COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2002

COLORADO

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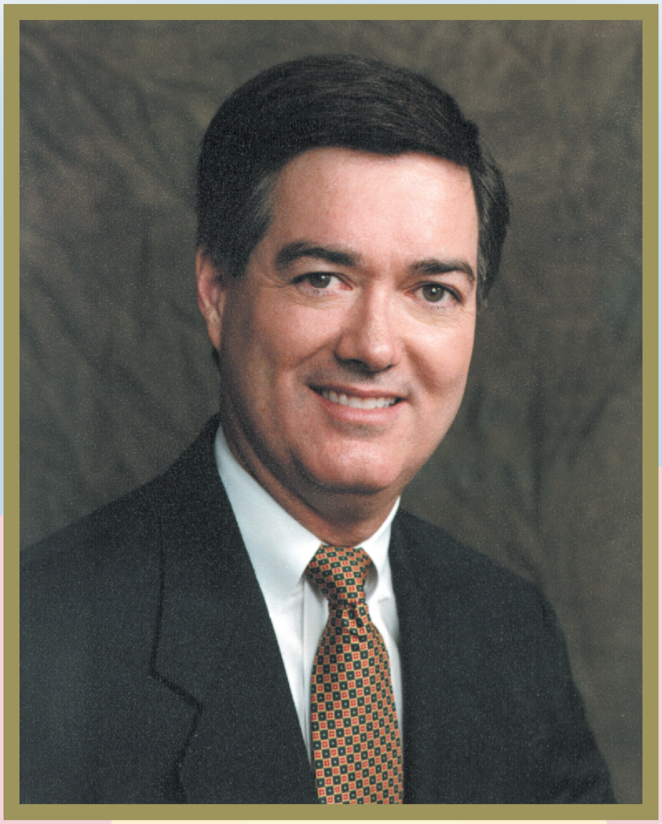
For the year ended June 30, 2002



Bill Owens
Governor

Department of Personnel & Administration
Troy A. Eid, Executive Director
Arthur L. Barnhart, State Controller

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Governor

Troy A. Eid
Executive Director

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November 26, 2002

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, 2002. 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 net assets or fund balances of the major funds and nonmajor funds in the aggregate. 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. Those principles mandated significant changes to the content and format of the statements for Fiscal Year 2001-02 including a section titled Management's Discussion and Analysis (MDA), which contains much of the information previously presented in this transmittal letter. In addition to the basic 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 major and nonmajor funds 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
CoverColorado (formerly known as Colorado Uninsurable Health Insurance Plan)

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (See page 64). Audited financial reports are available from each of these entities.

PROFILE OF THE STATE OF COLORADO

Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 104,247 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,350 to 14,431 feet above sea level. The state's major economic sectors include agriculture, manufacturing, technology, tourism, energy production, and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate, and other services. Given the state's semi-arid climate, water resource development, allocation, and conservation are ongoing issues for state management.

The state maintains a separation of powers utilizing three branches of government – executive, legislative, and judicial. The executive branch comprises four major elected officials – Governor, State Treasurer, Attorney General, and Secretary of State. Most departments of the state report directly to the Governor; however, the Departments of Treasury, Law, and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four-year terms with the number of terms limited in duration.

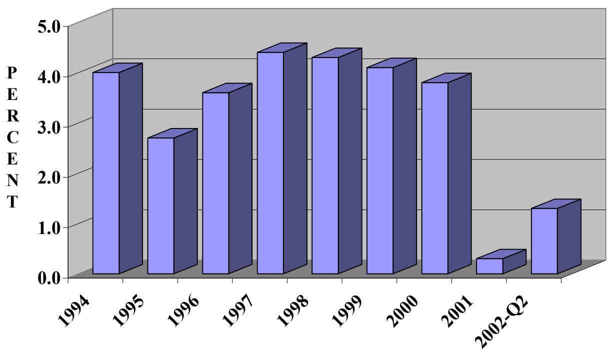
The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives who are also term limited. It is a citizen legislature whose general session lasts 120 days beginning in January of each year. Special sessions may be called by the Governor at his discretion and are limited to the topics identified by the Governor. The Legislature's otherwise plenary power is checked by the requirement for the Governor's signature of its legislation and by specific limitations placed in the State Constitution by voters. The most significant of these limitations is the restriction related to issuing debt, raising taxes, and changing existing spending limits. From a fiscal perspective, the Joint Budget Committee of the Legislature, because of its preparation of the annual budget and supplemental appropriations bills, holds the most important power vested in the Legislature. The Committee is bipartisan with members drawn from each of the houses of the Legislature. The Governor's Office of State Planning and Budgeting develops an executive branch budget proposal, but there is no requirement for the Joint Budget Committee to adopt that proposal.

The Judicial Branch is responsible for resolving disputes within the state, including those between the executive and legislative branches of government, and for supervising offenders on probation. The branch includes the Supreme Court, Court of Appeals, and district and county courts, served by 256 justices and judges in 22 judicial districts across the state (excluding 17 Denver county court judges). Municipal courts are not part of the state system. There are also seven water courts, one in each of the major river basins. The Judicial Branch budget is appropriated by the Legislature, and it is funded primarily from general-purpose revenues of the General Fund.

ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2001-02 opened with a $61.6 million reduction in anticipated General Fund revenues setting a pattern of declining revenue expectations that continued throughout the year. By the end of the fiscal year, the General Fund revenue estimates had been reduced by $1.02 billion. The state's revenues were significantly impacted by national events.

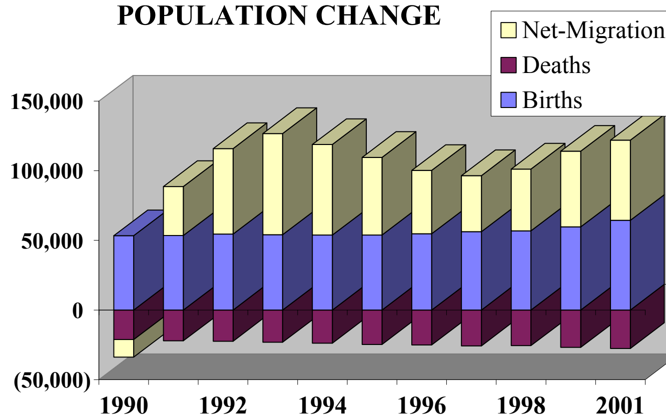
PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



The tragic and brutal attack on the World Trade Center on September 11, 2001, caused immeasurable physical and mental suffering for the nation and Colorado. The attack also worsened the nation's and Colorado's economic problems. During the fiscal year, national unemployment grew from 4.6 percent to 5.9 percent, while Colorado's unemployment grew from 3.4 percent to 5.0 percent (after hitting a peak of 5.7 percent in February 2002). Growth in real gross domestic product was anemic at the national level dropping to .3 percent growth for 2001. After a promising first quarter in 2002 (5 percent growth rate), annual GDP growth dropped to 1.3 percent in the second quarter of 2002. The decline in GDP growth was led by a reduction in gross private domestic investment of 10.7 percent. With the general constriction of the state economy, inflation was not a significant factor during Fiscal Year 2001-02. The Governor's Office of State Planning and Budgeting identified travel, tourism, technology, and telecommunications as the Colorado sectors hardest hit by the economic slowdown, but cited manufacturing and energy production as strong areas of the state economy.

In Fiscal Year 2001-02, in spite of the downturn in Colorado's economic fortunes, net in-migration reached its highest level since 1994. The information in the adjacent chart is based on Census Bureau estimates. Data for the year 2000 is not included in the chart because a large adjustment was made to total state population for that year, and matching estimates for deaths and births are not available for that year.

COMPONENTS OF COLORADO'S POPULATION CHANGE



The Governor's Office of State Planning and Budgeting (OSPB) anticipates that the Colorado economy will remain on a slow growth path in 2002 and then will begin to strengthen in 2003. In predicting slow near-term growth, OSPB cites causes including the slow national economic recovery, the depth of the advanced technology recession, and the continuing impact of September 11 on travel and tourism. Following is the OSPB forecast for Colorado's major economic variables at June 20, 2002:

- Employment will decline .6 percent in 2002, resume modest growth of 2.3 percent in 2003, and accelerate to 2.9 percent by 2004.
- Unemployment will average 5.2 percent in 2002, 4.8 percent in 2003, and decline to 3.8 percent by 2006.
- Wages, salary, and total personal income growth will continue to be slow through 2002 then will increase through 2004.
- In-migration is expected to slow to 1.7 percent through 2006 after reaching 2.2 percent in 2001.
- The Denver-Boulder-Greeley inflation rate is forecasted to be 3.0 percent in 2002 and then average 3.7 percent annually by 2006.

MAJOR GOVERNMENT INITIATIVES

During Fiscal Year 2001-02, the establishment of new programs was limited because of the significant shortfall in anticipated revenues. As a result much of the fiscal legislation that was passed was in reaction to existing financial problems rather than establishing new programs. Nonetheless, the following significant changes will affect the state's future fiscal operations.

House Bill 02-1310 and Senate Bill 02-179 both established a Statewide Tolling Enterprise within the Department of Transportation that will be established as a state agency (not a component unit). The legislation authorized the State Highway Commission to transfer funds to the enterprise for start-up costs. The enterprise is required to repay the State Highway Fund the amounts transferred plus interest at a rate set by the State Highway Commission. The enterprise is authorized to issue debt and collect tolls on new highways. It is prohibited from establishing tolls on existing state highways.

The Legislature made several changes in the governing structure of Colorado's higher education. It passed legislation that established a Board of Trustees for Fort Lewis College. Fort Lewis College was previously governed by the State Board of Agriculture, which is now known as the Board of Governors of the Colorado State University System. The Board of Governors of the Colorado State University System is also responsible for the Colorado State University - Pueblo that was formerly known as the University of Southern Colorado. The Trustees of the State Colleges in Colorado previously governed Metropolitan State College; it is now governed by an independent Board of Trustees for Metropolitan State College of Denver. In general, these changes were made to move governance of rural and regional institutions of higher education closer to the institutions.

Rising health care costs affect the state both through its contribution to employee health care plans and through its match of Medicaid funds. The state increased its contribution to employees' health care funds for the first time since 1994. A transfer from the Group Benefits Plan, a Pension and Employee Benefits Trust Fund, to the General Fund funded a portion of the increased contribution. Legislation also changed several of the laws governing reimbursement of managed care organizations under the Colorado Medical Assistance Act.

BUDGETARY AND OTHER CONTROL 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. Revenues and expenses/expenditures are accounted for on the basis used for the fund in which the budget is recorded except for certain budgetary basis exceptions (See Note 8-B). 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 Highway Users Tax Fund.

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.

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 to account for the risk management function including operations and all current claims or judgments. (See Note 6-G page 71, Note 22 on page 90, Note 26 on page 96). Actuarially determined and other long-term risk management claims are reported only on the government-wide *Statement of Net Assets.* Medical claims for officials and employees are managed through the Group Benefits Plan Fund, a Pension and Employee Benefits Trust 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 that is 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, 2002, the State Treasurer held the following investments at fair value:

Investment Type	Amount in Millions
U.S. Government Securities	$ 1,586.9
Corporate Bonds	1,096.9
Asset Backed Securities	525.0
Mortgages	705.6
Mutual Funds	278.1
Total	$ 4,192.5

Included above is $1,100.4 million belonging to the Colorado Compensation Insurance Authority, a related party that the State Treasurer maintains in an individual Investment Trust Fund. The financial statements of that fund are included in this report.

INDEPENDENT AUDIT

The State Auditor performs an audit of the Basic Financial Statements. The opinion of the auditor is on page 16 of this report. Besides auditing 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, 2001. This was the fifth 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

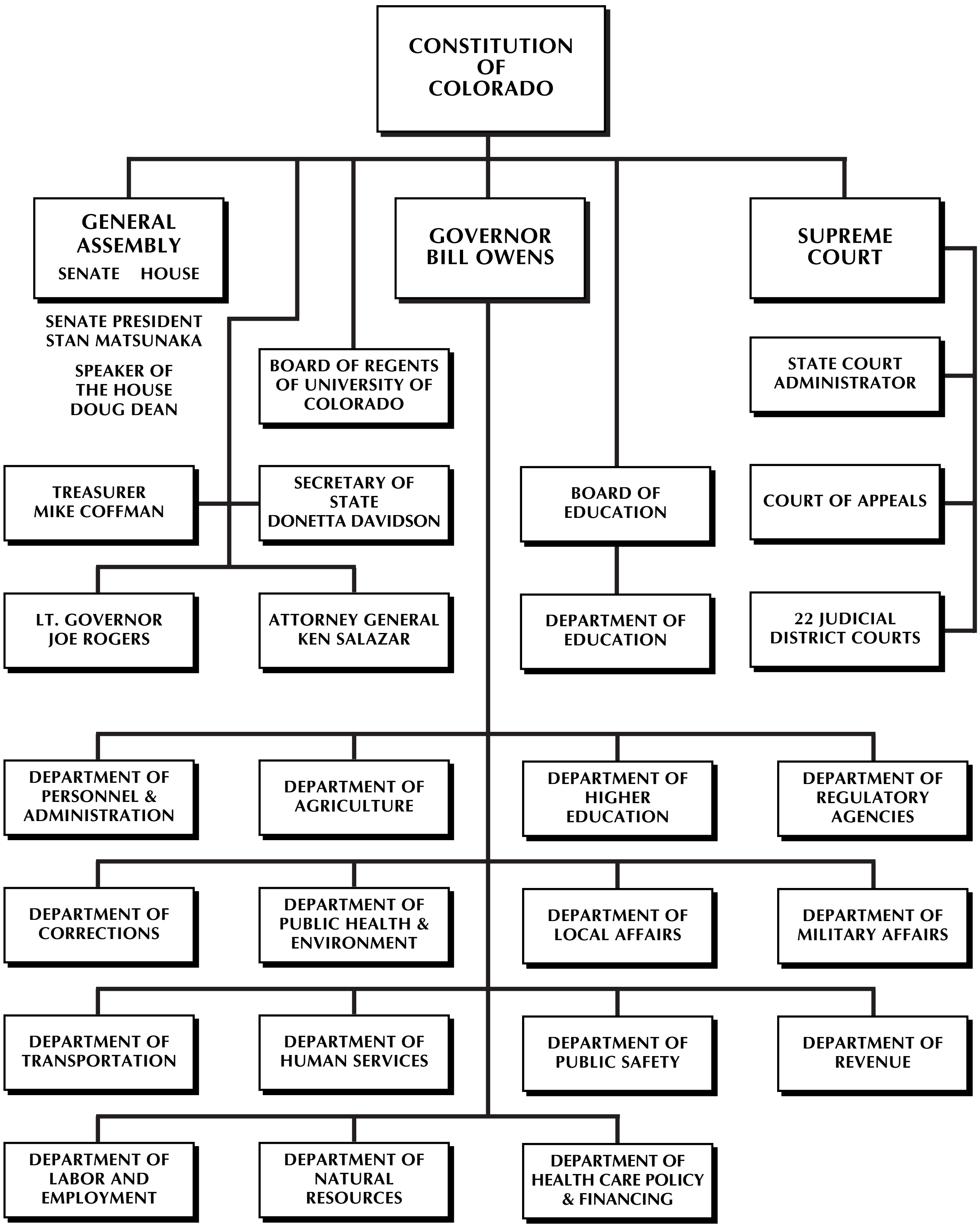
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001

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.

President

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS



FINANCIAL SECTION

JOANNE HILL, CPA
State Auditor

STATE OF COLORADO

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November 26, 2002

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements for the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Colorado as of and for the fiscal year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In the introduction to the Summary of Significant Accounting Policies on page 64 of the basic financial statements, the State adopted the provisions of Governmental Accounting Standards Board 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*; Statement No. 38, *Certain Financial Statement Disclosures*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements,* as of June 30, 2002. This results in a change in the format and content of the basic financial statements.

As described in Note 4, CoverColorado uses proprietary accounting in preparing its financial statements and applies applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board pronouncements that do not conflict with or contradict GASB pronouncements. However, CoverColorado did not implement Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* for its calendar year ended December 31, 2001 financial statements.

In accordance with *Government Auditing Standards* a report on our consideration of the State of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants will be issued under a separate cover. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The sections entitled "Management's Discussion and Analysis" on pages 19 through 37 and "Budgetary Information" and "Infrastructure Assets Reported Under The Modified Approach" on pages 111 through 123 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Joanne Hill

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and it is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. It is by necessity highly summarized, and in order to gain a thorough understanding of the state's financial condition, the attached financial statements and footnotes should be reviewed in their entirety. Fiscal Year 2001-02 is the first year in which the State of Colorado is required to provide this discussion and analysis. In addition, new standards issued by the GASB have significantly changed the format of the basic financial statements. Due to these changes, few comparisons have been made between the current and prior year. In subsequent years, the MDA will focus on year-to-year comparisons.

FINANCIAL HIGHLIGHTS

Government-wide:
Assets of the state's governmental activities exceeded liabilities by $13,617.7 million, an increase of $178.4 million related to current year activity. Assets of the state's business type activities exceeded liabilities by $3,614.7 million, an increase of $53.8 million related to current year activity. In total, net assets increased $232.3 million to $17,232.4 million.

Fund Level:
Governmental fund assets exceeded liabilities resulting in total fund balances of $3,382.5 million, of which $2,503.5 million was reserved, and the balance of $879.0 million was unreserved. The unreserved undesignated fund balance of the General Fund was $137.6 million at June 30, 2002; however, transfers that were unusual in nature significantly increased this amount.

Enterprise Fund assets exceeded liabilities resulting in total net assets of $3,614.7 million, of which $3,034.9 million was restricted or invested in capital assets, and the balance of $579.8 million was unrestricted.

Debt Issued and Outstanding:
The Department of Transportation issued $208.3 million of Transportation Revenue Anticipation Notes in June 2002. This brought the outstanding debt of governmental activities to $1,347.6 million, which is 30.7 percent of financial assets (cash, receivables, and investments) and 8.1 percent of total assets of governmental activities. The debt is primarily related to infrastructure, and future federal and state highway revenues are pledged to the related debt service. The state's Enterprise Funds have issued revenue bonds totaling $1,296.5 million, which is primarily invested in loans and capital assets that generate a future revenue stream to service the related debt.

Revenue and Spending Limits:
The State Constitution indirectly limits the rate of spending increases and directly limits the state's ability to retain revenue collected over an amount set by an amendment commonly known as TABOR. Revenues in excess of the limit must be refunded to the taxpayers. Fiscal Year 2001-02 was the first time since Fiscal Year 1995-96 that the state did not exceed the revenue limit; as a result, the state has no liability for refund of excess TABOR revenue related to Fiscal Year 2001-02.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are three major parts to the basic financial statements – government-wide statements, fund level statements, and notes to the financial statements. Certain required supplementary information (in addition to this MDA) is presented following the basic financial statements. Supplementary information including combining fund statements and schedules follows the required supplementary information in the Comprehensive Annual Financial Report.

Government-wide Statements

The government-wide statements focus on the government as a whole. These statements are similar to those reported by businesses in the private sector, but they are not consolidated financial statements because certain intra-entity transactions have not been eliminated. Using the economic resources perspective and the accrual basis of accounting, these statements include all assets and liabilities on the *Statement of Net Assets* and all expenses and revenues on the *Statement of Activities*. These statements can be viewed as an aggregation of the governmental and proprietary fund level statements along with certain perspective and accounting-basis adjustments discussed below. Fiduciary activities are excluded from the government-wide statements because those resources are not available to support the state's programs.

The *Statement of Net Assets* shows the financial position of the state at the end of the fiscal year. Net assets measures the difference between assets and liabilities. Restrictions reported in net assets indicate that certain assets, net of the related liabilities, can only be used for specified purposes. Increases in total net assets from year to year indicate the state is better off, while decreases in total net assets indicate the state is worse off.

The *Statement of Activities* shows how financial position has changed since the beginning of the fiscal year. The most significant financial measure of the government's activities is presented in the line item titled "Change in Net Assets" at the bottom of the *Statement of Activities.* The statement is presented in a net program cost format, which shows the cost of programs to the government by offsetting revenues earned by the programs against expenses of the programs. Due to the large number of programs operated by the state, individual programs are aggregated into functional areas of government.

On the *Statement of Net Assets,* columns are used to segregate the primary government, including governmental activities and business-type activities, from the discretely presented component units. On the *Statement of Activities*, both columns and rows are used for this segregation.

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities are primarily funded through taxes, intergovernmental revenues, and other nonexchange revenues.
- Business-type activities are primarily funded by charges to external parties for goods and services. These activities are generally reported in Enterprise Funds in the fund level statements because the activity has revenue-backed debt or because legal requirements or management decisions mandate full cost recovery.
- Discretely presented component units are legally separate entities for which the state is financially accountable. More information on the discretely presented component units can be found in Note 2 on page 64.

Fund Level Statements

The fund level statements present additional detail about the state's financial position and activities. However, some fund level statements present information that is different from the government-wide statements due to the perspective and the basis of accounting used. Funds are balanced sets of accounts tracking activities that are legally defined or are prescribed by generally accepted accounting principles. Funds are presented on the fund level statements as major or nonmajor based on criteria set by the Governmental Accounting Standards Board (GASB). There are three types of funds operated by the state – governmental, proprietary, and fiduciary. In the fund level statements, each fund type has a pair of statements that show financial position and activities of the fund; a statement showing cash flows is also presented for the proprietary fund type.

- Governmental Funds – A large number of the state's individual funds and activities fall in this fund type; however, only some are reported as major – the remaining funds are aggregated into the nonmajor column. Governmental funds are presented using the current financial resources perspective, which is essentially a short-term view that excludes capital assets, debt, and other long-term liabilities. The modified accrual basis of accounting is also used. Under modified accrual, certain revenues are deferred because they will not be collected within the next year, and certain expenditures are not recognized, even though they apply to the current period, because they will not be paid until later fiscal periods. This presentation focuses on when cash will be received or disbursed, and it is well suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, and Permanent Funds.

- Proprietary Funds – Proprietary fund type accounting is similar to that used by businesses in the private sector. It is used for the state's Enterprise Funds and Internal Service Funds. Enterprise Funds generally sell to external customers while Internal Service Funds charge other state agencies for goods or services. These funds are presented under the economic resources measurement focus, which reports all assets and liabilities. Accrual accounting is used, which results in revenues recognized when they are earned and expenses reported when the related liability is incurred. Because this is the same perspective and basis of accounting used on the government-wide statements, Enterprise Fund information flows directly to the business type activities column on the government-wide statements without adjustment. Internal service fund assets and liabilities are reported in the governmental activities on the government-wide *Statement of Net Assets*. The net revenue or net expense of Internal Service Funds is reported as an adjustment to program expenses on the government-wide *Statement of Activities.* Nonmajor Enterprise Funds are aggregated in a single column, as are all Internal Service Funds.

- Fiduciary Funds – These funds report resources held under trust agreements for other individuals, organizations, or governments. The assets reported in these funds are not available to finance the state's programs, and therefore, these funds are not included in the government-wide statements. The state's fiduciary funds include an Investment Trust Fund, several Pension and Other Employee Benefits Trust Funds, several Private-Purpose Trust Funds, and several Agency Funds. Agency Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using accrual accounting.

The state has elected to present combining statements for its component units. These statements follow the fund level financial statements discussed above.

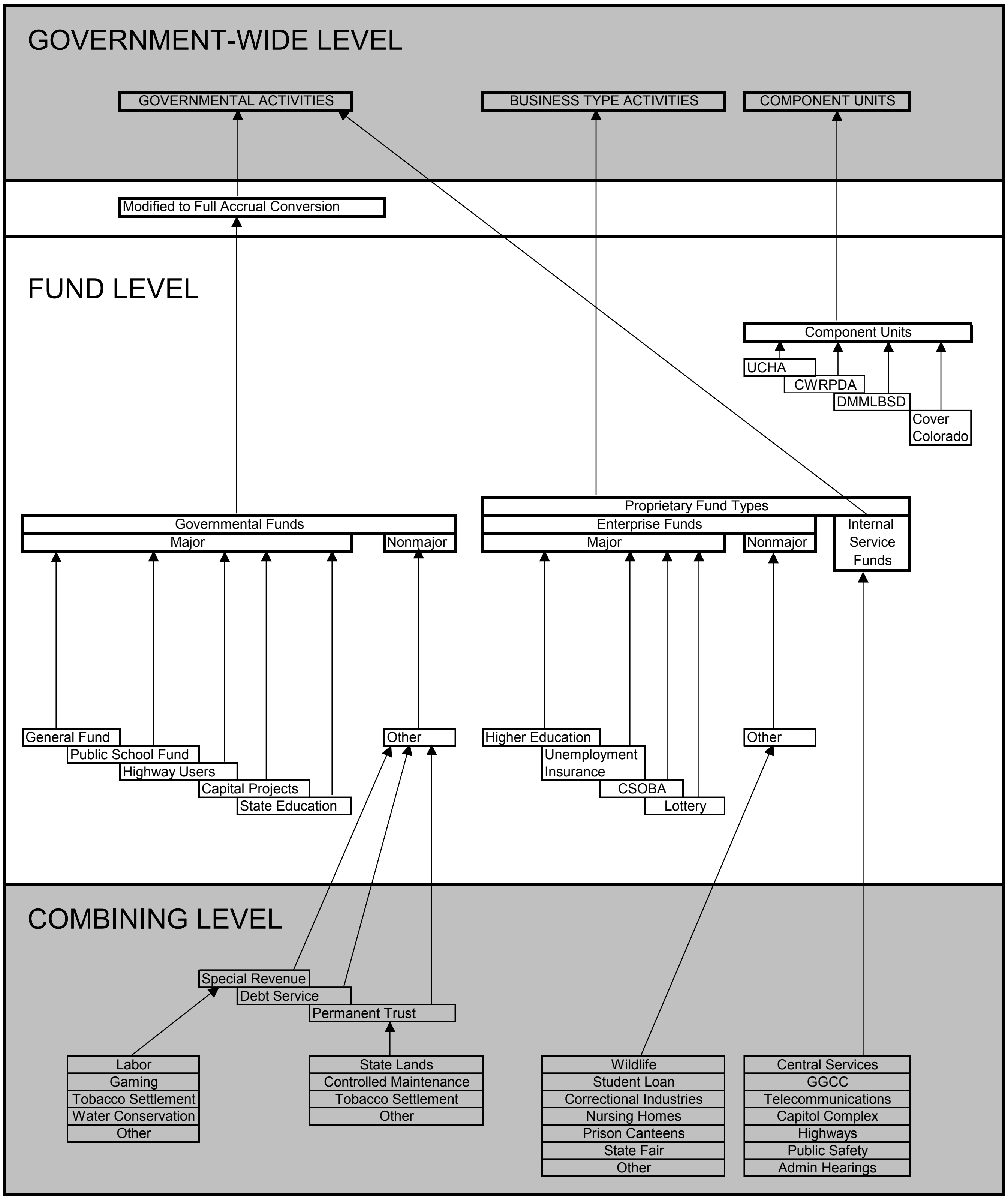
Notes to Basic Financial Statements

The notes to the financial statements are an integral part of the statements. They explain amounts shown in the financial statements and provide additional information that is essential to the fair presentation of the financial statements.

Required Supplementary Information (RSI)

Generally accepted accounting principles require certain supplementary information to be presented following the notes to the financial statements. Required supplementary information differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes budgetary comparison schedules and information about transportation infrastructure reported under the modified approach.

The chart on the following page is a graphic representation of how the state's funds are organized in this report. Fiduciary funds are not shown in the chart; they occur only in fund level statements.


GOVERNMENT-WIDE LEVEL
GOVERNMENTAL ACTIVITIES
BUSINESS TYPE ACTIVITIES
COMPONENT UNITS
Modified to Full Accrual Conversion
FUND LEVEL
Component Units
UCHA
CWRPDA
DMMLBSD
Cover Colorado
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Nonmajor
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Major
Nonmajor
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General Fund
Public School Fund
Highway Users
Capital Projects
State Education
Other
Higher Education
Unemployment Insurance
CSOBA
Lottery
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COMBINING LEVEL
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Debt Service
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Labor
Gaming
Tobacco Settlement
Water Conservation
Other
State Lands
Controlled Maintenance
Tobacco Settlement
Other
Wildlife
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Correctional Industries
Nursing Homes
Prison Canteens
State Fair
Other
Central Services
GGCC
Telecommunications
Capitol Complex
Highways
Public Safety
Admin Hearings

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following table was derived from the government-wide Statement of Net Assets.

(Amounts in Thousands)

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
Noncapital Assets	$ 4,716,043	$ 3,143,883	$ 7,859,926	$ 1,322,861
Capital Assets	11,966,218	2,550,358	14,516,576	501,317
Total Assets	16,682,261	5,694,241	22,376,502	1,824,178
Liabilities Due Within One Year	1,359,236	571,612	1,930,848	103,918
Long Term Liabilities	1,705,320	1,507,962	3,213,282	945,734
Total Liabilities	3,064,556	2,079,574	5,144,130	1,049,652
Invested in Capital Assets, Net of Related Debt	10,633,044	2,045,202	12,678,246	243,823
Restricted	2,141,581	989,709	3,131,290	265,091
Unrestricted	843,080	579,756	1,422,836	265,612
Total Net Assets	$ 13,617,705	$ 3,614,667	$ 17,232,372	$ 774,526

The amount of total net assets is one measure of the health of the state's finances, and the state reports significant positive balances in all categories of net assets. However, this measure must be used with care because large portions of the balances relate to capital assets or restricted assets that may be unavailable to meet the day-to-day payments of the state.

Capital assets, net of related debt, accounts for $12,678.2 million (73.6 percent) of the state's total net assets. This line item represents the original costs of capital assets reduced by depreciation to date and any remaining debt or lease liabilities the state incurred to obtain the assets. The value of the capital assets is not available to meet related debt service requirements, which must be paid from current receipts or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $3,131.3 million (18.2 percent) of net assets. In general, these restrictions dictate how the asset must be used by the state, and therefore, the amount may not be available for the state's programs. The constitutionally mandated State Education Fund net assets, the Highway Users Tax Fund net assets, and resources pledged to debt service are examples of restrictions on the state's net assets.

The $1,422.8 million of unrestricted net assets (8.3 percent) represents the amount by which total assets exceed total liabilities after all restrictions are considered. The largest portion of this balance is reported in Special Revenue Funds, and generally, legislative action is required to make it available for state programs other than the program for which the revenue was collected.

Another measure of the state's financial health is the change in net assets from the prior year. The following condensed statement of activities shows that net assets of both the governmental and business type activities increased during the fiscal year. For the governmental activities, revenues exceeded expenses resulting in net assets increasing by $178.4 million. On the governmental fund-level statements, where capital outlay is reported as an expenditure and debt issuance is reported as a financing source, governmental fund balances decreased by $150.7 million. In total, the governmental funds increased capital assets by $894.6 million meaning that all of the increase in net assets, plus a significant amount of existing financial assets, was converted to capital assets. Therefore, while the overall financial position of the governmental funds improved, the state's overall liquidity decreased.

The following table was derived from the government-wide *Statement of Activities*.

(Amounts in Thousands)

	Governmental Activities	Business Type Activities	Total	Component Units
Revenues:				
Program Revenues:				
Charges for Services	$ 650,972	$ 2,323,531	$ 2,974,503	$ 407,755
Operating Grants and Contributions	3,147,220	1,016,860	4,164,080	62,008
Capital Grants and Contributions	352,125	47,202	399,327	5,154
General Revenues:				
Taxes	5,676,869	-	5,676,869	1,510
Restricted Taxes	818,234	-	818,234	-
Unrestricted Investment Earnings	37,236	-	37,236	20,611
Other General Revenues	122,527	-	122,527	7,959
Total Revenue	10,805,183	3,387,593	14,192,776	504,997
Expenses:				
General Government	210,837	-	210,837	-
Business, Community, and Consumer Affairs	253,054	-	253,054	-
Education	285,636	-	285,636	-
Health and Rehabilitation	471,198	-	471,198	-
Justice	957,320	-	957,320	-
Natural Resources	103,801	-	103,801	-
Social Assistance	2,608,748	-	2,608,748	-
Transportation	750,759	-	750,759	-
Payments to School Districts	2,689,452	-	2,689,452	-
Payments to Other Governments	1,596,066	-	1,596,066	-
Interest on Debt	16,750	-	16,750	-
Higher Education Institutions	-	2,942,776	2,942,776	-
Unemployment Insurance	-	583,508	583,508	-
Student Obligation Bond Authority	-	41,351	41,351	-
Lottery	-	349,955	349,955	-
Other Business-Type Activities	-	229,773	229,773	-
Component Units	-	-	-	439,296
Total Expenses	9,943,621	4,147,363	14,090,984	439,296
Excess(Deficiency) Before Contributions, Transfers, and Special and Extraordinary Items	861,562	(759,770)	101,792	65,701
Special and Extraordinary Items	(21,000)	-	(21,000)	-
Transfers	(662,141)	662,141	-	-
Internal Capital Contributions	25	151,465	151,490	-
Increase (Decrease) in Net Assets	178,446	53,836	232,282	65,701
Net Assets Beginning -Restated	13,439,259	3,560,831	17,000,091	708,825
Net Assets Ending	$13,617,705	$ 3,614,667	$17,232,372	$ 774,526

The business type activities reported a $53.8 million increase in net assets on both the entity-wide and fund-level financial statements. The amounts are the same at both reporting levels because both levels use the same measurement focus and basis of accounting for the business type activities. It should be noted that this increase included $662.1 million of net cash transfers to the Enterprise Funds and $151.5 million of capital assets that were funded by the Capital Projects Fund and contributed to the Enterprise Funds. Without these transfers and contributions, the net assets of the business type activities would have declined significantly.

A complete picture of the state's finances cannot be obtained from the entity-wide statements alone. As discussed above, the entity-wide statements show an increase in net assets; however, this increase does not reflect that there was a significant decline in state revenues. That decline in state revenues is not readily apparent on the entity-wide financial statements because of the way the TABOR revenues were reported in prior years.

TABOR Revenue, Debt, and Tax-Increase Limits

State revenues subject to TABOR were $365.7 million below the Fiscal Year 2001-02 limit. In Fiscal Year 2000-01 those revenues exceeded the limit by $927.2 million. This represents a significant swing in state revenues. However, this change is not apparent on the financial statements because in prior years TABOR refunds were reported as reductions of tax revenues. With this treatment, when both the revenues and TABOR refunds decline from a surplus condition, there is no change in the reported revenue. The many reasons for the decline in revenue are discussed in the analysis of the General Fund following this section.

Fiscal Year 2001-02 is the ninth 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, property sales, refunds, damage recoveries, transfers, and qualified-enterprise-fund revenues.

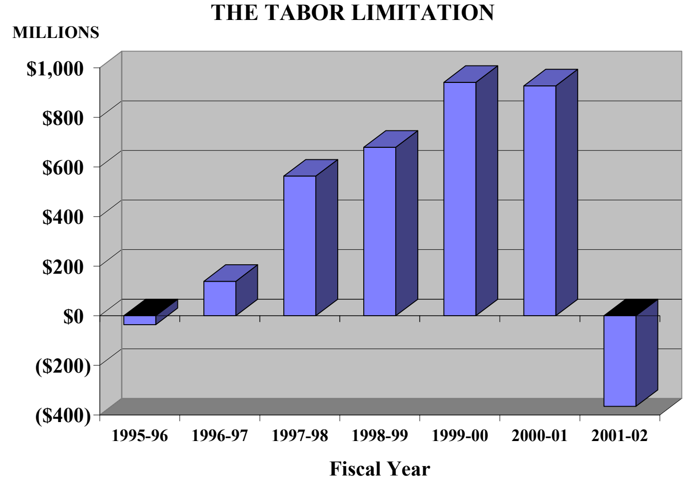
Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the state to retain the surplus. TABOR also limits the General Assembly's ability to raise taxes, to borrow money, and to increase spending limits (including the six percent limit on General Fund expenditure growth). 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.

The TABOR limits are calculated and applied at the statewide level without regard to fund type; however, the TABOR refunds have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations are a significant factor in the changing fiscal health of the state's General Fund. The following discussion is from a statewide perspective; the impact of TABOR on the General Fund is discussed in the Individual Fund Analysis.

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 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. On the nonbudgetary financial statements, the state recorded a liability in the General Fund at June 30 for these amounts in each fiscal year.

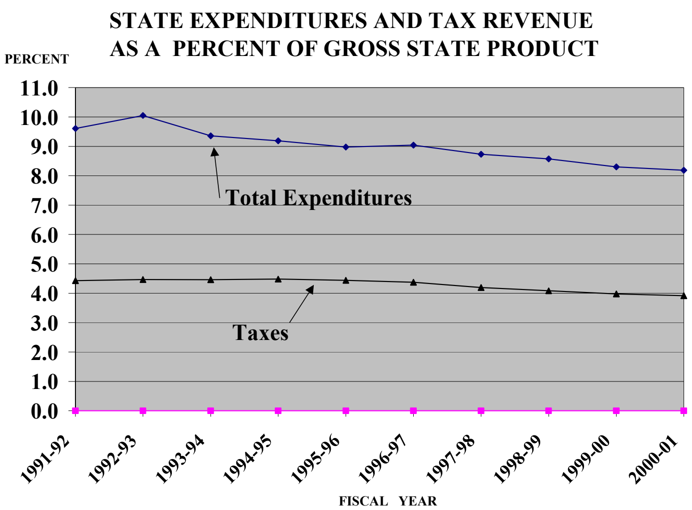
The state did not exceed the TABOR limits in Fiscal Year 2001-02; and therefore, no new TABOR liability was recorded during this fiscal year. However, a $48.9 million TABOR liability remains in the entity-wide and fund-level financial statements at year end. This liability represents the

NON-EXEMPT REVENUES OVER (UNDER) THE TABOR LIMITATION



outstanding unrefunded TABOR liability from Fiscal Year 2000-01 plus an estimate of future excess refunds. In the past, when the amount of TABOR refund distributed exceeded the total liability for a specific fiscal year, the excess was treated as a reduction of current year sales tax revenue.

In the current fiscal year, changing conditions resulted in a different treatment of excess TABOR refunds. The state ended the fiscal year without having distributed all of the prior years' TABOR refunds. In the current year, $69.6 million was refunded in excess of the Fiscal Year 1999-00 and Fiscal Year 1998-99 TABOR refund liabilities. This excess amount, net of the estimated $28.6 million future excess refunds, was offset against the outstanding liability for Fiscal Year 2000-01 which reduced it from $89.9 million to the $48.9 million shown in the financial statements. This treatment resulted in sales tax revenue and ending General Fund fund balance $41.0 million higher than if the excess liability liquidation had been offset against current year sales tax. It is estimated that the remaining $48.9 million will be disbursed in Fiscal Year 2002-03.



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). While expenditures and revenues have increased in absolute amount, the chart at left shows that both expenditures and tax revenues have continued to decline as a percent of GSP during the period that TABOR has been in effect. The chart reflects the most recent GSP data available, which is for the year 2000; it therefore does not reflect the recent downturn in the state and national economy.

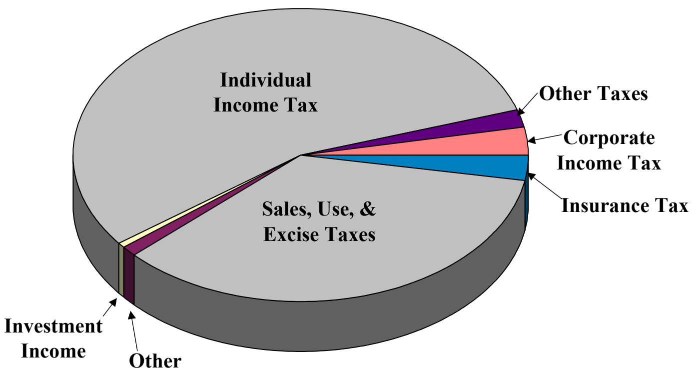
INDIVIDUAL FUND ANALYSIS

General Fund

The General Fund is the focal point in determining the state's ability to maintain its 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 limited as to how they can be spent. Federal revenues are closely matched with federal expenditures, so although many federal grant revenues are accounted for in the General Fund, they have little impact on the General Fund fund balance.

The General Fund ended the fiscal year with a cash deficit of $525.5 million. For funds other than the General Fund, a cash deficit is shown as payable to the General Fund. The General Fund cash deficit has not been shown as a payable because the General Fund is considered the payer of last resort for the State Treasurer's cash and investment pool. The cash deficit is completely offset by investments held in the General Fund. In the normal course the General Fund does not hold investments – they are held instead in the State Treasurer's pool. However, some of the transfers discussed below were done as transfers of investments rather than transfers of cash to avoid liquidating these investments at a loss.

GENERAL PURPOSE REVENUES BY SOURCE

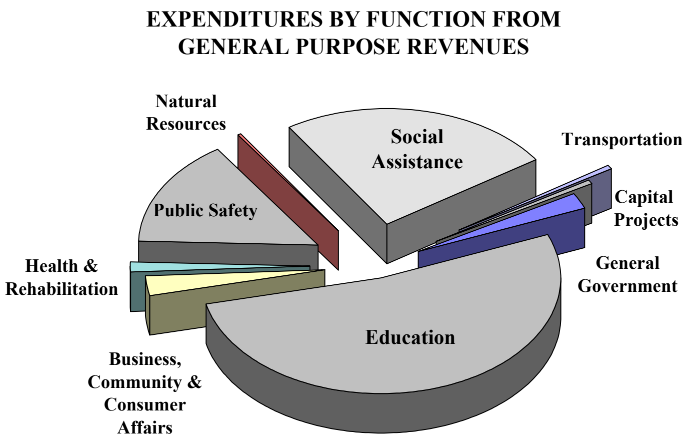


General-purpose revenues for Fiscal Years 2001-02 and 2000-01 were $5,571.6 million and $6,355.3 million, respectively – a decrease of $783.6 million or 12.3 percent (see page 119). Individual, corporate and other taxes decreased by $940.3 million. The reasons for this decrease are discussed in the following paragraph. Investment income of the General Fund decreased by $19.9 million or 44.0 percent primarily due to the cash deficit that accompanied the declining tax revenues. Sales, use, and excise taxes increased by $153.6 million or 8.5 percent, primarily because the diversion to the Highway Users Tax Fund (HUTF) was capped at $35.2 million, and therefore, the General Fund recorded sales tax revenue in Fiscal Year 2001-02 that it did not have in Fiscal Year 2000-01. In the prior fiscal year the state diverted $197.2 million of sales tax revenue to HUTF. Insurance taxes increased by $12.6 million or 8.9 percent because insurance premiums have continued to increase in the face of economic declines. Other revenues increased by $10.3 million or 16.7 percent primarily related to revenues received from major teaching hospitals that provide Medicaid services and receive Medicaid funds.

The causes for the decline in General Fund tax revenues are many, and the significance of each is open to interpretation. However, the change in economic conditions that occurred before and resulting from the September 11, 2001, attacks on the World Trade Center, worsened the impact of all other factors. The Trade Center attacks also adversely affected the stock market, which was making a significant contribution to state revenues through capital gains. Recent revenue reductions and diversions were based on the assumption that they would simply reduce the amount the state collected and refunded. However, when state revenues declined to where there was no TABOR refund, the revenue reductions affected general purpose revenues and fund balance. The following conditions that affected General Fund revenues are listed in order in which they occurred:

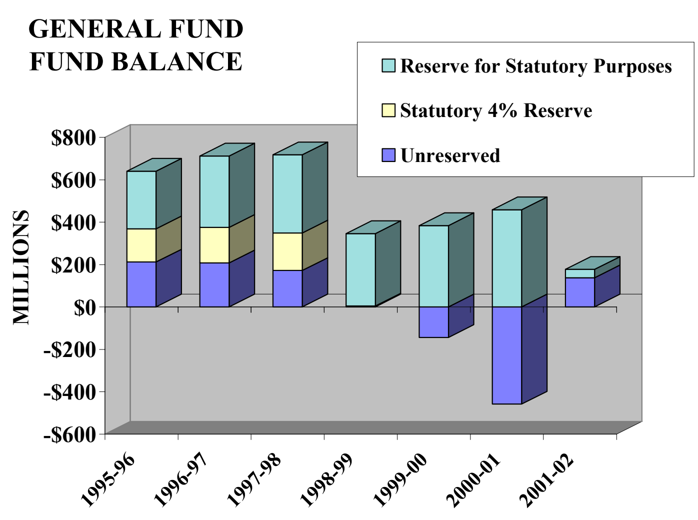
- 1999 Legislative Session – The income tax rate was reduced from 5.0 percent to 4.75 percent. The marriage penalty was eliminated, certain elderly pensions were excluded from income tax, and several tax credits were enacted. In addition, certain goods and commodities were exempted from sales tax. In June 2000, the Governor's Office of State Planning and Budgeting estimated that these changes would reduce Fiscal Year 2001-02 revenues by $293.4 million.
- 2000 Legislative Session – The income tax rate was reduced from 4.75 percent to 4.63 percent and several income tax credits and exemptions were enacted. The statewide sales tax rate was reduced from 3.0 percent to 2.9 percent, and certain agricultural items were exempted from sales and use tax. In June 2000, the Governor's Office of State Planning and Budgeting estimated that these changes would reduce Fiscal Year 2001-02 revenues by $207.7 million.
- 2000 General Election – Voters passed an initiative commonly referred to as Amendment 23 that diverted $272.9 million of individual and fiduciary income tax to the State Education Fund in Fiscal Year 2001-02.
- June 2001 Federal Tax Law Changes – In June 2001, the Governor's Office of State Planning and Budgeting estimated that changes in the Federal estate tax rates, married couples standard deduction, and contribution thresholds to tax deferred retirement accounts would reduce state revenues by at least $16.1 million.

On the budgetary basis and excluding the TABOR refund, total expenditures and transfers-out funded from general-purpose revenues during Fiscal Years 2001-02 and 2000-01 were $5,721.9 million and $5,742.5 million, respectively (see page 119). 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 and carries the weight of a constitutional requirement because of the TABOR amendment.



The Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 81.2 percent of all Fiscal Year 2001-02 general funded expenditures – a 4.4 percent increase over the prior year. Of the departments with substantial general funded expenditures, the most significant increases were in the Department of Education ($125.7 million, 5.9 percent), Department of Health Care Policy and Financing ($48.1 million, 4.7 percent), Judicial Branch ($9.3 million, 4.5 percent), and the Department of Corrections ($25.7 million, 6.1 percent). The expenditures of eleven departments declined by a total of $24.4 million offsetting the increased expenditures shown above. The largest reductions were in the Departments of Higher Education, Natural Resources, Public Health and Environment, and Revenue. The Department of Education's increase was primarily related to mandated growth and maintenance of effort required by Amendment 23 to the State Constitution. The largest increase occurred in the department's main program – School Finance Total Program, which grew by $98.8 million. The increase in the Department of Health Care Policy and Financing was primarily related to increases in the cost of medical services and growth in the number of persons qualifying for medical benefits under the existing Medicaid program. The increase was offset by a $26.7 million reduction in the payments to hospitals in the Disproportionate Share Hospital program. The Department of Corrections' increase was primarily spent on staff wages and purchased medical services. Both the wages and purchased medical services increases were necessitated by a 4.6 percent increase in the inmate population. The wage component was also affected by salary survey increases; the purchased medical services component was affected by general medical cost inflation. The Judicial Branch increase was related to increased personnel costs, new district court judges and staff, and the addition of a county court for the new County of Broomfield.

The chart at the right shows a significant reduction in the reserve for statutory purposes. This occurred because a large number of funds that were previously reported as part of the General Fund are now reported as Special Revenue Funds. The remaining balance in the reserve for statutory purposes represents the net assets of the state's risk management funds on the modified accrual basis.



The General Fund is reported in the attached financial statements using generally accepted accounting principles (GAAP); it is also presented in the section of this report titled Required Supplementary Information on the Budgetary Basis. As prescribed by House Bill 1414 from the 1998 legislative session, the budgetary basis departs from the GAAP basis because TABOR refund liabilities are not recognized in the year the excess revenue is recorded and unrealized investment losses are not recognized when they occur. The budgetary basis defers this refund liability until the following year when it is recognized as an expenditure. This treatment allowed the Legislature to appropriate and spend funds in one year that it will have to pay back to taxpayers in the following year. For GAAP basis reporting, the excess revenues are recognized as a liability and a reduction of revenue in the year the revenues are originally recorded. Because the TABOR refunds grew to a large dollar amount over time, the GAAP and budgetary basis fund balances grew to be significantly different from each other. To explain these differences the following analysis addresses the GAAP and budgetary basis perspectives separately. On the GAAP financial statements the net General Fund revenues that are available for expenditure are titled Unreserved Fund Balance; the analogous title on the budgetary basis statement is General Fund Surplus.

General Fund Unreserved Fund Balance - GAAP Basis

The General Fund unreserved fund balance at the beginning of the year was $457.9 million in deficit. The state is prohibited from having a deficit in the General Fund at fiscal year end. Compliance with this legal requirement was achieved under the budgetary basis in the prior year by deferring the recognition of the $927.2 million TABOR refund liability until Fiscal Year 2001-02.

The original General Fund budget anticipated general-purpose revenues of $6,541.7 million, however, the General Fund recorded only $5,575.5 million of revenues – a reduction of $966.2 million. On March 1, 2002, the Governor ordered a hiring freeze and a 1.5 percent reduction in certain General Fund departmental budgets. Final expenditures from general-purpose revenues were $5,769.6 million, which was $32.0 million below the original budget and resulted in reversion of unspent appropriations of $24.7 million. This combination of revenues and expenditures would have resulted in a fund balance deficit of $652.0 million unless additional resources were identified. The revenue shortfall also meant that there was no TABOR refund to defer into the following year; as a result, the GAAP and budget basis came into alignment at year end. In order to avoid a constitutional violation caused by a deficit fund balance, the Governor and the Legislature took several actions discussed below.

General Fund Surplus - Budgetary Basis

The General Fund surplus at the beginning of Fiscal Year 2001-02 was $255.6 million in excess of the required four percent reserve of $213.7 million. On the budgetary basis the General Fund revenues were the same as the GAAP basis – $5,575.5 million. However, on the budgetary basis expenditures were $6,696.8 million, which is greater than the GAAP basis by the $927.2 million of TABOR refund deferred into Fiscal Year 2001-02. This combination of beginning surplus, revenues, and expenditures would have resulted in a budgetary General Fund deficit of $865.7 million. However, to address the revenue shortfall and avoid a constitutional violation, state management took the following actions.

- Legislation limited the diversion of general-purpose revenue from the General Fund to the Highway Users Tax Fund to $35.2 million. This amount was counted as part of the budgetary basis expenditures. In the prior fiscal year the state diverted $197.2 million from the General Fund to the Highway Users Tax Fund.
- Legislation reduced the statutory four percent reserve to zero. This provided $213.7 million of reserve spending. The reserve only existed on the budgetary basis because of the GAAP unreserved deficit.
- Legislation transferred $253.4 million from the Controlled Maintenance Trust Fund, currently reported as a Permanent Fund, to the General Fund.
- Legislation transferred $482.7 million from various cash funds to the General Fund. The cash funds comprised several fund types including, Special Revenue Funds, Permanent Funds, Enterprise Funds, and Pension and Other Employee Benefits Trust Funds.
- Legislation transferred $53.5 million from the Capital Projects Fund to the General Fund (this transfer was the net of an original transfer to the Capital Projects Fund of $256.8 million and a transfer back of $310.3 million). Legislation also appropriated $79.1 million from the General Fund to the Capital projects fund that was counted as part of the budgetary basis expenditures. The Capital Projects transfers were made possible by the Governor's September 2001 and subsequent Executive Orders freezing capital expenditures.

In total these actions left the budgetary General Fund Surplus and the GAAP General Fund Unreserved Fund Balance at $137.6 million. It should be noted that these actions were one-time resource enhancements – revenues were not increased (TABOR precludes the Legislature from raising taxes without a vote of the people) and expenditures were not significantly reduced. The legislation that authorized the transfers listed above also required that certain of them be paid back to the cash funds in Fiscal Year 2002-03. By September 2002, $349.6 million was returned to the cash funds; however, legislation also authorized the transfer of $219.0 million from the cash funds to the General Fund, and these transfers were also completed by September 2002. With these Fiscal Year 2002-03 transfers in place the most current estimate from the Governor's Office of State Planning and Budgeting shows that $504.2 million must be cut from the Fiscal Year 2002-03 budget under which state agencies are managing their Fiscal Year 2002-03 operations.

In Fiscal Year 2001-02 General Fund and other state funds made reduced contributions to the Public Employees Retirement Association (PERA) for employee retirements. The contribution rate of 9.9 percent was the lowest since 1974 except for a two-month period in 1992 when the rate dropped to 5.60 percent. The reduced contribution rate was made possible because PERA was determined to be actuarially overfunded largely due to the high returns on stock investments. However, with the declining stock market PERA reported that the State and School Division of the plan was underfunded at December 31, 2001, with a thirteen-year amortization period. The stock market has declined significantly since December 31, 2001, and PERA has suffered further declines in the value of its assets. The pension plan is statutorily limited to a forty-year amortization period for underfunded amounts. Therefore, it is likely that the contribution rates will place additional pressure on the General Fund in the near future.

Public School Fund

The Public School Fund is a statutory major fund whose sole revenue source is quarterly transfers from the General Fund. The fund distributes substantially all of the transfer to local school districts, and it does not end the year with a significant fund balance.

Highway Users Tax Fund

The Highway Users Tax Fund (HUTF) fund balance declined by $80.9 million from the prior year. Other significant changes from the prior year include:

- A $139.5 million reduction in revenue primarily related to the cap placed on the diversion of General Fund revenues to the HUTF.
- A $72.7 million increase in expenditures primarily related to increased construction activity made possible by prior year diversions of General Fund revenue and the issuance of Transportation Revenue Anticipation Notes (TRANs).
- A $348.2 million reduction in other financing sources primarily related to the issuance of a smaller amount of TRANs than in the prior year.

The Highway Users Tax Fund shows an Unreserved Fund Balance Reported in Special Revenue Funds of $12.7 million. Historically the Highway Users Tax Fund shows a deficit unreserved fund balance because its reserve for encumbrances is usually greater than its net assets. The encumbrances are related to multiple year construction project contracts that are to be funded primarily from future gas tax and motor vehicle license fee revenues. However, in the current year the Highway Users Tax Fund has a large restricted cash balance, a portion of which is from TRANs issued in the current and prior years. Since the liability related to the TRANs is not reported on the fund level statements, the fund shows a positive Unreserved Fund Balance. Both the TRANs liability and the related capital assets are reported along with the fund's other assets and liabilities on the entity wide *Statement of Net Assets.*

Capital Projects Fund

The Capital Projects Fund fund balance declined by $243.3 million from the prior fiscal year end. The primary cause for the reduction in fund balance was that the net transfer from the General Fund dropped from $270.3 million in Fiscal Year 2000-01 to $11.3 million in Fiscal Year 2001-02. The transfer was reduced to address the revenue shortfall in the General Fund. Expenditures in the Capital Projects Fund were also reduced to address the revenue shortfall in the General Fund.

State Education Fund

The State Education Fund balance grew by $135.0 million during Fiscal Year 2001-02. Revenues of the fund are fixed as a percentage of taxpayer income, but expenditures are limited to certain education programs and to meeting growth requirements in other education programs. The constitutional requirement that income of the fund be spent before the principal signals the intent that the fund assets would grow over time to provide a future funding source.

Business Type Activities

Higher Education Institutions

Current period activity increased the net assets of the Higher Education Institutions by $197.7 million. The fund has a wide variety of funding sources, and expenses are not specifically matched to those funding sources; therefore, it is not possible to identify the source of the net asset increase. However, the state made capital contributions of $151.5 million funded by the Capital Projects Fund and transferred $749.6 million to Higher Education Institutions primarily from the General Fund.

Unemployment Insurance

The net assets of the Unemployment Insurance Fund declined by $170.7 million. The decline was primarily related to an increase in unemployment benefits necessitated by the economic downturn. The decline would have been larger by $141.9 million except for the receipt of a distribution from the federal government that is not expected to recur.

Student Obligation Bond Authority (CSOBA)

The authority is a state agency whose net assets increased by $14.1 million; it is not a component unit. CSOBA issued $100.1 million in bonds to refund existing borrowings and to fund loans to students that are recorded on the *Statement of Net Assets* as student and other receivables. The authority also incurred an additional liability of $11.6 million related to promises to pay future tuition costs under its prepaid tuition program.

State Lottery

The Lottery produced operating income of $105.0 million on sales of $408.0 million; this represents a 35 percent increase in operating income. The increase was largely the result of the state's first time participation in Powerball – a multi-state lottery. The lottery distributed $46.5 million to the Great Outdoors Colorado program, a related party, and transferred $63.9 million to other state funds, of which $8.5 million was distributed to local school districts for school construction, $11.0 million was used to fund operations of the state Division of Parks and Recreation, and $44.0 million was expended to local governments through the Conservation Trust Fund.

ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the General Fund Surplus Schedule included in Required Supplementary Information on page 119. That schedule isolates general-purpose revenues and expenditures funded from those revenues; it is therefore the best source for identifying General Fund budget activities.

Differences Between Original and Final Budgets

On March 1, 2002, due to shortfalls in revenue, the Governor ordered a 1.5 percent reduction in Executive Department budgets and a hiring freeze. The Governor's actions do not show as a reduction of the final budget on the General Fund Surplus Schedule, but were largely responsible for the $24.7 million of reversion of General Fund spending authority. The Legislature also passed negative supplemental appropriations that reduced original appropriations due to the revenue shortfall. In total, original departmental appropriations were reduced by $121.5 million; however, additional appropriations authorized the transfer of $79.1 million to the Capital Projects Fund and $35.2 million to the Highway Users Tax Fund. As a result, the final budget exceeded the original budget by $21.3 million. Along with the negative supplemental appropriations related to the revenue shortfall, the following adjustments occurred between the original and final departmental budgets:

- Department of Health Care Policy and Financing – The department's original budget exceeded its final budget by $8.8 million. The department had a negative supplemental of $10.4 million that was offset by $1.6 million supplemental increase related to General Fund transfers to the Department of Human Services related to Medicaid services.
- Department of Human Services – The department's original budget exceeded its final budget by $29.9 million. The reduction comprised:

  - A negative supplemental of $29.1 million,
  - A reduction of $1.6 million for spending authority transferred to the Department of Health Care Policy and Financing,
  - A reduction of $2.2 million for spending authority transferred to the Department of Treasury to use in repaying a cash fund transfer to the General Fund,
  - An increase of $3.0 million to augment services provided to older Coloradoans.

- Department of Public Safety – The department's original budget exceeded its final budget by $2.8 million. In addition to the negative supplemental related to the revenue shortfall, the department's budget was reduced by $278,000 for spending authority transferred to the Department of Treasury to use in repaying a cash fund transfer to the General Fund.

- Department of Revenue – The department's final budget exceed its original budget by $2.7 million. The department had a negative supplemental of $5.7 million related to the revenue shortfall that was offset by additional statutory spending authority of $8.4 million primarily related to the Old Age Pension Program.

- Department of Treasury – The department's final budget exceed its original budget by $1.8 million. Additional spending authority of $2.5 million was transferred to the department from the Department of Public Safety and Department of Human Services to fund repayment of a cash transfer from the Species Conservation Trust Fund to the General Fund. The department's final budget was reduced by $.9 million when the funding source for the Unclaimed Property Fund was changed from general funded to cash funded.

Differences Between Final Budget and Actual Expenditures

As mentioned above the Governor's hiring freeze and 1.5 percent restriction of Executive Branch spending was largely responsible for the $24.7 million of reversion of General Fund spending authority. The largest portion of the restriction was on the Department of Higher Education where General Fund spending authority was reduced $10.5 million. The Legislative and Judicial Branches contributed $2.5 million and $0.3 million to the reversions, respectively. The following items affected the reversion amount in addition to the Governor's restrictions:

- Department of Corrections – The department's expenditures exceed final budget by $1.2 million, and therefore reduced the statewide reversion of general funds. This statutorily authorized overexpenditure was related to the purchase of medical goods and services for the inmate population. Additional information on this overexpenditure is available in Note 8A (See page 75).

- Department of Health Care Policy and Financing – The department reverted $7.1 million – of this amount $5.6 million was unrelated to the Governor's restriction. Reversions of Medicaid spending authority for transfers to the Department of Human Services accounted for $2.2 million, and $3.4 million was from restrictions related to prior year overexpenditures for which the department did not obtain a supplemental appropriation.

- Department of Human Services – The department reverted $1.3 million. Outside of the Governor's restriction, the department's largest reversion was from the Child Support Enforcement program for $.3 million. The department reverted this spending authority because additional federal funds were not available for the program, and the General Funds could not be expended without the matching federal funds.

The revenue shortfall that made necessary the negative supplemental appropriations and the Governor's restrictions are currently projected to continue by the Governor's Office of State Planning and Budgeting. The most recent estimate shows that $504.2 million of expenditure reductions are needed to the Fiscal Year 2002-03 budget to meet the current statutory reserve requirement.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The state's investment in capital assets at June 30, 2002 was $14.5 billion. Included in this amount were $3.0 billion of depreciable capital assets (net of $2.3 billion of depreciation). Also included was $11.5 billion that was primarily nondepreciable infrastructure reported under the modified approach. The state added $1,274.5 million of capital assets in Fiscal Year 2001-02 – $693.7 million recorded by governmental funds and $580.8 million recorded by proprietary funds. The table below provides information on the state's capital assets by asset type for both governmental and business type activities.

The state began construction of a major project to rebuild a portion of Interstate 25 in Denver. The project increases the capacity and efficiency of the highway and adds a light rail line. The project is funded by Transportation Revenue Anticipation Notes (TRANs) authorized by a vote of the people in the November 1999 election. The state will repay the notes from future federal and other state revenues. Several other projects throughout the state that are funded by the TRANs are also underway.

On September 19, 2001, the Governor put all general funded capital projects on hold if the project had not started physical construction or was in a phase of construction that could be resumed at a later date without safety risks or additional cost. On March 1, 2002, the Governor temporarily froze spending on general funded capital projects in the early stages of construction. State departments determined which projects met the Governor's requirements for the freeze. As discussed above, the freeze made it possible to transfer a large amount of cash from the Capital Projects Fund back to the General Fund. The capital projects remain restricted in Fiscal Year 2002-03.

The state's commitments for capital expenditures are reported in the attached financial statements as fund balances reserved for encumbrances. At June 30, 2002, the state had commitments of $115.3 million in the Capital Projects Fund and $879.4 million in the Highway Users Tax Fund. Some of the commitments in the Capital Projects fund may not result in expenditures if the Legislature decides to permanently terminate the frozen projects because of the revenue shortfall.

The state's capital assets at June 30, 2002, were (See Note 17 for additional detail):

(Amounts in Millions)

	Governmental Activities	Business Type Activities	Total
Capital Assets Not Being Depreciated			
Land and Land Improvements	$ 78	$ 174	$ 252
Collections	8	10	18
Construction in Progress	830	468	1,298
Infrastructure	9,911	-	9,911
Total Capital Assets Not Being Depreciated	10,827	652	11,479
Capital Assets Being Depreciated			
Buildings and Related Improvements	1,314	2,560	3,874
Vehicles and Equipment	471	552	1,023
Library Books, Collections, and Other Capital Assets	26	335	361
Infrastructure	19	23	42
Total Capital Assets Being Depreciated	1,830	3,470	5,300
Depreciation	(691)	(1,572)	(2,263)
Total	$ 11,966	$ 2,550	$ 14,516

The state is constitutionally prohibited from issuing general obligation debt. However, the state has issued certificates of participation secured by buildings and vehicles and revenue bonds that are secured by pledges of future revenues. In some instances the debt-financed asset generates the pledged revenue stream; in other instances, such as the Transportation Revenue Anticipation Notes, the pledged revenue stream is future federal revenues and state taxes. The state has other forms of borrowing that are small in relation to the revenue bonds and certificates of participation. The following schedule shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing. (See Notes 23, 24, and 25 for additional detail.)

(Amounts in Millions)

	Revenue Bonds		Certificates of Particpation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 1,282.9	$ 635.4	$ 64.7	$ 5.4	$ 1,347.6	$ 640.8
Business Type Activities	1,240.9	572.5	54.1	21.5	1,295.0	594.0
Total	$ 2,523.8	$ 1,207.9	$ 118.8	$ 26.9	$ 2,642.6	$ 1,234.8

The TABOR amendment requires a vote of the people for the creation of any debt unless existing cash reserves are irrevocably pledged to service the debt. The amendment does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address the revenue shortfall by borrowing for capital expenditures.

INFRASTRUCTURE ASSETS REPORTED UNDER THE MODIFIED APPROACH

The state has elected to report infrastructure owned and maintained by the state Department of Transportation under the modified approach. The main feature of the modified approach is that annual maintenance costs are reported rather than depreciation. In order for the use of the modified approach to remain valid, the condition of the infrastructure must be maintained at a level set in advance by the state. The state's maintenance of the infrastructure is measured by condition assessments compared to the target condition level. The state must also disclose how the amount actually spent on maintenance compares to the estimate of the amount needed to maintain the established condition level.

The established condition level set by the Colorado Transportation Commission is that 54 percent of roadways will be rated in the good or fair categories. The following table presents the roadway condition assessment for the preceding five years and shows that the most recent condition assessment matches the established condition level.

	2001	2000	1999	1998	1997
Percent Rated Good/Fair	54	54	51	58	62
Percent Rated Poor	46	46	49	42	38

The established condition level for bridges is that no more than 25 percent of bridges will be rated as structurally deficient. The following table presents the condition assessment of bridges for the preceding six years and shows that the most recent condition assessment significantly exceeds the established condition level.

	2002	2001	2000	1999	1998	1997
Percent Structurally Deficient	6.6	6.7	6.3	6.5	5.6	5.4

The Department of Transportation has not developed a process for reporting the estimated cost to maintain infrastructure assets at the established condition level. Until the department develops that system, it has chosen to use budgeted amounts as a surrogate for the cost to maintain. The following table shows that the department expended more than the amount budgeted for maintaining the infrastructure in Fiscal Year 2001-02. This does not represent an overexpenditure, but occurs because of the multi-year nature of construction contracts. The table also shows that the department has expended 95 percent of the amount budgeted over the past six years.

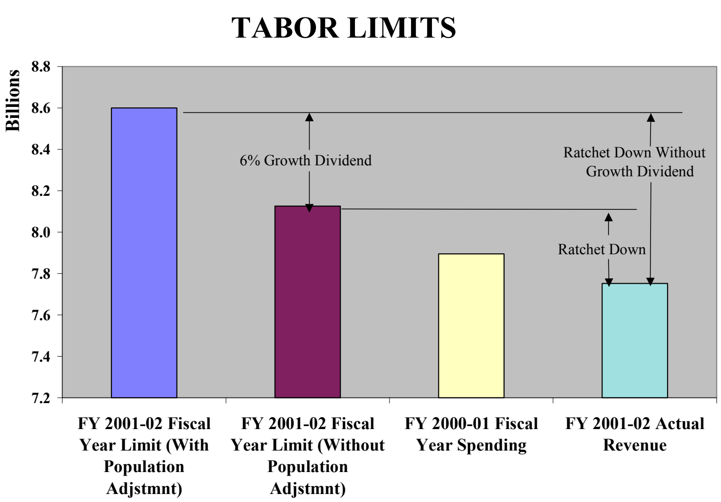
(Amounts in Millions)

Fiscal Year	Estimated Spending	Actual Spending
2001-02	$ 751.1	$ 849.0
2000-01	770.5	691.6
1999-00	936.9	774.3
1998-99	693.4	696.5
1997-98	533.0	552.4
1996-97	495.6	414.5
Total	$ 4,180.5	$ 3,978.3

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

The individual fund analysis showed that maintenance of the General Fund's positive fund balance required significant one-time resource enhancements in Fiscal Year 2001-02. The projected revenues and current appropriations for Fiscal Year 2002-03 show that without a structural change in revenues or expenditures the problem will continue in the future. The availability of liquid assets in cash funds limits the use of one-time transfers to postpone or solve the problem.

House Bill 02-1310 and Senate Bill 02-179 both contain provisions commonly referred to as the "growth dividend" that will beneficially affect the state's future operations. The TABOR limit on revenues has been calculated during the 1990's based on population estimates. The census of 2000 showed that these estimates were too low. Because of the artificially low estimates, the TABOR refunds throughout the 1990's were greater than would have been required with accurate population figures. The actual count from the 2000 census resulted in an adjusted population growth rate of six percent between 1999 and 2000. Without the legislation, the state would not have benefited from the correction of the population estimates because the adjustment was applicable in Fiscal Year 2001-02 when the state's depressed revenues precluded a TABOR surplus. The growth dividend allows the state to recapture the excess refunds paid throughout the 1990's by reducing refunds calculated in the future. However, application of the growth dividend is limited to a cumulative six percent increase in the TABOR limit over the next nine years. The Governor's Office of State Planning and Budgeting (OSPB) currently estimates that only 2.4 percent of the 6.0 percent limit will be used over the next six years. Over this period, OSPB estimates that the growth dividend will allow the state to keep approximately $664 million of additional revenues.



The declining Fiscal Year 2001-02 revenues become the growth base for Fiscal Year 2002-03, which results in a reduction of the revenue limit. This is commonly referred to as ratcheting down. The state's revenue limit ratcheted down $374.0 million in Fiscal Year 2001-02, and it would have ratcheted down $847.7 million without the growth dividend legislation. (Note: The scale of the adjacent graph does not begin at zero; it is intended to show the relationship between the growth dividend and the ratchet down amount – it is not intended to show the absolute change in TABOR revenues.)

House Bill 02-1310 and Senate Bill 02-179 also contained provisions that transfer any General Fund fund balance in excess of the statutory reserve and TABOR refund to the Highway Users Tax Fund and the Capital Projects Fund in a two-thirds to one-third ratio, respectively. While these provisions increase the funding for transportation and capital projects, they also make it unlawful to accumulate a surplus in the General Fund that would mitigate the effects of future revenue shortfalls. This increases the likelihood that the state will need to transfer cash from funds that collected revenues from the citizenry under the explicit statutory commitment to use the revenue for specific purposes.

Several conditions adversely affect the state's future operations:

- National and State Economy – Although the national economy is beginning to recover, OSPB anticipates that strong growth in the national economy will not occur until the end of 2002. The Colorado economy lags the national economy, and state revenue growth often lags the state economy growth. As a result OSPB does not expect General Fund revenue growth to accelerate until the end of Fiscal Year 2002-03.
- Expenditure Growth – The incentive to maintain growth in spending at the legal limit is formidable, as demonstrated by Fiscal Year 2001-02 growth in expenditures in the face of a $1.02 billion shortfall in projected revenues. Any reduction in expenditures becomes permanent and is compounded because it reduces the base upon which future growth is calculated.
- Repaying Cash Funds – While one legislature cannot bind another, current law requires the General Fund to repay certain cash funds when revenues become adequate. This requirement increases the demands on future General Fund resources.
- Pension Plan Contributions – As noted above, the State and School Division of the Public Employees Retirement Association has gone from over to underfunded within its most recent fiscal year. The state's contribution to the plan has been lowered in recent years to allow the state to participate in the plan's investment gains. In addition, plan benefits were increased. With the downturn in the stock market, the plan became underfunded, which is likely to end gain sharing, and could result in the state's funds making higher pension plan contributions.
- Election 2000 Amendment 23 and Referendum A – These constitutional requirements were intended to dedicate a portion of TABOR refunds to fund certain programs. The state is still required to fund those programs even though the anticipated revenues have declined, and the TABOR refund is not available to fund the programs. The programs become an expenditure of the General Fund infringing on funding for other programs because of the existing spending limits. OSPB estimates these obligations at $341 million for Fiscal Year 2002-03.
- House Bill 98-1414 – The adverse effects of House Bill 98-1414 remain largely in effect except for adjustments made by House Bill 02-1015. As a result, the state does not use full accrual accounting to calculate budgetary compliance. Instead, potentially significant liabilities are delayed until the following year under the hopeful assumption that subsequent revenues will be adequate to pay those liabilities.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Cash and Pooled Cash	$ 571,293	$ 1,193,338	$ 1,764,631	$ 118,893
Taxes Receivable, net	848,335	36,237	884,572	494
Other Receivables, net	125,181	884,919	1,010,100	101,387
Due From Other Governments	378,906	74,061	452,967	344
Internal Balances	20,287	(20,287)	-	-
Inventories	16,895	35,315	52,210	8,148
Prepaids, Advances, and Deferred Charges	99,893	22,441	122,334	3,716
Restricted Assets:				
Restricted Cash and Pooled Cash	1,306,432	40,136	1,346,568	21,558
Restricted Investments	-	140,074	140,074	162,412
Restricted Receivables	-	-	-	40,365
Investments	1,142,818	663,412	1,806,230	305,486
Other Long-Term Assets	206,003	74,237	280,240	560,058
Depreciable Capital Assets and Infrastructure, net	1,138,996	1,899,066	3,038,062	448,073
Land and Nondepreciable Infrastructure	10,827,222	651,292	11,478,514	53,244
TOTAL ASSETS	16,682,261	5,694,241	22,376,502	1,824,178
LIABILITIES:				
Due Within One Year:				
Tax Refunds Payable	384,040	-	384,040	-
Accounts Payable and Accrued Liabilities	569,102	188,839	757,941	48,761
TABOR Refund Liability (Note 8B)	48,920	-	48,920	-
Due To Other Governments	172,691	45,626	218,317	2,532
Deferred Revenue	84,906	138,382	223,288	439
Accrued Compensated Absences	6,123	8,526	14,649	8,595
Claims and Judgments Payable	35,576	-	35,576	13,146
Leases Payable	1,298	3,840	5,138	-
Notes, Bonds, COP's Payable	19,530	97,064	116,594	30,445
Other Current Liabilities	37,050	89,335	126,385	-
Total Current Liabilities	1,359,236	571,612	1,930,848	103,918
Due In More Than One Year:				
Deposits Held In Custody For Others	12	-	12	-
Accrued Compensated Absences	112,027	121,127	233,154	-
Capital Lease Obligations	2,175	43,382	45,557	-
Notes, Bonds, COP's Payable	1,328,072	1,199,426	2,527,498	800,523
Other Long-Term Liabilities	263,034	144,027	407,061	145,211
Total Noncurrent Liabilities	1,705,320	1,507,962	3,213,282	945,734
TOTAL LIABILITIES	3,064,556	2,079,574	5,144,130	1,049,652
NET ASSETS:				
Invested in Capital Assets, Net of Related Debt	10,633,044	2,045,202	12,678,246	243,823
Restricted for:				
Highway Construction and Maintenance	1,376,522	-	1,376,522	-
State Education	303,827	-	303,827	-
Unemployment Insurance	-	653,690	653,690	-
Debt Service	6,495	2,295	8,790	-
Emergencies	81,917	38,813	120,730	91
Permanent Funds and Endowments:				
Expendable	810	47,015	47,825	-
Nonexpendable	356,004	49,200	405,204	-
Court Awards and Other Purposes	16,006	198,696	214,702	265,000
Unrestricted	843,080	579,756	1,422,836	265,612
TOTAL NET ASSETS	$ 13,617,705	$ 3,614,667	$ 17,232,372	$ 774,526

The notes to the financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002

(Dollars in Thousands)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 233,300	$ (22,463)	$ 75,132	$ 93,642	$ -
Business, Community, and Consumer Affairs	250,481	2,573	99,590	161,388	292
Education	284,116	1,520	7,436	327,951	50
Health and Rehabilitation	469,889	1,309	61,639	236,474	-
Justice	952,059	5,261	97,551	52,527	25,503
Natural Resources	102,381	1,420	56,780	54,312	-
Social Assistance	2,605,738	3,010	37,459	2,098,011	-
Transportation	748,541	2,218	215,385	122,915	326,280
Payments to School Districts	2,689,452	-	-	-	-
Payments to Other Governments	1,596,066	-	-	-	-
Interest on Debt	16,750	-	-	-	-
Total Governmental Activities	9,948,773	(5,152)	650,972	3,147,220	352,125
Business-type Activities:					
Higher Education	2,939,118	3,658	1,350,166	865,490	47,202
Unemployment Insurance	583,508	-	366,226	46,570	-
Student Obligation Bond Authority	41,351	-	44,846	10,589	-
Lottery	349,553	402	408,109	6,228	-
Other Business-types	228,681	1,092	154,184	87,983	-
Total Business-type Activities	4,142,211	5,152	2,323,531	1,016,860	47,202
Total Primary Government	14,090,984	-	2,974,503	4,164,080	399,327
Component Units:					
University of Colorado Hospital Authority	377,399	-	378,092	-	5,154
Denver Metropolitan Baseball Stadium District	15,539	-	1,195	-	-
Colorado Water Resources and Power Development Authority	31,621	-	21,263	62,008	-
CoverColorado	14,737	-	7,205	-	-
Total Component Units	$ 439,296	$ -	$ 407,755	$ 62,008	$ 5,154

General Revenues:
Taxes:
Sales and Use Taxes
Excise Taxes
Individual Income Tax
Corporate Income Tax
Other Taxes
Restricted for Education:
Individual Income Tax
Corporate and Fiduciary Income Tax
Restricted for Transportation:
Fuel Taxes
Other Taxes
Unrestricted Investment Earnings
Other General Revenues
Payment from State of Colorado
Extraordinary Item (Note 32)
(Transfers-Out) / Transfers-In
Internal Capital Contributions
Total General Revenues, Special Items, and Transfers
Change in Net Assets

Net Assets - Beginning
Prior Period Adjustment (Note 28)
Accounting Changes (Note 28)
Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (42,063)	$ -	$ (42,063)	
8,216	-	8,216	
49,801	-	49,801	
(173,085)	-	(173,085)	
(781,739)	-	(781,739)	
7,291	-	7,291	
(473,278)	-	(473,278)	
(86,179)	-	(86,179)	
(2,689,452)	-	(2,689,452)	
(1,596,066)	-	(1,596,066)	
(16,750)	-	(16,750)	
(5,793,304)	-	(5,793,304)	
-	(679,918)	(679,918)	
-	(170,712)	(170,712)	
-	14,084	14,084	
-	64,382	64,382	
-	12,394	12,394	
-	(759,770)	(759,770)	
(5,793,304)	(759,770)	(6,553,074)	
-	-	-	5,847
-	-	-	(14,344)
-	-	-	51,650
-	-	-	(7,532)
-	-	-	35,621
1,881,162	-	1,881,162	1,510
91,761	-	91,761	-
3,168,499	-	3,168,499	-
172,257	-	172,257	-
363,190	-	363,190	-
			-
258,329	-	258,329	-
14,571	-	14,571	-
			-
544,554	-	544,554	-
780	-	780	-
37,236	-	37,236	20,611
122,527	-	122,527	-
-	-	-	7,959
(21,000)	-	(21,000)	-
(662,141)	662,141	-	-
25	151,465	151,490	-
5,971,750	813,606	6,785,356	30,080
178,446	53,836	232,282	65,701
5,457,647	4,887,925	10,345,572	708,825
(172,615)	95,811	(76,804)	-
8,154,227	(1,422,905)	6,731,322	-
$ 13,617,705	$ 3,614,667	$ 17,232,372	$ 774,526

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ (525,501)	$ 19,243	$ 16,260
Taxes Receivable, net	735,993	-	56,596
Other Receivables, net	62,993	-	30,095
Due From Other Governments	256,149	1,504	88,109
Due From Other Funds	37,006	12,670	5,728
Inventories	9,131	-	6,939
Prepaids, Advances, and Deferred Charges	20,768	-	73,737
Restricted Cash and Pooled Cash	-	-	1,290,326
Investments	552,242	-	-
Other Long-Term Assets	320	-	27,009
Land and Nondepreciable Infrastructure	-	-	-
TOTAL ASSETS	$ 1,149,101	$ 33,417	$ 1,594,799
LIABILITIES:			
Tax Refunds Payable	$ 382,566	$ -	$ 316
Accounts Payable and Accrued Liabilities	350,363	4,041	134,881
TABOR Refund Liability (Note 8B)	48,920	-	-
Due To Other Governments	42,923	12,105	49,760
Due To Other Funds	38,499	92	1,206
Deferred Revenue	69,605	-	12,842
Accrued Compensated Absences	82	-	-
Claims and Judgments Payable	656	-	-
Other Current Liabilities	9,156	-	27
Deposits Held In Custody For Others	5	-	-
TOTAL LIABILITIES	942,775	16,238	199,032
FUND BALANCES:			
Reserved for:			
Encumbrances	2,093	-	879,411
Noncurrent Assets	320	-	27,009
Debt Service	-	-	-
Statutory Purposes	39,622	-	-
Emergencies	-	-	-
Funds Reported as Restricted	-	-	464,475
Unreserved, Reported in:			
General Fund	137,595	-	-
Special Revenue Funds	-	17,179	12,739
Capital Projects Funds	-	-	-
Nonmajor Special Revenue Funds	-	-	-
Nonmajor Permanent Funds	-	-	-
Unreserved:			
Designated for Unrealized Investment Gains	26,696	-	12,133
TOTAL FUND BALANCES	206,326	17,179	1,395,767
TOTAL LIABILITIES AND FUND BALANCES	$ 1,149,101	$ 33,417	$ 1,594,799

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 185,435	$ 58,757	$ 808,720	$ 562,914
-	-	55,746	848,335
255	1,959	29,628	124,930
17,670	-	4,780	368,212
2,430	-	45,884	103,718
-	-	193	16,263
3,309	-	1,368	99,182
-	-	16,106	1,306,432
-	243,590	336,683	1,132,515
180	-	178,494	206,003
-	-	11,957	11,957
$ 209,279	$ 304,306	$ 1,489,559	$ 4,780,461
$ -	$ -	$ 1,158	$ 384,040
32,452	479	37,639	559,855
-	-	-	48,920
-	-	30,799	135,587
3,330	-	77,339	120,466
364	-	39,857	122,668
-	-	2	84
-	-	13,920	14,576
-	-	2,553	11,736
-	-	7	12
36,146	479	203,274	1,397,944
115,347	-	-	996,851
180	-	217,862	245,371
-	-	6,495	6,495
14,328	-	-	53,950
-	-	81,917	81,917
-	301,362	353,049	1,118,886
-	-	-	137,595
-	-	-	29,918
43,029	-	-	43,029
-	-	591,846	591,846
-	-	810	810
249	2,465	34,306	75,849
173,133	303,827	1,286,285	3,382,517
$ 209,279	$ 304,306	$ 1,489,559	$ 4,780,461

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET ASSETS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUND	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET ASSETS TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 562,914	$ 8,379	$ -	$ -	$ -	$ -	$ -	$ 571,293
Investments	-	10,303	-	-	-	-	-	10,303
Taxes Receivable, net	848,335	-	-	-	-	-	-	848,335
Other Receivables, net	124,930	251	-	-	-	-	-	125,181
Due From Other Governments	368,212	84	-	-	-	10,610	-	378,906
Due From Other Funds	103,718	98	-	-	-	-	(83,529)	20,287
Inventories	16,263	632	-	-	-	-	-	16,895
Prepaids, Advances, and Deferred Charges	99,182	711	-	-	-	-	-	99,893
Total Current Assets	2,123,554	20,458	-	-	-	10,610	(83,529)	2,071,093
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,306,432	-	-	-	-	-	-	1,306,432
Investments	1,132,515	-	-	-	-	-	-	1,132,515
Other Long-Term Assets	206,003	-	-	-	-	-	-	206,003
Depreciable Capital Assets and Infrastructure, net	-	53,190	1,085,806	-	-	-	-	1,138,996
Land and Nondepreciable Infrastructure	11,957	-	10,815,265	-	-	-	-	10,827,222
Total Noncurrent Assets	2,656,907	53,190	11,901,071	-	-	-	-	14,611,168
TOTAL ASSETS	4,780,461	73,648	11,901,071	-	-	10,610	(83,529)	16,682,261
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	384,040	-	-	-	-	-	-	384,040
Accounts Payable and Accrued Liabilities	559,855	5,910	-	116	-	3,221	-	569,102
TABOR Refund Liability (Note 8B)	48,920	-	-	-	-	-	-	48,920
Due To Other Governments	135,587	-	-	-	-	37,104	-	172,691
Due To Other Funds	120,466	167	-	-	-	(37,104)	(83,529)	-
Deferred Revenue	122,668	734	-	-	-	(38,496)	-	84,906
Accrued Compensated Absences	84	12	-	-	-	6,027	-	6,123
Claims and Judgments Payable	14,576	-	-	-	-	21,000	-	35,576
Leases Payable	-	-	-	1,298	-	-	-	1,298
Notes, Bonds, COP's Payable	-	13,230	-	6,300	-	-	-	19,530
Other Current Liabilities	11,736	-	-	-	25,314	-	-	37,050
Total Current Liabilities	1,397,932	20,053	-	7,714	25,314	(8,248)	(83,529)	1,359,236
Noncurrent Liabilities:								
Deposits Held In Custody For Others	12	-	-	-	-	-	-	12
Accrued Compensated Absences	-	1,180	-	-	-	110,847	-	112,027
Capital Lease Obligations	-	-	-	2,175	-	-	-	2,175
Notes, Bonds, COP's Payable	-	33,550	-	1,294,522	-	-	-	1,328,072
Other Long-Term Liabilities	-	-	-	-	75,574	187,460	-	263,034
Total Noncurrent Liabilities	12	34,730	-	1,296,697	75,574	298,307	-	1,705,320
TOTAL LIABILITIES	1,397,944	54,783	-	1,304,411	100,888	290,059	(83,529)	3,064,556
NET ASSETS:								
Invested in Capital Assets, Net of Related Debt	11,957	16,713	11,901,071	(1,296,697)	-	-	-	10,633,044
Restricted for:								
Highway Construction and Maintenance	1,376,522	-	-	-	-	-	-	1,376,522
State Education	303,827	-	-	-	-	-	-	303,827
Debt Service	6,495	-	-	-	-	-	-	6,495
Emergencies	81,917	-	-	-	-	-	-	81,917
Permanent Funds and Endowments:								
Expendable	810	-	-	-	-	-	-	810
Nonexpendable	356,004	-	-	-	-	-	-	356,004
Court Awards and Other Purposes	16,006	-	-	-	-	-	-	16,006
Unrestricted	1,228,979	2,152	-	(7,714)	(100,888)	(279,449)	-	843,080
TOTAL NET ASSETS	$ 3,382,517	$ 18,865	$ 11,901,071	$ (1,304,411)	$ (100,888)	$ (279,449)	$ -	$ 13,617,705

The notes to the financial statements are an integral part of this statement.

Differences Between the *Balance Sheet – Governmental Funds* and
Governmental Activities on the Government-Wide *Statement of Net Assets*

(A) Management uses Internal Services Funds to charge the costs of goods and services sold by state agencies solely within the state. Because the sales are primarily to governmental funds, the assets and liabilities of the Internal Service Funds are included in the governmental activities on the government-wide *Statement of Net Assets.* Internal Service Funds are reported using proprietary fund type accounting in the fund-level financial statements. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the state's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management, printing, and mail services;
- Information management services;
- Telecommunication services;
- Building maintenance and management in the capitol complex;
- Administrative hearings services.

(B) Capital assets used in governmental activities are not financial resources, and therefore, they are not included in the fund-level financial statements. However, capital assets are economic resources, and therefore, they are reported in the government-wide *Statement of Net Assets.*

(C) Long-term liabilities such as leases, bonds, notes, mortgages, and certificates of participation (including accrued interest) are not due and payable in the current period, and therefore, they are not included in the fund-level financial statements. However, from an economic perspective these liabilities reduce net assets and are therefore reported in the *Statement of Net Assets.* The portion reported as current in the reconciliation is payable within the following fiscal year. The largest portion of the long-term balance is related to Transportation Revenue Anticipation Notes issued by the Department of Transportation.

(D) Risk management liabilities are actuarially determined claims and consist of a current and long-term portion. The current portion (payable within one year) is excluded from the fund-level statements because it is not payable with expendable available financial resources. In this instance, "payable with expendable available financial resources" means the amounts are not accrued as fund liabilities because they are not budgeted in the current year. The long-term portion of the risk management liability is excluded from the fund-level statements because it is not due and payable in the current period.

(E) Other measurement focus adjustments include:

- Claims and judgments payable are not recorded as fund liabilities on the fund-level financial statements until they are due and payable according to GASB Interpretation #6. However, they are liabilities on entity-wide statements when the claim or judgment becomes a legal obligation. When there is federal participation in the judgment, the related revenue and receivable is only reported on the entity-wide financial statements.
- Interfund balances receivable from or payable to Fiduciary Funds are reported on the fund-level *Balance Sheet – Governmental Funds* as due to other funds. On the government-wide *Statement of Net Assets*, these amounts are considered external receivables and payables.
- Long-term assets and long-term taxes receivable, are not available to pay for current period expenditures; therefore, the related revenue is reported as deferred revenue on the fund-level *Balance Sheet – Governmental Funds*. From an economic perspective, this revenue is earned and the related deferred revenue is removed from the government-wide *Statement of Net Assets* when the revenue is recognized on the government-wide *Statement of Activities*.
- Compensated absences are a GAAP modification of the full accrual basis of accounting similar to claims and judgments discussed above. Therefore, both the current and long-term portions of the liability are shown on the government-wide *Statement of Net Assets*, but they are not reported on the fund-level *Balance Sheet – Governmental Funds* unless they were due and payable at June 30.
- The $21.0 million claims and judgment payable is an extraordinary item related to a lawsuit judgment. It is not reported as a fund liability on the *Balance Sheet – Governmental Funds* because of the governmental GAAP modification to full accrual for claims and judgments discussed above.
- Other long-term liabilities are not reported on the fund-level *Balance Sheet – Governmental Funds* because the amounts are not due and payable from current financial resources. However, from an economic perspective, these liabilities reduce net assets and are therefore reported on the government-wide *Statement of Net Assets*. See Note 26 for details of the transactions that comprise the $187.5 million shown in the reconciliation above.

(F) All interfund payable balances shown on the fund-level *Balance Sheet – Governmental Funds* are reported in the internal balances line on the government-wide *Statement of Net Assets* along with all governmental-activities interfund receivables.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 3,085,667	$ -	$ -
Corporate Income	164,661	-	-
Sales and Use	1,867,638	-	-
Excise	95,048	-	544,553
Other Taxes	233,471	-	780
Licenses, Permits, and Fines	38,825	-	215,191
Charges for Goods and Services	55,529	-	10,160
Investment Income	52,686	-	69,915
Federal Grants and Contracts	2,610,289	-	337,835
Other	198,581	1,472	48,035
TOTAL REVENUES	8,402,395	1,472	1,226,469
EXPENDITURES:			
Current:			
General Government	214,980	-	6,097
Business, Community and Consumer Affairs	144,723	-	-
Education	95,587	79	-
Health and Rehabilitation	403,448	-	6,756
Justice	827,457	-	61,480
Natural Resources	53,438	-	-
Social Assistance	2,550,175	-	-
Transportation	-	-	1,125,930
Capital Outlay	15,445	-	14,581
Intergovernmental:			
Cities	23,519	-	110,836
Counties	982,876	-	166,233
School Districts	373,850	2,146,820	-
Special Districts	62,784	50	12,759
Federal	1,700	-	-
Other	39,117	-	19
Debt Service	13,607	-	-
TOTAL EXPENDITURES	5,802,706	2,146,949	1,504,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,599,689	(2,145,477)	(278,222)
OTHER FINANCING SOURCES (USES):			
Operating Transfer-In	1,215,414	2,152,621	68,826
Operating Transfer-Out	(3,212,220)	(90)	(92,554)
Face Amount of Debt Issued	-	-	208,300
Bond Premium/Discount	-	-	11,699
Capital Lease Proceeds	4,699	-	-
Sale of Capital Assets	356	-	999
Debt Refunding Proceeds	-	-	-
Debt Refunding Payments	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,991,751)	2,152,531	197,270
NET CHANGE IN FUND BALANCES	607,938	7,054	(80,952)
FUND BALANCE, FISCAL YEAR BEGINNING	(426,926)	10,125	1,476,719
Prior Period Adjustment (See Note 28)	-	-	-
Accounting Changes (See Note 28)	25,314	-	-
FUND BALANCE, FISCAL YEAR END	$ 206,326	$ 17,179	$ 1,395,767

The notes to the financial statements are an integral part of this statement.

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 259,526	$ -	$ 3,345,193
-	13,373	-	178,034
-	-	9,845	1,877,483
-	-	2,111	641,712
-	-	222,157	456,408
425	-	249,086	503,527
1	-	33,064	98,754
11,937	16,186	89,367	240,091
32,782	-	123,490	3,104,396
768	27	50,424	299,307
45,913	289,112	779,544	10,744,905
12,839	-	3,945	237,861
1,665	-	130,325	276,713
12,818	557	13,249	122,290
1,181	-	42,026	453,411
12,806	-	22,026	923,769
2,276	-	25,819	81,533
10,976	-	58,274	2,619,425
-	-	747	1,126,677
229,510	-	16,337	275,873
942	-	74,051	209,348
1,377	-	78,497	1,228,983
-	143,369	25,414	2,689,453
177	641	14,889	91,300
6	-	1,289	2,995
446	-	23,794	63,376
-	-	71,734	85,341
287,019	144,567	602,416	10,488,348
(241,106)	144,545	177,128	256,557
362,051	-	188,136	3,987,048
(364,294)	(9,529)	(943,498)	(4,622,185)
-	-	-	208,300
-	-	16	11,715
-	-	10	4,709
-	-	1,391	2,746
-	-	10,140	10,140
-	-	(9,721)	(9,721)
(2,243)	(9,529)	(753,526)	(407,248)
(243,349)	135,016	(576,398)	(150,691)
416,514	168,811	1,860,142	3,505,385
(32)	-	7,642	7,610
-	-	(5,101)	20,213
$ 173,133	$ 303,827	$ 1,286,285	$ 3,382,517

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 3,345,193	$ -	$ -	$ -	$ 10,292	$ 3,355,485
Corporate Income	178,034	-	-	-	7,596	185,630
Sales and Use	1,877,483	-	-	-	3,682	1,881,165
Excise	641,712	-	-	-	(5,399)	636,313
Other Taxes	456,408	-	-	-	169	456,577
Licenses, Permits, and Fines	503,527	-	-	-	(1,116)	502,411
Charges for Goods and Services	98,754	-	-	-	(1)	98,753
Investment Income	240,091	310	-	-	44	240,445
Federal Grants and Contracts	3,104,396	-	-	-	10,610	3,115,006
Other	299,307	-	21,655	-	66	321,028
TOTAL REVENUES	10,744,905	310	21,655	-	25,943	10,792,813
EXPENDITURES:						
Current:						
General Government	237,861	(1,244)	3,764	-	17,225	257,606
Business, Community and Consumer Affairs	276,713	(765)	1,611	-	(7,697)	269,862
Education	122,290	(127)	1,103	-	132	123,398
Health and Rehabilitation	453,411	(226)	3,910	-	854	457,949
Justice	923,769	(921)	18,368	-	3,567	944,783
Natural Resources	81,533	(354)	(1,102)	-	21,606	101,683
Social Assistance	2,619,425	(922)	72	-	3,379	2,621,954
Transportation	1,126,677	(732)	(441,550)	-	811	685,206
Capital Outlay	275,873	-	(129,978)	-	-	145,895
Intergovernmental:						
Cities	209,348	-	-	-	64	209,412
Counties	1,228,983	-	-	-	-	1,228,983
School Districts	2,689,453	-	-	-	-	2,689,453
Special Districts	91,300	-	-	-	-	91,300
Federal	2,995	-	-	-	-	2,995
Other	63,376	-	-	-	-	63,376
Debt Service	85,341	1,724	-	(14,370)	-	72,695
TOTAL EXPENDITURES	10,488,348	(3,567)	(543,802)	(14,370)	39,941	9,966,550
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	256,557	3,877	565,457	14,370	(13,998)	826,263
OTHER FINANCING SOURCES (USES):						
Operating Transfer-In	3,987,048	569	-	-	-	3,987,617
Operating Transfer-Out	(4,622,185)	(2,921)	-	-	-	(4,625,106)
Face Amount of Debt Issued	208,300	-	-	(208,300)	-	-
Bond Premium/Discount	11,715	-	-	(11,715)	-	-
Capital Lease Proceeds	4,709	-	-	(4,709)	-	-
Sale of Capital Assets	2,746	-	(14,060)	-	-	(11,314)
Debt Refunding Proceeds	10,140	-	-	(10,140)	-	-
Debt Refunding Payments	(9,721)	-	-	9,721	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(407,248)	(2,352)	(14,060)	(225,143)	-	(648,803)
Internal Service Fund Charges to BTAs	-	986	-	-	-	986
NET CHANGE FOR THE YEAR	$ (150,691)	$ 2,511	$ 551,397	$ (210,773)	$ (13,998)	$ 178,446

The notes to the financial statements are an integral part of this statement.

Differences Between the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Activities*

(A) Management uses Internal Services Funds to charge the costs of goods and services sold by state agencies solely within the state. Internal Service Funds are intend to operate on cost reimbursement basis and should break even each period. If an Internal Service Funds makes a profit, the other funds of the state have been overcharged. If an Internal Service Fund has an operating loss, the other funds of the state have been undercharged. In order to show the true cost of services purchased from Internal Service Funds, an adjustment is made that allocates the net revenue/expense of each Internal Service Fund to the programs that purchased the service. Investment income, debt service, and transfers of the Internal Service fund are not allocated. In addition to minor internal sales within the Department of Transportation and the Department of Public Safety, the state's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management, printing, and mail services;
- Information management services;
- Telecommunication services;
- Building maintenance and management in the capitol complex;
- Administrative hearings services.

(B) The following adjustments relate to capital assets:

- Capital assets, received as donations, are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* because they are not current financial resources. However, such donations increase net assets and are reported on both the government-wide *Statement of Net Assets* and *Statement of Activities*.
- Depreciation is not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but it is reported for the economic perspective on which the government-wide *Statement of Activities* is presented.
- Expenditures reported for capital outlay on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* are generally reported as a conversion of cash to a capital asset on the government-wide *Statement of Net Assets*. They are not reported as expenses on the government-wide *Statement of Activities*.
- On the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* all cash received on disposal of capital assets is reported as a gain on sale of capital assets. On the government-wide *Statement of Activities* the reported gain or loss on sale is based on the book value of the asset.

(C) The following adjustments relate to debt issuance and debt service including leases:

- Payments on principal are reported as expenditures on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. These payments are reported as reductions of lease, bond, and other debt liability balances on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.
- Amortization of issuance costs, debt premium/discount, and gain/loss on refunding are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but are reported on the government-wide *Statement of Activities*.
- Lease proceeds and the issuance of debt both increase fund balance and are reported as other financing sources on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. From an economic perspective lease proceeds and debt issuances are reported as liabilities on the government-wide *Statement of Net Assets* and are not reported on the government-wide *Statement of Activities*.

(D) Other measurement focus adjustments include:

- Long-term taxes receivable and other long-term assets are offset by deferred revenue and are not part of fund balance on the fund-level *Balance Sheet – Governmental Funds*; however, from a full accrual perspective, changes in the related revenue are recognized and reported on the government-wide *Statement of Activities*.
- Compensated absences accruals and claims and judgments are not normally expected to be liquidated from expendable available financial resources; and therefore, they are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. However, from a full accrual perspective, these are expenses that are reported on the government-wide *Statement of Activities*.
- Judgments that are not currently due and payable are reported only at the entity-wide level. When there is federal participation in a judgment, the related revenue must be accrued for the entity-wide statements.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 373,854	$ 631,937
Investments	102,024	-
Taxes Receivable, net	-	36,237
Student and Other Receivables, net	122,427	6,474
Due From Other Governments	63,484	4,413
Due From Other Funds	5,550	9
Inventories	23,397	-
Prepaids, Advances, and Deferred Charges	16,876	-
Total Current Assets	707,612	679,070
Noncurrent Assets:		
Restricted Cash and Pooled Cash	40,136	-
Restricted Investments	140,074	-
Investments	411,518	-
Other Long-Term Assets	73,525	-
Depreciable Capital Assets and Infrastructure, net	1,817,090	-
Land and Nondepreciable Infrastructure	562,020	-
Total Noncurrent Assets	3,044,363	-
TOTAL ASSETS	3,751,975	679,070
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	174,629	826
Due To Other Governments	-	107
Due To Other Funds	2,929	1,306
Deferred Revenue	108,338	-
Accrued Compensated Absences	7,826	-
Leases Payable	3,477	-
Notes, Bonds, COP's Payable	25,393	-
Other Current Liabilities	47,978	23,141
Total Current Liabilities	370,570	25,380
Noncurrent Liabilities:		
Accrued Compensated Absences	112,258	-
Capital Lease Obligations	42,767	-
Notes, Bonds, COP's Payable	571,416	-
Other Long-Term Liabilities	53,003	-
Total Noncurrent Liabilities	779,444	-
TOTAL LIABILITIES	1,150,014	25,380
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,876,870	-
Restricted for:		
Unemployment Insurance	-	653,690
Debt Service	2,295	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	47,015	-
Nonexpendable	49,200	-
Court Awards and Other Purposes	198,696	-
Unrestricted	427,885	-
TOTAL NET ASSETS	$ 2,601,961	$ 653,690

The notes to the financial statements are an integral part of this statement.

BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STUDENT OBLIGATION BOND AUTHORITY	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 21,260	$ 27,720	$ 138,567	$ 1,193,338	$ 8,379
60,087	-	-	162,111	10,303
-	-	-	36,237	-
730,306	14,030	11,682	884,919	251
-	-	6,164	74,061	84
524	-	508	6,591	98
-	1,510	10,408	35,315	632
3,699	536	1,330	22,441	711
815,876	43,796	168,659	2,415,013	20,458
-	-	-	40,136	-
-	-	-	140,074	-
89,530	-	253	501,301	-
-	-	712	74,237	-
1,804	1,603	78,569	1,899,066	53,190
-	-	89,272	651,292	-
91,334	1,603	168,806	3,306,106	53,190
907,210	45,399	337,465	5,721,119	73,648
2,560	1,790	9,034	188,839	5,910
13,425	35	32,059	45,626	-
31	21,939	673	26,878	167
-	398	29,646	138,382	734
-	-	700	8,526	12
-	-	363	3,840	-
71,268	-	403	97,064	13,230
-	17,465	751	89,335	-
87,284	41,627	73,629	598,490	20,053
93	884	7,892	121,127	1,180
-	-	615	43,382	-
626,475	-	1,535	1,199,426	33,550
90,900	124	-	144,027	-
717,468	1,008	10,042	1,507,962	34,730
804,752	42,635	83,671	2,106,452	54,783
1,804	1,603	164,925	2,045,202	16,713
-	-	-	653,690	-
-	-	-	2,295	-
-	-	38,813	38,813	-
-	-	-	47,015	-
-	-	-	49,200	-
-	-	-	198,696	-
100,654	1,161	50,056	579,756	2,152
$ 102,458	$ 2,764	$ 253,794	$ 3,614,667	$ 18,865

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
License and Permits	$ -	$ -
Tuition and Fees	725,110	-
Pledged Tuition and Fees	31,892	-
Scholarship Allowance for Tuition and Fees	(140,401)	-
Sales of Goods and Services	406,242	-
Pledged Sales of Goods & Services	176,720	-
Scholarship Allowance for Sales of Goods & Services	(13,022)	-
Investment Income (Loss)	911	-
Rental Income	-	-
Gifts and Donations	29,213	-
Federal Grants and Contracts	593,346	214,294
Pledged Federal Grants and Contracts	113,090	-
Intergovernmental Revenue	5,649	-
Other	170,838	153,113
Pledged Other Revenues	7,580	-
TOTAL OPERATING REVENUES	2,107,168	367,407
OPERATING EXPENSES:		
Salaries and Fringe Benefits	1,843,811	-
Operating and Travel	778,972	583,508
Cost of Goods Sold	95,130	-
Depreciation and Amortization	138,781	-
Intergovernmental Distributions	60,572	-
Debt Service	-	-
Prizes and Awards	34	-
TOTAL OPERATING EXPENSES	2,917,300	583,508
OPERATING INCOME (LOSS)	(810,132)	(216,101)
NONOPERATING REVENUES AND (EXPENSES):		
Fines and Settlements	918	-
Investment Income	30,923	45,389
Rental Income	19,802	-
Gifts and Donations	57,400	-
Intergovernmental Distributions	-	-
Gain/(Loss) on Sale of Fixed Assets	(234)	-
Debt Service	(22,559)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	86,250	45,389
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(723,882)	(170,712)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	194,332	-
Operating Transfer-In	749,640	-
Operating Transfer-Out	(22,430)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	921,542	-
CHANGE IN NET ASSETS	197,660	(170,712)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	3,829,082	824,402
Prior Period/Other Adjustments (See Note 28)	(1,878)	-
Accounting Changes (See Note 28)	(1,422,903)	-
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 2,601,961	$ 653,690

The notes to the financial statements are an integral part of this statement.

BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STUDENT OBLIGATION BOND AUTHORITY	STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ 44	$ 57,505	$ 57,549	$ -
-	-	441	725,551	-
-	-	-	31,892	-
-	-	-	(140,401)	-
-	407,967	77,850	892,059	73,092
-	-	375	177,095	-
-	-	-	(13,022)	-
4,828	-	4,000	9,739	-
-	-	1,054	1,054	8,162
-	-	1,273	30,486	-
-	-	85,632	893,272	-
11,153	-	-	124,243	-
-	-	7,981	13,630	-
16	98	609	324,674	475
39,154	-	-	46,734	-
55,151	408,109	236,720	3,174,555	81,729
3,298	8,223	93,697	1,949,029	19,232
16,878	43,374	90,701	1,513,433	40,518
-	10,532	22,551	128,213	4,729
371	614	4,129	143,895	16,396
-	-	5,396	65,968	2
20,804	-	11,097	31,901	-
-	240,323	719	241,076	-
41,351	303,066	228,290	4,073,515	80,877
13,800	105,043	8,430	(898,960)	852
-	-	461	1,379	2
-	6,228	4,769	87,309	310
-	-	228	20,030	24
-	-	15	57,415	-
-	(46,523)	-	(46,523)	-
-	-	(681)	(915)	831
-	-	(160)	(22,719)	(1,725)
-	(40,295)	4,632	95,976	(558)
13,800	64,748	13,062	(802,984)	294
-	-	4,229	198,561	4,570
284	-	251	750,175	569
-	(63,896)	(5,591)	(91,917)	(2,922)
284	(63,896)	(1,111)	856,819	2,217
14,084	852	11,951	53,835	2,511
88,374	1,912	144,153	4,887,923	16,354
-	-	97,690	95,812	-
-	-	-	(1,422,903)	-
$ 102,458	$ 2,764	$ 253,794	$ 3,614,667	$ 18,865

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 638,526	$ -
Fees for Service	525,598	-
Sales of Products	19,087	-
Grants and Contracts	863,788	210,628
Loan and Note Repayments	35,085	-
Receipt of Deposits Held in Custody	379,304	-
Unemployment Insurance Taxes	-	148,574
Other Sources	35,008	-
Cash Payments to or for:		
Employees	(1,763,857)	-
Suppliers	(820,980)	-
Lottery Prizes and Sales Commissions	-	-
Unemployment Benefits	-	(567,813)
Scholarships	(80,980)	-
Others for Student Loans and Loan Losses	(16,795)	-
Other Governments	(60,572)	-
Release of Deposits Held in Custody	(380,521)	-
Other	(4,973)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(632,282)	(208,611)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	749,640	-
Transfers-Out	(22,430)	-
Gifts for Other Than Capital Purposes	1,289	-
Intergovernmental Distributions	-	-
NonCapital Debt Proceeds	755	-
NonCapital Debt Service Payments	(6)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	729,248	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(384,829)	-
Capital Contributions	39,869	-
Capital Gifts, Grants, Contracts	79,831	-
Proceeds from Sale of Capital Assets	83,983	-
Income from Property	19,802	-
Capital Debt Proceeds	354,935	-
Capital Debt Service Payments	(107,935)	-
Capital Lease Payments	(4,961)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	80,695	-

The notes to the financial statements are an integral part of this statement.

(Continued)

BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STUDENT OBLIGATION BOND AUTHORITY	LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ -	$ 461	$ 638,987	$ 2
-	-	86,058	611,656	71,572
-	407,008	44,814	470,909	1,268
11,169	-	87,789	1,173,374	-
161,280	-	-	196,365	-
13,756	-	19	393,079	-
-	-	-	148,574	-
-	142	12,254	47,404	478
(1,249)	(7,978)	(81,354)	(1,854,438)	(17,869)
(11,602)	(24,596)	(77,860)	(935,038)	(44,126)
-	(269,480)	(1,498)	(270,978)	-
-	-	(16)	(567,829)	-
-	-	-	(80,980)	-
(180,894)	-	-	(197,689)	-
-	-	(5,396)	(65,968)	(2)
(2,156)	-	(18)	(382,695)	-
-	(499)	(45,167)	(50,639)	(285)
(9,696)	104,597	20,086	(725,906)	11,038
-	-	251	749,891	569
-	(63,896)	(5,591)	(91,917)	(2,922)
-	-	15	1,304	-
-	(44,639)	-	(44,639)	-
100,227	-	-	100,982	-
(109,834)	-	(11,097)	(120,937)	-
(9,607)	(108,535)	(16,422)	594,684	(2,353)
-	(150)	(12,464)	(397,443)	(50,551)
-	-	-	39,869	-
-	-	-	79,831	-
-	-	258	84,241	831
-	-	1,284	21,086	8,208
-	-	113	355,048	46,398
-	-	(598)	(108,533)	(8)
-	-	(298)	(5,259)	(1,022)
-	(150)	(11,705)	68,840	3,856

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	43,144	45,389
Proceeds from Sale/Maturity of Investments	1,712,295	-
Purchases of Investments	(1,876,680)	-
NET CASH FROM INVESTING ACTIVITIES	(121,241)	45,389
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	56,420	(163,222)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	357,570	795,159
Prior Period Adjustment	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 413,990	$ 631,937

RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (810,132)	$ (216,101)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	138,781	-
Investment/Rental Income and Other Revenue in Operating Income	(239)	-
Fines, Donations, and Grants and Contracts in NonOperating	918	-
Loss on Disposal of Fixed Assets	15,106	-
Compensated Absences	18,173	-
Interest and Other Expense in Operating Income	(15,462)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	60,214	(2,260)
(Increase) Decrease in Inventories	672	-
(Increase) Decrease in Other Operating Assets	(46,129)	-
Increase (Decrease) in Accounts Payable	7,383	990
Increase (Decrease) in Other Operating Liabilities	(1,567)	8,760
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (632,282)	$ (208,611)

SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	107,980	-
Capital Assets Acquired by Donation and Payable Increases	20,811	-
Unrealized Gain/(Loss) on Investments and Interest Receivable Accruals	(10,340)	-
Loss on Disposal of Capital Assets	198	-
Amortization of Bond Premium/Discount and Interest Payable Accruals	630	-
Assumption of Capital Lease Obligation	10,618	-

The notes to the financial statements are an integral part of this statement.

BUSINESS TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STUDENT OBLIGATION BOND AUTHORITY	STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
6,206	2,032	7,640	104,411	285
499,098	4,165	1,124	2,216,682	10,407
(499,946)	-	-	(2,376,626)	(20,685)
5,358	6,197	8,764	(55,533)	(9,993)
(13,945)	2,109	723	(117,915)	2,548
41,711	25,611	137,812	1,357,863	5,831
(6,506)	-	32	(6,474)	-
$ 21,260	$ 27,720	$ 138,567	$ 1,233,474	$ 8,379
$ 13,800	$ 105,043	$ 8,430	$ (898,960)	$ 852
371	614	4,129	143,895	16,396
(2,757)	-	(5,054)	(8,050)	(8,163)
284	-	461	1,663	2
-	-	91	15,197	-
18	81	939	19,211	57
20,804	112	11,132	16,586	48
(57,776)	(1,326)	(673)	(1,821)	10
-	(363)	(87)	222	(13)
35	(500)	(512)	(47,106)	(77)
5,347	(1,250)	(254)	12,216	2,186
10,178	2,186	1,484	21,041	(260)
$ (9,696)	$ 104,597	$ 20,086	$ (725,906)	$ 11,038
-	-	4,229	112,209	4,570
-	-	-	20,811	-
4,438	-	2	(5,900)	-
-	-	681	879	-
843	-	-	1,473	-
-	-	391	11,009	-

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

	PENSION TRUST FUNDS	INVESTMENT TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS	
(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	COMPENSATION INSURANCE AUTHORITY	PRIVATE PURPOSE TRUST	AGENCY	TOTALS
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 16,765	$ 28,894	$ 8,488	$ 292,672	$ 346,819
Investments	-	-	601	8,374	8,975
Taxes Receivable, net	-	-	-	89,109	89,109
Other Receivables, net	12	13,575	9,202	90	22,879
Due From Other Funds	-	-	34,360	2,744	37,104
Inventories	-	-	-	1	1
Prepaids, Advances, and Deferred Charges	14	-	-	-	14
Noncurrent Assets:					
Investments	269,356	1,100,429	528,669	7	1,898,461
Other Long-Term Assets	-	-	-	11,917	11,917
TOTAL ASSETS	286,147	1,142,898	581,320	404,914	2,415,279
LIABILITIES:					
Current Liabilities:					
Tax Refunds Payable	-	-	-	1,239	1,239
Accounts Payable and Accrued Liabilities	2,039	-	43,629	415	46,083
Due To Other Governments	-	-	-	154,638	154,638
Deferred Revenue	11,637	-	-	-	11,637
Claims and Judgments Payable	-	-	-	537	537
Other Current Liabilities	-	-	-	186,039	186,039
Noncurrent Liabilities:					
Deposits Held In Custody For Others	-	-	-	61,520	61,520
Accrued Compensated Absences	33	-	-	-	33
Other Long-Term Liabilities	-	-	1,564	526	2,090
TOTAL LIABILITIES	13,709	-	45,193	404,914	463,816
NET ASSETS:					
Held in Trust for:					
Pension/Benefit Plan Participants	272,434	-	-	-	272,434
Investment Trust Participants	-	1,142,898	-	-	1,142,898
Individuals, Organizations, and Other Entities	-	-	536,127	-	536,127
Unrestricted	4	-	-	-	4
TOTAL NET ASSETS	$ 272,438	$ 1,142,898	$ 536,127	$ -	$ 1,951,463

The notes to the financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	PENSION TRUST FUNDS	INVESTMENT TRUST FUNDS	PRIVATE PURPOSE TRUST FUNDS	
(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	COMPENSATION INSURANCE AUTHORITY	PRIVATE PURPOSE TRUST	TOTALS
ADDITIONS:				
Additions By Participants	$ 1,531	$ 502,006	$ 507,642	$ 1,011,179
Member Contributions	76,612	-	-	76,612
Employer Contributions	88,778	-	-	88,778
Investment Income/(Loss)	(35,177)	94,860	(37,112)	22,571
Employee Deferral Fees	560	-	-	560
Unclaimed Property Receipts	-	-	28,123	28,123
Other Additions	414	364	1,906	2,684
TOTAL ADDITIONS	132,718	597,230	500,559	1,230,507
DEDUCTIONS:				
Distributions to Participants	39,410	394,951	-	434,361
Health Insurance Premiums Paid	113,728	-	-	113,728
Other Benefits Plan Expense	26,791	-	-	26,791
Payments in Accordance with Trust Agreements	-	-	23,597	23,597
Administrative Expense	1,010	-	2,144	3,154
Other Deductions	1,703	-	-	1,703
TOTAL DEDUCTIONS	182,642	394,951	25,741	603,334
TRANSFERS:				
Operating Transfers-Out	(7,793)	-	(12,976)	(20,769)
TOTAL TRANSFERS	(7,793)	-	(12,976)	(20,769)
NET INCREASE (DECREASE) IN ASSETS	(57,717)	202,279	461,842	606,404
NET ASSETS AVAILABLE:				
Beginning of the Year	330,155	940,619	74,285	1,345,059
End of the Year	$ 272,438	$ 1,142,898	$ 536,127	$ 1,951,463

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	TOTAL
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 22,136	$ 85,605	$ 3,557	$ 7,595	$ 118,893
Taxes Receivable, net	-	-	494	-	494
Other Receivables, net	62,731	38,559	94	3	101,387
Due From Other Governments	-	344	-	-	344
Inventories	8,148	-	-	-	8,148
Prepaids, Advances, and Deferred Charges	3,709	-	7	-	3,716
Total Current Assets	96,724	124,508	4,152	7,598	232,982
Noncurrent Assets:					
Restricted Cash and Pooled Cash	-	21,558	-	-	21,558
Restricted Investments	45,989	116,423	-	-	162,412
Restricted Receivables	40,271	94	-	-	40,365
Investments	132,530	172,956	-	-	305,486
Other Long-Term Assets	11,178	548,509	371	-	560,058
Depreciable Capital Assets and Infrastructure, net	294,925	35	153,113	-	448,073
Land and Nondepreciable Infrastructure	35,068	-	18,176	-	53,244
Total Noncurrent Assets	559,961	859,575	171,660	-	1,591,196
TOTAL ASSETS	656,685	984,083	175,812	7,598	1,824,178
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	40,089	8,565	-	107	48,761
Due To Other Governments	-	2,532	-	-	2,532
Deferred Revenue	-	-	-	439	439
Accrued Compensated Absences	8,595	-	-	-	8,595
Claims and Judgments Payable	8,274	-	-	4,872	13,146
Notes, Bonds, COP's Payable	4,170	26,275	-	-	30,445
Total Current Liabilities	61,128	37,372	-	5,418	103,918
Noncurrent Liabilities:					
Notes, Bonds, COP's Payable	299,313	501,210	-	-	800,523
Other Long-Term Liabilities	-	144,670	-	541	145,211
Total Noncurrent Liabilities	299,313	645,880	-	541	945,734
TOTAL LIABILITIES	360,441	683,252	-	5,959	1,049,652
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt	72,499	35	171,289	-	243,823
Restricted for:					
Emergencies	-	-	91	-	91
Court Awards and Other Purposes	40,271	222,599	491	1,639	265,000
Unrestricted	183,474	78,197	3,941	-	265,612
TOTAL NET ASSETS	$ 296,244	$ 300,831	$ 175,812	$ 1,639	$ 774,526

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	TOTAL
OPERATING REVENUES:					
Tuition and Fees	$ -	$ 21,094	$ -	$ 7,205	$ 28,299
Sales of Goods and Services	362,318	-	-	-	362,318
Investment Income (Loss)	-	16,248	-	-	16,248
Rental Income	-	-	901	-	901
Federal Grants and Contracts	-	1,932	-	-	1,932
Other	15,774	170	-	-	15,944
TOTAL OPERATING REVENUES	378,092	39,444	901	7,205	425,642
OPERATING EXPENSES:					
Salaries and Fringe Benefits	159,241	795	-	-	160,036
Operating and Travel	109,857	3,640	91	14,736	128,324
Cost of Goods Sold	65,348	-	-	-	65,348
Depreciation and Amortization	29,173	22	4,198	1	33,394
Intergovernmental Distributions	-	-	-	-	-
Debt Service	12,658	27,164	-	-	39,822
TOTAL OPERATING EXPENSES	376,277	31,621	4,289	14,737	426,924
OPERATING INCOME (LOSS)	1,815	7,823	(3,388)	(7,532)	(1,282)
NONOPERATING REVENUES AND (EXPENSES):					
Taxes	-	-	1,510	-	1,510
Investment Income	3,896	-	317	150	4,363
Rental Income	-	-	294	-	294
Other Expenses	(1,122)	-	(11,250)	-	(12,372)
Other Revenues	-	-	-	7,959	7,959
TOTAL NONOPERATING REVENUES (EXPENSES)	2,774	-	(9,129)	8,109	1,754
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,589	7,823	(12,517)	577	472
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:					
Capital Contributions	5,154	60,075	-	-	65,229
TOTAL CONTRIBUTIONS AND TRANSFERS	5,154	60,075	-	-	65,229
CHANGE IN NET ASSETS	9,743	67,898	(12,517)	577	65,701
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	286,501	228,949	188,329	1,062	704,841
Prior Period/Other Adjustments (See Note 28)	-	3,984	-	-	3,984
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 296,244	$ 300,831	$ 175,812	$ 1,639	$ 774,526

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 through 7 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles (GAAP) 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.

Effective July 1, 2001, the State of Colorado implemented the following GASB pronouncements:

- Statement No. 34 – Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments
- Statement No. 35 – Basic Financial Statements – and Managements Discussion and Analysis – for Public Colleges and Universities
- Statement No. 37 – Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments: Omnibus
- Statement No. 38 – Certain Financial Statement Disclosures
- Interpretation No. 6 – Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements

These new standards resulted in significant changes to the financial statements and related notes for both the primary government and component units in Fiscal Year 2001-02.

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.

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report all nonfiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The government-wide statements include the *Statement of Net Assets* and the *Statement of Activities*; these statements show the financial position and changes in financial position from the prior year. (See additional discussion in Note 3.)

NOTE 2 – REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds 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.

The following entities are discretely presented in the basic financial statements:

University of Colorado Hospital Authority
Colorado Water Resources and Power
  Development Authority
Denver Metropolitan Major League Baseball
  Stadium District
CoverColorado

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 CoverColorado 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:

University of Colorado Hospital Authority
Chief Financial Officer
Mail Stop F-401, P.O. Box 6501
Aurora, Colorado 80045-0506

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

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street
Denver, Colorado 80205

CoverColorado
425 South Cherry Street, Suite 160
Glendale, Colorado 80246

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. Pinnacol 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 if 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.

NOTE 3 – BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements focus on the government as a whole. The *Statement of Net Assets* and the *Statement of Activities* are presented using the economic resources measurement focus and the full accrual basis of accounting. Under this presentation, all revenues, expenses, and all current and long-term assets and liabilities of the government are reported including capital assets, depreciation, and long-term debt.

The government-wide statements show the segregation between the primary government and its component units. The primary government is further subdivided between governmental activities and business type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Assets* presents the financial position of the government. The net assets section of the statement focuses on whether assets, net of related liabilities, have been restricted as to the purpose for which they may be used. This differs from the concept of reservations of fund balance used in the governmental fund statements to show availability of assets for appropriation. When an external party, the state constitution, or enabling legislation places a restriction on the use of an asset, those assets, net of related liabilities, are reported in the line item Restricted Net Assets. The nature of the asset may also result in a restriction on asset use. The line item Invested in Capital Assets, Net of Related Debt, comprises capital assets net of depreciation and reduced by the outstanding balance of bonds, mortgages, notes, or other borrowings that were used to finance the acquisition, construction, or improvement of the capital asset. Internal Service Fund assets and liabilities are reported in the government-wide *Statement of Net Assets* as part of the governmental activities.

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities (BTAs) in state government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function/BTA. Direct costs are those that can be specifically identified with a program. The state allocates indirect costs based on an approved Statewide Federal Indirect Cost Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants. Taxes, with the exception of unemployment insurance taxes, are presented as general revenues. General revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

The state reports only its Enterprise Funds as business-type activities. The business-type activities follow all current GASB pronouncements, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Interfund transactions and balances have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. In order not to misstate the sales revenue and purchasing expenses of individual functions/BTAs, the effects of interfund services provided and used have not been eliminated. Internal Service Fund activity has been eliminated by allocating the net revenue/expense of the Internal Service Fund to the function originally charged for the internal sale.

Some of the state's component units have fiscal year ends that differ from the state's fiscal year end. However, there were no significant receivable and payable balances between the primary government and the component units at the fiscal year end reporting dates.

Interfund balances between the primary government's fiduciary activities and the primary government are presented on the government-wide statements as external receivables and payables.

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

The fund level statements provide additional detail about the primary government and its component units. The information is presented in four types – governmental funds, proprietary funds, fiduciary funds, and component units. With the exception of the Fiduciary Fund type, each type is presented with a major fund focus.

The Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. All of the state's component units are reported as major except CoverColorado, which is presented as the sole nonmajor component unit.

MAJOR FUNDS:

The state's major funds report the following activities:

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.

Public School Fund
The Public School Fund is a legally mandated fund that receives transfers from the General Fund on a quarterly basis and makes distributions to local school districts on a monthly basis. The fund also receives minor transfers from other state programs that are also distributed to the local school districts.

Highway Users Tax Fund
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. Most of the state's infrastructure is financed by this fund.

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.

State Education Fund
The State Education Fund was created in the State Constitution by a vote of the people in November 2000. The fund's primary revenue source is a tax of one third of one percent on federal taxable income. The revenues are restricted for the purpose of improving Colorado primary education by specified programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11. The funds may not be used to supplant the General Fund appropriation for education, which is required to grow at least five percent annually through Fiscal Year 2010-11.

PROPRIETARY FUND TYPES:

Higher Education
This fund reports the activities of all state supported institutions of higher education. A combination of transfers from the state General Fund, tuition, grants, and fees primarily funds this activity. This activity has significant capital debt secured solely by pledged revenues.

Unemployment Insurance
This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Colorado Student Obligation Bond Authority
The Colorado Student Obligation Bond Authority 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.

Lottery
The State Lottery encompasses the various lottery and lotto games run under state statute. The primary revenue source is lottery ticket sales, and the net proceeds are primarily 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.

NONMAJOR FUNDS:

Nonmajor funds of each fund type are aggregated into a single column for presentation in the basic financial statements. In addition to the major funds discussed above, the state categorizes and reports the following fund categories in supplementary information.

GOVERNMENTAL FUND TYPES:

Special Revenue Funds
Transactions related to resources obtained from specific sources, and dedicated to specific purposes are accounted for in the Special Revenue Funds. The individual nonmajor funds include the Water Projects Construction Fund, the Labor Fund, the Gaming Fund, the Tobacco Litigation Settlement Fund, and a large number of smaller funds.

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 certificates of participation and notes issued by the Department of Transportation to fund infrastructure.

Permanent Funds

This collection of funds reports resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the state's programs. The individual nonmajor funds included in this category are the State Lands Fund, the Controlled Maintenance Trust Fund, the Tobacco Settlement Trust Fund, and several other smaller funds. On the government-wide financial statements the net assets of these funds are presented as restricted with separate identification of the nonexpendable (principal) and expendable (earnings) amounts. See Note 31 for more information on transfers out of these funds.

PROPRIETARY FUND TYPES:

Enterprise Funds
The state uses Enterprise Funds to account for activities for which fees are charged, primarily to external users, to recover the costs of the activity. In some instances, the requirement to recover costs is a legal mandate, and in others it is due to management's pricing policy. The individual nonmajor funds include, the Wildlife Fund, the Guaranteed Student Loan Fund, the State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, and several smaller funds.

Internal Service Funds
The state uses Internal Service Funds to account for sales of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to Internal Service Funds. The state's Internal Service Funds reported in supplementary information included Central Services, General Government Computer Center, Telecommunications, Capitol Complex, Highways, Public Safety, and Administrative Hearings. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Assets,* and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPES:

The Fiduciary Funds use the economic resources measurement focus and the full accrual basis of accounting. Under this presentation, all revenues, expenses, and all current and long-term assets and liabilities of the government are reported including capital assets, depreciation, and long-term debt. The resources reported in Fiduciary Fund types are not available for use in the state's programs; therefore, none of the Fiduciary Funds are included in the government-wide financial statements.

Pension Trust Funds
In the basic financial statements, the state reports in a single column, the activities related to resources being held in trust for members and beneficiaries of the Deferred Compensation Plan, the Defined Contribution Pension Plan, and Group Benefits Plan. (Financial statements are presented in Note 21). Participation in the 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 19.)

Investment Trust Fund
As directed by statute, the state operates an external investment account solely for the benefit of the Colorado Compensation Insurance Authority (a related party doing business as Pinnacol Assurance).

Private Purpose Trust Funds
Private Purpose Trust Funds are used to report the resources held in trust for the benefit of other governments, private organizations, or individuals. A single column in the basic financial statements aggregates the Treasurer's Private Purpose Trusts (including escheats activity), the College Savings Plan operated by the Colorado Student Obligation Bond Authority, and several smaller funds.

Agency Funds
Agency funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

Substantially all intrafund transactions and balances of the primary government have been eliminated from the fund level financial statements. 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.

Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The district implemented Governmental Accounting Standards Board (GASB) Statement No. 34 for its fiscal year ended December 31, 2001. CoverColorado uses proprietary accounting in preparing its financial statements, and applies applicable GASB pronouncements as well as all Financial Accounting Standards Board (FASB) pronouncements that do not conflict with or contradict GASB pronouncements. The financial information for both entities is presented as of December 31, 2001.

The Colorado Water Resources and Power Development Authority is engaged only in business-type and fiduciary activities. It uses proprietary fund accounting for its operations except for an agency fund, which is not presented in the state's financial statements. The authority implemented GASB Statements No. 33, 34, 37, and 38 for its fiscal year ended December 31, 2001. The authority's financial information is presented as of December 31, 2001.

The University of Colorado Hospital Authority uses proprietary fund accounting for its operations. The financial statements for the authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting, but are not presented in the state's Comprehensive Annual Financial Report. The pension plan statements are available from the authority. Financial information for the authority is presented as of June 30, 2002.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

The basis of accounting applied to a fund depends on both the type of fund and the financial statement on which the fund is presented.

GOVERNMENT-WIDE STATEMENTS:

All transactions and balances on the government-wide financial statements are reported on the full accrual basis of accounting. Under full accrual, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange transactions are recognized when the exchange takes place and the earnings process is complete. Similar recognition occurs for nonexchange transactions depending on the type of transaction.

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the state has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets may be recognized if received before eligibility requirements are met.

FUND LEVEL FINANCIAL STATEMENTS:

Governmental Funds:

All transactions and balances of governmental funds are presented on the modified accrual basis of accounting consistent with the flow of current financial resources measurement focus and the requirements of Governmental Accounting Standards Board Interpretation No. 6. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The state defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for economic trends, are used in the estimation of the following revenue 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 uncollect-ible 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 as a liability in the fund when:

- The related liability is incurred and is due and payable in full (examples include, salaries, professional services, supplies, utilities, and travel),
- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year end),
- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

Under these recognition criteria, compensated absences, claims and judgments, special termination benefits, and environmental postremediation liabilities are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund are reported as expenses/liabilities on the government-wide statements.

Proprietary and Fiduciary Funds:

All transactions and balances of the proprietary and Fiduciary Fund types are reported on the full accrual basis of accounting as describe above for the government-wide statements.

Component Units

The Colorado Water Resources and Power Development Authority utilizes the accrual basis of accounting in preparing its financial statements under which revenues are recognized when earned and expenses are recognized when incurred. The authority elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

The University of Colorado Hospital Authority follows the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations. As a governmental entity, the hospital applies all Governmental Accounting Standards Board (GASB) statements and has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

NOTE 6 – ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET ASSETS

A. 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 defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments with initial maturities of three months or less, excluding amounts restricted under trust agreements.

CoverColorado considers 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.

B. 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 expensed at the time of sale.

C. 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 15.) 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.

D. CAPITAL ASSETS

Primary Government

Capital assets are reported at cost on the government-wide *Statement of Net Assets*. Donated capital assets are carried at their fair market value at the date of donation, and all land is capitalized without regard to cost. State agencies are allowed to capitalize assets below established thresholds; however, they must capitalize furniture, equipment, and works of art when the cost of the item or collection exceeds $5,000. The state uses a higher threshold for buildings ($50,000) and infrastructure ($500,000). Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

Infrastructure owned by the Colorado Department of Transportation is reported using the modified approach, under which maintenance and preservation costs are expenditures and depreciation is not recorded. (See Note RSI-2 to the Required Supplementary Information for more information on the modified approach). Other infrastructure, which is primarily owned by the Department of Natural Resources, is capitalized and depreciated.

The state does not capitalize interest incurred during the construction of capital assets unless the asset is reported in an Enterprise Fund.

All depreciable capital assets are depreciated using the straight-line method. State agencies are required to use actual experience in setting useful lives for depreciating their capital assets.

The following table lists the range of lives that state agencies normally use in depreciating capital assets. Certain buildings are depreciated over significantly longer lives, but they are excluded from the following table.

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	2	50
Buildings	5	88
Leasehold Improvements	8	25
Equipment	1	50
Library Books	5	15
Collections	23.5	23.5
Other Capital Assets	3	23

Component Units

The University of Colorado Hospital Authority capitalizes interest during the construction of capital 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, 2002 or 2001. The authority depreciates capital assets over the estimated useful life of the asset class using the straight-line method.

E. DEFERRED REVENUE

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures are made. On the fund level financial statements, revenues related to taxes receivable that the state does not expect to collect until after the following fiscal year are deferred. However, these receivables are recognized as revenue on government-wide financial statements.

F. 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 converts 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.

In accordance with GASB Interpretation No. 6, compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. However, the entire compensated absence liability is recognized on the government-wide *Statement of Net Assets.* 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.

G. INSURANCE

The state has an agreement with the Colorado Compensation Insurance Authority (CCIA), a related party, to act as the third party administrator for the state's self-insured workers' compensation claims. 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 against general liability risks for both its officials and employees. (See Note 22.)

H. NET ASSETS AND FUND BALANCES

In the attached financial statements, assets in excess of liabilities are represented in two ways based on the measurement focus used in reporting the fund.

On the government-wide *Statement of Net Assets,* the proprietary funds' *Statement of Net Assets,* and the fiduciary funds' *Statement of Fiduciary Net Assets,* net assets are segregated into restricted and unrestricted balances. Restrictions are limitations on how the net assets may be used. Restrictions may be placed on net assets by the external party that provided the resources to the government, by the State Constitution, by enabling legislation, or by the nature of the asset (such as, in the case of capital assets).

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved balances are generally available for appropriation. However, management may also make designations of unreserved fund balance that signal management's intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

The following paragraphs describe the restrictions reported in the financial statements.

<u>Invested in Capital Assets Net of Related Debt</u> – This item comprises capital assets net of accumulated depreciation if applicable. It is reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset.

<u>Restricted for Highway Construction and Maintenance</u> – A portion of the Highway Users Tax Fund is restricted based on enabling legislation. The unrestricted portion of the fund is appropriated for activities other than construction and maintenance; however, unexpended balances of these appropriations revert to the Highway Users Tax Fund for use in construction and maintenance.

<u>Restricted for Unemployment Insurance</u> – The entire net assets balance of the Unemployment Insurance Fund, a major Enterprise Fund, is reported as restricted because federal regulations limit its use to paying unemployment insurance claims.

<u>Restricted for State Education</u> – The entire net assets balance of the State Education Fund, a major governmental fund, is restricted based on Article IX, Section 17, of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000.

<u>Restricted for Debt Service</u> – The net assets of the Debt Service Fund, a nonmajor governmental fund, are restricted to be used only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation, but also include payments on Certificates of Participation issued by the Department of Personnel and Administration. The Higher Education Institutions Enterprise Fund also reports certain balances

restricted for principal and interest payments on revenue-bonded debt.

Restricted for Emergencies – The state Legislature designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve 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 8B.)

Restricted Permanent Funds and Endowments – This item is segregated into two components. The restricted balances reported as nonexpendable are related to the principal portion of governmental Permanent Funds, such as the State Lands Fund, and the endowment portion of the Higher Education Institutions Enterprise Fund that must be maintained in perpetuity. The restricted balances reported as expendable are the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

Restricted for Court Awards and Other Purposes – The state operates certain funds that were established at the direction of federal courts, state courts, or other external parties. The net assets of these funds are limited as to use by the court or the external party.

The following paragraphs describe the reservations reported in the fund-level financial statements.

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.

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the current fiscal year appropriation that was encumbered for goods and services that were not received before June 30 due to extenuating circumstances. The specific appropriation related to these items is rolled-forward to the following fiscal year.

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 Noncurrent Assets – This item reserves 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 Debt Service – The fund balance of the Debt Service Fund, a nonmajor governmental fund, is not available for appropriation because it is restricted to use only for upcoming principal and interest payments. The payments are primarily related to the Transportation Revenue Anticipation Notes issued by the Department of Transportation but also include payments on Certificates of Participation issued by the Department of Personnel and Administration.

Reserve for Statutory Purposes – 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. In the General Fund this reserve normally represents the requirement to reserve four percent of General Fund expenditures, and it is only presented when the unreserved fund balance is positive. However, in the Fiscal Year 2001-02, the Legislature eliminated the four percent reserve for both GAAP and budget basis purposes as part of its plan to address a revenue shortfall and the pay out of the $927.2 million TABOR refund deferred from Fiscal Year 2000-01.

Reserved for Emergencies – The state Legislature designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve 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 8B for more information on the current year amount of the emergency reserve.

Reserved for Funds Reported as Restricted – This reserve is the portion of fund balance that is restricted by the State Constitution, enabling legislation or external parties. The balances are reserved because they are restricted; and therefore, are not available for appropriation for general governmental purposes.

Unreserved - 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.

I. RESTATEMENT OF BEGINNING BALANCES

The following table shows how ending fund balances and fund equities reported in the Fiscal Year 2000-01 Comprehensive Annual Financial Report were restated as beginning fund balances and net assets for reporting under the new fund structure dictated by GASB 34.

The most significant changes in fund structure occurring between Fiscal Year 2000-01 and Fiscal Year 2001-02 include the following:

- Major funds were identified and separately reported based on thresholds specified in GASB 34 and other qualitative factors. In prior years, all funds were reported by fund type, as defined by generally accepted accounting principles, without respect to whether the fund type was significant.
- A large number of individual funds previously reported as restricted in the General Fund are now presented as Other Governmental Funds (mostly Special Revenue Funds).
- The Wildlife Fund previously reported as a Special Revenue Fund is now reported as an Other Enterprise Fund as the result of legislation passed in the 2001 legislative session that made the fund a TABOR exempt enterprise.
- The Unemployment Insurance Fund previously reported as an Expendable Trust Fund in the Trust and Agency Funds is now reported as a major Enterprise Fund as required by GASB Statement No. 34.
- The College and University Funds previously reported in separate financial statements within the General Purpose Financial Statements are now reported as a major Enterprise Fund – Higher Education Institutions.
- Several Nonexpendable Trust Funds previously reported in the Trust and Agency Fund type are now reported as Other Governmental Funds (as Permanent Funds).
- Assets previously reported in the General Fixed Asset Account Group are now reported as a reconciling item between the fund-level and entity-wide financial statements. Liabilities previously reported in the General Long-Term Debt Account Group are similarly reconciling items; however, since there was no fund balance associated with those liabilities under the previous reporting model, they are not included in the following schedule.

See Note 28 for adjustments to beginning fund balance related to accounting changes and corrections of prior year balances.

(Amounts in Thousands)

	PREVIOUS REPORTING MODEL FUND TYPES									
NEW REPORTING MODEL MAJOR FUNDS AND OTHER REPORTING UNITS	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Asset Accout Group	College and University Funds	Total
GOVERNMENTAL FUNDS:										
General	$ (426,926)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (426,926)
Public School	10,125	-	-	-	-	-	-	-	-	10,125
Highway Users Tax	-	1,476,720	-	-	-	-	-	-	-	1,476,720
Capital Projects	32,916	-	-	383,598	-	-	-	-	-	416,514
State Education	-	168,811	-	-	-	-	-	-	-	168,811
Other Governmental	412,363	575,718	9,474	-	3,884	-	858,703	-	-	1,860,142
PROPRIETARY FUNDS:										
Higher Education Institutions	-	-	-	-	-	-	-	-	3,829,085	3,829,085
Unemployment Insurance	-	-	-	-	-	-	824,402	-	-	824,402
Student Obligation Bond Authority	-	-	-	-	88,374	-	-	-	-	88,374
State Lottery	-	-	-	-	1,912	-	-	-	-	1,912
Other Enterprise	-	50,360	-	-	93,792	-	-	-	-	144,152
Internal Service	-	-	-	-	-	16,354	-	-	-	16,354
FIDUCIARY FUNDS:										
Pension and Employee Benefit Trust	-	-	-	-	-	10,716	319,438	-	-	330,154
Investment Trust	-	-	-	-	-	-	940,619	-	-	940,619
Private Purpose Trust	-	-	-	-	-	-	74,286	-	-	74,286
MEASUREMENT FOCUS ADJUSTMENTS	-	-	-	-	-	-	-	1,935,907	-	1,935,907
Total	$ 28,478	$2,271,610	$ 9,474	$ 383,598	$ 187,962	$ 27,071	$3,017,447	$1,935,907	$3,829,085	$11,690,632

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

A. PROGRAM REVENUES

The government-wide *Statement of Activities* presents two broad types of revenues – program revenues and general revenues. All taxes with the exception of Unemployment Insurance taxes are reported as general revenues. Unrestricted investment earnings and the court ordered awards of the Tobacco Litigation Settlement Fund are also reported as general revenues. Except for transfers, permanent fund additions, and special items, all other revenues are reported as program revenues. In general program revenues include:

- Fees for services, tuition, licenses, certifications, and inspections,
- Fines and forfeitures,
- Sales of products,
- Rents and royalties,
- Donations and contributions,
- Intergovernmental revenues (including capital and operating grants).

B. INDIRECT COST ALLOCATION

The state allocates indirect costs on the government-wide *Statement of Activities.* In general the allocation reduces costs shown in the general government functions and increases costs in the other functions and Business-Type Activities (BTAs). The allocation is based on the Statewide Indirect Cost Allocation Plan Agreement with the federal government that was approved during Fiscal Year 2000-01. The Plan uses cost from Fiscal Year 1999-00 that will be incorporated in state agency indirect cost rates to be charged to federal grants in Fiscal Year 2003-04. The allocation of costs between the governmental activities and BTAs would normally result in an adjustment of internal balances on the government-wide *Statement of Net Assets.* However, since the amount allocated from the governmental activities to the BTAs is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

C. OPERATING REVENUES AND EXPENSES

Primary Government

The state reports four major Enterprise Funds and several nonmajor Enterprise Funds. Because these enterprises engage in a wide variety of activities, the state's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

In general this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Assets* and income from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds for which the core business activity is lending are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as investing activities on the *Statement of Cash Flows.*
- Rental income of proprietary funds for which the core business activity is real estate services is reported as operating revenue on the *Statement of Revenues, Expenses, and Changes in Net Assets* but is reported as a capital and related financing activities on the *Statement of Cash Flows*.
- Fines, donations, and certain grants and contracts may be reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Assets* but are reported as cash from operations on the *Statement of Cash Flows.*

The state higher education institutions have defined operating revenues and expenses as generally resulting from providing goods and services for instruction, research, public service or related support services to an individual or entity separate from the institution.

Component Units

The Denver Metropolitan Major League Baseball Stadium District defines operating revenues as those revenues for which cash flows are reported as operating activities. In general these revenues derive from its principal on-going operations – leasing the ballpark and related activities. Non-operating revenues include revenue from other than exchange or exchange-like transactions, such as, taxes, interest, and other income.

NOTES 8 and 9 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

NOTE 8 – LEGAL COMPLIANCE

A. 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. Agencies are not allowed to use general-purpose revenue to support an expenditure/expense that was appropriated from cash or federal funds.

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. The Department of Corrections was allowed unlimited overexpenditures for the purchase of pharmaceuticals and certain medical services in Fiscal Year 2001-02 only. Statute also allows overexpenditures up to $1 million in total for the remainder of the executive branch. An additional $1 million of combined transfers and overexpenditures are allowed for the Judicial Branch.

If the State 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, 2002, were $2,938,678. The State Controller has recommended that future appropriations be restricted by that amount. Over-expenditures at June 30, 2002, are described below.

Department of Human Services Overexpenditures Other Than Medicaid:

- Self Sufficiency - Colorado Works Program - Works Program Evaluation. – The Department of Human Services overexpended this budget line item by $332,787 of federal funds provided by the Temporary Assistance to Needy Families (TANF) Program. The TANF program provides cash and other benefits and services intended to promote sustainable employment for low-income families with children. The department overexpended the budget line because it failed to request a supplemental appropriation to pay for audit cost disbursed to contract auditors by the State Auditor.

Statewide Overexpenditures Subject to the $1 Million Limit:

- Colorado State Fair - Program Costs. – The Department of Agriculture overexpended this appropriation by $29,438. The State Fair earned cash funds revenue adequate to cover the overexpenditure but did not have the spending authority to make the disbursement. The department will submit a supplemental budget request for Fiscal Year 2002-03.
- Motor Vehicle Business Group - Vehicle Emissions - Operating Expenses – The Department of Revenue overexpended this cash funded appropriation by $1,458 due to expenditures accrued for inventory usage that department management did not anticipate.

Department of Corrections Overexpenditures Not Subject to Limitation:

- Institutions - Medical Services Subprogram -Purchase of Pharmaceuticals – The Department of Corrections overexpended this general funded appropriation by $985,692 due to the difficulty in predicting price inflation associated with pharmaceuticals dispensed to inmates at correctional facilities.
- Institutions - Medical Services Subprogram - Purchase of Medical Services from Other Medical Facilities – The Department of Corrections overexpended this general funded appropriation by $790,626 due to the difficulty in predicting price inflation associated with purchased medical services.

Other Overexpenditures – Expenditures Exceeding Earned Revenue Plus Statutory Fund Balance (This overexpenditure is not statutorily approvable.):

- Oil and Gas Commission - Personal Services – The Oil and Gas Commission in the Department of Natural Resources did not have adequate fund balance and failed to earn enough cash fund revenues to cover its expenditures. The revenue shortfall was due to fluctuations in natural gas commodity prices. The commission's management failed to control expenditures because it erroneously assumed funds could be transferred from the Oil and Gas Environmental Response Fund.

Judicial Branch Transfers and Overexpenditures in Excess of $1 Million (This overexpenditure is not statutorily approvable.):

- Office of the Child's Representative - Court Appointed Counsel – The Office of the Child's Representative oversees and pays for court mandated legal representation for children. Due to expenditures of this office, the Judicial Branch exceeded its transfer and overexpenditure authority by $436,202. The overexpenditure was caused by unanticipated increases in both the number and complexity of cases.

The State Fair Authority in the Department of Agriculture overexpended its State Fair Program Costs line item by $34,921 as the result of an audit adjustment made to the state's financial statements. This amount is in addition to the $29,438 discussed above. The adjustment was identified after the 45 day limit for approving overexpenditures. Therefore, the overexpenditure was unapproved, and the State Controller restricted the agency's budget in Fiscal Year 2002-03.

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

B. 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 did not exceed the TABOR limit in Fiscal Year 2001-02. Before Fiscal Year 2001-02, the state exceeded the revenue growth limitation in each year since Fiscal Year 1996-97. The outstanding unpaid refund of $48.9 million from Fiscal Year 2000-01 is shown as the TABOR Refund Liability on the government-wide *Statement of Net Assets* and the fund-level *Balance Sheet – Governmental Funds*.

Colorado Revised Statutes 24-75-201 requires that 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 *Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis – Budget and Actual – General Funded* (in the Required Supplementary Information) shows a $927.2 million expenditure related to the Fiscal Year 2000-01 TABOR refund. A separately issued audited report of TABOR computations for Fiscal Year 2001-02 will be available from the State Controller's Office in December 2002.

TABOR requires the state to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2001-02 this amount was $232,566,336. Two Executive Orders by the Governor transferred $15,000,000 from the Severance Tax Trust Fund and the Subsequent Injury Fund to the Disaster Emergency Fund to fund firefighting efforts in June 2002. This reduced the required reserve to $217,566,336. At June 30, 2002, the financial net assets of the following funds were applied to the reserve:

- Wildlife Cash Fund (a nonmajor Enterprise Fund) – $38,813,100
- Employment Support Fund (a nonmajor Special Revenue Fund) – $27,474,176
- Severance Tax Trust Fund (a nonmajor Special Revenue Fund) – $54,442,953

The remaining amount of $96,836,107 needed to meet the emergency reserve requirement comes from the $139.98 million of Capital Assets Net of Related Debt shown for the Wildlife Fund on the *Combining Statement of Net Assets – Enterprise Funds*. In the event of an emergency that exceeded the financial assets in the reserve, these capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 9 – FUND BALANCE AND NET ASSETS DEFICITS

The Telecommunications Fund, an Internal Service Fund, shows a deficit unrestricted net assets of $3,320,823 on the *Combining Statement of Net Assets – Internal Service Funds*. This deficit occurred because the fund's assets are primarily invested in capital assets and financial liabilities exceed financial assets.

The State Fair Authority, an Enterprise Fund, shows a deficit unrestricted net assets of $40,881 on the *Combining Statement of Net Assets – Enterprise Funds*. This deficit occurred because the fund's assets are primarily invested in capital assets and financial liabilities exceed financial assets.

NOTES 10 through 18 – DETAILS OF ASSET ITEMS

NOTE 10 – 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 major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund. However, because the General Fund is the payer of last resort for the pool, its cash deficit has not been reclassified as a payable. 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.

Including restricted amounts, the Cash and Pooled Cash line on the financial statements includes $2,068.5 million of claims of the state's funds on monies in the treasurer's pooled cash. At June 30, 2002, the treasurer had invested $1,973.7 million of the pool with the balance of $94.8 million held in demand deposits and certificates of deposit. At June 30, 2002, the state had cash balances in all funds with a carrying value of $1,680.7 million; this amount includes the $94.8 million held as cash in the treasurer's pool. 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 Category	Bank Balance June 30
1	$ 677,204,372
2	1,011,927,896
3	1,272,654
Total	$ 1,690,404,922

Component Units

At December 31, 2001, the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of $332,285. It also reported as cash and cash equivalents $43.9 million held by the State Treasurer in an Agency Fund, $57.5 million held in a local government investment pool, and $13.1 million held in money market mutual funds. These amounts are not subject to custodial, insurance, or collateralization risk classification, but they include $7.3 million of agency fund cash balances that are not presented in the state's financial statements.

At December 31, 2001 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of $17,628. They also had $3,520,185 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. All of the district's cash and cash equivalents are maintained with a single major Denver bank resulting in a concentration of credit risk.

NOTE 11 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types, noncash transactions occur that do not affect the fund-level *Statement of Cash Flows – All Proprietary Funds*. These transactions are summarized at the bottom of the fund-level statement and the related combining statements. In order for a transaction to be reported as noncash, it must affect real accounts (that is, accounts shown on the *Statement of Net*

Assets) and be reported outside of the Cash From Operation section of the *Statement of Cash Flows.* The following general types of transaction are reported as noncash:

- Capital Assets Funded By the Capital Projects Fund – Most capital construction projects funded by general revenues are accounted for in the Capital Projects Fund. Several of the state's Enterprise and Internal Service Funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Certain state agencies are authorized to move general revenue cash to the Enterprise or Internal Service Fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donation of Capital Assets – Capital assets received as donations are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Asset;* therefore, they are reported as noncash.

- Unrealized Gain/Loss on Investments – Nearly all proprietary funds 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 15 shows the combined effect of these two sources of unrealized gains/losses.

- Loss on Disposal of Capital Assets – When the cash received at disposal of a capital asset is less than the undepreciated balance of the asset, a loss is recorded. This loss results in a reduction of the amount reported for capital assets on the *Statement of Net Assets,* but since no cash is exchange for the loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, issuance costs, and gain/loss on refunding adjusts debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Assets.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

- Assumption of Capital Lease Obligation – Although no cash is exchanged, entering a capital lease changes both the capital asset and related lease liability balances reported on the *Statement of Net Assets.* Therefore, these transactions are reported as noncash.

NOTE 12 – RECEIVABLES

Primary Government

The taxes receivable of $884.6 million shown on the government-wide *Statement of Net Assets* comprises:

- $736.0 million primarily of self-assessed income, estate, and sales taxes recorded in the General Fund,

- $56.6 million primarily of fuel taxes recorded in the Highway Users Tax Fund, a major Special Revenue Fund, and

- $55.7 million recorded in nonmajor Special Revenue Funds, approximately one-half of which is from gaming taxes and insurance premium taxes, and the balance is primarily from severance taxes and employment taxes.

The other receivables of $1,010.1 million shown on the government-wide *Statement of Net Assets* are net of a deduction of $78.5 million in allowance for doubtful accounts and comprise the following:

- $730.3 million of student loan receivables of the Colorado Student Obligation Bond Authority, a major Enterprise Fund,

- $122.4 million of student and other receivables of Higher Education Institutions, a major Enterprise Fund,

- $63.0 million of receivables recorded in the General Fund of which $30.0 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $14.5 million related primarily to certification of providers expenditures as match for Medicaid grant funds, rebates from drug companies, and overpayments to healthcare providers.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $576.5 million and $514.8 million at December 31, 2001 and 2000, respectively. During 2001 the authority made new loans of $89.7 million and canceled or received repayments for existing loans of $28.0 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (23 percent), Medicaid (9 percent), managed care including Blue Cross (42 percent), other commercial insurance (10 percent), self-pay and medically indigent (12 percent). However, the authority's management does not believe there are credit risks associated with these payers other than the self-pay and medically indigent category. 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 2001-02 and 2000-01 were approximately $136.4 million and $123.0 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 received during 2000 and 2001 totaling $65 million were discounted at rates ranging from 4.25 percent to 5.88 percent. After the discounts were applied at June 30, 2002, the hospital reported receivables restricted by donors in the amount of $40.2 million.

NOTE 13 – INVENTORY

Inventories of $52.2 million shown on the government-wide *Statement of Net Assets* at June 30, 2002, consisted of:

- $7.9 million of manufacturing inventories recorded by Correctional Industries, a nonmajor Enterprise Fund,
- $17.3 million of resale inventories recorded primarily by Higher Education Institutions, a major Enterprise Fund,
- $20.8 million of consumable supplies inventories recorded primarily by the Highway User's Tax Fund, a major Special Revenue Fund, and by Higher Education Institutions, a major Enterprise Fund.

NOTE 14 – PREPAIDS, ADVANCES, AND DEFERRED CHARGES

Prepaids, advances and deferred charges of $122.3 million shown on the government-wide *Statement of Net Assets* are primarily related to:

- $72.2 million advanced to local governments for highway construction by the Highway Users Tax Fund, a major Special Revenue Fund,
- $15.5 million advanced to Colorado counties by the General Fund related to social assistance programs, and,
- $11.5 million of prepaid expenses primarily related to revenue bond issuance costs of Higher Education Institutions, a major Enterprise Fund.

NOTE 15 – 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.

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 including fiduciary funds:

(Amounts in Thousands)

Footnote Amounts		Carrying Amount
Deposits (Note 10)	$	1,680,700
Investments		5,827,396
Total	$	7,508,096
Financial Statement Amounts		
Net Cash and Pooled Cash	$	2,111,450
Add: Warrants Payable Included in Cash		196,338
Total Cash and Pooled Cash		2,307,788
Add: Restricted Cash		1,346,568
Add: Restricted Investments		140,074
Add: Investments		3,713,666
Total	$	7,508,096

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 $6,921,814 for Fiscal Year 2001-02. Excluding the Individual Investment Trust Fund, the Deferred Compensation Plan, and the Defined Contribution Plan, the state realized $11,863,780 of net realized losses from the sale of investments of other funds during Fiscal Year 2001-02.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 2002 and 2001, the treasurer had $57.23 million and $34.02 million at fair value, respectively, of GOCO's funds on deposit and invested. The treasurer also maintains an individual investment account (reported as an Investment

Trust Fund) for the Colorado Compensation Insurance Authority (dba, Pinnacol Assurance), a related party. At June 30, 2002, and 2001, the treasurer had $1,129.32 million and $927.20 million at fair value, respectively, of the Colorado Compensation Insurance Authority'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, are guaranteed by another state or the federal government, or are 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.

Open-end 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 A	Risk Category B	Risk Category C	Total Fair Value
U.S. Government Securities	$ 1,790,017	$ -	$ 10,202	$ 1,800,219
Commercial Paper	6,595	-	1,627	8,222
Corporate Bonds	1,146,921	-	1,621	1,148,542
Corporate Securities	6,146	-	975	7,121
Repurchase Agreements	73,409	44	8,075	81,528
Asset Backed Securities	561,573	-	-	561,573
Mortgages	722,275	-	-	722,275
Total	$ 4,306,936	$ 44	$ 22,500	4,329,480
Investments not Subject to Categorization:				
Mutual Funds				1,360,432
Guaranteed Investment Agreements				63,130
Other				74,354
Total Investments				$ 5,827,396

*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.

(Amounts in Thousands)

	Fiscal Year 2001-02	Fiscal Year 2000-01
Governmental Activities:		
Major Funds		
General Fund	$ 9,329	$ 17,833
Highway Users Tax	4,720	11,224
Capital Projects	(6,676)	11,340
State Education	(149)	2,614
NonMajor Funds:		
State Lands	8,554	14,644
Controlled Maintenance	6	10,833
Tobacco Settlement (Permanent Trust)	(2,958)	2,630
Other Permanent Trusts	70	98
Water Projects	579	2,325
Labor	(10,410)	12,546
Gaming	1,526	1,813
Tobacco Settlement (Special Revenue)	1,005	1,908
Other Special Revenue	2,987	7,882
Highways (Internal Service)	25	52
Business Type Activities:		
Major Funds		
Higher Education Institutions	(6,459)	(12,972)
Student Obligation Bond Authority	4,381	(7,223)
Lottery	218	608
NonMajor Funds:		
Wildlife	605	2,054
Guaranteed Student Loan	470	1,270
State Fair Authority	5	29
Correctional Industries	37	104
State Nursing Homes	5	60
Other Enterprise Activities	4	9
Fiduciary:		
Pension/Benefits Trust	229	672
Investment Trust	17,710	29,417
Private Purpose Trust	(41,051)	(3,871)
	$ (15,238)	$ 107,899

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.

The Colorado Water Resources and Power Development Authority investments are reported at fair value.

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. Restricted investments of the authority include assets held by a trustee under a bond indenture. All of the authority's investments that are subject to categorization at June 30, 2002, are classified as category one.

The hospital uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates. Credit loss from counter party nonperformance is not anticipated. At June 30, 2002, the hospital was party to a swap agreement having notional amount of $72 million. The fair value of the swap was ($369,000) and ($91,000), respectively at June 30, 2002, and 2001, based on the gross unrealized market gain/loss. Gains and losses are reported in income, as the agreements do not qualify for hedge accounting. The interest rate swap is scheduled to terminate in 2006. On March 20, 2002, the hospital received $1.85 million from the termination of an interest rate swap with notional amount of $50 million that was held at the beginning of the fiscal year.

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

(Amounts in Thousands)

Type of Investment	Risk Category A	B	C	Total Fair Value
U.S. Government Securities	$ 94,836	$ -	$ 9,799	$ 104,635
Repurchase Agreements	-	-	230,898	230,898
Corporate Bonds	51,722	-	-	51,722
Equity Securities	32,704	-	-	32,704
Subtotal	$ 179,262	$ -	$ 240,697	419,959
Investments not Subject to Categorization:				
Guaranteed Investment Contracts				45,554
Other				2,385
Total				$ 467,898

NOTE 16 – TREASURER'S INVESTMENT POOL

Participation in the State Treasurer's cash/investment 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 2001-02, 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 agreement with Morgan Stanley requires that all securities must be collateralized. The State Treasurer also loaned U.S. government and federal agencies securities held for the Colorado Treasury Pool, the State Lands Fund, the Labor Fund, the Prepaid Tuition Fund (a portion of the Colorado Student Obligation Bond Authority), the State Education Fund, and the Controlled Maintenance Trust Fund (currently held in the General Fund) to Deutsche Bank. Morgan Stanley and Deutsche Bank pay the treasurer an agreed upon fee for use of these securities. Under their agreement, Duetsche Bank is only required to collateralize securities that are on loan. 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 State 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, 2002, the market value of securities on loan from the Colorado Compensation Insurance Authority (dba, Pinnacol Assurance) to Morgan Stanley was $504,483,401. The market value of the collateral securities pledged was $531,077,919. At June 30, 2002, the market value of the state securities held by Deutsche Bank was $1,235,864,598; however, only 78 percent of those securities, valued at $963,974,386, were actually on loan at June 30, 2002. The market value of the related pledged collateral was $1,013,009,994.

NOTE 17 – CAPITAL ASSETS

Primary Government

Capital asset activity for the Fiscal Year 2001-02 was as follows:

(Amounts in Thousands)

	Beginning Balance	Accounting Changes and Adjustments	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated					
Land	$ 148,916	$ (75,741)	$ 4,766	$ (4,056)	$ 73,885
Land Improvements	-	1,884	2,381	-	4,265
Collections	-	-	7,847	-	7,847
Construction in Progress	147,745	212,561	518,555	(48,557)	830,304
Infrastructure	-	9,910,921	-	-	9,910,921
Total Capital Assets Not Being Depreciated	296,661	10,049,625	533,549	(52,613)	10,827,222
Capital Assets Being Depreciated					
Land Improvements	106,182	(76,787)	9,853	(5,173)	34,075
Buildings	1,170,850	(17,230)	95,508	(6,937)	1,242,191
Leasehold Improvements	39,547	(3,955)	6,630	(4,476)	37,746
Vehicles and Equipment	445,283	(14,643)	44,041	(4,151)	470,530
Library Books	9,231	(2,991)	100	(813)	5,527
Other Capital Assets	29,994	6,380	3,045	(18,500)	20,919
Infrastructure	-	18,594	983	(245)	19,332
Total Capital Assets Being Depreciated	1,801,087	(90,632)	160,160	(40,295)	1,830,320
Less Accumulated Depreciation					
Land Improvements	-	(18,000)	(1,666)	4,233	(15,433)
Buildings	(452)	(352,708)	(37,195)	91	(390,264)
Leasehold Improvements	(609)	(14,858)	(1,212)	173	(16,506)
Vehicles and Equipment	(89,792)	(141,803)	(23,071)	14,249	(240,417)
Library Books	-	(5,298)	(388)	910	(4,776)
Other Capital Assets	-	(16,978)	-	-	(16,978)
Infrastructure	-	-	(7,035)	85	(6,950)
Total Accumulated Depreciation	(90,853)	(549,645)	(70,567)	19,741	(691,324)
Total Capital Assets Being Depreciated, net	1,710,234	(640,277)	89,593	(20,554)	1,138,996
TOTAL GOVERNMENTAL ACTIVITIES	2,006,895	9,409,348	623,142	(73,167)	11,966,218
BUSINESS TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated					
Land	66,353	81,530	13,507	(2,625)	158,765
Land Improvements	-	6,162	10,107	(976)	15,293
Collections	-	1,079	8,594	(53)	9,620
Construction in Progress	364,556	-	239,656	(136,598)	467,614
Total Capital Assets Not Being Depreciated	430,909	88,771	271,864	(140,252)	651,292
Capital Assets Being Depreciated					
Land Improvements	168,071	22,944	31,639	(15,988)	206,666
Buildings	2,149,616	16,627	179,803	(6,074)	2,339,972
Leasehold Improvements	6,147	1,665	5,523	(98)	13,237
Vehicles and Equipment	551,248	13,034	57,603	(69,518)	552,367
Library Books	307,216	1,004	28,524	(11,154)	325,590
Collections	-	-	5,335	(4,416)	919
Other Capital Assets	1,906	7,508	239	(962)	8,691
Infrastructure	-	22,994	245	-	23,239
Total Capital Assets Being Depreciated	3,184,204	85,776	308,911	(108,210)	3,470,681
Less Accumulated Depreciation					
Land Improvements	(1,377)	(83,774)	(4,945)	1,410	(88,686)
Buildings	(14,762)	(795,829)	(76,994)	9,789	(877,796)
Leasehold Improvements	(798)	(4,303)	(641)	278	(5,464)
Vehicles and Equipment	(21,338)	(361,110)	(49,166)	44,107	(387,507)
Library Books	-	(187,779)	(15,479)	1,877	(201,381)
Collections	-	(466)	(21)	5	(482)
Other Capital Assets	(17)	-	(3)	-	(20)
Infrastructure	-	(10,277)	(2)	-	(10,279)
Total Accumulated Depreciation	(38,292)	(1,443,538)	(147,251)	57,466	(1,571,615)
Total Capital Assets Being Depreciated, net	3,145,912	(1,357,762)	161,660	(50,744)	1,899,066
TOTAL BUSINESS ACTIVITIES	3,576,821	(1,268,991)	433,524	(190,996)	2,550,358
TOTAL CAPITAL ASSETS, NET	$ 5,583,716	$ 8,140,357	$ 1,056,666	$ (264,163)	$ 14,516,576

On the government-wide *Statement of Activities,* depreciation was charged to the functional programs and business type activities as follows:

(Amounts in Thousands)

	Depreciation Amount
GOVERNMENTAL ACTIVITIES:	
General Government	$ 6,560
Business, Community, Consumer Affairs	1,611
Education	1,123
Health and Rehabilitation	5,029
Justice	19,228
Natural Resources	226
Social Assistance	1,331
Transportation	10,593
Internal Service Funds (Charged to programs and BTAs based on useage)	16,396
Total Depreciation Expense Governmental Activities	62,097
BUSINESS TYPE ACTIVITIES	
Higher Education Institutions	138,781
Colorado Student Obligation Bond Authority	371
State Lottery	614
Other Enterprise Funds	4,129
Total Depreciation Expense Business Type Activities	143,895
Total Depreciation Expense Primary Government	$ 205,992

Component Units

The Colorado Water Resources and Power Development Authority reported capital assets of $34,849, net of accumulated depreciation of $147,223, at December 31, 2001.

The Denver Metropolitan Major League Baseball Stadium District reported land, land improvements, buildings, and other property and equipment, of $171.3 million and $175.2 million, net of accumulated depreciation, at December 31, 2001 and 2000, respectively. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years. Accumulated depreciation was $31.4 million and $27.5 million at December 31, 2001 and 2000, respectively.

At June 30, 2002, the University of Colorado Hospital Authority reported gross amounts for the nondepreciable assets land and construction in progress of $35.07 million. Depreciable assets included buildings and improvements of $307.31 million and equipment of $144.55 million. Accumulated depreciation related to these capital assets was $156.93 million.

NOTE 18 – OTHER LONG-TERM ASSETS

The $280.2 million shown as Other Long-term Assets on the government-wide *Statement of Net Assets* is primarily long-term loans. The $206.0 million shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Water Projects Fund, a nonmajor Special Revenue Fund. The Water Conservation Board makes these loans to local entities for the purpose of constructing water projects in the state. The loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 7 percent, and they require the local entities or districts to make a yearly payment of principal and interest. In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable not offset by deferred revenue. The $74.2 million shown on the *Statement of Net Assets – Proprietary Funds* is primarily student loans issued by Higher Education Institutions.

NOTES 19 through 26 – DETAILS OF LIABILITY ITEMS

NOTE 19 – 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 or by calling the PERA Infoline at 1-800-759-7372.

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 to receive a monthly retirement benefit when they reach age 65 or meet the age and service requirements listed below.

Service Retirement Benefits

Minimum Service Credit	Minimum Age
30 years	50
Age and Service = 80 years or more	55
5 years	65
60 months on payroll	65

Reduced Service Retirement Benefits

Minimum Service Credit	Minimum Age
25 years	50
20 years	55
5 years	60

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. Reduced service benefits are calculated similarly to a service retirement benefit; however, the benefit 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. Members are also eligible for retirement benefits without a reduction for early retirement if they are at least 55, have a minimum of 5 year of service credit, and their age plus years of service equals 80 or more.

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.

PERA retirement and survivor benefits increased at 3.5 percent compounded annually. If the member has not been retired for a full year, the benefit is increased proportionately.

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

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. 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 2001) is set at 80 percent of the PERA actuarial investment assumption rate (8.75 percent in 2001).

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. At that time 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 – 20 percent to reducing the employer's contribution, 30 percent to the Health Care Trust Fund, and 50 percent to the MatchMaker Program. However, minimum reductions in the employer contribution supersede these percentages in FY01-02 and FY02-03.

During FY01-02, the state contributed 9.9 percent (12.6 percent for state troopers and 13.5 percent for the Judicial Branch) of the employee's gross covered wages, which was allocated by PERA as follows:

- Before January 1, 2002, 1.42 percent was allocated to the Health Care Trust Fund. After December 31, 2001, 1.64 percent was allocated to the Health Care Trust Fund.
- Throughout the fiscal year, 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 both calendar year 2001 and 2002, 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.

At December 31, 2001, the State and School Division of PERA was underfunded with an amortization period of 13 years. Per statutes, the PERA board is required to reduce the amortization period to ten years by reducing the amount available for matching contributions under the Matchmaker Program. However, the matching contribution may not change by more than one percent in any year.

The state made retirement contributions of \$135.8 million, \$156.0 million, \$174.2 million, and \$184.9 million, in Fiscal Years 2001-02, 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 statutory requirement.

The Fire and Police Pension Association, a related party, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2001-02 and 2000-01, the State Treasurer transferred \$28.9 million and \$28.8 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.

NOTE 20 – 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.

From January 1, 2001, through December 31, 2001, the Health Care Trust Fund was maintained by a contribution of 1.42 percent of gross covered wages. After December 31, 2001, the contribution was 1.64 percent of gross covered wages. The state paid contributions of $24.8 million, $21.3 million, $18.6 million, and $14.0 million in Fiscal Years 2001-02, 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. The Health Care Trust Fund began providing dental and vision plans to its participants in 2001. The participants pay the premiums for the coverage, and there is no subsidy provided for the dental and vision plans. As of December 31, 2001, there were 34,235 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 Anthem Life Insurance Company (formerly Rocky Mountain Life Insurance Company). 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.

NOTE 21 – OTHER EMPLOYEE BENEFITS

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 $64.6 million and $46.0 million during Fiscal Years 2001-02 and 2000-01, respectively. In addition, the state paid $48.8 million and $37.9 million in FICA or Medicare taxes on employee wages during Fiscal Years 2001-02 and 2000-01, respectively.

Medical Benefits

The Group Benefit Plans Fund (formerly the State Employees and Officials Insurance Fund) is a Pension and Other Employee Benefits 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 offered a variety of medical plans; some of the plans were fully insured while others were self-insured using Anthem Blue Cross Blue Shield as the plan administrator. After January 1, 2000, self-insured plans were no longer offered, and the state and its employees paid premiums for insurance purchased to cover medical claims. The state's contribution to the premium is fixed in statute; state employees pay the difference between the statutory contribution and the premium set by the insurer.

During Fiscal Years 1998-99, 1997-98, and 1996-97 medical claims against the Group Benefit Plans Fund (formerly the State Employees and Officials Insurance Fund) 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, the Group Benefit Plans Fund began purchasing insurance to address the continuing decrease in the medical reserve fund equity. The fund continued to pay claims under the self-insured plan through December 31, 2001. During Fiscal Year 2001-02 at the direction of the Legislature, the Department of Personnel and Administration, transferred $7.44 million from the Group Benefit Plans Fund to state agencies to assist the agencies in making the increased premium payments required by increasing medical costs.

Before January 1, 1999, the Group Benefit Plans 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 19-A.) The Group Benefit Plans Fund 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 Group Benefit Plans 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 Group Benefit Plans disability program 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.

PERA 401k Plan

The Public Employees' Retirement Association (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, 2001, the plan had net assets of $674.6 million and 64,632 accounts.

Employee Deferred Compensation Plan

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 $266.2 million and $316.7 million at June 30, 2002, and June 30, 2001, 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. The Deferred Compensation Plan, which was previously presented as an Expendable Trust Fund, is now presented as a Pension and Other Employee Benefits Fund.

Defined Contribution Pension Plan

On January 1, 1999, the state began providing a defined contribution pension 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 simultaneously be an active member in the Public Employees Retirement Association (PERA). At June 30, 2002, 176 individuals had accounts with the defined contribution pension 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 are required to be the same as the contributions to the defined benefit plan administered by PERA. During Fiscal Year 2001-02, the state contribution rate was 9.9 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
Valic Fixed Fund	$ 785,810	21%
Vanguard Index 500	495,199	13%
MFS Investors Growth	443,161	12%
Vanguard Asset Allocation	390,250	10%
T. Rowe Price Small Cap	345,230	9%
Plus Fund	277,236	7%
Templeton World One	244,942	6%
MFS Investors Trust	190,726	5%
Other	624,244	17%
Totals	$ 3,796,798	100%

The following are the financial statements for the state's pension and other employee benefits plans discussed above.

STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 723	$ 4	$ 16,038	$ 16,765
Other Receivables, net	-	-	12	12
Prepaids, Advances, and Deferred Charges	-	-	14	14
Investments	265,559	3,797	-	269,356
TOTAL ASSETS	266,282	3,801	16,064	286,147
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	75	-	1,964	2,039
Deferred Revenue	-	-	11,637	11,637
Accrued Compensated Absences	7	-	26	33
TOTAL LIABILITIES	82	-	13,627	13,709
NET ASSETS:				
Held in Trust for:				
Pension/Benefit Plan Participants	266,200	3,797	2,437	272,434
Unrestricted	-	4	-	4
TOTAL NET ASSETS	$ 266,200	$ 3,801	$ 2,437	$ 272,438

STATEMENT OF CHANGES IN NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	DEFERRED COMPENSATION PLAN	DEFINED CONTRIBUTION PLAN	GROUP BENEFIT PLANS	TOTALS
ADDITIONS:				
Additions By Participants	$ -	$ 1,531	$ -	$ 1,531
Member Contributions	14,609	-	62,003	76,612
Employer Contributions	10,484	-	78,294	88,778
Investment Income/(Loss)	(36,326)	(350)	1,499	(35,177)
Employee Deferral Fees	560	-	-	560
Other Additions	13	-	401	414
TOTAL ADDITIONS	(10,660)	1,181	142,197	132,718
DEDUCTIONS:				
Distributions to Participants	39,315	95	-	39,410
Health Insurance Premiums Paid	-	-	113,728	113,728
Other Benefits Plan Expense	-	-	26,791	26,791
Administrative Expense	384	2	624	1,010
Other Deductions	122	7	1,574	1,703
TOTAL DEDUCTIONS	39,821	104	142,717	182,642
TRANSFERS:				
Operating Transfers-Out	(33)	-	(7,760)	(7,793)
TOTAL TRANSFERS	(33)	-	(7,760)	(7,793)
NET INCREASE (DECREASE) IN ASSETS	(50,514)	1,077	(8,280)	(57,717)
NET ASSETS AVAILABLE:				
Beginning of the Year	316,714	2,724	10,717	330,155
End of the Year	$ 266,200	$ 3,801	$ 2,437	$ 272,438

Component Units

Employees of CoverColorado, and the Colorado Water Resources and Power Development Authority are covered under the State and School Division of PERA. (See Note 19.)

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. One plan is the Public Employees Retirement Association defined benefit plan for state employees. The hospital made contributions of $152,000 and $175,000 to the plan in Fiscal Years 2001-02 and 2000-01, respectively. The other plan is maintained by the authority and comprises a single employer noncontributory defined benefit plan, a single employer defined contribution plan, and a single employer tax-deferred annuity plan. The authority made contributions of $9.4 million and $8.2 million to these plans in Fiscal Years 2001-02 and 2000-01, respectively. Employees contributed $21.3 million and $17.7 million for those years. The financial statements of these pension plans are available from the authority.

NOTE 22 – 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 reported as part of the General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state. 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 2001-02 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 dba, Pinnacol Assurance) to administer its plan. The state reimburses the authority for the current cost of claims paid and related administrative expenses.

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.

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 $219,624 over the three previous years.

The University of Colorado Health Sciences 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 the Colorado Compensation Insurance Authority (a related party dba, Pinnacol Assurance) to administer 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
Risk Management:				
Liability Fund				
2001-02	$ 17,374	$ 29,193	$21,092	$ 25,475
2000-01	20,488	445	3,559	17,374
1999-00	23,011	1,747	4,270	20,488
Workers' Compensation				
2001-02	81,881	19,015	35,885	65,011
2000-01	101,884	964	20,967	81,881
1999-00	102,586	19,655	20,357	101,884
Group Benefit Plans:				
2001-02	88	89	177	-
2000-01	1,705	(562)	1,055	88
1999-00	13,580	35,682	47,557	1,705
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2001-02	11,386	2,780	3,280	10,886
2000-01	13,343	1,195	3,152	11,386
1999-00	15,305	1,433	3,395	13,343
University of Colorado Health Sciences Center:				
Medical Malpractice				
2001-02	7,876	333	502	7,707
2000-01	7,671	1,461	1,256	7,876
1999-00	7,839	1,639	1,807	7,671
Housestaff Health Benefits				
2001-02	551	3,665	3,547	669
2000-01	541	2,598	2,588	551
1999-00	553	2,390	2,402	541
Colorado State University:				
Medical, Dental, and Disability Benefits				
2001-02	3,084	7,945	7,452	3,577
2000-01	2,816	8,243	7,975	3,084
1999-00	2,614	4,401	4,199	2,816
Department of Human Services:				
Workers' Compensation				
2001-02	814	-	151	663
2000-01	1,156	-	342	814
1999-00	1,189	-	33	1,156

Component Units

In order to manage malpractice claims risk, the University of Colorado Hospital Authority participates in a self-insurance trust called the University of Colorado Self-Insurance and Risk Management Trust. The trust provides coverage up to the governmental immunity limits and contracts with a commercial insurance company for coverage to $5.0 million per occurrence when governmental immunity does not apply. For Fiscal Year 2001-02, the hospital recorded premium and administrative expenses of $513,000. The trust had a fund balance of $3.0 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 2001 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.

NOTE 23 – LEASE COMMITMENTS

Primary Government

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

In prior years, balances related to certificates of participation (COPs) were reported as capital leases. In Fiscal Year 2001-02, balances related to certificates of participation are reported as part of Notes, Bonds, and COPs Payable; therefore, the debt service requirements to maturity for leases is significantly lower than in prior years.

At June 30, 2002, the state had the following amounts of gross assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease

	Land	Buildings	Equipment and Other
Governmental Activities	$ -	$ -	$ 10,273
Business Type Activities	6,040	46,020	13,462
Total	$ 6,040	$ 46,020	$ 23,735

At June 30, 2002, the state expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ -	$ 1,970	$ 1,970
Business Type Activities	9,948	170	10,118
Total	$ 9,948	$ 2,140	$ 12,088

During the year ended June 30, 2002, the state incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

	Capital	Operating	Total
Business Type Activities	$ -	$ 9	$ 9
Total	$ -	$ 9	$ 9

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 at June 30, 2002, is $464,000. Colorado State University is also subleasing space from the foundation. The total obligation at June 30, 2002, is $4,346,000, with average annual lease payments of $1,842,000. The university and the system are also leasing equipment from the foundation and have a total lease obligation of $562,000 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 $275,710 at June 30, 2002.

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

Auraria Higher Education Center made payments of $53,000 to the Auraria Foundation for rent in connection with the use of the foundations facilities by third parties.

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 assets or liabilities of the funds.

For Fiscal Year 2001-02, the state recorded building and land rental expenditures of $32.3 million and $20.7 million from governmental and business-type activities, respectively. The state also recorded equipment and vehicle rental expenditures of $9.9 million and $15.8 million from governmental and business-type activities, respectively. The above amounts were payable to entities outside the state and do not include transactions with the state motor pool. The state recorded $1.1 million and $.7 million of lease interest costs in governmental and business-type activities, respectively.

The $4.7 million of capital lease proceeds shown on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balance* primarily represents lease financing of computers by the Department of Human Services and laboratory and fingerprint identification equipment leased by the Department of Public Safety. An equivalent amount of capital outlay expenditure is recognized at the inception of the lease, and therefore, there is no impact on fund balance.

Future minimum payments at June 30, 2002, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
2003	$ 26,408	$ 13,254	$ 1,505	$ 6,606
2004	22,082	10,468	950	5,759
2005	18,510	7,857	628	4,947
2006	14,084	5,549	546	4,473
2007	10,351	2,946	255	3,726
2008 to 2012	18,117	9,337	-	14,198
2013 to 2017	51	5,908	-	14,048
2018 to 2022	-	167	-	13,247
2023 to 2027	-	-	-	10,087
2028 to 2032	-	-	-	4,188
2033 to 2037	-	-	-	164
Total Minimum Lease Payments	109,603	55,486	3,884	81,443
Less: Imputed Interest Costs			411	34,221
Present Value of Minimum Lease Payment	$ 109,603	$ 55,486	$ 3,473	$ 47,222

Component Units

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 both 2001 and 2000. The minimum annual rental commitment under this lease is $113,024 for 2002.

The University of Colorado Hospital Authority leases certain equipment under noncancelable operating leases. Rental expense for operating leases approximated $4.8 million and $6.0 million for Fiscal Years 2001-02 and 2000-01, respectively. Future minimum lease payments for these leases at June 30, 2002, are:

(Amounts in Thousands)

Fiscal Year	Amount
2003	$ 5,019
2004	478
2005	420
2006	57
Total Minimum Obligations	$ 5,974

NOTE 24 – SHORT-TERM DEBT

The State Treasurer issued tax revenue anticipation notes in the amount of $150.0 million on July 3, 2001, and $600.0 million on October 12, 2001. The notes were issued primarily for cash management purposes, and were repaid before June 30, 2002, as required by the State Constitution.

The University of Colorado issues tax exempt commercial paper for the purpose of financing capital construction projects.

The following schedule shows the changes in short-term financing for the period ended June 30, 2002:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Reductions	Ending Balance June 30
Governmental Activities				
Tax Revenue Anticipation Notes	$ -	$ (750,000)	$ 750,000	$ -
Business Type Activities				
Tax Exempt Commercial Paper	18,589	13,000	(31,589)	-
Total Short-Term Financing	$ 18,589	$ (737,000)	$ 718,411	$ -

NOTE 25 – NOTES AND BONDS PAYABLE

Primary Government

Many Higher Education Institutions, the Highway Fund, the 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 2001-02, the state's governmental activities had $66.8 million of federal and state revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. The state's business-type activities had $331.2 million of available net revenue after operating expenses to meet the $80.9 million of debt service requirement related to these bonds.

On June 24, 2002, The Colorado Department of Transportation issued Transportation Revenue Anticipation Notes, Series 2002 (TRANs) in the amount of $208,300,000. Voters authorized the issuance in the November 1999 election. Before the November 1999 vote, the Colorado Supreme Court determined that the TRANs do not constitute general obligation debt of the state. The TRANs have terms varying from 4 to 15 years and interest rates ranging from 3.0 percent to 5.375 percent. The TRANs are payable solely from certain federal and state funds annually allocated by the State Transportation Commission.

The state recorded $128.8 million of interest costs of which $77.3 million was recorded by governmental activities and $51.5 million was recorded by business-type activities. The governmental activities interest cost is primarily related to $13.2 million on tax revenue anticipation notes issued by the Department of Treasury, $61.7 million on transportation revenue anticipation notes issued by the Department of Transportation, and $1.8 million on certificates of participation issued by the Department of Personnel and Administration. The business-type activities interest cost is primarily related to $19.6 million on revenue bonds issued by Higher Education Institutions, $20.8 million on bonds issued by the Colorado Student Obligation Bond Authority, and $11.1 million on bonds issued by the Colorado Guaranteed Student Loan Program.

Annual maturities of notes and bonds payable are as follows:

(Amounts in Thousands)

Governmental Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Cert.of Participation Principal	Cert.of Participation Interest	Totals Principal	Totals Interest
2003	$ 3,985	$ 67,157	$ 15,545	$ 1,894	$ 19,530	$ 69,051
2004	3,250	67,126	17,015	1,592	20,265	68,718
2005	5,870	66,957	14,465	1,050	20,335	68,007
2006	86,135	66,651	9,435	547	95,570	67,198
2007	90,630	62,156	5,645	233	96,275	62,389
2008 to 2012	530,730	233,198	2,160	55	532,890	233,253
2013 to 2017	511,510	72,194	-	-	511,510	72,194
Subtotals	1,232,110	635,439	64,265	5,371	1,296,375	640,810
Unamortized Prem/Discount	50,783	-	444	-	51,227	-
Totals	$ 1,282,893	$ 635,439	$ 64,709	$ 5,371	$ 1,347,602	$ 640,810

(Amounts in Thousands)

Business Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Mortgages Payable Principal	Mortgages Payable Interest	Cert.of Participation Principal	Cert.of Participation Interest	Totals Principal	Totals Interest
2003	$ 91,751	$ 41,496	$ 322	$ 46	$ 46	$ 20	$ 4,945	$ 2,379	$ 97,064	$ 43,941
2004	51,687	39,749	143	38	48	18	5,295	2,159	57,173	41,964
2005	50,273	38,021	139	30	51	15	5,685	1,915	56,148	39,981
2006	49,674	36,292	139	22	53	12	9,290	1,530	59,156	37,856
2007	55,211	34,353	147	14	56	10	2,080	1,238	57,494	35,615
2008 to 2012	226,904	140,225	172	6	129	10	7,902	5,196	235,107	145,437
2013 to 2017	122,312	94,507	-	-	-	-	7,525	3,729	129,837	98,236
2018 to 2022	106,726	72,687	-	-	-	-	5,645	2,243	112,371	74,930
2023 to 2027	232,226	46,262	-	-	-	-	5,015	1,095	237,241	47,357
2028 to 2032	55,830	19,772	-	-	-	-	1,165	60	56,995	19,832
2033 to 2037	198,350	9,125	-	-	-	-	-	-	198,350	9,125
Subtotals	1,240,944	572,489	1,062	156	383	85	54,547	21,544	1,296,936	594,274
Unamortized Prem/Discount	-	-	-	-	-	-	(446)	-	(446)	-
Totals	$1,240,944	$ 572,489	$ 1,062	$ 156	$ 383	$ 85	$ 54,101	$ 21,544	$1,296,490	$ 594,274

Component Units

The debt service requirements to maturity for the Water Resources and Power Development Authority at December 31, 2001, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2002	$ 26,275	$ 26,724	$ 52,999
2003	27,310	25,839	53,149
2004	28,100	24,593	52,693
2005	28,940	23,256	52,196
2006	30,200	21,889	52,089
2007 to 2011	162,445	86,113	248,558
2012 to 2016	139,555	44,657	184,212
2017 to 2021	80,480	12,314	92,794
2022 to 2026	6,700	435	7,135
Total Future Payments	$ 530,005	$ 265,820	$ 795,825

Total interest paid during 2001 amounted to $27,164,122.

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. The authority has provided a Debt Service Bond Reserve Fund of $8.5 million that is represented as a restricted net asset.

During Fiscal Years 2001-02 and 2000-01 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 2001-02 and 2000-01 approximated $13.8 million and $12.5 million, respectively. Total interest cost capitalized in Fiscal Year 2001-

02 amounted to $1.45 million, which is net of $1.0 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, 2002, are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2003	$ 4,170	$ 15,997	$ 20,167
2004	4,350	15,813	20,163
2005	5,175	15,606	20,781
2006	5,420	15,359	20,779
2007	5,685	15,095	20,780
2008 to 2012	32,905	70,988	103,893
2013 to 2017	42,005	61,888	103,893
2018 to 2022	54,240	49,649	103,889
2023 to 2027	70,350	33,548	103,898
2028 to 2032	91,030	12,863	103,893
Total Long-Term Debt Payments	315,330	$ 306,806	$ 622,136
Less: Unamortized Discount	(4,352)		
Deferred Amount on Refunding of Series 1997A Bonds	(7,495)		
Total Carrying Amount of Long-Term Debt	$ 303,483		

NOTE 26 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

Changes in long-term liabilities are summarized as follows:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 14	$ 1	$ 3	$ 12	$ -
Accrued Compensated Absences	116,254	1,174	5,401	112,027	6,123
Claims and Judgments Payable	-	-	-	-	35,576
Capital Lease Obligations	50,315	7,724	55,864	2,175	1,298
Notes, Bonds, COP's Payable	1,028,880	312,365	13,173	1,328,072	19,530
Other Long-Term Liabilities	256,328	24,126	17,420	263,034	-
Total Governmental Activities Long-Term Liabilities	1,451,791	345,390	91,861	1,705,320	62,527
Business Type Activities					
Accrued Compensated Absences	105,434	26,221	10,528	121,127	8,526
Capital Lease Obligations	82,936	10,981	50,535	43,382	3,840
Notes, Bonds, COP's Payable	1,052,588	403,591	256,753	1,199,426	97,064
Other Long-Term Liabilities	107,491	42,134	5,598	144,027	-
Total Business Type Activities Long-Term Liabilities	1,348,449	482,927	323,414	1,507,962	109,430
Fiduciary Activities					
Deposits Held In Custody For Others	60,835	44,074	43,389	61,520	-
Accrued Compensated Absences	27	8	2	33	-
Claims and Judgments Payable	-	-	-	-	538
Other Long-Term Liabilities	1,651	530	91	2,090	-
Total Fiduciary Activities Long-Term Liabilities	62,513	44,612	43,482	63,643	538
Total Primary Government Long-Term Liabilities	$ 2,862,753	$ 872,929	$ 458,757	$ 3,276,925	$ 172,495

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 22 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.

At June 30, 2002, the following obligations were classified as other long-term liabilities on the government-wide *Statement of Net Assets.*

The $263.0 million shown for governmental activities primarily comprises:

- $75.6 million of Risk Management claims that are actuarially determined for general liability and workers' compensation, which are accounted for in the General Fund on the fund-level statements.
- $148.1 million of actuarially determined Labor Fund claims related to medical and other benefits primarily for workers injured in private sector employment. The state expects to fund these benefits through future revenues from a special tax on workers' compensation premiums, court awards, and interest income.
- An $18.0 million judgment against the Department of Health Care Policy and Financing. The judgment was under appeal at June 30, 2002, and therefore had not matured. The Colorado Supreme Court ruled in favor of the plaintive health maintenance organization, and in August 2002 the state paid $21.2 million as final settlement of the judgment.
- $19.7 million of tax refunds payable, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Fund and Highway Users Tax Fund, and payment is not expected within one year.

The $144.0 million shown for business-type activities primarily comprises:

- $90.9 million of promises to pay future tuition costs related to the prepaid tuition program of the Colorado Student Obligation Bond Authority.
- $45.1 million of actuarially determined risk management claims and long-term deferred revenue. The claims are related to the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice, and Colorado State University's self-insurance of medical, dental and short-term disability benefits for faculty and staff. The deferred revenue is primarily related to a ground lease at the University of Northern Colorado and advance receipts from a contract entered by the Colorado School of Mines.

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
University of Colorado Hospital Authority					
Bonds Payable	$ 236,291	$ 69,993	$ 2,801	$ 303,483	$ 4,170
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 447,309	$ 136,840	$ 82,939	$ 501,210	$ 26,275

NOTE 27 – 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 2001-02, debt was defeased in the governmental activities and in the business-type activities.

At June 30, 2002, the remaining balances of amounts previously placed in escrow accounts with paying agents for Higher Education Institutions are as follows:

(Amount in Thousands)

Institution	Amount
University of Northern Colorado	$ 38,880
University of Colorado	15,945
Western State College	10,400
School of Mines	9,380
Fort Lewis College	7,902
Pueblo Community College	2,840
Colorado State University	2,875
Red Rocks Community College	2,650
Adams State College	260
University of Southern Colorado	10
Total	$ 91,142

At June 30, 2002, the Colorado Student Obligation Bond Authority had $11,230,000 of defeased debt outstanding related to its Series 1992E/F/G/H bonds. The authority also had $4,300,000 of defeased debt outstanding related to its Series 1994J/K/L bonds.

During Fiscal Year 2001-02 the Department of Personnel and Administration refunded $9,630,000 of State of Colorado Refunding and Acquisition Projects, Series 1992 certificates of participation by issuing $10,140,000 of State of Colorado 2002B Refunding Project, Series 2002B certificates of participation. The retired certificates had interest rates ranging from 5.5 to 5.75 percent and remaining term of 3.5 years. The new certificates interest rates range from 2.0 to 3.15 percent, and have a term of 3.16 years. The department increased its debt service cash flows by $11,890 and reported an economic gain of $186,531. The transaction resulted in an accounting loss of $510,000 that the department will amortize over the term of the new debt.

During Fiscal Year 2001-02, the University of Northern Colorado defeased $28,295,000 of its Auxiliary Facilities System Revenue Improvement Bonds - Series 1997 by issuing $30,023,519 of its Auxiliary Facilities System Revenue Improvement Bonds - Series 2001. The debt defeased had interest rates ranging from 4.88 to 5.63 percent and remaining terms ranging from 1 to 23 years. The new debt has interest rates ranging from 3.00 to 5.50 percent and remaining terms ranging from 1 to 30 years. The university increased its debt service cash flows by $11,363,892, and it incurred an economic loss on the transaction of $460,448. The transaction resulted in an accounting loss of $1,743,187, which the university will amortize over 23 years.

Component Units

Total debt service, including principal and interest, remaining for the Denver Metropolitan Major League Baseball Stadium District's in-substance defeased debt was $75.5 million at December 31, 2001. The amortized cost of the related escrow securities was $70.2 million.

At December 31, 2001, the Colorado Water Resources and Power Development Authority had $66.8 million of bonds previously issued but defeased, and thus, not reflected in bonds payable. During the year, the authority issued $51.62 million of revenue bonds to advance refund portions of its 1992A, 1992B, 1994A, and 1995A Clean Water Revenue Bonds amounting to $51.51 million. The difference between the new debt and the carrying amount of the old debt was $110,000, which is amortized against the new debt over the life of the refunded debt. The refunding resulted in an economic gain of approximately $4.0 million.

In November 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, 2002, $104.3 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, 2002, the unamortized deferred loss on refunding is $7.5 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.

NOTES 28 THROUGH 29 – DETAILS OF NET ASSETS AND FUND EQUITY

NOTE 28 – PRIOR PERIOD ADJUSTMENTS AND OTHER RESTATEMENTS

Beginning balances on several of the attached financial statements have been restated. Those restatements that are related to corrections of errors or statutory changes are presented in the table below as Prior Period Adjustments. Beginning balances were also restated for accounting changes required by Governmental Accounting Standards Board Statements No. 34 and 35 and Interpretation No. 6. The amounts presented in the column titled "Measurement Focus and Accrual Adjustments to the Government-wide Financial Statements" affect only the government-wide financial statements.

(Amounts in Thousands)

	ADJUSTMENTS TO THE GOVERNMENTAL FUND STATEMENTS			ADJUSTMENTS TO THE ENTERPRISE FUND STATEMENTS		
	General	Capital Projects	Other Governmental Funds	Higher Education Institutions	Other Enterprises	Measurement Focus and Accrual Adjustments to the Government-wide Financial Statements
Beginning Balances:	$(426,926)	$ 416,514	$ 1,860,142	$ 3,829,085	$ 144,152	$ 1,935,907
Prior Period Adjustments:	-	(32)	7,642	(1,878)	97,690	(180,224)
Accounting Changes Related to GASB 34 and 35:						
Adjustments Required by Fund Reclassifications	-	-	282	-	-	-
Capital Assets Previously Reported in Trust Funds	-	-	(5,383)	-	-	5,129
Capital Assets Added/(Removed) Due to Changes in Capitalization Thresholds and Addition of Library Collections	-	-	-	(1,921)	-	(1,006)
Infrastructure Construction in Progress Recognized	-	-	-	-	-	248,400
Infrastructure Recognized	-	-	-	-	-	9,910,923
Accumulated Depreciation as of June 30, 2001	-	-	-	(1,387,841)	-	(566,347)
Recognize Liabilities Previously Reported in the General Long-Term Debt Account Group:						
Compensated Absences	-	-	-	-	-	(93,910)
Leases	-	-	-	-	-	(24,774)
Bonds and Other Long-Term Liabilities	-	-	-	-	-	(1,288,731)
Beginning Balance of Unamortized Debt Premium/Discount	-	-	-	-	-	(43,203)
Risk Management Claims Per GASB Interpretation No.6	25,314	-	-	-	-	(25,314)
Record Long-Term Refunds Payable	-	-	-	-	-	(18,149)
Recognize Revenue Related to Deferral of Long-Term Receivables	-	-	-	-	-	30,996
Recognize Deferred Revenues and Expenses Related to Higher Education Summer School Sessions and Grants	-	-	-	(33,141)	-	-
Total Accounting Changes Related to GASB 34 and 35	25,314	-	(5,101)	(1,422,903)	-	8,134,014
Total Adjustments	25,314	(32)	2,541	(1,424,781)	97,690	7,953,790
Beginning Balance Restated	$(401,612)	$ 416,482	$ 1,862,683	$ 2,404,304	$ 241,842	$ 9,889,697

The beginning fund balance of the General Fund on the *Statement of Revenues, Expenditures and Changes in Fund Balances* was increased by $25,313,631 to reflect an accounting change dictated by GASB Interpretation No. 6. That statement mandated that recognition of claims expense be independent of the how or when the resources used to pay the claims are accumulated. As a result, the current risk management claims liability recorded in the fund at the end of the prior fiscal year is no longer reported in the fund, but rather, it is reported only on the government-wide accrual basis *Statement of Net Assets.*

The beginning fund balance of the Capital Projects Fund was decreased by $31,199 when a cash reserve previously reported in the Capital Projects Fund was moved to the Wildlife Fund. The Wildlife Fund was designated as a TABOR enterprise effective July 1, 2001.

The beginning fund balance of the Other Governmental Funds on the *Statement of Revenues, Expenditures and Changes in Fund Balances* was increased by $2,540,252. That adjustment comprises the following:

- On the *Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Permanent Funds,* the beginning fund balance was increased by $4,815,830. This adjustment increased assets to fair value in the Land Fund to properly reflect like-kind exchanges carried out over the past several years; it also recognized land lease revenues that should have been recorded in prior years. The Land Fund was also reduced by $2,870 for fund reclassifications as a result of GASB Statements No. 34.
- On the *Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds,* the Labor Fund beginning fund balance increased by $6,041,656 to reflect the amortization of investment discounts that were not

recorded in prior years. On the same combining statement, the beginning fund balance of the Other Special Revenue Funds decreased by $8,314,365. A portion of this amount - $5,097,926 was related to the GASB Statement No. 34 adjustments listed in the table above. In addition to the GASB 34 adjustments, fund balance was reduced by $3,216,438 to remove the capital assets of the Parking Fund, which was reclassified from an Enterprise Fund to a Special Revenue Fund, and to recognize prior revenues of the Disabled Telephone Users Fund, which should have been recorded in the prior year.

On the *Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds,* the beginning net assets of the Higher Education Institutions Fund decreased by $1,424,781,192. Most of change was the result of the GASB Statements No. 34 and 35 adjustments shown in the table above. However, adjustments were also made to correct prior year errors. Higher Education Institutions reduced their beginning net assets by $1,878,501 to eliminate the duplicate recording of capital assets in prior years.

On the *Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds* the "Other Enterprises" increased by $97,689,817. This adjustment comprises the following. On the *Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Funds,* the beginning balance of the Wildlife Fund increased by $125,598,899. This increase was the result of legislation that designated the Wildlife fund as a TABOR enterprise; the fund was previously reported as a Special Revenue Fund. The increase comprises adjustments for capital assets, leases, and compensated absences that were reported in the account groups in the prior year. On the same statement the beginning balance of the Student Loan Program decreased by $27,909,082. This decrease was to correct an error; amounts known as payable to the federal government were not recorded in the prior fiscal year.

The prior table shows that the implementation of GASB Statement No. 34 resulted in the statewide governmental activities net assets increasing by $8,134,014,160. This increase was reduced by net prior period adjustments of $180,223,688 related to the addition of the capital assets of the parking fund and the removal of the undepreciated capital assets of the Wildlife Fund.

On the *Statement of Cash Flows – All Proprietary Funds* the beginning balance of Cash and Pooled Cash for the Student Obligation Bond Authority was reduced by $6,505,954 because money market funds previously reported as cash are now reported as investments. On the same financial statement the beginning balance of the Other Enterprises increased by the $31,199 when a cash reserve previously reported in the Capital Projects Fund was moved to the Wildlife Fund.

Component Units

On the *Statement of Revenues, Expenses, and Changes in Fund Net Assets – Component Units,* the beginning fund balance of the Colorado Water Resources and Power Development Authority increased by $3,983,747. The increase represents additional earnings on investments that resulted from including assets and liabilities of activities previously reported as agency funds.

NOTE 29 –FUND EQUITY

In the General Fund, the Reserve for Statutory Purposes includes the fund equity of the state Risk Management Funds. Because there is no plan to fund the actuarial liabilities of the Risk Management Fund, it is accounted for in the General Fund as required by Governmental Accounting Standards Board Statement No. 10. The fund balance reserve, which reflects the Risk Management Fund's cash flow needs for the following year, is significantly less than the liabilities of the fund, which are only reported on the government-wide *Statement of Net Assets*.

In the Capital Projects Fund, the Reserve for Statutory Purposes includes the fund equity of the Corrections Expansion Reserve and other minor funds that are allowed to retain fund balances in the Capital Projects Fund.

Details of the TABOR Emergency Reserve required by Article X, Section 20, of the State Constitution are presented in Note 8B.

NOTE 30 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2002, were:

(Amounts in Thousands)

SELLER'S/LENDER'S RECEIVABLE	BUYER'S/BORROWER'S PAYABLE General Fund	Public School	Highway Users Tax	Capital Projects	Higher Education Institutions	Unemploy-ment Insurance	Student Obligation Bond Authority	State Lottery	All Other Funds	Total
GOVERNMENTAL FUNDS:										
General	$ 6	$ 92	$ 754	$ 893	$ 172	$ -	$ -	$ -	$ 35,089	$ 37,006
Public School	-	-	-	-	-	-	-	8,500	4,170	12,670
Highway Users Tax	735	-	215	-	-	-	-	-	4,778	5,728
Capital Projects	-	-	145	-	2,072	-	-	-	213	2,430
State Lands	-	-	-	-	-	-	-	-	139	139
Other Permanent Trust	-	-	-	-	-	-	-	-	10	10
Labor	219	-	-	-	38	-	-	-	-	257
Gaming	-	-	-	-	-	-	-	-	4,933	4,933
Water Projects	-	-	-	188	-	-	-	-	51	239
Other Special Revenue	508	-	92	-	24	1,306	-	10,969	27,407	40,306
PROPRIETARY FUNDS:										
Higher Education Institutions	2,470	-	-	2,182	154	-	-	-	744	5,550
Unemployment Insurance	9	-	-	-	-	-	-	-	-	9
Student Obligation Bond Authority	-	-	-	-	-	-	-	-	524	524
Wildlife	10	-	-	-	-	-	-	-	1	11
Guaranteed Student Loan	6	-	-	-	-	-	-	-	-	6
Correctional Industries	47	-	-	67	371	-	-	-	6	491
INTERNAL SERVICE FUNDS										
Central Services	-	-	-	-	81	-	-	-	-	81
Telecommunications	-	-	-	-	17	-	-	-	-	17
FIDUCIARY FUNDS										
Treasurer's Private Purpose	34,330	-	-	-	-	-	-	-	-	34,330
College Savings Plan	-	-	-	-	-	-	30	-	-	30
Treasurer's Agency	-	-	-	-	-	-	-	2,470	-	2,470
Other Agency Funds	159	-	-	-	-	-	-	-	115	274
Total	$ 38,499	$ 92	$ 1,206	$ 3,330	$ 2,929	$ 1,306	$ 30	$ 21,939	$ 78,180	$ 147,511

The $21.9 million payable shown for the State Lottery is related to distributions to other state funds that were accrued at June 30, 2002, but were paid early in Fiscal Year 2002-03.

The $35.1 million receivable in the General Fund, which is shown as payable from All Other Funds, is primarily related to the Gaming Fund distribution that was accrued at June 30, 2002, but was paid early in Fiscal Year 2002-03. The Gaming Fund is a nonmajor Special Revenue Fund.

The $34.3 million receivable in the Treasure's Private Purpose Trust Fund and payable from the General Fund is primarily the result of legislation providing the Governor authority to transfer Escheats Fund cash to the General Fund. However, the net assets of the Escheats Fund were essentially zero because generally accepted accounting principles (GAAP) require recording a liability equal to the expected pay out from the fund. In order to prevent deficit net assets in the Escheats Fund, a receivable was recorded in the fund and a payable was recorded in the General Fund.

The $27.4 million receivable in the Other Special Revenue funds and shown as payable from All Other Funds is primarily related to a long-term receivable of $27.2 million recorded by the Water Projects Fund, a nonmajor Special Revenue Fund. The amount is payable from the Severance Tax Trust Fund, an Other Special Revenue Fund. The Water Projects Fund has statutory authority to make loans to local governments and special districts using the assets of the Severance Tax Trust Fund. The loans have terms ranging from 10 to 40 years; however, the borrowing from the Severance Tax Trust Fund is on a revolving basis and will remain in place unless the statutory authority is changed. No other long-term interfund receivable/payable balances are material.

Other balances shown in the schedule above are the result of timing differences between when expenses/expenditures and revenues must be accrued on a GAAP basis and when the payment is actually made.

NOTE 31 – TRANSFERS BETWEEN FUNDS

Primary Government

Operating transfers between funds for the fiscal year ended June 30, 2002, were as follows:

(Amounts in Thousands)

	TRANSFER-IN FUND							
TRANSFER-OUT FUND	General Fund	State Public School	Highway Users	Capital Projects	Higher Education Institutions	Colorado Student Bond Obligation Authority	Nonmajor Funds	TOTAL
MAJOR FUNDS:								
General Fund	$ -	$ 2,088,501	$ 35,179	$ 339,253	$ 738,904	$ -	$ 10,383	$ 3,212,220
State Public School Fund	90	-	-	-	-	-	-	90
Highway Users	28,247	-	-	539	-	-	63,768	92,554
Capital Projects	327,916	-	28,803	-	2,949	-	4,626	364,294
State Education	-	1,176	-	-	712	-	7,641	9,529
Higher Education Institutions	22,430	-	-	-	-	-	-	22,430
Lottery	372	8,500	-	-	-	-	55,024	63,896
NONMAJOR FUNDS								
SPECIAL REVENUE:								
Labor Fund	211,971	-	-	-	-	-	11,000	222,971
Gaming Fund	34,873	-	4,762	125	-	-	5,113	44,873
Tobacco Litigation Settlement	5,659		-	-	6,875	-	19,061	31,595
Water Projects	5,326	-	-	-	-	-	312	5,638
Other Special Revenue Funds	151,872	22,329	82	3,852	-	-	6,191	184,326
PERMANENT FUNDS:								
State Lands Trust Expendable	182	32,115	-	-	73	-	1,835	34,205
State Lands Trust Nonexpendable	-	-	-	-	127	-	1,758	1,885
Controlled Maintenance Trust	262,254	-	-	17,277	-	-	245	279,776
Tobacco Settlement Trust Nonexpendable	138,124	-	-	-	-	-	-	138,124
Other Permanent Trust Nonexpendable	-	-	-	-	-	-	105	105
ENTERPRISE FUNDS:								
Wildlife	3,740	-	-	-	-	-	-	3,740
Guaranteed Student Loan	167	-	-	-	-	-	-	167
Correctional Industries	503	-	-	-	-	-	-	503
State Nursing Homes	96	-	-	-	-	-	-	96
Prison Canteens	80	-	-	1,005	-	-	-	1,085
INTERNAL SERVICE FUNDS:								
Central Services	806	-	-	-	-	-	-	806
General Government Computer Center	547	-	-	-	-	-	-	547
Telecommunications	792	-	-	-	-	-	-	792
Capitol Complex	426	-	-	-	-	-	195	621
Public Safety	11	-	-	-	-	-	-	11
Administrative Hearings	145	-	-	-	-	-	-	145
FIDUCIARY FUNDS:								
Deferred Compensation	33	-	-	-	-	-	-	33
College Savings Plan	-	-	-	-	-	284	-	284
Group Benefit Plans	7,760	-	-	-	-	-	-	7,760
Treasurer's Private Purpose	10,992	-	-	-	-	-	1,700	12,692
TOTAL	$ 1,215,414	$ 2,152,621	$ 68,826	$ 362,051	$ 749,640	$ 284	$ 188,957	$ 4,737,793

In the normal course of events, the Legislature specifies a large number of transfers between funds exercising its responsibility to allocate the state's resources to programs. However, in Fiscal Year 2001-02, certain appropriated transfers were unusual both in nature and in dollar amount. The state experienced a significant shortfall in projected general revenues during the year. If legislative action had not been taken, the shortfall would have resulted in a deficit General Fund fund balance at June 30, 2002. Such a deficit would have been a constitutional violation. In response to the fiscal stress caused by the shortfall, the Governor and the Legislature authorized significant transfers from various funds to the General Fund including the following:

- $253.4 million from the Controlled Maintenance Trust Fund, a Permanent Fund.
- $211.5 million from the Major Medical Fund, which is a portion of the Labor Fund, a nonmajor Special Revenue Fund.
- $138.1 million from the Tobacco Settlement Trust Fund, a Permanent Fund.
- $77.4 million from Other Special Revenue Funds including: $30.0 million from the Hazardous Substance Response Fund, $20.2 million from the Severance Tax Trust Fund, $15.0 million from the Employment Support Fund, $4.0 million from the Petroleum Storage Tank Fund, $5.5 million from the Species Conservation Fund, a combined $1.5 million from the Trade Name Fund and the Colorado Dealer License Board Fund, and $1.2 million from the Secretary of State Fees Fund.

- $18.4 million from the Fitzsimmons Trust Fund, a Higher Education Institutions Fund.
- $10.0 million from the Unclaimed Property Fund, a Treasurer's Private Purpose Trust Fund
- $7.4 million from the Group Benefits Plan, a Pension and Other Employee Benefits Fund.
- $5.4 million from the Tobacco Litigation Settlement Fund, a nonmajor Special Revenue Fund.
- $4.5 million from various Other Special Revenue Funds including the Uniform Consumer Credit Code Fund, the Collection Agency Board Fund, the Children's Basic Health Plan Fund, the Disabled Telephone Users Fund, the Persistent Drunk Driver Fund, the State Rail Bank Fund, the Environmental Leadership Fund, the Waste Tire Recycling Fund, and the Support Registry Fund.

The legislation that authorized certain of the above listed transfers specified that the amounts would be repaid to the various funds in the event that Fiscal Year 2002-03 General Fund revenues were adequate. The amounts shown above for the Major Medical Fund and the Tobacco Settlement Trust Fund were transferred from the General Fund to those funds in early Fiscal Year 2002-03. However, $219.0 million was subsequently transferred from these funds and the Employment Support Fund to the General Fund during Fiscal Year 2002-03. The statutory language specifying that the General Fund repay the various cash funds would normally require that the transfer of cash be recorded as a payable in the General Fund. However, the subsequent transfer to the General Fund of the repaid amounts demonstrated that the movement of the funds was in substance a transfer of resources rather than a borrowing by the General Fund. See Note 30 for information on the one instance in which a payable was recorded in the General Fund related to these unusual transfers.

Under generally accepted accounting principles (GAAP) requirements for classifying funds, Pension and Other Employee Benefits Trust Funds, Private Purpose Trust Funds, and Permanent Funds are normally considered to be unavailable for General Fund purposes. Transfers from these fund types to the General Fund brings into question whether the funds are properly classified. The state has chosen to present these funds using the classifications under which they entered the fiscal year for the following reasons:

- Most of the transfers were made at or near fiscal year end, and therefore, the fund classification was correct throughout the fiscal year,
- Changing the classification for financial statement presentation would have obfuscated the tracking of restricted balances from the old reporting model to the new reporting model,
- Reclassifying the funds to other fund types would have resulted in less disclosure on the face of the financial statements.

At fiscal year end, and after all transfers specified by the Legislature were made, the Controlled Maintenance Trust Fund, a nonmajor Permanent Fund, held residual cash and fund balance of $245,192. The State Controller transferred this residual amount to an Other Special Revenue Fund because from a generally-accepted-accounting-principles perspective, the principal could no longer be considered permanent. The Tobacco Settlement Trust Fund, a nonmajor Permanent Fund, held $52,534 of cash and an equal amount of accounts payable at fiscal year end. These balances were eliminated in the Permanent Fund and reported in the related Tobacco Litigation Settlement Fund, a nonmajor Special Revenue Fund. This reclassification was also done because the residual balance could no longer be considered permanent.

In addition to these transfers, the state transferred $256.8 million from the General Fund to the Capital Projects Fund at the beginning of the fiscal year that was exempt from the limit on growth in General Fund expenditures. In response to the revenue shortfall, the state transferred $327.8 million back from the Capital Projects Fund to the General Fund, including $17.5 million of interest earnings on Capital Projects Fund cash. The state then transferred $79.1 million from the General Fund to the Capital Projects Fund that counted toward the constitutional limit on growth in General Fund expenditures. These transactions resulted in a net transfer from the General Fund to the Capital Projects Fund of $8.1 million.

On the budget basis, additional fiscal stress relief was achieved by legislative action eliminating the previously required reservation of four percent of General Fund expenditures. See Note 6H for information on the required reserve.

Component Units

The Colorado Water Resources and Power Development Authority held $42.4 million in an agency fund that it had pledged to support the construction of the proposed Animas-La Plata dam and reservoir in Southwest Colorado. In December 2000, Congress authorized a much smaller Animas-La Plata project. As a result, the authority contributed $37.9 million from the agency fund to the authority's Enterprise Funds. The agency fund is not presented in the state's financial statements.

NOTE 32 – ON-BEHALF PAYMENTS AND UNUSUAL OR INFREQUENT TRANSACTIONS

The Governor's Office of Innovation and Technology received on-behalf payments in the amount of $326,660 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 *Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis Budget and Actual – General Funded.*

The government-wide *Statement of Activities* shows an extraordinary expense of $21.0 million. The expense was reported only at the government-wide level because it does not qualify as a current liability in a governmental fund. The balance represents an expense recorded to recognize a liability resulting from a United States Supreme Court decision. The Court decision requires the State of Colorado to pay damages to the State of Kansas related to water rights. The State of Colorado is appealing the amount of damages claimed by the State of Kansas; the state recorded the $21.0 million as an estimate of the final settlement amount.

NOTE 33 – DONOR RESTRICTED ENDOWMENTS

The state's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no state law that governs endowment spending.

The University of Colorado reported net appreciation on endowment investments of $4.4 million that was available for spending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. For Fiscal Year 2001-02, the authorized spending rate was equal to the greater of 4 percent of the prior month's market value, or 4.5 percent of the average market value of endowment investments at the end of the previous three years.

Colorado State University reported $120,685 of net appreciation on its donor restricted endowments, and the full amount was available for expending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The Colorado State University Foundation investment committee manages the endowment investments and has the discretion to distribute investment income to meet current or special needs.

The University of Northern Colorado reported $42,981 of net appreciation on donor restricted endowments with $35,724 available for expending. The university reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Assets – Proprietary Funds.* The university's policy on spending endowment earnings is to make available 4.5 percent of a three year moving average of the book value of investments at June 30.

NOTE 34 – SEGMENT INFORMATION

Primary Government

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. The purpose of each of the state's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the state's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the state's segments.

The Colorado Student Obligation Bond Authority 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. Condensed financial information for CSOBA is not presented because it is a major Enterprise Fund, and full financial statements are included in the Basic Financial Statements.

Other Enterprise Fund Segments:

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

Higher Education Institutions Segments:

The University of Colorado research activities segment charges for research services.

The University of Southern Colorado student activities segment charges students fees for programs and facilities provided at the campus. The university's recreational and childcare segment charges students fees for recreational facilities and programs as well as fees for childcare services and facilities.

The Colorado School of Mines auxiliary housing segment charges students for housing. The School of Mines' general research facilities segment charges rent to research programs.

The Auraria Higher Education Center's parking segment charges students, faculty, and staff fees for the use of parking lots and structures. The center's student facilities segment charges fees to students for use of its facilities.

Condensed financial information for the state's segments for the year ended June 30, 2002, is:

CONDENSED STATEMENT OF NET ASSETS

(DOLLARS IN THOUSANDS)		UNIVERSITY OF COLORADO	UNIVERSITY OF SOUTHERN COLORADO		COLORADO SCHOOL OF MINES		AURARIA HIGHER EDUCATION CENTER	
	STATE FAIR AUTHORITY	RESEARCH ACTIVITIES	STUDENT ACTIVITIES	RECREATIONAL AND CHILDCARE FACILITIES	AUXILIARY HOUSING	GENERAL RESEARCH FACILITIES	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:								
Current Assets	$ 1,065	$ -	$ 473	$ 1,387	$ 1,704	$ 6,938	$ 9,167	$ 8,549
Due From Other Funds	-	261	-	-	-	-	-	-
Other Assets	253	23,153	-	1,119	-	-	8,345	515
Capital Assets	11,170	53,857	1,771	3,598	20,181	4,347	18,994	16,345
Total Assets	12,488	77,271	2,244	6,104	21,885	11,285	36,506	25,409
LIABILITIES:								
Current Liabilities	1,562	3,523	325	936	1,244	593	2,031	2,040
Due To Other Funds	9	-	-	119	-	-	-	-
Noncurrent Liabilities	1,828	21,900	-	3,650	20,873	10,622	21,718	16,094
Total Liabilities	3,399	25,423	325	4,705	22,117	11,215	23,749	18,134
NET ASSETS:								
Invested in Capital Assets , Net of Related Debt	9,129	28,695	-	-	(693)	70	3,528	261
Restricted for Permanent Endowments:								
Other Restricted Net Assets	-	-	-	-	5	-	-	302
Unrestricted	(40)	23,153	1,919	1,399	456	-	9,230	6,712
Total Net Assets	$ 9,089	$ 51,848	$ 1,919	$ 1,399	$ (232)	$ 70	$ 12,758	$ 7,275

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

OPERATING REVENUES :								
Tuition and Fees	$ -	$ -	$ 304	$ 1,381	$ -	$ -	$ -	$ 4,244
Sales of Goods and Services	6,678	2,982	-	6,184	6,819	-	6,857	20,767
Other	1,437	279	6	24	-	-	-	177
Total Operating Revenues	8,115	3,261	310	7,589	6,819	-	6,857	25,188
OPERATING EXPENSES:								
Depreciation	707	3,596	-	239	914	-	664	1,109
Other	7,812	5,095	150	6,076	4,810	49	4,342	20,659
Total Operating Expenses	8,519	8,691	150	6,315	5,724	49	5,006	21,768
OPERATING INCOME (LOSS)	(404)	(5,430)	160	1,274	1,095	(49)	1,851	3,420
NONOPERATING REVENUES AND (EXPENSES):								
Investment Income	43	(1,017)	38	92	153	113	578	123
Gifts and Donations	-	-	39	-	-	126	-	-
Other Nonoperating Revenues	-	-	-	302	-	-	-	-
Debt Service	(153)	(1,255)	-	(1)	(699)	(120)	(882)	(920)
Other Nonoperating Expenses	-	(11,167)	(135)	(853)	-	-	-	-
Total Nonoperating Revenues(Expenses)	(110)	(13,439)	(58)	(460)	(546)	119	(304)	(797)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:								
Capital Contributions and Additions to Endowments	4,229	-	-	-	-	-	-	168
Special and Extraordinary Item	-	-	-	-	-	-	(141)	(8)
Operating Transfer-In	-	16,384	-	831	-	-	-	43
Operating Transfer-Out	-	-	-	(1,497)	(109)	-	-	-
Total Contributions, Transfers, and Other	4,229	16,384	-	(666)	(109)	-	(141)	203
CHANGE IN NET ASSETS	3,715	(2,485)	102	148	440	70	1,406	2,826
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	5,374	54,333	1,817	1,251	(672)	-	11,352	4,449
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 9,089	$ 51,848	$ 1,919	$ 1,399	$ (232)	$ 70	$ 12,758	$ 7,275

CONDENSED STATEMENT OF CASH FLOWS

NET CASH PROVIDED (USED) BY:								
Operating activities	$ (39)	$ 4,727	$ (475)	$ 533	$ 2,009	$ (81)	$ 2,287	$ 4,716
Noncapital Financing Activities	-	-	-	-	-	-	-	177
Capital and Related Financing Activities	134	(3,472)	-	-	(4,953)	7,019	(2,770)	(4,274)
Investing Activities	40	(1,255)	-	-	153	(6,938)	(2,514)	314
NET INCREASE (DECR.) IN CASH AND POOLED CASH	135	-	(475)	533	(2,791)	-	(2,997)	933
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	600	-	949	854	1,048	-	13,824	5,709
CASH AND POOLED CASH, FISCAL YEAR END	$ 735	$ -	$ 473	$ 1,387	$ (1,743)	$ -	$ 10,827	$ 6,642

NOTE 35 – COMPONENT UNITS

The state has four component units under the requirements of Governmental Accounting Standards Board Statement No. 14. All of the component units are considered major except CoverColordo, which is presented as the sole nonmajor component unit. Financial statements for the component units are presented in the Basic Financial Statements.

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 authority is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. The authority's primary revenue sources are investment income on bond proceeds, interest on loans made to local governments from bond proceeds, and federal capitalization grants.

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. In June 2001, the district refunded $11.25 million of the sales tax levy to the six counties because the funds were deemed unnecessary for the expenses and reserves of the district.

University Hospital is a nonsectarian, general acute care regional hospital licensed for 373 beds, with six outpatient clinics and a home therapy unit, operated by the University of Colorado Hospital Authority. It also includes the Anschutz Centers for Advanced Medicine, and is the teaching hospital of the University of Colorado Health Sciences Center (UCHSC), a state agency. The hospital is in the process of relocating its main campus from east central Denver to the Fitzsimons Campus in the Denver suburb of Aurora. 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. During Fiscal Year 2001-02, University Hospital paid the UCHSC $26.8 million, and UCHSC paid University Hospital $11.1 million. At June 30, 2002, University Hospital owed the UCHSC $.8 million, and UCHSC owed University Hospital $1.1 million.

CoverColorado (formerly known as the Colorado Uninsurable Health Insurance 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. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program.

NOTE 36 – RELATED ORGANIZATIONS

Primary Government

The Colorado Medical Services Foundation (a related party doing business as University Physicians, Inc.) was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 2001-02 and 2000-01, the university was reimbursed $102.6 million and $87.4 million, respectively, from the foundation for salaries, fringe benefits, and related operating costs. The current year amount is reported as revenue and expense of the Higher Education Institutions on the government-wide *Statement of Activities* and the fund-level *Statement of Revenues, Expenses and Changes in Net Assets.* In addition, the foundation reimbursed the university $1.36 million and $1.10 million for professional liability insurance and administrative costs in Fiscal Year 2001-02 and Fiscal Year 2000-01, respectively. The foundation also provided the university with gift funds of $9.5 million in Fiscal Year 2001-02. At June 30, 2002, the foundation owed the university $480,120, 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 $46.1 million and $58.5 million to the university in Fiscal Year 2001-02 and 2000-01, respectively. The University of Colorado is the ultimate beneficiary of substantially all of foundation's endowment funds, which included $56.1 million and $58.7 million, respectively, at June 30, 2002 and 2001.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 2001-02 and 2000-01, the foundation transferred $22.2 million and $15.8 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 2001-02 and 2000-01, the foundation transferred $705,419 and $972,931, 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 $537,260 and $1,001,297 in scholarships and grants during Fiscal Year 2001-02 and 2000-01, 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 2001-02, the foundation authorized the transfer of $275,792 to the college, of which, $165,992 was due from the foundation at June 30, 2002.

Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of Metropolitan State College of Denver. The foundation provided $1.58 million and $1.32 million of funding to the college in Fiscal Year 2001-02 and 2000-01, respectively. The foundation also reimbursed the college $92,692 for services provided by college employees.

Western State College Foundation was established to aid Western State College in fulfilling its educational mission. The foundation transferred $1.48 million and $1.18 million to the college in Fiscal Year 2001-02 and 2000-01, respectively.

Most of the state's community colleges have established foundations to assist in their educational missions. However, none of those foundations made annual transfers to their related colleges in excess of $200,000.

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 $4.52 million and $3.65 million to the university in Fiscal Year 20001-02 and 2000-01, respectively. At June 30, 2002, $119,084 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 2001-02 and 2000-01, the school received $7.1 million and $9.2 million respectively, from the foundation. The foundation owed the school $245,646 at June 30, 2002. 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, 2002, and June 30, 2001 were $2.2 million and $2.0 million, respectively.

The Colorado School of Mines Development Corporation was established in September 2001 as a separate corporation for the purpose of financing and building a general research building on the School of Mines campus. The Development Corporation issued $10.86 million of bonds in October 2001 and construction has commenced.

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 2001-02, the foundation made a capital gift of $400,000 to AHEC. The foundation also reimbursed AHEC $152,386 for administrative and printing costs during Fiscal Year 2001-02. At June 30, 2002, $68,898 was due from the Foundation to AHEC.

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 2001-02 and 2000-01, the board funded $17.58 million and $16.27 million, respectively, of wildlife and parks programs at the Department of Natural Resources. At June 30, 2002, GOCO owed the Department of Natural Resources $9.12 million.

Component Units

The University of Colorado Hospital Authority provided charity care primarily to individuals meeting federal poverty guidelines valued at $67.3 million and $50.2 million for the years ended June 30, 2002 and 2001, 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 $8.4 million and $6.7 million in Fiscal Years 2001-02 and 2000-01, 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 $22.5 million and $24.7 million for the years ended June 30, 2002, and 2001, 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 $26.8 million and $27.2 million were paid for these services in Fiscal Years 2001-02 and 2000-01, respectively. Other contracts with the Regents for storage facilities, student health services, and research projects resulted in reimbursements of approximately $5.2 million and $8.9 million in Fiscal Years 2001-02 and 2000-01, 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 known as 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. The contract was renewed for 2002. As part of the agreements, the hospital purchased a minority interest in TriWest for approximately $3.3 million. This investment 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. The letter of credit 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 $25.86 million and $23.43 million were paid for these programs during Fiscal Years 2001-02 and 2000-01, respectively.

The hospital has negotiated with UPI to assume 30 percent participation in the hospital's investment in TriWest. Separate from the current negotiations, UPI has signed an agreement with the hospital to assume for a fee the hospital's network management commitment.

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 $1.32 million and $1.45 million were billed to CRC for the cost of these services during Fiscal Years 2001-02 and 2000-01, respectively. The hospital also leases certain employees to the Colorado Psychiatric Hospital (CPH), a related party, and provides various clinical and administrative services. The hospital charged approximately $4.54 million and $4.43 million for these services during Fiscal Years 2001-02 and 2000-01, respectively. Amounts due from the Health Sciences Center, including CPH and CRC, amounted to $1.96 million and $2.04 million at June 30, 2002 and 2001, 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.

During 1995, the hospital and four other entities formed Colorado Access, a Colorado nonprofit corporation that owns and operates a statewide HMO that serves Medicaid patients. In August 2001, the hospital entered into an agreement to loan Colorado Access $625,000. The principal and interest, which is currently set at 6.5 percent, is due on or before August 24, 2004.

NOTE 37 – CONTINGENCIES

Primary Government

The Colorado Governmental Immunity Act sets upper limits on state liability at $150,000 per individual and $600,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. Judgments awarded against the state for which there is no insurance coverage or that 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 constitutional rights, civil rights, inadequately compensated them for their property, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the state often files counterclaims. 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, which could result in significant future construction and medical costs that are not subject to reasonable estimation.

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, sexual harassment, 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 ($465.4 million) of the outstanding balance of loans in repayment status. However, the probability of a material loss is remote.

Several health care providers have sued the Department of Health Care Policy and Financing alleging that the department breached contracts because managed care rates were incorrectly calculated. The state lost one of these cases on appeal and paid a settlement early in Fiscal Year 2002-03. In total, the fiscal impact on the state's Medicaid program could reach $68.0 million.

The U.S. Environmental Protection Agency has given notice of the state's potential responsibility under CERCLA. Responsibility for clean up costs has not been apportioned between the Colorado School of Mines and other potential responsible parties that include non-state parties.

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, 2002, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $682.1 million in the names 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. The department routinely has claims for refunds in various stages of administrative and legal review that individually could result in refunds up to $10 million.

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 $4.79 billion are outstanding. Of this amount, $3.44 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 before the Special Master. The state recorded a long-term liability in the amount of $21.0 million, which is shown on the government-wide *Statement of Activities* as an extraordinary item. Kansas claims damages of $54 million and may also seek litigation cost reimbursement that is estimated at $10.0 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 the final award in the Arkansas River Compact suit discussed above.

The state is being sued for violation of several Colorado constitutional provisions in a claim that the statutory scheme for funding education provides inadequate funding for special education. The plaintiffs are not seeking damages; however, a declaration that the funding scheme is unconstitutional could result in the need for significant supplemental appropriations. Estimates of the increased cost to the state range from $120 million to $300 million.

A suit has been brought against the state alleging that the TABOR refund program (Article X, Section 20, of the State Constitution) 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. Damages are indeterminable, but the state has refunded $3.25 billion since Fiscal Year 1996-97.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. With the exception of a $21.0 million liability recorded for the Arkansas River Compact suit, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 38 – SUBSEQUENT EVENTS

A. NOTE ISSUANCE

Primary Government

On July 2, 2002, the State Treasurer received settlement of $800.0 million in Tax Revenue Anticipation Notes. The notes are due and payable on June 27, 2003, at an interest rate of 3.0 percent. The total interest related to this issuance will be $23.67 million. On November 25, 2002, the State Treasurer received settlement on an additional sale of $200.0 million in Tax Revenue Anticipation Notes. This second issuance is also due and payable on June 27, 2003, and was issued at an interest rate of 2.5 percent. The interest due will be $2.94 million. In both instances, the notes are primarily issued for cash management purposes.

On August 20, 2002, the Colorado Student Obligation Bond Authority issued $48.0 million of tax-exempt bonds and $62.0 million of taxable notes. The tax-exempt bonds carry interest rates ranging from 1.33 percent to 1.37 percent and mature on June 1, 2037. The taxable notes were issued with a 1.95 interest rate and maturity date of December 1, 2037. A portion of the bonds and notes issued were used to refund and redeem $12.4 million of bonds issued in 1995 and $32.0 million of bonds issued in 1999.

On July 21, 2002, WorldCom (MCI) filed for Chapter 11 bankruptcy. The Department of Corrections has a contract agreement with WorldCom for telecommunications services, and the department records sales commission revenue and receivables related to this agreement in the Prison Canteens Fund, a nonmajor Enterprise Fund. Under the bankruptcy requirements, the department cannot pursue collection nor offset payments to WorldCom for $337,667 and $149,189 of revenue/receivable for Fiscal Year 2001-02 and 2002-03, respectively.

On November 6, 2002, Standard & Poor's Rating Services downgraded its rating of the State of Colorado's outstanding certificates of participation (Series 2002A) from double 'A' to double 'A' minus. The rating service cited declining revenue forecasts and the related Fiscal Year 2002-03 General Fund budget shortfall as the reasons for the downgrade.

Component Units

On March 22, 2002, the Governor of the State of Colorado signed legislation that authorized the Colorado Water Resources and Power Development Authority to expand its water project loan program (up to $100 million per borrower) to include sewerage facilities, to fund emergency projects, to expand internal transfer capabilities, and to remove the state's moral obligation pledge as security from the authority's bonds.

On April 16, 2002, the Colorado Water Resources and Power Development Authority issued Drinking Water Revolving Fund Revenue Bonds in the principal amount of $16.32 million dated April 1, 2002. The issuance was a mix of serial and term bonds with interest rates ranging from 3.0 percent to 5.125 percent.

The interest earnings from the state's Unclaimed Property Fund have been used in the past to fund CoverColorado, which provides health care insurance to citizens unable to secure private insurance. The Legislature authorized the State Controller and State Treasurer to move the monies in the Unclaimed Property Fund to the state General Fund at the direction of the Governor. As a result, this funding source was significantly decreased. Based on an actuarial study obtained in May 2002, the board of CoverColorado intends to assess insurers approximately $9.3 million, which it expects to collect in August 2003.

On July 1, 2002, the University of Colorado transferred the operations of the Colorado Psychiatric Hospital (CPH) to the University of Colorado Hospital Authority. As a result of the transfer, the authority will take over adult psychiatric services previously provided by CPH. The authority purchased the unbilled accounts receivable of CPH at the estimated collection value, and became responsible for any Medicare/Medicaid cost settlements and retirement pay-outs/benefits of related staff.

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,962,686	
Income Taxes			3,250,330	
Other Taxes			233,328	
Federal Grants and Contracts			408	
Sales and Services			386	
Interest Earnings			42,808	
Medicaid Provider Revenues			11,171	
Other Revenues			52,895	
Transfers-In			1,417,496	
TOTAL REVENUES AND TRANSFERS-IN			6,971,508	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 10,280	$ 10,125	10,118	$ 7
Corrections	478,169	442,447	443,711	(1,264)
Education	2,286,324	2,271,605	2,270,661	944
Governor	20,428	19,792	19,566	226
Health Care Policy and Financing	1,092,787	1,080,844	1,076,839	4,005
Higher Education	751,235	740,408	740,139	269
Human Services	522,085	490,715	489,121	1,594
Judicial Branch	216,864	214,935	214,667	268
Law	9,826	10,132	9,536	596
Legislative Branch	31,102	30,294	27,842	2,452
Local Affairs	14,548	10,668	10,511	157
Military Affairs	4,097	3,989	3,973	16
Natural Resources	29,164	24,651	24,586	65
Personnel and Administration	15,337	14,155	14,028	127
Public Health and Environment	34,654	31,979	31,802	177
Public Safety	59,541	56,754	56,597	157
Regulatory Agencies	1,999	1,915	1,914	1
Revenue	189,788	183,410	181,568	1,842
Treasury	65,611	68,289	68,283	6
Fiscal Year 2000-01 TABOR Refund (Note 8B)	898,700	927,201	927,201	-
SUB-TOTAL OPERATING BUDGETS	6,732,539	6,634,308	6,622,663	11,645

The notes to the required supplementary information are an integral part of this schedule.

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2002 (Continued)

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	4,614	3,629	985
Corrections	(54,743)	25,485	15,309	10,176
Education	-	4,200	3,120	1,080
Governor	-	2,552	1,626	926
Health Care Policy and Financing	2,552	5,191	1,841	3,350
Higher Education	(112,534)	198,203	144,336	53,867
Human Services	(22,332)	25,953	16,296	9,657
Judicial Branch	520	1,348	420	928
Law	36	97	49	48
Local Affairs	(5,000)	1,809	1,312	497
Military Affairs	-	2,481	1,227	1,254
Personnel and Administration	4,731	34,426	20,290	14,136
Public Health and Environment	(2,234)	5,221	1,122	4,099
Public Safety	(1,822)	12,676	6,667	6,009
Revenue	(1,018)	2,124	2,002	122
Transportation	(250)	33,834	28,803	5,031
Budgets/Transfers Not Booked by Department	668,107	668,306	668,306	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	476,013	1,028,520	916,355	112,165
TOTAL EXPENDITURES AND TRANSFERS-OUT	$7,208,552	$7,662,828	7,539,018	$ 123,810
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (567,510)	

The notes to the required supplementary information are an integral part of this schedule.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSETS - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 556,511	
Income Taxes			272,900	
Other Taxes			440,458	
Tuition and Fees			646,743	
Sales and Services			861,437	
Interest Earnings			233,014	
Other Revenues			1,730,766	
Transfers-In			4,109,133	
TOTAL REVENUES AND TRANSFERS-IN			8,850,962	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 22,123	$ 19,828	18,603	$ 1,225
Corrections	60,532	66,123	53,799	12,324
Education	2,338,665	2,352,056	2,349,726	2,330
Governor	20,753	25,279	7,332	17,947
Health Care Policy and Financing	149,774	185,382	182,865	2,517
Higher Education	1,673,832	1,661,908	1,521,445	140,463
Human Services	736,404	277,180	263,127	14,053
Judicial Branch	66,446	65,817	54,096	11,721
Labor and Employment	838,026	837,942	808,579	29,363
Law	23,899	25,299	23,942	1,357
Legislative Branch	2,181	2,319	2,002	317
Local Affairs	129,281	160,387	90,757	69,630
Military Affairs	2,152	2,152	986	1,166
Natural Resources	295,130	318,660	205,522	113,138
Personnel and Administration	374,947	372,745	315,701	57,044
Public Health and Environment	110,912	140,172	116,385	23,787
Public Safety	91,103	94,465	90,532	3,933
Regulatory Agencies	79,012	78,463	74,560	3,903
Revenue	567,894	623,948	550,201	73,747
State	13,065	14,012	13,167	845
Transportation	442,400	457,153	109,816	347,337
Treasury	1,493,549	1,493,549	1,368,519	125,030
SUB-TOTAL OPERATING BUDGETS	9,532,080	9,274,839	8,221,662	1,053,177
Capital and Multi-Year Budgets:				
Departmental:				
Corrections	2,696	10,375	5,117	5,258
Education	-	209	209	-
Governor	130	3,487	1,237	2,250
Health Care Policy and Financing	19	52	48	4
Higher Education	12,113	73,350	20,249	53,101
Human Services	8,255	10,785	5,802	4,983
Labor and Employment	42,864	102,915	18,236	84,679
Law	107	329	166	163
Natural Resources	35,392	35,526	17,222	18,304
Personnel and Administration	1,688	32,008	23,882	8,126
Public Health and Environment	-	15,706	1,004	14,702
Public Safety	235	343	342	1
Regulatory Agencies	-	1,901	200	1,701
Revenue	11,161	746	740	6
Transportation	2,131,258	1,952,776	880,136	1,072,640
Budgets/Transfers Not Booked by Department	7,301	7,301	7,301	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,253,219	2,247,809	981,891	1,265,918
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$11,785,299	$11,522,648	9,203,553	$2,319,095
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (352,591)	

The notes to the required supplementary information are an integral part of this schedule.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET ASSET - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$3,417,046	
TOTAL REVENUES AND TRANSFERS-IN			3,417,046	
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 1,249	$ 5,871	3,233	$ 2,638
Corrections	4,434	17,260	10,017	7,243
Education	270,983	426,067	306,108	119,959
Governor	22,110	24,000	16,736	7,264
Health Care Policy and Financing	1,208,770	1,265,679	1,251,947	13,732
Higher Education	1,207	81,398	69,722	11,676
Human Services	504,352	833,562	759,538	74,024
Judicial Branch	2,189	5,136	3,272	1,864
Labor and Employment	88,221	211,916	155,790	56,126
Law	785	932	849	83
Local Affairs	41,941	128,637	48,753	79,884
Military Affairs	113,089	25,310	9,222	16,088
Natural Resources	18,706	40,317	20,197	20,120
Personnel and Administration	49	113	72	41
Public Health and Environment	150,007	247,933	177,144	70,789
Public Safety	37,140	87,218	38,092	49,126
Regulatory Agencies	896	2,054	1,314	740
Revenue	1,542	4,764	1,635	3,129
Transportation	289,951	646,402	338,007	308,395
Treasury	-	74,500	50,759	23,741
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,757,621	4,129,069	3,262,407	866,662
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$2,757,621	$4,129,069	3,262,407	$ 866,662
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 154,639	

The notes to the required supplementary information are an integral part of this schedule.

REQUIRED SUPPLEMENTARY INFORMATION

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES					
	GENERAL	PUBLIC SCHOOL	HIGHWAY USERS TAX	CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:						
Revenues and Transfers-In:						
General	$ 6,618,135	$ -	$ -	$ 353,373	$ -	$ -
Cash	608,496	2,154,093	1,689,599	57,990	289,261	1,004,167
Federal	2,611,839	-	337,835	32,800	-	123,490
Sub-Total Revenues and Transfers-In	9,838,470	2,154,093	2,027,434	444,163	289,261	1,127,657
Expenditures/Expenses and Transfers-Out						
General Funded	6,958,540	-	-	580,478	-	-
Cash Funded	605,407	2,147,039	1,775,271	67,558	154,096	1,593,379
Federally Funded	2,611,840	-	337,835	32,800	-	122,390
Expenditures/Expenses and Transfers-Out	10,175,787	2,147,039	2,113,106	680,836	154,096	1,715,769
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	(337,317)	7,054	(85,672)	(236,673)	135,165	(588,112)
BUDGETARY BASIS ADJUSTMENTS:						
(Increase)/Decrease in TABOR Refund	927,201	-	-	-	-	-
Increase/(Decrease) for Unrealized Gains/Losses	9,329	-	4,720	(6,676)	(149)	1,360
Increase for Budgeted Non-GAAP Expenditures	1	-	-	-	-	20,944
Increase/(Decrease) for GAAP Expenditures Not Budgeted	98,030	-	(7,267)	11,676	-	(10,633)
Increase/(Decrease) for GAAP Revenue Adjustments	(89,306)	-	7,267	(11,676)	-	44
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	607,938	7,054	(80,952)	(243,349)	135,016	(576,397)
GAAP BASIS FUND BALANCES/NET ASSETS:						
FUND BALANCE/NET ASSETS, JULY 1	(426,926)	10,125	1,476,719	416,514	168,811	1,860,141
Prior Period Adjustments (See Note 28)	-	-	-	(32)	-	7,642
Accounting Changes (See Note 28)	25,314	-	-	-	-	(5,101)
FUND BALANCE/NET ASSETS, JUNE 30	$ 206,326	$ 17,179	$ 1,395,767	$ 173,133	$ 303,827	$ 1,286,285

The notes to the required supplementary information are an integral part of this schedule.

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STUDENT OBLIGATION BOND AUTHORITY	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,971,508
1,457,134	198,501	43,769	414,119	171,984	88,263	673,586	8,850,962
-	214,296	11,153	-	85,633	-	-	3,417,046
1,457,134	412,797	54,922	414,119	257,617	88,263	673,586	19,239,516
-	-	-	-	-	-	-	7,539,018
1,434,266	505,032	45,219	412,828	157,376	76,369	229,713	9,203,553
-	72,425	-	-	85,117	-	-	3,262,407
1,434,266	577,457	45,219	412,828	242,493	76,369	229,713	20,004,978
22,868	(164,660)	9,703	1,291	15,124	11,894	443,873	(765,462)
-	-	-	-	-	-	-	927,201
(3,850)	-	4,381	218	1,126	25	(40,822)	(30,338)
-	-	-	119	2,040	155	-	23,259
(2,838)	(6,052)	-	(776)	(6,339)	(9,563)	(6)	66,232
(281)	-	-	-	-	-	-	(93,952)
181,761	-	-	-	-	-	203,359	385,120
197,660	(170,712)	14,084	852	11,951	2,511	606,404	512,060
3,829,082	824,402	88,374	1,912	144,153	16,354	1,345,059	9,754,720
(1,878)	-	-	-	97,692	-	-	103,424
(1,422,903)	-	-	-	(2)	-	-	(1,402,692)
$ 2,601,961	$ 653,690	$ 102,458	$ 2,764	$ 253,794	$ 18,865	$ 1,951,463	$ 8,967,512

GENERAL FUND

The General Fund is the principal operating fund of the state. It is used to account for all governmental financial resources and transactions not accounted for in another fund. The schedule on the following page is presented to facilitate budgetary analysis of the General Fund. It shows how revenues and expenditures on the budgetary basis affect the change in Unreserved – Undesignated Fund Balance on the Balance Sheet. This balance is statutorily referred to as General Fund Surplus. The schedule differs from the General Fund presentation in the Basic Financial Statement as discussed below.

For the purpose of reporting in accordance with Generally Accepted Accounting Principles (GAAP), risk management activities are reported as part of the General Fund and represented on the *Balance Sheet – Governmental Funds* as "Reserved for Statutory Purposes". For budgetary reporting purposes (including the following schedule), risk management activities are considered a cash fund (See Note RSI-1) and are not included in the General Fund.

After all legal and GAAP reserves are taken into consideration, the balance of net assets in the General Fund is represented on the *Balance Sheet – Governmental Funds* as "Fund Balances: Unreserved, Reported in: General Fund". 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 earned revenues that were greater than the related appropriation for specific expenditures. These revenues in excess of the related expenditures become part of unreserved undesignated fund balance.

The purpose of this schedule is to identify the General Fund 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 BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$1,862,500	$1,827,900	$1,867,638		
Other Excise Taxes	98,000	96,900	95,048		
Individual Income Tax, net	3,896,300	3,066,200	3,085,669		
Corporate Income Tax, net	328,300	180,000	164,661		
Estate Tax	61,700	72,400	72,518		
Insurance Tax	139,000	151,800	154,589		
Parimutuel, Courts, and Other	47,900	55,800	60,966		
Investment Income	68,800	25,400	25,312		
Gaming	31,600	37,400	34,076		
Medicaid Provider Revenues	7,600	11,200	11,171		
TOTAL GENERAL PURPOSE REVENUES	6,541,700	5,525,000	5,571,648		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	10,280	10,130	10,118	$ 12	$ 62
Corrections	478,169	442,129	443,334	(1,205)	60
Education	2,286,324	2,268,950	2,268,794	156	25
Governor	20,428	19,792	19,566	226	1
Health Care Policy and Financing	1,092,787	1,083,955	1,076,838	7,117	4
Higher Education	764,652	750,030	739,556	10,474	-
Human Services	519,085	489,191	487,864	1,327	689
Judicial Branch	216,864	214,887	214,619	268	763
Law	9,826	9,932	9,677	255	317
Legislative Branch	31,102	29,676	27,224	2,452	-
Local Affairs	14,548	10,517	10,361	156	141
Military Affairs	4,097	4,001	3,973	28	16
Natural Resources	29,164	24,695	24,434	261	-
Personnel and Administration	15,337	14,155	14,028	127	236
Public Health and Environment	34,654	32,198	31,790	408	645
Public Safety	59,542	56,754	56,597	157	2
Regulatory Agencies	1,999	1,915	1,914	1	-
Revenue	181,420	184,080	181,568	2,512	6
State	-	-	-	-	859
Treasury	31,297	33,110	33,104	6	-
Appropriation to the Capital Projects Fund	-	79,109	79,109	-	-
Appropriation to the Highway User's Tax Fund	-	35,179	35,179	-	-
Fiscal Year 2000-01 TABOR Refund	898,700	927,201	927,201	-	-
TOTAL ACTUAL BUDGET AND EXPENDITURES	6,700,275	6,721,586	6,696,848	$ 24,738	$ 3,826
Variance Between Actual and Estimated Budgets	(9,175)	(7,385)	-		
TOTAL ESTIMATED BUDGET	6,691,100	6,714,201	6,696,848		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	(149,400)	(1,189,201)	(1,125,200)		
EXCESS AUGMENTING REVENUES	-	-	3,826		
TRANSFERS:					
Transfer-In from Various Cash Funds	-	522,755	482,745		
Transfer-In from Controlled Maintenance Trust	244,000	253,500	253,429		
Transfer-In from Capital Projects	-	53,545	310,313		
(Transfer-Out) to Capital Projects	(302,600)	-	(256,768)		
TOTAL TRANSFERS	(58,600)	829,800	789,719		
BEGINNING GENERAL FUND SURPLUS	220,600	255,600	255,592		
Budgeted Non-GAAP Expenditures	-	-	1		
GAAP Revenues/Expenditures Not Budgeted	-	-	(102)		
(Increase)/Decrease in Long-Term Asset Reserve	-	-	91		
Budgeted Decrease (Increase) in Statutory 4 Percent Reserve Requirement	(12,600)	213,700	213,668		
ENDING GENERAL FUND SURPLUS	-	109,899	137,595		
Shortfall in Statutory 4 Percent Reserve	226,200	-	-		
Fiscal Year 2001-02 TABOR Liability	(328,900)	-	-		
ENDING GAAP UNRESERVED FUND BALANCE	$ (102,700)	$ 109,899	$ 137,595		

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1. BUDGETARY INFORMATION

A. BUDGETARY BASIS

The three budget-to-actual schedules show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (See pages 112 to 115). These schedules are presented in the budgetary fund structure discussed below. Higher Education Institution Funds, with the exception of the state-appropriated amounts are excluded from these schedules.

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 reported in the *Balance Sheet – Governmental Funds* as "Reserved for Encumbrances". 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 schedules, 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. Individual overexpenditures are listed in Note 8A.

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

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (See page 116) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (See pages 112 to 115) relate to the change in fund balances/net assets for the funds presented in the fund level statements (See pages 44 to 61).

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 schedules but are included in the budget-to-actual 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, affect revenues on a GAAP basis but not on the budgetary basis. These events and transactions are shown in the 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.

E. OUTSTANDING ENCUMBRANCES

The state uses encumbrance accounting as an extension of formal budgetary integration in most funds except certain Fiduciary Funds, and certain Higher Education Institutions 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.

NOTE RSI-2. INFRASTRUCTURE ASSETS REPORTED UNDER THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, the state has adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the modified approach, the state expenses most maintenance and preservation costs and does not report depreciation expense. The state capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach. Colorado applies the modified approach only to infrastructure owned and/or maintained by the Colorado Department of Transportation. Assets accounted for under the modified approach include approximately 22,700 lane miles of roads and 3,699 bridges for which the state has maintenance responsibilities.

In order to use the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the state.

- Document that the assets are being preserved approximately at or above the established condition level.

Roadway

Measurement Scale

The Colorado Department of Transportation (CDOT) uses Remaining Service Life (RSL) to determine the condition of roadway pavements. In use since 1998, the RSL is a representation, in years, of functional and structural performance of the roadway pavement. CDOT has defined RSL into three conditions as follows:

Condition	Bituminous Surface	Concrete Surface
11 or more years = Good	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse, longitudinal, or fatigue. Slight rutting in the wheel paths.	No distress or some indication of initial distress, but no appreciable maintenance is required. Distress items include low or a small amount of moderate severity cracking such as transverse or longitudinal or slight corner breaks.
6 to 10 years = Fair	Initial distresses are apparent requiring routine maintenance. Distress items include moderate and some high severity cracking such as transverse, longitudinal, or fatigue. Moderate rutting in the wheel paths.	Initial distresses are apparent requiring sealing. Distress items include moderate and some high severity cracking such as transverse or longitudinal or moderate corner breaks.
0 to 5 years = Poor	Excessive distresses requiring high maintenance or major rehabilitation treatments. Distress items include a large amount of moderate to high severity cracking such as transverse, longitudinal, or fatigue. Moderate to severe rutting in the wheel paths.	Excessive distresses requiring high maintenance or slab replacement. Distress items include a large amount of moderate to high severity transverse or longitudinal cracking or moderate to severe corner breaks.

Established Condition Level

The expected condition level for roadway was initially established based upon historical trends. The expectation is that 54% of roadways will be in the good and fair categories.

Assessed Conditions

Condition levels are assessed on a fiscal year basis. The following table reports the percentage of pavements meeting the "Good/Fair" condition for the past five years.

Rating	2001	2000	1999	1998	1997
Good/Fair	54%	54%	51%	58%	62%
Poor	46%	46%	49%	42%	38%

Bridges

Measurement Scale

CDOT utilizes PONTIS and the National Bridge Inventory to monitor the condition of the 3699 bridges under its jurisdiction. The inventory rates bridges including the deck, superstructure, and substructure, using a 10-point scale as follows.

Rating	Description
9	Excellent
8	Very Good
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural element are sound but may have minor section loss, cracking, spalling or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Condition Level

No more than 25% of the bridges shall be rated as "structurally deficient".

Assessed Conditions

"Structurally deficient" results when a condition of 4 or worse is assessed to at least one of the major structural elements, that is, deck, superstructure, or substructure. The following table reports the percentage of bridges whose condition was assessed as "structurally deficient".

Year	Percent
2002	6.6%
2001	6.7%
2000	6.3%
1999	6.5%
1998	5.6%
1997	5.4%

Budgeted and Estimated Costs to Maintain

(Amounts in Millions)

Fiscal Year	Estimated Spending	Actual Spending
2001-02	$ 751.1	$ 849.0
2000-01	770.5	691.6
1999-00	936.9	774.3
1998-99	693.4	696.5
1997-98	533.0	552.4
1996-97	495.6	414.5
Total	$ 4,180.5	$ 3,978.3

The Department of Transportation has not developed a process for reporting the estimated cost to maintain infrastructure assets at the established condition level. Until the department develops that system, it has chosen to use budgeted amounts as a surrogate for the cost to maintain.

Infrastructure maintenance projects by their nature span multiple years, and the related budgets do not lapse at year end. As a result, the Department of Transportation's spending in any fiscal year may be from amounts that were budgeted in the current and/or previous years. Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year.

The Department of Transportation issued $1.295 billion in bonds during Fiscal Years 2001-02 and 2000-01. These additional funds are reflected in the Estimated Spending in the respective period net of $575 million that relates to capacity improvements, which will be capitalized as infrastructure upon project completion.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	PERMANENT TRUST FUNDS	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 772,251	$ 1,823	$ 34,646	$ 808,720
Taxes Receivable, net	55,746	-	-	55,746
Other Receivables, net	25,062	6	4,560	29,628
Due From Other Governments	4,439	341	-	4,780
Due From Other Funds	45,735	-	139	45,874
Inventories	193	-	-	193
Prepaids, Advances, and Deferred Charges	1,213	155	-	1,368
Restricted Cash and Pooled Cash	16,106	-	-	16,106
Investments	8,328	5,642	322,713	336,683
Due From Other Funds	-	-	10	10
Other Long-Term Assets	178,187	-	307	178,494
Land and Nondepreciable Infrastructure	-	-	11,957	11,957
TOTAL ASSETS	$1,107,260	$ 7,967	$ 374,332	$ 1,489,559
LIABILITIES:				
Tax Refunds Payable	$ 1,158	$ -	$ -	$ 1,158
Accounts Payable and Accrued Liabilities	37,476	-	163	37,639
Due To Other Governments	30,798	-	1	30,799
Due To Other Funds	73,407	-	3,932	77,339
Deferred Revenue	36,920	1,472	1,465	39,857
Accrued Compensated Absences	2	-	-	2
Claims and Judgments Payable	13,920	-	-	13,920
Other Current Liabilities	2,553	-	-	2,553
Deposits Held In Custody For Others	7	-	-	7
TOTAL LIABILITIES	196,241	1,472	5,561	203,274
FUND BALANCES:				
Reserved for:				
Noncurrent Assets	205,588	-	12,274	217,862
Debt Service	-	6,495	-	6,495
Emergencies	81,917	-	-	81,917
Funds Reported as Restricted	16,006	-	337,043	353,049
Unreserved, Reported in:				
Nonmajor Special Revenue Funds	348,399	-	-	348,399
Nonmajor Permanent Funds	-	-	660	660
Unreserved:				
Designated for Unrealized Investment Gains	15,662	-	18,644	34,306
Undesignated	243,447	-	150	243,597
TOTAL FUND BALANCES	911,019	6,495	368,771	1,286,285
TOTAL LIABILITIES AND FUND BALANCES	$1,107,260	$ 7,967	$ 374,332	$ 1,489,559

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 9,845	$ -	$ -	$ 9,845
Excise	2,111	-	-	2,111
Other Taxes	222,157	-	-	222,157
Licenses, Permits, and Fines	228,021	-	21,065	249,086
Charges for Goods and Services	32,795	-	269	33,064
Investment Income	55,509	297	33,561	89,367
Federal Grants and Contracts	123,490	-	-	123,490
Other	23,025	-	27,399	50,424
TOTAL REVENUES	696,953	297	82,294	779,544
EXPENDITURES:				
Current:				
General Government	3,839	-	106	3,945
Business, Community and Consumer Affairs	130,325	-	-	130,325
Education	13,249	-	-	13,249
Health and Rehabilitation	42,026	-	-	42,026
Justice	22,026	-	-	22,026
Natural Resources	25,819	-	-	25,819
Social Assistance	58,274	-	-	58,274
Transportation	747	-	-	747
Capital Outlay	16,182	-	155	16,337
Intergovernmental:				
Cities	74,051	-	-	74,051
Counties	78,490	-	7	78,497
School Districts	25,414	-	-	25,414
Special Districts	14,889	-	-	14,889
Federal	1,289	-	-	1,289
Other	23,794	-	-	23,794
Debt Service	15	71,719	-	71,734
TOTAL EXPENDITURES	530,429	71,719	268	602,416
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	166,524	(71,422)	82,026	177,128
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	110,762	68,008	9,366	188,136
Operating Transfer-Out	(489,403)	-	(454,095)	(943,498)
Bond Premium/Discount	-	16	-	16
Capital Lease Proceeds	10	-	-	10
Sale of Capital Assets	(1)	-	1,392	1,391
Debt Refunding Proceeds	-	10,140	-	10,140
Debt Refunding Payments	-	(9,721)	-	(9,721)
TOTAL OTHER FINANCING SOURCES (USES)	(378,632)	68,443	(443,337)	(753,526)
NET CHANGE IN FUND BALANCES	(212,108)	(2,979)	(361,311)	(576,398)
FUND BALANCE, FISCAL YEAR BEGINNING	1,125,399	9,474	725,269	1,860,142
Prior Period Adjustment (See Note 28)	2,826	-	4,816	7,642
Accounting Changes (See Note 28)	(5,098)	-	(3)	(5,101)
FUND BALANCE, FISCAL YEAR END	$ 911,019	$ 6,495	$ 368,771	$ 1,286,285

SPECIAL REVENUE FUNDS

WATER PROJECTS	This fund accounts for construction loans made to local governments and special districts to enhance the water resources of the state.
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.
TOBACCO LITIGATION SETTLEMENT	This fund accounts for receipts directly from the tobacco litigation settlement, earnings distributed from the Tobacco Litigation Settlement Trust Fund (a Permanent Fund), and the expenditures of programs related to the tobacco settlement.
OTHER SPECIAL REVENUE FUNDS	This fund category accounts for over three hundred individual statutory funds that have a wide variety of purposes. A combining schedule of total assets, total liabilities, and total nets assets for the larger of these individual funds is presented on page 169.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)

	WATER PROJECTS	LABOR
ASSETS:		
Cash and Pooled Cash	$ 90,034	$ 18,072
Taxes Receivable, net	-	15,276
Other Receivables, net	10,562	231
Due From Other Governments	-	-
Due From Other Funds	239	257
Inventories	-	-
Prepaids, Advances, and Deferred Charges	-	-
Restricted Cash and Pooled Cash	-	-
Investments	-	-
Other Long-Term Assets	168,752	-
TOTAL ASSETS	$269,587	$ 33,836
LIABILITIES:		
Tax Refunds Payable	$ -	$ -
Accounts Payable and Accrued Liabilities	298	382
Due To Other Governments	-	-
Due To Other Funds	27,221	-
Deferred Revenue	-	-
Accrued Compensated Absences	-	-
Claims and Judgments Payable	-	13,705
Other Current Liabilities	-	-
Deposits Held In Custody For Others	-	-
TOTAL LIABILITIES	27,519	14,087
FUND BALANCES:		
Reserved for:		
Noncurrent Assets	168,932	-
Emergencies	-	-
Funds Reported as Restricted	-	-
Unreserved, Reported in:		
Nonmajor Special Revenue Funds	-	-
Unreserved:		
Designated for Unrealized Investment Gains	2,037	365
Undesignated	71,099	19,384
TOTAL FUND BALANCES	242,068	19,749
TOTAL LIABILITIES AND FUND BALANCES	$269,587	$ 33,836

GAMING	TOBACCO LITIGATION SETTLEMENT	OTHER SPECIAL REVENUE	TOTALS
$121,383	$ 97,587	$445,175	$ 772,251
10,217	-	30,253	55,746
1	-	14,268	25,062
-	-	4,439	4,439
4,933	-	40,306	45,735
-	-	193	193
35	-	1,178	1,213
-	-	16,106	16,106
-	-	8,328	8,328
-	-	9,435	178,187
$136,569	$ 97,587	$569,681	$ 1,107,260
$ -	$ -	$ 1,158	$ 1,158
1,196	9,416	26,184	37,476
20,630	-	10,168	30,798
44,610	120	1,456	73,407
202	-	36,718	36,920
-	-	2	2
-	-	215	13,920
15	-	2,538	2,553
7	-	-	7
66,660	9,536	78,439	196,241
-	-	36,656	205,588
-	-	81,917	81,917
-	-	16,006	16,006
-	-	348,399	348,399
2,724	2,272	8,264	15,662
67,185	85,779	-	243,447
69,909	88,051	491,242	911,019
$136,569	$ 97,587	$569,681	$ 1,107,260

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	WATER PROJECTS	LABOR
REVENUES:		
Taxes:		
Sales and Use	$ -	$ -
Excise	-	-
Other Taxes	-	31,188
Licenses, Permits, and Fines	-	98
Charges for Goods and Services	1	-
Investment Income	12,114	4,358
Federal Grants and Contracts	-	-
Other	-	304
TOTAL REVENUES	12,115	35,948
EXPENDITURES:		
Current:		
General Government	-	-
Business, Community and Consumer Affairs	-	12,456
Education	-	-
Health and Rehabilitation	-	-
Justice	-	-
Natural Resources	1,767	-
Social Assistance	-	-
Transportation	-	-
Capital Outlay	35	5
Intergovernmental:		
Cities	19	-
Counties	366	-
School Districts	2	-
Special Districts	294	-
Federal	120	-
Other	130	-
Debt Service	-	-
TOTAL EXPENDITURES	2,733	12,461
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,382	23,487
OTHER FINANCING SOURCES (USES):		
Operating Transfer-In	4,522	-
Operating Transfer-Out	(5,638)	(222,971)
Capital Lease Proceeds	-	-
Sale of Capital Assets	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,116)	(222,971)
NET CHANGE IN FUND BALANCES	8,266	(199,484)
FUND BALANCE, FISCAL YEAR BEGINNING	233,802	213,191
Prior Period Adjustment (See Note 28)	-	6,042
Accounting Changes (See Note 28)	-	-
FUND BALANCE, FISCAL YEAR END	$ 242,068	$ 19,749

GAMING	TOBACCO LITIGATION SETTLEMENT	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ 9,845	$ 9,845
-	-	2,111	2,111
95,624	-	95,345	222,157
1,091	79,244	147,588	228,021
262	-	32,532	32,795
5,709	1,669	31,659	55,509
-	-	123,490	123,490
1	87	22,633	23,025
102,687	81,000	465,203	696,953
-	-	3,839	3,839
7,862	-	110,007	130,325
9,488	109	3,652	13,249
-	8,097	33,929	42,026
-	-	22,026	22,026
-	-	24,052	25,819
-	7,569	50,705	58,274
-	-	747	747
771	-	15,371	16,182
16,997	-	57,035	74,051
14,808	5,349	57,967	78,490
132	17,327	7,953	25,414
368	800	13,427	14,889
-	-	1,169	1,289
1,063	437	22,164	23,794
-	-	15	15
51,489	39,688	424,058	530,429
51,198	41,312	41,145	166,524
4,933	-	101,307	110,762
(44,873)	(31,595)	(184,326)	(489,403)
-	-	10	10
-	-	(1)	(1)
(39,940)	(31,595)	(83,010)	(378,632)
11,258	9,717	(41,865)	(212,108)
58,651	78,334	541,421	1,125,399
-	-	(3,216)	2,826
-	-	(5,098)	(5,098)
$ 69,909	$ 88,051	$ 491,242	$ 911,019

PERMANENT 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.
OTHER PERMANENT TRUST	This column represents several minor permanent funds including the Land and Water Management Fund, the Hall Historical Marker Fund, the Wildlife for Future Generations Fund, and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE TRUST	TOBACCO SETTLEMENT TRUST	OTHER	TOTALS
ASSETS:					
Cash and Pooled Cash	$ 27,562	$ -	$ -	$ 7,084	$ 34,646
Other Receivables, net	4,560	-	-	-	4,560
Due From Other Funds	139	-	-	-	139
Investments	322,713	-	-	-	322,713
Due From Other Funds	-	-	-	10	10
Other Long-Term Assets	307	-	-	-	307
Land and Nondepreciable Infrastructure	11,957	-	-	-	11,957
TOTAL ASSETS	$ 367,238	$ -	$ -	$ 7,094	$ 374,332
LIABILITIES:					
Accounts Payable and Accrued Liabilities	$ 163	$ -	$ -	$ -	$ 163
Due To Other Governments	-	-	-	1	1
Due To Other Funds	3,932	-	-	-	3,932
Deferred Revenue	1,465	-	-	-	1,465
TOTAL LIABILITIES	5,560	-	-	1	5,561
FUND BALANCES:					
Reserved for:					
Noncurrent Assets	12,264	-	-	10	12,274
Funds Reported as Restricted	330,783	-	-	6,260	337,043
Unreserved, Reported in:					
Nonmajor Permanent Funds	-	-	-	660	660
Designated for Unrealized Investment Gains	18,481	-	-	163	18,644
Undesignated	150	-	-	-	150
TOTAL FUND BALANCES	361,678	-	-	7,093	368,771
TOTAL LIABILITIES AND FUND BALANCES	$ 367,238	$ -	$ -	$ 7,094	$ 374,332

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE TRUST	TOBACCO SETTLEMENT TRUST	OTHER	TOTALS
REVENUES:					
Licenses, Permits, and Fines	$ -	$ -	$ 21,065	$ -	$ 21,065
Charges for Goods and Services	175	-	-	94	269
Investment Income	30,460	532	2,136	433	33,561
Other	26,777	-	-	622	27,399
TOTAL REVENUES	57,412	532	23,201	1,149	82,294
EXPENDITURES:					
Current:					
General Government	-	-	106	-	106
Capital Outlay	155	-	-	-	155
Intergovernmental:					
Counties	7	-	-	-	7
TOTAL EXPENDITURES	162	-	106	-	268
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	57,250	532	23,095	1,149	82,026
OTHER FINANCING SOURCES (USES):					
Operating Transfer-In	106	-	9,260	-	9,366
Operating Transfer-Out	(36,090)	(279,776)	(138,124)	(105)	(454,095)
Sale of Capital Assets	1,392	-	-	-	1,392
TOTAL OTHER FINANCING SOURCES (USES)	(34,592)	(279,776)	(128,864)	(105)	(443,337)
NET CHANGE IN FUND BALANCES	22,658	(279,244)	(105,769)	1,044	(361,311)
FUND BALANCE, FISCAL YEAR BEGINNING	334,207	279,244	105,769	6,049	725,269
Prior Period Adjustment (See Note 28)	4,816	-	-	-	4,816
Accounting Changes (See Note 28)	(3)	-	-	-	(3)
FUND BALANCE, FISCAL YEAR END	$ 361,678	$ -	$ -	$ 7,093	$ 368,771

OTHER 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:

WILDLIFE	Expenses of this fund are 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.
GUARANTEED STUDENT LOAN	This fund records the activities of the Colorado Student Loan Program 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 FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the state prison system.
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.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in state buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at state museums; and various small enterprise operations.

COMBINING STATEMENT OF NET ASSETS
OTHER ENTERPRISE FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	WILDLIFE	GUARANTEED STUDENT LOAN	STATE FAIR AUTHORITY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 71,893	$ 53,804	$ 735
Student and Other Receivables, net	7,962	856	83
Due From Other Governments	1,288	3,960	28
Due From Other Funds	11	6	-
Inventories	566	91	26
Prepaids, Advances, and Deferred Charges	762	153	193
Total Current Assets	82,482	58,870	1,065
Noncurrent Assets:			
Investments	-	-	253
Other Long-Term Assets	-	-	-
Depreciable Capital Assets and Infrastructure, ne	53,405	1,127	10,137
Land and Nondepreciable Infrastructure	86,827	-	1,033
Total Noncurrent Assets	140,232	1,127	11,423
TOTAL ASSETS	222,714	59,997	12,488
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	5,032	961	255
Due To Other Governments	-	32,059	-
Due To Other Funds	13	524	9
Deferred Revenue	28,413	121	981
Accrued Compensated Absences	574	-	-
Leases Payable	70	201	78
Notes, Bonds, COP's Payable	-	173	230
Other Current Liabilities	-	703	18
Total Current Liabilities	34,102	34,742	1,571
Noncurrent Liabilities:			
Accrued Compensated Absences	5,137	824	95
Capital Lease Obligations	187	227	198
Notes, Bonds, COP's Payable	-	-	1,535
Total Noncurrent Liabilities	5,324	1,051	1,828
TOTAL LIABILITIES	39,426	35,793	3,399
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	139,975	526	9,129
Restricted for:			
Emergencies	38,813	-	-
Unrestricted	4,500	23,678	(40)
TOTAL NET ASSETS	$ 183,288	$ 24,204	$ 9,089

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 4,360	$ 1,573	$5,372	$ 830	$ 138,567
1,453	896	367	65	11,682
191	639	-	58	6,164
491	-	-	-	508
8,702	303	448	272	10,408
-	2	-	220	1,330
15,197	3,413	6,187	1,445	168,659
-	-	-	-	253
712	-	-	-	712
5,978	6,297	1,327	298	78,569
952	460	-	-	89,272
7,642	6,757	1,327	298	168,806
22,839	10,170	7,514	1,743	337,465
1,876	405	376	129	9,034
-	-	-	-	32,059
113	-	3	11	673
-	123	-	8	29,646
-	115	-	11	700
-	14	-	-	363
-	-	-	-	403
5	-	5	20	751
1,994	657	384	179	73,629
848	794	72	122	7,892
-	3	-	-	615
-	-	-	-	1,535
848	797	72	122	10,042
2,842	1,454	456	301	83,671
6,930	6,740	1,327	298	164,925
-	-	-	-	38,813
13,067	1,976	5,731	1,144	50,056
$ 19,997	$ 8,716	$7,058	$ 1,442	$ 253,794

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	WILDLIFE	GUARANTEED STUDENT LOAN	STATE FAIR AUTHORITY
OPERATING REVENUES:			
License and Permits	$ 57,505	$ -	$ -
Tuition and Fees	10	-	-
Sales of Goods and Services	3,358	4,390	6,678
Pledged Sales of Goods & Services	-	-	375
Investment Income (Loss)	-	4,000	-
Rental Income	-	-	517
Gifts and Donations	504	-	545
Federal Grants and Contracts	11,581	66,495	-
Intergovernmental Revenue	7,866	-	-
Other	357	33	-
TOTAL OPERATING REVENUES	81,181	74,918	8,115
OPERATING EXPENSES:			
Salaries and Fringe Benefits	47,583	12,280	4,359
Operating and Travel	23,211	49,340	2,761
Cost of Goods Sold	-	-	-
Depreciation and Amortization	289	566	707
Intergovernmental Distributions	3,395	-	-
Debt Service	-	11,097	-
Prizes and Awards	21	2	692
TOTAL OPERATING EXPENSES	74,499	73,285	8,519
OPERATING INCOME (LOSS)	6,682	1,633	(404)
NONOPERATING REVENUES AND (EXPENSES):			
Fines and Settlements	459	-	-
Investment Income	4,394	-	43
Rental Income	222	-	-
Gifts and Donations	-	-	-
Gain/(Loss) on Sale of Fixed Assets	(681)	-	-
Debt Service	(6)	-	(153)
TOTAL NONOPERATING REVENUES (EXPENSES)	4,388	-	(110)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	11,070	1,633	(514)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	-	-	4,229
Operating Transfer-In	-	-	-
Operating Transfer-Out	(3,740)	(167)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	(3,740)	(167)	4,229
CHANGE IN NET ASSETS	7,330	1,466	3,715
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	50,359	50,647	5,374
Prior Period/Other Adjustments (See Note 28)	125,599	(27,909)	-
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 183,288	$ 24,204	$ 9,089

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 57,505
-	-	-	431	441
35,023	16,238	10,496	1,667	77,850
-	-	-	-	375
-	-	-	-	4,000
-	-	-	537	1,054
-	12	-	212	1,273
-	6,526	-	1,030	85,632
-	115	-	-	7,981
143	45	29	2	609
35,166	22,936	10,525	3,879	236,720
9,311	17,505	1,167	1,492	93,697
7,440	3,707	2,459	1,783	90,701
16,302	-	5,857	392	22,551
1,740	566	94	167	4,129
-	1,820	-	181	5,396
-	-	-	-	11,097
-	2	2	-	719
34,793	23,600	9,579	4,015	228,290
373	(664)	946	(136)	8,430
1	-	-	1	461
159	99	48	26	4,769
-	6	-	-	228
-	-	-	15	15
-	-	-	-	(681)
-	(1)	-	-	(160)
160	104	48	42	4,632
533	(560)	994	(94)	13,062
-	-	-	-	4,229
-	251	-	-	251
(503)	(96)	(1,085)	-	(5,591)
(503)	155	(1,085)	-	(1,111)
30	(405)	(91)	(94)	11,951
19,967	9,121	7,149	1,536	144,153
-	-	-	-	97,690
$ 19,997	$ 8,716	$ 7,058	$ 1,442	$ 253,794

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	WILDLIFE	GUARANTEED STUDENT LOAN	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 10	$ -	$ -
Fees for Service	53,269	4,678	6,099
Sales of Products	2,065	582	25
Grants and Contracts	11,637	68,601	-
Receipt of Deposits Held in Custody	-	-	13
Other Sources	10,395	149	1,362
Cash Payments to or for:			
Employees	(40,662)	(11,121)	(1,694)
Suppliers	(27,685)	(6,426)	(5,078)
Lottery Prizes and Sales Commissions	-	(1,498)	-
Unemployment Benefits	-	-	(16)
Other Governments	(3,395)	-	-
Release of Deposits Held in Custody	-	-	(13)
Other	(1,394)	(42,818)	(737)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,240	12,147	(39)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	-	-	-
Transfers-Out	(3,740)	(167)	-
Gifts for Other Than Capital Purposes	-	-	-
NonCapital Debt Service Payments	-	(11,097)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(3,740)	(11,264)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(9,978)	(108)	(141)
Proceeds from Sale of Capital Assets	-	-	-
Income from Property	222	-	517
Capital Debt Proceeds	-	-	113
Capital Debt Service Payments	(4)	(346)	(247)
Capital Lease Payments	(3)	(145)	(108)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(9,763)	(599)	134

(Continued)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 20	$ -	$ 431	$ 461
5,665	16,040	-	307	86,058
30,147	17	10,589	1,389	44,814
-	6,605	-	946	87,789
-	-	5	1	19
145	167	29	7	12,254
(9,041)	(16,498)	(1,145)	(1,193)	(81,354)
(23,708)	(4,707)	(8,218)	(2,038)	(77,860)
-	-	-	-	(1,498)
-	-	-	-	(16)
-	(1,820)	-	(181)	(5,396)
-	-	(4)	(1)	(18)
(15)	(27)	(6)	(170)	(45,167)
3,193	(203)	1,250	(502)	20,086
-	251	-	-	251
(503)	(96)	(1,085)	-	(5,591)
-	-	-	15	15
-	-	-	-	(11,097)
(503)	155	(1,085)	15	(16,422)
(1,607)	(368)	(168)	(94)	(12,464)
242	-	-	16	258
-	6	-	539	1,284
-	-	-	-	113
-	(1)	-	-	(598)
-	(42)	-	-	(298)
(1,365)	(405)	(168)	461	(11,705)

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002 (Continued)

(DOLLARS IN THOUSANDS)	WILDLIFE	GUARANTEED STUDENT LOAN	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	3,789	3,530	37
Proceeds from Sale/Maturity of Investments	605	470	3
NET CASH FROM INVESTING ACTIVITIES	4,394	4,000	40
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(4,869)	4,284	135
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	76,730	49,520	600
Prior Period Adjustment	32	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 71,893	$ 53,804	$ 735
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 6,682	$ 1,633	$ (404)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	289	566	707
Investment/Rental Income and Other Revenue in Operating Income	-	(4,000)	(517)
Fines, Donations, and Grants and Contracts in NonOperating	459	-	-
Loss on Disposal of Fixed Assets	-	-	-
Compensated Absences	567	72	21
Interest and Other Expense in Operating Income	(135)	11,097	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(5,982)	4,538	63
(Increase) Decrease in Inventories	(120)	5	12
(Increase) Decrease in Other Operating Assets	(567)	(67)	98
Increase (Decrease) in Accounts Payable	1,307	(1,730)	147
Increase (Decrease) in Other Operating Liabilities	1,740	33	(166)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,240	$ 12,147	$ (39)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	-	-	4,229
Unrealized Gain/(Loss) on Investments and Interest Receivable Accruals	-	-	2
Loss on Disposal of Capital Assets	681	-	-
Assumption of Capital Lease Obligation	258	65	26

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	OTHER ENTERPRISE ACTIVITIES	TOTALS
121	93	48	22	7,640
37	5	-	4	1,124
158	98	48	26	8,764
1,483	(355)	45	-	723
2,877	1,928	5,327	830	137,812
-	-	-	-	32
$ 4,360	$ 1,573	$ 5,372	$ 830	$ 138,567
$ 373	$ (664)	$ 946	$ (136)	$ 8,430
1,740	566	94	167	4,129
-	-	-	(537)	(5,054)
1	-	-	1	461
87	4	-	-	91
99	159	10	11	939
-	9	141	20	11,132
790	(176)	94	-	(673)
(352)	14	23	331	(87)
28	23	-	(27)	(512)
422	(253)	(59)	(88)	(254)
5	115	1	(244)	1,484
$ 3,193	$ (203)	$ 1,250	$ (502)	$ 20,086
-	-	-	-	4,229
-	-	-	-	2
-	-	-	-	681
-	42	-	-	391

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 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.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining state office space in the Capitol area.
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.
ADMINISTRATIVE HEARINGS	This fund accounts for the operations of the Administrative Hearings Division in the Department of Personnel and Administration.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,859	$ 1,581	$ -
Investments	10,303	-	-
Other Receivables, net	126	1	110
Due From Other Governments	-	-	84
Due From Other Funds	81	-	17
Inventories	294	28	-
Prepaids, Advances, and Deferred Charges	464	242	2
Total Current Assets	14,127	1,852	213
Noncurrent Assets:			
Depreciable Capital Assets and Infrastructure, net	38,126	920	13,424
Total Noncurrent Assets	38,126	920	13,424
TOTAL ASSETS	52,253	2,772	13,637
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,817	352	3,285
Due To Other Funds	-	-	162
Deferred Revenue	595	-	-
Accrued Compensated Absences	1	11	-
Notes, Bonds, COP's Payable	13,230	-	-
Total Current Liabilities	15,643	363	3,447
Noncurrent Liabilities:			
Accrued Compensated Absences	266	412	86
Notes, Bonds, COP's Payable	33,550	-	-
Total Noncurrent Liabilities	33,816	412	86
TOTAL LIABILITIES	49,459	775	3,533
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1,649	920	13,424
Unrestricted	1,145	1,077	(3,320)
TOTAL NET ASSETS	$ 2,794	$ 1,997	$ 10,104

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE HEARINGS	TOTALS
$ 743	$ 2,495	$ 238	$ 463	$ 8,379
-	-	-	-	10,303
1	-	12	1	251
-	-	-	-	84
-	-	-	-	98
116	194	-	-	632
-	-	-	3	711
860	2,689	250	467	20,458
136	251	321	12	53,190
136	251	321	12	53,190
996	2,940	571	479	73,648
384	54	13	5	5,910
5	-	-	-	167
139	-	-	-	734
-	-	-	-	12
-	-	-	-	13,230
528	54	13	5	20,053
204	-	-	212	1,180
-	-	-	-	33,550
204	-	-	212	34,730
732	54	13	217	54,783
136	251	321	12	16,713
128	2,635	237	250	2,152
$ 264	$ 2,886	$ 558	$ 262	$ 18,865

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
OPERATING REVENUES:			
Sales of Goods and Services	$ 41,221	$ 13,776	$ 11,828
Rental Income	-	-	-
Other	227	225	22
TOTAL OPERATING REVENUES	41,448	14,001	11,850
OPERATING EXPENSES:			
Salaries and Fringe Benefits	5,062	5,908	1,269
Operating and Travel	15,046	6,530	12,919
Cost of Goods Sold	4,729	-	-
Depreciation and Amortization	13,622	398	2,243
Intergovernmental Distributions	-	-	-
TOTAL OPERATING EXPENSES	38,459	12,836	16,431
OPERATING INCOME (LOSS)	2,989	1,165	(4,581)
NONOPERATING REVENUES AND (EXPENSES):			
Fines and Settlements	2	-	-
Investment Income	285	-	-
Rental Income	-	-	-
Gain/(Loss) on Sale of Fixed Assets	831	-	-
Debt Service	(1,718)	(7)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(600)	(7)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,389	1,158	(4,581)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	5	30	4,535
Operating Transfer-In	195	-	-
Operating Transfer-Out	(806)	(547)	(792)
TOTAL CONTRIBUTIONS AND TRANSFERS	(606)	(517)	3,743
CHANGE IN NET ASSETS	1,783	641	(838)
TOTAL NET ASSETS - FISCAL YEAR BEGINNING	1,011	1,356	10,942
TOTAL NET ASSETS - FISCAL YEAR ENDING	$ 2,794	$ 1,997	$ 10,104

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE HEARINGS	TOTALS
$ 6	$ 2,469	$ 229	$ 3,563	$ 73,092
8,162	-	-	-	8,162
-	-	-	1	475
8,168	2,469	229	3,564	81,729
2,829	989	389	2,786	19,232
4,263	1,118	139	503	40,518
-	-	-	-	4,729
25	56	50	2	16,396
2	-	-	-	2
7,119	2,163	578	3,291	80,877
1,049	306	(349)	273	852
-	-	-	-	2
-	25	-	-	310
-	-	-	24	24
-	-	-	-	831
-	-	-	-	(1,725)
-	25	-	24	(558)
1,049	331	(349)	297	294
-	-	-	-	4,570
-	-	374	-	569
(621)	-	(11)	(145)	(2,922)
(621)	-	363	(145)	2,217
428	331	14	152	2,511
(164)	2,555	544	110	16,354
$ 264	$ 2,886	$ 558	$ 262	$ 18,865

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ -	$ -	$ -
Fees for Service	40,757	14,016	11,680
Sales of Products	114	-	-
Other Sources	230	225	22
Cash Payments to or for:			
Employees	(4,721)	(5,258)	(1,202)
Suppliers	(20,050)	(7,292)	(10,538)
Other Governments	-	-	-
Other	(26)	(242)	(7)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,304	1,449	(45)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	195	-	-
Transfers-Out	(806)	(547)	(792)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(611)	(547)	(792)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(50,376)	(95)	(45)
Proceeds from Sale of Capital Assets	831	-	-
Income from Property	-	-	-
Capital Debt Proceeds	46,398	-	-
Capital Debt Service Payments	(1)	(7)	-
Capital Lease Payments	(1,022)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(4,170)	(102)	(45)

(Continued)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE HEARINGS	TOTALS
$ -	$ 1	$ 1	$ -	$ 2
6	1,312	221	3,580	71,572
-	1,154	-	-	1,268
-	-	-	1	478
(2,688)	(985)	(389)	(2,626)	(17,869)
(4,296)	(1,134)	(137)	(679)	(44,126)
(2)	-	-	-	(2)
(3)	(4)	-	(3)	(285)
(6,983)	344	(304)	273	11,038
-	-	374	-	569
(621)	-	(11)	(145)	(2,922)
(621)	-	363	(145)	(2,353)
(22)	-	-	(13)	(50,551)
-	-	-	-	831
8,184	-	-	24	8,208
-	-	-	-	46,398
-	-	-	-	(8)
-	-	-	-	(1,022)
8,162	-	-	11	3,856

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(Continued)

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	285	-	-
Proceeds from Sale/Maturity of Investments	10,382	-	-
Purchases of Investments	(20,685)	-	-
NET CASH FROM INVESTING ACTIVITIES	(10,018)	-	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	1,505	800	(882)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,354	781	882
CASH AND POOLED CASH, FISCAL YEAR END	$ 2,859	$ 1,581	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 2,989	$ 1,165	$ (4,581)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	13,622	398	2,243
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Fines, Donations, and Grants and Contracts in NonOperating	2	-	-
Compensated Absences	4	19	(8)
Interest and Other Expense in Operating Income	38	-	10
(Increase) Decrease in Operating Receivables	(91)	240	(149)
(Increase) Decrease in Inventories	-	10	-
(Increase) Decrease in Other Operating Assets	(80)	(2)	5
Increase (Decrease) in Accounts Payable	80	(381)	2,435
Increase (Decrease) in Other Operating Liabilities	(260)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 16,304	$ 1,449	$ (45)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	5	30	4,535

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE HEARINGS	TOTALS
-	-	-	-	285
-	25	-	-	10,407
-	-	-	-	(20,685)
-	25	-	-	(9,993)
558	369	59	139	2,548
185	2,126	179	324	5,831
$ 743	$ 2,495	$ 238	$ 463	$ 8,379
$ 1,049	$ 306	$ (349)	$ 273	$ 852
25	56	50	2	16,396
(8,163)	-	-	-	(8,163)
-	-	-	-	2
36	-	-	6	57
-	-	-	-	48
-	-	(7)	17	10
(19)	(4)	-	-	(13)
-	-	-	-	(77)
89	(14)	2	(25)	2,186
-	-	-	-	(260)
$ (6,983)	$ 344	$ (304)	$ 273	$ 11,038
-	-	-	-	4,570

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the state in a fiduciary capacity. Pension and Other Employee Benefits Trust Funds are include in this category. However, financial statements for the state's Pension and Other Employee Benefits Trust Funds are presented in the notes to the financial statements and are not repeated here. Investment Trust Funds are also included in this category, but since the state has only one such fund, it is presented in the Basic Financial Statement section of this report. The major components of the remaining fiduciary funds are:

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund primarily comprises the escheats fund managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the state when the owners of the assets cannot be located. The owner's rights to the asset are protected in perpetuity. The fund records a liability for the expected pay out from the fund based on historical percentages of payouts in relation to total receipts.
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.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated pari-mutuel horse racing.

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 ensure land restoration by mining and oil exploration companies, and assets held for a water and power authority.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2002

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER	TOTALS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 8,343	$ 7	$ 138	$ 8,488
Investments	-	-	601	601
Other Receivables, net	-	9,202	-	9,202
Due From Other Funds	34,330	30	-	34,360
Noncurrent Assets:				
Investments	-	528,669	-	528,669
TOTAL ASSETS	42,673	537,908	739	581,320
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	38,452	5,177	-	43,629
Noncurrent Liabilities:				
Other Long-Term Liabilities	1,564	-	-	1,564
TOTAL LIABILITIES	40,016	5,177	-	45,193
NET ASSETS:				
Held in Trust for:				
Individuals, Organizations, and Other Entities	2,657	532,731	739	536,127
TOTAL NET ASSETS	$ 2,657	$ 532,731	$ 739	$ 536,127

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER	TOTALS
ADDITIONS:				
Additions By Participants	$ -	$ 507,642	$ -	$ 507,642
Investment Income/(Loss)	108	(37,241)	21	(37,112)
Unclaimed Property Receipts	28,123	-	-	28,123
Other Additions	430	-	1,476	1,906
TOTAL ADDITIONS	28,661	470,401	1,497	500,559
DEDUCTIONS:				
Payments in Accordance with Trust Agreements	15,529	6,852	1,216	23,597
Administrative Expense	-	2,144	-	2,144
TOTAL DEDUCTIONS	15,529	8,996	1,216	25,741
TRANSFERS:				
Operating Transfers-Out	(12,692)	(284)	-	(12,976)
TOTAL TRANSFERS	(12,692)	(284)	-	(12,976)
NET INCREASE (DECREASE) IN ASSETS	440	461,121	281	461,842
NET ASSETS AVAILABLE:				
Beginning of the Year	2,217	71,610	458	74,285
End of the Year	$ 2,657	$ 532,731	$ 739	$ 536,127

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2002

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 74,620	$ 1,840,999	$ 1,847,433	$ 68,186
Taxes Receivable, net	110,137	18,580	39,609	89,108
Other Receivables, net	-	17	-	17
Due From Other Funds	1,039	8	1,047	-
TOTAL ASSETS	$ 185,796	$ 1,859,604	$ 1,888,089	$ 157,311
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	$ 568	$ 1,239	568	$ 1,239
Due To Other Governments	169,373	2,686,219	2,700,958	154,634
Due To Other Funds	15,268	162,764	178,032	-
Claims and Judgments Payable	51	2,302	2,058	295
Other Current Liabilities	418	199	-	617
Noncurrent Liabilities:				
Other Long-Term Liabilities	118	657	249	526
TOTAL LIABILITIES	$ 185,796	$ 2,853,380	$ 2,881,865	$ 157,311

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 94,891	$ 111,564	$ 106,709	$ 99,746
Investments	1,438	6,936	-	8,374
Taxes Receivable, net	-	-	-	-
Other Receivables, net	111	204	242	73
Due From Other Funds	300	971	997	274
Inventories	1	110	110	1
Noncurrent Assets:				
Investments	(39)	46	-	7
Other Long-Term Assets	17,806	1,556	7,445	11,917
TOTAL ASSETS	$ 114,508	$ 121,387	$ 115,503	$ 120,392
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 339	$ 7,304	$ 7,228	$ 415
Due To Other Governments	16	140	152	4
Due To Other Funds	2	8,954	8,956	-
Deferred Revenue	-	1	1	-
Claims and Judgments Payable	265	259	282	242
Notes, Bonds, COP's Payable	-	1	1	-
Other Current Liabilities	103,630	85,076	78,455	110,251
Noncurrent Liabilities:				
Deposits Held In Custody For Others	10,256	1,612	2,388	9,480
TOTAL LIABILITIES	$ 114,508	$ 103,347	$ 97,463	$ 120,392

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 61,559	$ 188,841	$ 125,659	$ 124,741
Investments	35,934	-	35,934	-
Other Receivables, net	-	837	837	-
Due From Other Governments	-	80,108	80,108	-
Due From Other Funds	10,025	2,470	10,025	2,470
Noncurrent Assets:				
Investments	733	107,919	108,652	-
TOTAL ASSETS	$ 108,251	$ 380,175	$ 361,215	$ 127,211
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ -	$ 109	109	$ -
Other Current Liabilities	57,673	107,083	89,585	75,171
Noncurrent Liabilities:				
Deposits Held In Custody For Others	50,578	42,462	41,000	52,040
TOTAL LIABILITIES	$ 108,251	$ 149,654	$ 130,694	$ 127,211

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 231,070	$ 2,141,404	$ 2,079,801	$ 292,673
Investments	37,372	6,936	35,934	8,374
Taxes Receivable, net	110,137	18,580	39,609	89,108
Other Receivables, net	111	1,058	1,079	90
Due From Other Governments	-	80,108	80,108	-
Due From Other Funds	11,364	3,449	12,069	2,744
Inventories	1	110	110	1
Noncurrent Assets:				
Investments	694	107,965	108,652	7
Other Long-Term Assets	17,806	1,556	7,445	11,917
TOTAL ASSETS	$ 408,555	$ 2,361,166	$ 2,364,807	$ 404,914
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	$ 568	$ 1,239	$ 568	$ 1,239
Accounts Payable and Accrued Liabilities	339	7,413	7,337	415
Due To Other Governments	169,389	2,686,359	2,701,110	154,638
Due To Other Funds	15,270	171,718	186,988	-
Deferred Revenue	-	1	1	-
Claims and Judgments Payable	316	2,561	2,340	537
Notes, Bonds, COP's Payable	-	1	1	-
Other Current Liabilities	161,721	192,358	168,040	186,039
Noncurrent Liabilities:				
Deposits Held In Custody For Others	60,834	44,074	43,388	61,520
Other Long-Term Liabilities	118	657	249	526
TOTAL LIABILITIES	$ 408,555	$ 3,106,381	$ 3,110,022	$ 404,914

CAPITAL ASSETS

The following schedule presents the capital assets used in governmental activities by function and by department. The schedule includes the capital assets of the Internal Service Funds because those funds primarily sell to governmental activities. This treatment matches the presentation of the capital assets on the government-wide *Statement of Net Assets*. Except for the Internal Service Fund capital assets, the assets on this schedule are not reported on the fund-level financial statements.

SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES
INCLUDING INTERNAL SERVICE FUNDS
BY FUNCTION AND DEPARTMENT
JUNE 30, 2002

(DOLLARS IN THOUSANDS)

	LAND	LAND IMPROVEMENTS	BUILDINGS	LEASEHOLD IMPROVEMENTS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ -	$ -	$ -
Legislature	-	-	-	-
Military Affairs	863	772	22,139	43
Personnel and Administration	6,895	2,611	44,912	302
Revenue	2,966	3,866	12,808	4
Treasury	-	-	-	-
Subtotal	10,724	7,249	79,859	349
BUSINESS, COMMUNITY & CONSUMER AFFAIRS:				
Agriculture	103	-	1,993	-
[1]GOV, OEC, OED	-	-	-	-
Labor and Employment	612	-	191	-
Local Affairs	-	-	-	-
Regulatory Agencies	-	-	-	-
Revenue	421	-	324	-
State	-	-	-	-
Subtotal	1,136	-	2,508	-
EDUCATION				
Education	78	147	4,640	-
Higher Education	1,305	-	3,768	-
Subtotal	1,383	147	8,408	-
HEALTH AND REHABILITATION				
Public Health and Environment	188	-	9,407	-
Human Services	3,105	2,554	39,566	1
Subtotal	3,293	2,554	48,973	1
JUSTICE				
Corrections	3,872	3,599	572,245	-
DHS, Division of Youth Services	75	1,687	54,940	-
Judicial	1,605	-	5,898	-
Law	-	-	-	-
Public Safety	659	119	7,184	-
Subtotal	6,211	5,405	640,267	-
NATURAL RESOURCES				
Natural Resources	41,522	7,552	27,969	20,778
SOCIAL ASSISTANCE				
Human Services	-	-	-	111
Health Care Policy and Finance	-	-	-	-
Subtotal	-	-	-	111
TRANSPORTATION				
Transportation	9,616	-	43,943	-
TOTAL GENERAL FIXED ASSETS	$ 73,885	$ 22,907	$ 851,927	$ 21,239

[1]Governor's Office, Office of Energy Management and Conservation, and the Office of Economic Development and International Trade

EQUIPMENT	LIBRARY BOOKS	COLLECTIONS	OTHER FIXED ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 14	$ -	$ -	$ -	$ -	$ -	$ 14
455	-	-	-	-	-	455
203	-	-	-	2,327	-	26,347
90,355	-	-	-	2,477	-	147,552
5,752	-	-	-	-	-	25,396
6	-	-	-	-	-	6
96,785	-	-	-	4,804	-	199,770
899	-	-	-	516	-	3,511
15	-	-	-	-	-	15
1,606	-	-	-	-	-	2,409
322	-	-	-	-	-	322
355	-	-	-	-	-	355
431	-	-	-	-	-	1,176
2,101	-	-	-	-	-	2,101
5,729	-	-	-	516	-	9,889
1,186	652	-	-	4,468	-	11,171
360	-	7,847	-	1,498	-	14,778
1,546	652	7,847	-	5,966	-	25,949
2,916	-	-	-	-	-	12,511
2,547	-	-	61	6,966	-	54,800
5,463	-	-	61	6,966	-	67,311
10,808	-	-	52	3,165	-	593,741
711	-	-	-	67,771	-	125,184
3,062	99	-	-	-	-	10,664
186	-	-	-	-	-	186
12,251	-	-	-	1,209	-	21,422
27,018	99	-	52	72,145	-	751,197
3,061	-	-	3,828	7,000	12,381	124,091
6,264	-	-	-	32,364	-	38,739
63	-	-	-	-	-	63
6,327	-	-	-	32,364	-	38,802
84,185	-	-	-	700,544	9,910,921	10,749,209
$ 230,114	$ 751	$ 7,847	$ 3,941	$ 830,305	$ 9,923,302	$ 11,966,218

OTHER FUNDS DETAIL

In the preceding combining statements several fund categories show a column titled "Other". The schedule on the following pages provides a summary of assets, liabilities, and net assets of the individual funds that comprise the columns titled "Other". Most of the funds shown in the schedule are Special Revenue Funds that are statutorily authorized.

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
OTHER PERMANENT FUNDS				
Wildlife For Future Generation (Nonexpendable)	33-1-112(7)	$ 5,756	$ -	$ 5,756
Wildlife For Future Generation (Expendable)	33-1-112	660	-	660
Other Permanent-Nonexpendable	Various	567	-	567
Land & Water Management-Nonexpendable	36-1-148	83	1	82
Hall Historical Marker-Nonexpendable	24-80-209	26	-	26
Veterans Monument Preservation	24-80-1401	1	-	1
Total Other Permanent Funds		$ 7,094	$ 1	$ 7,093
OTHER PRIVATE PURPOSE TRUST FUNDS				
Supplemental Purse & Breeders Awards	12-60-704	601	-	601
ADA Contractor Settlement	24-34-301ADA	138	-	138
Total Other Private Purpose Funds		$ 739	$ -	$ 739
OTHER ENTERPRISE FUNDS				
Business Enterprise Program	None	895	172	724
Enterprise Services	24-80-209	467	123	344
Buildings and Grounds Rentals	None	267	67	200
Work Therapy	None	164	25	140
Other Enterprise Funds	Various	27	8	19
Conference & Training	None	17	-	17
Total Other Enterprise Funds		$ 1,838	$ 394	$ 1,444
OTHER SPECIAL REVENUE FUNDS				
Severance Tax Trust Fund	39-29-109	83,424	566	82,858
Severance Tax	39-29-110(1)	75,728	7,355	68,373
Mineral Leasing	34-63-102	29,397	1,652	27,744
Employment Support Fund	8-77-109	27,521	47	27,474
Cover Colorado Cash Fund	10-8-530	21,806	-	21,806
Workmens' Compensation Cash	8-44-112(7)	19,406	276	19,130
Disaster Emergency Fund	24-32-2106	17,851	450	17,401
Hazardous Substance Settlement	Restricted	12,257	116	12,141
Natural Resources Damage Recovery	25-16-104.7	10,553	-	10,553
Children's Basic Health Plan	26-19-105	14,044	3,845	10,199
Species Conservation-Capital Account	24-33-111(2)	10,032	-	10,032
Dept. of Natural Resources - Lottery Distribution	33-60-103(1)	10,220	897	9,323
Petroleum Storage Tank Fund	8-20.5-103	9,923	1,670	8,253
Hazardous Substances Response	25-16-104.6	8,278	58	8,220
Aviation Fund	43-10-109	9,954	3,444	6,511
Economic Development Fund	24-46-105	6,187	69	6,118
Victims Assistance	24-4.2-104	6,074	27	6,047
Victims Compensation	24-4.1-124	5,744	-	5,744
Supreme Court Committee	Crt Rule 227	5,815	201	5,614
Inactive Mines Fund	34-24-103(5)	5,380	-	5,380
Texaco Oil Overcharge Fund	None	5,117	-	5,117
Stripper Well Settlement	None	5,180	99	5,081
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Mined Land Subsidence Fund	Pl95-87 401C	4,934	-	4,934
Secretary of State Fees	24-21-104	5,957	1,325	4,632
Species Conservation-Operation and Maintenance	24-33-111(2)	4,041	1	4,039
Real Estate Recoverys	12-61-301	3,363	-	3,363
Gear Up Scholarship Trust Fund	Restricted	3,125	-	3,125
Breast & Cervical Cancer Prevention	26-4-532(7)	3,117	-	3,117
Other Expendable Trusts	Various	12,760	9,681	3,079
Division of Registrations Cash Fund	24-34-105	14,693	11,686	3,006
Brand Inspection Fund	35-41-102	6,246	3,451	2,796
Public Employee's Social Security System	24-53-105	2,774	-	2,774
Unemployment Revenue Fund	8-77-106	2,520	1	2,520
Offender Services	16-11-214	2,959	443	2,516
Disabled Telephone Users Fund	40-17-104	2,870	482	2,388

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Operating Vouchers	None	3,449	1,099	2,350
Patient Benefit	None	2,298	24	2,274
Alcohol Driver Safety	42-4-1202(5)	2,408	151	2,257
Housing Rehabilitation Revolving Loans	29-4-728	2,912	694	2,218
Exxon Oil Overcharge Funds	None	2,275	91	2,184
Motor Carrier	40-2-110.5	2,905	867	2,038
Environmental Response Fund	34-60-124	2,100	210	1,890
Waste Tire Recycling Fund	25-17-202(3)	1,846	236	1,611
Off Highway Vehicles	33-14.5-106	1,369	18	1,350
Colorado Children's Trust Fund	19-3.5-106	1,822	517	1,306
Natural Resources Foundation Fund	24-33-108	1,249	16	1,233
Department of Law Custodial Funds	6-1-103	1,225	2	1,223
Library Trust Fund	24-90-105	1,208	4	1,204
Historical Society - Unrestricted	24-80-209	1,161	-	1,161
Uniform Consumer Credit Code	5-6-204	1,079	12	1,067
Advance Technology Fund	23-1-106.5(9	1,166	116	1,051
Geological Survey Cash Fund	34-1-105	1,089	130	959
Nursing Home Penalty Cash Fund	26-4-505(3)A	937	-	937
Howard Fund	26-8-104(1)C	861	5	856
Victims Asst	24-33.5-506	914	58	856
Vital Records	25-2-121(2)B	868	14	854
Central Information System	4-9.3-105	1,126	304	822
Family Issues Cash Fund	26-5.3-106	1,538	728	810
Infant Immunization Fund	25-4-1708	1,130	323	808
Colorado Heritage Communities Fund	24-32-3207	806	-	806
Worker's Compensation Guarantee Fund	8-44-206(4)	749	3	746
Donations	25-1-107(U)	928	210	718
Antitrust Custodial Funds	6-2-111	700	15	685
Organ & Tissue Donation Awareness	42-2-107(4)	664	-	664
Highway Crossing	43-4-201	1,032	386	646
Law Examiner Board Fund Balance	Crt Rule 201	640	-	640
Real Estate Cash Fund	12-61-111.5	5,846	5,255	590
Cumulative Surplus-Hud Sec 8 Voucher	29-4-708(K)	1,153	566	587
State Patrol Contraband	24-33.5-225	619	36	583
Youth Mentoring Services	24-32-2805	779	201	578
Public Deposit Administration	11-10.5-112	1,795	1,230	566
Emergency Response Cash Fund	34-32-122(3)	698	145	553
Continuing Legal Education Fund Balance	Crt Rule 260	550	-	550
Persistent Drunk Driver	42-3-130.5	559	13	546
State Rail Bank Fund	43-1-1309	540	-	540
Law Enforcement-DUI	43-4-401	602	68	534
Deaf and Hard of Hearing Fund	26-21-107(1)	538	5	533
Summer School Grant Program	22-7-804(1)	557	36	521
Real Estate Proceeds	28-3-106	518	10	508
Worker's Compensation Immediate Payment Fund	8-44-206(3)	502	-	502
Mined Land Reclamation Fund	34-32-127	508	15	493
Colorado Family Support Loan	27-10.5-502	493	-	493
Educator Licensure Cash Fund	22-60.5-112	509	36	474
Parks Cash Fund	33-10-111	582	109	473
Reclamation Warranty Forfeiture	34-32-122	1,109	656	453
Science and Technology Education	22-81-206	950	500	450
Drug Offender Surcharge Fund	18-19-103(4)	802	354	448
Home Grant Revolving Loan Fund	None	426	-	425
CF&I Settlement Fund	Restricted	398	-	398
Teacher Development Fund	22-7-708	403	14	389
Mandatory Fruit &Vegetable Inspection Fund	35-23-114	570	186	384
Supplier Database Cash Fund	24-102-205.5	390	13	377
Newborn Genetics	25-4-1006	553	202	351
Colorado High Cost Administration	40-15-208	353	18	335
Domestic Abuse Program	39-22-802	744	416	329

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET ASSETS FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, AND SPECIAL REVENUE FUNDS

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Assets
Collection Agency Board	12-14-136	323	3	320
Notary Administration Cash Fund	12-55-102.5	339	23	316
Technical Learning Grant/Loan Program	23-11.5-103	315	-	315
Peace Officer Standards Training Custodial Funds	Restricted	310	1	309
Agriculture Value-Added Fund	35-75-205	307	-	307
Trade Name Fund Balance	24-35-301	291	-	291
Crude Oil Refund	Ex Ord 56-87	275	-	275
Federal Contracts	24-34-301	291	18	273
Bingo-Raffle Cash Fund	12-9-103.5	360	86	273
Diseased Livestock Fund	35-50-140.5	267	-	267
Brand Estray Fund	35-41-102	259	-	259
Sex Offender Surcharge Fund	18-21-103	280	22	258
Colorado Dealer License Board	12-6-123	262	5	257
Fixed Utilities	40-2-114	333	79	255
Western Slope Military Veteran's Cemetery	26-10-110(2)	730	477	253
Division of Securities Cash Fund	11-51-707	1,017	769	248
Controlled Maintenance Trust	24-75-302.5	245	-	245
Search and Rescue Fund	33-1-112.5	560	328	231
Radiation Control	25-11-104(6)	258	33	225
Travel and Tourism Promotion	24-49.7-106	582	362	220
Ballot Info Publication and Distribution Fund	1-40-124.5	215	-	215
Worker's Compensation Cost Containment	8-14.5-108	206	-	206
Solid Waste Management Reserve	30-20-188	255	52	203
Public Safety Inspection	8-1-151	194	-	194
Liquor Law Enforcement	24-35-401	195	3	192
Trauma System Cash Fund	25-3.5-705(2	193	7	186
Older Coloradans Cash Fund	26-11-205.5	620	437	183
Hazardous Waste Fees	25-15-304	190	8	182
Diamond Shamrock Settlement	None	182	-	182
Alternative Fuels Rebate	39-33-105	408	231	177
Vickers Oil Overcharge Funds	Ex Ord 56-87	172	7	165
Community Development Block Grant	24-76-101	165	-	165
Colorado Bureau of Investigation Contraband	24-33.5-415	203	41	162
Colorado Comprehensive Health Education Fund	22-25-109	168	8	160
Travel and Tourism Additional	24-49.7-106	163	8	154
Attorney's Fees and Costs	24-31-108(2)	150	-	150
Witness Protection Fund	24-33.5-106	164	17	147
Displaced Homemakers	8-15.5-108	145	-	145
Family Support Registry Fund	26-13-115.5	142	-	142
Alcohol Block Revolving Loan	None	136	-	136
Nuclear Materials Transport	42-20-511	179	47	132
Financial Services Cash Fund	11-40-106(2)	566	436	130
Colorado Bureau of Investigation Revolving Fund	24-33.5-415	125	-	125
Satellite Monitoring	37-80-111.5	163	40	122
Historical Society Restricted Gift Fund	24-80-209	710	599	111
Child Care Licensing Cash Fund	26-6-105	109	-	108
Food Protection Cash Fund	25-4-1605	308	200	108
Cervidae Disease Fund	35-50-114.5	107	-	107
Boiler Inspection	9-4-109(4)	104	-	104
Noxious Weed Management Fund	35-5.5-116	151	48	103
Child Abuse Registry	19-3-313(14)	158	56	101
Funds with Net Assets Below $100,000	Various	21,806	19,253	2,553
Total Other Special Revenue		$ 579,104	$ 87,861	$ 491,242

STATISTICAL SECTION

REVENUES AND OTHER FINANCING BY SOURCE
EXPENDITURES AND OTHER USES BY FUNCTION - PRIMARY GOVERNMENT
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
(GOVERNMENTAL FUND TYPES ONLY FOR FISCAL YEAR 2001-02)
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2001-02	2000-01	1999-00	1998-99
REVENUES AND OTHER FINANCING SOURCES:				
Taxes	$ 6,499	$ 7,501	$ 7,058	$ 6,443
Less: Excess TABOR Revenues	-	(927)	(941)	(680)
Licenses, Permits, and Fines	504	534	505	422
Charges for Goods and Services	99	109	117	181
Investment Income	240	314	244	233
Federal Grants and Contracts	3,104	2,809	2,673	2,473
Other	299	308	220	179
Bond Proceeds and Other Financing Sources	238	540	540	3
Transfers-In	3,987	676	469	772
TOTAL REVENUES AND OTHER SOURCES	14,970	11,864	10,885	10,026
EXPENDITURES AND OTHER USES BY FUNCTION:				
Current:				
General Government	238	224	216	208
Business, Community and Consumer Affairs	277	426	391	368
Education	122	112	74	71
Health and Rehabilitation	453	467	434	413
Justice	924	851	776	694
Natural Resources	82	137	130	123
Social Assistance	2,619	2,367	2,152	1,992
Transportation	1,127	1,069	958	877
Capital Outlay	276	185	223	253
Intergovernmental:				
Cities	209	196	192	191
Counties	1,229	1,162	1,074	1,011
School Districts	2,689	2,389	2,257	2,158
Other	158	146	141	138
Deferred Compensation Distributions	-	18	17	15
Debt Service	85	54	5	23
Other	10	-	-	-
Transfers-Out:				
Higher Education	743	907	898	778
Other	3,879	655	391	712
TOTAL EXPENDITURES AND OTHER USES	15,120	11,365	10,329	10,025
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(150)	499	556	1
Prior Period Adjustments	(510)	21	8	285
FUND BALANCE, JUNE 30	$ 3,383	$ 4,043	$ 3,523	$ 2,959

Note: Significant changes in the content of this schedule occurred between Fiscal Year 2000-01 and 2001-02. The change occurred because of the new fund classifications prescribed by Governmental Accounting Standards Board Statement No. 34 and related statements. The primary changes were the exclusion of the Unemployment Insurance Fund and the Deferred Compensation Plan (Expendable Trust Funds that converted to Enterprise and Private Purpose Trust Funds respectively) and the inclusion of the State Lands Fund (a Nonexpendable Trust Fund that converted to a Permanent Fund). As a result of these changes, the prior period adjustment shown for Fiscal Year 2001-02 does not agree to the Fiscal Year 2001-02 financial statements where beginning balances were restated for the conversion. In addition, the amount reported as transfers increased significantly because many transfers that previously occurred within the General Fund are now reported as transfers between funds.

1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
$ 5,995	$ 5,265	$ 4,841	$ 4,549	$ 4,177	$ 3,837
(563)	(139)	-	-	-	-
418	388	358	301	289	263
183	189	171	179	343	450
223	198	170	130	104	137
2,225	2,128	2,133	2,048	2,121	2,022
151	127	111	126	112	57
1	24	7	-	-	108
513	582	500	450	369	243
9,146	8,762	8,291	7,783	7,515	7,117
209	198	184	140	216	149
361	388	405	378	449	472
75	91	65	60	53	53
418	373	359	340	346	342
619	583	534	487	447	423
116	114	109	102	92	89
1,770	1,817	1,703	1,630	1,562	1,701
716	578	558	543	582	499
233	158	96	74	88	92
193	157	157	161	151	130
920	719	676	663	626	594
2,011	1,907	1,783	1,659	1,581	1,492
142	175	161	126	125	100
41	55	43	45	40	23
-	-	6	-	-	115
735	692	632	557	543	532
461	535	644	431	372	180
9,020	8,540	8,115	7,396	7,273	6,986
126	222	176	387	242	131
-	(2)	371	(20)	1	-
$ 2,673	$ 2,547	$ 2,327	$ 2,147	$ 1,780	$ 1,537

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

(DOLLARS IN MILLIONS)

	2001-02	2000-01	1999-00	1998-99
Income Tax:				
Individual	$ 3,086	$ 3,867	$ 3,718	$ 3,327
Less: Excess TABOR Revenues	-	(209)	(192)	(30)
Corporate	165	316	289	276
Net Income Tax	3,251	3,974	3,815	3,573
Sales, Use, and Excise Taxes	1,962	1,809	1,775	1,628
Less: Excess TABOR Revenues	-	(719)	(750)	(650)
Net Sales, Use, and Excise Taxes	1,962	1,090	1,025	978
Estate Taxes	73	83	60	67
Insurance Tax	155	142	129	118
Other Taxes	34	31	29	27
Interest	25	45	42	48
Medicaid Provider Revenues	11	-	7	73
Other	61	63	67	59
TOTAL GENERAL REVENUES	$ 5,572	$ 5,428	$ 5,174	$ 4,943
Percent Change Over Previous Year	2.7%	4.9%	4.7%	5.6%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)				
Net Income Tax	58.3%	65.8%	65.5%	64.0%
Sales, Use, and Excise Taxes	35.3	28.5	29.0	29.0
Estate Taxes	1.3	1.3	1.0	1.2
Insurance Tax	2.8	2.2	2.1	2.1
Other Taxes	0.6	0.5	0.5	0.5
Interest	0.4	0.7	0.7	0.9
Medicaid Provider Revenues	0.2	0.0	0.1	1.3
Other	1.1	1.0	1.1	1.0
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
$ 3,052	$ 2,573	$ 2,318	$ 2,106	$ 1,920	$ 1,760
-	-	-	-	-	-
263	237	206	191	147	139
3,315	2,810	2,524	2,297	2,067	1,899
1,485	1,521	1,415	1,316	1,208	1,079
(563)	(139)	-	-	-	-
922	1,382	1,415	1,316	1,208	1,079
109	35	32	28	34	20
114	112	110	105	102	92
21	20	18	17	20	25
52	41	37	29	18	8
73	80	69	127	205	259
75	60	64	77	71	61
$ 4,681	$ 4,540	$ 4,269	$ 3,996	$ 3,725	$ 3,443
3.1%	6.3%	6.8%	7.3%	8.2%	14.9%
63.2%	60.1%	59.1%	57.5%	55.5%	55.2%
28.3	32.5	33.2	32.9	32.4	31.3
2.1	0.7	0.7	0.7	0.9	0.6
2.2	2.4	2.6	2.6	2.7	2.7
0.4	0.4	0.4	0.4	0.5	0.7
1.0	0.9	0.9	0.7	0.5	0.2
1.4	1.7	1.6	3.2	5.5	7.5
1.4	1.3	1.5	2.0	2.0	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)

	2001-02	2000-01	1999-00	1998-99
Department:				
Administration	$ -	$ -	$ -	$ -
Agriculture	10,118	9,866	8,106	7,675
Corrections	443,334	417,677	381,669	338,715
Education	2,268,794	2,143,115	2,041,087	1,914,294
Governor	19,566	19,754	5,877	7,388
Health	-	-	-	-
Health Care Policy and Financing	1,076,838	1,028,785	951,827	891,319
Higher Education	739,556	747,332	715,933	676,449
Human Services	560,716	553,364	509,309	486,325
Institutions	-	-	-	-
Judicial Branch	214,619	205,341	194,420	180,282
Labor and Employment	-	-	-	-
Law	9,677	8,571	10,106	9,144
Legislative Branch	27,224	27,356	25,393	23,062
Local Affairs	10,361	10,525	37,758	29,958
Military Affairs	3,973	4,090	3,800	3,874
Natural Resources	24,434	28,893	28,863	26,864
Personnel and Administration	14,028	14,825	15,026	15,245
Public Health and Environment	31,790	33,496	23,731	22,596
Public Safety	56,597	56,616	49,492	43,910
Regulatory Agencies	1,914	1,975	1,919	1,730
Revenue	69,297	78,317	69,682	69,871
Social Services	-	-	-	-
Transportation	-	1	203	239
Treasury	4,198	2,378	2,240	2,970
Transfer to Capital Construction Fund	25,564	285,255	175,154	470,179
Transfer to Controlled Maintenance Trust Fund	-	-	-	-
Transfer to the Highway Users Tax Fund	35,179	-	-	-
Other Transfers	68,325	61,894	66,588	56,992
TOTALS	$ 5,716,102	$ 5,739,426	$ 5,318,183	$ 5,279,081

(AS PERCENT OF TOTAL)

	2001-02	2000-01	1999-00	1998-99
Education	39.7%	37.3%	38.4%	36.3%
Health Care Policy and Financing	18.8	17.9	17.9	16.9
Higher Education	12.9	13.0	13.5	12.8
Human Services	9.8	9.6	9.6	9.2
Corrections	7.8	7.3	7.2	6.4
Transfer to Capital Construction Fund	0.4	5.0	3.3	8.9
Transfer to Controlled Maintenance Trust Fund	-	-	-	-
Judicial	3.8	3.6	3.7	3.4
Social Services	-	-	-	-
Institutions	-	-	-	-
Revenue	1.2	1.4	1.3	1.3
All Others	5.6	4.9	5.1	4.8
TOTALS	100.0%	100.0%	100.0%	100.0%

	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
	$ -	$ -	$ -	$ 9,056	$ 10,905	$ 11,535
	7,305	11,165	6,477	6,310	5,712	5,568
	297,179	257,072	234,049	204,073	179,173	157,012
	1,830,940	1,720,335	1,590,861	1,503,783	1,416,693	1,217,078
	2,996	12,377	3,509	6,698	2,475	2,632
	-	-	-	-	21,473	20,755
	789,532	756,690	692,241	666,813	-	-
	651,893	618,464	581,143	537,905	531,344	526,337
	481,258	441,637	407,321	366,960	-	-
	-	-	-	-	125,750	140,987
	166,574	159,226	150,447	142,681	132,944	126,116
	20	-	610	272	-	-
	8,558	7,471	6,454	7,139	6,859	7,059
	21,567	21,266	19,891	18,970	18,707	17,852
	26,672	25,940	23,986	21,718	15,803	14,519
	3,460	3,098	2,572	2,601	2,523	2,432
	24,845	24,130	22,442	20,157	17,408	16,519
	15,361	14,591	13,185	4,464	4,201	4,040
	20,507	18,200	17,277	16,080	-	-
	39,433	36,047	36,325	33,269	30,202	28,220
	1,194	1,479	898	527	107	620
	70,224	52,711	38,654	35,095	26,750	28,863
	-	-	-	-	832,629	833,566
	244	-	-	-	-	-
	2,800	3,102	2,535	3,852	2,410	2,356
	198,387	250,968	254,962	201,708	173,073	32,555
	-	-	196,000	19,400	32,650	-
	5,611	-	-	-	-	-
	57,811	98,464	88,614	54,384	57,081	53,238
	$ 4,724,371	$ 4,534,433	$ 4,390,453	$ 3,913,915	$ 3,646,872	$ 3,249,859

	38.8%	37.9%	36.2%	38.4%	38.8%	37.5%
	16.7	16.7	15.8	17.0	-	-
	13.8	13.6	13.2	13.7	14.6	16.2
	10.2	9.7	9.3	9.4	-	-
	6.3	5.7	5.3	5.2	4.9	4.8
	4.2	5.5	5.8	5.2	4.7	1.0
	-	-	4.5	-	-	-
	3.5	3.5	3.4	3.6	3.6	3.9
	-	-	-	-	22.8	25.6
	-	-	-	-	3.4	4.3
	1.5	1.2	0.9	0.9	0.7	0.9
	5.0	6.2	5.6	6.6	6.5	5.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

	2001-02	2000-01	1999-00	1998-99
General Government	2,422	2,409	2,422	2,411
Business, Community, and Consumer Affairs	2,334	2,284	2,290	2,311
Education	31,887	31,165	29,463	28,774
Health and Rehabilitation	3,766	3,668	3,726	3,784
Justice	11,437	11,100	10,542	9,730
Natural Resources	1,453	1,395	1,397	1,372
Social Assistance	1,610	1,570	1,530	1,514
Transportation	3,065	3,048	3,015	3,025
TOTAL FTE	57,974	56,639	54,385	52,921
TOTAL CLASSIFIED FTE	32,092	31,510	30,866	30,157
AVERAGE MONTHLY SALARY	$ 3,700	$ 3,491	$ 3,364	$ 3,232
TOTAL NON-CLASSIFIED FTE	25,884	25,127	23,519	22,764
AVERAGE MONTHLY SALARY	$ 4,562	$ 4,353	$ 4,387	$ 4,216

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.

1997-98	1996-97	1995-96	1994-95	1993-94	1992-93
2,375	2,371	2,333	2,300	2,297	2,420
2,337	2,303	2,267	2,265	2,276	2,238
28,203	27,522	26,862	26,216	26,327	25,864
3,797	3,771	4,043	4,292	4,216	4,179
9,020	8,468	8,140	7,785	7,534	7,123
1,351	1,339	1,337	1,337	1,307	1,281
1,479	1,432	1,138	1,056	1,269	1,259
3,053	3,068	3,103	3,092	3,095	3,061
51,615	50,274	49,223	48,343	48,321	47,425
29,470	28,839	28,483	28,131	28,172	27,763
$ 3,091	$ 3,027	$ 2,954	$ 2,877	$ 2,686	$ 2,666
22,145	21,435	20,740	20,212	20,149	19,662
$ 4,100	$ 4,000	$ 3,935	$ 3,825	$ 3,586	$ 3,539

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
1993 to 2002
(Amounts in Thousands)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes							
2001-02	$ 66,813	$ -	$ 66,813	$ 5,070	$ 61,743	$ 66,813	1.00
2000-01	33,792	-	33,792	1,850	31,942	33,792	1.00
Enterprise Funds: State Fair and Colorado Student Obligation Bonding Authority							
2001-02	$ 689,085	$ 357,841	$ 331,245	$ 42,224	$ 38,720	$ 80,944	4.09
2000-01	166,092	59,185	106,907	30,212	37,482	67,694	1.58
Higher Education Facilities							
2001-02	$ 508,615	$ 311,778	$ 196,837	$ 17,390	$ 18,876	$ 36,266	5.43
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

COLORADO SALES AND
CASH RECEIPTS FROM FARMING AND RANCHING
1993 to 2002
(Amounts in Billions)

Year	Retail Sales	Wholesale Sales	Farm and Ranch Cash Receipts
2002 est	$ 61.7	$ 38.4	4.97
2001 est	59.4	36.8	4.99
2000	58.2	35.7	5.00
1999	52.2	33.5	4.70
1998	48.1	31.3	4.62
1997	45.2	28.3	4.39
1996	42.6	26.5	4.34
1995	40.0	28.7	4.24
1994	38.1	25.6	4.23
1993	34.2	22.0	4.40

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 1993 TO 2002

(Amounts in Millions)

Year	Residential	Non-Residential	Non-Building	Total
2002 est	$ 5,400	$ 2,300	$ 1,350	$ 9,050
2001 est	6,400	2,900	1,450	10,750
2000	7,029	3,244	1,712	11,985
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	879	6,469
1994	3,896	1,585	974	6,455
1993	3,325	1,682	1,073	6,080

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

COLORADO FINANCIAL INSTITUTION DEPOSITS AND LIFE INSURANCE SALES 1993 TO 2002

(Amounts in Millions)

Year	Life Insurance Sales	Bank Deposits	Savings & Loan Deposits	Credit Union Deposits	Total Deposits
2002 est	$ 36,000	$ 38,500	$ 900	$ 9,211	$ 48,611
2001 est	33,000	38,000	888	8,373	47,261
2000	29,930	37,315	877	7,345	45,537
1999	24,281	33,813	868	6,858	41,539
1998	22,800	33,534	783	6,622	40,939
1997	19,816	33,374	1,943	6,470	41,787
1996	18,576	34,937	1,986	5,970	42,893
1995	17,175	33,005	2,141	5,670	40,816
1994	17,043	32,316	1,961	5,133	39,410
1993	16,385	29,729	1,867	5,139	36,735

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 1993 TO 2002

Year	Population (000)	% of U.S. Population	Per Capita Personal Income	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy ment %
2002 est	4,496	1.57%	36,554	113.7%	2,296	4.2%
2001 est	4,418	1.55	35,411	112.9	2,283	3.4
2000	4,325	1.53	32,949	111.0	2,213	2.7
1999	4,215	1.55	31,546	110.5	2,198	2.9
1998	4,095	1.52	29,860	109.3	2,155	3.8
1997	3,981	1.49	27,950	108.0	2,080	3.3
1996	3,880	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

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

COLORADO EMPLOYMENT BY INDUSTRY 1993-2002

(Amounts in Thousands)

Industry	2002 est	2001 est	2000	1999	1998	1997	1996	1995	1994	1993
Agriculture	25.0	25.2	25.5	25.7	26.0	26.3	26.0	27.1	23.9	21.3
Mining	13.6	13.6	12.9	13.0	14.2	14.0	13.7	14.8	15.6	16.1
Construction	153.0	163.0	162.6	147.0	132.6	119.0	111.0	102.1	97.1	86.0
Manufacturing	200.7	200.9	205.6	204.6	207.4	204.0	197.1	192.4	190.9	188.1
Transportation, Communication, and Public Utilities	134.0	138.9	145.2	139.7	130.2	123.8	121.1	117.5	108.3	104.3
Finance, Insurance, and Real Estate	144.3	142.3	142.1	140.8	135.7	127.4	119.0	113.4	111.1	106.2
Trade	541.2	535.8	525.0	507.1	491.7	480.1	465.9	453.3	429.5	404.0
Services	709.8	697.1	681.4	651.3	622.8	595.5	563.8	537.2	504.1	469.4
Government	356.1	350.6	340.2	328.4	322.2	315.6	308.7	303.7	299.3	296.7
Total	2,277.7	2,267.4	2,240.5	2,157.6	2,082.8	2,005.7	1,926.3	1,861.5	1,779.8	1,692.1

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. However, they do 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 38th 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

State Mineral - Rhodochrosite