contributed Capital                      | -                 | -                     | 386   | -  | 144,532   | -  | 144,918             |
| Retained Earnings                        | -                 | -                     | 187,942   | 286,501  | 84,416  | 1,062  | 559,921             |
| Fund Balances:                           |                   |                       |   |  |   |  |                     |
| Unreserved - Designated                  | 42,710            | 76,267                | -   | -  | -   | -  | 118,977             |
| <b>Total Fund Equity</b>                 | <b>42,710</b>     | <b>76,267</b>         | <b>188,328</b>  | <b>286,501</b>                                     | <b>228,948</b>  | <b>1,062</b>   | <b>823,816</b>      |
| <b>Total Liabilities and Fund Equity</b> | <b>\$ 182,402</b> | <b>\$ 76,267</b>      | <b>\$ 188,340</b>   | <b>\$ 586,521</b>                                  | <b>\$ 734,509</b>   | <b>\$ 3,967</b>  | <b>\$ 1,772,006</b> |

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY - ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY FUNDS**

| DOLLARS IN THOUSANDS                                  | DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT | UNIVERSITY OF COLORADO HOSPITAL AUTHORITY | COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY | COLORADO UNINSURABLE HEALTH INSURANCE PLAN | TOTAL             |
|---|--|---|--|--|-------------------|
| OPERATING REVENUES                                    | \$ 957   | \$ 329,897                                | \$ 34,824  | \$ 4,118                                   | \$ 369,796        |
| OPERATING EXPENSES:                                   |  |   |  |  |                   |
| Depreciation  | 4,408  | 23,795                                    | 433  | 2  | 28,638            |
| Other Operating Expenses                              | 81   | 296,630                                   | 26,486   | 8,315                                      | 331,512           |
| Total Operating Expenses                              | <u>4,489</u>   | <u>320,425</u>                            | <u>26,919</u>  | <u>8,317</u>                               | <u>360,150</u>    |
| Operating Income/Excess (Loss)                        | (3,532)  | 9,472                                     | 7,905  | (4,199)                                    | 9,646             |
| Non-Operating Revenues and (Expenses)/Transfers:      |  |   |  |  |                   |
| Taxes   | 37,350   | -   | -  | -  | 37,350            |
| Other   | (4,505)  | 5,945                                     | -  | 3,492                                      | 4,932             |
| Transfers, net  | -  | -   | 2,663  | -  | 2,663             |
| Total Non-Operating Revenues and (Expenses)/Transfers | <u>32,845</u>  | <u>5,945</u>                              | <u>2,663</u>   | <u>3,492</u>                               | <u>44,945</u>     |
| Net Income/Change in Retained Earnings                | 29,313   | 15,417                                    | 10,568   | (707)                                      | 54,591            |
| Fund Equity - Beginning of Year                       | 159,015  | 236,782                                   | 192,274  | 1,769                                      | 589,840           |
| Additions (Deductions) to Contributed Capital         | -  | 34,302                                    | 26,106   | -  | 60,408            |
| Fund Equity - End of Year                             | <u>\$ 188,328</u>  | <u>\$ 286,501</u>                         | <u>\$ 228,948</u>  | <u>\$ 1,062</u>                            | <u>\$ 704,839</u> |

**P. OTHER DISCLOSURES**

**Primary Government**

The Governor’s Office of Innovation and Technology received on-behalf payments in the amount of \$121,900 for salaries. The Governor’s Office was not legally responsible for payment of these salaries, and it recorded equivalent amounts of revenue and expenditure for these payments in the General Fund. However, these revenues and expenditures were not included in the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis Budget and Actual – General Fund*.

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 2000-01 and 1999-00, the university was reimbursed \$87.4 million and \$82.1 million, respectively, from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university \$1.10 million and \$.65 million for professional liability insurance and administrative costs in Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively. The foundation also provided the university with gift funds of \$9.4 million in Fiscal Year 2000-01. At June 30, 2001, the foundation owed the university \$260,944, which was related to underpayment of salaries, fringe benefits, and other operating costs.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed \$58.5 million and \$40.1 million to the university in Fiscal Year 2000-01 and 1999-00, respectively. The University of Colorado is the ultimate beneficiary of substantially all of foundation’s endowment funds, which included \$58.7 million and \$62.0 million, respectively, at June 30, 2001 and 2000.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 2000-01 and 1999-00, the foundation transferred \$15.8 and \$20.9 million, respectively, to the university.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 2000-01 and 1999-00, the foundation transferred \$972,931 and \$2,293,314 respectively, to the college.

The Adams State College Foundation was established to provide scholarships and work study grants to students, as well as, providing program development grants to Adams State College. The foundation provided \$1,001,297 and \$320,869 in scholarships and grants during Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively.

The Mesa State College Foundation was established to provide financial assistance to Mesa State College students and to assist the college in serving educational needs. In Fiscal Year 2000-01, the foundation donated capital assets valued at \$364,000 to the college. The foundation also authorized the transfer of \$433,350 to the college, of which, \$280,105 was due from the foundation at June 30, 2001.

The Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of the Metropolitan State College of Denver. The foundation provided \$1.32 million and \$1.15 million of funding to the college in Fiscal Year 2000-01 and Fiscal Year 1999-00, respectively. The foundation also reimbursed the college \$80,136 for services provided by a college employee.

The Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred \$1,183,014 to the college in Fiscal Year 2000-01.

The Community College of Aurora Foundation provides funding and other resources for the development of the Community College of Aurora. The foundation reimbursed the college \$506,900 for maintenance costs and transferred \$22,700 to the college for scholarships and grants. At June 30, 2001, \$126,725 of the maintenance costs were recorded as receivable from the foundation.

The Front Range Community College Foundation was established to aid Front Range Community College in fulfilling its educational mission. The foundation transferred \$116,474 to the college in Fiscal Year 1999-00 for student scholarships and instructional program support.

The Morgan Community College Foundation was established to promote the advancement of education and educational facilities at Morgan Community College. The foundation transferred \$144,765 to the college in Fiscal Year 2000-01 for student scholarships, operations, and capital purchases.

The Pueblo Community College Foundation was established to aid Pueblo Community College in fulfilling its educational mission. During Fiscal Year 2000-01, the foundation transferred \$165,714 to the college for scholarships and \$848,018 for equipment and building improvements.

The Red Rocks Community College Foundation was established to aid Red Rocks Community College in fulfilling its educational mission. During Fiscal Year 2000-01, the foundation sponsored \$167,680 of scholarships made by the college. The college expended \$181,450 in support of the foundation's staff and operations. The foundation owed the college \$116,858 at June 30, 2001, for scholarships disbursed.

The University of Northern Colorado Foundation, Inc. was established in February 1966 to promote the welfare, development, growth, and well being of the University of Northern Colorado. The foundation donated \$3,649,147 to the university in Fiscal Year 2000-01. At June 30, 2001, \$245,205 was due from the foundation to the university.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation to benefit the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 2000-01 and 1999-00, the school received \$9,227,972 and \$8,313,341, respectively, from the foundation. The foundation owed the school \$291,442 at June 30, 2001. In the event of the Foundation's dissolution, any remaining assets will be transferred to the Colorado School of Mines.

The Colorado School of Mines Building Corporation was established in 1976 to build a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 2001, and June 30, 2000 were \$1,890,840 and \$1,993,501, respectively.

The Auraria Foundation was established to carry out certain financial arrangements related to the statutory mission of the Auraria Higher Education Center (AHEC). During Fiscal Year 2000-01, the foundation paid AHEC \$250,000 for the construction of a Performing Arts Building. The foundation reimbursed AHEC \$173,655 for managerial and administrative costs during Fiscal Year 2000-01.

During Fiscal Years 2000-01 and 1999-00, the Department of Local Affairs distributed \$158,024 and \$1,125,000, respectively, to the Colorado Housing and Finance Authority (CHAFA), a related party. The Fiscal Year 2000-01 distribution was the final distribution for revenues earned in prior years, and no amount was due to CHAFA at June 30, 2001.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the state using funds it receives from the Colorado Lottery. During Fiscal Years 2000-01 and 1999-00, the board funded \$16,265,615 and \$9,821,345, respectively, of wildlife and parks programs at the Department of Natural Resources. At June 30, 2001, GOCO owed the Department of Natural Resources \$6.77 million.

### Component Units

The University of Colorado Hospital Authority provided charity care primarily to individuals meeting federal poverty guidelines valued at \$50.2 million and \$49.9 million for the years ended June 30, 2001 and 2000,

respectively. Since, these amounts are not collectible they are not reported as net patient revenue. However, the Hospital Authority received a net state appropriation of \$6.7 million and \$8.1 million in Fiscal Years 2000-01 and 1999-00 respectively for charity care. In addition, the hospital participates in the Colorado Disproportionate Share Hospital Program. The hospital received related reimbursements from the state of \$24.7 and \$18.8 million for the years ended June 30, 2001 and 2000, respectively.

The Hospital Authority and the University of Colorado Health Sciences Center have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education and the U.S. Army approved the transfer of 186 acres of land and buildings at the Fitzsimons Army Medical Center to the University of Colorado in federal Fiscal Year 2002-03. The Army has conveyed 88 acres under quitclaim deeds in advance of the official transfer. The quitclaim deeds include conditions subsequent that if not met provide for reverting the property to the United States. The Authority entered a 30-year Ground Lease agreement with the University of Colorado Regents for 18.4 acres with a one-dollar annual fee. The agreement provides for renewals up to 99 years, and with certain exceptions, the Ground Lease states that the Authority shall own all buildings or improvements, which it constructs on the property.

Under the Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1990, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the University of Colorado Health Sciences Center. Amounts of approximately \$27.2 million and \$26.6 million were paid for these services in Fiscal Years 2000-01 and 1999-00, respectively. Other contracts with the Regents for storage facilities, student health services, and research projects resulted in reimbursements of approximately \$6.8 million and \$7.7 million in Fiscal Years 2000-01 and 1999-00, respectively.

The hospital entered certain provider and network management agreements with the TriWest. TriWest was formed to deliver health care services to eligible beneficiaries of TriCare, formerly CHAMPUS – the Civilian Health and Medical Program of the Uniformed Services. On June 27, 1996, the U.S. Department of Defense awarded TriWest the TriCare contract for a five-year period that began April 1997. As part of the agreements, the hospital purchased a minority interest in TriWest for approximately \$3.3 million. This investment

was recorded as “Other Assets” and is accounted for under the cost method. The hospital agreed to secure a letter of credit for \$4.6 million to cover the hospital’s share of any potential losses of TriWest. At June 30, 2000, no amounts had been drawn on the letter of credit and it was terminated in August 2001.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and professional laboratory services. The hospital and UPI have also entered other joint arrangements in furthering the missions of both organizations. Amounts of approximately \$23.4 million and \$23.0 million were paid for these programs during Fiscal Years 2000-01 and 1999-00, respectively.

The hospital has negotiated with UPI to assume 30 percent participation in the hospital’s investment in TriWest. The hospital is also negotiating with UPI to obtain retroactive payment equal to 30 percent of the hospital’s recently extinguished letter of credit commitment. In a separate negotiation, UPI has signed a fee agreement with the Hospital to assume its network management commitments.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately \$1.45 million and \$1.16 million were billed to CRC for the cost of these services during Fiscal Years 2000-01 and 1999-00, respectively. The hospital also leases certain employees to the Colorado Psychiatric Hospital (CPH), a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately \$4.4 million and \$5.8 million during Fiscal Years 2000-01 and 1999-00, respectively. Amounts due from the Health Sciences Center, including CPH and CRC, amounted to \$2.0 million and \$5.8 million at June 30, 2001 and 2000, respectively.

Chartwell Rocky Mountain Region is a Colorado general partnership between the hospital and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain Region was formed to provide home infusion and respiratory services to alternate-site patients. The partnership began in April 1996. The hospital and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain Region.

**NOTE IV. COMMITMENTS AND CONTINGENCIES****A. LEASE COMMITMENTS****Primary Government**

The state may enter lease or rental agreements for buildings or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the legislature. It is reasonably assured that most of these leases will be renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

At June 30, 2001, the state had \$3.9 million of land, \$155.4 million of buildings, and \$106.6 million of equipment under capital leases. The state anticipates \$7,183,067 of minimum sublease rentals, and it paid \$17,183 of contingent rentals during Fiscal Year 2000-01.

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three institutions governed by the State Board of Agriculture in their research and educational efforts. The support provided by the foundation to the institutions includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development and management. Colorado State University System is subleasing space from the foundation. The total obligation is \$772,000 with average annual lease payments of \$386,000. Colorado State University is also subleasing space from the foundation. The total obligation is \$1,939,000, with average annual lease payments of \$909,000. The university and the system are also leasing equipment from the foundation and have a total lease obligation of \$693,000 with terms ranging from one to six years.

Fort Lewis College leases assets from the Fort Lewis College Foundation and had a lease payable of \$327,640 at June 30, 2001.

Future minimum payments at June 30, 2001, for existing leases were as follows:

| (Amounts in Thousands) |  | Capital Leases    |                  |                  |                        |                      | College & University Funds |
|------------------------|--|-------------------|------------------|------------------|------------------------|----------------------|----------------------------|
|                        |  | Fiscal Year       | Operating Leases | Enterprise Funds | Internal Service Funds | Trust & Agency Funds |                            |
|                        | 2002   | \$ 38,379         | \$ 263           | \$ 14,461        | \$ 30                  | \$ 7,147             | \$ 15,283                  |
|                        | 2003   | 30,929            | 259              | 11,601           | 16                     | 6,364                | 13,691                     |
|                        | 2004   | 26,234            | 239              | 8,743            | 6                      | 4,683                | 12,876                     |
|                        | 2005   | 21,438            | 94               | 4,940            | 1                      | 4,568                | 12,347                     |
|                        | 2006   | 14,940            | 30               | 2,556            | -                      | 2,718                | 15,260                     |
|                        | Thereafter                                     | 43,039            | 8                | 1,076            | -                      | 1,784                | 90,665                     |
|                        | <b>Total Minimum Lease Payments</b>            | <b>\$ 174,959</b> | 893              | 43,377           | 53                     | 27,264               | 160,122                    |
|                        | Less: Imputed Interest                         |                   | (106)            | (4,051)          | (8)                    | (3,514)              | (58,014)                   |
|                        | <b>Present Value of Minimum Lease Payments</b> |                   | 787              | 39,326           | 45                     | 23,750               | 102,108                    |
|                        | Less: Current Portion                          |                   | (206)            | (12,805)         | -                      | -                    | (1,291)                    |
|                        | <b>Total Capital Lease Obligations</b>         |                   | <b>\$ 581</b>    | <b>\$ 26,521</b> | <b>\$ 45</b>           | <b>\$ 23,750</b>     | <b>\$ 100,817</b>          |

Morgan Community College made lease payments of \$66,950 to the Morgan Community College Foundation for classroom facilities.

Pueblo Community College leases equipment from the Pueblo Community College Foundation. The outstanding balance of the lease payable at June 30, 2001, was \$44,880.

Auraria Higher Education Center made payments of \$106,185 to the Auraria Foundation for rent and in connection with the lease purchase of the AHEC Administration Building.

The state is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of the lease agreements are not reflected in the balance sheets of the funds or account groups.

For Fiscal Year 2000-01, the state had building and land rental expenditures of \$32.2 million and equipment and vehicle rental expenditures of \$37.7 million paid to non-state agencies. It recorded \$3.8 million of lease interest costs of which approximately \$1.3 million was for certificates of participation for capital financing, \$2.0 million was for state motor fleet vehicle leasing, and \$.5 million was for other capital leases.

The \$1.15 million of capital lease proceeds shown in the governmental funds on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balance* primarily represents lease financing of computers by the Department of Human Services. An equivalent amount of capital outlay expenditure is recognized at the inception of the lease to avoid any impact on fund balance.



**Component Units**

The University of Colorado Hospital Authority leases certain equipment under noncancelable operating leases. Rental expense for operating leases approximated \$6.0 million and \$5.8 million for Fiscal Years 2000-01 and 1999-00, respectively. Future minimum lease payments for these leases at June 30, 2001, are:

(Amounts in Thousands)

| Fiscal Year               |    |       |
|---------------------------|----|-------|
| 2002                      | \$ | 6,148 |
| 2003                      |    | 689   |
| 2004                      |    | 662   |
| 2005                      |    | 662   |
| 2006                      |    | 571   |
| Thereafter                |    | 1,149 |
| Total Minimum Obligations | \$ | 9,881 |

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease. Total rental expense for the year ended December 31, was \$99,167 in 2000 and \$95,898 in 1999. The minimum annual rental commitments under this lease are \$106,430 for 2001, and \$113,024 for 2002.

**B. NOTES AND BONDS PAYABLE**

**Primary Government**

Many institutions of higher education, the highway fund, state nursing homes, and the Colorado Student Obligation Bond Authority have issued bonds and notes for the purchase of equipment, construction of facilities and infrastructure, and to finance student borrowing. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 2000-01, the state had \$280.3 million of available net revenue after operating expenses to meet the \$140.2 million of debt service requirement related to these bonds.

The State Fair Authority is required by its bond covenant to generate sufficient revenue to cover general operating expenses plus 125 percent of the annual debt service on its outstanding bonds. The Authority was not in compliance with this requirement for the year ended June 30, 2001. However, the amount of the long-term debt (\$1.8 million) is not material to the state, and the state has no indication that the creditor will call the obligation. Therefore, the obligation remains classified as long term. The state is not aware of any other violations of note or bond covenants by itself or any of its institutions at June 30, 2001, or after that date.

On June 16, 2001, The Colorado Department of Transportation issued Transportation Revenue Anticipation Notes, Series 2001A (TRANs) in the amount of \$506,370,000. Voters authorized the issuance in the November 1999 election. The TRANs have terms varying from 5 to 15 years and interest rates ranging from 4.0 percent to 5.5 percent. The TRANs are payable solely from certain federal and state funds annually allocated by the State Transportation Commission. Of the \$1.03 billion outstanding at June 30, 2001, the amount to be repaid from federal sources is \$490.05 million and is shown on the *Combined Balance Sheet – All Fund Types and Account Groups* as Amount to Be Provided For Retirement of Long-Term Obligations – From Federal Revenues. Before the November 1999 vote, the Colorado Supreme Court determined that the TRANs do not constitute general obligation debt of the state.

The state recorded \$114.4 million of interest costs of which the Colorado Student Obligation Bond Authority paid approximately \$36.6 million on borrowings to finance student loans, higher education paid \$20.8 million primarily for construction project debt service, the highway fund paid \$33.8 million related to the TRANs discussed above, the state treasurer paid \$14.6 million on short term borrowings for cash flow purposes, the Colorado Student Loan Program paid \$8.1 million, and the remaining \$.6 million was for other operating interest.

Annual maturities of notes and bonds payable, including \$3.3 million classified as other current liabilities and \$2.4

million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)

| Fiscal Year              | Revenue Bonds | Mortgages Payable | Installment Notes | Total       |
|--------------------------|---------------|-------------------|-------------------|-------------|
| 2002                     | 151,463       | 66                | 395               | 151,924     |
| 2003                     | 190,476       | 66                | 202               | 190,744     |
| 2004                     | 144,907       | 66                | 12                | 144,985     |
| 2005                     | 143,112       | 66                | 12                | 143,190     |
| 2006                     | 207,812       | 66                | 4                 | 207,882     |
| 2007-2011                | 942,617       | 18,794            | -                 | 961,411     |
| 2012-2016                | 766,833       | -                 | -                 | 766,833     |
| 2017-2021                | 146,634       | -                 | -                 | 146,634     |
| 2022-2026                | 233,235       | -                 | -                 | 233,235     |
| 2027-2031                | 84,192        | -                 | -                 | 84,192      |
| 2027-2031                | 261,514       | -                 | -                 | 261,514     |
| Total Future Payments    | 3,272,795     | 19,124            | 625               | 3,292,544   |
| Less: Imputed Interest   | (1,223,941)   | (108)             | (6)               | (1,224,055) |
| Total Principal Payments | \$2,048,854   | \$ 19,016         | \$ 619            | \$2,068,489 |

### Component Units

The debt service requirements to maturity for the Water Resources and Power Development Authority at December 31, 2000, are:

(Amounts in Thousands)

| Year   |            |
|--|------------|
| 2001   | \$ 48,356  |
| 2002   | 47,578     |
| 2003   | 47,283     |
| 2004   | 47,151     |
| 2005   | 46,083     |
| Thereafter                                     | 479,735    |
| Total Future Payments                          | 716,186    |
| Less: Imputed Interest                         | (266,654)  |
| Unamortized Premium/Discount and Deferred Cost | (2,223)    |
| Total Bonds Payable                            | \$ 447,309 |

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased all of its outstanding debt in October 2000. At the date of defeasance, all unamortized loss on refunding and unamortized bond discounts and issuance costs were included in the calculation of current period debt service costs.

All of the Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to

payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation. Total interest paid during 2000 amounted to \$20,971,838.

During Fiscal Years 2000-01 and 1999-00, the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture. Cash paid for interest by the hospital in Fiscal Years 2000-01 and 1999-00 approximated \$12.5 million and \$13.1 million, respectively. Total interest cost capitalized in Fiscal Year 2000-01 amounted to \$2.0 million, which is net of \$1.9 million in investment income from the unexpended bond funds. The aggregate maturities of long-term debt for University of Colorado Hospital Authority at June 30, 2001, are:

(Amounts in Thousands)

| Year   |            |
|--|------------|
| 2002   | \$ 3,430   |
| 2003   | 4,170      |
| 2004   | 4,350      |
| 2005   | 4,545      |
| 2006   | 4,770      |
| Thereafter   | 226,355    |
| Total Long-Term Debt Payments                      | 247,620    |
| Less: Unamortized Discount                         | (3,325)    |
| Deferred Amount on Refunding of Series 1997A Bonds | (8,004)    |
| Total Carrying Amount of Long-Term Debt            | \$ 236,291 |

### C. CHANGES IN LONG-TERM LIABILITIES

#### Primary Government

Changes in long-term liabilities are summarized as follows:

| Fund Type or<br>Account Group       | (Amounts in Thousands) |                  |                  | Balance<br>June 30 |
|-------------------------------------|------------------------|------------------|------------------|--------------------|
|                                     | Balance<br>July 1      | Changes          |                  |                    |
|                                     |                        | Additions        | Reductions       |                    |
| <b>Leases Payable:</b>              |                        |                  |                  |                    |
| Proprietary                         | \$28,640               | \$12,533         | \$14,071         | \$27,102           |
| Trust and Agency                    | 51                     | 21               | 27               | 45                 |
| Long-Term Debt Account Group        | 29,388                 | 1,146            | 6,784            | 23,750             |
| Higher Education                    | 113,189                | 655              | 13,027           | 100,817            |
| Subtotal                            | 171,268                | 14,355           | 33,909           | 151,714            |
| <b>Bonds Payable:</b>               |                        |                  |                  |                    |
| Proprietary                         | 718,249                | 20               | 30,192           | 688,077            |
| Long-Term Debt Account Group        | 524,360                | 506,370          | 1,850            | 1,028,880          |
| Higher Education                    | 346,007                | 64,813           | 65,267           | 345,553            |
| Subtotal                            | 1,588,616              | 571,203          | 97,309           | 2,062,510          |
| <b>Compensated Absences:</b>        |                        |                  |                  |                    |
| Proprietary                         | 4,240                  | 574              | 270              | 4,544              |
| Trust and Agency                    | 221                    | 58               | 35               | 244                |
| Long-Term Debt Account Group        | 112,275                | 11,392           | 8,785            | 114,882            |
| Higher Education                    | 85,207                 | 26,219           | 9,379            | 102,047            |
| Subtotal                            | 201,943                | 38,243           | 18,469           | 221,717            |
| <b>Other Long-Term Liabilities:</b> |                        |                  |                  |                    |
| Governmental                        |                        |                  |                  |                    |
| Deposits Held in Custody            | 10                     | 11               | 7                | 14                 |
| Funded Compensated Absences         | 241                    | -                | 141              | 100                |
| Proprietary                         |                        |                  |                  |                    |
| Unpaid Insurance Claims             | 207                    | -                | 195              | 12                 |
| Prepaid Tuition Contracts           | 77,937                 | 1,363            | -                | 79,300             |
| Expired Warrants Liability          | 115                    | 5                | 1                | 119                |
| Trust and Agency                    |                        |                  |                  |                    |
| Tax Refunds Payable                 | 93                     | 25               | -                | 118                |
| Treasury Escheats                   | 1,450                  | 71               | -                | 1,521              |
| Deposits Held in Custody            | 56,996                 | 6,871            | 3,033            | 60,834             |
| Long-Term Debt Account Group        |                        |                  |                  |                    |
| Risk Management Claims              | 95,711                 | -                | 24,682           | 71,029             |
| Unpaid Insurance Claims             | 1,156                  | -                | 342              | 814                |
| Labor Fund Claims                   | 166,939                | -                | 10,678           | 156,261            |
| Highway Construction Advances       | 1,000                  | -                | -                | 1,000              |
| Court Award                         | -                      | 9,323            | -                | 9,323              |
| Medicaid Judgment                   | 18,000                 | -                | -                | 18,000             |
| Higher Education                    |                        |                  |                  |                    |
| Risk Management Claims/Other        | 30,570                 | 9,036            | 11,534           | 28,072             |
| Subtotal                            | 450,425                | 26,705           | 50,613           | 426,517            |
| <b>Totals</b>                       | <b>\$2,412,252</b>     | <b>\$650,506</b> | <b>\$200,300</b> | <b>\$2,862,458</b> |

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 2001, which are classified as other long-term liabilities on the balance sheet.

Funded Compensated Absences in the General Fund are liabilities for payment to employees of the state working in county employment service centers. Expenditures are recognized as the employee earns leave time.

Unpaid Insurance Claims in the Proprietary Funds are the noncurrent liabilities for payments of medical and dental benefits by the State Employees and Officials Group Insurance Plan. Beginning January 1, 2000, the state began purchasing commercial insurance to cover these risks.

Prepaid Tuition Contracts in the Proprietary Funds are the liability associated with guarantees to pay future tuition costs.

Expired Warrants Liability in the Proprietary Funds is for warrants issued by the Lottery Fund that have expired but for which the Lottery would be liable if the payee submitted a claim for reissue.

Tax Refunds Payable in the Trust and Agency Funds are bonds posted by taxpayers concerning the collections of gross-ton-mile and fuel tax, and the deferment of delinquent severance taxes estimated to be collected after more than one year.

Treasury Escheats in the Trust and Agency Funds reflect liabilities recorded related to perpetual property rights of individuals. The property rights are from assets that financial institutions and insurance companies have transferred to the state treasurer under state law. The amount recorded is an estimate based on historical claims of the fund.

The Risk Management Claims in the Long-Term Debt Account Group are the actuarially determined amounts in excess of the current liability in the General Fund related to self-insurance of general liability. It also represents expected claims under the prior Paid Loss/Retro Plan and the state's current self-insurance plan for workers' compensation.

The Unpaid Insurance Claims in the Long-Term Debt Account Group are for the Department of Human Services workers' compensation self-insurance. A third-party claims administrator currently manages the plan.

Long-term liabilities of the Labor Fund are recorded in the General Long-Term Debt Account Group. Estimated future payments are actuarially determined. Benefits are expected to be funded through future revenues from a special tax on

workers' compensation premiums, court awards, and interest income.

Highway Construction Advances in the Long-Term Debt Account Group are related to funds that a local government provided to the Department of Transportation. The Department uses these funds to accelerate highway construction projects of interest to the local government. The funds will be repaid to the local government at the time the project was originally scheduled to be completed.

The Court Award in the General Long Term Debt Account Group is related to a class action suit by a group of taxpayers. The Department of Revenue has appealed the award, and it does not expect to make payment within one year.

The Medicaid Judgment in the General Long Term Debt Account Group is the result of a lawsuit over Medicaid rates paid to a health maintenance organization. The state lost the suit but is appealing the judgment awarded.

The Risk Management Claims in the College and University Funds are primarily for the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice. Colorado State University's liabilities for medical, dental and short-term disability benefits for faculty and staff are also included in this amount. These balances are actuarially determined.

Long-term liabilities that are actuarially determined often include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. See Note IV-E for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.

## Component Units

(Amounts in Thousands)

|  | Denver Metropolitan<br>Major League Baseball<br>Stadium District | University<br>Of Colorado<br>Hospital Authority | Colorado Water Resources<br>and Power Development<br>Authority | Totals     |
|--|--|---|--|------------|
| Beginning Balance                        | \$ 46,133  | \$ 241,736                                      | \$ 379,498   | \$ 667,367 |
| Obligations Issued                       | -  | -   | 93,795   | 93,795     |
| Obligations Retired or Reclassified      | (46,133)   | (2,976)   | (22,657)   | (71,766)   |
| Increase (Decrease) in Comp. Absences    | -  | 1,009   | -  | 1,009      |
| Increase (Decrease) in Other Liabilities | -  | -   | 1,715  | 1,715      |
| Ending Balance                           | \$ -   | \$ 239,769                                      | \$ 452,351   | \$ 692,120 |

**D. DEFEASED DEBT**

**Primary Government**

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2000-01, debt was defeased in the College and University Plant Funds.

During Fiscal Year 2000-01 the University of Colorado defeased \$21,600,245 of its Regents of the University of Colorado Research Building Revolving Fund Revenue Bonds, Series 1989 and Series 1992, by issuing \$21,100,000 of Regents of the University of Colorado Enterprise System Revenue Refunding Bonds, Series 2001A. The old debt had an interest rate of 5.64 percent and remaining term of 11 years. The new debt interest rate is 4.4 percent, and it has a term of 11 years. The University reduced its debt service cash flows by \$1,539,854 and reported an economic gain of \$1,044,034. The transaction resulted in an accounting loss of \$1,050,834 that the University reported in the plant funds.

During Fiscal Year 2000-01, the University of Colorado defeased \$3,020,000 of its Regents of the University of Colorado Enterprise System Revenue Refunding Bonds, Series 1994, by placing the proceeds from the sale of the property financed by the bonds with an escrow agent. The debt defeased had interest rates ranging from 6 to 6.6 percent and a remaining term of 8 years. There was no economic gain or loss on the transaction; however, the University recorded an accounting loss of \$220,824 in the plant funds.

The remaining balances of amounts previously placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amount in Thousands)

| Institution                       | Amount            |
|-----------------------------------|-------------------|
| University of Colorado            | \$ 27,565         |
| Colorado State University         | 14,061            |
| University of Northern Colorado   | 11,635            |
| Auraria Higher Education Center   | 10,320            |
| School of Mines                   | 10,260            |
| Western State College             | 10,905            |
| Fort Lewis College                | 8,251             |
| Pueblo Community College          | 2,965             |
| Univ. of Colorado Health Sciences | 3,020             |
| Red Rocks Community College       | 2,730             |
| Adams State College               | 515               |
| Arapahoe Community College        | 85                |
| University of Southern Colorado   | 10                |
| <b>Total</b>                      | <b>\$ 102,322</b> |

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased all of its outstanding debt in October 2000. The face amount of 1991 and 1994 revenue bonds defeased was \$38.4 million. The 1994 bonds were issued to advance refund a substantial portion of the District's 1991 revenue bonds. Total debt service, including principal and interest, remaining for the District's in-substance defeased debt was \$160.4 million at December 31, 2000. This included \$85.2 million of debt service related to the 1994 advance refunding.

The Colorado Water Resources and Power Development Authority had \$48.2 million of bonds previously issued but defeased at December 31, 2000.

On November 1, 1997, the University of Colorado Hospital Authority issued \$123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. At June 30, 2001, \$106.8 million of bonds outstanding are considered defeased. The refunding resulted in a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2001, the unamortized deferred loss on refunding is \$8.0 million. The hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by \$6.5 million and to obtain an economic gain of \$3.7 million.

**E. RISK MANAGEMENT**

**Primary Government**

The state currently self-insures its agencies, officials, and employees for certain risks of losses to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. The Risk Management Fund is a restricted General Fund used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state except for employee medical claims. The State Employees and Officials Insurance Fund is an Internal Service Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. Before January 1, 2000, the state was self-insured for medical claims. After January 1, 2000, the state and its employees paid premiums for insurance purchased to cover medical claims. Property claims are not self-insured; the state has purchased property insurance.

All funds and agencies of the state, with the exception of the public authorities and the University of Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that

a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completed an actuarial study during Fiscal Year 2000-01 determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of the Colorado Compensation Insurance Authority, a related party, to administer its plan. The state reimburses the Authority for the current cost of claims paid and related administrative expenses.

During Fiscal Years 1998-99, 1997-98, and 1996-97 medical claims against the State Employees and Officials Insurance Fund (SEOGI) exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately \$4.7 million, \$3.8 million, and \$6.5 million respectively. In Fiscal Year 1999-00, State Employees and Officials Insurance Fund (SEOGI) began purchasing insurance to address the continuing decrease in the medical reserve fund equity. The fund continues to pay claims under the self-insured plan through December 31, 2001.

Before January 1, 1999, the State Employees and Officials Insurance Fund provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan. (See Note V-A.) SEOGI continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and limited benefits for employees also covered under the PERA short-term disability plan. The SEOGI program provides an employee with 60 percent of their pay beginning after 30 days of disability or the exhaustion of the employee's sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability. The SEOGI disability plan is essentially self-insured because the third party administrator of the plan has a termination premium agreement that requires the state to reimburse it if there is a deficit over the total period of insurance.

Before October 1, 1996, the Regents of the University of Colorado participated in the University of Colorado

Insurance Pool – a public-entity self-insurance pool. After that date, the university became self-insured for workers' compensation, auto, general and property liability, and employee and university-official medical claims. An actuary projects both the pool and the self-insured plan liabilities. The University purchases excess insurance to cover losses over a self-insured retention or deductible. During plan year 1999, claims exceeded premiums collected for the self-funded health program. Reserves and payments from other University sources were used to offset the resulting deficit. Effective January 1, 2000, the University transitioned to a fully insured health program. As of June 30, 2001, all claims against the self-insured health program have been paid, and there is no remaining liability.

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health and dental benefits program for physicians in training at the Health Sciences Center. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance. Collections from the stop-loss insurance totaled \$174,421 over the three previous years.

The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self-Insurance Trust. The discounted liability for malpractice is determined annually by an actuarial study.

Colorado State University provides a medical, dental, short-term disability, and post-retirement health care subsidy plan for academic faculty, administrative professional staff, and certain other employees. The plan was formed in 1985. The medical, dental, and short-term disability plans are funded by monthly contributions of participating employees. The University contributes one percent of covered payroll to the post-retirement health care subsidy. A third party administers the plan and provides actuarial analysis of claims liabilities. The plan purchases re-insurance for claims over \$200,000 and for aggregate claims over 125 percent of expected claims.

The Department of Human Services uses a third-party administrator to manage claims related to the Human Services Workers' Compensation Plan, which was self-insured during the period from July 1, 1985, to June 30, 1990. However, new claims are administered by Risk Management and paid from the Risk Management Workers' Compensation Plan.

There were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.

Changes in claims liabilities were as follows:

| (Amounts in Thousands)                                 |                     |  |                |                      |
|--|---------------------|--|----------------|----------------------|
| Fiscal Year  | Liability at July 1 | Current Year Claims and Changes in Estimates | Claim Payments | Liability at June 30 |
| <b>Risk Management:</b>                                |                     |  |                |                      |
| Liability Fund   |                     |  |                |                      |
| 2000-01  | \$ 20,488           | \$ 445                                       | \$ 3,559       | \$ 17,374            |
| 1999-00  | 23,011              | 1,747  | 4,270          | 20,488               |
| 1998-99  | 23,095              | 1,976  | 2,060          | 23,011               |
| Workers' Compensation                                  |                     |  |                |                      |
| 2000-01  | 101,884             | 964  | 20,967         | 81,881               |
| 1999-00  | 102,586             | 19,655                                       | 20,357         | 101,884              |
| 1998-99  | 98,328              | 24,429                                       | 20,171         | 102,586              |
| Employee's and Officials Insurance Fund:               |                     |  |                |                      |
| 2000-01  | 1,705               | (562)  | 1,055          | 88                   |
| 1999-00  | 13,580              | 35,682                                       | 47,557         | 1,705                |
| 1998-99  | 10,733              | 66,369                                       | 63,522         | 13,580               |
| <b>University of Colorado:</b>                         |                     |  |                |                      |
| General Liability, Property, and Workers' Compensation |                     |  |                |                      |
| 2000-01  | 13,343              | 1,195  | 3,152          | 11,386               |
| 1999-00  | 15,305              | 1,433  | 3,395          | 13,343               |
| 1998-99  | 16,918              | 3,270  | 4,883          | 15,305               |
| Medical Benefits Plan                                  |                     |  |                |                      |
| 2000-01  | 1,961               | (21)   | 1,940          | -                    |
| 1999-00  | 5,820               | 13,688                                       | 17,547         | 1,961                |
| 1998-99  | 7,902               | 27,934                                       | 30,016         | 5,820                |
| <b>University of Colorado Health Sciences Center:</b>  |                     |  |                |                      |
| Medical Malpractice                                    |                     |  |                |                      |
| 2000-01  | 7,671               | 1,461  | 1,256          | 7,876                |
| 1999-00  | 7,839               | 1,639  | 1,807          | 7,671                |
| 1998-99  | 8,167               | 515  | 843            | 7,839                |
| Housestaff Health Benefits                             |                     |  |                |                      |
| 2000-01  | 541                 | 2,598  | 2,588          | 551                  |
| 1999-00  | 553                 | 2,390  | 2,402          | 541                  |
| 1998-99  | 592                 | 2,436  | 2,475          | 553                  |
| <b>Colorado State University:</b>                      |                     |  |                |                      |
| Medical, Dental, and Disability Benefits               |                     |  |                |                      |
| 2000-01  | 2,816               | 8,243  | 7,975          | 3,084                |
| 1999-00  | 2,614               | 4,401  | 4,199          | 2,816                |
| <b>Department of Human Services:</b>                   |                     |  |                |                      |
| Workers' Compensation                                  |                     |  |                |                      |
| 2000-01  | 1,156               | -  | 342            | 814                  |
| 1999-00  | 1,189               | -  | 33             | 1,156                |
| 1998-99  | 1,570               | -  | 381            | 1,189                |

## Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. For Fiscal Year 2000-01, the hospital recorded premium and administrative expenses of \$333,000. The trust had a fund balance of \$2.5 million in excess of reserves for losses and loss adjustment expense. The hospital purchases insurance coverage for employee health, dental, and accident claims through the University of Colorado and commercial insurance companies.

The Denver Metropolitan Major League Baseball Stadium District purchases commercial insurance to mitigate most of its risk of loss. It requires its lessee and contractors to cover certain other risks. These parties provided the required coverage at their own cost in 1999 and 2000. There were no significant reductions in insurance coverage from the prior year.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most all risks of loss. No claims have been made against this commercial coverage in any of the past three fiscal years.

## F. CONTINGENCIES

### Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at \$150,000 per person and \$400,000 per occurrence for most claims against the state. Judgments awarded against the state for which there is no insurance coverage or which are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their civil rights, or inadequately compensated them for their property. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the civil rights cases would exceed the insurance coverage available by a material amount. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests

for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement are unconstitutional.

The state is the defendant in lawsuits by employees accusing the state of various infractions of law or contract. These include claims related to age and sex discrimination, wrongful termination, contractual agreements for paying of salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure. The state is contesting the disallowance related to such audits, and the outcome is uncertain at this time.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 25 percent (\$432.5 million) of the outstanding balance of loans in repayment status. However, the probability of a material loss is remote.

A class action suit has been filed against the Department of Health Care Policy and Financing alleging that the department inappropriately denied Medicaid benefits to developmentally disabled clients. The fiscal impact on the state's Medicaid program is estimated in excess of \$50 million.

The U.S. Environmental Protection Agency has, in several instances, either sued the state or given notice of the state's potential responsibility under CERCLA. This includes the School of Mines as well as non-state parties. Issues have arisen because of costs associated with the cleanup of hazardous substances at several sites owned by the state.

The state has been sued for unlawful taking of property in relation to the Colorado Oil and Gas Commission's action to close oil wells for violations of Commission rules. Damages of \$2 billion are sought; however, the amount of a potential award cannot be estimated.

At June 30, 2001, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately \$698.2 million in the name of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thus, require the state to pay the annuity.



The Colorado Department of Revenue has received a claim for refund of \$60 million of estate taxes and related interest. The department estimates that it will take the federal courts from one to three years to set the refund amount, which may range from zero to the amount claimed.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over \$4.42 billion are outstanding. Of this amount, \$3.06 billion is covered by private insurance.

The Colorado Department of Transportation is in the process of remediating its leaking underground fuel storage tanks and other hazardous wastes at its facilities. The department has estimated that its future costs will be approximately \$20 million, and the process will not be completed until the year 2010.

The State of Kansas has sued the state in the U.S. Supreme Court for alleged violations of the Arkansas River Compact. The case was bifurcated into a liability and a remedy phase. The Supreme Court ruled in favor of Kansas in one of its three claims and a Special Master was appointed. The Special Master's damage-calculation methodology resulted in damages of over \$40 million, which the State of Colorado challenged in the U.S.

Supreme Court. The Supreme Court reduced the amount of prejudgment interest included in the calculation, but the remainder of the damages will be set at trial. The state estimates that final damages will be as much as \$23 million; however, Kansas may also seek to have its costs reimbursed for as much as \$10 million.

The State of Nebraska has named the State of Colorado in a cross-claim suit in relation to the State of Kansas' suit alleging violations of the Republican River Compact. The State of Colorado has filed related claims against Nebraska and Kansas, and Kansas has counter-claimed against Colorado. Nebraska and Kansas have not specified amounts of damages sought, and the amount cannot be estimated at this time. However, all parties have agreed to drop claims against each other for damages prior to 1994, and therefore, damages are likely to be less than those awarded in the Arkansas River Compact suit discussed above.

A class action suit has been brought against the state seeking damages of \$2.3 billion – equal to the TABOR excess revenue refunds for Fiscal Years 1996-97 through 1999-00. The suit alleges that the refund program violates interstate commerce, equal protection and privileges, and immunity clauses of the U.S. Constitution. It also alleges that the TABOR amendment, under which the refund was made, violates the equal protection and due process clauses of the Colorado Constitution.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

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**NOTE V. PENSION SYSTEM AND OBLIGATIONS****A. PLAN DESCRIPTION**

Virtually all State of Colorado employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families during retirement or in case of death or disability. The state plan and the other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

Administration of the Plan

The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931, and it includes the State and School Division Trust Fund, the Municipal Division Trust Fund, and the Judicial Division Trust Fund. The authority to establish or amend plan benefits is retained by the General Assembly in accordance with Title 24, Article 51 of the Colorado Revised Statutes (CRS).

Members with five or more years of service automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

Defined Retirement Benefits

Plan members are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20, and 65 – 5. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55 and have a minimum of 5 years of service credit, and their age plus years of service equals 80 or more.

Reduced service retirement benefits are available at the following age and years of service; 50–25, 55–20, and 60–5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest annual salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are calculated at 2.5 percent of HAS for each year of service credit. The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

After March 1, 2001, PERA benefits increased at 3.5 percent compounded annually; before that date, the benefits increased at the lesser of 3.5 percent compounded annually or the percentage increase in the Consumer Price Index from 1992.

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and interest at the time of retirement. For members who have less than five years of service, a money purchase benefit is payable beginning at age 65.

Service Requirement and Termination

Employees who terminate before meeting the required age and years of service are refunded their contributions made to the plan plus interest. Employees terminating after meeting the service requirements may, if they desire, remain in the plan until eligible for retirement. Members who are under age 65 or are not eligible for retirement that withdraw from the plan receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. The interest rate paid (7.0 percent in 2000) is set at 80 percent of the PERA actuarial investment assumption rate (8.75 percent in 2000). A refund cancels a former member's right to future benefits.

Disability and Survivor Benefits

PERA provides a two-tiered disability program. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits. If the member is not totally and permanently disabled, they are provided reasonable income replacement through a third party insurance carrier and rehabilitation or retraining services. If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit.

If a member dies before retirement, their survivors are entitled to a single payment or monthly benefits. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate.

**B. FUNDING POLICY**

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended.

Members are required to contribute 8 percent of their gross covered wages, except for state troopers and Colorado Bureau of Investigation officers, who contribute 10 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

On January 1, 2001, the state began matching employees' contributions to eligible tax deferred retirement programs under the PERA Matchmaker Program. Starting the state match was contingent on PERA's actuarial determination that the plan was overfunded (actuarial value of assets in excess of actuarial liabilities). In any period in which the plan is overfunded, a reduced contribution rate is calculated that will eliminate the overfunding in ten years. The difference between the statutory rate and the reduced rate is allocated by PERA to three separate programs. During FY00-01, the state contributed 10.4 percent (13.1 percent for state troopers and 14.0 percent for the Judicial Branch) of the employee's gross covered wages which was allocated by PERA before January 1, 2001, as follows:

- 1.1 percent was allocated to the Health Care Trust Fund.
- 9.3 percent was allocated to the defined benefit plan.

After January 1, 2001, the state contribution was allocated to three separate programs by PERA according to a statutory change in funding policy as follows:

- 1.42 percent was allocated to the Health Care Trust Fund. (See Note V-E.) This increase was possible because 30 percent of the reduction in the contribution rate due to overfunding was designated for this purpose.
- The amount needed to meet the match requirement set by the PERA Board was allocated to individual member's eligible voluntary tax-deferred retirement programs. For the calendar year 2001, the matching amount was set at 100 percent of up to 3 percent of employee gross covered wages paid during the month (7 percent for judges in the Judicial Branch). Two percent of gross salary plus fifty percent of any reduction in the overall contribution rate due to overfunding of the pension plan was available for the match.
- The balance remaining after allocations to the Matchmaker Program and the Health Care Trust Fund was allocated to the defined benefit plan.

The state made retirement contributions of \$156.0 million, \$174.2 million, and \$184.9 million, in Fiscal Years 2000-01, 1999-00, and 1998-99, respectively. These amounts do not include the Health Care Fund contribution. For each year, the retirement contribution was equal to the requirement.

**C. OTHER RETIREMENT PLANS**

**Primary Government**

Some employees of various institutions of higher education may be covered under other retirement plans. Presidents, deans, professors, and instructors in state educational institutions are enrolled in defined benefit plans such as the Teachers Insurance and Annuity Association, the Variable Annuity Insurance Corporation, or other similar plans.

Faculty members at the University of Colorado are also under Social Security. Faculty members at Colorado State University were covered exclusively by PERA until May 1993. Faculty members hired after that time are covered by one of several defined contribution plans. Faculty previously covered by PERA had the choice of converting entirely to the defined contribution plan or remaining in PERA for their service until May 1993, with service after that time credited to the defined contribution plan.

The state made contributions to other pension plans of \$46.0 million and \$42.1 million during Fiscal Years 2000-01 and 1999-00, respectively. In addition, the state paid \$37.9 million and \$35.4 million in FICA or Medicare taxes on employee wages during Fiscal Years 2000-01 and 1999-00, respectively.

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 23 percent of their annual gross salary, to a maximum of \$10,500. Contributions and earnings are tax deferred. On December 31, 2000, the plan had net assets of \$557.7 million and 35,162 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2000-01 and 1999-00, the state treasurer transferred \$28.8 and \$28.7 million, respectively, to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the association provides to volunteer firefighters.

Defined Contribution Pension Plan

On July 1, 1998, the state began providing a defined contribution plan for certain employees identified in statute. The plan is authorized in Title 24 Article 54.7 of the Colorado Revised Statutes, and it is established and

administered by the five-member Defined Contribution Retirement Committee. Changes to the plan must be consistent with the authorizing legislation. The state is the sole contributing employer of the plan.

The following classes of state employees are covered: legislators, elected state officials and their deputies, department executive directors appointed by the governor, members of the Public Utilities Commission, employees of the Governor's Office not covered by the state personnel system, and employees of the Senate and House of Representatives. Participation in the plan by eligible employees is voluntary; however, a participant cannot also be an active member in the Public Employees Retirement Association (PERA). At June 30, 2001, 258 individuals had accounts with the defined contribution retirement plan.

The plan provides benefits to participants through purchased annuity contracts, certificates, or similar instruments – all of which are required to be fully portable.

Contributions to the plan are set in statute as a percent of salary, and they are required to be the same as the contributions to the defined benefit plan administered by PERA. During Fiscal Year 2000-01, the state contribution rate was 10.4 percent and the employee was required to contribute 8 percent of gross covered wages.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as revenues in the period in which the employee is compensated. Investments are reported at fair value. The Plan had the following concentrations of investments greater than five percent:

| Investment                         | Balance            | Percent     |
|------------------------------------|--------------------|-------------|
| MFS Investors Growth               | \$384,049          | 14%         |
| Vanguard Index 500                 | 382,786            | 14%         |
| Vanguard Asset Allocation          | 297,125            | 11%         |
| Valic Fixed Fund                   | 487,424            | 18%         |
| T. Rowe Price Small Capitalization | 254,780            | 9%          |
| Templeton World One                | 179,156            | 7%          |
| MFS Investors Trust                | 147,442            | 5%          |
| MS Large Company Growth            | 122,870            | 5%          |
| Other                              | 463,681            | 17%         |
| Totals                             | <u>\$2,719,313</u> | <u>100%</u> |

### Component Units

Employees of the Colorado Uninsurable Health Insurance Plan, and the Colorado Water Resources and Power Development Authority are covered under the State and School Division of PERA. (See Note V-A.)

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement.

As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date, and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees not fully vested in this plan will continue to earn credit toward vesting under a new plan. As the hospital acts in a fiduciary capacity for this plan and has the ability to amend the plan at its discretion, the plan's assets and related reserves are included in the financial statements as a pension trust fund.

As of April 1, 1995, the hospital amended its retirement plan based on its ability to withdraw from the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) by virtue of its operation under legislatively granted state authority. The hospital and its employees still contribute to and participate in the Medicare component of FICA. The hospital's amended plan is composed of three distinct components: a Basic Pension Plan, an Investment Account, and a Matching Account.

The Basic Pension Plan is a defined benefit plan with benefits payable based on length of service and average compensation earned by the employee during the five most highly compensated calendar years of service after 1994. Vesting under this component is based on length of service. The hospital's funding policy is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The hospital made contributions of \$5.9 million and \$5.7 million to its defined benefit plans in Fiscal Years 2000-01 and 1999-00, respectively. The actuarially computed net periodic pension cost for this plan was \$5.9 million and \$5.7 million for those years. According to the unaudited actuarial report, the hospital met the annual required contribution in each of the past six fiscal years. Actuarial value of the plan assets was \$70.6 million and \$62.5 million for Fiscal Years 1999-00 and 1998-99, respectively. Excluding U.S. Treasury securities, the plan had six investments where the fair value exceeded five percent of the plan net assets; Glenmede International Portfolio Fund – \$10.2 million, Vanguard Institutional – \$6.7 million, Janus Capital Corporation – \$9.9 million, Becker Capital Management Small Cap Equity – \$7.3 million, Cutler & Company Value Portfolio – \$10.1 million, Reams Asset Management Fixed Income – \$31.7 million.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2 percent of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 2001 and 2000 was approximately \$109.4 and \$98.9 million, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3 percent of their compensation until they are fully vested in the Basic Pension Plan. The hospital paid make-up contributions of approximately \$91,000 and \$101,000 for Fiscal Years 2000-01 and 1999-00, respectively.

The Matching Account is a qualified single-employer tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100 percent on the first 3 percent of gross compensation contributed. Employees are always vested 100 percent in their contributions; however, the hospital's matching contributions are subject to a five-year vesting schedule. The hospital's matching contributions for Fiscal Years 2000-01 and 1999-00 were approximately \$2.17 million and \$1.79 million, respectively.

The hospital has contributed to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was \$175,000 and \$213,000 for Fiscal Years 2000-01 and 1999-00, respectively. There were no transfers from PERA to the hospital's pension plan for previous state employees who have transferred their benefits to the hospital's pension plan for the years ended June 30, 2001 and 2000.

**D. EMPLOYEE DEFERRED COMPENSATION**

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan uses a third party administrator, and all costs of administration and funding are borne by the plan participants. The assets of the plan are not assets of the state, but are held in trust for the exclusive benefit of plan participants and their beneficiaries. Fund equity of the plan was \$316.7 million and \$365.3 million at June 30, 2001, and June 30, 2000, respectively. The state has no liability for losses under the plan but does have the duty of due care that is required of a fiduciary agent.

**E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and it is reduced by 5 percent for each year under 20 years.

Before January 1, 2001 the Health Care Fund was maintained by a contribution of 1.1 percent of covered salary. After January 1, 2001, the contribution was 1.42 percent of gross covered wages. The state paid contributions of \$21.3 million, \$18.6 million, and \$14.0 million in Fiscal Years 2000-01, 1999-00, and 1998-99, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. As of December 31, 2000, there were 32,633 participants, including spouses and dependents, from all contributors to the plan.

Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

Other Programs

Separate post-retirement health care and life insurance benefit plans exist in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

**NOTE VI. SUBSEQUENT EVENTS****A. NOTE ISSUANCE****Primary Government**

On July 3, 2001, the state treasurer issued \$150 million in Tax Revenue Anticipation Notes with interest rates ranging from 3.5 to 4.0 percent. The treasurer will repay the notes in June 2002; the notes are primarily issued for cash management purposes.

On October 12, 2001, the state treasurer issued \$600 million in Tax Revenue Anticipation Notes with interest rates ranging from 3.00 to 3.25 percent. The treasurer will repay the notes in June 2002; the notes are primarily issued for cash management purposes.

**Component Units**

On January 18, 2001, the Colorado Water Resources and Power Development Authority issued Small Water Resources Revenue Bonds in the principal amount of \$15,510,000. The bonds consist of serial bonds (\$6,600,000) maturing 2016 and term bonds (\$8,910,000) maturing 2023. Interest on the bonds is payable semi-annually with rates ranging from 3.9 percent to 4.875 percent. The bonds are insured as to payment of principal and interest.

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**COMBINING, INDIVIDUAL FUND, AND ACCOUNT  
GROUP FINANCIAL STATEMENTS AND SCHEDULES**

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## GENERAL FUND

The General Fund is the principal operating fund of the state, and is used to account for all governmental financial resources and transactions not accounted for in another fund. Within the General Fund, the state accounts for a large number of legally segregated activities represented on the Combined Balance Sheet as “Reserved for Statutorily Specified Amounts.” The balance of net assets in the General Fund is not legally segregated and thus, represented on the Combined Balance Sheet as “Fund Balance Unreserved - Undesignated.”

When it is positive, the unreserved undesignated fund balance represents cumulative excess general purpose and related augmenting revenues of the state. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent revenues that were appropriated to support specific expenditures. These revenues in excess of their related expenditures close to undesignated fund balance.

While the following schedule is not a combining statement, it is presented to facilitate budgetary analysis of the General Fund. The purpose of this schedule is to identify the general fund balance available for appropriation. In order to identify that amount, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual column.



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
GENERAL FUND SURPLUS - GENERAL FUND  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)  | ORIGINAL<br>ESTIMATE/<br>BUDGET | REVISED<br>ESTIMATE/<br>BUDGET | ACTUAL              | REVERSIONS OF<br>GENERAL<br>FUND<br>APPROPRIATION | EXCESS<br>AUGMENTING<br>REVENUE<br>EARNED |
|---|---------------------------------|--------------------------------|---------------------|---|---|
| <b>REVENUES:</b>  |                                 |                                |                     |   |   |
| Sales and Use Tax   | \$1,705,300                     | \$1,749,000                    | \$1,711,770         |   |   |
| Other Excise Taxes  | 92,000                          | 96,400                         | 97,284              |   |   |
| Individual Income Tax, net  | 3,936,800                       | 3,800,718                      | 3,866,932           |   |   |
| Corporate Income Tax, net   | 303,600                         | 315,782                        | 316,397             |   |   |
| Estate Tax  | 63,300                          | 84,600                         | 82,563              |   |   |
| Insurance Tax   | 124,800                         | 139,800                        | 141,993             |   |   |
| Parimutuel, Courts, and Other                                       | 51,800                          | 49,700                         | 61,808              |   |   |
| Investment Income   | 45,200                          | 64,500                         | 45,168              |   |   |
| Gaming  | 25,400                          | 28,600                         | 31,363              |   |   |
| Medicaid Provider Revenues  | 7,600                           | 7,600                          | -                   |   |   |
| <b>TOTAL GENERAL PURPOSE REVENUES</b>                               | <b>6,355,800</b>                | <b>6,336,700</b>               | <b>6,355,278</b>    |   |   |
| <b>EXPENDITURES:</b>  |                                 |                                |                     |   |   |
| Agriculture   | 10,086                          | 10,097                         | 9,866               | \$ 231  | \$ 9                                      |
| Corrections   | 420,594                         | 423,803                        | 417,677             | 6,126   | 32  |
| Education   | 2,150,370                       | 2,143,525                      | 2,143,115           | 410   | -   |
| Governor  | 19,977                          | 19,990                         | 19,754              | 236   | 6   |
| Health Care Policy and Financing                                    | 995,390                         | 1,023,134                      | 1,028,785           | (5,651)   | 4   |
| Higher Education  | 747,445                         | 747,525                        | 747,332             | 193   | 13  |
| Human Services  | 499,473                         | 490,477                        | 489,792             | 685   | 1,272                                     |
| Judicial Branch   | 206,112                         | 206,485                        | 205,341             | 1,144   | 1,074                                     |
| Law   | 9,601                           | 8,854                          | 8,571               | 283   | 23  |
| Legislative Branch  | 28,979                          | 28,979                         | 27,356              | 1,623   | 4   |
| Local Affairs   | 12,518                          | 10,756                         | 10,525              | 231   | 206                                       |
| Military Affairs  | 4,090                           | 4,025                          | 4,090               | (65)  | 2   |
| Natural Resources   | 29,046                          | 29,093                         | 28,893              | 200   | 49  |
| Personnel   | 15,375                          | 15,531                         | 14,825              | 706   | 248                                       |
| Public Health and Environment                                       | 33,510                          | 34,154                         | 33,496              | 658   | 1,267                                     |
| Public Safety   | 57,154                          | 57,521                         | 56,616              | 905   | 7   |
| Regulatory Agencies   | 1,980                           | 1,982                          | 1,975               | 7   | -   |
| Revenue   | 177,456                         | 181,227                        | 175,019             | 6,208   | 120                                       |
| Transportation  | 1                               | 1                              | 1                   | -   | -   |
| Treasury  | 31,077                          | 31,144                         | 31,141              | 3   | -   |
| Transfer to the Capital Construction Fund                           | 275,689                         | 285,255                        | 285,255             | -   | -   |
| Fiscal Year 1999-00 TABOR Refund                                    | 815,500                         | 941,129                        | 941,129             | -   | -   |
| <b>TOTAL</b>  | <b>6,541,423</b>                | <b>6,694,687</b>               | <b>6,680,554</b>    | <b>\$ 14,133</b>                                  | <b>\$ 4,336</b>                           |
| EXCESS GENERAL REVENUES OVER (UNDER)<br>GENERAL FUNDED EXPENDITURES | (185,623)                       | (357,987)                      | (325,276)           |   |   |
| EXCESS AUGMENTING REVENUES  | -                               | -                              | 4,336               |   |   |
| BEGINNING GENERAL FUND SURPLUS                                      | 493,700                         | 600,600                        | 605,711             |   |   |
| Budgeted Non-GAAP Expenditures                                      | -                               | -                              | 3                   |   |   |
| GAAP Revenues/Expenditures Not Budgeted                             | -                               | -                              | (59)                |   |   |
| (Increase)/Decrease in Long-Term Asset Reserve                      | -                               | -                              | 53                  |   |   |
| Budgeted (Increase) in Statutory 4 Percent<br>Reserve Requirement   | (11,900)                        | (13,200)                       | (13,296)            |   |   |
| Prior Period Adjustment   | -                               | -                              | (15,880)            |   |   |
| <b>ENDING GENERAL FUND SURPLUS</b>                                  | <b>296,177</b>                  | <b>229,413</b>                 | <b>255,592</b>      |   |   |
| Shortfall in Statutory 4 Percent Reserve                            | 212,300                         | 213,600                        | 213,668             |   |   |
| Fiscal Year 2000-01 TABOR Liability                                 | (905,500)                       | (898,700)                      | (927,201)           |   |   |
| <b>ENDING GAAP UNRESERVED FUND BALANCE</b>                          | <b>\$ (397,023)</b>             | <b>\$ (455,687)</b>            | <b>\$ (457,941)</b> |   |   |



## SPECIAL REVENUE FUNDS

|                                  |  |
|----------------------------------|--|
| HIGHWAY                          | Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver and vehicle registration fees, and other related taxes. Other financing sources include the issuance of revenue bonds.                               |
| WILDLIFE                         | Expenditures of this fund are used to preserve the state's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.  |
| LABOR                            | This fund accounts for injured workers' medical benefits provided by statutes that are not covered by workers' compensation benefits.  |
| GAMING                           | This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the state. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.  |
| WATER PROJECTS                   | This fund accounts for construction loans made to local governments and special districts to enhance the water resources of the state.   |
| TOBACCO LITIGATION<br>SETTLEMENT | This fund accounts for receipts directly from the tobacco litigation settlement, earnings distributed from the Tobacco Litigation Settlement Trust Fund (a nonexpendable trust fund), and the expenditures of programs related to the tobacco settlement.  |
| STATE EDUCATION                  | This fund accounts for a tax of one third of one percent on the income of all individuals, estates, trusts, and corporations. The funds are used to ensure that state supported per pupil funding of local schools grows at a rate set in the state's constitution. The funds are exempt from the state's limits on revenue growth (TABOR) and may not be used to replace general fund support of education. |

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | HIGHWAY             | WILDLIFE         | LABOR             |
|--|---------------------|------------------|-------------------|
| <b>ASSETS:</b>                             |                     |                  |                   |
| Cash and Pooled Cash                       | \$ 1,479,782        | \$ 80,529        | \$ 33,473         |
| Taxes Receivable, net                      | 63,746              | -                | 12,260            |
| Other Receivables, net                     | 3,647               | 4,653            | 2,123             |
| Due From Other Governments                 | 100,214             | 851              | -                 |
| Due From Other Funds                       | 8,697               | 2,022            | 372               |
| Inventories                                | 6,455               | 446              | -                 |
| Prepays, Advances, and Deferred Charges    | 76                  | 194              | -                 |
| Investments                                | -                   | -                | 178,672           |
| Other Long-Term Assets                     | 22,559              | -                | -                 |
| <b>TOTAL ASSETS</b>                        | <b>\$ 1,685,176</b> | <b>\$ 88,695</b> | <b>\$ 226,900</b> |
| <b>LIABILITIES:</b>                        |                     |                  |                   |
| Tax Refunds Payable                        | \$ 315              | \$ -             | \$ -              |
| Accounts Payable and Accrued Liabilities   | 149,804             | 4,895            | 405               |
| Due To Other Governments                   | 45,922              | -                | -                 |
| Due To Other Funds                         | 422                 | 29               | -                 |
| Deferred Revenue                           | 11,950              | 26,713           | -                 |
| Deposits Held In Custody For Others        | 39                  | -                | -                 |
| Other Current Liabilities                  | 4                   | -                | 13,304            |
| Other Long-Term Liabilities                | -                   | -                | -                 |
| <b>TOTAL LIABILITIES</b>                   | <b>208,456</b>      | <b>31,637</b>    | <b>13,709</b>     |
| <b>FUND EQUITY:</b>                        |                     |                  |                   |
| Fund Balances:                             |                     |                  |                   |
| Reserved For:                              |                     |                  |                   |
| Encumbrances                               | 984,993             | -                | -                 |
| Long-Term Assets and Long-Term Receivables | 22,559              | -                | -                 |
| Unreserved:                                |                     |                  |                   |
| Designated for Unrealized Investment Gains | 7,413               | 1,364            | 10,775            |
| Designated Other                           | 461,755             | 55,694           | 202,416           |
| <b>TOTAL FUND EQUITY</b>                   | <b>1,476,720</b>    | <b>57,058</b>    | <b>213,191</b>    |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>   | <b>\$ 1,685,176</b> | <b>\$ 88,695</b> | <b>\$ 226,900</b> |

| GAMING            | WATER<br>PROJECTS | TOBACCO<br>LITIGATION<br>SETTLEMENT | STATE<br>EDUCATION | TOTALS              |
|-------------------|-------------------|-------------------------------------|--------------------|---------------------|
| \$ 103,258        | \$ 96,134         | \$ 71,279                           | \$ 168,811         | \$ 2,033,266        |
| -                 | -                 | -                                   | -                  | 76,006              |
| 5                 | 8,807             | -                                   | -                  | 19,235              |
| -                 | -                 | -                                   | -                  | 101,065             |
| 9,838             | 194               | -                                   | -                  | 21,123              |
| -                 | -                 | -                                   | -                  | 6,901               |
| 33                | 3                 | -                                   | -                  | 306                 |
| -                 | -                 | -                                   | -                  | 178,672             |
| -                 | 156,833           | -                                   | -                  | 179,392             |
| <b>\$ 113,134</b> | <b>\$ 261,971</b> | <b>\$ 71,279</b>                    | <b>\$ 168,811</b>  | <b>\$ 2,615,966</b> |
| \$ -              | \$ -              | \$ -                                | \$ -               | \$ 315              |
| 1,053             | 1,906             | -                                   | -                  | 158,063             |
| 19,362            | -                 | -                                   | -                  | 65,284              |
| 41,677            | 26,263            | -                                   | -                  | 68,391              |
| 284               | -                 | -                                   | -                  | 38,947              |
| -                 | -                 | -                                   | -                  | 39                  |
| -                 | -                 | -                                   | -                  | 13,308              |
| 9                 | -                 | -                                   | -                  | 9                   |
| 62,385            | 28,169            | -                                   | -                  | 344,356             |
| -                 | -                 | -                                   | -                  | 984,993             |
| -                 | 157,020           | -                                   | -                  | 179,579             |
| 1,199             | 1,458             | 1,104                               | 2,614              | 25,927              |
| 49,550            | 75,324            | 70,175                              | 166,197            | 1,081,111           |
| 50,749            | 233,802           | 71,279                              | 168,811            | 2,271,610           |
| <b>\$ 113,134</b> | <b>\$ 261,971</b> | <b>\$ 71,279</b>                    | <b>\$ 168,811</b>  | <b>\$ 2,615,966</b> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | HIGHWAY            | WILDLIFE         | LABOR            |
|--|--------------------|------------------|------------------|
| <b>REVENUES:</b>   |                    |                  |                  |
| Taxes  | \$ 724,173         | \$ -             | \$ 25,086        |
| Licenses, Permits, and Fines   | 207,188            | 53,738           | 87               |
| Charges for Goods and Services   | 8,392              | 2,397            | -                |
| Investment Income  | 72,303             | 6,551            | 23,022           |
| Federal Grants and Contracts   | 316,908            | 9,747            | -                |
| Other  | 36,900             | 13,735           | 241              |
| <b>TOTAL REVENUES</b>  | <b>1,365,864</b>   | <b>86,168</b>    | <b>48,436</b>    |
| <b>EXPENDITURES:</b>   |                    |                  |                  |
| Current:   |                    |                  |                  |
| General Government   | 7,170              | -                | -                |
| Business, Community and Consumer Affairs   | -                  | 28               | 12,301           |
| Education  | -                  | -                | -                |
| Health and Rehabilitation  | 7,270              | -                | -                |
| Justice  | 55,661             | -                | -                |
| Natural Resources  | -                  | 69,231           | -                |
| Transportation   | 1,067,849          | -                | -                |
| Capital Outlay   | 19,919             | 9,077            | -                |
| Intergovernmental:   |                    |                  |                  |
| Cities   | 106,066            | 333              | -                |
| Counties   | 154,672            | 805              | -                |
| School Districts   | -                  | 8                | -                |
| Special Districts  | 13,445             | 59               | -                |
| Federal  | -                  | 483              | -                |
| Other  | 9                  | 2,078            | -                |
| Debt Service   | -                  | 16               | -                |
| <b>TOTAL EXPENDITURES</b>  | <b>1,432,061</b>   | <b>82,118</b>    | <b>12,301</b>    |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b>                                  | <b>(66,197)</b>    | <b>4,050</b>     | <b>36,135</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                  |                  |
| Operating Transfer-In  | 69,552             | 7,928            | -                |
| Operating Transfer-Out   | (63,331)           | (21,070)         | (480)            |
| Proceeds of Bond Issuance  | 539,234            | -                | -                |
| Capital Lease Proceeds   | -                  | 44               | -                |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>545,455</b>     | <b>(13,098)</b>  | <b>(480)</b>     |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | <b>479,258</b>     | <b>(9,048)</b>   | <b>35,655</b>    |
| FUND BALANCE, JULY 1   | 997,462            | 66,106           | 177,536          |
| <b>FUND BALANCE, JUNE 30</b>   | <b>\$1,476,720</b> | <b>\$ 57,058</b> | <b>\$213,191</b> |

| GAMING   | WATER<br>PROJECTS | TOBACCO<br>LITIGATION<br>SETTLEMENT | STATE<br>EDUCATION | TOTALS      |
|----------|-------------------|-------------------------------------|--------------------|-------------|
| \$88,815 | \$ -              | \$ -                                | \$ 164,266         | \$1,002,340 |
| 832      | -                 | 68,660                              | -                  | 330,505     |
| 183      | 1                 | -                                   | -                  | 10,973      |
| 3,991    | 11,925            | 5,227                               | 4,545              | 127,564     |
| -        | -                 | -                                   | -                  | 326,655     |
| 1        | 3,408             | -                                   | -                  | 54,285      |
| 93,822   | 15,334            | 73,887                              | 168,811            | 1,852,322   |
| -        | -                 | -                                   | -                  | 7,170       |
| 5,353    | -                 | -                                   | -                  | 17,682      |
| 7,784    | -                 | -                                   | -                  | 7,784       |
| -        | -                 | -                                   | -                  | 7,270       |
| -        | -                 | -                                   | -                  | 55,661      |
| -        | 3,422             | -                                   | -                  | 72,653      |
| -        | -                 | -                                   | -                  | 1,067,849   |
| 373      | 72                | -                                   | -                  | 29,441      |
| 15,520   | 13                | -                                   | -                  | 121,932     |
| 11,263   | 168               | -                                   | -                  | 166,908     |
| 371      | -                 | -                                   | -                  | 379         |
| 26       | 195               | -                                   | -                  | 13,725      |
| -        | 213               | -                                   | -                  | 696         |
| 2,898    | -                 | -                                   | -                  | 4,985       |
| -        | -                 | -                                   | -                  | 16          |
| 43,588   | 4,083             | -                                   | -                  | 1,574,151   |
| 50,234   | 11,251            | 73,887                              | 168,811            | 278,171     |
| -        | 6,088             | -                                   | -                  | 83,568      |
| (42,021) | (2,328)           | (69,709)                            | -                  | (198,939)   |
| -        | -                 | -                                   | -                  | 539,234     |
| -        | -                 | -                                   | -                  | 44          |
| (42,021) | 3,760             | (69,709)                            | -                  | 423,907     |
| 8,213    | 15,011            | 4,178                               | 168,811            | 702,078     |
| 42,536   | 218,791           | 67,101                              | -                  | 1,569,532   |
| \$50,749 | \$233,802         | \$ 71,279                           | \$ 168,811         | \$2,271,610 |





## ENTERPRISE FUNDS

These funds account for the self-sustaining operations of state agencies that provide a majority of their services to the public on a user charge basis. The major activities in these funds are:

|                                   |   |
|-----------------------------------|---|
| GUARANTEED STUDENT LOAN           | This fund records the activities of the Colorado Student Loan Division which guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.                                   |
| STATE LOTTERY                     | This activity encompasses the lotto and the various lottery games the state runs under the authority of state statute. The net proceeds are used to support the Conservation Trust Fund, the Great Outdoors Colorado Trust Fund, and projects in the Department of Natural Resources.   |
| BUSINESS ENTERPRISE PROGRAM       | This activity comprises the food vending stands run by the visually impaired under supervision and guidance of the Department of Human Services.  |
| STATE NURSING HOMES               | This activity is for nursing home and retirement care provided to the elderly at the state facilities at Homelake, Walsenburg, Florence, Rifle, and Trinidad.   |
| PRISON CANTEENS                   | This activity accounts for the various canteen operations in the state's prison system.   |
| CORRECTIONAL INDUSTRIES           | This activity is for the production and sale of manufactured goods and farm products by convicted criminals who are incarcerated in the state prison system.  |
| STATE FAIR AUTHORITY              | The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.  |
| STUDENT OBLIGATION BOND AUTHORITY | The Colorado Student Obligation Bond Authority issues tax exempt and taxable bonds and uses the proceeds to originate and purchase loans for postsecondary education students. The Authority also operates a prepaid tuition program that allows citizens to purchase units of average tuition to be used at maturity to pay eligible expenses at colleges and universities throughout the United States. |
| OTHER ENTERPRISE ACTIVITIES       | The other enterprise activities of the state include employee parking operations, surplus property disposal, and miscellaneous canteen operations at various state institutions.  |

**COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                   | GUARANTEED<br>STUDENT<br>LOAN | STATE<br>LOTTERY | BUSINESS<br>ENTERPRISE<br>PROGRAM | STATE<br>NURSING<br>HOMES |
|--|-------------------------------|------------------|-----------------------------------|---------------------------|
| <b>ASSETS:</b>                           |                               |                  |                                   |                           |
| Cash and Pooled Cash                     | \$49,520                      | \$25,611         | \$ 349                            | \$ 1,928                  |
| Other Receivables, net                   | 1,147                         | 12,673           | 53                                | 823                       |
| Due From Other Governments               | 7,623                         | -                | 23                                | 535                       |
| Due From Other Funds                     | 588                           | -                | -                                 | 1                         |
| Inventories                              | 96                            | 1,147            | 34                                | 317                       |
| Prepays, Advances, and Deferred Charges  | 86                            | 36               | 193                               | 25                        |
| Investments                              | -                             | -                | -                                 | -                         |
| Property, Plant and Equipment, net       | 1,459                         | 2,179            | 277                               | 6,906                     |
| Other Long-Term Assets                   | -                             | -                | -                                 | -                         |
| <b>TOTAL ASSETS</b>                      | <b>\$60,519</b>               | <b>\$41,646</b>  | <b>\$ 929</b>                     | <b>\$10,535</b>           |
| <b>LIABILITIES:</b>                      |                               |                  |                                   |                           |
| Accounts Payable and Accrued Liabilities | \$ 815                        | \$ 3,044         | \$ 85                             | \$ 638                    |
| Due To Other Governments                 | 5,709                         | 32               | -                                 | -                         |
| Due To Other Funds                       | 841                           | 20,056           | -                                 | -                         |
| Deferred Revenue                         | 5                             | 443              | -                                 | 8                         |
| Deposits Held In Custody For Others      | -                             | -                | -                                 | -                         |
| Other Current Liabilities                | 1,272                         | 15,239           | 6                                 | -                         |
| Capital Lease Obligations                | 307                           | -                | -                                 | 18                        |
| Notes and Bonds Payable                  | 173                           | -                | -                                 | -                         |
| Accrued Compensated Absences             | 751                           | 801              | 44                                | 750                       |
| Other Long-Term Liabilities              | -                             | 119              | -                                 | -                         |
| <b>TOTAL LIABILITIES</b>                 | <b>9,873</b>                  | <b>39,734</b>    | <b>135</b>                        | <b>1,414</b>              |
| <b>FUND EQUITY:</b>                      |                               |                  |                                   |                           |
| Contributed Capital                      | 15                            | -                | -                                 | 7,214                     |
| Unrealized Gain on Investments           | 785                           | 392              | 5                                 | 37                        |
| Retained Earnings                        | 49,846                        | 1,520            | 789                               | 1,870                     |
| <b>TOTAL FUND EQUITY</b>                 | <b>50,646</b>                 | <b>1,912</b>     | <b>794</b>                        | <b>9,121</b>              |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$60,519</b>               | <b>\$41,646</b>  | <b>\$ 929</b>                     | <b>\$10,535</b>           |

| PRISON<br>CANTEENS | CORRECTIONAL<br>INDUSTRIES | STATE<br>FAIR<br>AUTHORITY | STUDENT<br>OBLIGATION<br>BOND AUTHORITY | OTHER<br>ENTERPRISE<br>ACTIVITIES | TOTALS              |
|--------------------|----------------------------|----------------------------|---|-----------------------------------|---------------------|
| \$5,327            | \$ 2,877                   | \$ 600                     | \$ 41,711                               | \$ 339                            | \$ 128,262          |
| 461                | 2,137                      | 174                        | 673,254                                 | 49                                | 690,771             |
| -                  | 169                        | -                          | -                                       | 1                                 | 8,351               |
| -                  | 618                        | -                          | -                                       | -                                 | 1,207               |
| 471                | 8,350                      | 38                         | -                                       | 569                               | 11,022              |
| -                  | -                          | 236                        | 344                                     | -                                 | 920                 |
| -                  | -                          | 251                        | 145,513                                 | -                                 | 145,764             |
| 1,394              | 7,392                      | 7,575                      | 2,175                                   | 4,161                             | 33,518              |
| -                  | 740                        | 61                         | 3,487                                   | -                                 | 4,288               |
| <b>\$7,653</b>     | <b>\$22,283</b>            | <b>\$ 8,935</b>            | <b>\$ 866,484</b>                       | <b>\$ 5,119</b>                   | <b>\$ 1,024,103</b> |
| \$ 437             | \$ 1,451                   | \$ 129                     | \$ 2,567                                | \$ 148                            | \$ 9,314            |
| -                  | -                          | -                          | 7,995                                   | -                                 | 13,736              |
| 1                  | 115                        | -                          | 609                                     | -                                 | 21,622              |
| -                  | -                          | 1,157                      | 1,422                                   | 264                               | 3,299               |
| 3                  | -                          | 8                          | -                                       | 4                                 | 15                  |
| -                  | -                          | 173                        | -                                       | -                                 | 16,690              |
| -                  | -                          | 256                        | -                                       | -                                 | 581                 |
| -                  | -                          | 1,763                      | 686,141                                 | -                                 | 688,077             |
| 63                 | 749                        | 75                         | 76                                      | 79                                | 3,388               |
| -                  | -                          | -                          | 79,300                                  | -                                 | 79,419              |
| <b>504</b>         | <b>2,315</b>               | <b>3,561</b>               | <b>778,110</b>                          | <b>495</b>                        | <b>836,141</b>      |
| -                  | 6,559                      | 6,273                      | -                                       | 2,159                             | 22,220              |
| -                  | 72                         | 19                         | -                                       | -                                 | 1,310               |
| 7,149              | 13,337                     | (918)                      | 88,374                                  | 2,465                             | 164,432             |
| <b>7,149</b>       | <b>19,968</b>              | <b>5,374</b>               | <b>88,374</b>                           | <b>4,624</b>                      | <b>187,962</b>      |
| <b>\$7,653</b>     | <b>\$22,283</b>            | <b>\$ 8,935</b>            | <b>\$ 866,484</b>                       | <b>\$ 5,119</b>                   | <b>\$ 1,024,103</b> |

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                          | GUARANTEED<br>STUDENT<br>LOAN | STATE<br>LOTTERY | BUSINESS<br>ENTERPRISE<br>PROGRAM | STATE<br>NURSING<br>HOMES |
|---|-------------------------------|------------------|-----------------------------------|---------------------------|
| <b>OPERATING REVENUES:</b>                      |                               |                  |                                   |                           |
| Licenses and Permits                            | \$ -                          | \$ 46            | \$ -                              | \$ -                      |
| Charges for Goods and Services                  | 4,540                         | 350,631          | 615                               | 14,706                    |
| Investment and Rental Income                    | 4,850                         | -                | -                                 | -                         |
| Federal Grants and Contracts                    | 55,946                        | -                | -                                 | 5,987                     |
| Other   | 23                            | 153              | 9                                 | 15                        |
| <b>TOTAL OPERATING REVENUES</b>                 | <b>65,359</b>                 | <b>350,830</b>   | <b>624</b>                        | <b>20,708</b>             |
| <b>OPERATING EXPENSES:</b>                      |                               |                  |                                   |                           |
| Salaries & Fringe Benefits                      | 11,874                        | 7,944            | 523                               | 15,776                    |
| Operating and Travel                            | 51,281                        | 39,457           | 712                               | 3,504                     |
| Cost of Goods Sold                              | -                             | 10,326           | -                                 | -                         |
| Depreciation                                    | 568                           | 603              | 93                                | 542                       |
| Intergovernmental Distributions                 | -                             | -                | -                                 | 1,770                     |
| Prizes and Awards                               | 1                             | 214,416          | -                                 | 2                         |
| <b>TOTAL OPERATING EXPENSES</b>                 | <b>63,724</b>                 | <b>272,746</b>   | <b>1,328</b>                      | <b>21,594</b>             |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>1,635</b>                  | <b>78,084</b>    | <b>(704)</b>                      | <b>(886)</b>              |
| <b>NON-OPERATING REVENUES AND (EXPENSES):</b>   |                               |                  |                                   |                           |
| Fines and Settlements                           | -                             | -                | 1                                 | -                         |
| Investment and Rental Income                    | -                             | 2,228            | 26                                | 233                       |
| Donations                                       | -                             | -                | -                                 | 22                        |
| Intergovernmental Distributions                 | -                             | (39,642)         | -                                 | -                         |
| Federal Grants and Contracts                    | -                             | -                | 730                               | -                         |
| Debt Service                                    | -                             | -                | -                                 | -                         |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>  | <b>-</b>                      | <b>(37,414)</b>  | <b>757</b>                        | <b>255</b>                |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>1,635</b>                  | <b>40,670</b>    | <b>53</b>                         | <b>(631)</b>              |
| <b>OPERATING TRANSFERS:</b>                     |                               |                  |                                   |                           |
| Operating Transfer-In                           | -                             | -                | -                                 | 260                       |
| Operating Transfer-Out                          | (88)                          | (39,990)         | -                                 | (96)                      |
| <b>TOTAL OPERATING TRANSFERS</b>                | <b>(88)</b>                   | <b>(39,990)</b>  | <b>-</b>                          | <b>164</b>                |
| <b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>   | <b>1,547</b>                  | <b>680</b>       | <b>53</b>                         | <b>(467)</b>              |
| <b>FUND EQUITY, JULY 1</b>                      | <b>49,099</b>                 | <b>1,232</b>     | <b>741</b>                        | <b>9,549</b>              |
| Additions (Deductions) to Contributed Capital   | -                             | -                | -                                 | 39                        |
| Prior Period/Other Adjustments                  | -                             | -                | -                                 | -                         |
| <b>FUND EQUITY, JUNE 30</b>                     | <b>\$ 50,646</b>              | <b>\$ 1,912</b>  | <b>\$ 794</b>                     | <b>\$ 9,121</b>           |

| PRISON<br>CANTEENS | CORRECTIONAL<br>INDUSTRIES | STATE<br>FAIR<br>AUTHORITY | STUDENT<br>OBLIGATION<br>BOND AUTHORITY | OTHER<br>ENTERPRISE<br>ACTIVITIES | TOTALS    |
|--------------------|----------------------------|----------------------------|---|-----------------------------------|-----------|
| \$ -               | \$ -                       | \$ -                       | \$ -                                    | \$ -                              | \$ 46     |
| 10,311             | 35,409                     | 6,875                      | 1,736                                   | 1,681                             | 426,504   |
| -                  | -                          | -                          | 59,714                                  | 519                               | 65,083    |
| -                  | -                          | -                          | -                                       | 2,855                             | 64,788    |
| 32                 | 129                        | -                          | 5,482                                   | -                                 | 5,843     |
| 10,343             | 35,538                     | 6,875                      | 66,932                                  | 5,055                             | 562,264   |
| 1,018              | 8,081                      | 4,165                      | 943                                     | 1,120                             | 51,444    |
| 1,780              | 6,756                      | 2,842                      | 55,297                                  | 1,495                             | 163,124   |
| 5,830              | 18,359                     | -                          | -                                       | 644                               | 35,159    |
| 89                 | 1,160                      | 816                        | 1,087                                   | 78                                | 5,036     |
| -                  | -                          | -                          | -                                       | 2,473                             | 4,243     |
| 2                  | -                          | 663                        | -                                       | -                                 | 215,084   |
| 8,719              | 34,356                     | 8,486                      | 57,327                                  | 5,810                             | 474,090   |
| 1,624              | 1,182                      | (1,611)                    | 9,605                                   | (755)                             | 88,174    |
| -                  | -                          | -                          | -                                       | -                                 | 1         |
| 40                 | 207                        | 529                        | -                                       | 475                               | 3,738     |
| -                  | -                          | 369                        | -                                       | 200                               | 591       |
| -                  | -                          | -                          | -                                       | -                                 | (39,642)  |
| -                  | -                          | -                          | -                                       | -                                 | 730       |
| -                  | -                          | (176)                      | -                                       | -                                 | (176)     |
| 40                 | 207                        | 722                        | -                                       | 675                               | (34,758)  |
| 1,664              | 1,389                      | (889)                      | 9,605                                   | (80)                              | 53,416    |
| -                  | 4                          | -                          | -                                       | -                                 | 264       |
| (326)              | (500)                      | -                          | -                                       | (722)                             | (41,722)  |
| (326)              | (496)                      | -                          | -                                       | (722)                             | (41,458)  |
| 1,338              | 893                        | (889)                      | 9,605                                   | (802)                             | 11,958    |
| 5,811              | 19,075                     | 5,961                      | -                                       | 5,426                             | 96,894    |
| -                  | -                          | 302                        | -                                       | -                                 | 341       |
| -                  | -                          | -                          | 78,769                                  | -                                 | 78,769    |
| \$7,149            | \$19,968                   | \$ 5,374                   | \$ 88,374                               | \$ 4,624                          | \$187,962 |

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | GUARANTEED<br>STUDENT<br>LOAN | STATE<br>LOTTERY | BUSINESS<br>ENTERPRISE<br>PROGRAM |
|--|-------------------------------|------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |                               |                  |                                   |
| Cash Received from:  |                               |                  |                                   |
| Fees for Service   | \$ 2,159                      | \$ 48            | \$ 274                            |
| Sales of Products  | -                             | 348,587          | 381                               |
| Grants and Contracts   | 56,207                        | -                | 728                               |
| Loan Repayments  | -                             | -                | -                                 |
| Other Sources  | 28                            | 199              | 10                                |
| Cash Payments to:  |                               |                  |                                   |
| Employees  | (10,118)                      | (7,241)          | (444)                             |
| Suppliers  | (6,669)                       | (22,238)         | (701)                             |
| Lottery Prizes and Sales Commissions                             | (3,013)                       | (241,007)        | -                                 |
| Others for Student Loans and Loan Losses                         | (35,033)                      | -                | -                                 |
| Other Governments  | -                             | -                | -                                 |
| Other  | (8,056)                       | (8)              | (160)                             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                 | <b>(4,495)</b>                | <b>78,340</b>    | <b>88</b>                         |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |                               |                  |                                   |
| Transfers-In   | -                             | -                | -                                 |
| Transfers-Out  | (88)                          | (39,990)         | -                                 |
| Intergovernmental Distributions                                  | -                             | (37,491)         | -                                 |
| NonCapital Debt Service  | -                             | -                | -                                 |
| <b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>             | <b>(88)</b>                   | <b>(77,481)</b>  | <b>-</b>                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                               |                  |                                   |
| Acquisition of Capital Assets                                    | (98)                          | (411)            | (90)                              |
| Proceeds from Sale of Capital Assets                             | -                             | -                | -                                 |
| Income from Property   | -                             | -                | -                                 |
| Principal Paid on Capital Debt                                   | -                             | -                | -                                 |
| Interest Payments  | -                             | -                | -                                 |
| Capital Lease Payments   | (96)                          | -                | -                                 |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>    | <b>(194)</b>                  | <b>(411)</b>     | <b>(90)</b>                       |

(Continued)

| STATE<br>NURSING<br>HOMES | PRISON<br>CANTEENS | CORRECTIONAL<br>INDUSTRIES | STATE<br>FAIR<br>AUTHORITY | STUDENT<br>OBLIGATION<br>BOND<br>AUTHORITY | OTHER<br>ENTERPRISE<br>ACTIVITIES | TOTALS    |
|---------------------------|--------------------|----------------------------|----------------------------|--|-----------------------------------|-----------|
| \$ 14,277                 | \$ -               | \$ 5,009                   | \$ 5,948                   | \$ -                                       | \$ 994                            | \$ 28,709 |
| 35                        | 10,057             | 29,012                     | 54                         | -  | 1,130                             | 389,256   |
| 96                        | -                  | -                          | -                          | -  | 2,574                             | 59,605    |
| -                         | -                  | -                          | -                          | 146,548                                    | -                                 | 146,548   |
| 6,023                     | 35                 | 129                        | 801                        | -  | 169                               | 7,394     |
| (14,765)                  | (1,003)            | (7,826)                    | (1,678)                    | (1,207)                                    | (1,005)                           | (45,287)  |
| (4,403)                   | (7,540)            | (24,976)                   | (4,760)                    | (5,210)                                    | (1,761)                           | (78,258)  |
| -                         | -                  | -                          | -                          | -  | -                                 | (244,020) |
| -                         | -                  | -                          | -                          | (126,073)                                  | -                                 | (161,106) |
| (1,770)                   | -                  | -                          | -                          | -  | (2,473)                           | (4,243)   |
| -                         | (6)                | (3)                        | (769)                      | (3,044)                                    | (11)                              | (12,057)  |
| (507)                     | 1,543              | 1,345                      | (404)                      | 11,014                                     | (383)                             | 86,541    |
| 260                       | -                  | 4                          | -                          | -  | -                                 | 264       |
| (96)                      | (326)              | (500)                      | -                          | -  | (722)                             | (41,722)  |
| -                         | -                  | -                          | -                          | -  | -                                 | (37,491)  |
| -                         | -                  | -                          | -                          | (67,450)                                   | -                                 | (67,450)  |
| 164                       | (326)              | (496)                      | -                          | (67,450)                                   | (722)                             | (146,399) |
| (379)                     | (117)              | (848)                      | (37)                       | (142)                                      | (195)                             | (2,317)   |
| 10                        | -                  | -                          | -                          | -  | -                                 | 10        |
| 6                         | -                  | 2                          | 455                        | -  | 575                               | 1,038     |
| -                         | -                  | -                          | (100)                      | -  | -                                 | (100)     |
| -                         | -                  | (21)                       | (170)                      | -  | -                                 | (191)     |
| (6)                       | -                  | -                          | (49)                       | -  | -                                 | (151)     |
| (369)                     | (117)              | (867)                      | 99                         | (142)                                      | 380                               | (1,711)   |

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(Continued)

(DOLLARS IN THOUSANDS)

|  | GUARANTEED<br>STUDENT<br>LOAN | STATE<br>LOTTERY | BUSINESS<br>ENTERPRISE<br>PROGRAM |
|--|-------------------------------|------------------|-----------------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>           |                               |                  |                                   |
| Interest and Dividends on Investments                  | 4,850                         | 2,228            | 28                                |
| Proceeds from Sales of Investments                     | -                             | -                | -                                 |
| Purchases of Investments                               | -                             | -                | -                                 |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>              | <b>4,850</b>                  | <b>2,228</b>     | <b>28</b>                         |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b> | <b>73</b>                     | <b>2,676</b>     | <b>26</b>                         |
| <b>CASH AND POOLED CASH , FISCAL YEAR BEGINNING</b>    | <b>49,447</b>                 | <b>22,935</b>    | <b>323</b>                        |
| Prior Period Adjustment                                | -                             | -                | -                                 |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>           | <b>\$ 49,520</b>              | <b>\$ 25,611</b> | <b>\$ 349</b>                     |

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

|   |                   |                  |              |
|---|-------------------|------------------|--------------|
| Operating Income (Loss)   | \$ 1,635          | \$ 78,084        | \$ (704)     |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by Operating Activities: |                   |                  |              |
| Depreciation  | 568               | 603              | 93           |
| Investment/Rental Income and Other Revenue in Operating Income                                    | (4,852)           | -                | -            |
| Fines, Donations, and Grants and Contracts in NonOperating  | -                 | -                | 731          |
| Loss on Disposal of Fixed Assets  | 647               | -                | 3            |
| Compensated Absences  | 58                | 55               | (1)          |
| Interest and Other Expense in Operating Income  | 6                 | 148              | 1            |
| Net Changes in Assets and Liabilities Related to Operating Activities:                            |                   |                  |              |
| (Increase) Decrease in Operating Receivables  | (2,360)           | (2,020)          | 47           |
| (Increase) Decrease in Inventories  | 2                 | 357              | (28)         |
| (Increase) Decrease in Other Operating Assets   | 34                | (6)              | 52           |
| Increase (Decrease) in Accounts Payable   | (411)             | 881              | (63)         |
| Increase (Decrease) in Other Operating Liabilities  | 178               | 238              | (43)         |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ (4,495)</b> | <b>\$ 78,340</b> | <b>\$ 88</b> |

**SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):**

|   |     |    |   |
|---|-----|----|---|
| Fixed Assets Transferred from General Fixed Asset Account Group | -   | -  | - |
| Unrealized Gain/(Loss) on Investments                           | -   | -  | - |
| Loss on Disposal of Fixed Assets                                | 647 | 37 | - |
| Assumption of Capital Lease Obligation                          | 178 | -  | - |



| STATE<br>NURSING<br>HOMES | PRISON<br>CANTEENS | CORRECTIONAL<br>INDUSTRIES | STATE<br>FAIR<br>AUTHORITY | STUDENT<br>OBLIGATION<br>BOND AUTHORITY | OTHER<br>ENTERPRISE<br>ACTIVITIES | TOTALS     |
|---------------------------|--------------------|----------------------------|----------------------------|---|-----------------------------------|------------|
| 228                       | 39                 | 205                        | 62                         | 12,997                                  | 4                                 | 20,641     |
| -                         | -                  | -                          | -                          | 365,675                                 | -                                 | 365,675    |
| -                         | -                  | -                          | -                          | (328,615)                               | -                                 | (328,615)  |
| 228                       | 39                 | 205                        | 62                         | 50,057                                  | 4                                 | 57,701     |
| (484)                     | 1,139              | 187                        | (243)                      | (6,521)                                 | (721)                             | (3,868)    |
| 2,412                     | 4,188              | 2,690                      | 843                        | -                                       | 1,060                             | 83,898     |
| -                         | -                  | -                          | -                          | 48,232                                  | -                                 | 48,232     |
| \$ 1,928                  | \$ 5,327           | \$ 2,877                   | \$ 600                     | \$ 41,711                               | \$ 339                            | \$ 128,262 |

\$ (886)    \$ 1,624    \$ 1,182    \$ (1,611)    \$ 9,605    \$ (755)    \$ 88,174

|          |          |          |          |           |          |           |
|----------|----------|----------|----------|-----------|----------|-----------|
| 542      | 89       | 1,160    | 816      | 1,086     | 78       | 5,035     |
| -        | -        | -        | -        | 32,321    | (108)    | 27,361    |
| 22       | -        | -        | 369      | -         | 200      | 1,322     |
| -        | -        | 5        | 23       | -         | -        | 678       |
| 79       | -        | 18       | 15       | -         | (22)     | 202       |
| 10       | 62       | 21       | -        | -         | 157      | 405       |
| (240)    | (253)    | (1,375)  | (52)     | (31,153)  | 34       | (37,372)  |
| (15)     | (133)    | 1,054    | 16       | -         | 279      | 1,532     |
| 15       | -        | (27)     | 30       | 379       | -        | 477       |
| (33)     | 153      | (693)    | 36       | (726)     | 68       | (788)     |
| (1)      | 1        | -        | (46)     | (498)     | (314)    | (485)     |
| \$ (507) | \$ 1,543 | \$ 1,345 | \$ (404) | \$ 11,014 | \$ (383) | \$ 86,541 |

39                    -                    -                    302                    -                    -                    341  
 -                    -                    -                    12                    (7,761)                    -                    (7,749)  
 -                    -                    -                    23                    -                    -                    707  
 4                    -                    -                    -                    -                    -                    182



## INTERNAL SERVICE FUNDS

|  |   |
|--|---|
| CENTRAL SERVICES                           | This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming and motor pool.                                     |
| GENERAL GOVERNMENT<br>COMPUTER CENTER      | This fund accounts for computer services sold to other state agencies.  |
| TELECOMMUNICATIONS                         | This fund accounts for telecommunications services sold to other state agencies.  |
| STATE EMPLOYEES AND<br>OFFICIALS INSURANCE | This fund accounts for the self-insured health insurance plan for state employees and officials in effect through 2000. It also accounts for the purchased medical, life, and dental insurance programs offered by the state. |
| HIGHWAYS                                   | This fund is used to account for the operations of the Department of Transportation print shop.   |
| PUBLIC SAFETY                              | This fund accounts for aircraft rental to state agencies by the Department of Public Safety.  |
| CAPITOL COMPLEX                            | This fund accounts for the cost and income of state office space in the Capitol area.   |
| ADMINISTRATIVE HEARINGS                    | This fund accounts for the operations of the Administrative Hearings Division in the Department of Personnel.   |

**COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | CENTRAL<br>SERVICES | GENERAL<br>GOVERNMENT<br>COMPUTER<br>CENTER | TELECOM-<br>MUNICATIONS |
|--|---------------------|---|-------------------------|
| <b>ASSETS:</b>                           |                     |   |                         |
| Cash and Pooled Cash                     | \$ 1,354            | \$ 781                                      | \$ 883                  |
| Other Receivables, net                   | 25                  | 241   | -                       |
| Due From Other Governments               | -                   | -   | 53                      |
| Due From Other Funds                     | 92                  | -   | 8                       |
| Inventories                              | 294                 | 38  | -                       |
| Prepays, Advances, and Deferred Charges  | 1                   | 240   | 7                       |
| Property, Plant and Equipment, net       | 40,733              | 1,193                                       | 11,097                  |
| <b>TOTAL ASSETS</b>                      | <b>\$42,499</b>     | <b>\$2,493</b>                              | <b>\$12,048</b>         |
| <b>LIABILITIES:</b>                      |                     |   |                         |
| Accounts Payable and Accrued Liabilities | \$ 1,041            | \$ 733                                      | \$ 1,012                |
| Deferred Revenue                         | 856                 | -   | -                       |
| Other Current Liabilities                | 12,807              | -   | -                       |
| Capital Lease Obligations                | 26,521              | -   | -                       |
| Accrued Compensated Absences             | 263                 | 404   | 94                      |
| Other Long-Term Liabilities              | -                   | -   | -                       |
| <b>TOTAL LIABILITIES</b>                 | <b>41,488</b>       | <b>1,137</b>                                | <b>1,106</b>            |
| <b>FUND EQUITY:</b>                      |                     |   |                         |
| Contributed Capital                      | -                   | 127   | 7,984                   |
| Unrealized Gain on Investments           | -                   | -   | -                       |
| Retained Earnings                        | 1,011               | 1,229                                       | 2,958                   |
| <b>TOTAL FUND EQUITY</b>                 | <b>1,011</b>        | <b>1,356</b>                                | <b>10,942</b>           |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$42,499</b>     | <b>\$2,493</b>                              | <b>\$12,048</b>         |

| STATE<br>EMPLOYEES<br>AND OFFICIALS | HIGHWAYS | PUBLIC<br>SAFETY | CAPITOL<br>COMPLEX | ADMINISTRATIVE<br>HEARINGS | TOTALS   |
|-------------------------------------|----------|------------------|--------------------|----------------------------|----------|
| \$20,648                            | \$2,126  | \$ 179           | \$ 185             | \$ 324                     | \$26,480 |
| 14                                  | -        | 6                | 18                 | 10                         | 314      |
| -                                   | -        | -                | -                  | -                          | 53       |
| -                                   | -        | -                | 4                  | 7                          | 111      |
| -                                   | 190      | -                | 97                 | -                          | 619      |
| 136                                 | -        | -                | -                  | 3                          | 387      |
| -                                   | 306      | 371              | 139                | 2                          | 53,841   |
| \$20,798                            | \$2,622  | \$ 556           | \$ 443             | \$ 346                     | \$81,805 |
| \$ 189                              | \$ 67    | \$ 12            | \$ 300             | \$ 30                      | \$ 3,384 |
| 9,783                               | -        | -                | 139                | -                          | 10,778   |
| 76                                  | -        | -                | -                  | -                          | 12,883   |
| -                                   | -        | -                | -                  | -                          | 26,521   |
| 21                                  | -        | -                | 168                | 206                        | 1,156    |
| 12                                  | -        | -                | -                  | -                          | 12       |
| 10,081                              | 67       | 12               | 607                | 236                        | 54,734   |
| -                                   | 1,195    | 363              | -                  | -                          | 9,669    |
| 425                                 | 33       | -                | -                  | -                          | 458      |
| 10,292                              | 1,327    | 181              | (164)              | 110                        | 16,944   |
| 10,717                              | 2,555    | 544              | (164)              | 110                        | 27,071   |
| \$20,798                            | \$2,622  | \$ 556           | \$ 443             | \$ 346                     | \$81,805 |

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|   | CENTRAL<br>SERVICES | GENERAL<br>GOVERNMENT<br>COMPUTER<br>CENTER | TELECOM-<br>MUNICATIONS |
|---|---------------------|---|-------------------------|
| <b>OPERATING REVENUES:</b>                      |                     |   |                         |
| Charges for Goods and Services                  | \$ 41,424           | \$ 12,531                                   | \$ 10,649               |
| Investment and Rental Income                    | -                   | -   | -                       |
| Other   | 84                  | 38  | 36                      |
| <b>TOTAL OPERATING REVENUES</b>                 | <b>41,508</b>       | <b>12,569</b>                               | <b>10,685</b>           |
| <b>OPERATING EXPENSES:</b>                      |                     |   |                         |
| Salaries & Fringe Benefits                      | 4,876               | 5,468                                       | 1,193                   |
| Operating and Travel                            | 14,920              | 6,828                                       | 8,545                   |
| Cost of Goods Sold                              | 4,588               | -   | -                       |
| Depreciation                                    | 13,713              | 473   | 1,802                   |
| Intergovernmental Distributions                 | -                   | -   | -                       |
| Prizes and Awards                               | 2                   | -   | -                       |
| <b>TOTAL OPERATING EXPENSES</b>                 | <b>38,099</b>       | <b>12,769</b>                               | <b>11,540</b>           |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>3,409</b>        | <b>(200)</b>                                | <b>(855)</b>            |
| <b>NON-OPERATING REVENUES AND (EXPENSES):</b>   |                     |   |                         |
| Fines and Settlements                           | -                   | -   | -                       |
| Interest and Rents                              | 936                 | -   | -                       |
| Debt Service                                    | (2,045)             | -   | -                       |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>  | <b>(1,109)</b>      | <b>-</b>                                    | <b>-</b>                |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>2,300</b>        | <b>(200)</b>                                | <b>(855)</b>            |
| <b>OPERATING TRANSFERS:</b>                     |                     |   |                         |
| Operating Transfer-In                           | 115                 | -   | 4,512                   |
| Operating Transfer-Out                          | (1,487)             | (313)                                       | (560)                   |
| <b>TOTAL OPERATING TRANSFERS</b>                | <b>(1,372)</b>      | <b>(313)</b>                                | <b>3,952</b>            |
| <b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>   | <b>928</b>          | <b>(513)</b>                                | <b>3,097</b>            |
| <b>FUND EQUITY, JULY 1</b>                      | <b>83</b>           | <b>1,869</b>                                | <b>7,845</b>            |
| <b>FUND EQUITY, JUNE 30</b>                     | <b>\$ 1,011</b>     | <b>\$ 1,356</b>                             | <b>\$ 10,942</b>        |

| STATE<br>EMPLOYEES<br>AND OFFICIALS<br>INSURANCE | HIGHWAYS | PUBLIC<br>SAFETY | CAPITOL<br>COMPLEX | ADMINISTRATIVE<br>HEARINGS | TOTALS     |
|--|----------|------------------|--------------------|----------------------------|------------|
| \$ 125,504                                       | \$ 2,720 | \$ 195           | \$ 5               | \$ 3,038                   | \$ 196,066 |
| 1,990  | -        | -                | 7,003              | -                          | 8,993      |
| 3  | 19       | -                | 97                 | -                          | 277        |
| 127,497  | 2,739    | 195              | 7,105              | 3,038                      | 205,336    |
| 557  | 967      | 361              | 2,585              | 2,431                      | 18,438     |
| 122,985  | 1,406    | 217              | 4,030              | 497                        | 159,428    |
| -  | -        | -                | -                  | -                          | 4,588      |
| -  | 137      | 50               | 21                 | 2                          | 16,198     |
| -  | -        | -                | 2                  | -                          | 2          |
| -  | -        | -                | -                  | -                          | 2          |
| 123,542  | 2,510    | 628              | 6,638              | 2,930                      | 198,656    |
| 3,955  | 229      | (433)            | 467                | 108                        | 6,680      |
| 727  | -        | -                | 23                 | -                          | 750        |
| 24   | 52       | -                | -                  | 29                         | 1,041      |
| -  | -        | -                | -                  | -                          | (2,045)    |
| 751  | 52       | -                | 23                 | 29                         | (254)      |
| 4,706  | 281      | (433)            | 490                | 137                        | 6,426      |
| -  | -        | 410              | -                  | -                          | 5,037      |
| (286)  | -        | -                | (364)              | -                          | (3,010)    |
| (286)  | -        | 410              | (364)              | -                          | 2,027      |
| 4,420  | 281      | (23)             | 126                | 137                        | 8,453      |
| 6,297  | 2,274    | 567              | (290)              | (27)                       | 18,618     |
| \$ 10,717  | \$ 2,555 | \$ 544           | \$ (164)           | \$ 110                     | \$ 27,071  |

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | CENTRAL<br>SERVICES | GENERAL<br>GOVERNMENT<br>COMPUTER<br>CENTER | TELECOM-<br>MUNICATIONS |
|--|---------------------|---|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |                     |   |                         |
| Cash Received from:  |                     |   |                         |
| Fees for Service   | \$ 1,632            | \$ 12,292                                   | \$ -                    |
| Sales of Products  | 40,107              | 289   | 10,631                  |
| Other Sources  | 84                  | 38  | 36                      |
| Cash Payments to:  |                     |   |                         |
| Employees  | (4,433)             | (4,921)                                     | (1,040)                 |
| Suppliers  | (20,691)            | (6,886)                                     | (12,632)                |
| Health Claims and Premiums                                       | -                   | -   | -                       |
| Other Governments  | -                   | -   | -                       |
| Other  | (34)                | (87)  | (7)                     |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                 | <b>16,665</b>       | <b>725</b>                                  | <b>(3,012)</b>          |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |                     |   |                         |
| Transfers-In   | 115                 | -   | 4,512                   |
| Transfers-Out  | (1,487)             | (313)                                       | (560)                   |
| <b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>             | <b>(1,372)</b>      | <b>(313)</b>                                | <b>3,952</b>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                     |   |                         |
| Acquisition of Capital Assets                                    | (200)               | (21)  | (57)                    |
| Proceeds from Sale of Capital Assets                             | 1,610               | -   | -                       |
| Income from Property   | -                   | -   | -                       |
| Interest Payments  | (83)                | (34)  | -                       |
| Capital Lease Payments   | (15,459)            | -   | -                       |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>    | <b>(14,132)</b>     | <b>(55)</b>                                 | <b>(57)</b>             |

(Continued)



| STATE<br>EMPLOYEES<br>AND OFFICIALS<br>INSURANCE | HIGHWAYS | PUBLIC<br>SAFETY | CAPITOL<br>COMPLEX | ADMINISTRATIVE<br>HEARINGS | TOTALS     |
|--|----------|------------------|--------------------|----------------------------|------------|
| \$ 125,515                                       | \$ 1,623 | \$ 203           | \$ 3               | \$ 3,034                   | \$ 144,302 |
| -  | 1,098    | -                | -                  | -                          | 52,125     |
| 889  | 19       | -                | 120                | -                          | 1,186      |
| (224)  | (963)    | (362)            | (2,408)            | (2,246)                    | (16,597)   |
| (1,723)  | (1,420)  | (219)            | (4,309)            | (657)                      | (48,537)   |
| (122,912)  | -        | -                | -                  | -                          | (122,912)  |
| -  | -        | -                | (2)                | -                          | (2)        |
| (310)  | (7)      | -                | (1)                | (2)                        | (448)      |
| 1,235  | 350      | (378)            | (6,597)            | 129                        | 9,117      |
| -  | -        | 411              | -                  | -                          | 5,038      |
| (286)  | -        | -                | (364)              | -                          | (3,010)    |
| (286)  | -        | 411              | (364)              | -                          | 2,028      |
| -  | (19)     | -                | (204)              | -                          | (501)      |
| -  | -        | -                | 198                | -                          | 1,808      |
| -  | -        | -                | 6,987              | 29                         | 7,016      |
| -  | -        | -                | -                  | -                          | (117)      |
| -  | -        | -                | -                  | -                          | (15,459)   |
| -  | (19)     | -                | 6,981              | 29                         | (7,253)    |

**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(Continued)

(DOLLARS IN THOUSANDS)

|   | CENTRAL<br>SERVICES | GENERAL<br>GOVERNMENT<br>COMPUTER<br>CENTER | TELECOM-<br>MUNICATIONS |
|---|---------------------|---|-------------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |   |                         |
| Interest and Dividends on Investments   | -                   | -   | -                       |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>   | <b>-</b>            | <b>-</b>                                    | <b>-</b>                |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b>  | <b>1,161</b>        | <b>357</b>                                  | <b>883</b>              |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING  | 193                 | 424   | -                       |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>  | <b>\$ 1,354</b>     | <b>\$ 781</b>                               | <b>\$ 883</b>           |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH<br/>PROVIDED BY OPERATING ACTIVITIES</b>        |                     |   |                         |
| Operating Income (Loss)   | \$ 3,409            | \$ (200)                                    | \$ (855)                |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by Operating Activities: |                     |   |                         |
| Depreciation  | 13,713              | 473   | 1,802                   |
| Investment/Rental Income and Other Revenue in Operating Income                                    | -                   | -   | -                       |
| Fines, Donations, and Grants and Contracts in NonOperating  | -                   | -   | -                       |
| Compensated Absences  | (30)                | 13  | 22                      |
| Interest and Other Expense in Operating Income  | 84                  | 34  | -                       |
| Net Changes in Assets and Liabilities Related to Operating Activities:                            |                     |   |                         |
| (Increase) Decrease in Operating Receivables  | 429                 | 50  | (18)                    |
| (Increase) Decrease in Inventories  | (33)                | 9   | -                       |
| (Increase) Decrease in Other Operating Assets   | 68                  | (87)  | (7)                     |
| Increase (Decrease) in Accounts Payable   | (860)               | 433   | (3,956)                 |
| Increase (Decrease) in Other Operating Liabilities  | (115)               | -   | -                       |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 16,665</b>    | <b>\$ 725</b>                               | <b>\$ (3,012)</b>       |
| <b>SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):</b>                         |                     |   |                         |
| Loss on Disposal of Fixed Assets  | 674                 | -   | -                       |
| Assumption of Capital Lease Obligation  | 12,426              | -   | -                       |

| STATE<br>EMPLOYEES<br>AND OFFICIALS<br>INSURANCE | HIGHWAYS | PUBLIC<br>SAFTETY | CAPITOL<br>COMPLEX | ADMINISTRATIVE<br>HEARINGS | TOTALS    |
|--|----------|-------------------|--------------------|----------------------------|-----------|
| 2,014  | 52       | -                 | -                  | -                          | 2,066     |
| 2,014  | 52       | -                 | -                  | -                          | 2,066     |
| 2,963  | 383      | 33                | 20                 | 158                        | 5,958     |
| 17,685   | 1,743    | 146               | 165                | 166                        | 20,522    |
| \$ 20,648  | \$ 2,126 | \$ 179            | \$ 185             | \$ 324                     | \$ 26,480 |

\$ 3,955      \$ 229      \$ (433)      \$ 467      \$ 108      \$ 6,680

|          |        |          |            |        |          |
|----------|--------|----------|------------|--------|----------|
| -        | 137    | 50       | 21         | 2      | 16,198   |
| (1,990)  | -      | -        | (7,005)    | -      | (8,995)  |
| 727      | -      | -        | 23         | -      | 750      |
| 1        | -      | -        | 2          | 17     | 25       |
| -        | -      | -        | -          | -      | 118      |
| 11       | -      | 6        | (1)        | (4)    | 473      |
| -        | (11)   | -        | (8)        | -      | (43)     |
| (115)    | -      | -        | -          | (1)    | (142)    |
| 104      | (5)    | (1)      | (96)       | 7      | (4,374)  |
| (1,458)  | -      | -        | -          | -      | (1,573)  |
| \$ 1,235 | \$ 350 | \$ (378) | \$ (6,597) | \$ 129 | \$ 9,117 |

-      -      -      -      -      674  
 -      -      -      -      -      12,426

## TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. The major components of these are:

### EXPENDABLE TRUST FUNDS

|                        |   |
|------------------------|---|
| UNEMPLOYMENT INSURANCE | This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.   |
| STATE TREASURER        | This fund is used to record various trust items managed by the state treasurer's office, principally, escheat accounts, unclaimed property and unclaimed insurance moneys.  |
| SEVERANCE TAX          | This fund accounts for taxes received by the state on the extraction of nonrenewable natural resources.   |
| LAND BOARD             | This fund accounts for the disposition of revenues from state land, surface leases, and oil and timber sales.   |
| VICTIMS COMPENSATION   | This fund accounts for money received as a surcharge on fines levied in state courts and distributed for the benefit of crime victims .   |
| SCHOLARS CHOICE FUND   | The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the state. |
| CONSERVATION TRUST     | This fund accounts for money transferred from other state sources and distributed to local governments for the enhancement of parks, open space, and citizen recreation.  |
| DEFERRED COMPENSATION  | This fund accounts for state employee compensation that has been tax deferred under an Internal Revenue Code 457 plan.  |

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor’s performance escrow accounts, sales taxes collected for cities and counties, deposits held to insure land restoration by mining and oil exploration companies, and assets held for a water and power authority.

NONEXPENDABLE TRUST FUNDS

|                               |   |
|-------------------------------|---|
| STATE LANDS                   | This fund consists of the assets, liabilities, and related operations of lands granted to the state by the federal government for educational purposes.                                     |
| CONTROLLED MAINTENANCE        | This fund holds resources dedicated to maintaining the state’s capital assets.  |
| TOBACCO LITIGATION SETTLEMENT | This fund holds tobacco litigation settlement moneys; the earnings on these moneys are intended to provide a permanent source of funds for programs associated with the tobacco settlement. |

INVESTMENT TRUST FUND

The state treasurer uses the investment trust fund to account for purchases and sales of investments as well as income and changes in fair value of investments owned by the Colorado Compensation Insurance Authority.

PENSION TRUST FUND

The state provides a defined contribution retirement plan for selected employees – primarily elected officials. The pension trust fund is used to account for the assets, liabilities, and changes in net assets arising from the contributions and benefits payable to participants in the plan.

**COMBINING BALANCE SHEET  
FIDUCIARY FUND TYPES  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | EXPENDABLE<br>TRUST | AGENCY            |
|--|---------------------|-------------------|
| <b>ASSETS:</b>                             |                     |                   |
| Cash and Pooled Cash                       | \$ 911,072          | \$ 232,159        |
| Taxes Receivable, net                      | 32,862              | 110,137           |
| Other Receivables, net                     | 17,631              | 111               |
| Due From Other Governments                 | 754                 | -                 |
| Due From Other Funds                       | 58,046              | 11,364            |
| Inventories                                | 5                   | 1                 |
| Prepays, Advances, and Deferred Charges    | 70                  | -                 |
| Investments                                | 394,389             | 38,066            |
| Property, Plant and Equipment, net         | 5,601               | -                 |
| Other Long-Term Assets                     | -                   | 17,805            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 1,420,430</b> | <b>\$ 409,643</b> |
| <b>LIABILITIES:</b>                        |                     |                   |
| Tax Refunds Payable                        | \$ -                | \$ 568            |
| Accounts Payable and Accrued Liabilities   | 33,987              | 516               |
| Due To Other Governments                   | 8,020               | 169,389           |
| Due To Other Funds                         | 4,792               | 15,270            |
| Deferred Revenue                           | 6,705               | -                 |
| Deposits Held In Custody For Others        | 1,359               | 161,189           |
| Other Current Liabilities                  | 14,382              | 1,759             |
| Capital Lease Obligations                  | 45                  | -                 |
| Accrued Compensated Absences               | 244                 | -                 |
| Other Long-Term Liabilities                | 1,521               | 60,952            |
| <b>TOTAL LIABILITIES</b>                   | <b>71,055</b>       | <b>409,643</b>    |
| <b>FUND EQUITY:</b>                        |                     |                   |
| Fund Balances:                             |                     |                   |
| Reserved For:                              |                     |                   |
| Long-Term Assets and Long-Term Receivables | 26,263              | -                 |
| Statutorily Specified Amounts              | -                   | -                 |
| Unreserved:                                |                     |                   |
| Designated for Unrealized Investment Gains | 1,305               | -                 |
| Designated Other                           | 1,321,807           | -                 |
| Undesignated                               | -                   | -                 |
| <b>TOTAL FUND EQUITY</b>                   | <b>1,349,375</b>    | <b>-</b>          |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>   | <b>\$ 1,420,430</b> | <b>\$ 409,643</b> |

| NON-<br>EXPENDABLE<br>TRUST | INVESTMENT<br>TRUST | PENSION<br>TRUST | TOTALS             |
|-----------------------------|---------------------|------------------|--------------------|
| \$ 93,304                   | \$ 14,804           | \$ 5             | \$1,251,344        |
| -                           | -                   | -                | 142,999            |
| 6,016                       | 13,391              | -                | 37,149             |
| -                           | -                   | -                | 754                |
| 137                         | -                   | -                | 69,547             |
| -                           | -                   | -                | 6                  |
| -                           | -                   | -                | 70                 |
| 618,486                     | 912,424             | 2,719            | 1,966,084          |
| 7,517                       | -                   | -                | 13,118             |
| 444                         | -                   | -                | 18,249             |
| <b>\$725,904</b>            | <b>\$940,619</b>    | <b>\$ 2,724</b>  | <b>\$3,499,320</b> |
| \$ -                        | \$ -                | \$ -             | \$ 568             |
| -                           | -                   | -                | 34,503             |
| -                           | -                   | -                | 177,409            |
| -                           | -                   | -                | 20,062             |
| 1,175                       | -                   | -                | 7,880              |
| -                           | -                   | -                | 162,548            |
| -                           | -                   | -                | 16,141             |
| -                           | -                   | -                | 45                 |
| -                           | -                   | -                | 244                |
| -                           | -                   | -                | 62,473             |
| <b>1,175</b>                | <b>-</b>            | <b>-</b>         | <b>481,873</b>     |
| 454                         | -                   | -                | 26,717             |
| 238,457                     | -                   | -                | 238,457            |
| 21,797                      | 20,298              | -                | 43,400             |
| 437,531                     | 920,321             | 2,719            | 2,682,378          |
| 26,490                      | -                   | 5                | 26,495             |
| <b>724,729</b>              | <b>940,619</b>      | <b>2,724</b>     | <b>3,017,447</b>   |
| <b>\$725,904</b>            | <b>\$940,619</b>    | <b>\$ 2,724</b>  | <b>\$3,499,320</b> |

**COMBINING BALANCE SHEET  
EXPENDABLE TRUST FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | UNEMPLOYMENT<br>INSURANCE | STATE<br>TREASURER | SEVERANCE<br>TAX FUND | LAND<br>BOARD   |
|--|---------------------------|--------------------|-----------------------|-----------------|
| <b>ASSETS:</b>                             |                           |                    |                       |                 |
| Cash and Pooled Cash                       | \$ 795,159                | \$ 19,246          | \$ 50,542             | \$ 147          |
| Taxes Receivable, net                      | 32,862                    | -                  | -                     | -               |
| Other Receivables, net                     | 11,255                    | -                  | -                     | 3,548           |
| Due From Other Governments                 | 754                       | -                  | -                     | -               |
| Due From Other Funds                       | -                         | 16,129             | 33,897                | -               |
| Inventories                                | -                         | -                  | -                     | -               |
| Prepays, Advances, and Deferred Charges    | -                         | -                  | -                     | -               |
| Investments                                | -                         | -                  | -                     | -               |
| Property, Plant and Equipment              | -                         | -                  | -                     | -               |
| <b>TOTAL ASSETS</b>                        | <b>\$ 840,030</b>         | <b>\$ 35,375</b>   | <b>\$ 84,439</b>      | <b>\$ 3,695</b> |
| <b>LIABILITIES:</b>                        |                           |                    |                       |                 |
| Accounts Payable and Accrued Liabilities   | \$ 166                    | \$ 31,622          | \$ -                  | \$ 9            |
| Due To Other Governments                   | -                         | -                  | -                     | -               |
| Due To Other Funds                         | 1,083                     | -                  | -                     | 3,553           |
| Deferred Revenue                           | -                         | -                  | -                     | -               |
| Deposits Held In Custody For Others        | -                         | -                  | -                     | -               |
| Other Current Liabilities                  | 14,379                    | -                  | -                     | -               |
| Capital Lease Obligations                  | -                         | -                  | -                     | -               |
| Accrued Compensated Absences               | -                         | -                  | -                     | -               |
| Other Long-Term Liabilities                | -                         | 1,521              | -                     | -               |
| <b>TOTAL LIABILITIES</b>                   | <b>15,628</b>             | <b>33,143</b>      | <b>-</b>              | <b>3,562</b>    |
| <b>FUND EQUITY:</b>                        |                           |                    |                       |                 |
| Fund Balances:                             |                           |                    |                       |                 |
| Reserved For:                              |                           |                    |                       |                 |
| Long-Term Assets and Long-Term Receivables | -                         | -                  | 26,263                | -               |
| Unreserved:                                |                           |                    |                       |                 |
| Designated for Unrealized Investment Gains | -                         | 14                 | 783                   | -               |
| Designated Other                           | 824,402                   | 2,218              | 57,393                | 133             |
| <b>TOTAL FUND EQUITY</b>                   | <b>824,402</b>            | <b>2,232</b>       | <b>84,439</b>         | <b>133</b>      |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>   | <b>\$ 840,030</b>         | <b>\$ 35,375</b>   | <b>\$ 84,439</b>      | <b>\$ 3,695</b> |



| VICTIMS<br>COMPENSATION | SCHOLARS<br>CHOICE<br>FUND | CONSERVATION<br>TRUST FUND | DEFERRED<br>COMPENSATION<br>PLAN | OTHER<br>EXPENDABLE<br>TRUSTS | TOTALS              |
|-------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------|---------------------|
| \$ 10,146               | \$ 141                     | \$ 8                       | \$ 496                           | \$ 35,187                     | \$ 911,072          |
| -                       | -                          | -                          | -                                | -                             | 32,862              |
| -                       | 1,160                      | -                          | -                                | 1,668                         | 17,631              |
| -                       | -                          | -                          | -                                | -                             | 754                 |
| -                       | -                          | 8,020                      | -                                | -                             | 58,046              |
| -                       | -                          | -                          | -                                | 5                             | 5                   |
| 44                      | -                          | -                          | 20                               | 6                             | 70                  |
| 2,199                   | 70,950                     | -                          | 316,269                          | 4,971                         | 394,389             |
| -                       | -                          | -                          | -                                | 5,601                         | 5,601               |
| <b>\$ 12,389</b>        | <b>\$ 72,251</b>           | <b>\$ 8,028</b>            | <b>\$ 316,785</b>                | <b>\$ 47,438</b>              | <b>\$ 1,420,430</b> |
| \$ -                    | \$ 641                     | \$ -                       | \$ 65                            | \$ 1,484                      | \$ 33,987           |
| -                       | -                          | 8,020                      | -                                | -                             | 8,020               |
| 25                      | -                          | -                          | -                                | 131                           | 4,792               |
| -                       | -                          | -                          | -                                | 6,705                         | 6,705               |
| -                       | -                          | -                          | -                                | 1,359                         | 1,359               |
| -                       | -                          | -                          | -                                | 3                             | 14,382              |
| -                       | -                          | -                          | -                                | 45                            | 45                  |
| -                       | -                          | -                          | 6                                | 238                           | 244                 |
| -                       | -                          | -                          | -                                | -                             | 1,521               |
| 25                      | 641                        | 8,020                      | 71                               | 9,965                         | 71,055              |
| -                       | -                          | -                          | -                                | -                             | 26,263              |
| 2                       | -                          | -                          | 8                                | 498                           | 1,305               |
| 12,362                  | 71,610                     | 8                          | 316,706                          | 36,975                        | 1,321,807           |
| 12,364                  | 71,610                     | 8                          | 316,714                          | 37,473                        | 1,349,375           |
| <b>\$ 12,389</b>        | <b>\$ 72,251</b>           | <b>\$ 8,028</b>            | <b>\$ 316,785</b>                | <b>\$ 47,438</b>              | <b>\$ 1,420,430</b> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | UNEMPLOYMENT<br>INSURANCE | STATE<br>TREASURER | SEVERANCE<br>TAX FUND | LAND<br>BOARD   |
|--|---------------------------|--------------------|-----------------------|-----------------|
| <b>REVENUES:</b>   |                           |                    |                       |                 |
| Taxes  | \$151,538                 | \$ -               | \$34,444              | \$ -            |
| Licenses, Permits, and Fines   | -                         | -                  | -                     | -               |
| Charges for Goods and Services   | -                         | -                  | -                     | 227             |
| Investment Income/Loss   | 51,212                    | 26                 | 4,454                 | 20,613          |
| Federal Grants and Contracts   | 6,938                     | 4,530              | -                     | -               |
| Other  | 61                        | 17,823             | -                     | 11,313          |
| <b>TOTAL REVENUES</b>  | <b>209,749</b>            | <b>22,379</b>      | <b>38,898</b>         | <b>32,153</b>   |
| <b>EXPENDITURES:</b>   |                           |                    |                       |                 |
| Current:   |                           |                    |                       |                 |
| General Government   | -                         | 914                | -                     | 9               |
| Business, Community and Consumer Affairs   | 197,495                   | -                  | -                     | -               |
| Education  | -                         | -                  | -                     | -               |
| Health and Rehabilitation  | -                         | -                  | -                     | -               |
| Justice  | -                         | -                  | -                     | -               |
| Natural Resources  | -                         | -                  | -                     | -               |
| Social Assistance  | -                         | -                  | -                     | -               |
| Capital Outlay   | -                         | -                  | -                     | -               |
| Intergovernmental:   |                           |                    |                       |                 |
| Cities   | -                         | -                  | -                     | -               |
| Counties   | -                         | 4,530              | -                     | 11              |
| School Districts   | -                         | -                  | -                     | -               |
| Special Districts  | -                         | -                  | -                     | -               |
| Other  | -                         | -                  | -                     | -               |
| Deferred Compensation Distributions  | -                         | -                  | -                     | -               |
| Debt Service   | -                         | -                  | -                     | -               |
| <b>TOTAL EXPENDITURES</b>  | <b>197,495</b>            | <b>5,444</b>       | <b>-</b>              | <b>20</b>       |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>                                      | <b>12,254</b>             | <b>16,935</b>      | <b>38,898</b>         | <b>32,133</b>   |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                           |                    |                       |                 |
| Operating Transfer-In  | -                         | -                  | -                     | 51              |
| Operating Transfer-Out   | -                         | (16,809)           | (19,619)              | (32,169)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>-</b>                  | <b>(16,809)</b>    | <b>(19,619)</b>       | <b>(32,118)</b> |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | <b>12,254</b>             | <b>126</b>         | <b>19,279</b>         | <b>15</b>       |
| <b>FUND BALANCE, JULY 1</b>  | <b>812,148</b>            | <b>2,106</b>       | <b>65,160</b>         | <b>118</b>      |
| Prior Period Adjustment  | -                         | -                  | -                     | -               |
| <b>FUND BALANCE, JUNE 30</b>   | <b>\$824,402</b>          | <b>\$ 2,232</b>    | <b>\$84,439</b>       | <b>\$ 133</b>   |

| VICTIMS<br>COMPENSATION | SCHOLARS<br>CHOICE<br>FUND | CONSERVATION<br>TRUST FUND | DEFERRED<br>COMPENSATION<br>PLAN | OTHER<br>EXPENDABLE<br>TRUSTS | TOTALS      |
|-------------------------|----------------------------|----------------------------|----------------------------------|-------------------------------|-------------|
| \$ -                    | \$ -                       | \$ -                       | \$ -                             | \$ -                          | \$ 185,982  |
| 19,217                  | -                          | -                          | -                                | 7,672                         | 26,889      |
| -                       | -                          | -                          | 283                              | 203                           | 713         |
| 2                       | (452)                      | -                          | (45,491)                         | 3,020                         | 33,384      |
| -                       | -                          | -                          | -                                | 3,218                         | 14,686      |
| -                       | 39,023                     | 3                          | 15,119                           | 1,650                         | 84,992      |
| 19,219                  | 38,571                     | 3                          | (30,089)                         | 15,763                        | 346,646     |
| -                       | -                          | -                          | 310                              | 2,217                         | 3,450       |
| -                       | -                          | -                          | -                                | 405                           | 197,900     |
| -                       | 3,658                      | -                          | -                                | 451                           | 4,109       |
| -                       | -                          | -                          | -                                | 344                           | 344         |
| -                       | -                          | -                          | -                                | 6,023                         | 6,023       |
| -                       | -                          | -                          | -                                | 167                           | 167         |
| -                       | -                          | -                          | -                                | 4                             | 4           |
| -                       | -                          | -                          | -                                | 164                           | 164         |
| -                       | -                          | 20,590                     | -                                | 780                           | 21,370      |
| -                       | -                          | 7,189                      | -                                | 1,354                         | 13,084      |
| -                       | -                          | 173                        | -                                | -                             | 173         |
| -                       | -                          | 3,762                      | -                                | 178                           | 3,940       |
| 15,165                  | -                          | -                          | -                                | 1                             | 15,166      |
| -                       | -                          | -                          | 18,151                           | -                             | 18,151      |
| -                       | -                          | -                          | -                                | 5                             | 5           |
| 15,165                  | 3,658                      | 31,714                     | 18,461                           | 12,093                        | 284,050     |
| 4,054                   | 34,913                     | (31,711)                   | (48,550)                         | 3,670                         | 62,596      |
| -                       | -                          | 31,714                     | -                                | 98                            | 31,863      |
| (2,003)                 | -                          | -                          | (14)                             | (15)                          | (70,629)    |
| (2,003)                 | -                          | 31,714                     | (14)                             | 83                            | (38,766)    |
| 2,051                   | 34,913                     | 3                          | (48,564)                         | 3,753                         | 23,830      |
| 10,313                  | -                          | 5                          | 365,278                          | 33,720                        | 1,288,848   |
| -                       | 36,697                     | -                          | -                                | -                             | 36,697      |
| \$12,364                | \$71,610                   | \$ 8                       | \$ 316,714                       | \$ 37,473                     | \$1,349,375 |

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                     | BALANCE<br>JULY 1 | ADDITIONS           | DEDUCTIONS          | BALANCE<br>JUNE 30 |
|--|-------------------|---------------------|---------------------|--------------------|
| <b>DEPARTMENT OF REVENUE AGENCY FUNDS:</b> |                   |                     |                     |                    |
| ASSETS:                                    |                   |                     |                     |                    |
| Cash and Pooled Cash                       | \$ 78,600         | \$ 1,717,879        | \$ 1,721,859        | \$ 74,620          |
| Taxes Receivable, net                      | 86,820            | 30,461              | 7,144               | 110,137            |
| Due From Other Funds                       | 2,521             | 1,014               | 2,496               | 1,039              |
| <b>TOTAL ASSETS</b>                        | <b>\$ 167,941</b> | <b>\$ 1,749,354</b> | <b>\$ 1,731,499</b> | <b>\$ 185,796</b>  |
| LIABILITIES:                               |                   |                     |                     |                    |
| Tax Refunds Payable                        | \$ 903            | \$ 2                | \$ 337              | \$ 568             |
| Due To Other Governments                   | 158,650           | 2,448,879           | 2,438,156           | 169,373            |
| Due To Other Funds                         | 8,526             | 147,572             | 140,830             | 15,268             |
| Deposits Held In Custody For Others        | (283)             | 701                 | -                   | 418                |
| Other Current Liabilities                  | 52                | 1,535               | 1,536               | 51                 |
| Other Long-Term Liabilities                | 93                | 131                 | 106                 | 118                |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ 167,941</b> | <b>\$ 2,598,820</b> | <b>\$ 2,580,965</b> | <b>\$ 185,796</b>  |

**DEPARTMENT OF TREASURY AGENCY FUNDS:**

|                                     |                  |                   |                   |                   |
|-------------------------------------|------------------|-------------------|-------------------|-------------------|
| ASSETS:                             |                  |                   |                   |                   |
| Cash and Pooled Cash                | \$ 55,398        | \$ 94,007         | \$ 87,846         | \$ 61,559         |
| Due From Other Governments          | -                | 30,943            | 30,943            | -                 |
| Due From Other Funds                | 7,702            | 10,025            | 7,702             | 10,025            |
| Investments                         | 35,911           | 71,869            | 71,113            | 36,667            |
| <b>TOTAL ASSETS</b>                 | <b>\$ 99,011</b> | <b>\$ 206,844</b> | <b>\$ 197,604</b> | <b>\$ 108,251</b> |
| LIABILITIES:                        |                  |                   |                   |                   |
| Deposits Held In Custody For Others | \$ 51,858        | \$ 69,982         | \$ 64,167         | \$ 57,673         |
| Other Long-Term Liabilities         | 47,153           | 7,900             | 4,475             | 50,578            |
| <b>TOTAL LIABILITIES</b>            | <b>\$ 99,011</b> | <b>\$ 77,882</b>  | <b>\$ 68,642</b>  | <b>\$ 108,251</b> |

(Continued)

(Continued)

|  | BALANCE<br>JULY 1 | ADDITIONS           | DEDUCTIONS          | BALANCE<br>JUNE 30 |
|--|-------------------|---------------------|---------------------|--------------------|
| <b>OTHER AGENCY FUNDS:</b>               |                   |                     |                     |                    |
| <b>ASSETS:</b>                           |                   |                     |                     |                    |
| Cash and Pooled Cash                     | \$ 81,190         | \$ 92,169           | \$ 77,379           | \$ 95,980          |
| Other Receivables, net                   | 207               | 326                 | 422                 | 111                |
| Due From Other Funds                     | 467               | 475                 | 642                 | 300                |
| Inventories                              | 6                 | 114                 | 119                 | 1                  |
| Investments                              | 1,400             | 70                  | 71                  | 1,399              |
| Other Long-Term Assets                   | 16,954            | 4,517               | 3,666               | 17,805             |
| <b>TOTAL ASSETS</b>                      | <b>\$ 100,224</b> | <b>\$ 97,671</b>    | <b>\$ 82,299</b>    | <b>\$ 115,596</b>  |
| <b>LIABILITIES:</b>                      |                   |                     |                     |                    |
| Accounts Payable and Accrued Liabilities | \$ 223            | \$ 7,996            | \$ 7,703            | \$ 516             |
| Due To Other Governments                 | 26                | 173                 | 183                 | 16                 |
| Due To Other Funds                       | 173               | 9,656               | 9,827               | 2                  |
| Deferred Revenue                         | -                 | 13                  | 13                  | -                  |
| Deposits Held In Custody For Others      | 88,196            | 55,799              | 40,897              | 103,098            |
| Other Current Liabilities                | 1,763             | 423                 | 478                 | 1,708              |
| Other Long-Term Liabilities              | 9,843             | 2,646               | 2,233               | 10,256             |
| <b>TOTAL LIABILITIES</b>                 | <b>\$ 100,224</b> | <b>\$ 76,706</b>    | <b>\$ 61,334</b>    | <b>\$ 115,596</b>  |
| <b>TOTALS - ALL AGENCY FUNDS:</b>        |                   |                     |                     |                    |
| <b>ASSETS:</b>                           |                   |                     |                     |                    |
| Cash and Pooled Cash                     | \$ 215,188        | \$ 1,904,055        | \$ 1,887,084        | \$ 232,159         |
| Taxes Receivable, net                    | 86,820            | 30,461              | 7,144               | 110,137            |
| Other Receivables, net                   | 207               | 326                 | 422                 | 111                |
| Due From Other Governments               | -                 | 30,943              | 30,943              | -                  |
| Due From Other Funds                     | 10,690            | 11,514              | 10,840              | 11,364             |
| Inventories                              | 6                 | 114                 | 119                 | 1                  |
| Investments                              | 37,311            | 71,939              | 71,184              | 38,066             |
| Other Long-Term Assets                   | 16,954            | 4,517               | 3,666               | 17,805             |
| <b>TOTAL ASSETS</b>                      | <b>\$ 367,176</b> | <b>\$ 2,053,869</b> | <b>\$ 2,011,402</b> | <b>\$ 409,643</b>  |
| <b>LIABILITIES:</b>                      |                   |                     |                     |                    |
| Tax Refunds Payable                      | \$ 903            | \$ 2                | \$ 337              | \$ 568             |
| Accounts Payable and Accrued Liabilities | 223               | 7,996               | 7,703               | 516                |
| Due To Other Governments                 | 158,676           | 2,449,052           | 2,438,339           | 169,389            |
| Due To Other Funds                       | 8,699             | 157,228             | 150,657             | 15,270             |
| Deferred Revenue                         | -                 | 13                  | 13                  | -                  |
| Deposits Held In Custody For Others      | 139,771           | 126,482             | 105,064             | 161,189            |
| Other Current Liabilities                | 1,815             | 1,958               | 2,014               | 1,759              |
| Other Long-Term Liabilities              | 57,089            | 10,677              | 6,814               | 60,952             |
| <b>TOTAL LIABILITIES</b>                 | <b>\$ 367,176</b> | <b>\$ 2,753,408</b> | <b>\$ 2,710,941</b> | <b>\$ 409,643</b>  |

**COMBINING BALANCE SHEET  
NONEXPENDABLE TRUST FUNDS  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | STATE<br>LANDS   | CONTROLLED<br>MAINTENANCE | TOBACCO<br>LITIGATION<br>SETTLEMENT | OTHER           | TOTALS           |
|--|------------------|---------------------------|-------------------------------------|-----------------|------------------|
| <b>ASSETS:</b>                             |                  |                           |                                     |                 |                  |
| Cash and Pooled Cash                       | \$ 16,258        | \$ 35,080                 | \$ 36,334                           | \$ 5,632        | \$ 93,304        |
| Other Receivables, net                     | 1,917            | 3,376                     | 723                                 | -               | 6,016            |
| Due From Other Funds                       | 127              | -                         | -                                   | 10              | 137              |
| Investments                                | 308,986          | 240,788                   | 68,712                              | -               | 618,486          |
| Property, Plant and Equipment, net         | 7,517            | -                         | -                                   | -               | 7,517            |
| Other Long-Term Assets                     | 444              | -                         | -                                   | -               | 444              |
| <b>TOTAL ASSETS</b>                        | <b>\$335,249</b> | <b>\$279,244</b>          | <b>\$ 105,769</b>                   | <b>\$ 5,642</b> | <b>\$725,904</b> |
| <b>LIABILITIES:</b>                        |                  |                           |                                     |                 |                  |
| Deferred Revenue                           | \$ 1,175         | \$ -                      | \$ -                                | \$ -            | \$ 1,175         |
| <b>TOTAL LIABILITIES</b>                   | <b>1,175</b>     | <b>-</b>                  | <b>-</b>                            | <b>-</b>        | <b>1,175</b>     |
| <b>FUND EQUITY:</b>                        |                  |                           |                                     |                 |                  |
| Fund Balances:                             |                  |                           |                                     |                 |                  |
| Reserved For:                              |                  |                           |                                     |                 |                  |
| Statutorily Specified Amounts              | -                | 238,457                   | -                                   | -               | 238,457          |
| Unreserved:                                |                  |                           |                                     |                 |                  |
| Designated for Unrealized Investment Gains | 9,927            | 8,825                     | 2,958                               | 87              | 21,797           |
| Designated Other                           | 324,147          | 5,472                     | 102,811                             | 5,555           | 437,985          |
| Undesignated                               | -                | 26,490                    | -                                   | -               | 26,490           |
| <b>TOTAL FUND EQUITY</b>                   | <b>334,074</b>   | <b>279,244</b>            | <b>105,769</b>                      | <b>5,642</b>    | <b>724,729</b>   |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>   | <b>\$335,249</b> | <b>\$279,244</b>          | <b>\$ 105,769</b>                   | <b>\$ 5,642</b> | <b>\$725,904</b> |

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                          |                  |                           |                                     |                 |                  |
|---|------------------|---------------------------|-------------------------------------|-----------------|------------------|
|   | STATE<br>LANDS   | CONTROLLED<br>MAINTENANCE | TOBACCO<br>LITIGATION<br>SETTLEMENT | OTHER           | TOTALS           |
| OPERATING REVENUES:                             |                  |                           |                                     |                 |                  |
| Investment and Rental Income                    | \$ 31,971        | \$ 29,105                 | \$ 6,920                            | \$ 125          | \$ 68,121        |
| Other   | -                | 87                        | -                                   | -               | 87               |
| <b>TOTAL OPERATING REVENUES</b>                 | <b>31,971</b>    | <b>29,192</b>             | <b>6,920</b>                        | <b>125</b>      | <b>68,208</b>    |
| OPERATING EXPENSES:                             |                  |                           |                                     |                 |                  |
| <b>TOTAL OPERATING EXPENSES</b>                 | <b>-</b>         | <b>-</b>                  | <b>-</b>                            | <b>-</b>        | <b>-</b>         |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>31,971</b>    | <b>29,192</b>             | <b>6,920</b>                        | <b>125</b>      | <b>68,208</b>    |
| NON-OPERATING REVENUES AND (EXPENSES):          |                  |                           |                                     |                 |                  |
| Fines and Settlements                           | -                | -                         | 18,048                              | -               | 18,048           |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>  | <b>-</b>         | <b>-</b>                  | <b>18,048</b>                       | <b>-</b>        | <b>18,048</b>    |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>31,971</b>    | <b>29,192</b>             | <b>24,968</b>                       | <b>125</b>      | <b>86,256</b>    |
| OPERATING TRANSFERS:                            |                  |                           |                                     |                 |                  |
| Operating Transfer-In                           | 812              | -                         | 29,941                              | 5,000           | 35,753           |
| Operating Transfer-Out                          | (2,270)          | (17,808)                  | -                                   | (33)            | (20,111)         |
| <b>TOTAL OPERATING TRANSFERS</b>                | <b>(1,458)</b>   | <b>(17,808)</b>           | <b>29,941</b>                       | <b>4,967</b>    | <b>15,642</b>    |
| <b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>   | <b>30,513</b>    | <b>11,384</b>             | <b>54,909</b>                       | <b>5,092</b>    | <b>101,898</b>   |
| <b>FUND EQUITY, JULY 1</b>                      | <b>303,561</b>   | <b>267,860</b>            | <b>50,860</b>                       | <b>550</b>      | <b>622,831</b>   |
| <b>FUND EQUITY, JUNE 30</b>                     | <b>\$334,074</b> | <b>\$279,244</b>          | <b>\$ 105,769</b>                   | <b>\$ 5,642</b> | <b>\$724,729</b> |

**COMBINING STATEMENT OF CASH FLOWS  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | STATE<br>LANDS   | CONTROLLED<br>MAINTENANCE | TOBACCO<br>SETTLEMENT | OTHER           | TOTALS              |
|--|------------------|---------------------------|-----------------------|-----------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                     |                  |                           |                       |                 |                     |
| Cash Received from:  |                  |                           |                       |                 |                     |
| Other Sources  | \$ 870           | \$ 87                     | \$ 18,047             | \$ -            | \$ 19,004           |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                 | <b>870</b>       | <b>87</b>                 | <b>18,047</b>         | <b>-</b>        | <b>19,004</b>       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>          |                  |                           |                       |                 |                     |
| Transfers-In   | 815              | -                         | 29,941                | 4,999           | 35,755              |
| Transfers-Out  | (2,272)          | (21,929)                  | -                     | (33)            | (24,234)            |
| <b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>             | <b>(1,457)</b>   | <b>(21,929)</b>           | <b>29,941</b>         | <b>4,966</b>    | <b>11,521</b>       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b> |                  |                           |                       |                 |                     |
| Proceeds from Sale of Capital Assets                             | 77               | -                         | -                     | -               | 77                  |
| Income from Property   | 16,054           | -                         | -                     | -               | 16,054              |
| <b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>    | <b>16,131</b>    | <b>-</b>                  | <b>-</b>              | <b>-</b>        | <b>16,131</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                     |                  |                           |                       |                 |                     |
| Interest and Dividends on Investments                            | 383              | 19,151                    | 4,969                 | 126             | 24,629              |
| Proceeds from Sales of Investments                               | 33,229           | 39,973                    | 6,187                 | -               | 79,389              |
| Purchases of Investments   | (43,997)         | (20,517)                  | (23,703)              | -               | (88,217)            |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                        | <b>(10,385)</b>  | <b>38,607</b>             | <b>(12,547)</b>       | <b>126</b>      | <b>15,801</b>       |
| <b>NET INCREASE (DECREASE) IN CASH AND POOLED CASH</b>           | <b>5,159</b>     | <b>16,765</b>             | <b>35,441</b>         | <b>5,092</b>    | <b>62,457</b>       |
| <b>CASH AND POOLED CASH , FISCAL YEAR BEGINNING</b>              | <b>11,099</b>    | <b>18,315</b>             | <b>893</b>            | <b>540</b>      | <b>30,847</b>       |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>                     | <b>16,258</b>    | <b>35,080</b>             | <b>36,334</b>         | <b>5,632</b>    | <b>93,304</b>       |
| <b>RECONCILIATION TO THE COMBINED BALANCE SHEET</b>              |                  |                           |                       |                 |                     |
| Add: Expendable Trust Funds                                      | -                | -                         | -                     | -               | 911,072             |
| Investment and Pension Trust Funds                               | -                | -                         | -                     | -               | 14,809              |
| Agency Funds   | -                | -                         | -                     | -               | 232,159             |
| <b>CASH AND POOLED CASH, FISCAL YEAR END</b>                     | <b>\$ 16,258</b> | <b>\$ 35,080</b>          | <b>\$ 36,334</b>      | <b>\$ 5,632</b> | <b>\$ 1,251,344</b> |

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

|   |               |              |                  |             |                  |
|---|---------------|--------------|------------------|-------------|------------------|
| Operating Income (Loss)   | \$ 31,971     | \$ 29,192    | \$ 6,920         | \$ 125      | \$ 68,208        |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by Operating Activities: |               |              |                  |             |                  |
| Investment/Rental Income and Other Revenue in Operating   | (31,972)      | (29,105)     | (6,921)          | (125)       | (68,123)         |
| Fines, Donations, and Grants and Contracts in NonOperating  | -             | -            | 18,048           | -           | 18,048           |
| Net Changes in Assets and Liabilities Related to Operating Activities:                            |               |              |                  |             |                  |
| (Increase) Decrease in Operating Receivables  | 3             | -            | -                | -           | 3                |
| (Increase) Decrease in Other Operating Assets   | 75            | -            | -                | -           | 75               |
| Increase (Decrease) in Accounts Payable   | (2)           | -            | -                | -           | (2)              |
| Increase (Decrease) in Other Operating Liabilities  | 795           | -            | -                | -           | 795              |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>  | <b>\$ 870</b> | <b>\$ 87</b> | <b>\$ 18,047</b> | <b>\$ -</b> | <b>\$ 19,004</b> |

**SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):**

|                                       |        |        |       |   |        |
|---------------------------------------|--------|--------|-------|---|--------|
| Unrealized Gain/(Loss) on Investments | 14,301 | 10,114 | 2,059 | - | 26,474 |
|---------------------------------------|--------|--------|-------|---|--------|



## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group is used to account for fixed assets acquired for general governmental purposes. These include all land, buildings, and equipment except those of the Enterprise, Internal Service, Trust, and College and University funds.

**SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 2001**

(DOLLARS IN THOUSANDS)

|  | LAND AND<br>IMPROVEMENTS | BUILDINGS           | LEASEHOLD<br>IMPROVEMENTS |
|--|--------------------------|---------------------|---------------------------|
| <b>GENERAL GOVERNMENT</b>                          |                          |                     |                           |
| Legislature  | \$ -                     | \$ -                | \$ -                      |
| Military Affairs                                   | 1,348                    | 15,491              | 43                        |
| Personnel  | 5,432                    | 73,627              | -                         |
| Revenue  | 5,802                    | 15,098              | 321                       |
| Treasury   | -                        | -                   | -                         |
| Subtotal   | 12,582                   | 104,216             | 364                       |
| <b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b> |                          |                     |                           |
| Agriculture  | 110                      | 3,158               | -                         |
| <sup>1</sup> GOV, OEC, OED                         | -                        | -                   | -                         |
| Labor and Employment                               | 617                      | 5,335               | -                         |
| Local Affairs                                      | -                        | -                   | -                         |
| Regulatory Agencies                                | -                        | -                   | -                         |
| Revenue  | -                        | -                   | 143                       |
| State  | -                        | 195                 | -                         |
| Subtotal   | 727                      | 8,688               | 143                       |
| <b>EDUCATION</b>                                   |                          |                     |                           |
| Education  | 398                      | 6,078               | -                         |
| Higher Education                                   | 2,398                    | 9,159               | -                         |
| Subtotal   | 2,796                    | 15,237              | -                         |
| <b>HEALTH AND REHABILITATION</b>                   |                          |                     |                           |
| Public Health and Environment                      | 188                      | 11,690              | -                         |
| Human Services                                     | 7,911                    | 98,892              | 71                        |
| Subtotal   | 8,099                    | 110,582             | 71                        |
| <b>JUSTICE</b>                                     |                          |                     |                           |
| Corrections  | 9,829                    | 707,116             | -                         |
| DHS, Division of Youth Services                    | 1,908                    | 89,636              | -                         |
| Judicial   | 1,605                    | 11,835              | -                         |
| Law  | -                        | -                   | -                         |
| Public Safety                                      | 943                      | 7,127               | -                         |
| Regulatory Agencies                                | -                        | -                   | -                         |
| Subtotal   | 14,285                   | 815,714             | -                         |
| <b>NATURAL RESOURCES</b>                           |                          |                     |                           |
| Natural Resources                                  | 194,790                  | 58,276              | 36,787                    |
| <b>SOCIAL ASSISTANCE</b>                           |                          |                     |                           |
| Human Services                                     | -                        | -                   | 1,181                     |
| Health Care Policy and Finance                     | -                        | -                   | -                         |
| Subtotal   | -                        | -                   | 1,181                     |
| <b>TRANSPORTATION</b>                              |                          |                     |                           |
| Transportation                                     | 10,323                   | 57,544              | -                         |
| <b>TOTAL GENERAL FIXED ASSETS</b>                  | <b>\$ 243,602</b>        | <b>\$ 1,170,257</b> | <b>\$ 38,546</b>          |

<sup>1</sup>Governor's Office, Office of Energy Management and Conservation, and the Office of Economic Development

| EQUIPMENT  | CONSTRUCTION<br>IN<br>PROGRESS | OTHER<br>FIXED<br>ASSETS | TOTALS       |
|------------|--------------------------------|--------------------------|--------------|
| \$ 833     | \$ -                           | \$ 100                   | \$ 933       |
| 244        | 15,563                         | 31                       | 32,720       |
| 3,077      | 24,008                         | -                        | 106,144      |
| 14,057     | -                              | -                        | 35,278       |
| 9          | -                              | -                        | 9            |
| 18,220     | 39,571                         | 131                      | 175,084      |
| 2,962      | 1,124                          | -                        | 7,354        |
| 31         | -                              | 1,988                    | 2,019        |
| 6,028      | -                              | -                        | 11,980       |
| 806        | -                              | -                        | 806          |
| 1,213      | -                              | -                        | 1,213        |
| 605        | -                              | -                        | 748          |
| 3,629      | -                              | -                        | 3,824        |
| 15,274     | 1,124                          | 1,988                    | 27,944       |
| 2,795      | 1,912                          | 2,348                    | 13,531       |
| 976        | 2,242                          | 1,522                    | 16,297       |
| 3,771      | 4,154                          | 3,870                    | 29,828       |
| 7,425      | -                              | -                        | 19,303       |
| 8,402      | 4,809                          | 61                       | 120,146      |
| 15,827     | 4,809                          | 61                       | 139,449      |
| 20,957     | 27,013                         | 1,017                    | 765,932      |
| 1,593      | 55,019                         | -                        | 148,156      |
| 15,441     | -                              | 689                      | 29,570       |
| 437        | -                              | -                        | 437          |
| 22,999     | -                              | -                        | 31,069       |
| -          | -                              | -                        | -            |
| 61,427     | 82,032                         | 1,706                    | 975,164      |
| 18,406     | 8,021                          | 9,362                    | 325,642      |
| 13,684     | 8,035                          | -                        | 22,900       |
| 230        | -                              | -                        | 230          |
| 13,914     | 8,035                          | -                        | 23,130       |
| 171,799    | -                              | -                        | 239,666      |
| \$ 318,638 | \$ 147,746                     | \$ 17,118                | \$ 1,935,907 |

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 2001**

| (DOLLARS IN THOUSANDS)                             | BALANCE<br>JULY 1   | ADDITIONS         | DELETIONS        | BALANCE<br>JUNE 30  |
|--|---------------------|-------------------|------------------|---------------------|
| <b>GENERAL GOVERNMENT</b>                          |                     |                   |                  |                     |
| Legislature  | \$ 817              | \$ 149            | \$ 33            | \$ 933              |
| Military Affairs                                   | 32,720              | -                 | -                | 32,720              |
| Personnel  | 91,930              | 14,770            | 556              | 106,144             |
| Revenue  | 43,933              | 3,011             | 11,666           | 35,278              |
| Treasury   | 9                   | -                 | -                | 9                   |
| Subtotal   | 169,409             | 17,930            | 12,255           | 175,084             |
| <b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b> |                     |                   |                  |                     |
| Agriculture  | 6,981               | 887               | 514              | 7,354               |
| <sup>1</sup> GOV, OEC, OED                         | 1,976               | 43                | -                | 2,019               |
| Labor and Employment                               | 11,203              | 1,281             | 504              | 11,980              |
| Local Affairs                                      | 786                 | 52                | 32               | 806                 |
| Regulatory Agencies                                | 3,337               | 148               | 2,272            | 1,213               |
| Revenue  | 726                 | 59                | 37               | 748                 |
| State  | 4,278               | 103               | 557              | 3,824               |
| Subtotal   | 29,287              | 2,573             | 3,916            | 27,944              |
| <b>EDUCATION</b>                                   |                     |                   |                  |                     |
| Education  | 12,364              | 1,321             | 154              | 13,531              |
| Higher Education                                   | 14,121              | 2,212             | 36               | 16,297              |
| Subtotal   | 26,485              | 3,533             | 190              | 29,828              |
| <b>HEALTH AND REHABILITATION</b>                   |                     |                   |                  |                     |
| Public Health and Environment                      | 19,592              | 434               | 723              | 19,303              |
| Human Services                                     | 116,170             | 5,358             | 1,382            | 120,146             |
| Subtotal   | 135,762             | 5,792             | 2,105            | 139,449             |
| <b>JUSTICE</b>                                     |                     |                   |                  |                     |
| Corrections  | 740,567             | 32,912            | 7,547            | 765,932             |
| DHS, Division of Youth Services                    | 125,352             | 23,976            | 1,172            | 148,156             |
| Judicial   | 29,615              | 1,280             | 1,325            | 29,570              |
| Law  | 391                 | 126               | 80               | 437                 |
| Public Safety                                      | 34,840              | 3,822             | 7,593            | 31,069              |
| Regulatory Agencies                                | 107                 | -                 | 107              | -                   |
| Subtotal   | 930,872             | 62,116            | 17,824           | 975,164             |
| <b>NATURAL RESOURCES</b>                           |                     |                   |                  |                     |
| Natural Resources                                  | 313,399             | 13,062            | 819              | 325,642             |
| <b>SOCIAL ASSISTANCE</b>                           |                     |                   |                  |                     |
| Human Services                                     | 17,216              | 6,933             | 1,249            | 22,900              |
| Health Care Policy and Finance                     | 208                 | 58                | 36               | 230                 |
| Subtotal   | 17,424              | 6,991             | 1,285            | 23,130              |
| <b>TRANSPORTATION</b>                              |                     |                   |                  |                     |
| Transportation                                     | 226,751             | 20,913            | 7,998            | 239,666             |
| <b>TOTAL GENERAL FIXED ASSETS</b>                  | <b>\$ 1,849,389</b> | <b>\$ 132,910</b> | <b>\$ 46,392</b> | <b>\$ 1,935,907</b> |

<sup>1</sup>Governor's Office, Office of Energy Management and Conservation, and the Office of Economic Development

## DISCRETELY PRESENTED COMPONENT UNITS

Component units are public entities for which the state is financially accountable because the state appoints a voting majority of their governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

DENVER METROPOLITAN MAJOR  
LEAGUE BASEBALL STADIUM  
DISTRICT

The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium in the Denver metropolitan area. The District levied a sales tax of one-tenth of one percent throughout the District, for a period not to exceed 20 years, to assist in financing the stadium.

UNIVERSITY OF COLORADO  
HOSPITAL AUTHORITY

The authority operates University Hospital as a teaching and research hospital providing comprehensive medical care, including primary, secondary, and tertiary patient care. It also provides space as necessary for the clinical programs of the University of Colorado Health Sciences Center.

COLORADO WATER RESOURCES  
AND POWER DEVELOPMENT  
AUTHORITY

The authority constructs, maintains, or causes construction and maintenance of projects for the purpose of conserving or developing the water resources of the state.

COLORADO UNINSURABLE  
HEALTH INSURANCE PLAN

The plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

**COMBINING BALANCE SHEET  
ALL DISCRETELY PRESENTED COMPONENT UNITS**

| <b>(DOLLARS IN THOUSANDS)</b>            | <b>FIDUCIARY<br/>FUND TYPE</b>  | <b>PENSION<br/>TRUST FUND</b>                      |
|--|---|--|
|  | COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | UNIVERSITY<br>OF COLORADO<br>HOSPITAL<br>AUTHORITY |
| <b>ASSETS:</b>                           |   |  |
| Cash and Cash Equivalents                | \$ 6,601  | \$ -   |
| Taxes Receivable, net                    | -   | -  |
| Other Receivables, net                   | 2,831   | -  |
| Due From Other Governments               | -   | -  |
| Due From Other Funds                     | -   | -  |
| Inventories                              | -   | -  |
| Prepays, Advances, and Deferred Charges  | -   | -  |
| Investments                              | 172,970   | 76,267   |
| Property, Plant and Equipment, net       | -   | -  |
| Other Long-Term Assets                   | -   | -  |
| <b>TOTAL ASSETS</b>                      | <b>\$ 182,402</b>   | <b>\$ 76,267</b>                                   |
| <b>LIABILITIES:</b>                      |   |  |
| Accounts Payable and Accrued Liabilities | \$ -  | \$ -   |
| Due To Other Governments                 | 135,728   | -  |
| Due To Other Funds                       | 3,964   | -  |
| Deferred Revenue                         | -   | -  |
| Other Current Liabilities                | -   | -  |
| Notes and Bonds Payable                  | -   | -  |
| Accrued Compensated Absences             | -   | -  |
| Other Long-Term Liabilities              | -   | -  |
| <b>TOTAL LIABILITIES</b>                 | <b>139,692</b>  | <b>-</b>   |
| <b>FUND EQUITY:</b>                      |   |  |
| Contributed Capital                      | -   | -  |
| Retained Earnings                        | -   | -  |
| Fund Balances:                           |   |  |
| Unreserved:                              |   |  |
| Designated                               | 42,710  | 76,267   |
| <b>TOTAL FUND EQUITY</b>                 | <b>42,710</b>   | <b>76,267</b>                                      |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b> | <b>\$ 182,402</b>   | <b>\$ 76,267</b>                                   |

**PROPRIETARY FUND TYPES**

| DENVER<br>METROPOLITAN<br>MAJOR LEAGUE<br>BASEBALL<br>STADIUM<br>DISTRICT | UNIVERSITY<br>OF COLORADO<br>HOSPITAL<br>AUTHORITY | COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | COLORADO<br>UNINSURABLE<br>HEALTH<br>INSURANCE<br>PLAN | TOTALS              |
|---|--|---|--|---------------------|
| \$ 6,038  | \$ 16,445  | \$ 50,696   | \$ 3,961   | \$ 83,741           |
| 6,566   | -  | -   | -  | 6,566               |
| 166   | 123,862  | 3,569   | 4  | 130,432             |
| -   | -  | 32,712  | -  | 32,712              |
| -   | -  | 17,483  | -  | 17,483              |
| -   | 6,876  | -   | -  | 6,876               |
| 6   | 3,371  | -   | -  | 3,377               |
| -   | 116,150  | 139,630   | -  | 505,017             |
| 175,169   | 309,770  | 38  | 2  | 484,979             |
| 395   | 10,047   | 490,381   | -  | 500,823             |
| <b>\$ 188,340</b>   | <b>\$ 586,521</b>                                  | <b>\$ 734,509</b>   | <b>\$ 3,967</b>  | <b>\$ 1,772,006</b> |
| \$ 12   | \$ 56,821  | \$ 8,783  | \$ 63  | \$ 65,679           |
| -   | -  | 8,138   | -  | 143,866             |
| -   | -  | 13,520  | -  | 17,484              |
| -   | -  | 201   | 90   | 291                 |
| -   | 3,430  | 22,568  | 2,752  | 28,750              |
| -   | 232,861  | 447,309   | -  | 680,170             |
| -   | 6,908  | -   | -  | 6,908               |
| -   | -  | 5,042   | -  | 5,042               |
| 12  | 300,020  | 505,561   | 2,905  | 948,190             |
| 386   | -  | 144,532   | -  | 144,918             |
| 187,942   | 286,501  | 84,416  | 1,062  | 559,921             |
| -   | -  | -   | -  | 118,977             |
| 188,328   | 286,501  | 228,948   | 1,062  | 823,816             |
| <b>\$ 188,340</b>   | <b>\$ 586,521</b>                                  | <b>\$ 734,509</b>   | <b>\$ 3,967</b>  | <b>\$ 1,772,006</b> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

| (DOLLARS IN THOUSANDS)   | <b>EXPENDABLE<br/>TRUST</b>   |
|--|---|
|  | COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY |
|  |   |
| REVENUES:  |   |
| Investment Income  | \$ 2,764  |
| TOTAL REVENUES   | 2,764   |
| <br>   |   |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES                                     | 2,764   |
| OTHER FINANCING SOURCES (USES):  |   |
| Operating Transfer-Out   | (2,663)   |
| TOTAL OTHER FINANCING SOURCES (USES)   | (2,663)   |
| <br>   |   |
| EXCESS OF REVENUES AND OTHER SOURCES OVER<br>(UNDER) EXPENDITURES AND OTHER USES | 101   |
| <br>   |   |
| FUND BALANCE, JANUARY 1  | 42,609  |
| FUND BALANCE, DECEMBER 31  | \$ 42,710   |



**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
PROPRIETARY FUNDS**

| (DOLLARS IN THOUSANDS)                          | DENVER<br>METROPOLITAN<br>MAJOR LEAGUE<br>BASEBALL<br>STADIUM<br>DISTRICT | UNIVERSITY<br>OF<br>COLORADO<br>HOSPITAL<br>AUTHORITY | COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | COLORADO<br>UNINSURABLE<br>HEALTH<br>INSURANCE<br>PLAN | TOTALS           |
|---|---|---|---|--|------------------|
| <b>OPERATING REVENUES:</b>                      |   |   |   |  |                  |
| Charges for Goods and Services                  | \$ -  | \$312,598   | \$ 4,248  | \$ 3,920   | \$320,766        |
| Investment and Rental Income                    | 957   | -   | 30,052  | 198  | 31,207           |
| Other   | -   | 17,299  | 524   | -  | 17,823           |
| <b>TOTAL OPERATING REVENUES</b>                 | <b>957</b>  | <b>329,897</b>  | <b>34,824</b>   | <b>4,118</b>   | <b>369,796</b>   |
| <b>OPERATING EXPENSES:</b>                      |   |   |   |  |                  |
| Salaries & Fringe Benefits                      | -   | 132,051   | -   | -  | 132,051          |
| Operating and Travel                            | 81  | 95,448  | 25,912  | 8,315  | 129,756          |
| Cost of Goods Sold                              | -   | 58,996  | -   | -  | 58,996           |
| Depreciation and Amortization                   | 4,408   | 23,795  | 433   | 2  | 28,638           |
| Other   | -   | 10,135  | 574   | -  | 10,709           |
| <b>TOTAL OPERATING EXPENSES</b>                 | <b>4,489</b>  | <b>320,425</b>  | <b>26,919</b>   | <b>8,317</b>   | <b>360,150</b>   |
| <b>OPERATING INCOME (LOSS)</b>                  | <b>(3,532)</b>  | <b>9,472</b>  | <b>7,905</b>  | <b>(4,199)</b>   | <b>9,646</b>     |
| <b>NON-OPERATING REVENUES AND (EXPENSES):</b>   |   |   |   |  |                  |
| Taxes   | 37,350  | -   | -   | -  | 37,350           |
| Investment Income                               | 1,527   | 6,191   | -   | -  | 7,718            |
| State Funds                                     | -   | -   | -   | 3,492  | 3,492            |
| Debt Service                                    | (6,032)   | -   | -   | -  | (6,032)          |
| Other   | -   | (246)   | -   | -  | (246)            |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>  | <b>32,845</b>   | <b>5,945</b>  | <b>-</b>  | <b>3,492</b>   | <b>42,282</b>    |
| <b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b> | <b>29,313</b>   | <b>15,417</b>   | <b>7,905</b>  | <b>(707)</b>   | <b>51,928</b>    |
| <b>OPERATING TRANSFERS:</b>                     |   |   |   |  |                  |
| Operating Transfer-In                           | -   | -   | 2,663   | -  | 2,663            |
| <b>TOTAL OPERATING TRANSFERS</b>                | <b>-</b>  | <b>-</b>  | <b>2,663</b>  | <b>-</b>   | <b>2,663</b>     |
| <b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>   | <b>29,313</b>   | <b>15,417</b>   | <b>10,568</b>   | <b>(707)</b>   | <b>54,591</b>    |
| <b>FUND EQUITY, FISCAL YEAR BEGINNING</b>       | <b>159,015</b>  | <b>236,782</b>  | <b>192,274</b>  | <b>1,769</b>   | <b>589,840</b>   |
| Additions (Deductions) to Contributed Capital   | -   | 34,302  | 26,106  | -  | 60,408           |
| <b>FUND EQUITY, FISCAL YEAR END</b>             | <b>\$188,328</b>  | <b>\$286,501</b>                                      | <b>\$228,948</b>  | <b>\$ 1,062</b>  | <b>\$704,839</b> |

**COMBINING STATEMENT OF CASH FLOWS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
PROPRIETARY FUNDS**

(DOLLARS IN THOUSANDS)

|   | DENVER<br>METROPOLITAN<br>MAJOR LEAGUE<br>BASEBALL<br>STADIUM<br>DISTRICT | UNIVERSITY<br>OF<br>COLORADO<br>HOSPITAL<br>AUTHORITY |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES:                     |   |   |
| Cash From Operating Activities                            | \$ 840  | \$ 12,629   |
| NET CASH PROVIDED BY OPERATING ACTIVITIES                 | 840   | 12,629  |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:          |   |   |
| Transfers-In  | -   | -   |
| Transfers-Out   | -   | -   |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES             | -   | -   |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: |   |   |
| Acquisition of Capital Assets                             | -   | (88,444)  |
| Proceeds from Issuance of Capital Debt                    | -   | -   |
| Principal Paid on Capital Debt                            | (11,610)  | (3,310)   |
| Interest Payments   | (2,500)   | (12,464)  |
| Capital Lease Payments                                    | (1)   | -   |
| Taxes   | 36,845  | -   |
| Bond Defeasance and Refunding                             | (38,124)  | -   |
| Received from Borrowers                                   | -   | -   |
| Disbursements to Borrowers                                | -   | -   |
| Capitalization Grants Received                            | -   | -   |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES    | (15,390)  | (104,218)   |
| CASH FLOWS FROM INVESTING ACTIVITIES:                     |   |   |
| Interest and Dividends on Investments                     | 1,574   | 6,791   |
| Proceeds from Sales of Investments                        | -   | 375,504   |
| Purchases of Investments                                  | -   | (274,261)   |
| Net (Increase)Decrease in Investments                     | -   | -   |
| NET CASH FROM INVESTING ACTIVITIES                        | 1,574   | 108,034   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS      | (12,976)  | 16,445  |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING              | 19,014  | -   |
| CASH AND POOLED CASH, FISCAL YEAR END                     | \$ 6,038  | \$ 16,445   |
| RECONCILIATION TO THE COMBINED BALANCE SHEET              |   |   |
| Add: Pension and Expendable Trust Funds                   | -   | -   |
| CASH AND POOLED CASH, FISCAL YEAR END                     | \$ 6,038  | \$ 16,445   |

(Continued)

| COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | COLORADO<br>UNINSURABLE<br>HEALTH<br>INSURANCE<br>PLAN | TOTALS    |
|---|--|-----------|
| \$ 7,448  | \$ (3,000)   | \$ 17,917 |
| 7,448   | (3,000)  | 17,917    |
| 3,159   | 3,492  | 6,651     |
| (496)   | -  | (496)     |
| 2,663   | 3,492  | 6,155     |
| (6)   | -  | (88,450)  |
| 93,694  | -  | 93,694    |
| (19,580)  | -  | (34,500)  |
| -   | -  | (14,964)  |
| -   | -  | (1)       |
| -   | -  | 36,845    |
| -   | -  | (38,124)  |
| 23,654  | -  | 23,654    |
| (102,994)   | -  | (102,994) |
| 26,106  | -  | 26,106    |
| 20,874  | -  | (98,734)  |
| -   | -  | 8,365     |
| -   | -  | 375,504   |
| -   | -  | (274,261) |
| (20,031)  | -  | (20,031)  |
| (20,031)  | -  | 89,577    |
| 10,954  | 492  | 14,915    |
| 39,742  | 3,469  | 62,225    |
| \$ 50,696   | \$ 3,961   | \$ 77,140 |
| 6,601   | -  | 6,601     |
| \$ 57,297   | \$ 3,961   | \$ 83,741 |

**COMBINING STATEMENT OF CASH FLOWS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
PROPRIETARY FUNDS**

(Continued)

| (DOLLARS IN THOUSANDS)  | DENVER<br>METROPOLITAN<br>MAJOR LEAGUE<br>BASEBALL<br>STADIUM<br>DISTRICT | UNIVERSITY<br>OF<br>COLORADO<br>HOSPITAL<br>AUTHORITY |
|---|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES                   |   |   |
| Operating Income (Loss)   | \$ (3,532)  | \$ 9,472  |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by Operating Activities: |   |   |
| Depreciation and Amortization   | 4,408   | 23,795  |
| Investment/Rental Income and Interest Expense in Operating Income                                 | -   | -   |
| Interest Expense  | -   | 10,135  |
| Provision for Bad Debts   | -   | 13,645  |
| Net Changes in Assets and Liabilities Related to Operating Activities:                            |   |   |
| (Increase) Decrease in Operating Receivables  | (25)  | (25,971)  |
| (Increase) Decrease in Inventories  | -   | (1,940)   |
| (Increase) Decrease in Other Operating Assets   | 3   | (1,668)   |
| Increase (Decrease) in Accounts Payable   | (14)  | (15,848)  |
| Increase (Decrease) in Accrued Compensated Absences   | -   | 1,009   |
| Increase (Decrease) in Other Operating Liabilities  | -   | -   |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | <u>\$ 840</u>   | <u>\$ 12,629</u>                                      |

| COLORADO<br>WATER<br>RESOURCES<br>AND POWER<br>DEVELOPMENT<br>AUTHORITY | COLORADO<br>UNINSURABLE<br>HEALTH<br>INSURANCE<br>PLAN | TOTALS    |
|---|--|-----------|
| \$ 7,905  | \$ (4,199)   | \$ 9,646  |
| 433   | 2  | 28,638    |
| (2,005)   | -  | (2,005)   |
| -   | -  | 10,135    |
| -   | -  | 13,645    |
| (2,447)   | (4)  | (28,447)  |
| -   | -  | (1,940)   |
| (304)   | -  | (1,969)   |
| 2,659   | (24)   | (13,227)  |
| -   | -  | 1,009     |
| 1,207   | 1,225  | 2,432     |
| \$ 7,448  | \$ (3,000)   | \$ 17,917 |

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

| <b>(DOLLARS IN THOUSANDS)</b>   | BALANCE<br>JANUARY 1 | ADDITIONS         | DEDUCTIONS       | BALANCE<br>DECEMBER 31 |
|---|----------------------|-------------------|------------------|------------------------|
| <b><i>COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY:</i></b> |                      |                   |                  |                        |
| <b>ASSETS:</b>  |                      |                   |                  |                        |
| Cash and Investments - Trust Accounts                                   | \$ 119,952           | \$ 106,108        | \$ 88,964        | \$ 137,096             |
| Interest Receivable on Investments                                      | 2,142                | 7,340             | 6,886            | 2,596                  |
| <b>TOTAL ASSETS</b>   | <b>\$ 122,094</b>    | <b>\$ 113,448</b> | <b>\$ 95,850</b> | <b>\$ 139,692</b>      |
| <b>LIABILITIES:</b>   |                      |                   |                  |                        |
| Project Funds Payable   | \$ 116,566           | \$ 98,275         | \$ 81,627        | \$ 133,214             |
| Interest Due to Borrowers   | 1,636                | 2,530             | 1,652            | 2,514                  |
| Accounts Payable - Other  | 21                   | -                 | 21               | -                      |
| Due To Other Funds  | 3,871                | 5,838             | 5,745            | 3,964                  |
| <b>TOTAL LIABILITIES</b>  | <b>\$ 122,094</b>    | <b>\$ 106,643</b> | <b>\$ 89,045</b> | <b>\$ 139,692</b>      |

# STATISTICAL SECTION



**REVENUES AND OTHER FINANCING BY SOURCE  
EXPENDITURES AND OTHER USES BY FUNCTION - PRIMARY GOVERNMENT  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
Last Ten Fiscal Years**

(DOLLARS IN MILLIONS)

|  | <b>2000-01</b>  | <b>1999-00</b>  | <b>1998-99</b>  | <b>1997-98</b>  |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>REVENUES AND OTHER FINANCING SOURCES:</b>   |                 |                 |                 |                 |
| Taxes  | \$ 7,501        | \$ 7,058        | \$ 6,443        | \$ 5,995        |
| Less: Excess TABOR Revenues  | (927)           | (941)           | (680)           | (563)           |
| Licenses, Permits, and Fines   | 534             | 505             | 422             | 418             |
| Charges for Goods and Services   | 109             | 117             | 181             | 183             |
| Interest   | 314             | 244             | 233             | 223             |
| Federal Grants and Contracts   | 2,809           | 2,673           | 2,473           | 2,225           |
| Other  | 308             | 220             | 179             | 151             |
| Bond Proceeds and Other Financing Sources  | 540             | 540             | 3               | 1               |
| Transfers-In   | 676             | 469             | 772             | 513             |
| <b>TOTAL REVENUES AND OTHER SOURCES</b>  | <b>11,864</b>   | <b>10,885</b>   | <b>10,026</b>   | <b>9,146</b>    |
| <b>EXPENDITURES AND OTHER USES BY FUNCTION:</b>  |                 |                 |                 |                 |
| Current:   |                 |                 |                 |                 |
| General Government   | 224             | 216             | 208             | 209             |
| Business, Community and Consumer Affairs   | 426             | 391             | 368             | 361             |
| Education  | 112             | 74              | 71              | 75              |
| Health and Rehabilitation  | 467             | 434             | 413             | 418             |
| Justice  | 851             | 776             | 694             | 619             |
| Natural Resources  | 137             | 130             | 123             | 116             |
| Social Assistance  | 2,367           | 2,152           | 1,992           | 1,770           |
| Transportation   | 1,069           | 958             | 877             | 716             |
| Capital Outlay   | 185             | 223             | 253             | 233             |
| Intergovernmental:   |                 |                 |                 |                 |
| Cities   | 196             | 192             | 191             | 193             |
| Counties   | 1,162           | 1,074           | 1,011           | 920             |
| School Districts   | 2,389           | 2,257           | 2,158           | 2,011           |
| Other  | 146             | 141             | 138             | 142             |
| Deferred Compensation Distributions  | 18              | 17              | 15              |                 |
| Debt Service   | 54              | 5               | 23              | 41              |
| Other  | -               | -               | -               | -               |
| Transfers-Out:   |                 |                 |                 |                 |
| Higher Education   | 907             | 898             | 778             | 735             |
| Other  | 655             | 391             | 712             | 461             |
| <b>TOTAL EXPENDITURES AND OTHER USES</b>   | <b>11,365</b>   | <b>10,329</b>   | <b>10,025</b>   | <b>9,020</b>    |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | <b>499</b>      | <b>556</b>      | <b>1</b>        | <b>126</b>      |
| Prior Period Adjustments   | 21              | 8               | 285             | -               |
| <b>FUND BALANCE, JUNE 30</b>   | <b>\$ 4,043</b> | <b>\$ 3,523</b> | <b>\$ 2,959</b> | <b>\$ 2,673</b> |



| 1996-97  | 1995-96  | 1994-95  | 1993-94  | 1992-93  | 1991-92  |
|----------|----------|----------|----------|----------|----------|
| \$ 5,265 | \$ 4,841 | \$ 4,549 | \$ 4,177 | \$ 3,837 | \$ 3,519 |
| (139)    | -        | -        | -        | -        | -        |
| 388      | 358      | 301      | 289      | 263      | 249      |
| 189      | 171      | 179      | 343      | 450      | 173      |
| 198      | 170      | 130      | 104      | 137      | 150      |
| 2,128    | 2,133    | 2,048    | 2,121    | 2,022    | 1,778    |
| 127      | 111      | 126      | 112      | 57       | 166      |
| 24       | 7        | -        | -        | 108      | 144      |
| 582      | 500      | 450      | 369      | 243      | 245      |
| 8,762    | 8,291    | 7,783    | 7,515    | 7,117    | 6,424    |
| 198      | 184      | 140      | 216      | 149      | 211      |
| 388      | 405      | 378      | 449      | 472      | 432      |
| 91       | 65       | 60       | 53       | 53       | 47       |
| 373      | 359      | 340      | 346      | 342      | 323      |
| 583      | 534      | 487      | 447      | 423      | 394      |
| 114      | 109      | 102      | 92       | 89       | 78       |
| 1,817    | 1,703    | 1,630    | 1,562    | 1,701    | 1,328    |
| 578      | 558      | 543      | 582      | 499      | 505      |
| 158      | 96       | 74       | 88       | 92       | 106      |
| 157      | 157      | 161      | 151      | 130      | 131      |
| 719      | 676      | 663      | 626      | 594      | 542      |
| 1,907    | 1,783    | 1,659    | 1,581    | 1,492    | 1,134    |
| 175      | 161      | 126      | 125      | 100      | 109      |
| 55       | 43       | 45       | 40       | 23       | 173      |
| -        | 6        | -        | -        | 115      | 1        |
| 692      | 632      | 557      | 543      | 532      | 508      |
| 535      | 644      | 431      | 372      | 180      | 173      |
| 8,540    | 8,115    | 7,396    | 7,273    | 6,986    | 6,195    |
| 222      | 176      | 387      | 242      | 131      | 229      |
| (2)      | 371      | (20)     | 1        | -        | -        |
| \$ 2,547 | \$ 2,327 | \$ 2,147 | \$ 1,780 | \$ 1,537 | \$ 1,406 |

**GENERAL FUND  
GENERAL PURPOSE REVENUE  
IN DOLLARS AND AS A PERCENT OF TOTAL  
Last Ten Fiscal Years**

(DOLLARS IN MILLIONS)

|                                   | 2000-01         | 1999-00         | 1998-99         | 1997-98         |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Income Tax:                       |                 |                 |                 |                 |
| Individual                        | \$ 3,867        | \$ 3,718        | \$ 3,327        | \$ 3,052        |
| Less: Excess TABOR Revenues       | (209)           | (192)           | (30)            | -               |
| Corporate                         | 316             | 289             | 276             | 263             |
| Net Income Tax                    | 3,974           | 3,815           | 3,573           | 3,315           |
| Sales, Use, and Excise Taxes      | 1,809           | 1,775           | 1,628           | 1,485           |
| Less: Excess TABOR Revenues       | (719)           | (750)           | (650)           | (563)           |
| Net Sales, Use, and Excise Taxes  | 1,090           | 1,025           | 978             | 922             |
| Estate Taxes                      | 83              | 60              | 67              | 109             |
| Insurance Tax                     | 142             | 129             | 118             | 114             |
| Other Taxes                       | 31              | 29              | 27              | 21              |
| Interest                          | 45              | 42              | 48              | 52              |
| Medicaid Provider Revenues        | -               | 7               | 73              | 73              |
| Other                             | 63              | 67              | 59              | 75              |
| <b>TOTAL GENERAL REVENUES</b>     | <b>\$ 5,428</b> | <b>\$ 5,174</b> | <b>\$ 4,943</b> | <b>\$ 4,681</b> |
| Percent Change Over Previous Year | 4.9%            | 4.7%            | 5.6%            | 3.1%            |

(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)

|                               |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Income Tax                | 65.8%         | 65.5%         | 64.0%         | 63.2%         |
| Sales, Use, and Excise Taxes  | 28.5          | 29.0          | 29.0          | 28.3          |
| Estate Taxes                  | 1.3           | 1.0           | 1.2           | 2.1           |
| Insurance Tax                 | 2.2           | 2.1           | 2.1           | 2.2           |
| Other Taxes                   | 0.5           | 0.5           | 0.5           | 0.4           |
| Interest                      | 0.7           | 0.7           | 0.9           | 1.0           |
| Medicaid Provider Revenues    | 0.0           | 0.1           | 1.3           | 1.4           |
| Other                         | 1.0           | 1.1           | 1.0           | 1.4           |
| <b>TOTAL GENERAL REVENUES</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

| 1996-97  | 1995-96  | 1994-95  | 1993-94  | 1992-93  | 1991-92  |
|----------|----------|----------|----------|----------|----------|
| \$ 2,573 | \$ 2,318 | \$ 2,106 | \$ 1,920 | \$ 1,760 | \$ 1,608 |
| -        | -        | -        | -        | -        | -        |
| 237      | 206      | 191      | 147      | 139      | 113      |
| 2,810    | 2,524    | 2,297    | 2,067    | 1,899    | 1,721    |
| 1,521    | 1,415    | 1,316    | 1,208    | 1,079    | 1,000    |
| (139)    | -        | -        | -        | -        | -        |
| 1,382    | 1,415    | 1,316    | 1,208    | 1,079    | 1,000    |
| 35       | 32       | 28       | 34       | 20       | 34       |
| 112      | 110      | 105      | 102      | 92       | 89       |
| 20       | 18       | 17       | 20       | 25       | 12       |
| 41       | 37       | 29       | 18       | 8        | 6        |
| 80       | 69       | 127      | 205      | 259      | 82       |
| 60       | 64       | 77       | 71       | 61       | 52       |
| \$ 4,540 | \$ 4,269 | \$ 3,996 | \$ 3,725 | \$ 3,443 | \$ 2,996 |
| 6.3%     | 6.8%     | 7.3%     | 8.2%     | 14.9%    | 12.5%    |
| 60.1%    | 59.1%    | 57.5%    | 55.5%    | 55.2%    | 57.4%    |
| 32.5     | 33.2     | 32.9     | 32.4     | 31.3     | 33.4     |
| 0.7      | 0.7      | 0.7      | 0.9      | 0.6      | 1.1      |
| 2.4      | 2.6      | 2.6      | 2.7      | 2.7      | 3.0      |
| 0.4      | 0.4      | 0.4      | 0.5      | 0.7      | 0.4      |
| 0.9      | 0.9      | 0.7      | 0.5      | 0.2      | 0.2      |
| 1.7      | 1.6      | 3.2      | 5.5      | 7.5      | 2.7      |
| 1.3      | 1.5      | 2.0      | 2.0      | 1.8      | 1.8      |
| 100.0%   | 100.0%   | 100.0%   | 100.0%   | 100.0%   | 100.0%   |

**EXPENDITURES BY DEPARTMENT  
FUNDED BY GENERAL PURPOSE REVENUES  
Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

|   | 2000-01             | 1999-00             | 1998-99             | 1997-98             |
|---|---------------------|---------------------|---------------------|---------------------|
| Department:                                   |                     |                     |                     |                     |
| Administration                                | \$ -                | \$ -                | \$ -                | \$ -                |
| Agriculture                                   | 9,866               | 8,106               | 7,675               | 7,305               |
| Corrections                                   | 417,677             | 381,669             | 338,715             | 297,179             |
| Education                                     | 2,143,115           | 2,041,087           | 1,914,294           | 1,830,940           |
| Governor                                      | 19,754              | 5,877               | 7,388               | 2,996               |
| Health  | -                   | -                   | -                   | -                   |
| Health Care Policy and Financing              | 1,028,785           | 951,827             | 891,319             | 789,532             |
| Higher Education                              | 747,332             | 715,933             | 676,449             | 651,893             |
| Human Services                                | 553,364             | 509,309             | 486,325             | 481,258             |
| Institutions                                  | -                   | -                   | -                   | -                   |
| Judicial Branch                               | 205,341             | 194,420             | 180,282             | 166,574             |
| Labor and Employment                          | -                   | -                   | -                   | 20                  |
| Law   | 8,571               | 10,106              | 9,144               | 8,558               |
| Legislative Branch                            | 27,356              | 25,393              | 23,062              | 21,567              |
| Local Affairs                                 | 10,525              | 37,758              | 29,958              | 26,672              |
| Military Affairs                              | 4,090               | 3,800               | 3,874               | 3,460               |
| Natural Resources                             | 28,893              | 28,863              | 26,864              | 24,845              |
| Personnel                                     | 14,825              | 15,026              | 15,245              | 15,361              |
| Public Health and Environment                 | 33,496              | 23,731              | 22,596              | 20,507              |
| Public Safety                                 | 56,616              | 49,492              | 43,910              | 39,433              |
| Regulatory Agencies                           | 1,975               | 1,919               | 1,730               | 1,194               |
| Revenue                                       | 78,317              | 69,682              | 69,871              | 70,224              |
| Social Services                               | -                   | -                   | -                   | -                   |
| Transportation                                | 1                   | 203                 | 239                 | 244                 |
| Treasury                                      | 2,378               | 2,240               | 2,970               | 2,800               |
| Transfer to Capital Construction Fund         | 285,255             | 175,154             | 470,179             | 198,387             |
| Transfer to Controlled Maintenance Trust Fund | -                   | -                   | -                   | -                   |
| Transfer to the Highway Users Tax Fund        | -                   | -                   | -                   | 5,611               |
| Other Transfers                               | 61,894              | 66,588              | 56,992              | 57,811              |
|   | <u>\$ 5,739,426</u> | <u>\$ 5,318,183</u> | <u>\$ 5,279,081</u> | <u>\$ 4,724,371</u> |

TOTALS

(AS PERCENT OF TOTAL)

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Education                                     | 37.3%         | 38.4%         | 36.3%         | 38.8%         |
| Health Care Policy and Financing              | 17.9          | 17.9          | 16.9          | 16.7          |
| Higher Education                              | 13.0          | 13.5          | 12.8          | 13.8          |
| Human Services                                | 9.6           | 9.6           | 9.2           | 10.2          |
| Corrections                                   | 7.3           | 7.2           | 6.4           | 6.3           |
| Transfer to Capital Construction Fund         | 5.0           | 3.3           | 8.9           | 4.2           |
| Transfer to Controlled Maintenance Trust Fund | -             | -             | -             | -             |
| Judicial                                      | 3.6           | 3.7           | 3.4           | 3.5           |
| Social Services                               | -             | -             | -             | -             |
| Institutions                                  | -             | -             | -             | -             |
| Revenue                                       | 1.4           | 1.3           | 1.3           | 1.5           |
| All Others                                    | 4.9           | 5.1           | 4.8           | 5.0           |
| TOTALS  | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |



**NUMBER OF FULL-TIME EQUIVALENT STATE EMPLOYEES  
BY FUNCTION, AND AVERAGE MONTHLY SALARY  
Last Ten Fiscal Years**

|  | <b>2000-01</b> | <b>1999-00</b> | <b>1998-99</b> | <b>1997-98</b> |
|--|----------------|----------------|----------------|----------------|
| General Government                           | 2,409          | 2,422          | 2,411          | 2,375          |
| Business, Community, and<br>Consumer Affairs | 2,284          | 2,290          | 2,311          | 2,337          |
| Education                                    | 31,165         | 29,463         | 28,774         | 28,203         |
| Health and Rehabilitation                    | 3,668          | 3,726          | 3,784          | 3,797          |
| Justice                                      | 11,100         | 10,542         | 9,730          | 9,020          |
| Natural Resources                            | 1,395          | 1,397          | 1,372          | 1,351          |
| Social Assistance                            | 1,570          | 1,530          | 1,514          | 1,479          |
| Transportation                               | 3,048          | 3,015          | 3,025          | 3,053          |
| <b>TOTAL FTE</b>                             | <b>56,639</b>  | <b>54,385</b>  | <b>52,921</b>  | <b>51,615</b>  |
| <br>   |                |                |                |                |
| TOTAL CLASSIFIED FTE                         | 31,510         | 30,866         | 30,157         | 29,470         |
| AVERAGE MONTHLY SALARY                       | \$ 3,491       | \$ 3,364       | \$ 3,232       | \$ 3,091       |
| <br>   |                |                |                |                |
| TOTAL NON-CLASSIFIED FTE                     | 25,127         | 23,519         | 22,764         | 22,145         |
| AVERAGE MONTHLY SALARY                       | \$ 4,353       | \$ 4,387       | \$ 4,216       | \$ 4,100       |

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty in the Department of Higher Education.

| <b>1996-97</b> | <b>1995-96</b> | <b>1994-95</b> | <b>1993-94</b> | <b>1992-93</b> | <b>1991-92</b> |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2,371          | 2,333          | 2,300          | 2,297          | 2,420          | 2,647          |
| 2,303          | 2,267          | 2,265          | 2,276          | 2,238          | 2,148          |
| 27,522         | 26,862         | 26,216         | 26,327         | 25,864         | 24,945         |
| 3,771          | 4,043          | 4,292          | 4,216          | 4,179          | 4,242          |
| 8,468          | 8,140          | 7,785          | 7,534          | 7,123          | 6,807          |
| 1,339          | 1,337          | 1,337          | 1,307          | 1,281          | 1,236          |
| 1,432          | 1,138          | 1,056          | 1,269          | 1,259          | 1,332          |
| 3,068          | 3,103          | 3,092          | 3,095          | 3,061          | 2,996          |
| 50,274         | 49,223         | 48,343         | 48,321         | 47,425         | 46,353         |
| 28,839         | 28,483         | 28,131         | 28,172         | 27,763         | 27,373         |
| \$ 3,027       | \$ 2,954       | \$ 2,877       | \$ 2,686       | \$ 2,666       | \$ 2,597       |
| 21,435         | 20,740         | 20,212         | 20,149         | 19,662         | 20,980         |
| \$ 4,000       | \$ 3,935       | \$ 3,825       | \$ 3,586       | \$ 3,539       | \$ 3,445       |

FTE is an acronym for Full-Time Equivalent employee. Employees on the state's payroll system are designated as either full-time or part-time. Each full-time employee was counted as one FTE. For each state agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the FTE for part-time employees.

**REVENUE BOND COVERAGE  
1992 to 2001**

(Amounts in Thousands)

| Fiscal<br>Year  | Gross<br>Revenue | Direct<br>Operating<br>Expense | Net Revenue<br>Available<br>For Debt<br>Service | Debt Service Requirements |           |           | Coverage |
|---|------------------|--------------------------------|---|---------------------------|-----------|-----------|----------|
|   |                  |                                |   | Principal                 | Interest  | Total     |          |
| <b>Governmental Funds: Transportation Revenue Anticipation Notes</b>                  |                  |                                |   |                           |           |           |          |
| 2000-01   | \$ 33,792        | \$ -                           | \$ 33,792                                       | \$ 1,850                  | \$ 31,942 | \$ 33,792 | 1.00     |
| <b>Enterprise Funds: State Fair and Colorado Student Obligation Bonding Authority</b> |                  |                                |   |                           |           |           |          |
| 2000-01   | \$ 166,092       | \$ 59,185                      | \$ 106,907                                      | \$ 30,212                 | \$ 37,482 | \$ 67,694 | 1.58     |
| <b>Higher Education Facilities</b>  |                  |                                |   |                           |           |           |          |
| 2000-01   | \$ 508,892       | \$ 369,334                     | \$ 139,558                                      | \$ 22,263                 | \$ 16,459 | \$ 38,722 | 3.60     |
| 1999-00   | 552,417          | 399,148                        | 153,269   | 17,585                    | 18,026    | 35,611    | 4.30     |
| 1998-99   | 395,699          | 274,163                        | 121,536   | 16,280                    | 18,307    | 34,588    | 3.51     |
| 1997-98   | 367,883          | 253,538                        | 114,344   | 16,060                    | 18,926    | 34,986    | 3.27     |
| 1996-97   | 346,355          | 237,948                        | 108,407   | 13,745                    | 17,434    | 31,179    | 3.48     |
| 1995-96   | 320,347          | 219,994                        | 100,353   | 11,460                    | 15,790    | 27,250    | 3.68     |
| 1994-95   | 248,013          | 155,592                        | 92,421  | 10,645                    | 17,728    | 28,373    | 3.26     |
| 1993-94   | 221,535          | 134,380                        | 87,155  | 7,241                     | 16,210    | 23,451    | 3.72     |
| 1992-93   | 211,715          | 129,403                        | 82,312  | 6,111                     | 13,286    | 19,397    | 4.24     |
| 1991-92   | 172,056          | 116,961                        | 55,095  | 7,180                     | 11,458    | 18,638    | 2.96     |

**COLORADO SALES AND  
CASH RECEIPTS FROM FARMING AND RANCHING  
1992 to 2001**

(Amounts in Billions)

| Year     | Retail<br>Sales | Wholesale<br>Sales | Farm and<br>Ranch<br>Cash Receipts |
|----------|-----------------|--------------------|------------------------------------|
| 2001 est | \$ 62.3         | \$ 37.3            | \$ 4.8                             |
| 2000 est | 58.0            | 35.7               | 4.8                                |
| 1999     | 52.2            | 33.5               | 4.7                                |
| 1998     | 48.1            | 31.3               | 4.6                                |
| 1997     | 45.2            | 28.3               | 4.4                                |
| 1996     | 42.6            | 26.5               | 4.3                                |
| 1995     | 40.0            | 28.7               | 4.2                                |
| 1994     | 38.1            | 25.6               | 4.2                                |
| 1993     | 34.2            | 22.0               | 4.4                                |
| 1992     | 31.3            | 20.0               | 4.0                                |

Retail sales based on SIC Codes 52-59.

Wholesale sales include only those sales reported on sales tax reports.

Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and  
the Colorado Business/Economic Outlook Committee.



**VALUE OF TOTAL CONSTRUCTION  
IN COLORADO BY TYPE  
1992 TO 2001**

(Amounts in Millions)

| Year     | Residential | Non-Residential | Non-Building | Total  |
|----------|-------------|-----------------|--------------|--------|
| 2001 est | \$ 6,490    | \$ 2,850        | \$ 1,900     | 11,240 |
| 2000 est | 6,910       | 3,200           | 1,650        | 11,760 |
| 1999     | 6,229       | 3,602           | 1,576        | 11,407 |
| 1998     | 5,486       | 2,554           | 1,377        | 9,417  |
| 1997     | 4,775       | 3,274           | 1,145        | 9,194  |
| 1996     | 4,599       | 2,544           | 834          | 7,977  |
| 1995     | 3,633       | 1,957           | 885          | 6,475  |
| 1994     | 3,896       | 1,585           | 974          | 6,455  |
| 1993     | 3,325       | 1,682           | 1,073        | 6,080  |
| 1992     | 2,393       | 1,642           | 1,668        | 5,703  |

Source: F.W. Dodge Company, the Colorado Contractors Association, and the Colorado Business/Economic Outlook Committee.

**COLORADO BANK DEPOSITS AND  
LIFE INSURANCE SALES  
1992 TO 2001**

(Amounts in Millions)

| Year     | Life Insurance Sales | Bank Deposits | Savings & Loan Deposits | Credit Union Deposits | Total Deposits |
|----------|----------------------|---------------|-------------------------|-----------------------|----------------|
| 2001 est | \$ 26,987            | \$ 35,179     | \$ 886                  | \$ 7,632              | \$ 43,697      |
| 2000 est | 25,616               | 34,489        | 877                     | 7,200                 | 42,566         |
| 1999     | 24,281               | 33,813        | 868                     | 6,858                 | 41,539         |
| 1998     | 22,799               | 33,534        | 783                     | 6,622                 | 40,939         |
| 1997     | 19,816               | 33,374        | 1,943                   | 5,937                 | 41,254         |
| 1996     | 18,576               | 34,937        | 1,986                   | 5,519                 | 42,442         |
| 1995     | 17,175               | 33,005        | 2,141                   | 5,122                 | 40,268         |
| 1994     | 17,043               | 32,316        | 1,961                   | 4,704                 | 38,981         |
| 1993     | 16,385               | 29,729        | 1,867                   | 4,515                 | 36,111         |
| 1992     | 15,770               | 25,770        | 3,933                   | 4,245                 | 33,948         |

Source: Colorado Department of Regulatory Agencies, American Council of Life Insurance, Inc. Colorado Credit Union League, Federal Reserve Bank of Kansas City, and the Colorado Business/Economic Outlook Committee.

**COLORADO DEMOGRAPHIC DATA  
1992 TO 2001**

| Year     | Population<br>(000) | % of U.S.<br>Population | Per Capita<br>Personal<br>Income | % of U.S.<br>Per Capita<br>Income | Employ-<br>ment<br>(000) | Unemploy-<br>ment % |
|----------|---------------------|-------------------------|----------------------------------|-----------------------------------|--------------------------|---------------------|
| 2001 est | 4,348               | 1.57%                   | 34,264                           | 108.6%                            | 2,317                    | 2.9%                |
| 2000 est | 4,258               | 1.55                    | 32,500                           | 108.1                             | 2,252                    | 2.7                 |
| 1999     | 4,161               | 1.53                    | 31,546                           | 110.5                             | 2,198                    | 2.9                 |
| 1998     | 4,054               | 1.50                    | 29,860                           | 109.3                             | 2,155                    | 3.8                 |
| 1997     | 3,955               | 1.48                    | 27,950                           | 108.0                             | 2,080                    | 3.3                 |
| 1996     | 3,867               | 1.46                    | 25,627                           | 104.0                             | 2,005                    | 4.2                 |
| 1995     | 3,782               | 1.44                    | 24,304                           | 103.1                             | 2,000                    | 4.2                 |
| 1994     | 3,689               | 1.42                    | 23,019                           | 101.9                             | 1,917                    | 4.2                 |
| 1993     | 3,588               | 1.39                    | 22,117                           | 101.8                             | 1,801                    | 5.3                 |
| 1992     | 3,478               | 1.36                    | 21,005                           | 99.6                              | 1,712                    | 6.0                 |

Source: Colorado Department of Labor and Employment, U.S. Bureau of Economic Analysis, and the Colorado Business/Economic Outlook Committee.

**COLORADO EMPLOYMENT  
BY INDUSTRY  
1991-2000**

(Amounts in Thousands)

| Industry  | 2000 est       | 1999           | 1998           | 1997           | 1996           | 1995           | 1994           | 1993           | 1992           | 1991           |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agriculture   | 25.5           | 25.7           | 26.0           | 26.3           | 26.0           | 27.1           | 23.9           | 21.3           | 21.9           | 22.6           |
| Mining  | 13.0           | 13.0           | 14.2           | 14.0           | 13.7           | 14.8           | 15.6           | 16.1           | 16.6           | 18.6           |
| Construction  | 161.8          | 146.8          | 132.6          | 119.0          | 111.0          | 102.1          | 97.1           | 86.0           | 74.8           | 66.5           |
| Manufacturing   | 206.6          | 204.1          | 207.4          | 204.0          | 197.1          | 192.4          | 190.9          | 188.1          | 185.9          | 185.6          |
| Transportation,<br>Communication, and<br>Public Utilities | 144.4          | 140.9          | 130.2          | 123.9          | 121.1          | 117.5          | 108.3          | 104.3          | 99.8           | 97.8           |
| Finance, Insurance,<br>and Real Estate                    | 144.3          | 140.8          | 135.7          | 127.4          | 119.0          | 113.4          | 111.1          | 106.2          | 99.9           | 96.7           |
| Trade   | 522.2          | 507.2          | 491.7          | 480.1          | 465.9          | 453.3          | 429.5          | 404.0          | 385.6          | 375.5          |
| Services  | 681.3          | 648.9          | 622.8          | 595.5          | 563.8          | 537.2          | 504.1          | 469.4          | 443.4          | 421.1          |
| Government  | 338.0          | 332.1          | 322.2          | 315.6          | 308.7          | 303.6          | 299.3          | 296.7          | 291.1          | 283.3          |
| <b>Total</b>  | <b>2,237.1</b> | <b>2,159.5</b> | <b>2,082.8</b> | <b>2,005.8</b> | <b>1,926.3</b> | <b>1,861.4</b> | <b>1,779.8</b> | <b>1,692.1</b> | <b>1,619.0</b> | <b>1,567.7</b> |

Excludes nonagricultural self-employed, unpaid family, and domestic workers.

Source: Colorado Division of Employment and the Colorado Business/Economic Outlook Committee.

**OTHER COLORADO FACTS**

**Important Dates**

- 1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.
- 1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. They do however, reach the headwaters of the Arkansas River near Leadville.
- 1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.
- 1858 Gold is discovered along Cherry Creek near the present day Denver.
- 1861 Congress establishes the Colorado Territory with the boundaries of the present state and chooses its name from the Spanish word for “colored red.” President Lincoln appoints William Gilpin as the first territorial governor. The State Supreme Court is organized. The first assembly meets and creates 17 counties, authorizes the university, and selects Colorado City as the territorial capital.
- 1867 Denver established as permanent seat of the territorial government by the legislature meeting in Golden.
- 1870 The Denver Pacific Railroad is completed to Denver.
- 1876 Colorado is admitted to the Union as the 38<sup>th</sup> state. John L. Routt is elected the first governor.
- 1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.
- 1894 The State Capitol Building is completed at a cost of \$2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.
- 1906 The U.S. Mint at Denver issues its first coins.
- 1958 The U.S. Air Force Academy’s permanent campus opens near Colorado Springs.

**Geography**

Area: 104,247 square miles.

Highest Elevation: Mt Elbert, 14,431 feet above sea level.

Lowest Elevation: Along the Arkansas River in Powers County, 3,350 feet above sea level.

Colorado has the highest average elevation of all fifty states at 6800 feet above sea level.

**State Motto** - Nil Sine Numine - Nothing Without the Deity

**State Animal** - Rocky Mountain Bighorn Sheep

**State Bird** - Lark Bunting

**State Fish** - Greenback Cutthroat Trout

**State Tree** - Colorado Blue Spruce

**State Flower** - White and Lavender Columbine