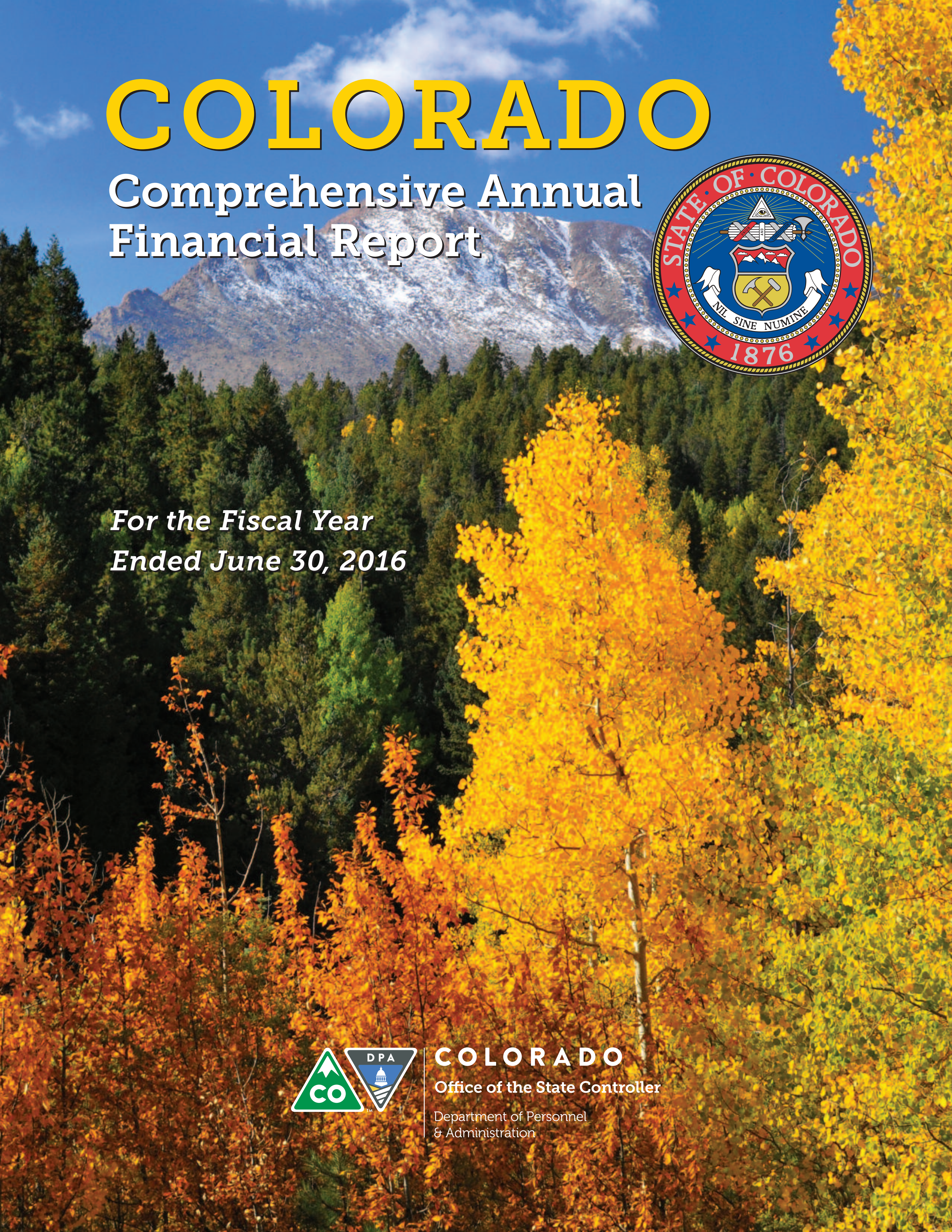

# COLORADO

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2016*

COLORADO
Office of the State Controller
Department of Personnel & Administration

# Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2016*

John Hickenlooper
Governor

Department of Personnel & Administration
June Taylor, Executive Director
Robert Jaros, State Controller

COLORADO
Office of the State Controller
Department of Personnel
& Administration

## REPORT LAYOUT

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the controller's transmittal letter and the state's organization chart. The Financial Section includes the auditor's opinion, management's discussion and analysis, the basic financial statements, and the combining statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

## INTERNET ACCESS

The Comprehensive Annual Financial Report and other financial reports are available on the State Controller's home page at:

http://www.colorado.gov/osc/cafr

# STATE OF COLORADO
## COMPREHENSIVE ANNUAL FINANCIAL REPORT
### FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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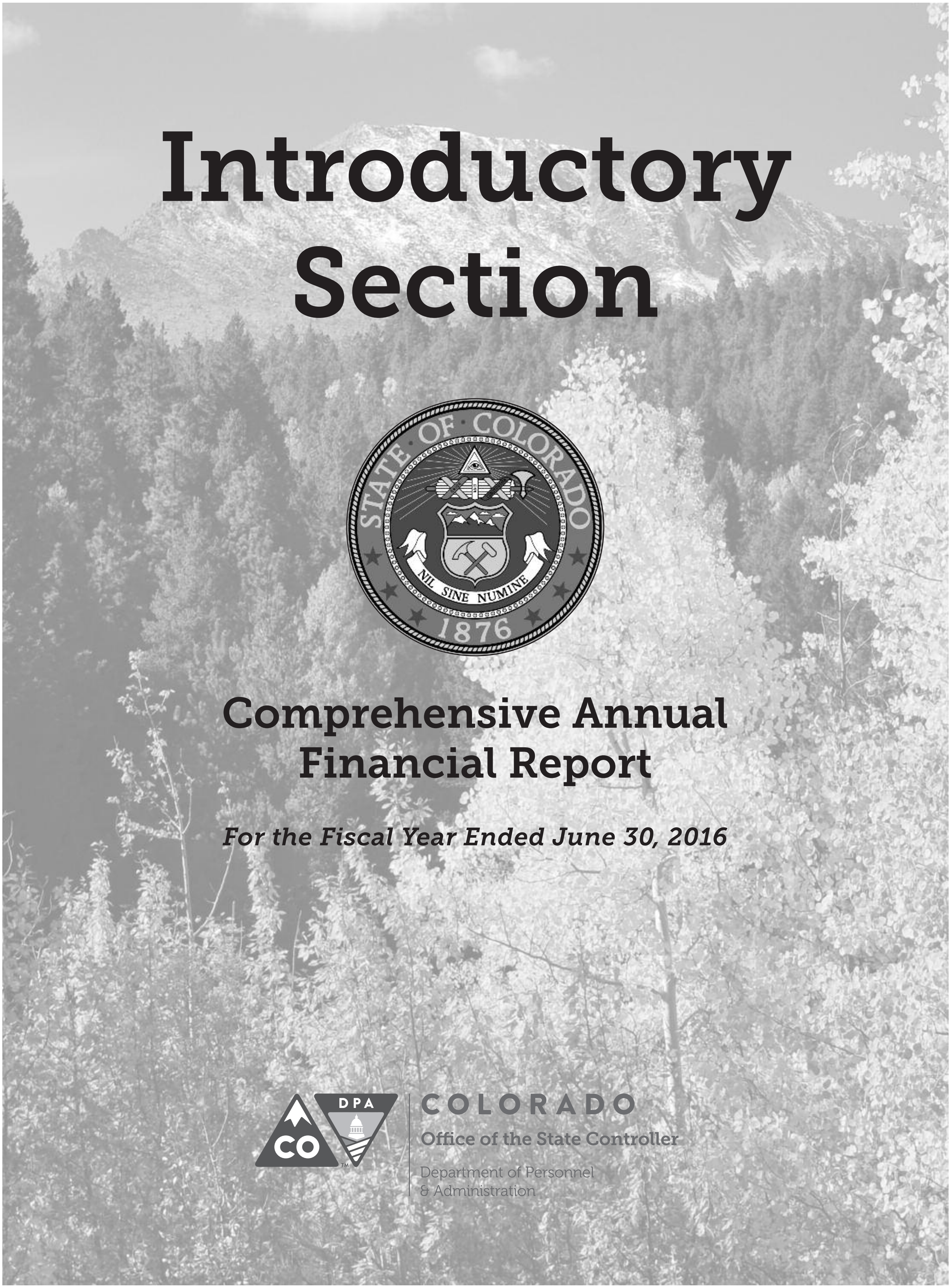


# Introductory Section

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2016*

COLORADO
Office of the State Controller
Department of Personnel & Administration

COLORADO
Office of the State Controller
Department of Personnel
& Administration

Office of the State Controller
1525 Sherman St.
Denver, CO 80203

February 27, 2017

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

I am pleased to submit the State of Colorado's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. Except for certain institutions of higher education, 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 position or fund balances of the major funds and nonmajor funds in the aggregate. All required disclosures have been presented to assist readers in understanding the State's financial affairs.

Except as noted below, the basic financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB) and, except for the discretely presented component units, they are audited by the State Auditor of Colorado. The basic financial statements comprise the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and Required Supplementary Information. The MD&A, which begins on page 23, contains additional financial analysis and supplementary information that is required by GASB and should be read in conjunction with this transmittal letter. The schedules comparing budgeted to actual activity, included in the sections titled Required Supplementary Information and Supplementary Information, are not presented in accordance with GAAP; rather, they reflect the budgetary basis of accounting which defers certain payroll, Medicaid, and other statutorily defined expenditures to the following fiscal year. (See additional information on "Cash Basis Accounting" on page 40 of the MD&A.) 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 institutions of higher education. It also includes certain university activities that are legally separate but have been blended with the accounts of the institution that is financially accountable for the activity.

The State's elected officials are financially accountable for other legally separate entities that qualify as discretely presented component units. The following entities qualify as discretely presented component units of the State:

- Colorado Water Resources and Power Development Authority
- University of Colorado Foundation
- Colorado State University Foundation
- Colorado School of Mines Foundation
- University of Northern Colorado Foundation
- Other Component Units (nonmajor):
  - Denver Metropolitan Major League Baseball Stadium District
  - Colorado Venture Capital Authority
  - HLC @ Metro, Inc.
  - University of Colorado Real Estate Foundation

Additional information about these component units and other related entities is presented in Note 2 of the financial statements (see page 71). Audited financial reports are available from each of these entities.

# PROFILE OF THE STATE OF COLORADO

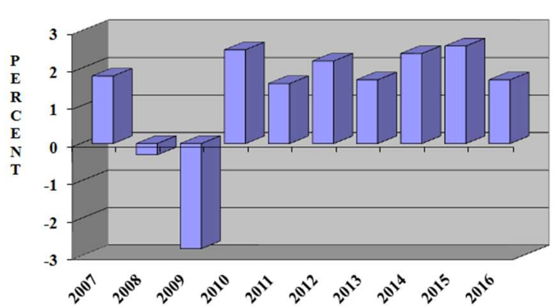
Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,433 feet above sea level. The State's major economic sectors 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 challenges 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, the Department of Education reports to the elected State Board of Education. The elected officials serve four-year terms with a limit on the number of terms allowed.

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 to sign its legislation and by specific limitations placed in the State Constitution by voters. The most significant fiscal limitation 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 and submits an executive branch budget proposal, but there is no requirement for the Joint Budget Committee or the General Assembly 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 more than 300 justices and judges in 22 judicial districts across the State. Municipal courts are not part of the State system. There are also seven water courts, one in each of the State's 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.

**PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT**




# ECONOMIC CONDITION AND OUTLOOK

The State's General Fund general-purpose revenues reflect the overall condition of the State economy, which showed slower growth in Fiscal Year 2015-16; General Fund revenues increased by $288.0 million (3.0 percent) from the prior year. In absolute dollars, the Office of State Planning and Budgeting (OSPB) reports personal income in the State increased by approximately 4.2 percent for 2015 and is forecast to increase by 4.0 percent for 2016. State nonagricultural employment levels rose by 75,300 in 2015, and are forecast to increase by another 56,700 in 2016.

The Bureau of Economic Analysis reports that inflation adjusted national gross domestic product (GDP) grew at an annualized rate of 2.0 percent in the third quarter of calendar year 2015 and 2.9 percent in the third quarter of 2016. Inflation adjusted GDP increased 1.5 percent from the third quarter of 2015 to the third quarter of 2016 (all percentage changes in the balance of this paragraph are measured on the third quarter to third quarter basis). National personal consumption expenditures account for over two-thirds of GDP and increased 2.6 percent. The increase in personal consumption was led by an increase of 5.6 percent in durable goods, the most significant in recreational goods and vehicles. Gross private domestic investment decreased 2.7 percent, primarily in transportation equipment and other equipment offset by an increase in investments in intellectual property products. Government spending increased by 0.3 percent related to increases in federal, and decreases in state and local government spending. Quarter-over-quarter exports increased by 2.0 percent and imports grew by 0.7 percent; net exports increased the GDP compared to the third quarter of 2015.

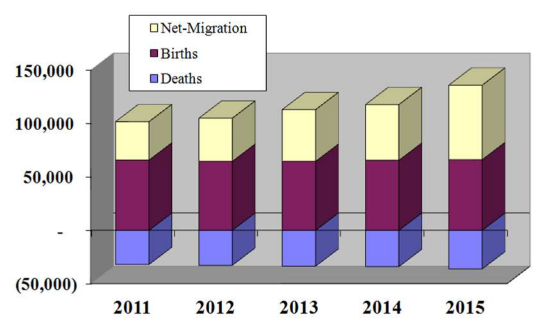
The national economy is continuing through a prolonged, anemic recovery resulting from the credit and housing boom and bust of the past two decades. This has been compounded by uncertainties in global markets and debates in the U.S. Congress over increases to federal debt ceiling, automatic tax increases and spending cuts. The June, 2016 Economic and Revenue Forecast of the Colorado Legislative Council observed that:

*"Economic expansion is expected to progress at a relatively modest pace in both Colorado and the U.S. in 2016 and 2017. Low unemployment rates and slowing job growth are signaling full employment, which will contribute to upward wage pressure as labor becomes more difficult to find. The tourism, services, real estate, and construction sector – industries that depend on the health of the labor market – continue to grow at healthy rates across the nation and Colorado. More current indicators, including financial markets, consumer spending, and consumer debt, demonstrate economic expansion but at a slowing pace."*

As reported by the OSPB, Colorado's economy remains in expansion. Despite notable headwinds in recent years, the State's economy has demonstrated resilience not seen in prior periods. Demand for workers among Colorado businesses remains strong. The urban areas along the Front Range have among the lowest unemployment in the country, with the Denver metro area having the lowest unemployment rate among large U.S. metro areas. The oil and gas industry's deep contraction that contributed to slowing in the overall economy appears to have reached a bottom, though industry activity is expected to remain at subdued levels. Even so, the absence of the large decline in spending in the economy going forward will help overall economic conditions. Further, data shows renewed growth in new business formation in Colorado, a key ingredient for economic and job growth. Sustained growth in housing construction and home sales, albeit still at comparatively low levels, will also add to employment and spending in the economy. However, the State's economic growth will remain at a more moderate pace than earlier in the expansion.

Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 49,400 from 2011 to 2015. International immigration increased from approximately 8,800 (2011) to 13,300 (2015). Similarly, domestic migration from other states increased from 24,900 (2011) to 54,500 (2015). The information in the adjacent chart is based on current Colorado Sate Demographer estimates. The Demographer forecasts net population growth of 99,200 for 2016 and 99,700 for 2017, and the OSPB forecasts net migration of 61,400 and 61,200 for those years, respectively, which indicates persistent immigration.

**COMPONENTS OF COLORADO'S POPULATION CHANGE**




According to the OSPB, economic growth for the nation overall continues to be modest. Persistent weakness in business investment and industrial production, along with subdued gains in business formation and productivity continue to result in lackluster growth. On the positive side, consumer spending and the labor market have been solid. In addition, the labor market recovery is broadening, with middle-wage industries adding jobs at a faster pace and lower wage workers seeing more wage growth. Further, although the industrial sector is not expected to generate a boost to economic growth going forward, an end to its downturn will at least present a smaller drag on economic activity.

OSPB has made the following calendar year forecasts for Colorado's major economic variables:

- Unemployment will average 3.4 percent for 2016 compared with 3.9 and 5.0 percent in 2015 and 2014, respectively, and it is expected to slightly increase in 2017 to 3.6 percent.
- Wages and salary income will increase by 4.2 percent in 2016, by 5.5 percent in 2017, and by 5.4 percent in 2018.
- Total personal income will increase by 4.0 percent in 2016, and reach 5.4 percent by 2017.
- Net migration is expected to be 61,400 in 2016 and 61,200 in 2017, with total population growth of 1.7 percent in the same two years.
- Retail trade sales will increase by 4.3 percent in 2016 followed by an increase of 5.2 percent in 2017.
- Colorado inflation will be 2.7 percent in 2016 and 2017.

## MAJOR GOVERNMENT FISCAL INITIATIVES

The General Assembly enacted, and the Governor signed, many bills during the 2016 Legislative Session. There were several areas of focus including education, healthcare, social programs and services, water conservation, and restructuring of cash funds. The following measures have a significant financial impact for Fiscal Year 2016-17:

- In accordance with the Public School Finance Act of 1994, the General Assembly appropriated an additional $135.5 million of state funds to the Department of Education. This appropriation includes an increase of $292.4 million from the General Fund and decreases totaling $156.9 million in cash funds.

- The Colorado Water Conservation Board (CWCB) was appropriated $7.9 million from the CWCB Construction Fund to support 11 projects and studies. Additionally, a one-time transfer of $5.2 million and a recurring annual transfer of $5.0 million were made from the Tax Perpetual Base Fund to the CWCB to fund studies, programs, and projects related to the Colorado Water Plan.

- The General Assembly transferred $20 million from the Children's Basic Health Plan Trust to the newly created Primary Care Provider Sustainability Fund. This fund was created for the purpose of increasing access to primary care through rate enhancements for primary care office visits and services. $20 million was also appropriated to the Department of Health Care Policy and Financing from the Primary Care Provider Sustainability Fund to pay for medical services premiums.

- The General Assembly appropriated $6.0 million from the Marijuana Tax Cash Fund to the Department of Human Services for the purpose of increasing access to effective substance use disorder services. This measure requires regional managed service organizations (MSOs) to submit action plans to the Department of Human Services and the Department of Health Care Policy and Financing to increase access to effective substance use disorder services in their geographic regions. $5.8 million of the appropriation is to be disbursed to MSOs and $.2 million of the appropriation is to be used by the Department of Human Services for operating costs and effectiveness evaluation.

- The Department of Public Health and Environment received an appropriation of $1.2 million from the Water Quality Improvement Fund to implement changes related to the Water Pollution Control Program. The program collects fees from permits from various sectors. This measure repeals the fee structure of the program and directs the Department to conduct a stakeholder process to determine the necessity and appropriateness of fees and submit a proposal to the Joint Budget Committee regarding the results. This measure also repeals the Water Quality Control Fund and creates separate, sector-specific cash funds to which fees from each sector are to be deposited.

- The General Assembly increased fees related to driver's licenses which will result in an increase in revenue to the Licensing Services Cash Fund (LCSF) in the amounts of $1.5 million, $2.1 million, and $2.6 million for fiscal years ending 2017, 2018, and 2019, respectively. This measure also reduced the General Fund appropriation to the Department of Revenue by $3.2 million while increasing the appropriation to the Department from the LCSF and Highway Users Tax Fund by $1.2 million and $2 million, respectively.

- The Governor's Office of Information Technology received an increase of $22.4 million reappropriated funds to support the operating costs of the Colorado Benefits Management System. These funds are first appropriated to the Department of Health Care Policy and Financing and the Department of Human Services, then is transferred to the Governor's Office of Information Technology for service provision.

- The General Assembly appropriated $18.9 million to the Department of Humans Services from cash funds to the Old Age Pension Fund (OAPF). The expenditures from the OAPF are driven by the size of the benefit and the number of qualified individuals. This appropriation aligns appropriations from the OAPF with actual expenditures.

## BUDGETARY AND OTHER CONTROL SYSTEMS

The General Assembly appropriates the annual State budget for ongoing programs at a line item level segregated by department, except for custodial funds, certain statutory cash funds, and most federal funds. New programs are funded for the first time through enabling legislation and are continued through the Long Appropriations Act in future periods. For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation rollforward based on express legislative direction or extenuating circumstances. The State Controller, with the approval of the Governor, may also allow expenditures in excess of the appropriated budget. This approval occurs at a budget line item level. Capital construction appropriations are normally effective for three years and do not require State Controller rollforward approval.

The State records the appropriated budget in its accounting system, the Colorado Operations Resource Engine (CORE), along with nonappropriated budgets for most federal awards, statutory cash funds, and custodial funds of the various departments. Revenues and expenditures are tracked by funding source – general, general exempt, cash, reappropriated and federal funds – and are designated appropriated or non-appropriated. Appropriated budgets include amounts that require a legislative appropriation authorizing spending, whereas non-appropriated budgets represent amounts that do not require an act of the legislature and are often referred to as informational only appropriations. The accounting system flags monies to be disbursed without sufficient spending authority. 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 RSI-1A).

Encumbrances are recorded throughout the year and result in a reduction of the available spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. At fiscal year end, encumbrances lapse except those that represent appropriations that are approved for rollforward into the subsequent fiscal year, and legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Highway Users Tax Fund (see Note 41).

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.

## INDEPENDENT AUDIT

The State Auditor performs an audit of the Basic Financial Statements. The opinion of the State Auditor is on page 18 of this report. Besides annually auditing the statewide financial statements, the State Auditor has the authority to audit the financial statements and operations of the 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, 2015. This was the nineteenth 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 controllers, accountants, auditors, and program managers in the State departments and branches whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Colorado

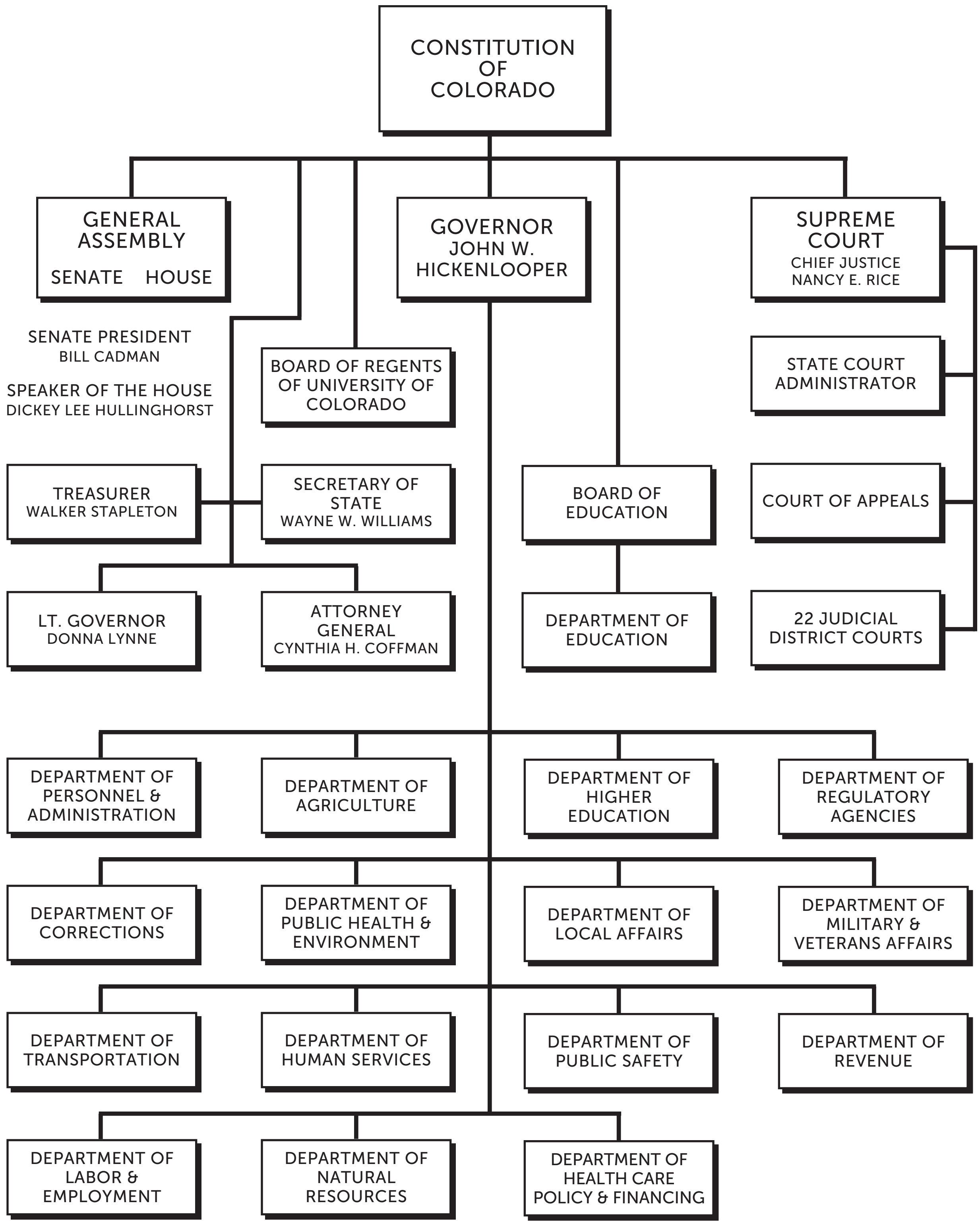
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

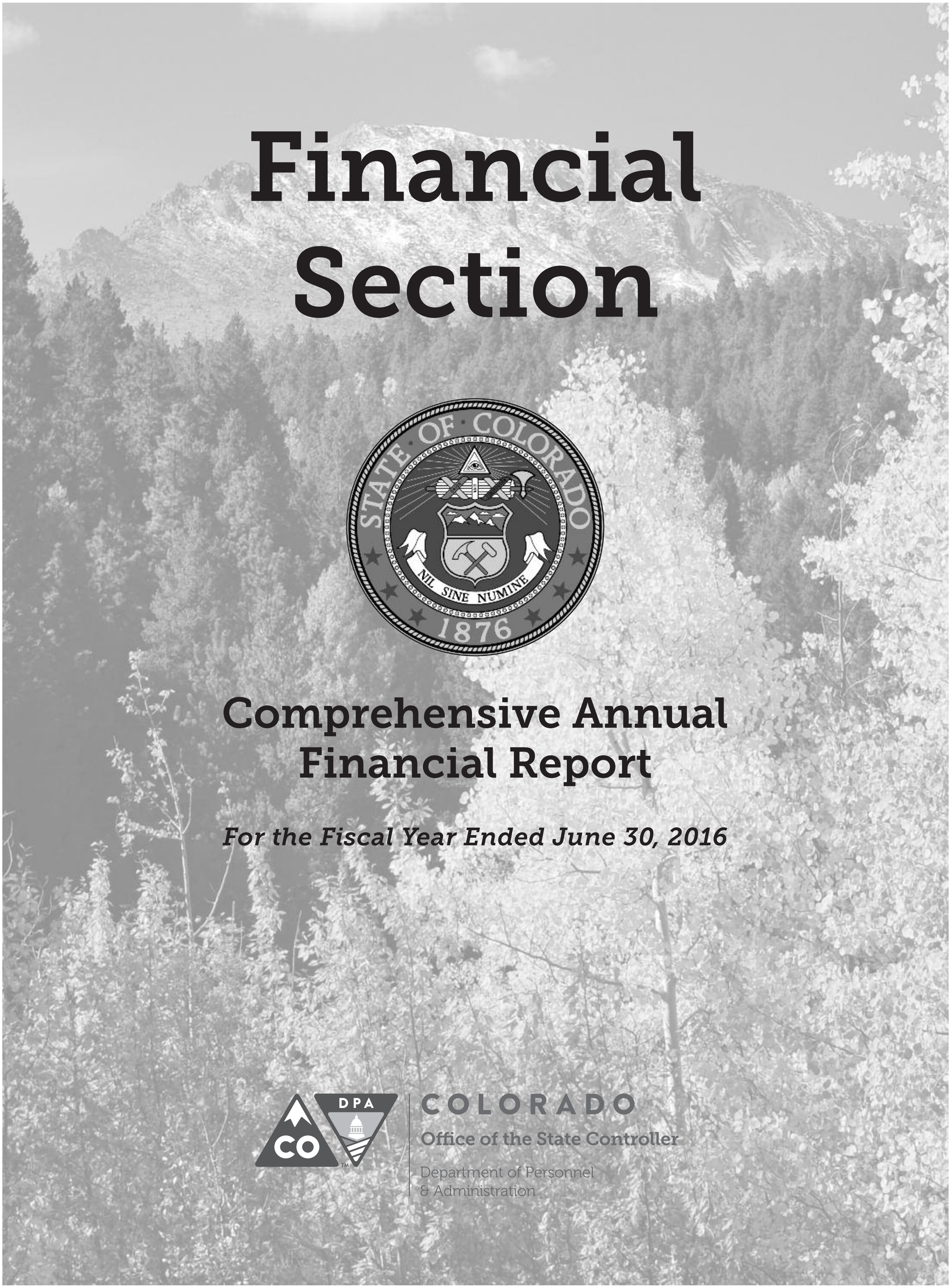
**June 30, 2015**

Jeffrey R. Emser

Executive Director/CEO

# PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





# Financial Section

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2016*

COLORADO
Office of the State Controller
Department of Personnel & Administration

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

*INDEPENDENT AUDITOR'S REPORT*

Members of the Legislative Audit Committee:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 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 (the State), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The State's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 2, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of University Physicians, Inc., a blended component unit, which represents approximately 4 percent of the total assets, 14 percent of the net position, and 12 percent of the total revenues of Higher Education Institutions, a major proprietary fund, and approximately 3 percent of the total assets, 9 percent of the net position, and 9 percent of the total revenues of business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included for those discretely presented component units and for University Physicians, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement. The financial statements of the University of Colorado Foundation, Colorado State University Foundation, Colorado School of Mines Foundation, the University of Northern Colorado Foundation, and the University of Colorado Real Estate Foundation, which are discretely presented component units, and University Physicians, Inc., a blended component unit, were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINIONS

In our opinion, based on our audit and the reports of the other auditors, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budget and actual schedules – budgetary basis, and notes to the required supplementary information that include the defined benefit pension plan and other postemployment benefit information listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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, schedule of capital assets, schedule of other funds, non-appropriated budget and actual schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The transmittal letter, introductory section, the non-appropriated budget and actual schedule, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

The combining and individual nonmajor fund financial statements, schedule of capital assets, and the schedule of other funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the combining and individual nonmajor fund financial statements, schedule of capital assets, and the schedule of other funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

## OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we will issue a separate report dated February 27, 2017, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of the audit.

Denver, Colorado
February 27, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and 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 notes should be reviewed in their entirety.

## FINANCIAL HIGHLIGHTS

### Government-wide:

Assets of the State's governmental activities exceeded liabilities by $10,589.3 million, a decrease in net position of $207.5 million as compared to the prior year amount of $10,796.8 million. Cash and restricted cash balances decreased by $210.3 million. Taxes Receivable, net of refunds payable, decreased by $187.8 million, while investments and restricted investments decreased by $89.2 million. Capital assets, net of accumulated depreciation, increased by $120.1 million, primarily due to infrastructure projects and the state's contribution to public school construction.

Assets of the State's business-type activities exceeded liabilities by $4,981.7 million, an increase in net position of $483.9 million as compared to the prior year amount of $4,497.8 million. The increase was partly attributable to increases in some current asset balances and additional infrastructure investments made by Higher Education Institutions. The Unemployment Insurance fund reported a $127.7 million, or 20.5 percent increase in net position due primarily to a reduction of $121.3 million in long-term liabilities. Additionally, the aggregated business-type activities reported in the Other Enterprises Fund reported a $209.6 million increase in net position attributable primarily to additional investments in capital assets. In total, considering both governmental and business-type activities, the net position of the State increased by $276.3 million to $15,570.9 million.

### Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balance of $6,609.4 million (prior year $6,846.8 million). The fund balance for all governmental funds decreased by $295.5 million from the prior year which was comprised of decreases in the General Fund, Resource Extraction Fund, and the State Education Fund, which were partially offset by increases in the Highway Users Tax Fund (HUTF), Capital Projects Fund, and Other Governmental Funds. The fund balance of the General Fund decreased by $157.0 million compared to the prior fiscal year due primarily to a 12.5 percent increase in transfers-out to other funds. General Fund revenues increased by 6.5 percent and expenditures increased by 7.0 percent relative to the prior fiscal year resulting in $350.1 million excess of revenues over expenditures for fiscal year 2015-16. State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of 6.5 percent of General Purpose Revenue Fund appropriations. House Bill 16-1419 was signed into law and temporarily reduced the reserve requirement from 6.5 percent to 5.6 percent for fiscal year 2015-16. Absent additional law changes, the reserve requirement will return to 6.5 percent for fiscal year 2016-17 and beyond. The General Purpose Revenue Fund had $386.5 million on a GAAP basis to fund this reserve for fiscal year 2015-16. The fund balance of the Resource Extraction Fund decreased by $56.3 million due to declines in revenues from severance taxes, mineral leasing, and fee revenue. The HUTF fund balance increased by $42.9 million due primarily to an increase for transfers-in from other funds. The Capital Projects Fund increased by $49.5 million due to an increase in funding (transfer-in) from the General Purpose Revenue Fund. The State Education Fund decreased by $381.8 million primarily due to a planned spend-down of fund balance to maintain funding levels for education. The fund balance of the State Education fund has decreased over the last three fiscal years following a one-time transfer of $1.1 billion from the General Fund Surplus Fund in fiscal year 2012-13. The Other Governmental Funds increased by $207.2 million, due primarily to revenue increases across all Special Revenue Funds combined with smaller relative increases in expenditures.

Total net position for business-type activities was $4,981.7 million, of which $5,051.3 million was restricted for investment in capital assets, and $1,664.4 million restricted for the purposes of various funds which resulted in an unrestricted deficit of $1,734.1 million.

**Debt Issued and Outstanding:**

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2016, were $1,346.3 million (prior year $1,532.9 million), which is 16.1 percent (prior year 17.6 percent) of financial assets (cash, receivables, and investments) and 6.4 percent (prior year 7.2 percent) of total assets of governmental activities. The governmental activities debt is primarily related to infrastructure, State buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and State highway revenues, State building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues. The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $4,747.2 million (prior year $4,670.3 million). The majority of the outstanding revenue bonds is related to Higher Education Institutions and is invested in capital assets that generate a future revenue stream to service the related debt. The Division of Unemployment Insurance also has bonds outstanding secured by future employer insurance premiums.

**Revenue and Spending Limits:**

The State Constitution indirectly limits the rate of spending increases and directly limits the State's ability to retain revenue in excess of the limit. Any excess must be refunded to the taxpayers unless otherwise approved by the voters. Referendum C was approved by voters in November 2005 which allows the State to retain revenues in excess of the TABOR limit for fiscal years 2005-06 through 2009-10. The State was under the Referendum C Excess State Revenue Cap for fiscal year 2015-16 by $122.1 million. The $31.4 million TABOR Refund Liability reported on the financial statements is expected to be refunded during fiscal year 2016-17. Refer to page 31 for more information on the TABOR requirements and Referendum C.

## 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 MD&A), including budget-to-actual comparisons and funding progress for other post-employment benefits, is presented following the basic financial statements. Supplementary information, including combining fund statements and schedules, follows the required supplementary information.

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

The *Statement of Activities* shows how the financial position has changed since the beginning of the fiscal year. The most significant financial measure of the government's current activities is presented in the line item titled "Change in Net Position" 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 Position,* 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. The following bullets describe the segregation.

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities include Internal Service Funds and 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 71.

**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 differing basis of accounting used in fund statements compared to the government-wide statements. Funds are balanced sets of accounts tracking activities that are legally defined or are prescribed by generally accepted accounting principles. Funds are reported 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 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 with additional fund detail presented in the Supplementary section of this report. 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 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 best suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, 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 generally 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 Position* because Internal Service Funds primarily serve governmental funds. The net revenue or net expense of Internal Service Funds is reported as an increase or reduction to program expenses on the government-wide *Statement of Activities.* On the fund-level statements, 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 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 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 the accrual basis of accounting.

The State has elected to present combining financial statements for its component units. In the report, the component unit financial statements follow the fund-level financial statements discussed above.

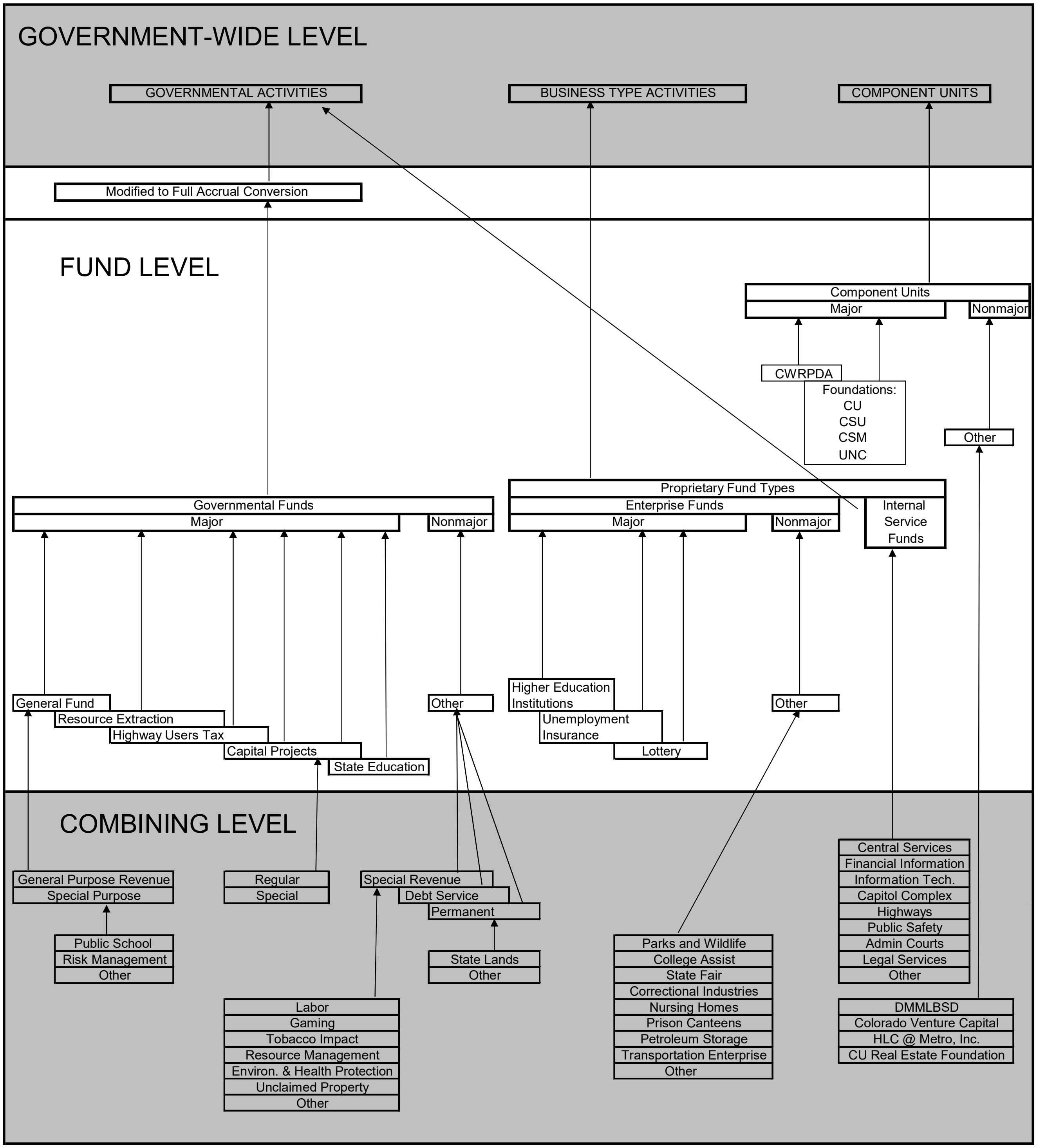
**Notes to Basic Financial Statements**

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

**Required Supplementary Information (RSI)**

Generally accepted accounting principles require certain supplementary information to be presented in this Management's Discussion and Analysis and 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, defined benefit pension plan schedules, and a schedule of funding progress for other post-employment benefits.

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
Major
Nonmajor
CWRPDA
Foundations:
CU
CSU
CSM
UNC
Other
Proprietary Fund Types
Governmental Funds
Major
Nonmajor
Enterprise Funds
Major
Nonmajor
Internal Service Funds
General Fund
Resource Extraction
Highway Users Tax
Capital Projects
State Education
Other
Higher Education Institutions
Unemployment Insurance
Lottery
Other
COMBINING LEVEL
General Purpose Revenue
Special Purpose
Public School
Risk Management
Other
Regular
Special
Special Revenue
Debt Service
Permanent
State Lands
Other
Labor
Gaming
Tobacco Impact
Resource Management
Environ. & Health Protection
Unclaimed Property
Other
Parks and Wildlife
College Assist
State Fair
Correctional Industries
Nursing Homes
Prison Canteens
Petroleum Storage
Transportation Enterprise
Other
Central Services
Financial Information
Information Tech.
Capitol Complex
Highways
Public Safety
Admin Courts
Legal Services
Other
DMMLBSD
Colorado Venture Capital
HLC @ Metro, Inc.
CU Real Estate Foundation

## OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following table was derived from the current and prior year government-wide *Statement of Net Position*.

(Amounts in Thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Noncapital Assets | $ 9,179,140 | $ 9,519,728 | $ 6,585,468 | $ 6,486,424 | $ 15,764,608 | $ 16,006,152 |
| Capital Assets | 11,860,988 | 11,740,878 | 8,702,667 | 7,978,950 | 20,563,655 | 19,719,828 |
| Total Assets | 21,040,128 | 21,260,606 | 15,288,135 | 14,465,374 | 36,328,263 | 35,725,980 |
| Deferred Outflow of Resources | 818,761 | 350,796 | 649,853 | 348,635 | 1,468,614 | 699,431 |
| Current Liabilities | 2,698,094 | 2,851,809 | 1,555,522 | 1,587,527 | 4,253,616 | 4,439,336 |
| Noncurrent Liabilities | 8,438,154 | 7,915,537 | 9,150,755 | 8,690,274 | 17,588,909 | 16,605,811 |
| Total Liabilities | 11,136,248 | 10,767,346 | 10,706,277 | 10,277,801 | 21,842,525 | 21,045,147 |
| Deferred Inflow of Resources | 133,375 | 47,262 | 250,058 | 38,380 | 383,433 | 85,642 |
| Net Investment in Capital Assets | 11,330,474 | 10,654,690 | 5,051,345 | 4,417,947 | 16,381,819 | 15,072,637 |
| Restricted | 3,236,095 | 3,507,907 | 1,664,396 | 1,496,411 | 4,900,491 | 5,004,318 |
| Unrestricted | (3,977,303) | (3,365,803) | (1,734,088) | (1,416,530) | (5,711,391) | (4,782,333) |
| Total Net Position | $ 10,589,266 | $ 10,796,794 | $ 4,981,653 | $ 4,497,828 | $ 15,570,919 | $ 15,294,622 |

The amount of total net position is one measure of the health of the State's finances. However, this measure must be used with care because large portions of the balances related to capital assets or restricted assets may be unavailable to meet the day-to-day payments of the State.

The State's net investment in capital assets of $16,381.8 million for governmental and business-type activities combined represents an increase of $1,309.2 million compared to the prior fiscal year. Governmental activities had an increase of $675.8 million in net investment in capital assets attributable primarily to transportation projects, public school construction, and purchases of vehicles and equipment. Business-type activities reported a $633.4 million increase in net investment in capital assets primarily due to continued capital investments being made by Higher Education Institutions and the Other Enterprise Funds. Net investment in capital assets is a noncurrent asset and therefore not available to meet related debt service requirements which must be paid from current revenues or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $4.9 billion, or 31.5 percent of net position. Restricted assets decreased by $103.8 million relative to the prior year while total net position increased by $276.3 million. In general, these restrictions dictate how the related assets must be used by the State, and therefore, may not be available for use by any of the State's programs. Examples of restrictions on the use of fund balance include the constitutionally mandated State Education Fund, the Highway Users Tax Fund, and resources pledged to debt service. Restricted net position for governmental activities decreased by $271.8 million while business-type activities reported an increase in restricted net position of $168.0 million.

The unrestricted component of total net position is a negative $5.7 billion for the fiscal year ended June 30, 2016. The state reports a negative or deficit amount for the unrestricted component only on a government-wide basis, not at the level of any fund. This is primarily due to a $10.3 billion net pension liability which is reported only at the government-wide level for which the state does not have any related assets. Other long-term liabilities, such as bonds and certificates of participation payable, have related capital assets while the net pension liability does not. The State's current liabilities reported on the Statement of Net Position decreased by $185.7 million and noncurrent liabilities increased by $983.1 million from the prior fiscal year.

The change in net position from the prior fiscal year is another important measure of the State's financial health. The following condensed statement of activities shows that for governmental activities, expenses and transfers-out were greater than revenues and transfers-in which resulted in a decrease to net position of $265.7 million. Program revenues for governmental activities increased by $1,082.2 million (10.3 percent). General revenues for governmental activities increased by $143.3 million (1.3 percent) due to increased tax collections. Expenses for governmental activities increased by $1,634.6 million (7.6 percent) from the prior year. The following table was derived from the current and prior year government-wide *Statement of Activities*.

(Amounts in Thousands)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| Programs/Functions | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Program Revenues: | | | | | | |
| Charges for Services | $ 2,173,376 | $ 1,944,468 | $ 5,937,454 | $ 5,690,437 | $ 8,110,830 | $ 7,634,905 |
| Operating Grants and Contributions | 8,578,146 | 7,726,668 | 2,449,163 | 2,281,931 | 11,027,309 | 10,008,599 |
| Capital Grants and Contributions | 819,321 | 817,469 | 42,996 | 78,304 | 862,317 | 895,773 |
| General Revenues: | | | | | | |
| Taxes | 10,346,832 | 10,163,812 | - | 7 | 10,346,832 | 10,163,819 |
| Restricted Taxes | 1,132,687 | 1,186,515 | - | - | 1,132,687 | 1,186,515 |
| Unrestricted Investment Earnings | 15,705 | 11,992 | - | - | 15,705 | 11,992 |
| Other General Revenues | 107,005 | 96,613 | - | - | 107,005 | 96,613 |
| Total Revenues | 23,173,072 | 21,947,537 | 8,429,613 | 8,050,679 | 31,602,685 | 29,998,216 |
| Expenses: | | | | | | |
| General Government | 485,611 | 449,261 | - | - | 485,611 | 449,261 |
| Business, Community, and Consumer Affairs | 777,458 | 711,558 | - | - | 777,458 | 711,558 |
| Education | 5,859,964 | 5,687,573 | - | - | 5,859,964 | 5,687,573 |
| Health and Rehabilitation | 2,898,841 | 822,556 | - | - | 2,898,841 | 822,556 |
| Justice | 2,209,158 | 2,075,534 | - | - | 2,209,158 | 2,075,534 |
| Natural Resources | 135,491 | 120,374 | - | - | 135,491 | 120,374 |
| Social Assistance | 8,825,599 | 9,627,104 | - | - | 8,825,599 | 9,627,104 |
| Transportation | 1,830,368 | 1,896,904 | - | - | 1,830,368 | 1,896,904 |
| Interest on Debt | 62,021 | 59,078 | - | - | 62,021 | 59,078 |
| Higher Education Institutions | - | - | 6,446,902 | 6,004,484 | 6,446,902 | 6,004,484 |
| Unemployment Insurance | - | - | 531,607 | 530,130 | 531,607 | 530,130 |
| Lottery | - | - | 517,847 | 474,578 | 517,847 | 474,578 |
| Parks and Wildlife | - | - | 203,794 | 191,426 | 203,794 | 191,426 |
| College Assist | - | - | 320,774 | 338,631 | 320,774 | 338,631 |
| Other Business-Type Activities | - | - | 282,471 | 217,838 | 282,471 | 217,838 |
| Total Expenses | 23,084,511 | 21,449,942 | 8,303,395 | 7,757,087 | 31,387,906 | 29,207,029 |
| Excess (Deficiency) Before Contributions, Transfers, and Other Items | 88,561 | 497,595 | 126,218 | 293,592 | 214,779 | 791,187 |
| Contributions, Transfers, and Other Items: | | | | | | |
| Transfers (Out) In | (352,733) | (256,738) | 352,733 | 256,738 | - | - |
| Internal Capital Contributions | (1,583) | - | 10,183 | - | 8,600 | - |
| Permanent Fund Additions | 80 | 401 | - | - | 80 | 401 |
| Total Contributions, Transfers, and Other Items | (354,236) | (256,337) | 362,916 | 256,738 | 8,680 | 401 |
| Total Changes in Net Position | (265,675) | 241,258 | 489,134 | 550,330 | 223,459 | 791,588 |
| Net Position - Beginning | 10,796,794 | 10,562,162 | 4,497,828 | 3,947,498 | 15,294,622 | 14,509,660 |
| Prior Period Adjustment (See Note 29A) | 58,147 | (6,626) | (5,309) | - | 52,838 | (6,626) |
| Net Position - Ending | $10,589,266 | $ 10,796,794 | $ 4,981,653 | $ 4,497,828 | $15,570,919 | $15,294,622 |

Business-type activities' revenues and net transfers-in, in the preceding table, exceeded expenses by $489.1 million resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities increased by $378.9 million and expenses increased by $546.3 million.

When looking at the total change in net position from the prior year, including all prior period adjustments, the net position from the prior year increased $276.3 million, or 1.8 percent.

## TABOR Revenue, Debt, and Tax-Increase Limits

### Background and Current Condition

Fiscal year 2015-16 is the twenty third year of State operations under Article X, Section 20 of the State Constitution revenue limitations, also known as the Taxpayer Bill of Rights or TABOR. 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 revenues from federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, 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. In November 2005 voters approved a measure, commonly known as Referendum C, which was referred to the ballot by the Legislature. Referendum C authorized the State to retain all revenues in excess of the TABOR limit for the five-year period from fiscal year 2005-06 through fiscal year 2009-10. Referendum C had additional provisions and effects that are discussed below.

TABOR also limits the General Assembly's ability to raise taxes, to borrow money, and to increase spending limits. 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 similar vote.

The TABOR limits are calculated and applied at the statewide level. However, refunds to taxpayers related to TABOR have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations have historically been significant factors in the changing fiscal status of the State's General Fund. The original decision to pay TABOR refunds out of the general fund continues to be important under Referendum C because revenues in excess of the TABOR limit that are recorded by cash funds remain in those funds (barring Legislative action) but are required to be budgeted and expended from the General Fund Exempt Account created in the General Fund by Referendum C.

In years when Referendum C was not in effect, the State's ability to retain revenues was also affected by a requirement in TABOR commonly referred to as the ratchet down effect. The ratchet down occurs because each year's revenue retention limit is calculated based on the lesser of the prior year's revenues or the prior year's limit. When revenues are below the limit, it results in a permanent loss of the State's ability to retain current and future revenues collected. Referendum C effectively suspended the ratchet down effect during the five-year refund hiatus by authorizing the State to retain and spend any amount in excess of the TABOR limit.

In the first three years of operations 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. The economic downturn in fiscal years 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in fiscal year 2003-04 precluded TABOR refunds in those years. The State was required to refund $41.1 million in fiscal year 2004-05.

After the Referendum C five-year excess revenue retention period that encompassed fiscal year 2005-06 through fiscal year 2009-10, the State is subject to an Excess State Revenue Cap (ESRC) starting in fiscal year 2010-11. Calculation of the TABOR retention limit continues to apply, but the ESRC replaces it as the limit that triggers tax payer refunds.

The basis for the ESRC is the highest adjusted TABOR revenue during the five-year excess revenue retention period; the highest adjusted TABOR revenue occurred in fiscal year 2007-08, and the ratchet down provision does not apply to the ESRC.

For fiscal year 2015-16, unaudited State revenues subject to TABOR were $12,824.4 million, which was $122.1 million under the ESRC, and $2,396.8 million over the retention limit. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit. At the end of fiscal year 2015-16 total refunds were $3,450.6 million since the inception of TABOR. At June 30, 2016 the State reported total TABOR refunds payable of $31.4 million.

During fiscal year 2015-16, Fort Lewis College and Western State Colorado University disqualified as TABOR-exempt enterprises, which resulted in an increase of $59.3 million of newly qualified TABOR revenue. Adams State University re-qualified as a TABOR-exempt enterprise, which resulted in a TABOR revenue decrease of

$16.9 million. As required by TABOR, the State Controller makes the qualification of new enterprises and disqualification of existing TABOR enterprises neutral in the excess revenue calculation. In fiscal year 2015-16, the TABOR limit was increased by total of $42.4 million related to these changes in the TABOR district.

**Referendum C**

Referendum C, approved by the voters in the November 2005 election, contained the following provisions:

- The State shall be authorized to retain and spend all revenues in excess of the limit on spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constitutes a voter approved revenue change.

- After July 1, 2010, the limit on fiscal year spending is effectively raised to the highest population and inflation adjusted nonexempt revenue amount in the period from July 1, 2005, and before July 1, 2010. This provision disables the ratchet down provision during the five-year period.

- A General Fund Exempt Account is created within the General Fund to consist of the retained revenues for each fiscal year. The Legislature shall appropriate the moneys in the account for health care, education (including related capital projects), firefighter and police pension funding, and strategic transportation projects. Spending from the General Fund Exempt Account is limited to five percent of personal income, with certain adjustments.

- The Director of Research of the Legislative Council shall report the amount of revenues retained with a description of how the retained revenues were expended.

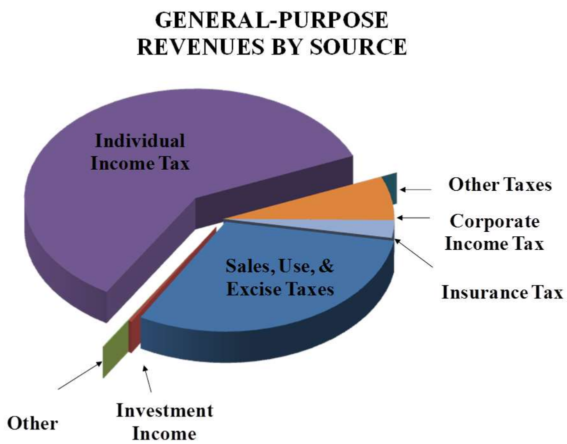
- The State retained $3,593.6 million during the five-year refund time-out period (fiscal year 2005-06 through 2009-10) authorized by Referendum C, and $11,179.8 million from fiscal year 2010-11 through 2015-16 due to the increasing ESRC as compared to TABOR limit, for a total of $14,773.4 million of retained Referendum C revenue.

## INDIVIDUAL FUND ANALYSIS

### General Fund

The General Fund is the focal point in determining the State's ability to maintain or improve its financial position. The General Fund includes all funds that do not have sufficient original source revenue streams to qualify as special revenue funds. As a result, the Public School Fund, Risk Management, and Other Special Purpose Funds reside in the General Fund. These funds are referred to as Special Purpose General Funds, while the General Purpose Revenue Fund comprises general activities of the State. Revenues of the General Purpose Revenue Fund consist of two broad categories – general-purpose revenues and augmenting revenues. General-purpose revenues are taxes, fines, and other similar sources that are collected without regard to how they will be spent. Augmenting revenues include federal funds, transfers-in, fees and charges, or specific user taxes. Augmenting revenues are usually limited as to how they can be spent. Even though significant federal grant revenues are accounted for in the General Purpose Revenue Fund, they have little impact on fund balance because most federal revenues are earned on a reimbursement basis and are closely matched with federal expenditures.

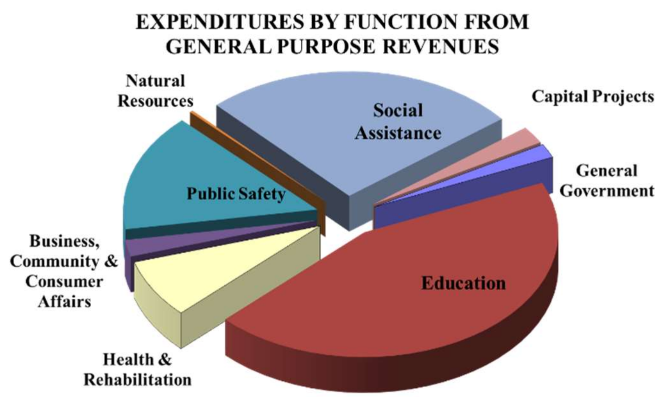
The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $1,076.6 million, $451.4 million of which was attributable to the General Purpose Revenue Fund, including non-spendable, restricted, committed, and assigned amounts. The General Purpose Revenue Fund decreased by $202.2 million from the prior fiscal year attributable to activities of fiscal year 2015-16. In fiscal year 2015-16, the State was able to fund the General Fund Statutory Reserve of $466.0 million on a budgetary basis, but was only able to reserve $386.5 million on a GAAP basis. The shortfall of $79.5 million in meeting the reserve on a GAAP basis was greater than the $52.6 million shortfall in the prior year, despite the reserve requirement decreasing by $110.5 million. The General Purpose Revenue Fund's $124.6 million year-end unrestricted cash and pooled cash balance decreased by $73.2 million from the prior year.




General Purpose revenues for fiscal years 2015-16 and 2014-15 were $17,973.0 million and $16,869.9 million, respectively – an increase of $1,103.0 million, or 6.5 percent. The largest contributor to the increase in general-purpose revenue was from federal grants and contracts which increased by $803.2 million or 11.3 percent ($736.1 million from the Title XIX Medicaid Program). Sales and use taxes also increased by $187.0 million or 6.9 percent over the prior year generally due to improving economic conditions. The only significant decline occurred with corporate income taxes which decreased $28.7 million, or 4.5 percent.

On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during fiscal years 2015-16 and 2014-15 were $9,637.7 million (see page 167) and $9,053.2 million, respectively. For fiscal year 2015-16, the total annual increase in general-funded appropriations was limited to 5.6 percent of personal income with certain adjustments. The primary adjustments are for changes in federal mandates, lawsuits against the State, and most transfers not appropriated by department. The limit is controlled through the legislative budget process.

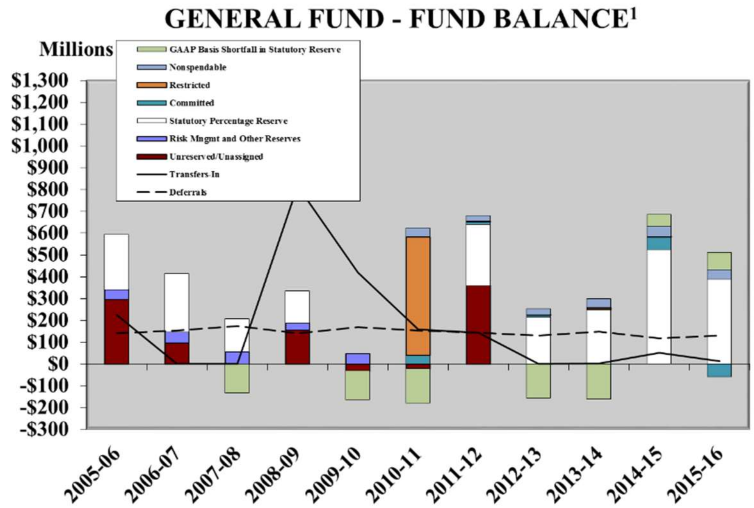
The special purpose portion of the General Fund's fund balance totaled $625.2 million at June 30, 2016. This comprises the State Public School Fund, Risk Management activities and Other Special Purpose Funds.




With expenditures reported using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 79.2 percent of all fiscal year 2015-16 general-funded expenditures, which was consistent with the prior year. The largest increases were in the Departments of Health Care Policy and Financing, Education, Higher Education, Revenue, Human Services, and Corrections. The Department of Health Care Policy and Financing's expenditures increased by $167.6 million, or 7.2 percent, due to eligibility and funding changes that are occurring with the national Medicaid modernization efforts and growth in Medicaid populations. The Department of Education's expenditures increased by $120.7 million, or 3.6 percent, due to increased enrollment, required annual increases in funding, and provisions of the School Finance Act. The Department of Higher Education's expenditures increased by $95.5 million, or 12.6 percent, related to the restoration of state funding to public institutions of higher education (an increase of $70.0 million) as well as student financial aid (an increase of $18.4 million). The Department of Revenue's expenditures increased by $61.2 million, or 28.8 percent. The Department of Human Services' expenditures increased by $45.2 million, or 5.8 percent, primarily due to increases in mental health programs, information technology projects, child welfare and abuse prevention, and children and youth programs. Finally, the Department of Correction's expenditures increased by $40.5 million, or 5.6 percent. There were two significant decreases in departmental expenditures compared to the prior fiscal year. The Department of Public Health and Environment's expenditures decreased by $10.2 million, or 16.9 percent, and the Department of Public Safety's expenditures decreased by $12.5 million, or 9.9 percent.

As required by Senate Bills 03-196 and 03-197, the State converted to cash basis accounting for certain expenditures in fiscal year 2002-03 and subsequent years. House Bill 09-1367 also deferred certain Office of Information Technology (OIT) expenditures into the subsequent year. These changes result in an ongoing difference between the GAAP fund balance and the budgetary basis fund balance of the General Fund. During fiscal year 2015-16, the State met the statutory required reserve on a budgetary basis but not a GAAP basis. The statutorily required process of deferring expenditures moved $98.9 million of payroll, $90.5 million of Medicaid, and $0.6 million of OIT expenditures into fiscal year 2016-17. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $59.1 million. In total, $12.8 million more (net expenditure and revenue deferrals) was deferred into fiscal year 2015-16 compared to fiscal year 2014-15.

The chart shows the changes in the major classifications of fund balance for the General Fund in accordance with generally accepted accounting principles (GAAP). Statutes in effect for fiscal year 2015-16 require a 5.6 percent fund balance reserve of $466.0 million. Statutory compliance was achieved on budgetary basis, but not on a GAAP basis by $79.5 million. On a budgetary basis, there were deferrals of $130.9 million of payroll, Medicaid, and other costs into fiscal year 2016-17. The deferrals and transfers-in have prevented shortfalls on a GAAP basis in each year except fiscal years 2005-06, 2006-07, 2008-09, and 2011-12 when adequate resources were available for a positive statutory reserve.




[1] Beginning in Fiscal year 2010-11, the implementation of GASB Statement No. 54 modified the required fund balance classifications. As a result, Risk Management and other Special Purpose Funds became part of General Fund fund balance. The General Purpose Revenue portion of the General Fund primarily comprises the Statutory Reserve and Unassigned balances, and the Special Purpose Revenue portion of the General Fund the remaining balances.

## Resource Extraction Fund

The fund balance of the Resource Extraction Fund decreased by $56.3 million, or 4.1 percent, from the prior fiscal year. Revenues of the fund, including severance taxes, mineral leasing, and fees associated with regulation of mining activities, decreased by $252.6 million, or 54.9 percent. Severance taxes decreased $204.4 million as a surplus in supply of oil and natural gas resulted in a decline in exploration and production. A Colorado Supreme Court decision affected the deductibility of certain costs by energy companies in the calculation of severance taxes due to the state which also contributed to the decline. Additionally, there was a decrease of $50.9 million in federal grants and contracts due to declining coal production. Expenditures include distributions to local governments, regulatory costs, and construction loans made to local governments and special districts to enhance the use of water resources of the State. A significant portion, $417.6 million, of the fund's total fund balance of $1,310.9 million, relates to long-term loans receivable from the financing of local government water projects by the Water Projects Fund. The balance of the loans receivable increased by $21.5 million, or 5.4 percent, compared to the prior fiscal year.

## Highway Users Tax Fund

The fund balance of the Highway Users Tax Fund (HUTF) increased by $42.9 million (4.3 percent) from the prior fiscal year. Revenues, expenditures, and transfers-out were consistent with the prior fiscal year. Capital outlay decreased $38.6 million (47.4 percent) from the prior fiscal year due to the completion of several multi-year projects during fiscal year 2015-16. The increase in fund balance was primarily attributable to an increase of $194.9 million for transfers-in compared to the prior fiscal year. Legislation in response to the economic downturn eliminated General Purpose Revenue Fund Surplus diversions to the HUTF. The transfer from the General Fund to the HUTF resumed in fiscal year 2015-16, which is the majority of the total transfers-in to the fund. The HUTF's total fund balance of $1,031.4 million is almost entirely (94.5 percent) restricted due to provisions of the State constitution which requires spending only for highway construction and maintenance. This restriction totals $975.0 million at June 30, 2016.

**Capital Projects Fund**

The fund balance of the Capital Projects Fund increased by $49.5 million (14.7 percent) from the prior fiscal year primarily due to increased funding from the General Purpose Revenue Fund. Transfers-in from the General Fund increased from $254.3 million in fiscal year 2014-15 to $275.7 million in fiscal year 2015-16 (8.4 percent). Total expenditures of the fund were $91.9 million in fiscal year 2015-16, an increase of $36.4 million, or 65.6 percent, compared to the prior fiscal year. The increase in expenditures was primarily in capital outlay and general government (construction services and building and land purchases totaling $24.4 million). Investment in capitalized Information Technology assets increased by $15.5 million.

**State Education Fund**

The fund balance of the State Education Fund declined by $381.8 million (55.6 percent) during fiscal year 2015-16. The fund balance has declined each since fiscal year 2012-13, which was the last year for a significant transfer-in from the General Fund, which was $1,073.5 million. The fund balance decline is due to efforts to maintain funding levels for public education during a time of statewide budget constraints. The majority of revenues for the fund are derived from a fixed percentage of certain taxpayer tax liabilities, which totaled $522.6 million and was an overall increase of $2.8 million relative to the prior fiscal year; an increase in revenues from individual and fiduciary income taxes of $14.7 million combined with a decrease in corporate income taxes of $11.9 million. Additionally, $25.3 million was transferred from the General Fund which was consistent with the transfer made from the General Fund in the prior fiscal year. Expenditures of the fund are limited by a constitutional amendment to certain educational programs meeting growth requirements in other programs. Expenditures of the fund totaled $886.1 million and $873.3 million in fiscal year 2015-16 and 2014-15, respectively.

**Higher Education Institutions**

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $147.1 million, or 5.1 percent, which includes the effect of a negative $5.3 million prior period adjustment. The fund has a variety of revenue and funding sources which, overall, were relatively consistent with the prior fiscal year. However, tuition and fees of the institutions increased by $116.1 million due to enrollment and tuition increases and sales of goods and services increased by $170.0 million from the provision of student health services, room and board, bookstore and athletics revenues. In addition, federal grants and contacts increased by $42.5 million and other operating revenues increased by $57.8 million. Investment income decreased by $11.6 million from the prior fiscal year. Overall, total operating revenues increased by 7.3 percent while total operating expenses increased by 7.2 percent. Higher Education Institutions received capital contributions of $43.7 million and $71.0 million in fiscal years 2015-16 and 2014-15, respectively. Transfers-in to the Higher Education Institutions fund totaled $418.9 million for fiscal year 2015-16, an increase of 21.8 percent compared to the prior fiscal year. Transfers-in are primarily from the General Fund for student financial aid and vocational training and from the Capital Projects Fund for capital construction.

**Unemployment Insurance**

The net position of the Unemployment Insurance Fund (UI) increased by $127.7 million (20.5 percent). Unemployment benefits paid declined by $5.0 million compared with a decline of $230.4 million during the prior fiscal year. The change in benefits paid is mirrored by a decrease of $6.5 million in federal grants received. Unemployment insurance premiums collected decreased by $94.9 million relative to the prior fiscal year due to a decrease in rates. Colorado statutes require management to adjust unemployment insurance premium tax rates when the fund's cash balance exceeds or is below established thresholds. Statutes were amended in the 2012 special legislative session to allow UI to issue bonds through the Colorado Housing and Finance Authority. UI bonds serve to stabilize insurance premium taxes that employers are required to pay through special assessments. The fund reports bonds payable of $125.4 million as of June 30, 2016. The fund's cash and pooled cash balance was $757.4 million, an increase of $22.9 million, or 3.1 percent, compared to the prior fiscal year.

**State Lottery**

The net position of the State Lottery fund decreased by $0.6 million, or a decline of 3.1 percent. The State Lottery generated operating income of $142.6 million for fiscal year 2015-16 which was up from $127.1 million reported for fiscal year 2014-15 on sales of goods and services of $594.4 million ($538.0 million for fiscal year 2014-15). The overall change represents a 12.2 percent increase in operating income due to a record Powerball jackpot of nearly $1.6 billion which led to lottery ticket sales growth. The Lottery distributed $63.7 million ($62.0 million in fiscal year 2014-15, a 2.8 percent increase) to the Great Outdoors Colorado program, a related organization, and transferred $80.3 million ($66.5 million in fiscal year 2014-15) to other State funds; $14.4 million primarily to fund operations of the State's Division of Parks and Recreation, $57.4 million to local governments through the Conservation Trust Fund, and $8.1 million to fund K-12 public school capital construction through the Building Excellent Schools Today grant program. Because of the requirement to distribute most of its income, the Lottery's net position, except the portion related to pension liabilities, is minimal and changes nominally from year to year.

## ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the General Fund Surplus Schedule included in Required Supplementary Information on page 167. That schedule isolates general-purpose revenues and expenditures funded from those revenues, and it is therefore the best source for identifying general-funded budget variances.

### Differences Between Original and Final Budgets

The following list shows departments that had net changes in general-funded budgets greater than $5.0 million and the significant amounts that impacted the change.

- Department of Corrections' net decrease was $16.8 million.
    - $42.2 million increase for Personal Services including Health, Life and Dental costs, and
    - $28.6 million decrease for PERA Amortization Equalization Disbursement.
- Department of Education's net decrease was $89.5 million
    - $93.5 million decrease for State Share of Districts Total Program Funding.
- Governor's Office's net decrease was $6.2 million
    - $4.5 million decrease for Economic Development Commission.
- Department of Health Care Policy and Financing's decrease was $8.0 million
    - $22.3 million increase for Medical and Long Term Care Services for Medicaid Eligible Individuals, and
    - $20.9 million decrease for Behavioral Health Capitation and Service Payments.
- Department of Human Services' net increase was $15.9 million
    - $17.9 million increase for Personal Services including Health, Life, and Dental costs, and
    - $12.9 million decrease for PERA Amortization Equalization Disbursement, and
    - $6.8 million increase for Colorado Benefits Management System modernization, and
    - $6.7 million increase for Child Welfare Services.
- Department of Public Safety's net decrease was $5.4 million
    - $3.0 million decrease for Community Corrections Placements and Facility Payments.
- Department of Revenue's net increase was $110.2 million
    - $108.3 million increase for Old Age Pension.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $15.3 million for fiscal year 2015-16 including deficit fund balances that are considered overexpenditures. General-funded overexpenditures are discussed in detail in Note 8A on page 84 at the individual line item appropriation level. In total, State departments reported general-funded appropriations reversions of $52.3 million. In addition, departments reverted $17.8 million of revenue earned in excess of the amount that was needed to support specific cash-funded appropriations in the General Fund. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had reversions of at least $1.0 million.

- Department of Health Care Policy and Financing – The department reverted $17.9 million (0.7 percent) primarily comprising:
    - $8.4 million in the Regional Centers line, and
    - $2.4 million in the Behavioral Health Capitation Payments line, and
    - $1.1 million in the Division of Community and Family Support Early Intervention Services line.
- Department of Human Services – The department reverted $9.8 million (1.2 percent) primarily comprising:
    - $1.9 million in the Home Care Allowance and Home Care Allowance Grant lines, and
    - $1.3 million in the Community Transition Services line, and
    - $0.9 million in the Purchases of Contract Placements line, and
    - $0.7 million in the Child Welfare Services line, and
    - $0.6 million in the line item for the Crisis Response System for Walk-in, Stabilization, Mobile, Residential, and Respite Services, and
    - $0.5 million in the Rural Co-occurring Disorder Services line.
- Department of Corrections – The department reverted $6.0 million (0.8 percent) primarily comprising:
    - $3.9 million in the Purchases of Medical Services from Other Medical Facilities line, and
    - $0.6 million in the Purchase of Pharmaceuticals line, and
    - $0.4 million in the Utilities line, and
    - $0.4 million in the Payments to In-State Private Prisons line.
- Department of Public Safety – The department reverted $6.0 million (5.0 percent) primarily comprising:
    - $2.8 million in the Community Corrections Placements line, and
    - $2.3 million in the Wildland Fire Management Services line.
- Department of Judicial – The department reverted $2.7 million (0.6 percent) primarily comprising:
    - $1.3 million related in the Personal Services line, and
    - $0.6 million in the Leased Space/Utilities line.
- Department of Treasury - The department reverted $2.2 million (1.6 percent) primarily comprising:
    - $2.2 million in the Reimbursement to County Treasurers line.
- Department of Revenue – The department reverted $1.7 million (0.6 percent) primarily comprising:
    - $0.8 million in the Old Age Heat and Fuel and Property Tax Assistance Grant line.
- Department of Local Affairs – The department reverted $1.5 million (5.4 percent) primarily comprising:
    - $0.7 million in the Local Government Field Services (Rural Economic Developments) line, and
    - $0.6 million in the Volunteer Firefighter Retirement Plan line.
- Governor's Office – The office reverted $1.1 million (3.1 percent) primarily comprising:
    - $0.5 million in the Colorado Office of Film, Television and Media line, and
    - $0.2 million in the Economic Development Commission line.

## CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2016, was $16.4 billion ($15.1 billion in fiscal year 2014-15). Included in this amount were $17.1 billion of depreciable capital assets after reduction for $10.7 billion of accumulated depreciation. Also included was $3.5 billion of land, construction in progress, and non-depreciable infrastructure and other assets. The State added $849.1 million and $940.7 million of capital assets in fiscal year 2015-16 and 2014-15, respectively. Of the fiscal year 2015-16 additions, $120.1 million was recorded by governmental funds and $729.0 million was recorded by business-type activities. General-purpose revenues funded $271.1 million of capital and controlled maintenance expenditures during fiscal year 2015-16 and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing. The table below provides information on the State's capital assets by asset type for both governmental and business-type activities.

The State's capital assets at June 30, 2016 and 2015, were (see Note 17 for additional detail):

(Amounts in Millions)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Capital Assets Not Being Depreciated | | | | | | |
| Land and Land Improvements | $ 118 | $ 112 | $ 566 | $ 542 | $ 684 | $ 654 |
| Collections | 11 | 11 | 27 | 25 | 38 | 36 |
| Other Capital Assets | 2 | 1 | 15 | 15 | 17 | 16 |
| Construction in Progress | 757 | 898 | 1,006 | 1,180 | 1,763 | 2,078 |
| Infrastructure | 964 | 946 | 38 | 25 | 1,002 | 971 |
| Total Capital Assets Not Being Depreciated | 1,852 | 1,968 | 1,652 | 1,787 | 3,504 | 3,755 |
| Capital Assets Being Depreciated | | | | | | |
| Buildings and Related Improvements | 3,226 | 2,903 | 9,076 | 8,331 | 12,302 | 11,234 |
| Software | 309 | 297 | 228 | 201 | 537 | 498 |
| Vehicles and Equipment | 908 | 870 | 1,083 | 1,046 | 1,991 | 1,916 |
| Library Books, Collections, and Other Capital Assets | 43 | 44 | 561 | 539 | 604 | 583 |
| Infrastructure | 11,424 | 11,041 | 855 | 446 | 12,279 | 11,487 |
| Total Capital Assets Being Depreciated | 15,910 | 15,155 | 11,803 | 10,563 | 27,713 | 25,718 |
| Accumulated Depreciation | (5,901) | (5,381) | (4,752) | (4,374) | (10,653) | (9,755) |
| Total | $ 11,861 | $ 11,742 | $ 8,703 | $ 7,976 | $ 20,564 | $ 19,718 |

The State is constitutionally prohibited from issuing general obligation debt except to fund buildings for State use, to defend the State or the U.S. in time of war, or to provide for unforeseen revenue shortfalls. Except for exempt enterprises, 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. TABOR does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address revenue shortfalls by borrowing for capital expenditures. However, the State has issued Certificates of Participation (COPs) secured by buildings and vehicles and has issued 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 (TRANs), the pledged revenue stream is future federal revenues and State highway users taxes. Through the Colorado Housing and Finance Authority, the Division of Unemployment Insurance, a TABOR designated enterprise, issued bonds to spread the impact of the increased premiums resulting from the recession. The bonds will be repaid through employer insurance premiums collected over the life of the bonds. The State has other forms of borrowing that are small in relation to the revenue bonds and COPs. The schedule that follows shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for capital leases, bonds and COPS (see Note 24). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

Fiscal Year 2015-16
(Amounts in Millions)

| | Capital Leases | | Revenue Bonds | | Certificates of Participation | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Governmental Activities | $ 150.7 | $ 17.1 | $ 127.9 | $ 2.7 | $ 1,205.2 | $ 675.1 | $ 1,483.8 | $ 694.9 |
| Business-Type Activities | 57.1 | 10.0 | 4,320.6 | 2,755.6 | 372.7 | 110.0 | 4,750.4 | 2,875.6 |
| Total | $ 207.8 | $ 27.1 | $ 4,448.5 | $ 2,758.3 | $ 1,577.9 | $ 785.1 | $ 6,234.2 | $ 3,570.5 |

Fiscal Year 2014-15
(Amounts in Millions)

| | Capital Leases | | Revenue Bonds | | Certificates of Participation | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| Governmental Activities | $ 172.3 | $ 26.8 | $ 289.8 | $ 12.9 | $ 1,227.8 | $ 730.6 | $ 1,689.9 | $ 770.3 |
| Business-Type Activities | 54.3 | 9.5 | 4,242.8 | 2,738.4 | 399.2 | 127.2 | 4,696.3 | 2,875.1 |
| Total | $ 226.6 | $ 36.3 | $ 4,532.6 | $ 2,751.3 | $ 1,627.0 | $ 857.8 | $ 6,386.2 | $ 3,645.4 |

For fiscal year 2015-16, the total principal amount of capital leases, revenue bonds, and COPs was 39.6 percent of noncapital assets, as compared to 39.9 percent in the prior year. This percentage declined because noncapital assets decreased 1.5 percent while the principal amount of capital leases, revenue bonds, and COPs decreased 2.3 percent. The decrease in governmental activities was related to principal payments on the Department of Transportation's Transportation Revenue Anticipation Notes ($159.3 million) and the fact that there were not any significant new issuances of COPs. Business-type activities increased primarily due to additional financing of capital projects by Higher Education Institutions. Total per capita borrowing including bonds, Certificates of Participation, mortgages, notes, and capital leases was $1,196, $1,221, $1,200, $1,159 and $1,180 per person in fiscal years 2015-16, 2014-15, 2013-14, 2012-13 and 2011-12, respectively.

## CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State that were included in the fiscal year 2014-15 Management's Discussion and Analysis continue to affect the State at the end of fiscal year 2015-16, as follows:

- Referendum C Sunsets – Referendum C was passed by the voters in November 2005 and allowed the State to retain all revenues in excess of the TABOR limit for a five-year period from fiscal year 2005-06 through fiscal year 2009-10. During that period, the State retained $3,593.6 million that otherwise would have been required to be refunded to State taxpayers. No amounts were retained in fiscal years 2008-09 or 2009-10. Referendum C created an Excess State Revenue Cap (ESRC) that increases each year for inflation and population growth and allows the State to retain and spend amounts above the TABOR limit and below the ESRC. This provision removes the effect of the TABOR ratchet down provision (discussed earlier in this MD&A). However, economic recovery and State revenue growth rates in excess of the population and inflation adjustment will result in future refunds of TABOR revenues in excess of the ESRC. As discussed earlier, the ESRC was exceeded during fiscal year 2014-15 which resulted in a TABOR refund payable liability at June 30, 2016 of $31.4 million. No TABOR refund resulted from the operations of fiscal year 2015-16.

- Pension Plan Contributions

  - Like most institutions that rely heavily on investments, the Public Employees Retirement Association (PERA) was severely affected by the global economic downturn beginning in 2008. A negative 26.0 percent return on investments in 2008 was partially offset by positive returns in subsequent years, most recently 15.6 percent, 5.7 percent, and 1.6 percent in 2013, 2014, and 2015, respectively. These investment returns caused the funded ratio (actuarial value of assets, using a four-year smoothed-market value, divided by the actuarial accrued liability) of the State Division of PERA to decline from 73.3 percent at December 31, 2007 to 57.6 percent at December 31, 2015.

  - In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that adds three percentage points to the annual contribution (from amounts otherwise available for employee salary increases) in addition to the three percentage points required by the Amortization Equalization Disbursement (AED), which was approved in the 2004 legislative session. In the 2010 legislative session, the General Assembly extended the increases required by the AED and SAED. The AED will continue to increase 0.4 percentage points from calendar years 2013 through 2017. The SAED will continue to increase one-half percentage point from calendar years 2014 through 2017. These legislative changes increase the employer's annual contribution for most employees from 17.45 percent in 2014 to 20.15 percent in 2017 and beyond. If the funding ratio of the plan reaches 103 percent, both the AED and SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent of salary.

- For 2015, the actuarially determined contribution (ADC) rate was 22.35 percent. The deficiency of the statutory contribution rate compared to the ADC is expected to continue until all of the benefit and contribution reforms in statute are fully implemented.
- Senate Bill 10-001 made significant changes to the plan provisions that will affect the State over the long-term by improving the funded status of the plan. The most significant changes affecting the State Division of the plan include reducing the former 3.5 percent annual increase for retiree benefits to the lesser of the consumer price index or 2.0 percent, changing the timing of the annual increase, and making the annual increase contingent on the plan's funded status; extending the AED and SAED as discussed above; requiring future early retirement adjustments to be actuarially neutral; limiting annual increases in the highest average salary calculation for future retirees to 8.0 percent; removing the indexing of benefits for future retirees who become inactive with more than 25 years of service; changing the vesting period required for employer matching contributions; increasing the combined age and years of service requirement for current nonvested employees to 85, to 88 for new hires on or after January 1, 2011, to 90 for new hires on or after January 1, 2017, and increasing the related minimum retirement age; and requiring retirees returning to work for a PERA employer to pay member contributions that are not refundable and that do not increase service credits. Some of the changes authorized by Senate Bill 10-001 were the subject of a class action lawsuit naming the Governor and certain PERA Board members in claiming the changes are unconstitutional and seeking a mandatory injunction requiring payment of the annual increase in effect before the passage of Senate Bill 10-001. On October 20, 2014, after several proceedings, the Colorado Supreme Court ruled in favor of PERA.
- To provide budgetary relief for the State, Senate Bill 10-146 required that beginning July 1, 2010, members contribute an additional 2.5 percent of salary to their member accounts and the employer contribution rate be reduced to 11.35 percent. In the 2011 legislative session, Senate Bill 11-076 continued the 2.5 percent swap an additional year through June 30, 2012. This legislation sunset as of June 30, 2012.

♦ <u>Election 2000 Amendment 23</u> – This constitutional requirement was originally designed to exempt a portion of State revenues from TABOR and dedicate those revenues to education programs. With the passage of Referendum C in 2000 and the deterioration of general-funded revenues during fiscal years 2008-09 and 2009-10, and the implementation of the Excess State Revenue Cap in fiscal year 2010-11, revenues in excess of the TABOR limit were not refunded in fiscal year 2014-15. However, resources that were once general-purpose revenues continue to be diverted to the State Education Fund. For fiscal year 2015-16, $944.7 million was budgeted from the State Education Fund. Revenues included $25.3 million in direct transfers in from the General Fund in addition to the exempted portion of revenues collected under Amendment 23. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2010-11 and by inflation thereafter. This requirement will have an increasing impact if the inflation rate increases. The revenue diversion and mandated expenditure growth infringes on general funding for other programs when State revenues decline with the business cycle. Notwithstanding these expenditure increases, the State continues to face legal challenges that assert the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution.

♦ <u>Cash Basis Accounting</u> – For Fiscal Year 2002-03 and following years, the Legislature changed the budgetary accounting for June payroll and certain Medicaid expenditures to the cash basis and deferred June paydates until July (after fiscal year-end). During fiscal year 2007-08, similar treatment was extended to certain Old Age Pension, Medicare, and Children's Basic Health Plan expenditures. In fiscal year 2008-09, this treatment was applied to an additional month of Medicare payments, and legislation was passed to extend the pay date shift beginning in fiscal year 2010-11 to all information technology staff formerly paid by the General Purpose Revenue Fund. Each of these items causes the outflow of resources to be deferred into the following year for General Fund budget purposes. As a result, the State does not use full or modified accrual accounting to calculate budgetary compliance. Instead, potentially significant liabilities ($59.1 million net of related deferred revenue in fiscal year 2015-16) are delayed until the following year assuming that subsequent revenues will be adequate to pay those liabilities. In Fiscal Year 2011-12, legislation was passed to eliminate the deferral of June pay dates until July for employees paid on a biweekly basis beginning in Fiscal Year 2012-13. Departures from generally accepted accounting principles (GAAP) such as this could adversely affect the State's credit rating. It will be difficult for the State to return to the GAAP basis of accounting for budgetary expenditures because of the significant one-time budgetary impact of recording payroll, Medicaid, and other expenditures that were previously deferred.

- General Fund Liquidity – The General Purpose Revenue Fund shows a cash balance of $124.6 million at June 30, 2016, providing apparent liquidity. The General Purpose Revenue Fund taxes receivable increased by $68.3 million to $1,435.6 million, tax refunds payable increased by $140.8 million to $792.9 million, and deferred inflows related to the tax receivables that are not expected to be collected within the next year also increased by $39.9 million to $218.3 million. The tax receivable and related refunds are based on the best economic data available at year-end; however, economic projections rarely identify inflection points in the economy. If the State's economy experiences another downturn, tax receivables will likely decline (due to declining personal income) and tax refunds will likely increase (due to higher than required estimated tax and withholding payments) putting additional pressure on the fund balance of the General Purpose Revenue Fund. The General Fund legally has access to short-term borrowing from the cash balances of other funds. However, those transfers become increasingly difficult as accessible cash fund balances are depleted from transfers in prior years.

- Debt Service

  - Principal and interest payments on the remaining $127.9 million of Transportation Revenue Anticipation Notes issued by the Colorado Department of Transportation will be made during fiscal year 2016-17. No debt service for these notes extends beyond fiscal year 2016-17. While a portion of the debt service will be funded by federal funds, a significant amount will be funded by State sources. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, and legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10.

  - In Fiscal Year 2010-11, the Bridge Enterprise in the Department of Transportation issued $300.0 million of enterprise fund revenue bonds to be paid from fees. Debt service over the next five years averages $18.2 million for interest. Principal payments will start in Fiscal Year 2024-2025.

  - In previous years, the State entered into lease purchase agreements for all or a portion of various construction projects including the Ralph L. Carr Justice Center, the Colorado History Center, a prison, a hospital building, a number of school buildings in local school districts, and the office consolidation at the Department of Agriculture. The average debt service over the next five years is $99.9 million for these lease purchase agreements. The majority of the revenue streams to cover the debt service payments comprise cash sources, as there is no general obligation associated with these lease purchases and the investors' sole recourse is the leased asset. However, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service-potential represented by these capital assets.

# BASIC FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES | PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES | PRIMARY GOVERNMENT TOTAL | COMPONENT UNITS |
|---|---|---|---|---|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Pooled Cash | $ 2,703,416 | $ 2,525,453 | $ 5,228,869 | $ 278,268 |
| Investments | - | 392,188 | 392,188 | 7,795 |
| Taxes Receivable, net | 1,251,185 | 123,638 | 1,374,823 | - |
| Contributions Receivable, net | - | - | - | 56,681 |
| Other Receivables, net | 572,655 | 640,664 | 1,213,319 | 81,857 |
| Due From Other Governments | 440,053 | 94,860 | 534,913 | 3,411 |
| Internal Balances | 28,967 | (28,967) | - | - |
| Due From Component Units | 347 | 18,188 | 18,535 | - |
| Inventories | 53,261 | 54,748 | 108,009 | - |
| Prepaids, Advances and Deposits | 67,468 | 28,756 | 96,224 | 5,534 |
| Total Current Assets | 5,117,352 | 3,849,528 | 8,966,880 | 433,546 |
| Noncurrent Assets: | | | | |
| Restricted Assets: | | | | |
| Restricted Cash and Pooled Cash | 1,923,920 | 457,926 | 2,381,846 | 123,726 |
| Restricted Investments | 732,662 | 167,540 | 900,202 | 158,737 |
| Restricted Receivables | 510,028 | 40,009 | 550,037 | 2,532 |
| Investments | 219,369 | 1,941,040 | 2,160,409 | 2,366,357 |
| Contributions Receivable, net | - | - | - | 139,051 |
| Other Long-Term Assets | 675,809 | 129,425 | 805,234 | 900,600 |
| Depreciable Capital Assets and Infrastructure, net | 9,976,023 | 7,050,226 | 17,026,249 | 206,324 |
| Land and Nondepreciable Capital Assets | 1,851,910 | 1,652,441 | 3,504,351 | 58,360 |
| Depreciable Capital Assets for Investment | 33,055 | - | 33,055 | - |
| Total Noncurrent Assets | 15,922,776 | 11,438,607 | 27,361,383 | 3,955,687 |
| TOTAL ASSETS | 21,040,128 | 15,288,135 | 36,328,263 | 4,389,233 |
| DEFERRED OUTFLOW OF RESOURCES: | 818,761 | 649,853 | 1,468,614 | 3,715 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Tax Refunds Payable | 856,076 | - | 856,076 | - |
| Accounts Payable and Accrued Liabilities | 1,166,681 | 771,248 | 1,937,929 | 30,056 |
| TABOR Refund Liability (Note 8B) | 31,358 | - | 31,358 | - |
| Due To Other Governments | 232,724 | 38,615 | 271,339 | 200 |
| Due To Component Units | - | 645 | 645 | - |
| Unearned Revenue | 123,769 | 306,222 | 429,991 | - |
| Accrued Compensated Absences | 11,522 | 22,761 | 34,283 | - |
| Claims and Judgments Payable | 46,343 | - | 46,343 | - |
| Leases Payable | 28,261 | 9,132 | 37,393 | - |
| Notes, Bonds, and COPs Payable | 171,835 | 267,134 | 438,969 | 53,150 |
| Other Current Liabilities | 29,525 | 139,765 | 169,290 | 169,339 |
| Total Current Liabilities | 2,698,094 | 1,555,522 | 4,253,616 | 252,745 |
| Noncurrent Liabilities: | | | | |
| Deposits Held In Custody For Others | 90 | 20 | 110 | 376,818 |
| Accrued Compensated Absences | 154,510 | 293,365 | 447,875 | - |
| Claims and Judgments Payable | 276,010 | 39,657 | 315,667 | - |
| Capital Lease Payable | 122,404 | 47,994 | 170,398 | - |
| Derivative Instrument Liability | - | 13,222 | 13,222 | - |
| Notes, Bonds, and COPs Payable | 1,174,467 | 4,480,091 | 5,654,558 | 664,796 |
| Due to Component Units | - | 1,631 | 1,631 | - |
| Net Pension Liability | 6,295,004 | 3,957,073 | 10,252,077 | 3,333 |
| Other Postemployment Benefits | - | 289,133 | 289,133 | - |
| Other Long-Term Liabilities | 415,669 | 28,569 | 444,238 | 76,143 |
| Total Noncurrent Liabilities | 8,438,154 | 9,150,755 | 17,588,909 | 1,121,090 |
| TOTAL LIABILITIES | 11,136,248 | 10,706,277 | 21,842,525 | 1,373,835 |
| DEFERRED INFLOW OF RESOURCES: | 133,375 | 250,058 | 383,433 | 405 |
| NET POSITION: | | | | |
| Net investment in Capital Assets: | 11,330,474 | 5,051,345 | 16,381,819 | 216,840 |
| Restricted for: | | | | |
| Construction and Highway Maintenance | 966,743 | - | 966,743 | - |
| Education | 309,957 | 462,636 | 772,593 | - |
| Unemployment Insurance | - | 740,049 | 740,049 | - |
| Debt Service | 68,105 | 85,617 | 153,722 | - |
| Emergencies | 217,328 | 34,000 | 251,328 | - |
| Permanent Funds and Endowments: | | | | |
| Expendable | 5,801 | 157,611 | 163,412 | 1,107,777 |
| Nonexpendable | 950,976 | 83,274 | 1,034,250 | 911,004 |
| Other Purposes | 717,185 | 101,209 | 818,394 | 633,718 |
| Unrestricted | (3,977,303) | (1,734,088) | (5,711,391) | 149,369 |
| TOTAL NET POSITION | $ 10,589,266 | $ 4,981,653 | $ 15,570,919 | $ 3,018,708 |

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

## STATEMENT OF ACTIVITIES
## FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) Functions/Programs | Expenses | | Program Revenues | | |
|---|---|---|---|---|---|
| | Expenses | Indirect Cost Allocation | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Primary Government:** | | | | | |
| Governmental Activities: | | | | | |
| General Government | $ 507,827 | $ (22,216) | $ 151,844 | $ 198,343 | $ 3,050 |
| Business, Community, and Consumer Affairs | 775,342 | 2,116 | 145,016 | 308,908 | - |
| Education | 5,858,569 | 1,395 | 22,594 | 644,027 | - |
| Health and Rehabilitation | 2,896,123 | 2,718 | 102,441 | 1,764,254 | - |
| Justice | 2,203,272 | 5,886 | 240,524 | 114,740 | 56 |
| Natural Resources | 134,323 | 1,168 | 146,495 | 79,107 | - |
| Social Assistance | 8,823,596 | 2,003 | 912,678 | 5,330,406 | - |
| Transportation | 1,828,499 | 1,869 | 451,784 | 138,361 | 816,215 |
| Interest on Debt | 62,021 | - | - | - | - |
| Total Governmental Activities | 23,089,572 | (5,061) | 2,173,376 | 8,578,146 | 819,321 |
| Business-Type Activities: | | | | | |
| Higher Education | 6,444,072 | 2,830 | 4,305,427 | 1,835,957 | 43,183 |
| Unemployment Insurance | 531,607 | - | 607,520 | 41,644 | - |
| Lottery | 517,200 | 647 | 596,052 | 813 | - |
| Parks and Wildlife | 202,866 | 928 | 154,071 | 35,069 | (187) |
| College Assist | 320,660 | 114 | 8 | 346,633 | - |
| Other Business-Type Activities | 281,929 | 542 | 274,376 | 189,047 | - |
| Total Business-Type Activities | 8,298,334 | 5,061 | 5,937,454 | 2,449,163 | 42,996 |
| Total Primary Government | 31,387,906 | - | 8,110,830 | 11,027,309 | 862,317 |
| **Component Units:** | | | | | |
| Colorado Water Resources and Power Development Authority | 47,017 | | 33,610 | 50,899 | |
| University of Colorado Foundation | 131,258 | | | 143,111 | |
| Colorado State University Foundation | 52,693 | | | 101,629 | |
| Colorado School of Mines Foundation | 28,420 | | 1,900 | 4,905 | |
| University of Northern Colorado Foundation | 11,656 | | | 5,773 | |
| Other Component Units | 27,139 | | 21,499 | 161 | 2,088 |
| Total Component Units | $ 298,183 | $ - | $ 57,009 | $ 306,478 | $ 2,088 |

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 (Losses)
Other General Revenues

Special Items (See Note 41)
(Transfers-Out) / Transfers-In
Internal Capital Contributions
Permanent Fund Additions
Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Fiscal Year Beginning
Prior Period Adjustment (See Note 29A)
Accounting Changes (Note 29B)
Net Position - Fiscal Year Ending

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | Component Units |
| $ (132,374) | $ - | $ (132,374) | |
| (323,534) | - | (323,534) | |
| (5,193,343) | - | (5,193,343) | |
| (1,032,146) | - | (1,032,146) | |
| (1,853,838) | - | (1,853,838) | |
| 90,111 | - | 90,111 | |
| (2,582,515) | - | (2,582,515) | |
| (424,008) | - | (424,008) | |
| (62,021) | - | (62,021) | |
| (11,513,668) | - | (11,513,668) | |
| - | (262,335) | (262,335) | |
| - | 117,557 | 117,557 | |
| - | 79,018 | 79,018 | |
| - | (14,841) | (14,841) | |
| - | 25,867 | 25,867 | |
| - | 180,952 | 180,952 | |
| - | 126,218 | 126,218 | |
| (11,513,668) | 126,218 | (11,387,450) | |
| - | - | - | 37,492 |
| - | - | - | 11,853 |
| - | - | - | 48,936 |
| - | - | - | (21,615) |
| - | - | - | (5,883) |
| - | - | - | (3,391) |
| - | - | - | 67,392 |
| 2,940,839 | - | 2,940,839 | - |
| 290,276 | - | 290,276 | - |
| 6,061,679 | - | 6,061,679 | - |
| 643,761 | - | 643,761 | - |
| 410,277 | - | 410,277 | - |
| 474,623 | - | 474,623 | - |
| 47,977 | - | 47,977 | - |
| 609,678 | - | 609,678 | - |
| 409 | - | 409 | - |
| 15,705 | - | 15,705 | 17,082 |
| 107,005 | - | 107,005 | 8,263 |
| - | - | - | (1,721) |
| (352,733) | 352,733 | - | - |
| (1,583) | 10,183 | 8,600 | - |
| 80 | - | 80 | - |
| 11,247,993 | 362,916 | 11,610,909 | 23,624 |
| (265,675) | 489,134 | 223,459 | 91,016 |
| 10,796,794 | 4,497,828 | 15,294,622 | 2,930,718 |
| 58,147 | (5,309) | 52,838 | - |
| - | - | - | (3,026) |
| $ 10,589,266 | $ 4,981,653 | $ 15,570,919 | $ 3,018,708 |

**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | GENERAL | RESOURCE EXTRACTION | HIGHWAY USERS TAX |
|---|---|---|---|
| ASSETS: | | | |
| Cash and Pooled Cash | $ 272,814 | $ 756,012 | $ 56,696 |
| Taxes Receivable, net | 1,435,618 | - | - |
| Other Receivables, net | 427,768 | 23,582 | 3,271 |
| Due From Other Governments | 397,482 | 2,551 | - |
| Due From Other Funds | 88,688 | 18,899 | 5,033 |
| Due From Component Units | 347 | - | - |
| Inventories | 7,522 | 35,868 | 8,860 |
| Prepaids, Advances and Deposits | 38,089 | 18,546 | 1,252 |
| Restricted Assets: | | | |
| Restricted Cash and Pooled Cash | 427,861 | 109,772 | 752,176 |
| Restricted Investments | - | - | - |
| Restricted Receivables | 56,851 | - | 453,177 |
| Investments | 22,176 | - | - |
| Other Long-Term Assets | - | 417,554 | 12,150 |
| Depreciable Capital Assets and Infrastructure, net | - | - | 30 |
| Land and Nondepreciable Capital Assets | - | - | - |
| Capital Assets Held as Investments | - | - | - |
| TOTAL ASSETS | $ 3,175,216 | $ 1,382,784 | $ 1,292,645 |
| LIABILITIES: | | | |
| Tax Refunds Payable | $ 849,726 | - | $ 4,860 |
| Accounts Payable and Accrued Liabilities | 761,054 | 16,404 | 203,740 |
| TABOR Refund Liability (Note 8B) | 31,358 | - | - |
| Due To Other Governments | 128,481 | 42,306 | 34,195 |
| Due To Other Funds | 64,177 | 3,911 | 634 |
| Unearned Revenue | 26,347 | 9,222 | 16,834 |
| Compensated Absences Payable | 27 | 1 | - |
| Claims and Judgments Payable | 248 | - | - |
| Other Current Liabilities | 17,904 | - | 28 |
| Deposits Held In Custody For Others | 2 | - | - |
| TOTAL LIABILITIES | 1,879,324 | 71,844 | 260,291 |
| DEFERRED INFLOW OF RESOURCES: | 219,310 | - | 933 |
| FUND BALANCES: | | | |
| Nonspendable: | | | |
| Long-term Portion of Interfund Loans Receivable | - | - | 30 |
| Inventories | 7,522 | 35,868 | 8,860 |
| Permanent Fund Principal | - | - | - |
| Prepaids | 37,977 | 18,546 | 1,252 |
| Restricted | 497,814 | 66,000 | 975,001 |
| Committed | 513,986 | 1,190,526 | 46,278 |
| Assigned | 19,283 | - | - |
| TOTAL FUND BALANCES | 1,076,582 | 1,310,940 | 1,031,421 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 3,175,216 | $ 1,382,784 | $ 1,292,645 |

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

| CAPITAL PROJECTS | STATE EDUCATION | OTHER GOVERNMENTAL FUNDS | TOTAL |
|---|---|---|---|
| $ 389,655 | $ - | $ 1,182,074 | $ 2,657,251 |
| - | - | 36,428 | 1,472,046 |
| 164 | - | 114,358 | 569,143 |
| 1,741 | - | 38,015 | 439,789 |
| 786 | - | 11,743 | 125,149 |
| - | - | - | 347 |
| - | - | 299 | 52,549 |
| 34 | 113 | 5,354 | 63,388 |
| | | | |
| - | 311,476 | 322,635 | 1,923,920 |
| - | - | 732,662 | 732,662 |
| - | - | - | 510,028 |
| 4,290 | - | 192,903 | 219,369 |
| 49 | - | 24,294 | 454,047 |
| - | - | - | 30 |
| - | - | 69,160 | 69,160 |
| - | - | 33,055 | 33,055 |
| $ 396,719 | $ 311,589 | $ 2,762,980 | $ 9,321,933 |
| | | | |
| $ - | $ - | $ 1,490 | $ 856,076 |
| 9,324 | 7,149 | 130,779 | 1,128,450 |
| - | - | - | 31,358 |
| - | - | 27,742 | 232,724 |
| 1,195 | - | 35,721 | 105,638 |
| 6 | - | 59,420 | 111,829 |
| - | - | 6 | 34 |
| - | - | 140 | 388 |
| - | - | 6,879 | 24,811 |
| - | - | 88 | 90 |
| 10,525 | 7,149 | 262,265 | 2,491,398 |
| | | | |
| - | - | 867 | 221,110 |
| | | | |
| - | - | 19,141 | 19,171 |
| - | - | 298 | 52,548 |
| - | - | 1,043,619 | 1,043,619 |
| 32 | 114 | 5,354 | 63,275 |
| 5 | 304,326 | 237,287 | 2,080,433 |
| 386,157 | - | 1,194,149 | 3,331,096 |
| - | - | - | 19,283 |
| 386,194 | 304,440 | 2,499,848 | 6,609,425 |
| | | | |
| $ 396,719 | $ 311,589 | $ 2,762,980 | $ 9,321,933 |

**GOVERNMENTAL FUNDS BALANCE SHEET**
**RECONCILED TO**
**STATEMENT OF NET POSITION**
**JUNE 30, 2016**

| | | (A) | (B) | (C) | (D) | (E) | (F) | |
|---|---|---|---|---|---|---|---|---|
| (DOLLARS IN THOUSANDS) | TOTAL GOVERNMENTAL FUNDS | INTERNAL SERVICE FUNDS | CAPITAL ASSET BALANCES | DEBT RELATED BALANCES | CENTRALIZED RISK MANAGEMENT LIABILITIES | OTHER MEASUREMENT FOCUS ADJUSTMENTS | INTERNAL BALANCES ELIMINATION | STATEMENT OF NET POSITION TOTALS |
| ASSETS: | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash and Pooled Cash | $ 2,657,251 | $ 46,165 | $ - | $ - | $ - | $ - | $ - | $ 2,703,416 |
| Taxes Receivable, net | 1,472,046 | - | - | - | - | (220,861) | - | 1,251,185 |
| Other Receivables, net | 569,143 | 3,512 | - | - | - | - | - | 572,655 |
| Due From Other Governments | 439,789 | 264 | - | - | - | - | - | 440,053 |
| Due From Other Funds | 125,149 | 14,499 | - | - | - | - | (110,681) | 28,967 |
| Due From Component Units | 347 | - | - | - | - | - | - | 347 |
| Inventories | 52,549 | 712 | - | - | - | - | - | 53,261 |
| Prepaids, Advances and Deposits | 63,388 | 4,080 | - | - | - | - | - | 67,468 |
| Total Current Assets | 5,379,662 | 69,232 | - | - | - | (220,861) | (110,681) | 5,117,352 |
| Noncurrent Assets: | | | | | | | | |
| Restricted Cash and Pooled Cash | 1,923,920 | - | - | - | - | - | - | 1,923,920 |
| Restricted Investments | 732,662 | - | - | - | - | - | - | 732,662 |
| Restricted Receivables | 510,028 | - | - | - | - | - | - | 510,028 |
| Investments | 219,369 | - | - | - | - | - | - | 219,369 |
| Other Long-Term Assets | 454,047 | - | - | - | - | 221,762 | - | 675,809 |
| Depreciable Capital Assets and Infrastructure, net | 30 | 131,145 | 9,844,848 | - | - | - | - | 9,976,023 |
| Land and Nondepreciable Capital Assets | 69,160 | 1,287 | 1,781,463 | - | - | - | - | 1,851,910 |
| Depreciable Capital Assets for Investment | 33,055 | - | - | - | - | - | - | 33,055 |
| Total Noncurrent Assets | 3,942,271 | 132,432 | 11,626,311 | - | - | 221,762 | - | 15,922,776 |
| TOTAL ASSETS | 9,321,933 | 201,664 | 11,626,311 | - | - | 901 | (110,681) | 21,040,128 |
| DEFERRED OUTFLOW OF RESOURCES: | - | 55,602 | - | 763,159 | - | - | - | 818,761 |
| LIABILITIES: | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Tax Refunds Payable | 856,076 | - | - | - | - | - | - | 856,076 |
| Accounts Payable and Accrued Liabilities | 1,128,450 | 31,085 | - | 7,146 | - | - | - | 1,166,681 |
| TABOR Refund Liability (Note 8B) | 31,358 | - | - | - | - | - | - | 31,358 |
| Due To Other Governments | 232,724 | - | - | - | - | - | - | 232,724 |
| Due To Other Funds | 105,638 | 5,043 | - | - | - | - | (110,681) | - |
| Unearned Revenue | 111,829 | 12,113 | - | - | - | (173) | - | 123,769 |
| Compensated Absences Payable | 34 | 427 | - | - | - | 11,061 | - | 11,522 |
| Claims and Judgments Payable | 388 | - | - | - | 37,453 | 8,502 | - | 46,343 |
| Leases Payable | - | 20,214 | - | 8,047 | - | - | - | 28,261 |
| Notes, Bonds, and COPs Payable | - | - | - | 171,835 | - | - | - | 171,835 |
| Other Current Liabilities | 24,811 | 270 | - | - | - | 4,444 | - | 29,525 |
| Total Current Liabilities | 2,491,308 | 69,152 | - | 187,028 | 37,453 | 23,834 | (110,681) | 2,698,094 |
| Noncurrent Liabilities: | | | | | | | | |
| Deposits Held In Custody For Others | 90 | - | - | - | - | - | - | 90 |
| Accrued Compensated Absences | - | 9,792 | - | - | - | 144,718 | - | 154,510 |
| Claims and Judgments Payable | - | - | - | - | 121,146 | 154,864 | - | 276,010 |
| Capital Lease Payable | - | 85,338 | - | 37,066 | - | - | - | 122,404 |
| Notes, Bonds, and COPs Payable | - | - | - | 1,174,467 | - | - | - | 1,174,467 |
| Net Pension Liability | - | 364,655 | - | - | - | 5,930,349 | - | 6,295,004 |
| Other Long-Term Liabilities | - | - | - | - | - | 415,669 | - | 415,669 |
| Total Noncurrent Liabilities | 90 | 459,785 | - | 1,211,533 | 121,146 | 6,645,600 | - | 8,438,154 |
| TOTAL LIABILITIES | 2,491,398 | 528,937 | - | 1,398,561 | 158,599 | 6,669,434 | (110,681) | 11,136,248 |
| DEFERRED INFLOW OF RESOURCES: | 221,110 | 6,414 | - | - | - | (94,149) | - | 133,375 |
| NET POSITION: | | | | | | | | |
| Net investment in Capital Assets: | 102,236 | 26,880 | 11,626,311 | (424,953) | - | - | - | 11,330,474 |
| Restricted for: | | | | | | | | |
| Construction and Highway Maintenance | 966,411 | - | - | 332 | - | - | - | 966,743 |
| Education | 309,957 | - | - | - | - | - | - | 309,957 |
| Debt Service | 68,105 | - | - | - | - | - | - | 68,105 |
| Emergencies | 217,328 | - | - | - | - | - | - | 217,328 |
| Permanent Funds and Endowments: | | | | | | | | |
| Expendable | 5,801 | - | - | - | - | - | - | 5,801 |
| Nonexpendable | 950,976 | - | - | - | - | - | - | 950,976 |
| Other Purposes | 717,185 | - | - | - | - | - | - | 717,185 |
| Unrestricted | 3,271,426 | (304,965) | - | (210,781) | (158,599) | (6,574,384) | - | (3,977,303) |
| TOTAL NET POSITION | $ 6,609,425 | $ (278,085) | $ 11,626,311 | $ (635,402) | $ (158,599) | $ (6,574,384) | $ - | $ 10,589,266 |

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 Position***

(A) Management uses Internal Services Funds to report the charges for and 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 Position.* Internal Service Funds are reported using proprietary fund-type accounting in the fund-level financial statements. In addition to minor training services provided by the Department of Personnel & Administration, and 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 technology and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

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

(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 position and are reported in the *Statement of Net Position.* The portion reported as current in the reconciliation is payable within the following fiscal year. Deferred outflows related to debt refunding losses require a similar adjustment. The largest single 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. Generally accepted accounting principles (GAAP) list claims and judgments as an exception to the full accrual basis of accounting that constitutes the modified accrual basis of accounting. 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:

- Interfund balances receivable from or payable to fiduciary funds are reported on the fund-level *Balance Sheet – Governmental Funds* as due from/to other funds. On the government-wide *Statement of Net Position*, 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 a deferred inflow of resources on the fund-level *Balance Sheet – Governmental Funds*. From an economic perspective, this revenue is earned and the related deferred inflow of resources is removed from the government-wide *Statement of Net Position* 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 Position*, but they are not reported on the fund-level *Balance Sheet – Governmental Funds*.
- Claims and Judgments Payable and other long-term liabilities including pension 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 position, and they are therefore reported on the government-wide *Statement of Net Position*.

(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 Position along with all governmental-activities interfund receivables.

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | GENERAL | RESOURCE EXTRACTION | HIGHWAY USERS TAX |
|---|---|---|---|
| REVENUES: | | | |
| Taxes: | | | |
| Individual and Fiduciary Income | $ 5,993,003 | $ - | $ - |
| Corporate Income | 606,441 | - | - |
| Sales and Use | 2,893,838 | - | - |
| Excise | 101,874 | - | 609,680 |
| Other Taxes | 280,974 | 67,072 | 409 |
| Licenses, Permits, and Fines | 20,601 | 3,533 | 376,963 |
| Charges for Goods and Services | 73,268 | 6,632 | 134,185 |
| Rents | 223 | 3 | 3,318 |
| Investment Income (Loss) | 26,524 | 23,570 | 11,052 |
| Federal Grants and Contracts | 7,892,141 | 101,526 | 842,408 |
| Additions to Permanent Funds | - | - | - |
| Unclaimed Property Receipts | - | - | - |
| Other | 175,925 | 4,932 | 102,032 |
| TOTAL REVENUES | 18,064,812 | 207,268 | 2,080,047 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 222,176 | - | 57,685 |
| Business, Community, and Consumer Affairs | 163,743 | 14,402 | - |
| Education | 780,238 | - | - |
| Health and Rehabilitation | 1,649,933 | 453 | 11,277 |
| Justice | 1,404,791 | - | 123,635 |
| Natural Resources | 38,329 | 51,538 | - |
| Social Assistance | 7,752,117 | - | - |
| Transportation | - | - | 1,328,083 |
| Capital Outlay | 79,511 | 2,923 | 42,837 |
| Intergovernmental: | | | |
| Cities | 66,715 | 57,168 | 236,675 |
| Counties | 1,297,886 | 43,656 | 212,937 |
| School Districts | 4,107,412 | 2,495 | - |
| Special Districts | 65,186 | 20,430 | 46,917 |
| Federal | 2,298 | 1,697 | - |
| Other | 25,656 | 2,209 | 582 |
| Debt Service | 58,754 | 7 | - |
| TOTAL EXPENDITURES | 17,714,745 | 196,978 | 2,060,628 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 350,067 | 10,290 | 19,419 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers-In | 3,913,450 | 4,488 | 204,713 |
| Transfers-Out | (4,434,190) | (71,044) | (181,703) |
| Face Amount of Bond/COP Issuance | - | - | - |
| Bond/COP Premium/Discount | - | - | - |
| Sale of Capital Assets | 10,264 | - | - |
| Insurance Recoveries | 3,455 | - | 432 |
| Bond/COP Premium Refunding Proceeds | 1 | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (507,020) | (66,556) | 23,442 |
| NET CHANGE IN FUND BALANCES | (156,953) | (56,266) | 42,861 |
| FUND BALANCE, FISCAL YEAR BEGINNING | 1,175,388 | 1,367,206 | 988,560 |
| Prior Period Adjustment (See Note 29A) | 58,147 | - | - |
| FUND BALANCE, FISCAL YEAR END | $ 1,076,582 | $ 1,310,940 | $ 1,031,421 |

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

| CAPITAL PROJECTS | STATE EDUCATION | OTHER GOVERNMENTAL FUNDS | TOTAL |
|---|---|---|---|
| $ - | $ 476,703 | $ - | $ 6,469,706 |
| - | 45,897 | - | 652,338 |
| - | - | 45,223 | 2,939,061 |
| - | - | 188,980 | 900,534 |
| 1,543 | - | 158,600 | 508,598 |
| 3 | - | 408,709 | 809,809 |
| - | - | 930,320 | 1,144,405 |
| - | - | 139,206 | 142,750 |
| 4,023 | 5,791 | 67,885 | 138,845 |
| 7,878 | - | 203,545 | 9,047,498 |
| - | - | 80 | 80 |
| - | - | 65,110 | 65,110 |
| 175 | 238 | 37,632 | 320,934 |
| 13,622 | 528,629 | 2,245,290 | 23,139,668 |
| 21,009 | - | 23,133 | 324,003 |
| 1,583 | - | 294,148 | 473,876 |
| 2,362 | 44,742 | 25,101 | 852,443 |
| 193 | - | 121,771 | 1,783,627 |
| 5,082 | - | 207,441 | 1,740,949 |
| - | - | 17,131 | 106,998 |
| 7 | - | 972,766 | 8,724,890 |
| - | - | 3,035 | 1,331,118 |
| 57,265 | 34 | 8,571 | 191,141 |
| - | - | 64,676 | 425,234 |
| - | - | 101,670 | 1,656,149 |
| - | 841,125 | 43,843 | 4,994,875 |
| - | - | 12,418 | 144,951 |
| - | - | 380 | 4,375 |
| - | 204 | 49,796 | 78,447 |
| 4,396 | - | 216,962 | 280,119 |
| 91,897 | 886,105 | 2,162,842 | 23,113,195 |
| (78,275) | (357,476) | 82,448 | 26,473 |
| 301,537 | 25,615 | 465,120 | 4,914,923 |
| (185,809) | (49,957) | (336,891) | (5,259,594) |
| 11,000 | - | - | 11,000 |
| 314 | - | - | 314 |
| - | - | (3,527) | 6,737 |
| 747 | - | - | 4,634 |
| - | - | - | 1 |
| 127,789 | (24,342) | 124,702 | (321,985) |
| 49,514 | (381,818) | 207,150 | (295,512) |
| 336,680 | 686,258 | 2,292,698 | 6,846,790 |
| - | - | - | 58,147 |
| $ 386,194 | $ 304,440 | $ 2,499,848 | $ 6,609,425 |

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

| (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 | $ 6,469,706 | $ - | $ - | $ - | $ 11,876 | $ 6,481,582 |
| Corporate Income | 652,338 | - | - | - | 37,319 | 689,657 |
| Sales and Use | 2,939,061 | - | - | - | 1,779 | 2,940,840 |
| Excise | 900,534 | - | - | - | (578) | 899,956 |
| Other Taxes | 508,598 | - | - | - | (10,342) | 498,256 |
| Licenses, Permits, and Fines | 809,809 | - | - | - | 299 | 810,108 |
| Charges for Goods and Services | 1,144,405 | - | - | - | 9 | 1,144,414 |
| Rents | 142,750 | - | - | - | - | 142,750 |
| Investment Income (Loss) | 138,845 | 220 | - | - | (105) | 138,960 |
| Federal Grants and Contracts | 9,047,498 | - | - | - | - | 9,047,498 |
| Additions to Permanent Funds | 80 | - | - | - | - | 80 |
| Unclaimed Property Receipts | 65,110 | - | - | - | - | 65,110 |
| Other | 320,934 | - | - | - | (4,764) | 316,170 |
| TOTAL REVENUES | 23,139,668 | 220 | - | - | 35,493 | 23,175,381 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General Government | 324,003 | 2,080 | 42,352 | - | 1,701 | 370,136 |
| Business, Community, and Consumer Affairs | 473,876 | 6,322 | 16,737 | - | (26,096) | 470,839 |
| Education | 852,443 | 142 | 42,959 | - | (106) | 895,438 |
| Health and Rehabilitation | 1,783,627 | 1,333 | 56,027 | - | 2,606 | 1,843,593 |
| Justice | 1,740,949 | 1,666 | 224,730 | - | 3,039 | 1,970,384 |
| Natural Resources | 106,998 | 1,531 | 8,141 | - | 693 | 117,363 |
| Social Assistance | 8,724,890 | 9,078 | 15,133 | - | (2,864) | 8,746,237 |
| Transportation | 1,331,118 | 1,184 | 419,784 | - | (138) | 1,751,948 |
| Capital Outlay | 191,141 | - | (627,770) | - | - | (436,629) |
| Intergovernmental: | | | | | | |
| Cities | 425,234 | - | - | - | - | 425,234 |
| Counties | 1,656,149 | - | 60 | - | - | 1,656,209 |
| School Districts | 4,994,875 | - | - | - | - | 4,994,875 |
| Special Districts | 144,951 | - | - | - | - | 144,951 |
| Federal | 4,375 | - | - | - | - | 4,375 |
| Other | 78,447 | - | - | - | - | 78,447 |
| Debt Service | 280,119 | 2,612 | - | (211,516) | - | 71,215 |
| TOTAL EXPENDITURES | 23,113,195 | 25,948 | 198,153 | (211,516) | (21,165) | 23,104,615 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 26,473 | (25,728) | (198,153) | 211,516 | 56,658 | 70,766 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers-In | 4,914,923 | 4,502 | - | - | - | 4,919,425 |
| Transfers-Out | (5,259,594) | (7,007) | - | - | - | (5,266,601) |
| Face Amount of Bond/COP Issuance | 11,000 | - | - | (11,000) | - | - |
| Bond/COP Premium/Discount | 314 | - | - | 1,069 | - | 1,383 |
| Sale of Capital Assets | 6,737 | - | (2,279) | - | - | 4,458 |
| Insurance Recoveries | 4,634 | - | - | - | - | 4,634 |
| Bond/COP Premium Refunding Proceeds | 1 | - | - | - | - | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | (321,985) | (2,505) | (2,279) | (9,931) | - | (336,700) |
| Internal Service Fund Charges to BTAs | - | 259 | - | - | - | 259 |
| NET CHANGE FOR THE YEAR | (295,512) | (27,974) | (200,432) | 201,585 | 56,658 | (265,675) |
| Prior Period Adjustment (See Note 29A) | 58,147 | - | - | - | - | 58,147 |
| TOTAL CHANGE FOR THE CURRENT YEAR WITH PRIOR PERIOD ADJUSTMENT | $ (237,365) | $ (27,974) | $ (200,432) | $ 201,585 | $ 56,658 | $ (207,528) |

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 report charges for and the costs of goods and services sold by state agencies solely within the state. Internal Service Funds are intended to operate on the cost reimbursement basis and should break even each period. If an Internal Service Fund 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 training services provided by the Department of Personnel & Administration, and 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 technology services and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

(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 position and are reported on both the government-wide *Statement of Net Position* 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 Position*. 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 carrying value of the asset as well as the cash received.

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

- Payments on principal and debt refunding payments are reported as expenditures and other financing uses, respectively, 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 Position* and are not reported on the government-wide *Statement of Activities*.
- Amortization of 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, issuance of debt, and debt refunding proceeds are all 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, debt issuances, and debt refunding proceeds are reported as liabilities on the government-wide *Statement of Net Position* and are not reported on the government-wide *Statement of Activities*.

(D) Other measurement focus adjustments include:

- Long-term taxes receivable and certain other long-term assets are offset by deferred inflows or unearned 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 fund-level unearned revenue balances result in adjustments to revenue that are recognized and reported on the government-wide *Statement of Activities*.
- Compensated absences accruals, pension liabilities, 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*.

**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | HIGHER EDUCATION INSTITUTIONS | UNEMPLOYMENT INSURANCE |
|---|---|---|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Pooled Cash | $ 1,236,180 | $ 757,411 |
| Investments | 391,521 | - |
| Premiums Receivable, net | - | 123,638 |
| Student and Other Receivables, net | 575,921 | 4,100 |
| Due From Other Governments | 64,304 | 5,133 |
| Due From Other Funds | 15,807 | - |
| Due From Component Units | 18,188 | - |
| Inventories | 38,274 | - |
| Prepaids, Advances and Deposits | 17,925 | - |
| Total Current Assets | 2,358,120 | 890,282 |
| Noncurrent Assets: | | |
| Restricted Cash and Pooled Cash | 385,552 | - |
| Restricted Investments | 167,540 | - |
| Restricted Receivables | - | - |
| Investments | 1,908,039 | - |
| Other Long-Term Assets | 127,593 | - |
| Depreciable Capital Assets and Infrastructure, net | 6,051,702 | 9,897 |
| Land and Nondepreciable Capital Assets | 1,064,819 | - |
| Total Noncurrent Assets | 9,705,245 | 9,897 |
| TOTAL ASSETS | 12,063,365 | 900,179 |
| DEFERRED OUTFLOW OF RESOURCES: | 586,713 | 5,246 |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | 700,365 | 3,905 |
| Due To Other Governments | - | 1 |
| Due To Other Funds | 2,798 | 614 |
| Due To Component Units | 645 | - |
| Unearned Revenue | 255,408 | 908 |
| Compensated Absences Payable | 21,604 | - |
| Leases Payable | 8,681 | - |
| Notes, Bonds, and COPs Payable | 141,174 | 124,965 |
| Other Current Liabilities | 87,260 | 13,228 |
| Total Current Liabilities | 1,217,935 | 143,621 |
| Noncurrent Liabilities: | | |
| Due to Other Funds | - | - |
| Deposits Held In Custody For Others | - | - |
| Accrued Compensated Absences | 281,135 | - |
| Claims and Judgments Payable | 39,657 | - |
| Capital Lease Payable | 44,182 | - |
| Derivative Instrument Liability | 13,222 | - |
| Notes, Bonds, and COPs Payable | 4,127,739 | 399 |
| Due to Component Units | 1,631 | - |
| Net Pension Liability | 3,496,484 | 11,026 |
| Other Postemployment Benefits | 289,133 | - |
| Other Long-Term Liabilities | 28,534 | - |
| Total Noncurrent Liabilities | 8,321,717 | 11,425 |
| TOTAL LIABILITIES | 9,539,652 | 155,046 |
| DEFERRED INFLOW OF RESOURCES: | 88,480 | 433 |
| NET POSITION: | | |
| Net investment in Capital Assets: | 3,773,792 | 9,897 |
| Restricted for: | | |
| Education | 462,636 | - |
| Unemployment Insurance | - | 740,049 |
| Debt Service | 67,358 | - |
| Emergencies | - | - |
| Permanent Funds and Endowments: | | |
| Expendable | 157,611 | - |
| Nonexpendable | 83,274 | - |
| Other Purposes | - | - |
| Unrestricted | (1,522,725) | - |
| TOTAL NET POSITION | $ 3,021,946 | $ 749,946 |

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

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|
| STATE LOTTERY | OTHER ENTERPRISES | TOTAL | INTERNAL SERVICE FUNDS |
| $ 50,088 | $ 481,774 | $ 2,525,453 | $ 46,165 |
| - | 667 | 392,188 | - |
| - | - | 123,638 | - |
| 21,081 | 39,562 | 640,664 | 3,512 |
| - | 25,423 | 94,860 | 264 |
| - | 4,487 | 20,294 | 14,499 |
| - | - | 18,188 | - |
| 1,472 | 15,002 | 54,748 | 712 |
| 4,613 | 6,218 | 28,756 | 4,080 |
| 77,254 | 573,133 | 3,898,789 | 69,232 |
| - | 72,374 | 457,926 | - |
| - | - | 167,540 | - |
| - | 40,009 | 40,009 | - |
| - | 33,001 | 1,941,040 | - |
| - | 1,832 | 129,425 | - |
| 438 | 988,189 | 7,050,226 | 131,145 |
| - | 587,622 | 1,652,441 | 1,287 |
| 438 | 1,723,027 | 11,438,607 | 132,432 |
| 77,692 | 2,296,160 | 15,337,396 | 201,664 |
| 2,866 | 55,028 | 649,853 | 55,602 |
| 3,537 | 54,546 | 762,353 | 31,085 |
| 18 | 38,596 | 38,615 | - |
| 31,915 | 1,807 | 37,134 | 5,043 |
| - | - | 645 | - |
| - | 49,906 | 306,222 | 12,113 |
| - | 1,157 | 22,761 | 427 |
| - | 451 | 9,132 | 20,214 |
| - | 995 | 267,134 | - |
| 38,540 | 737 | 139,765 | 270 |
| 74,010 | 148,195 | 1,583,761 | 69,152 |
| - | 21,022 | 21,022 | - |
| - | 20 | 20 | - |
| 748 | 11,482 | 293,365 | 9,792 |
| - | - | 39,657 | - |
| - | 3,812 | 47,994 | 85,338 |
| - | - | 13,222 | - |
| - | 351,953 | 4,480,091 | - |
| - | - | 1,631 | - |
| 25,257 | 424,306 | 3,957,073 | 364,655 |
| - | - | 289,133 | - |
| 35 | - | 28,569 | - |
| 26,040 | 812,595 | 9,171,777 | 459,785 |
| 100,050 | 960,790 | 10,755,538 | 528,937 |
| 1,066 | 160,079 | 250,058 | 6,414 |
| 439 | 1,267,217 | 5,051,345 | 26,880 |
| - | - | 462,636 | - |
| - | - | 740,049 | - |
| - | 18,259 | 85,617 | - |
| - | 34,000 | 34,000 | - |
| - | - | 157,611 | - |
| - | - | 83,274 | - |
| - | 101,209 | 101,209 | - |
| (20,997) | (190,366) | (1,734,088) | (304,965) |
| $ (20,558) | $ 1,230,319 | $ 4,981,653 | $ (278,085) |

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | HIGHER EDUCATION INSTITUTIONS | UNEMPLOYMENT INSURANCE |
|---|---|---|
| OPERATING REVENUES: | | |
| Unemployment Insurance Premiums | $ - | $ 603,707 |
| License and Permits | - | 102 |
| Tuition and Fees | 2,765,443 | - |
| Scholarship Allowance for Tuition and Fees | (613,735) | - |
| Sales of Goods and Services | 2,026,876 | - |
| Scholarship Allowance for Sales of Goods & Services | (22,981) | - |
| Investment Income (Loss) | 1,532 | - |
| Rental Income | 14,688 | - |
| Gifts and Donations | 49,788 | - |
| Federal Grants and Contracts | 1,014,391 | 24,148 |
| Intergovernmental Revenue | 8,121 | - |
| Other | 359,917 | - |
| TOTAL OPERATING REVENUES | 5,604,040 | 627,957 |
| OPERATING EXPENSES: | | |
| Salaries and Fringe Benefits | 4,303,860 | 12,187 |
| Operating and Travel | 1,384,884 | 513,842 |
| Cost of Goods Sold | 140,258 | - |
| Depreciation and Amortization | 402,691 | 1,913 |
| Intergovernmental Distributions | 34,008 | 2 |
| Debt Service | - | - |
| Prizes and Awards | 282 | - |
| TOTAL OPERATING EXPENSES | 6,265,983 | 527,944 |
| OPERATING INCOME (LOSS) | (661,943) | 100,013 |
| NONOPERATING REVENUES AND (EXPENSES): | | |
| Taxes | - | - |
| Fines and Settlements | 12 | 3,709 |
| Investment Income (Loss) | 48,041 | 17,497 |
| Rental Income | 12,235 | 1 |
| Gifts and Donations | 207,762 | - |
| Intergovernmental Distributions | (25,561) | - |
| Federal Grants and Contracts | 265,969 | - |
| Gain/(Loss) on Sale or Impairment of Capital Assets | (5,496) | - |
| Insurance Recoveries from Prior Year Impairments | 261 | - |
| Debt Service | (143,788) | (3,662) |
| Other Expenses | (3,587) | - |
| Other Revenues | 3,713 | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 359,561 | 17,545 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (302,382) | 117,558 |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | |
| Capital Contributions | 43,738 | 10,130 |
| Additions to Permanent Endowments | 20 | - |
| Transfers-In | 418,916 | - |
| Transfers-Out | (7,851) | - |
| TOTAL CONTRIBUTIONS AND TRANSFERS | 454,823 | 10,130 |
| CHANGE IN NET POSITION | 152,441 | 127,688 |
| NET POSITION - FISCAL YEAR BEGINNING | 2,874,814 | 622,258 |
| Prior Period Adjustments (See Note 29A) | (5,309) | - |
| NET POSITION - FISCAL YEAR ENDING | $ 3,021,946 | $ 749,946 |

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

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|
| STATE LOTTERY | OTHER ENTERPRISES | TOTAL | INTERNAL SERVICE FUNDS |
| $ - | $ - | $ 603,707 | $ - |
| 64 | 120,137 | 120,303 | - |
| - | 1,686 | 2,767,129 | - |
| - | - | (613,735) | - |
| 594,414 | 212,922 | 2,834,212 | 348,485 |
| - | - | (22,981) | - |
| - | 10,332 | 11,864 | - |
| - | 2,024 | 16,712 | 15,372 |
| - | - | 49,788 | - |
| - | 409,651 | 1,448,190 | - |
| - | 174,897 | 183,018 | - |
| 1,576 | 8,849 | 370,342 | 204 |
| 596,054 | 940,498 | 7,768,549 | 364,061 |
| 10,365 | 231,440 | 4,557,852 | 220,609 |
| 58,897 | 442,304 | 2,399,927 | 132,032 |
| 13,251 | 41,642 | 195,151 | 7,459 |
| 443 | 26,999 | 432,046 | 29,167 |
| - | 11,403 | 45,413 | 1,592 |
| - | 12,223 | 12,223 | - |
| 370,514 | 1,064 | 371,860 | 13 |
| 453,470 | 767,075 | 8,014,472 | 390,872 |
| 142,584 | 173,423 | (245,923) | (26,811) |
| - | 39,401 | 39,401 | - |
| - | 380 | 4,101 | - |
| 813 | 6,463 | 72,814 | 220 |
| - | 11,129 | 23,365 | - |
| - | 1,327 | 209,089 | - |
| (63,715) | - | (89,276) | - |
| - | - | 265,969 | - |
| (4) | (28,009) | (33,509) | 1,824 |
| - | (187) | 74 | - |
| - | (10,400) | (157,850) | (2,610) |
| - | (309) | (3,896) | - |
| - | 6 | 3,719 | 4 |
| (62,906) | 19,801 | 334,001 | (562) |
| 79,678 | 193,224 | 88,078 | (27,373) |
| - | 880 | 54,748 | 1,908 |
| - | - | 20 | - |
| - | 45,969 | 464,885 | 4,502 |
| (80,290) | (30,456) | (118,597) | (7,007) |
| (80,290) | 16,393 | 401,056 | (597) |
| (612) | 209,617 | 489,134 | (27,970) |
| (19,946) | 1,020,702 | 4,497,828 | (250,115) |
| - | - | (5,309) | - |
| $ (20,558) | $ 1,230,319 | $ 4,981,653 | $ (278,085) |

# STATEMENT OF CASH FLOWS
# PROPRIETARY FUNDS
# FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | HIGHER EDUCATION INSTITUTIONS | UNEMPLOYMENT INSURANCE |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from: | | |
| Tuition, Fees, and Student Loans | $ 2,179,595 | $ - |
| Fees for Service | 1,774,156 | - |
| Receipts for Interfund Services | - | - |
| Sales of Products | 39,836 | - |
| Gifts, Grants, and Contracts | 1,579,948 | 22,294 |
| Loan and Note Repayments | 448,725 | - |
| Unemployment Insurance Premiums | - | 625,922 |
| Income from Property | 26,923 | - |
| Other Sources | 135,107 | 1,103 |
| Cash Payments to or for: | | |
| Employees | (4,224,683) | (11,918) |
| Suppliers | (1,266,106) | (1,339) |
| Payments for Interfund Services | - | - |
| Sales Commissions and Lottery Prizes | - | - |
| Unemployment Benefits | - | (504,848) |
| Scholarships | (100,815) | - |
| Others for Student Loans and Loan Losses | (461,674) | - |
| Other Governments | (34,008) | - |
| Other | (94,369) | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,635 | 131,214 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Transfers-In | 2,476,082 | - |
| Transfers-Out | (2,221,176) | - |
| Receipt of Deposits Held in Custody | 502,191 | - |
| Release of Deposits Held in Custody | (503,543) | - |
| Gifts and Grants for Other Than Capital Purposes | 207,782 | - |
| Intergovernmental Distributions | (25,561) | - |
| NonCapital Debt Proceeds | 651 | - |
| NonCapital Debt Service Payments | (109,192) | (125,364) |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES | 327,234 | (125,364) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of Capital Assets | (592,667) | (26) |
| Capital Contributions | 11,184 | - |
| Capital Gifts, Grants, and Contracts | 15,388 | - |
| Proceeds from Sale of Capital Assets | 5,414 | 3,526 |
| Capital Debt Proceeds | 535,031 | 124,970 |
| Capital Debt Service Payments | (389,803) | (128,877) |
| Capital Lease Payments | (11,576) | - |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES | (427,029) | (407) |

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

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|
| STATE LOTTERY | OTHER ENTERPRISE | TOTALS | INTERNAL SERVICE FUNDS |
| $ - | $ 1,649 | $ 2,181,244 | $ - |
| - | 245,516 | 2,019,672 | 9,482 |
| - | 12,609 | 12,609 | 322,443 |
| 594,412 | 60,234 | 694,482 | 1,592 |
| - | 423,305 | 2,025,547 | 70 |
| - | 420 | 449,145 | - |
| - | - | 625,922 | - |
| - | 13,106 | 40,029 | 15,407 |
| 1,640 | 106,434 | 244,284 | 12,235 |
| (10,424) | (218,780) | (4,465,805) | (215,469) |
| (27,546) | (212,259) | (1,507,250) | (106,120) |
| (188) | (6,052) | (6,240) | (38,086) |
| (403,063) | (7,168) | (410,231) | (639) |
| - | - | (504,848) | - |
| - | - | (100,815) | - |
| - | (280,887) | (742,561) | - |
| - | (11,612) | (45,620) | (1,592) |
| (438) | (37,275) | (132,082) | (134) |
| 154,393 | 89,240 | 377,482 | (811) |
| 434 | 54,725 | 2,531,241 | 7,663 |
| (80,724) | (38,384) | (2,340,284) | (8,223) |
| - | 760 | 502,951 | 267 |
| - | (727) | (504,270) | (70) |
| - | 1,027 | 208,809 | - |
| (63,715) | - | (89,276) | - |
| - | 23,660 | 24,311 | - |
| - | (515) | (235,071) | - |
| (144,005) | 40,546 | 98,411 | (363) |
| 40 | (405,371) | (998,024) | (20,962) |
| - | - | 11,184 | - |
| - | - | 15,388 | - |
| 391 | 140,512 | 149,843 | 52,216 |
| - | 451 | 660,452 | 176 |
| - | (14,747) | (533,427) | (84) |
| - | (230) | (11,806) | (29,752) |
| 431 | (279,385) | (706,390) | 1,594 |

(Continued)

**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016** **(Continued)**

| (DOLLARS IN THOUSANDS) | HIGHER EDUCATION INSTITUTIONS | UNEMPLOYMENT INSURANCE |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest and Dividends on Investments | 118,779 | 17,495 |
| Proceeds from Sale/Maturity of Investments | 2,386,561 | - |
| Purchases of Investments | (2,310,376) | - |
| Increase(Decrease) from Unrealized Gain(Loss) on Investments | (72,406) | 2 |
| NET CASH FROM INVESTING ACTIVITIES | 122,558 | 17,497 |
| NET INCREASE (DECREASE) IN CASH AND POOLED CASH | 25,398 | 22,940 |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING | 1,601,643 | 734,471 |
| Prior Period Adjustment (See Note 29) | (5,309) | - |
| CASH AND POOLED CASH, FISCAL YEAR END | $ 1,621,732 | $ 757,411 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH | | |
| PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income (Loss) | $ (661,943) | $ 100,013 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 402,691 | 1,913 |
| Investment/Rental Income and Other Revenue in Operating Income | - | - |
| Net Periodic Pension Cost | - | - |
| Rents, Fines, Donations, and Grants and Contracts in NonOperating | 283,296 | 3,710 |
| (Gain)/Loss on Disposal of Capital and Other Assets | 371 | - |
| Compensated Absences | 26,461 | - |
| Insurance Premiums and State Subsidy | - | - |
| Claims and General Insurance Expenses Paid | - | - |
| Interest and Other Expense in Operating Income | 10,618 | 10 |
| Provision for Bad Debts | - | - |
| Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities: | | |
| (Increase) Decrease in Operating Receivables | (178,737) | 18,793 |
| (Increase) Decrease in Inventories | 1,640 | - |
| (Increase) Decrease in Other Operating Assets and Deferred Outflows | 800 | - |
| Increase (Decrease) in Accounts Payable | 55,264 | 2,014 |
| Increase (Decrease) in Other Operating Liabilities and Deferred Inflows | 62,174 | 4,761 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 2,635 | $ 131,214 |
| SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS: | | |
| Capital Assets Funded by the Capital Projects Fund | 815 | 10,130 |
| Capital Assets Acquired by Grants or Donations and Payable Increases | 90,470 | - |
| Unrealized Gain/Loss on Investments and Interest Receivable Accruals | 22,213 | - |
| Loss on Disposal of Capital and Other Assets | 4,112 | - |
| Disposal of Capital Assets | 12,746 | - |
| Amortization of Debt Valuation Accounts and Interest Payable Accruals | 39,975 | 239 |
| Assumption of Capital Lease Obligation or Mortgage | 12,789 | - |
| Financed Debt Issuance Costs | 1,015 | - |
| Fair Value Change in Derivative Instrument | 3,708 | - |

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

| BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES |
|---|---|---|---|
| STATE LOTTERY | OTHER ENTERPRISE | TOTALS | INTERNAL SERVICE FUNDS |
| 605 | 14,665 | 151,544 | 113 |
| - | 142,282 | 2,528,843 | - |
| - | (35,211) | (2,345,587) | - |
| 208 | 2,155 | (70,041) | 107 |
| 813 | 123,891 | 264,759 | 220 |
| 11,632 | (25,708) | 34,262 | 640 |
| 38,456 | 579,856 | 2,954,426 | 45,525 |
| - | - | (5,309) | - |
| $ 50,088 | $ 554,148 | $ 2,983,379 | $ 46,165 |
| $ 142,584 | 173,423 | $ (245,923) | $ (26,811) |
| 443 | 26,999 | 432,046 | 29,167 |
| - | (10,397) | (10,397) | - |
| - | - | - | - |
| - | 51,088 | 338,094 | 4 |
| - | 31 | 402 | 52 |
| (9) | 554 | 27,006 | 143 |
| - | - | - | - |
| - | - | - | - |
| - | 3,890 | 14,518 | 3,063 |
| - | - | - | - |
| (671) | (17,187) | (177,802) | (10,294) |
| (347) | 1,909 | 3,202 | 152 |
| 44 | (909) | (65) | (3,636) |
| (174) | (42,866) | 14,238 | (4,187) |
| 12,523 | (97,295) | (17,837) | 11,536 |
| $ 154,393 | $ 89,240 | $ 377,482 | $ (811) |
| - | 880 | 11,825 | 1,870 |
| - | - | 90,470 | - |
| - | - | 22,213 | - |
| 4 | 28,102 | 32,218 | 9 |
| - | - | 12,746 | - |
| - | 2,461 | 42,675 | 172 |
| - | - | 12,789 | 20,230 |
| - | - | 1,015 | - |
| - | - | 3,708 | - |

**STATEMENT OF FIDUCIARY NET POSITION**
**FIDUCIARY FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | PENSION AND BENEFIT TRUST | PRIVATE PURPOSE TRUST | AGENCY |
|---|---|---|---|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Pooled Cash | $ 84,486 | $ 199,443 | $ 495,848 |
| Investments | - | 633 | - |
| Taxes Receivable, net | - | - | 167,950 |
| Other Receivables, net | 2,174 | 18,369 | 333 |
| Intrafund Receivables | 8 | - | - |
| Due From Other Funds | 1,008 | - | 7,887 |
| Inventories | - | - | 5 |
| Noncurrent Assets: | | | |
| Investments: | | | |
| Government Securities | - | 14,221 | - |
| Repurchase Agreements | - | 686 | - |
| Mutual Funds | - | 5,751,132 | - |
| Other Investments | - | 762,241 | - |
| Other Long-Term Assets | - | - | 12,130 |
| TOTAL ASSETS | 87,676 | 6,746,725 | $ 684,153 |
| | | | |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Tax Refunds Payable | - | - | 8,649 |
| Accounts Payable and Accrued Liabilities | 17,166 | 15,357 | 1,001 |
| Due To Other Governments | - | - | 293,873 |
| Unearned Revenue | - | 7,816 | - |
| Claims and Judgments Payable | 15,766 | - | 107 |
| Other Current Liabilities | 516 | - | 322,690 |
| Noncurrent Liabilities: | | | |
| Deposits Held In Custody For Others | - | 3,713 | 57,120 |
| Accrued Compensated Absences | 38 | - | - |
| Other Long-Term Liabilities | - | - | 713 |
| TOTAL LIABILITIES | 33,486 | 26,886 | $ 684,153 |
| | | | |
| NET POSITION: | | | |
| Held in Trust for: | | | |
| Pension/Benefit Plan Participants | 54,190 | - | |
| Individuals, Organizations, and Other Entities | - | 6,719,839 | |
| TOTAL NET POSITION | $ 54,190 | $ 6,719,839 | |

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

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FIDUCIARY FUNDS
## FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | PENSION AND BENEFIT TRUST | PRIVATE PURPOSE TRUST |
|---|---|---|
| ADDITIONS: | | |
| Additions By Participants | $ - | $ 1,129,100 |
| Member Contributions | 89,076 | - |
| Employer Contributions | 289,096 | - |
| Investment Income/(Loss) | 346 | 29,606 |
| Unclaimed Property Receipts | - | 32,598 |
| Other Additions | 3,623 | 3,234 |
| Transfers-In | 8,173 | - |
| TOTAL ADDITIONS | 390,314 | 1,194,538 |
| DEDUCTIONS: | | |
| Distributions to Participants | - | 285,095 |
| Health Insurance Premiums Paid | 156,849 | - |
| Health Insurance Claims Paid | 170,156 | - |
| Other Benefits Plan Expense | 26,175 | - |
| Payments in Accordance with Trust Agreements | - | 660,225 |
| Other Deductions | 21,964 | - |
| Transfers-Out | 7,199 | 86 |
| TOTAL DEDUCTIONS | 382,343 | 945,406 |
| CHANGE IN NET POSITION | 7,971 | 249,132 |
| NET POSITION - FISCAL YEAR BEGINNING | 46,219 | 6,482,550 |
| Prior Period Adjustments (Note 29) | - | (11,843) |
| NET POSITION - FISCAL YEAR ENDING | $ 54,190 | $ 6,719,839 |

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

**STATEMENT OF NET POSITION**
**COMPONENT UNITS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY | UNIVERSITY OF COLORADO FOUNDATION |
|---|---|---|
| ASSETS: | | |
| Current Assets: | | |
| Cash and Pooled Cash | $ 211,598 | $ 34,693 |
| Investments | - | - |
| Contributions Receivable, net | - | 33,943 |
| Other Receivables, net | 79,422 | 24 |
| Due From Other Governments | 3,081 | - |
| Prepaids, Advances and Deposits | - | 554 |
| Total Current Assets | 294,101 | 69,214 |
| Noncurrent Assets: | | |
| Restricted Cash and Pooled Cash | 109,778 | - |
| Restricted Investments | 158,737 | - |
| Restricted Receivables | 2,532 | - |
| Investments | - | 1,496,421 |
| Contributions Receivable, net | - | 77,591 |
| Other Long-Term Assets | 898,355 | - |
| Depreciable Capital Assets and Infrastructure, net | 21 | 434 |
| Land and Nondepreciable Capital Assets | - | - |
| Total Noncurrent Assets | 1,169,423 | 1,574,446 |
| TOTAL ASSETS | 1,463,524 | 1,643,660 |
| DEFERRED OUTFLOW OF RESOURCES: | 3,715 | - |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | 13,192 | 9,290 |
| Due To Other Governments | 200 | - |
| Notes, Bonds, and COPs Payable | 46,395 | - |
| Other Current Liabilities | 152,142 | 15,845 |
| Total Current Liabilities | 211,929 | 25,135 |
| Noncurrent Liabilities: | | |
| Deposits Held In Custody For Others | - | 331,283 |
| Notes, Bonds, and COPs Payable | 548,350 | - |
| Net Pension Liability | 3,333 | - |
| Other Long-Term Liabilities | 30,946 | 15,314 |
| Total Noncurrent Liabilities | 582,629 | 346,597 |
| TOTAL LIABILITIES | 794,558 | 371,732 |
| DEFERRED INFLOW OF RESOURCES: | 405 | - |
| NET POSITION: | | |
| Net investment in Capital Assets: | 21 | 434 |
| Restricted for: | | |
| Expendable | - | 721,412 |
| Nonexpendable | - | 495,077 |
| Other Purposes | 628,589 | - |
| Unrestricted | 43,666 | 55,005 |
| TOTAL NET POSITION | $ 672,276 | $ 1,271,928 |

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

| COLORADO STATE UNIVERSITY FOUNDATION | COLORADO SCHOOL OF MINES FOUNDATION | UNIVERSITY OF NORTHERN COLORADO FOUNDATION | OTHER COMPONENT UNITS | TOTAL |
|---|---|---|---|---|
| $ 1,023 | $ 11,503 | $ 2,128 | $ 17,323 | $ 278,268 |
| - | - | - | 7,795 | 7,795 |
| 13,211 | 6,871 | 2,656 | - | 56,681 |
| - | 1,631 | 135 | 645 | 81,857 |
| - | - | - | 330 | 3,411 |
| 365 | - | - | 4,615 | 5,534 |
| 14,599 | 20,005 | 4,919 | 30,708 | 433,546 |
| | | | | |
| - | 59 | - | 13,889 | 123,726 |
| - | - | - | - | 158,737 |
| - | - | - | - | 2,532 |
| 425,163 | 282,718 | 104,368 | 57,687 | 2,366,357 |
| 31,416 | 25,591 | 4,453 | - | 139,051 |
| 644 | 284 | 92 | 1,225 | 900,600 |
| 21 | - | 965 | 200,451 | 201,892 |
| - | - | - | 62,792 | 62,792 |
| 457,244 | 308,652 | 109,878 | 336,044 | 3,955,687 |
| 471,843 | 328,657 | 114,797 | 366,752 | 4,389,233 |
| | | | | |
| - | - | - | - | 3,715 |
| | | | | |
| 1,436 | 3,287 | 670 | 2,181 | 30,056 |
| - | - | - | - | 200 |
| - | - | - | 6,755 | 53,150 |
| - | - | - | 1,352 | 169,339 |
| 1,436 | 3,287 | 670 | 10,288 | 252,745 |
| | | | | |
| 13,009 | 31,923 | 603 | - | 376,818 |
| - | - | - | 116,446 | 664,796 |
| - | - | - | - | 3,333 |
| 807 | 9,803 | 131 | 19,142 | 76,143 |
| 13,816 | 41,726 | 734 | 135,588 | 1,121,090 |
| 15,252 | 45,013 | 1,404 | 145,876 | 1,373,835 |
| | | | | |
| - | - | - | - | 405 |
| | | | | |
| 21 | - | 965 | 215,399 | 216,840 |
| 254,394 | 107,987 | 23,984 | - | 1,107,777 |
| 181,194 | 155,903 | 78,830 | - | 911,004 |
| - | - | - | 5,129 | 633,718 |
| 20,982 | 19,754 | 9,614 | 348 | 149,369 |
| $ 456,591 | $ 283,644 | $ 113,393 | $ 220,876 | $ 3,018,708 |

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY | UNIVERSITY OF COLORADO FOUNDATION |
|---|---|---|
| OPERATING REVENUES: | | |
| Fees | $ 33,586 | $ - |
| Sales of Goods and Services | - | - |
| Investment Income (Loss) | 7,261 | - |
| Rental Income | - | - |
| Gifts and Donations | - | 177,591 |
| Federal Grants and Contracts | 6,688 | - |
| Other | 24 | 1,969 |
| TOTAL OPERATING REVENUES | 47,559 | 179,560 |
| OPERATING EXPENSES: | | |
| Salaries and Fringe Benefits | 1,478 | - |
| Operating and Travel | 14,639 | 24,940 |
| Depreciation and Amortization | 12 | 91 |
| Debt Service | 30,888 | - |
| Foundation Program Distributions | - | 106,214 |
| TOTAL OPERATING EXPENSES | 47,017 | 131,245 |
| OPERATING INCOME (LOSS) | 542 | 48,315 |
| NONOPERATING REVENUES AND (EXPENSES): | | |
| Investment Income (Loss) | - | (21,084) |
| Gifts and Donations | - | - |
| Federal Grants and Contracts | - | - |
| Debt Service | - | - |
| Other Expenses | - | (13) |
| Other Revenues | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | - | (21,097) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 542 | 27,218 |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | |
| Capital Contributions | 44,211 | - |
| Special Items (See Note 41) | - | - |
| TOTAL CONTRIBUTIONS AND TRANSFERS | 44,211 | - |
| CHANGE IN NET POSITION | 44,753 | 27,218 |
| NET POSITION - FISCAL YEAR BEGINNING | 630,549 | 1,244,710 |
| Accounting Changes (See Note 29B) | (3,026) | - |
| NET POSITION - FISCAL YEAR ENDING | $ 672,276 | $ 1,271,928 |

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

| COLORADO STATE UNIVERSITY FOUNDATION | COLORADO SCHOOL OF MINES FOUNDATION | UNIVERSITY OF NORTHERN COLORADO FOUNDATION | OTHER COMPONENT UNITS | TOTAL |
|---|---|---|---|---|
| $ - | $ 1,900 | $ - | $ - | $ 35,486 |
| - | - | - | 9,853 | 9,853 |
| - | - | - | (1,648) | 5,613 |
| - | - | - | 1,465 | 1,465 |
| 97,395 | 14,592 | 7,049 | 44 | 296,671 |
| - | - | - | - | 6,688 |
| 12,521 | 716 | 437 | 18,474 | 34,141 |
| 109,916 | 17,208 | 7,486 | 28,188 | 389,917 |
| | | | | |
| - | - | - | - | 1,478 |
| 5,089 | 6,774 | 974 | 11,896 | 64,312 |
| 9 | 3 | 50 | 8,163 | 8,328 |
| - | - | - | - | 30,888 |
| 47,595 | 21,643 | 10,632 | - | 186,084 |
| 52,693 | 28,420 | 11,656 | 20,059 | 291,090 |
| 57,223 | (11,212) | (4,170) | 8,129 | 98,827 |
| | | | | |
| (9,409) | (12,914) | (2,351) | 408 | (45,350) |
| - | - | - | 53 | 53 |
| - | - | - | 991 | 991 |
| - | - | - | (7,073) | (7,073) |
| - | - | - | (6) | (19) |
| - | - | - | 1,097 | 1,097 |
| (9,409) | (12,914) | (2,351) | (4,530) | (50,301) |
| 47,814 | (24,126) | (6,521) | 3,599 | 48,526 |
| | | | | |
| - | - | - | - | 44,211 |
| - | - | - | (1,721) | (1,721) |
| - | - | - | (1,721) | 42,490 |
| 47,814 | (24,126) | (6,521) | 1,878 | 91,016 |
| 408,777 | 307,770 | 119,914 | 218,998 | 2,930,718 |
| - | - | - | - | (3,026) |
| $ 456,591 | $ 283,644 | $ 113,393 | $ 220,876 | $ 3,018,708 |

**STATEMENT OF REVENUES, EXPENSES,**
**AND CHANGES IN NET POSITION - COMPONENT UNITS**
**RECAST TO THE**
**STATEMENT OF ACTIVITIES FORMAT**
**FOR THE YEAR ENDED JUNE 30, 2016**

(DOLLARS IN THOUSANDS)

| STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION | | ELIMINATIONS & ADJUSTMENTS | STATEMENT OF ACTIVITIES | |
|---|---|---|---|---|
| OPERATING REVENUES: | | | | |
| Fees | $ 35,486 | | | |
| Sales of Goods and Services | 9,853 | | | |
| Investment Income (Loss) | 5,613 | (5,581) | | |
| Rental Income | 1,465 | | | |
| Gifts and Donations | 296,671 | (304,997) | | |
| Federal Grants and Contracts | 6,688 | (6,688) | | |
| Other | 34,141 | (15,642) | | |
| TOTAL OPERATING REVENUES | 389,917 | (332,908) | 57,009 | CHARGES FOR SERVICES |
| OPERATING EXPENSES: | | | | |
| Salaries and Fringe Benefits | 1,478 | | | |
| Operating and Travel | 64,312 | | | |
| Depreciation and Amortization | 8,328 | | | |
| Debt Service | 30,888 | 7,074 | | |
| Foundation Program Distributions | 186,084 | | | |
| Other Expenses | - | 19 | | |
| TOTAL OPERATING EXPENSES | 291,090 | 7,093 | 298,183 | EXPENSES |
| OPERATING INCOME (LOSS) | 98,827 | | | |
| NONOPERATING REVENUES AND (EXPENSES): | | | | |
| Investment Income (Loss) | (45,350) | 45,350 | | |
| Gifts and Donations | 53 | (53) | | |
| Federal Grants and Contracts | 991 | (991) | | |
| Debt Service | (7,073) | 7,073 | | |
| Other Expenses | (19) | 19 | | |
| Other Revenues | 1,097 | (1,097) | | |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (50,301) | 50,301 | | |
| | | 306,478 | 306,478 | OPERATING GRANTS & CONTRIBUTIONS |
| | | 2,088 | 2,088 | CAPITAL GRANTS & CONTRIBUTIONS |
| | | 17,082 | 17,082 | UNRESTRICTED INVESTMENT EARNINGS |
| | | 8,263 | 8,263 | OTHER GENERAL REVENEUS |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 48,526 | | | |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | | | |
| Capital Contributions | 44,211 | (44,211) | | |
| Special Items (See Note 41) | (1,721) | | | |
| TOTAL CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | 42,490 | (44,211) | (1,721) | SPECIAL AND/OR EXTRAORDINARY ITEM |
| CHANGE IN NET POSITION | 91,016 | | 91,016 | CHANGE IN NET POSITION |
| NET POSITION - FISCAL YEAR BEGINNING | 2,930,718 | | 2,930,718 | NET POSITION - FISCAL YEAR BEGINNING |
| Accounting Changes (See Note 29B) | (3,026) | | (3,026) | Accounting Changes (See Note 29) |
| NET POSITION - FISCAL YEAR ENDING | $ 3,018,708 | | $ 3,018,708 | NET POSITION - FISCAL YEAR ENDING |

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

## 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.

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

### A. NEW ACCOUNTING STANDARDS

During Fiscal Year 2015-16, the State implemented GASB Statement No. 72 – Fair Value Measurement and Application, GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, and GASB Statement No. 79 – Certain External Investment Pools and Pool Participants.

Statement No. 72 clarifies the definition of fair value and establishes accounting, valuation, and financial reporting standards for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was implemented for the primary government, and since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 72 is not effective until financial statement periods beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 72.

Statement No. 73 establishes accounting and financial reporting standards for pensions outside the scope of GASB Statement No. 68 – Accounting and Financial Reporting for Pensions. This statement also amends disclosure requirements in the notes to the required supplementary information of GASB Statement No. 68, implemented for the primary government during Fiscal Year 2014-15. Statement No. 73 was implemented for the primary government, and since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 73 is not effective until fiscal years beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 73. During 2015, the Colorado Water Resources and Power Development Authority implemented GASB Statement No. 68.

Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Statement No. 79 was implemented for the primary government; however, since the Colorado Water Resources and Power Development Authority's year end was December 31, 2015, and GASB 79 is not effective until fiscal years beginning after June 15, 2015, their statements do not reflect the reporting requirements of GASB 79.

### 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 Position* 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 three branches of government, 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 that 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, as amended by GASB Statement No. 61. 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 and there exists a financial benefit or burden relationship with the State. Entities that do not meet the specific criteria for inclusion may still be included if it would be misleading to exclude them. Under GASB Statement No. 39, individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the State and the State can access those resources.

The following entities qualify as discretely presented component units:

Colorado Water Resources and Power Development Authority
University of Colorado Foundation
Colorado State University Foundation
Colorado School of Mines Foundation
University of Northern Colorado Foundation
Other Component Units (Nonmajor):
- Denver Metropolitan Major League Baseball Stadium District
- Colorado Venture Capital Authority
- HLC @ Metro, Inc.
- University of Colorado Real Estate Foundation

The following table contains the primary factors for the inclusion of the non-foundation component units in the State's reporting entity:

| Component Unit (Non Foundation) | Board Appointment | Ability to Impose Will | Financial Benefit/Burden Relationship |
|---|---|---|---|
| Colorado Water Resources and Power Development Authority | Appointment by the Governor, with consent of the Senate. | Water projects are subject to General Assembly authorization. | The Authority can enter into agreements in name of the State, while the State is required to develop project use plans for the Authority at no cost. The State may also appropriate funds in order for the Authority to meet its debt service requirements. |
| Denver Metropolitan Major League Stadium District | Appointment by the Governor, with consent of the Senate. | Board members serve at the pleasure of the Governor. | None. |
| Colorado Venture Capital Authority | Appointment by the Governor or legislature. | Bond issuance is contingent on legislative approval. | The Authority was capitalized based on general-purpose revenue tax credits. |
| HLC @ Metro, Inc. | Appointment by the State through the Metropolitan State University of Denver Board of Trustees. | The Board of Trustees of the Metropolitan State University of Denver controls and supervises the board of HLC @ Metro, Inc. | Metro State University of Denver has guaranteed the debt of HLC @ Metro, Inc. |

The five foundations meet the GASB Statement No. 39 criteria discussed above and are included because they are deemed by management to be individually significant.

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

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

University of Colorado Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203

Colorado State University Foundation
410 University Services Center
Fort Collins, Colorado 80523-9100

Colorado School of Mines Foundation
P. O. Box 4005
Golden, Colorado 80402-4005

University of Northern Colorado Foundation
1620 Reservoir Road
Greeley, Colorado 80631

Denver Metropolitan Major League Baseball Stadium District
2195 Blake Street, Suite 300
Denver, Colorado 80205

Colorado Venture Capital Authority
1625 Broadway, Suite 2700
Denver, Colorado 80202

HLC @ Metro, Inc.
1512 Larimer St., Suite 800
Denver, Colorado 80202

University of Colorado Real Estate Foundation
1800 Grant Street, Suite 725
Denver, Colorado 80203-1114

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, as amended by GASB Statements No. 39 and 61:

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 Pension Association
The State Board of the Great Outdoors Colorado Trust Fund
Colorado Health Benefit Exchange

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will upon these entities or it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related State institutions of higher education, but they do not meet all of the GASB Statement No. 39 requirements for inclusion as component units. These entities are included in the various note disclosures if they qualify as related parties or if omitting them would be misleading.

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units. Those that are identifiable within an Enterprise Fund with bonds or debt instruments outstanding and a revenue stream pledged in support of that debt are required to be accounted for separately as segments (see Note 37).

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 it 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 Huerfano County Hospital 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 Position* 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, deferred outflows and liabilities and deferred inflows 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 include proprietary funds financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the financial position of the government. The net position section of the statement focuses on whether assets and deferred outflows, net of related liabilities and deferred inflows, have been restricted as to the purpose for which they may be used. When an external party or the State Constitution places a restriction on the use of certain assets, those assets, net of related liabilities, are reported in the Net Position line items shown as Restricted. The nature of an asset may also result in a restriction on asset use. The line item Net Investment in Capital Assets, comprises capital assets (net of depreciation) reduced by the outstanding balance of leases, bonds, mortgages, notes, Certificates of Participation, or other borrowings that were used to finance the acquisition, construction, or improvement of the capital asset. The State does not report restrictions of net position related to enabling legislation because a settled court case determined that crediting money to a special fund does not mean that the General Assembly is prohibited from appropriating the money for another purpose. Internal Service Fund assets and liabilities are reported in the government-wide *Statement of Net Position* 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 in State government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or business-type activities. Direct costs are those that can be specifically identified with a program. The State allocates indirect costs based on the Statewide Appropriations/Cash Fees Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants.

Taxes, with the exception of unemployment insurance premiums supporting a business-type activity, are presented as general-purpose revenues. General-purpose revenues are presented at the bottom of the statement and do not affect the calculation of net program cost.

Interfund transactions, such as federal and State grants moving between State agencies, have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities, except as follows. In order not to misstate the sales revenue and purchasing expenses of individual functions or business-type activities, the effects of interfund services provided and used have not been eliminated. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. 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, and as a result amounts receivable and payable between the primary government and component units may not be equal. Amounts shown as receivable and payable between the primary government and the component units are primarily with the four foundations, which are reported as component units and have matching fiscal year ends, but also include amounts related to component units not deemed material for discrete reporting.

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. The State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, the Venture Capital Authority, HLC @ Metro, Inc. and University of Colorado Real Estate Foundation, which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

<u>General Fund</u>

Transactions that are not related to specific revenue streams for dedicated purposes for services traditionally provided by State government are accounted for in the General Fund. The General Fund contains Special Purpose Funds that include the State Public School, Risk Management, and Other Special Purpose Funds. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. As a result of comingled current and cumulative general-purpose and special-purpose revenue in the General Fund, combining schedules detailing the components of the General Fund are included as supplementary information. The schedules segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which is referred to as the General Purpose Revenue Fund.

<u>Resource Extraction</u>

This fund accounts for receipts from severance taxes, mineral leasing, and fees associated with regulation of mining activities. Expenditures include distributions to local governments, regulatory costs, and loans to special districts and local governments for water projects.

<u>Highway Users Tax Fund</u>

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. In prior years this fund has issued revenue bonds to finance construction and maintenance of highway infrastructure. Most of the State's infrastructure is owned by this fund.

<u>Capital Projects Fund</u>

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 unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund. A combining schedule of the components of the Capital Projects Fund is presented as supplementary information to segregate regular (primarily general-funded) and special (primarily cash-funded) capital construction.

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 students' primary education by funding specific programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11 and by inflation thereafter.

PROPRIETARY FUND TYPE:

Higher Education Institutions

This fund reports the activities of all state institutions of higher education. Fees for educational services, tuition payments, and research grants are the primary sources of funding for this activity. Higher Education Institutions have significant capital debt secured solely by pledged revenues.

Unemployment Insurance

This fund accounts for the collection of unemployment insurance premiums from employers, related federal support, the payment of unemployment benefits to eligible claimants, and revenue bonds issued through a related party, Colorado Housing and Finance Authority.

Lottery

The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue Fund. The funds are used primarily for open space purchases and recreational facilities throughout the State.

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 reports the following fund categories in supplementary information in the Comprehensive Annual Financial Report (CAFR).

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund

The General Fund and its components are classified as a major fund in the basic financial statements. Because of the requirement to separately identify activity related to general-purpose revenues for legal compliance purposes, the general-purpose revenue activity and the special-purpose revenue activities are shown in a combining schedule detailing the components of the General Fund. As a result, the General Fund activity is presented similar to major and nonmajor funds. The general-purpose activity is presented in the General Purpose Revenue Fund, while the special-purpose revenue activities include the Public School Fund, the Risk Management Fund, and the Other Special Purpose Fund.

Capital Projects

The Capital Projects Fund and its components are classified as a major fund in the basic financial statements. The components are necessary to support the calculation of resources available for future appropriation. In order to demonstrate legal compliance, the Regular Capital Projects, which is primarily funded from general-purpose revenue, and Special Capital Projects Fund, which is primarily funded with dedicated revenues, are presented similar to nonmajor funds.

Special Revenue Funds

Transactions related to resources obtained from specific sources and dedicated to specific purposes are accounted for in special revenue funds. The individual nonmajor funds include Labor, Gaming, Tobacco Impact Mitigation, Resource Management, Environment and Health Protection, Unclaimed Property, and Other Special Revenue Funds.

Debt Service Fund

This fund accounts for the accumulation of resources, primarily transfers from other funds, for the payment of long-term debt principal and interest. It also accounts for the issuance of debt solely to refund debt of other funds. The primary debt serviced by this fund consists of Certificates of Participation issued by various departments and Transportation Revenue Anticipation 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 and an aggregation of several smaller funds. On the government-wide financial statements, the net position of these funds are presented as restricted with separate identification of the nonexpendable (principal) and expendable (earnings) amounts. On the fund-level financial statements, the principal portion is reported as Nonspendable.

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

The State uses enterprise funds to account for activities that charge fees, 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 reported as supplementary information include Parks and Wildlife, College Assist, State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, Petroleum Storage Tank, Transportation Enterprise, and several smaller funds aggregated as Other Enterprise 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 include Central Services, Statewide Financial Information Technology, Information Technology, Capitol Complex, Highways, Public Safety, Administrative Courts, Legal Services, and Other Enterprise Services. 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 Position,* 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 TYPE:

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 and Benefit 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 Group Benefits Plan, which provides Health, Life, Dental, and Short-Term Disability Benefits to State employees.

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, Unclaimed Property, the College Savings Plan operated by CollegeInvest, the College Opportunity Fund (liquidated annually), the Multistate Lottery Winners Trust Fund and several smaller funds shown in the aggregate as Other.

Agency Funds

Agency funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Agency funds primarily include local sales tax collections, trustee investments related to State capital projects, and investments of the Colorado Water Resource and Power Development Authority. Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

Intrafund transactions are those transactions that occur completely within a column in the financial statements, while interfund transactions involve more than one column. This definition applies at the level of combining financial statements in the supplementary information section of the Comprehensive Annual Financial Report. 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 transfers-in or transfers-out after the revenues and expenses are reported on each of the statements of changes in net position, or the Statement of Revenues, Expenditures and Changes in Fund Balances.

FUNCTIONAL PRESENTATION OF EXPENDITURES

In the governmental fund types, expenditures are presented on a functional basis rather than an individual program basis because of the large number of programs operated by the State. The State's eight functional classifications and the State agencies or departments comprising each are:

General Government

Legislative Branch, Department of Personnel & Administration, most of the Department of Military and Veterans Affairs, part of the Governor's Office, part of the Department of Revenue, and Department of Treasury

Business, Community, and Consumer Affairs

Department of Agriculture, part of the Governor's Office, Department of Labor and Employment, Department of Local Affairs, most of the Department of Regulatory Agencies, Gaming Division of the Department of Revenue, and Department of State

Education

Department of Education and the portion of the Department of Higher Education not reported as a business-type activity

Health and Rehabilitation

Department of Public Health and Environment and part of the Department of Human Services

Justice

Department of Corrections, Division of Youth Corrections in the Department of Human Services, Judicial Branch, Department of Law, Department of Public Safety, and the Civil Rights Division of the Department of Regulatory Agencies

Natural Resources

Department of Natural Resources

Social Assistance

Department of Human Services, Veterans' Affairs, and the Department of Health Care Policy and Financing

Transportation

Department of Transportation

**Component Units**

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2015.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, uses proprietary fund accounting in preparation of its financial statements, while the Venture Capital Authority, a nonmajor component unit, applies applicable GASB pronouncements. The financial information for the Denver Metropolitan Major League Baseball Stadium District and the Venture Capital Authority is presented as of December 31, 2015.

The five foundations presented as component units and HLC @ Metro, Inc. follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundations' audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the five foundation component units and HLC @ Metro, Inc. is presented as of June 30, 2016.

## 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 FINANCIAL 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, deferred outflows, liabilities, and deferred inflows 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 as follows:

- 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 are 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 to estimate the following revenue accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due at June 30.
- Income taxes, net of refunds, to be collected from individuals, corporations, and trusts are accrued based on current income earned by taxpayers before June 30. Quarterly filings, withholding statements, and other historical and economic data are used to estimate taxpayers' current income. The related revenue is accrued net of an allowance for uncollectible taxes.

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

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include 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, and termination benefits are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund-level statements 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 described above for the government-wide statements.

**Component Units**

The Colorado Water Resources and Power Development Authority uses the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when the related liability is incurred.

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

### A. CASH AND POOLED CASH

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

### B. RECEIVABLES

**Component Units**

The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation, and the University of Northern Colorado Foundation all record unconditional promises to give as revenue and receivable in the period that the pledge is made. The University of Colorado Foundation, the Colorado State University Foundation, the Colorado School of Mines Foundation and the University of Northern Colorado Foundation use the allowance method to determine the uncollectible portion of unconditional contributions receivable. The Colorado School of Mines Foundation recognizes conditional promises to give as revenue and receivable when the conditions on which the pledges are dependent are substantially met.

### C. INVENTORIES

Inventories of the various State agencies primarily comprise finished goods inventories held for resale 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 fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. 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.

### D. INVESTMENTS

**Primary Government**

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value except for certain money market investments (see Note 14). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

**Component Units**

Marketable equity and debt investments of the University of Colorado Foundation are presented at fair value based on quoted market prices; alternative investment fair values are based on national security exchange closing prices, if marketable, and on prorata share of the net assets of the investment, if not marketable. Realized and unrealized gains and losses are included in the change in net position.

The University of Colorado Foundation has concentrations of financial instruments in cash and investments that potentially subject it to credit risk. The foundation selects credit-worthy high-quality financial institutions, but frequently portions of its deposits are not insured by the FDIC. The foundation's concentrations in stocks, bonds, and alternative investments also subject it to credit risk. These investments are selected by professional managers and are monitored by the Investment Committee of the foundation's Board of Directors. Certain investment managers employ techniques such as leverage, futures and forwards contracts, option agreements, and other derivative instruments that create special risks that could adversely affect the foundation's investment portfolio valuation. Foundation management believes the investment policy is prudent for the long-term welfare of the foundation.

The mission of the Venture Capital Authority, a nonmajor component unit, is to make seed and early-stage investments in companies that are not fully established. Because of the inherent uncertainty of investment valuation where a ready market does not exist, as is the case with Venture Capital Authority investments, estimated values may differ from the values that would have been reported had a ready market existed, and the differences could be material.

## E. CAPITAL ASSETS

Depreciable capital assets are reported at historical cost net of accumulated depreciation on the government-wide *Statement of Net Position*. Donated capital assets are carried at acquisition value at the date of donation. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

The following table lists the range of capitalization thresholds established by the State as well as lower thresholds adopted by some State agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado has adopted a $75,000 threshold for land and leasehold improvements as well as buildings and software.

(Amounts in Dollars)

| Asset Class | Lower Capitalization Thresholds | Established State Thresholds |
|---|---|---|
| Land Improvements | $ 5,000 | $ 50,000 |
| Buildings | $ 5,000 | $ 50,000 |
| Leasehold Improvements | $ 5,000 | $ 50,000 |
| Intangible Assets | NA | $ 50,000 |
| Vehicles and Equipment | NA | $ 5,000 |
| Software (purchased) | NA | $ 5,000 |
| Software (internally developed) | NA | $ 50,000 |
| Collections | NA | $ 5,000 |
| Infrastructure | NA | $ 500,000 |

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

(Amounts in Years)

| Asset Class | Shortest Period Used | Longest Period Used |
|---|---|---|
| Land Improvements | 3 | 50 |
| Buildings | 3 | 70 |
| Leasehold Improvements | 3 | 50 |
| Vehicles and Equipment | 1 | 50 |
| Software | 2 | 20 |
| Library Books | 3 | 20 |
| Other Capital Assets | 3 | 25 |
| Infrastructure | 20 | 75 |

Roads and bridges, except for right-of-way and fiber optic infrastructure, owned by the Department of Transportation and other infrastructure primarily owned by the Department of Natural Resources, are capitalized and depreciated. The Department of Transportation depreciates roadways over 40 years, and bridges over 75 years.

The State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

## F. UNEARNED REVENUE AND DEFERRED INFLOWS

Under reimbursement agreements, receipts from the federal government and other program sponsors are not earned until the related expenditures occur. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.

On the fund-level governmental financial statements, revenues related to taxes receivable that the State does not expect to collect until after the following fiscal year are not earned and are reported as deferred inflows. However, taxes receivable are recognized as revenue on the government-wide financial statements.

## G. 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 the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death.

Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to 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. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the government-wide *Statement of Net Position,* all compensated absence liabilities are reported.

**Component Units**

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

### H. INSURANCE

The State has an agreement with Broadspire to act as the third party administrator for the State's self-insured workers' compensation claims. The State reimburses Broadspire 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 a combination of self-insurance and commercial insurance carriers and is self-insured against liability risks for both its officials and employees (see Note 21). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due. The State pays the actual costs of unemployment benefits paid to separated employees rather than unemployment insurance premiums.

### I. NET POSITION AND FUND BALANCES

In the financial statements, assets and deferred outflows in excess of liabilities and deferred inflows are presented in one of two ways depending on the measurement focus used in reporting the fund.

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

The following paragraphs describe the restrictions reported in the three financial statement types cited above:

Net Investment in Capital Assets – This item comprises capital assets net of accumulated depreciation if applicable. The carrying value of capital assets are further reduced by the outstanding balances of leases, bonds, or other borrowings that were used to acquire, construct, or improve the related capital asset, Deferred outflows related to refunding losses also adjust this line item.

Restricted for Construction and Highway Maintenance – Article X, Section 18 of the State Constitution restricts the motor fuels tax and fee portion of the Highway Users Tax Fund. The restricted portion of the fund is appropriated for highway construction and maintenance activities.

Restricted for Education – The net position of the State Education Fund, a major special revenue fund, is restricted for education purposes 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. In addition, the net position of the Public School Fund, a Special Purpose fund is restricted for exclusive use pursuant to Article IX, Section 3 of the State Constitution.

The net position of Higher Education Institutions, a major proprietary fund, is restricted for educational purposes that primarily include student loans and scholarships restricted by the federal government and other sponsoring entities and revenue balances pledged for auxiliary facility debt as a result of bond covenants. Balances related to various instructional, research and academic support programs and capital projects may also be restricted based on requirements of donors and sponsors. Finally, Article XVIII, Section 9 of the State Constitution, also known as Amendment 50, requires that specified gaming receipts only be used for instructional purposes and scholarship programs.

Restricted for Unemployment Insurance – The entire net position balance of the Unemployment Insurance Fund is reported as restricted because federal regulations limit nearly all the balance to paying unemployment insurance claims.

Restricted for Debt Service – The net position of the Debt Service Fund, a nonmajor governmental fund, are restricted to be used only for upcoming principal and interest payments. The net position in governmental activities is found in the Department of Personnel & Administration and in the Department of Treasury on behalf of the Build Excellent Schools Today (BEST) program. The Higher Education Institutions Fund also reports certain balances restricted for principal and interest payments on revenue-bonded debt.

Restricted for Emergencies – The General Assembly 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 for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises. State properties and the Unclaimed Property Trust Fund included as part of the required reserve are not represented in this amount. (See Note 8B for more information on the current year amount of the emergency reserve.)

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, amounts dedicated to fund capital construction activity, and the endowment portion of the Higher Education Institutions Fund that must be maintained in perpetuity. The restricted balances reported as expendable are primarily the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

Restricted for Other Purposes – The State operates certain funds that were established at the direction of federal government, the courts, the State Constitution, or other external parties. The most significant purposes include:

- Settlements in various funds that have been directed by the courts for specific uses in environmental remediation and consumer protection cases.
- Gaming activities pursuant to Article XVIII, Section 9 of the State Constitution restricted to provide an operating reserve, for historic preservation purposes, and for distribution to support local and State community colleges.
- Federal moneys held for mining reclamation, housing programs, and scholarship trusts.
- Aviation Fund moneys collected pursuant to Article X, Section 18 of the State Constitution.
- Lottery proceeds for parks and outdoor projects as directed by Article XXVII of the State Constitution.
- Tobacco taxes for health related programs pursuant to Article X, Section 21 of the State Constitution.

On the *Balance Sheet – Governmental Funds,* assets in excess of liabilities are reported as fund balances and are segregated between spendable and nonspendable amounts, as follows:

Nonspendable – This fund balance category consists of inventories, prepaid expenditures, and the corpus of permanent funds. The fund balance consists primarily of prepaid advances to counties for social assistance programs, to local entities for species conservation, permanent funds related to state lands, and to Colorado cities and special districts from emergency management funds.

Spendable amounts are further segregated into categories based on the degree to which the uses of resources are constrained. The categorization, in part, is a result of the State's spending prioritization policy. When an expenditure is incurred that could be funded from either restricted or unrestricted sources it is the State's general policy that unrestricted dollars are spent first, and within unrestricted sources funding is allocated first from unassigned, then assigned, and then committed resources. However, in certain circumstances restricted and/or committed resources are spent without regard to other available funding sources including transfers:

- to pay indirect costs,
- to fund programs operating in the General Purpose Revenue Fund,
- to support health-related programs funded by tobacco tax,
- to support programs partially funded by Highway Users' Tax funds, and
- other situations that are not individually significant.

Spendable fund balance classifications include:

Restricted – This classification is the portion of fund balance that is restricted by the State Constitution or external parties, and therefore, the related fund balance can only be expended as directed by the State Constitution or the external party.

Restrictions are in place on the *Balance Sheet – Governmental Funds* to reflect the restrictions discussed for the government-wide *Statement of Net Position*, except for Permanent Funds that are presented as Nonspendable. The emergency reserve is restricted in the Labor Fund, a nonmajor Other Special Revenue Fund, the Colorado Water Conservation Board Construction Fund and the Severance Tax Perpetual Base Fund in Resource Extraction, and the Controlled Maintenance Trust Fund within special-purpose General Funds. The gaming proceeds are restricted in the Gaming Fund, a nonmajor Other Special Revenue Fund, and funds legally required to be held for debt service in the Debt Service Fund, an Other Governmental Fund, while the remaining restrictions are represented in various funds.

In addition to restrictions on the government-wide *Statement of Net Position*, the *Balance Sheet – Governmental Funds* includes restrictions for other financing arrangements under which the proceeds are restricted to the purpose of the issuance. The unspent proceeds are primarily related to public school construction under the Building Excellent Schools Today (BEST) program, in the Special Purpose General Fund.

Committed – This fund balance classification consists of amounts constrained by the General Assembly, the State's highest level of decision-making authority. Changes to constraints require legislative action by the General Assembly. The classification applies to the majority of governmental funds, excluding the General Purpose Revenue Fund.

In the General Purpose Revenue Fund the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d) to reserve five and six-tenths percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. Historically, the legislature has acted to reduce the reserve when revenues were projected to be inadequate to fund appropriations and the reserve. The reserve is applicable for both GAAP and budget basis purposes. The GAAP based fund balance was not sufficient to report the entire reserve as Committed fund balance. As a result, only the remaining GAAP fund balance of $386.5 million was committed for this purpose.

Committed balances also include earned augmenting revenue, such as insurance proceeds, that state agencies are not required to revert into the General Purpose Revenue Fund fund balance.

In the Capital Projects Fund, the Committed classification represents the fund balance of the Corrections Expansion Reserve and the balance of certain other projects that are allowed to maintain a fund balance. These projects are not required to revert excess cash revenue to the Capital Projects Fund.

<u>Assigned</u> – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2015-16 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

<u>Unassigned</u> – This classification is the residual classification in the General Fund, and is not shown in other governmental funds unless the fund balance is a deficit. For Fiscal Year 2015-16, there was no unassigned fund balance because of the shortfall in the statutory reserve discussed in the Committed section of this note.

## 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 premiums used to support a business-type activity, are reported as general revenues. Unrestricted investment earnings and the court ordered awards of the Tobacco Litigation Settlement Fund, a nonmajor Other Special Revenue 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, and
- 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. The allocation is based on the Statewide Appropriations/Cash Fees Plan that is derived from the Statewide Indirect Cost Allocation Plan that was approved by the federal government during Fiscal Year 2015-16. The Statewide Appropriations/Cash Fees Plan includes indirect costs not chargeable to federal sources, including the majority of the Governor's Office.

The Plan uses costs from Fiscal Year 2012-13 that were incorporated in State agency budgets in Fiscal Year 2015-16. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position.* However, since the amount allocated from the governmental activities to the business-type activities 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

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds 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 Position* and cash 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 Position* but are reported as investing activities on the *Statement of Cash Flows.*
- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Position* but are reported as cash from operations on the *Statement of Cash Flows.*

The State's institutions of higher education 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.

## NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND 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. In the General Purpose Revenue Fund and Regular Capital Projects Fund, if earned cash revenues plus available reserved fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Absent general-funded appropriations, agencies are not allowed to use general-purpose revenue to support an expenditure/expense that was appropriated from cash or federal funds. Budget-to-actual comparisons are presented in the Required Supplementary Information Section beginning on page 161. Differences noted between departmental reversions or overexpended amounts on the budgetary schedules and the overexpended amounts discussed below are due to offsetting underexpended line item appropriations.

Within the limitations discussed below, the State Controller with the approval of the Governor may allow certain overexpenditures of the legal appropriation, as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The statute also provides for $250,000 of general-funded overexpenditure authority in the Children's Basic Health Plan. The Department of Human Services is allowed $1.0 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to $3.0 million in total for the remainder of the Executive Branch. An additional $1.0 million of combined transfers and overexpenditures are allowed for the Judicial Branch.

The State Controller is generally required by statute to restrict the subsequent year appropriation whether or not an overexpenditure is approved. Such a restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures.

Per Colorado Revised Statutes 24-75-109(2)(b), neither the Governor nor the State Controller is allowed to approve any overexpenditure in excess of the unencumbered balance of the fund from which the overexpenditure is made.

Total overexpenditures at June 30, 2016, were $15,347,508 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy and Financing overexpended this line item by $3,620,565 of cash funds and $68,674 of reappropriated cash funds. This appropriation pays for the majority of Medicaid services rendered for clients. The overexpenditures occurred as a result of higher than expected utilization of services by Medicaid clients.
- Medicare Modernization Act (MMA) State Contribution Payment – This line item overexpended general funds in the amount of $154,208. The reason for the overexpenditure was due to a higher than anticipated caseload.
- Behavioral Health Fee-for-service – This appropriation line pays for Medicaid covered Behavioral Health services that are paid on a fee-for-service basis to providers. An unexpected increase in utilization is the cause of the general fund overexpenditure of this line in the amount of $251,317.
- Children's Basic Health Plan Medical and Dental Costs. – The Children's Basic Health Plan Medical and Dental Costs appropriation covers expenditures for services rendered for CHP+ clients. The cash overexpenditure in the amount of $1,133,477 occurred as a result of higher than anticipated recoveries of payments made in prior years.

Approved State Department Subject to the $3.0 Million Limit:

- Administrative Courts Operating Expenses - The Department of Personnel and Administration overexpended reappropriated cash funds on this line item by $5,837 for one time construction expenditures for an office in Grand Junction.
- Department of Public Health and Environment Indirect Costs Assessment – An oversight occurred during the figure-setting process on several divisional indirect costs assessment appropriation amounts. The oversight, paired with an increase of the cash indirect rate from 25.7% to 27.5 % for Fiscal Year 2016, caused the assessment of indirect costs within many divisions to exceed the spending authority for indirect costs. The total cash amount overexpended was $922,368.
- CORE Operations – The Department of Education overexpended their reappropriated cash line by $121,724. This amount is equal to the combined federal appropriations in FY 2015 and FY 2016 for CORE operations. The Department does not have a basis for assigning the costs to their federal programs

in proportion to the benefit provided as required by federal regulations.

- Operating Expenses – The Department of Military and Veterans Affairs overexpended a federal fund line in the amount of $62,857. The cooperative agreement contract with National Guard Bureau specifically excludes indirect costs for other than specific payroll costs. The federal government is denying the costs as indirect and disallowed.
- CORE Operations – The Department of Natural Resources overexpended their cash line related to this appropriation by $88,683 to pay their federal portion of costs related to the implementation of a new statewide accounting system. The amount overexpended is equal to the combined federal appropriations for Fiscal Years 2015 and 2016. The Department does not have any federal partners to provide funding for this cost.

Overexpenditures Not Allowed to Be Approved (Deficit Fund Balances):

- Distribution to Local Public Health Agencies – This cash fund resided at the Department of Public Health and Environment but was repealed with the passing of House Bill 16-1408. Cleanup on the fund left the Department with a fund balance deficit of $529.
- High Performance Transportation Enterprise – The Department of Transportation had a deficit fund balance related to this line item of $2,886,656. Pursuant to C.R.S. 43-4-806 (4), the Transportation Commission loaned monies to the High Performance Transportation Enterprise. Although there was a positive cash balance in the fund as of fiscal year end, the remaining unpaid loan liability was greater. The deficit this year has decreased from last year's amount of $3,294,462.
- Aviation Fund – The Department of Transportation had a deficit fund balance in this fund in the amount of $5,189,122 related to lower than anticipated tax revenues resulting from low fuel prices.
- Division of Professions and Occupations Cash Fund The Department of Regulatory Agencies had a deficit fund balance in this fund of $471,306 due to unforeseen and inefficient permit activity revenue. Fees were increased for this fund in April 2016.
- Various – With the implementation of the new statewide financial system, CORE, there were four small overexpenditures individually totaling $3,482 due to timing mismatches.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in CRS 25.5-8-108(5). However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2016-17 spending authority is recommended. The following cash funds were in deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2016:

- Health Care Expansion Fund - $227,350
- Medicaid Buy-In Cash Fund - $139,883

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

## 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 TABOR section of the State 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. Government run businesses accounted for as enterprise funds that have the authority to issue bonded debt and that receive less than ten percent of annual revenues from the State and its local governments are exempted from the TABOR revenue limits.

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five Fiscal Years 2005-06 through 2009-10. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2007-08 and resulted in a Fiscal Year 2015-16 ESRC of $12,946.5 million.

In Fiscal Year 2014-15, revenue subject to the ESRC was originally $12,530.8 million or $169.7 million over the ESRC of $12,361.0 million. As a result, $169.7 million of revenue was due back to tax payers, plus $3.6 million of additional understated and un-refunded amounts from previous years. Total refunds were originally calculated to be $173.3 million.

In Fiscal Year 2015-16, a reclassification of revenue from federal sources and other adjustments for the prior year resulted in a $28.6 million reduction in the prior year spending limit and a lower TABOR refund payable than originally stated for Fiscal Year 2014-15.

Revenue in Fiscal Year 2015-16 subject to the ESRC was $12,824.4 million, which is $122.1 million under the $12,946.5 million ERSC, and $2,396.8 million over the original TABOR limit. TABOR refunds payable from Fiscal Year 2014-15 are $31.4 million.

Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $14,773.4 million -- $3,593.6 million during the initial five year revenue retention period, and an additional $11,179.8 million as a result of the higher ESRC limit in Fiscal Years 2010-11 through 2015-16.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2015-16 that amount was $384.7 million.

At June 30, 2016, the financial net positions, or fund balance of the following funds, were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $83,000,000.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34,000,000.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33,000,000.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33,000,000.
- Controlled Maintenance Trust Fund, a portion of the major General Fund – $68,328,000.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5,000,000.
- The 2015 legislative session Long Appropriations Act designated up to $130,372,000 of State properties as the remainder of the emergency reserve.

The estimate of the needed reserve was based on the December 2015 revenue estimate prepared by the Legislative Council. Because the revenues subject to the TABOR reserve requirement were less than estimated, the amount designated for the reserve was $1,967,759 more than required by the State Constitution. However, in the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

## NOTE 9 Through 17 – DETAILS OF ASSET ITEMS

## NOTE 9 – 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 Purpose Revenue Fund unless a specific statute directs otherwise. Most funds are required to invest in noninterest bearing warrants of the General Purpose Revenue Fund if the General Purpose Revenue Fund overdraws its rights in the pool. This means that under certain conditions participating funds would not receive the interest earnings to which they would otherwise be entitled. The detailed composition of the Treasury pooled cash and investment is shown in the annual Treasurer's Report. Where a major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Purpose Revenue Fund – the payer of last resort for the pool.

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 significant financial resources as soon as the moneys are available within the banking system. To enhance availability of funds for investment purposes, the State Treasurer uses electronic funds transfers to move depository account balances into the Treasurer's pooled cash.

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, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, and repay the public deposits to the depositing government.

Including restricted amounts and fiduciary funds, the Cash and Pooled Cash line on the financial statements includes $7,249.3 million ($7,254.7 million at amortized cost) of claims of the State's funds on moneys in the Treasurer's pooled cash.

At June 30, 2016, the treasurer had invested $7,408.5 million (fair value) of the pool and held $0.5 million of certificates of deposit.

The State had an accounting system cash deposit balance of $ 1,200.4 million in the Treasurer's pool. Under the GASB Statement No. 40 definitions $40.3 million of the State's total bank balance of $1,245.9 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

### Component Units

The Colorado Water Resources and Power Development Authority had cash deposits of $2.1 million with bank balances of $2.1 million at December 31, 2015. Of the booked amount, $250,000 was federally insured. The authority also reported as cash and cash equivalents $19.2 million held by the State Treasurer, $111.0 million held in COLOTRUST and CSAFE, and $189.1 million held in a third party, short-term, prime investment fund. COLOTRUST (Colorado Local Government Liquid Asset Trust) and CSAFE (Colorado Surplus Asset Fund Trust) are local government investment vehicles that qualify as 2a7-like investment pools, where the value of each share is maintained at $1.00. COLOTRUST, CSAFE and the third party investment fund have credit quality ratings of AAA, while cash held by the State Treasurer is not rated for credit quality.

## NOTE 10 – 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 Position*) and be reported outside of the Cash Flows from Operating Activities 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-purpose 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.* Higher Education Institutions and certain State agencies are authorized to move general revenue cash of the Capital Projects Fund to the enterprise or internal service fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants 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 Position;* therefore, they are reported as noncash transactions.

- Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the Treasurer's pooled cash in which they participate. The unrealized gains or losses on the Treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the Treasurer's pooled cash result in increases or decreases in investment balances, and therefore, are reported as noncash transactions. The unrealized gain/loss schedule in Note 14 shows the combined effect of these two sources of unrealized gains or losses.

- Loss on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is less than the carrying value of the asset, a loss is recorded. The loss results in a reduction of the amount reported for capital or other assets on the Statement of Net Position, but since no cash is exchanged for the loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, and gain/(loss) on refunding adjusts future 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 Position.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

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

- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds, the State reports a noncash transaction.

- Fair Value Change in Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the Statement of Net Position also includes a real account, either asset or liability, that is measured at fair value but does not represent a current cash transaction.

## NOTE 11 – RECEIVABLES

### Primary Government

The Taxes Receivable of $1,374.8 million shown on the government-wide *Statement of Net Position* primarily comprises the following:

- $1,435.6 million, mainly of self-assessed income and sales tax recorded in the General Purpose Revenue Fund. This amount includes $220.9 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Position.* These long-term receivables are offset by deferred inflows on the *Balance Sheet – Governmental Funds*.
- $123.6 million of unemployment insurance premiums receivable recorded in the Unemployment Insurance Fund.
- $36.4 million recorded in nonmajor special revenue funds, of which, approximately $11.5 million is from gaming tax, $11.5 million is insurance premium tax, and $11.1 million is tobacco tax.

In addition, $58.1 million of Taxes Receivable, $33.2 million of Other Receivables, and $361.8 million of intergovernmental receivables were recorded in the Highway Users Tax Fund. All three items were reported as restricted receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $1,213.3 million shown on the government-wide *Statement of Net Position* are net of $171.7 million in allowance for doubtful accounts and primarily comprise the following:

- $575.9 million of student and other receivables of Higher Education Institutions.
- $427.8 million of receivables recorded in the General Fund, of which $14.5 million is from interest receivable on investments. The Department of Health Care Policy and Financing also recorded receivables of $361.1 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $6.8 million of patient receivables.
- $114.4 million recorded by Other Governmental Funds including $43.5 million of tobacco settlement revenues expected within the following year, $8.7 million of rent and royalty receivables recorded by the State Lands Fund and $16.3 million from the Great Outdoors Colorado program recorded by Parks and Wildlife.
- $23.6 million recorded by the Resource Extraction Fund.

### Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $960.1 million at December 31, 2015. During 2015, the authority made new loans of $106.2 million and canceled or received repayments for existing loans of $172.8 million.

University of Colorado Foundation contributions receivable of $33.9 million and $77.6 million are reported as Contributions Receivable current and noncurrent, respectively, in the Statement of Net Position – Component Units. At June 30, 2016, the amount reported as contributions receivable totals $125.3 million of unconditional promises to give which were offset by an $11.6 million allowance for uncollectible contributions and a $2.2 million unamortized pledge discount using discount rates ranging from 0.41 percent to 5.81 percent.

At June 30, 2016, Contributions Receivable for the Colorado State University Foundation included contributions of $47.3 million, which were offset by $1.5 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $1.2 million of allowance for uncollectible pledges. At June 30, 2016, contributions from two donors represented approximately 36 percent of net contributions receivable for the foundation.

At June 30, 2016, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $30.8 million was offset by $3.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 54 percent of the foundation's contributions receivable at June 30, 2016, consists of a pledge from one donor and approximately $4.9 million is due from trusts held by others.

At June 30, 2016, combined current and noncurrent Contributions Receivable for the University of Northern Colorado Foundation was $7.3 million. It was offset by $0.2 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 60 percent of the foundation's contributions receivable at June 30, 2016 consists of pledges from two donors and approximately 26 percent of its contributions for the year are from three donors.

## NOTE 12 – INVENTORIES

Inventories of $108.0 million shown on the government-wide *Statement of Net Position* at June 30, 2016, primarily comprises the following:

- $66.9 million of resale inventories, of which, Resource Extraction recorded $35.9 million, and Higher Education Institutions recorded $27.5 million.
- $22.6 million of consumable supplies inventories, of which, $10.8 million was recorded by the Higher Education Institutions, $8.6 million was recorded by the Highway Users Tax Fund, $1.8 million by the General Purpose Revenue Fund, and $820,398 by Parks and Wildlife, a nonmajor enterprise fund.
- $12.9 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

## NOTE 13 – PREPAIDS AND ADVANCES

Prepaids and Advances of $96.2 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to social assistance programs.
- $13.1 million in advances to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.
- $16.5 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.
- $10.4 million in Higher Educational Institutions, of which $6.5 million was at Colorado State University that primarily related to library subscriptions.
- $4.6 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

## NOTE 14 – INVESTMENTS

### Primary Government

The State holds investments both for its own benefit and as an agent for certain entities as provided by statute. The State does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer. The fair value of most 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.

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including State agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 18 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, corporate or bank debt securities denominated in US dollars, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

The statute establishes minimum credit quality ratings at the highest rating by at least two national rating agencies for most investment types. That statute also sets maximum time to maturity limits, but allows the governing body of the public entity to extend those limits. Public entities may also enter securities lending agreements that meet certain collateralization and other requirements. The statute prohibits investment in subordinated securities and securities that do not have fixed coupon rates unless the variable reference rate is a United States Treasury security with maturity less than one year, the London Interbank Offer Rate, or the Federal Reserve cost of funds rate. The above statutory provisions do not apply to the University of Colorado.

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain bankers' acceptances or bank notes, certain commercial paper certain international banks, certain loans and collateralized mortgage obligations and certain debt obligations backed by the full faith and credit of the state of Israel. The Treasurer's statute also establishes credit quality rating minimums specific to the Treasurer's investments. The Treasurer's statute is the basis for a formal investment policy published on the State Treasurer's website. In addition to the risk restrictions discussed throughout this Note 14, the Treasurer's investment policy precludes the purchase of derivative securities.

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. In Fiscal Year 2015-16, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $55,128, for the Unclaimed Property Tourism Trust Fund of $5,101 and for the Major Medical Fund of $16,828. For the Treasurer's pooled cash fund, the State Treasurer realized a loss from the sale of investments of $172,747.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2016 and 2015, the treasurer had $85.9 million and $59.2 million at fair value, respectively, of GOCO's funds on deposit and invested.

The investment earnings of the Unclaimed Property Tourism Trust Fund, a nonmajor special revenue fund, are assigned by law to the Colorado Travel and Tourism Promotion Fund, a nonmajor special revenue fund, to the State Fair, a nonmajor enterprise fund, and to the Agriculture Management Fund, a nonmajor special revenue fund.

As provided by State statute, the State Treasurer held $8.2 million of investment in residential mortgages by paying the property taxes of certain elderly State citizen homeowners that qualify for the program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

The State Treasurer held Colorado Housing and Finance Authority bonds, a related party, totaling $4.9 million as of June 30, 2016. See Note 38 for additional details.

Excluding fiduciary funds, the State recognized $1,713,951 of net realized gains from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2015-16.

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 9) | $ 1,200,413 |
| Investments: | |
| Governmental Activities | 8,360,490 |
| Business-Type Activities | 2,500,767 |
| Fiduciary Activities | 6,528,913 |
| Less: Cash in Clearing Accounts | (2,166) |
| Total | $ 18,588,417 |
| | |
| Financial Statement Amounts | |
| Net Cash and Pooled Cash | $ 6,008,646 |
| Add: Warrants Payable Included in Cash | 215,646 |
| Total Cash and Pooled Cash | 6,224,292 |
| Add: Restricted Cash | 2,381,846 |
| Add: Restricted Investments | 900,202 |
| Add: Investments | 9,081,510 |
| Add: Unrealized Gain Not Posted | 567 |
| Total | $ 18,588,417 |

**Custodial Credit Risk**

The State Treasurer's investment policy requires all securities to be held by the State Treasurer or a third party custodian designated by the Treasurer with each security evidenced by a safekeeping receipt. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

Open-end mutual funds and certain other investments are not subject to custodial risk because ownership of the investment is not evidenced by a security. The following table lists the investments of the State Treasurer's pooled cash, major governmental funds, and nonmajor governmental funds in the aggregate, by investment type at fair value.

The *Other* category of the General Fund comprises the issuance trustee's deposit of proceeds from Certificates of Participation issued for local school district capital construction under the Build Excellent Schools Today (BEST) program. The $14.0 million is reported in the Public School Buildings Fund, a Special Purpose General Fund. Certain trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments. The *Other* category of the Other Governmental funds comprises the issuance trustees' deposit of unexpended proceeds from Certificates of Participation issued for BEST issuances ($67.5 million reported in the Debt Service Fund, an Other Governmental Fund and $3.3 million related to investments in the Public School Fund. None of the securities listed in the table below are subject to custodial credit risk:

(Amounts in Thousands)

| | Governmental Activities | | | |
|---|---|---|---|---|
| | Treasurer's Pool | General Fund | Other Governmental | Total |
| INVESTMENT TYPE | | | | |
| U.S. Government Securities | $ 3,633,085 | $ - | $ 218,202 | $ 3,851,287 |
| Commercial Paper | 846,606 | - | - | 846,606 |
| Corporate Bonds | 1,668,442 | - | 225,281 | 1,893,723 |
| Asset Backed Securities | 1,025,406 | - | 249,374 | 1,274,780 |
| Mortgages Securities | 4,919 | 8,205 | 161,855 | 174,979 |
| Mutual Funds | 230,000 | - | 3,170 | 233,170 |
| Other | - | 13,971 | 71,974 | 85,945 |
| TOTAL INVESTMENTS | $ 7,408,458 | $ 22,176 | $ 929,856 | $ 8,360,490 |

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in the aggregate, and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: a variety of investments held by the University of Colorado Foundation ($325.7 million) and the Colorado School of Mines Foundation ($30.8 million); money market funds ($313.5 million); equity trusts ($288.1 million); repurchase agreements ($88.4 million); fixed income trusts ($42.4 million); municipal bonds ($20.4 million) and other investments ($10.6 million).

The *Other* category of the Other Enterprise funds primarily comprises the Bridge Enterprise trustee's holdings that include unexpended proceeds of $18.3 million from prior years of bond issuances.

The table below also shows the fair value of securities held by these funds that are subject to custodial credit risk.

(Amounts in Thousands)

| | Business-Type Activities | | | Fiduciary |
|---|---|---|---|---|
| | Higher Education Institutions | Other Enterprises | Total | Fiduciary |
| INVESTMENT TYPE | | | | |
| U.S. Government Securities | $ 385,491 | $ - | $ 385,491 | $ 14,854 |
| Commercial Paper | 2,000 | - | 2,000 | - |
| Corporate Bonds | 272,242 | - | 272,242 | - |
| Corporate Securities | 13,938 | - | 13,938 | - |
| Repurchase Agreements | - | - | - | 686 |
| Asset Backed Securities | 99,625 | - | 99,625 | - |
| Mortgages Securities | 60,619 | - | 60,619 | - |
| Mutual Funds | 513,265 | 15,263 | 528,528 | 5,751,132 |
| Other | 1,119,918 | 18,406 | 1,138,324 | 762,241 |
| TOTAL INVESTMENTS | $ 2,467,098 | $ 33,669 | $ 2,500,767 | $ 6,528,913 |
| | | | | |
| INVESTMENTS SUBJECT TO CUSTODIAL RISK | | | | |
| U.S. Government Securities | $ 116,012 | $ - | $ 116,012 | $ 14,854 |
| Commercial Paper | 2,000 | - | 2,000 | - |
| Corporate Bonds | 133,232 | - | 133,232 | - |
| Corporate Securities | - | - | - | - |
| Repurchase Agreements | - | - | - | 686 |
| Asset Backed Securities | 68,542 | - | 68,542 | - |
| Mortgages Securities | 3,469 | - | 3,469 | - |
| TOTAL SUBJECT TO CUSTODIAL RISK | $ 323,255 | $ - | $ 323,255 | $ 15,540 |

**Credit Quality Risk**

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations to the State. This risk is assessed by nationally recognized rating agencies, which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not reported. However, credit quality ratings are reported for obligations of U.S. Government agencies that are not explicitly guaranteed by the U.S. Government.

The State Treasurer's formal investment policy requires that eligible securities have a minimum of two acceptable credit quality ratings – one of which must be from either Moody's or Standard & Poor's rating agency and the other which may be from the Fitch rating agency or another nationally recognized rating agency. The policy sets acceptable credit quality ratings by investment portfolio and investment type.

The fair value amount of rated and unrated debt securities is detailed in the following table, which shows the Treasurer's Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate.

In addition to the amounts shown in the following table:

Certain trustees, as discussed under Custodial Credit Risk, have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

(Amounts In Thousands)

| Standard & Poor's | Moody's | U.S. Govt. Agencies | Commercial Paper | Corporate Bonds | Repurchase Agreements | Asset Backed Securities | Money Market Mutual Funds | Bond Mutual Funds | Guaranteed Investment Contract | Municipal Bonds & Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Treasurer's Pool:** | | | | | | | | | | | |
| Long-term Ratings | | | | | | | | | | | |
| AAA | | $ | $ | $ 73,291 | $ | $ 1,025,406 | $ 230,000 | $ | $ | $ | $ 1,328,697 |
| AA | | 795,328 | | 682,386 | | 4,919 | | | | | $ 1,482,633 |
| A | | | | 835,003 | | | | | | | $ 835,003 |
| BBB | | | | 77,762 | | | | | | | $ 77,762 |
| Short-term Ratings | | | | | | | | | | | |
| A-1 | | 1,639,664 | 846,606 | | | | | | | | $ 2,486,270 |
| Unrated | | | | | | | | | | | |
| **Total T-Pool** | | **2,434,992** | **846,606** | **1,668,442** | **-** | **1,030,325** | **230,000** | **-** | **-** | **-** | **6,210,365** |
| **Higher Education Institutions:** | | | | | | | | | | | |
| Long-term Ratings | | | | | | | | | | | |
| AAA | | 13,071 | | 4,562 | | 40,676 | | | | 6,182 | 64,491 |
| | Aaa | 14,509 | | 13,426 | | 19,930 | 326,283 | 186 | | 145 | 374,479 |
| AA | | 115,589 | | 44,283 | | 25,130 | | | | 7,881 | 192,883 |
| | Aa | 21,233 | | 12,626 | | 1,266 | | 127 | | 1,542 | 36,794 |
| A | | | | 65,824 | | 846 | | | | 383 | 67,053 |
| | A | | | 38,940 | | 3,482 | | 274 | | 277 | 42,973 |
| BBB | | | | 34,656 | | 241 | | | | | 34,897 |
| | Baa | | | 37,414 | | 4,452 | | 215 | | | 42,081 |
| BB | | | | 319 | | 14 | | | | | 333 |
| | Ba | | | 2,414 | | 1,389 | | 10 | | | 3,813 |
| B | | | | | | 50 | | | | | 50 |
| | B | | | 121 | | 358 | | | | | 479 |
| CCC | | | | | | 837 | | | | | 837 |
| | Caa | | | 66 | | 1,344 | | | | | 1,410 |
| D | | | | 155 | | 1,516 | | | | | 1,671 |
| | Ca | | | 109 | | 167 | | | | | 276 |
| Short-term Ratings | | | | | | | | | | | |
| | P-1 | | 2,000 | | | | | | | | 2,000 |
| Unrated | | 30,621 | | 16,321 | 88,365 | 57,846 | 8,796 | 186,798 | | 5,707 | 394,454 |
| **Total Higher Ed** | | **195,023** | **2,000** | **271,236** | **88,365** | **159,544** | **335,079** | **187,610** | **-** | **22,117** | **1,260,974** |
| **Fiduciary Funds:** | | | | | | | | | | | |
| Long-term Ratings | | | | | | | | | | | |
| AAA | | | | 2,235 | | 20,749 | | | | | 22,984 |
| | Aaa | | | | 686 | | | | | | 686 |
| AA | | 17,287 | | 23,675 | | | | | | | 40,962 |
| A | | | | 29,429 | | | | | | | 29,429 |
| BBB | | | | 9,355 | | | | | | | 9,355 |
| Unrated | | | | | | | 4,151,535 | 2,231,188 | 130,651 | | 6,513,374 |
| **Total Fiduciary** | | **17,287** | **-** | **64,694** | **686** | **20,749** | **4,151,535** | **2,231,188** | **130,651** | **-** | **6,616,790** |
| **All Other Funds:** | | | | | | | | | | | |
| Long-term Ratings | | | | | | | | | | | |
| AAA | | | | 22,681 | | 228,625 | | | | | 251,306 |
| | Aaa | | | | | | 2,856 | | | | 2,856 |
| AA | | 135,288 | | 111,312 | | 156,929 | 876 | | | 4,428 | 408,833 |
| A | | | | 19,257 | | | | | | | 19,257 |
| BBB | | | | 7,337 | | | | | | | 7,337 |
| Unrated | | | | | | 13,131 | | | | | 13,131 |
| **Total Other** | | **135,288** | **-** | **160,587** | **-** | **398,685** | **3,732** | **-** | **-** | **4,428** | **702,720** |
| **Total** | | **$ 2,782,590** | **$ 848,606** | **$ 2,164,959** | **$ 89,051** | **$ 1,609,303** | **$ 4,720,346** | **$ 2,418,798** | **$ 130,651** | **$ 26,545** | **$ 14,790,849** |

**Interest Rate Risk**

Interest rate risk is the risk that changes in the market rate of interest will adversely affect the value of an investment. The State manages interest rate risk using either weighted average maturity or duration. Weighted average maturity is a measure of the time to maturity, measured in years, that has been weighted to reflect the dollar size of individual investments within an investment type. Various methods are used to measure duration; in its simplest form duration is a measure, in years, of the time-weighted present value of individual cash flows from an investment divided by the price of the investment.

The University of Colorado operates a treasury function separate from the State Treasurer and uses duration to measure and manage interest rate risk for most of its investments. However, University Physicians Incorporated, a blended component unit of the University of Colorado, manages interest rate risk using weighted average maturity and limits the time to maturity of individual investments to no more than ten years, based on the credit quality rating.

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years with the average maturity of the pool not to exceed two and one-half years. The policy also sets maximum maturity limits for certain individual funds for which the Treasurer manages investments including the Public School Permanent Fund (4 - 6 years), the Major Medical Insurance Fund (5 - 8 years), and the Unclaimed Property Tourism Promotion Trust Fund (5 - 10 years).

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds in the amount of $251.9 million with a duration of 8.4 years and a short-term inflation protected securities index fund in the amount of $60.3 million with a duration of 2.5 years. These securities are excluded from the duration table on the following page because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure. The 10.081 year weighted average maturity of U.S. Government securities reported in the Fiduciary Funds comprises of $9.8 million in the Lottery Division, used to pay a prize annuity and $14.2 million of securities held by the Unclaimed Property Tourism Trust Fund. The Lottery also holds foreign government bonds with a fair value of $3.0 million and a weighted average maturity of 4.569 years. The Lottery plans to hold its investments to maturity.

(Dollar Amounts in Thousands, Weighted Average Maturity in Years)

| | | Treasurer's Pool | | Higher Education Institutions | | Fiduciary Funds | | All Other Funds | |
|---|---|---|---|---|---|---|---|---|---|
| Pool %age | Investment Type | Fair Value Amount | Weighted Average Maturity | Fair Value Amount | Weighted Average Maturity | Fair Value Amount | Weighted Average Maturity | Fair Value Amount | Weighted Average Maturity |
| 49.0 | U.S. Government Securities | $ 3,633,085 | 1.343 | $ 83,942 | 4.753 | $ 24,050 | 10.081 | $ 218,202 | 5.961 |
| 11.4 | Commercial Paper | 846,606 | 0.094 | 2,000 | 0.500 | - | - | - | - |
| 22.5 | Corporate Bonds | 1,668,442 | 1.985 | 116,478 | 5.190 | - | - | 225,281 | 5.260 |
| 13.9 | Asset Backed Securities | 1,030,325 | 2.585 | 63,615 | 3.540 | - | - | 411,228 | 4.778 |
| 3.1 | Money Market Mutual Funds | 230,000 | - | - | - | - | - | - | - |
| 0.0 | Municipal Bonds | - | - | 12,484 | 4.900 | - | - | 3,308 | 8.460 |
| 0.0 | Foreign Government Bonds | - | - | - | - | 3,001 | 4.569 | - | - |
| 100 | Total Investments | $ 7,408,458 | | $ 278,519 | | $ 27,051 | | $ 858,019 | |

The University of Colorado manages interest rate risk in its Treasurer's pool using a measure of duration. The University's Investment Advisory Committee recommends limits on the duration of fixed income securities using Callan Associates Incorporated data.

The University of Colorado holds repurchase agreements of $88.4 million to provide temporary investment of funds restricted for capital construction projects. The repurchase agreements are over-collateralized and the counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the University does not have interest rate risk associated with these agreements. The $88.4 million is not shown in the following duration table; however, the duration associated with the repurchase agreements is 2.51 years.

Certain trustees, as discussed under Custodial Credit Risk, have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments. The trustees' investment in the pool is not segregated, but is a share in the overall pool.

The table below presents the fair value amount and duration measure for State agencies that manage some or all of their investments using the duration measure.

(Dollar Amounts in Thousands, Duration in Years)

| | Fair Value Amount | Duration |
|---|---|---|
| Enterprise Funds: | | |
| Higher Education Institutions: | | |
| University of Colorado: | | |
| U.S. Treasury Bonds and Notes | $ 178,653,659 | 4.400 |
| U.S. Treasury TIPS | 1,811,031 | 6.500 |
| U.S. Government Agency GSE Notes | 96,338,001 | 6.860 |
| Municipal Bonds | 7,899,817 | 7.520 |
| Corporate Bonds | 151,680,196 | 7.800 |
| Certificates of Deposit | 1,240,736 | 3.970 |
| Asset Backed Securities | 95,930,347 | 13.350 |
| Bond Mutual Funds | 180,517,670 | 2.330 |
| Colorado School of Mines: | | |
| Bond Mutual Funds-1 | $ 970,824 | 5.700 |
| Bond Mutual Funds-2 | 672,801 | 1.100 |
| Bond Mutual Funds-3 | 439,883 | 0.800 |
| Colorado Mesa University: | | |
| U.S. Government Securities | $ 700,223 | 3.226 |
| Corporate Bonds | 994,280 | 3.480 |
| Bond Mutual Funds | 225,767 | 4.200 |
| Taxable Municipal Bonds | 492,103 | 3.060 |
| Private Purpose Trust: | | |
| CollegeInvest: | | |
| Bond Mutual Fund-1 | $ 670,733,666 | 5.870 |
| Bond Mutual Fund-2 | 706,609,343 | 5.800 |
| Bond Mutual Fund-3 | 427,713,477 | 0.096 |
| Bond Mutual Fund-4 | 396,300,900 | 1.960 |
| Bond Mutual Fund-5 | 192,365,571 | 7.900 |
| Bond Mutual Fund-6 | 95,344,945 | 4.680 |
| Bond Mutual Fund-7 | 46,001,943 | 5.800 |
| Bond Mutual Fund -8 | 3,322,958 | 6.860 |

**Foreign Currency Risk**

State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

**Concentration of Credit Risk**

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for certain of the individual funds for which the State Treasurer manages investments. The pool and each of the individual funds may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 90 percent) set for the other allowed investment types. For the pool and the other funds for which the Treasurer manages investments, the policy sets maximum concentrations in an individual issuer for certain investment types.

### Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. With the implementation of GASB Statement No. 54, unrealized gains are not identified as a separate component of fund balance. The following schedule shows the State's net unrealized gains and (losses) for all funds by fund category.

(Amounts in Thousands)

| | Fiscal Year 2015-16 | Fiscal Year 2014-15 |
|---|---|---|
| Governmental Activities: | | |
| Major Funds | | |
| General-General Purpose | $ 2,525 | $ (1,911) |
| General-Special Purpose | 2,224 | (116) |
| Resource Extraction | 2,384 | (252) |
| Highway Users Tax | 2,350 | (1,852) |
| Capital Projects-Regular | 910 | 571 |
| Capital Projects-Special | 17 | (4) |
| State Education | (188) | (2,156) |
| NonMajor Funds: | | |
| State Lands | 21,717 | 328 |
| Other Permanent Trusts | 35 | (9) |
| Labor | (573) | (1,654) |
| Gaming | 378 | (111) |
| Tobacco Impact Mitigation | 517 | (24) |
| Resource Management | 47 | (34) |
| Environment Health Protection | 422 | (125) |
| Other Special Revenue | 1,712 | 76 |
| Unclaimed Property | 5,018 | 502 |
| Information Technology | 81 | (72) |
| Administrative Courts | 5 | (2) |
| Legal Services | 20 | 9 |
| Other Internal Service | 1 | 1 |
| Business-Type Activities: | | |
| Major Funds | | |
| Higher Education Institutions | (72,406) | (26,192) |
| Lottery | 208 | (51) |
| NonMajor Funds: | | |
| CollegeInvest | 429 | (243) |
| Wildlife | 482 | (77) |
| College Assist | 515 | (88) |
| Correctional Industries | 21 | (10) |
| State Nursing Homes | 54 | (5) |
| Prison Canteens | 23 | 1 |
| Petroleum Storage Tank | 8 | (16) |
| Transportation Enterprise | 610 | (219) |
| Other Enterprise Activities | 13 | (15) |
| Fiduciary: | | |
| Pension/Benefits Trust | (232) | (20) |
| Private Purpose Trust | (189,164) | (184,464) |
| | $(219,837) | $(218,234) |

**Fair Value Measurements**

To the extent available, the State's investments are recorded at fair value as of June 30, 2016. Fair value is the price that would be received to sell and asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2016:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Fair Value as of 6/30/2016 (in thousands)** | **Quoted prices in active markets for identical assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Investments by Fair Value Level** | | | | |
| U.S. Government Securities | $ 4,264,463 | $ 282,943 | $ 3,981,520 | $ - |
| Bank Acceptances | - | - | - | - |
| Commercial Paper | 848,607 | - | 848,607 | - |
| Corporate Bonds | 2,165,964 | 139,010 | 2,026,954 | - |
| Corporate Equities | 12,828 | 12,828 | - | - |
| Repurchase Agreements | 686 | 686 | - | - |
| Asset-backed Securities | 1,374,405 | 31,083 | 1,343,322 | - |
| Mortgages | 235,598 | 57,150 | 170,243 | 8,205 |
| Mutual Funds | 6,506,987 | 6,384,325 | 122,662 | - |
| Reverse Repurchase Agreements | - | - | - | - |
| Guaranteed Investment Contracts | - | - | - | - |
| Other - Uncategorized | 801,803 | 636,431 | 37,403 | 127,969 |
| **Total Investments by Fair Value Level** | $ 16,211,341 | $ 7,544,456 | $ 8,530,711 | $ 136,174 |

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Below are the primary inputs and valuation techniques used for Level 3 Other - Uncategorized.

**Other – Uncategorized Investments**

*Interest in Foundation Investments* – the Colorado School of Mines and Colorado State University interest in Foundation investments are managed by their respective Foundations on behalf of each institution, and are reflected in each Foundation's Long-term Investment Pool (LTIP). The investments totaling $30.8 million for the School of Mines and $13.0 million for Colorado State University represent a share of the Foundation's LTIP and therefore, the institutions do not own any specific investments. As such, the fair value measurements for the investments were reported as Level 3 inputs. The investments are under each Foundation's LTIP policy. This policy requires funds to be managed in a diversified manner to reduce risks with the goal of providing a steady stream of funding. The LTIP must be over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, would achieve the overall portfolio objectives. This diversification is to ensure that adverse or unexpected developments arising in one security or asset class will not have a significant detrimental impact on the entire portfolio.

*Capital Construction Financing* – these investments totaling $83.7 million represent Certificates of Participation (COPs) proceeds held by the trustee on behalf of the state. There is no market price associated with these investments.

*Deferred Property Taxes* – these investments totaling $8.2 million represent taxes paid to counties on behalf of property owners in Colorado. The value shown is the outstanding balance owed to the State at June 30, 2016, and there is no market price associated with these investments.

The valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) is presented on the following table.

| **Investments Measured at the Net Asset Value (NAV)** | |
|---|---|
| Fixed Income Trust | 42,400 |
| Equity Trust | 288,057 |
| Money Market Funds | 313,507 |
| Repurchase agreements | 89,051 |
| CU Foundation | 325,670 |
| Guaranteed Investment Contracts | 130,651 |
| Money Market Funds | 1,205 |
| **Total Investments Measured at the NAV** | $ 1,190,541 |

**Component Units**

Component units that are identified as foundations apply neither GASB Statement No. 3 nor GASB Statement No. 40 because they prepare financial statements under standards set by the Financial Accounting Standards Board. Therefore, the foundation investment disclosures are presented separately from the other component units.

**Component Units – Non-Foundations**

Except for guaranteed investment contracts (which are excluded), the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by State statute as described at the beginning of this Note 14. The authority's repurchase agreements, which are not held in the authority's name, were all subject to custodial credit risk because its trustee is considered both the purchaser and custodian of the investments. The Colorado Water Resources and Power Development Authority's investments at December 31, 2015, were:

(Amounts in Thousands)

| | Total |
|---|---|
| INVESTMENT TYPE | |
| U.S. Government Securities | $ 88,751 |
| Repurchase Agreements | 69,986 |
| TOTAL INVESTMENTS | $ 158,737 |

The Authority's statements do not reflect the reporting requirements of GASB Statement No. 72, as its year-end was December 31, 2015 and GASB 72 is not effective until financial statement periods beginning after June 30, 2015.

The Colorado Venture Capital Authority, a nonmajor component unit, through its limited partnership with High Country Venture LLC (General Partner), makes equity investments solely in seed and early stage Colorado companies. Because the Authority does not invest in foreign or fixed income securities, credit quality, interest rate, and foreign currency risks are not applicable to the Authority's investments.

**Credit Quality Risk**

The Colorado Water Resources and Power Development Authority's repurchase agreements are collateralized with U.S. Treasuries, Government Agencies and obligations explicitly guaranteed by the U.S. Government. All existing repurchase agreements specify a collateralization rate between 103 percent and 105 percent. Government agency securities collateralizing the repurchase agreements are all rated AAA. U.S. Treasuries and obligations guaranteed by the U.S. Government that collateralize the repurchase agreements are exempt from credit risk disclosure under GASB 40, therefore a rating agency assessment is not required.

**Interest Rate Risk**

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow needs of its future bond debt service, and holding those investments to maturity. The authority had $158.7 million of investments subject to interest rate risk with the following maturities; one year or less – 8 percent, two to five years – 29 percent, six to ten years – 31 percent, eleven to fifteen years – 26 percent, and sixteen years or more – 6 percent.

**Concentration of Credit Risk**

**Component Units – Foundations**

The four Higher Education Institution foundations reported as component units on the Statement of Net Position – Component Units do not classify investments according to risk because they prepare their financial statements under standards set by the Financial Accounting Standards Board.

At June 30, 2016, the University of Colorado Foundation held $336.8 million of domestic equity securities, $355.3 million of international equity securities, $189.2 million of fixed income securities and $563.7 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, commodities and other investments. The foundation has adopted FASB guidance in valuing its investments. Ninety percent of the University of Colorado Foundation's alternative investments, or $505.5 million in fair value, are carried at net asset value and do not fall in the fair value hierarchy. See the following table.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Fair Value | Quoted prices in active markets for identical assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Investments by Fair Value Level** | | | | |
| Cash and cash equivalents | $ 7,204,666 | $ 7,204,666 | $ | $ |
| Domestic equities | 332,793,658 | 332,793,658 | | |
| International equities | 355,301,583 | 355,301,583 | | |
| Fixed income | 189,176,921 | 15,264,021 | 173,912,900 | |
| Alternative | | | | |
| Private equity | 38,100,000 | | 38,100,000 | |
| Venture capital | 285,095 | | | 285,095 |
| Commodities | 19,112,684 | 19,112,684 | | |
| Other | 678,497 | | 454,975 | 223,522 |
| Assets held under split-interest agreements | 37,500,985 | 34,492,219 | 3,008,766 | |
| Beneficial interests in charitable trusts | 7,430,388 | | | 7,430,388 |
| **Total Investments by Fair Value Level** | $ 987,584,477 | $ 764,168,831 | $ 215,476,641 | $ 7,939,005 |

| | |
|---|---|
| **Alternative Investments Measured at the Net Asset Value (NAV)** | |
| Real estate | $ 76,431,377 |
| Private equity | 191,164,474 |
| Long/short hedged equity | 28,514,933 |
| Absolute returns | 136,277,227 |
| Venture capital | 60,778,714 |
| Commodities | 12,349,347 |
| **Total Investments Measured at the NAV** | 505,516,072 |
| **Total Investments** | $ 1,493,100,549 |

The foundation's spending policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment loss of $24.4 million is net of $11.5 million of investment fees and comprises

$18.3 million of interest, dividends and other income, $25.6 million of realized gains, and $56.8 million of unrealized losses.

At June 30, 2016, the Colorado State University Foundation held $201.8 million of equity securities, $31.9 million of fixed income securities, $143.3 million of alternative investments (comprising hedged equities, absolute return, private equity and alternative fixed income investments), and $48.1 million in cash and other investments. Certain level 3 assets were held in investments that calculate net asset value per share.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Fair Value** | **Quoted prices in active markets for identical assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Investments by Fair Value Level** | | | | |
| Cash equilvalents | $ 7,577,989 | $ 7,577,989 | $ | $ |
| Equities | 201,817,571 | 108,305,985 | 93,511,586 | |
| Fixed income | 31,870,308 | 31,870,308 | | |
| Alternative investments | - | | | |
| Hedged equities | 25,540,383 | | 13,462,386 | 12,077,997 |
| Absolute return | 72,128,317 | | 72,088,416 | 39,901 |
| Private equity | 41,314,697 | | | 41,314,697 |
| Fixed income | 4,364,860 | | | 4,364,860 |
| Short duration | 39,693,975 | 39,693,975 | | |
| Student-managed investments | 855,041 | 855,041 | | |
| **Total Investments by Fair Value Level** | $ 425,163,141 | $ 188,303,298 | $ 179,062,388 | $ 57,797,455 |

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 4.5 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. At June 30, 2016 the CSMF held $282.1 million of investments consisting of $255.6 million held as a long-term investment pool, $10.7 million in beneficial interests in endowments, $11.8 million in split-interest agreements, and $4.0 million in gift annuity agreements. Of the Level 3 investments, $167.9 million was held in certain entities that calculate net asset value per share.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | **Fair Value** | **Quoted prices in active markets for identical assets (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** |
| **Investments by Fair Value Level** | | | | |
| Long-term investments | | | | |
| Managed domestic equity funds | $ 59,775,857 | $ 41,796,526 | $ 17,979,331 | $ |
| Internaational equities | 61,439,865 | 25,045,090 | 36,394,775 | |
| Fixed income | 9,583,230 | | | 9,583,230 |
| Fixed income - mutual funds | 17,287,481 | 17,287,481 | | |
| Cash equivalent funds | 3,555,061 | | 3,555,061 | |
| Long/short hedge funds | 59,154,697 | | 35,707,761 | 23,446,936 |
| Private equity/venture capital | 44,823,921 | | | 44,823,921 |
| Chartiable trusts | 26,468,859 | 25,906,074 | 418,911 | 143,874 |
| **Total Investments by Fair Value Level** | $ 282,088,971 | $ 110,035,171 | $ 94,055,839 | $ 77,997,961 |

At June 30, 2016, the University of Northern Colorado Foundation held $41.7 million of equity securities, $18.7 million of fixed income securities, $32.3 million of alternative investments, $3.8 million of cash and other investments and $6.8 million in beneficial interest in trusts held by others. Level 3 assets in the table on the next page are held in certain entities that calculate net asset value. The Foundation's investment loss of $2.4 million is net of $0.4 million of management fees and comprises $2.0 million of interest and dividends and $4.0 million of realized and unrealized losses.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Fair Value | Quoted prices in active markets for identical assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| **Investments by Fair Value Level** | | | | |
| Cash equivalent mutual funds | $ 442,950 | $ 442,950 | $ | $ |
| Equities | 41,707,187 | 41,707,187 | | |
| Fixed income | 18,733,869 | 9,291,425 | 9,442,444 | |
| Student-managed funds | 2,409,676 | | 2,409,676 | |
| Stock/bond mixed mutual funds | 930,419 | 930,419 | | |
| Alternative Investments | | | | |
| Low correlated hedge | 14,638,203 | | | 14,638,203 |
| Limited partnerships | 5,776,703 | 5,776,703 | | |
| Commodities | 4,038,012 | 4,038,012 | | |
| Real estate | 3,737,093 | | | 3,737,093 |
| Illiquid Credit | 2,248,967 | | | 2,248,967 |
| Private equity | 1,908,095 | | | 1,908,095 |
| Beneficial interest in long-term trusts | 6,796,726 | | | 6,796,726 |
| **Total Investments by Fair Value Level** | $ 103,367,900 | $ 62,186,696 | $ 11,852,120 | $ 29,329,084 |

## NOTE 15 – TREASURER'S INVESTMENT POOL

Participation in the State Treasurer's cash/investment pool is mandatory for all State agencies with the exception of Colorado Mesa University, Colorado State University System, Colorado School of Mines, Fort Lewis State College, and the University of Colorado and its blended component units; however, all participate in the Treasurer's Pool 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, losses, and interest earnings, adjusted for amortization of investment premiums and discounts, are distributed monthly. If the statutes authorize the participant to receive interest and investment earnings, these gains or losses are prorated according to the average of the participant's daily balance during the month.

## NOTE 16 – OTHER LONG-TERM ASSETS

The $805.2 million shown as Other Long-Term Assets on the government-wide Statement of Net Position is primarily long-term taxes receivable, and long-term loans. Long-term taxes receivable of $220.9 million and $58.1 million recorded in the General Purpose Revenue Fund and the Highway Users Tax Fund, respectively, are not segregated on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable and Restricted Receivables, respectively, and the taxes receivables are offset by unearned revenue.

The $454.0 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($12.2 million), a major special revenue fund, and the Resource Extraction Fund ($417.6 million), a major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

The water loans are made for periods ranging from 10 to 30 years. Interest rates range from 2 to 6 percent for most projects, and they require the local entities or districts to make a yearly payment of principal and interest.

The $129.4 million shown as Other Long-term Assets on the Statement of Net Position – Proprietary Funds is primarily student loans issued by Higher Education Institutions, but also includes livestock.

## NOTE 17 – CAPITAL ASSETS

### Primary Government

During Fiscal Year 2015-2016 the State capitalized $39.6 million of interest incurred during the construction of capital assets. The majority of this interest was capitalized by Higher Education Institutions in the amount of $35.1 million, while the remainder was attributable to the Bridge Enterprise Program in the Department of Transportation.

The schedule on the following page shows the capital asset activity for Fiscal Year 2015-16. The schedule shows that $691 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $1.1 billion of construction in progress were completed and added to capital assets for Business Type activities.

(Amounts in Thousands)

| | Beginning Balance | Increases | CIP Transfers | Decreases/ Adjustments | Ending Balance |
|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | 104,605 | $ 6,275 | $ - | $ 18 | $ 110,898 |
| Land Improvements | 7,276 | - | - | - | 7,276 |
| Collections | 10,996 | - | - | - | 10,996 |
| Other Capital Assets | 1,063 | - | - | 747 | 1,810 |
| Construction in Progress (CIP) | 897,973 | 565,729 | (690,881) | (15,521) | 757,300 |
| Infrastructure | 946,314 | 2 | 17,314 | - | 963,630 |
| Total Capital Assets Not Being Depreciated | 1,968,227 | 572,006 | (673,567) | (14,756) | 1,851,910 |
| Capital Assets Being Depreciated: | | | | | |
| Leasehold and Land Improvements | 47,916 | 1,713 | 554 | (121) | 50,062 |
| Buildings | 2,854,611 | 24,037 | 299,705 | (1,837) | 3,176,516 |
| Software | 296,936 | 58,517 | 11,883 | (58,736) | 308,600 |
| Vehicles and Equipment | 869,576 | 94,719 | 2,453 | (58,402) | 908,346 |
| Library Materials and Collections | 6,203 | 237 | - | (694) | 5,746 |
| Other Capital Assets | 38,004 | 1,350 | (1,131) | (889) | 37,334 |
| Infrastructure | 11,040,862 | 24 | 360,103 | 22,953 | 11,423,942 |
| Total Capital Assets Being Depreciated | 15,154,108 | 180,597 | 673,567 | (97,726) | 15,910,546 |
| Less Accumulated Depreciation: | | | | | |
| Leasehold and Land Improvements | (30,307) | (1,921) | - | 73 | (32,155) |
| Buildings | (877,177) | (77,823) | - | 106 | (954,894) |
| Software | (185,705) | (28,043) | - | 286 | (213,462) |
| Vehicles and Equipment | (516,585) | (67,239) | - | 28,117 | (555,707) |
| Library Materials and Collections | (4,313) | (462) | - | 698 | (4,077) |
| Other Capital Assets | (33,316) | (1,830) | - | 128 | (35,018) |
| Infrastructure | (3,734,054) | (372,674) | - | 573 | (4,106,155) |
| Total Accumulated Depreciation | (5,381,457) | (549,992) | - | 29,981 | (5,901,468) |
| Total Capital Assets Being Depreciated, net | 9,772,651 | (369,395) | 673,567 | (67,745) | 10,009,078 |
| TOTAL GOVERNMENTAL ACTIVITIES | 11,740,878 | 202,611 | - | (82,501) | 11,860,988 |
| BUSINESS-TYPE ACTIVITIES: | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | 525,125 | 18,753 | 5,435 | - | 549,313 |
| Land Improvements | 16,882 | - | - | - | 16,882 |
| Collections | 25,279 | 1,469 | - | 192 | 26,940 |
| Construction in Progress (CIP) | 1,180,434 | 949,580 | (1,108,854) | (15,249) | 1,005,911 |
| Other Capital Assets | 15,461 | - | - | - | 15,461 |
| Infrastructure | 25,414 | - | 12,520 | - | 37,934 |
| Total Capital Assets Not Being Depreciated | 1,788,595 | 969,802 | (1,090,899) | (15,057) | 1,652,441 |
| Capital Assets Being Depreciated: | | | | | |
| Leasehold and Land Improvements | 636,701 | 6,532 | 68,670 | 965 | 712,868 |
| Buildings | 7,688,747 | 21,983 | 659,842 | (7,347) | 8,363,225 |
| Software | 201,390 | 19,417 | 7,415 | (548) | 227,674 |
| Vehicles and Equipment | 1,046,278 | 85,047 | 7,182 | (55,511) | 1,082,996 |
| Library Materials and Collections | 534,889 | 23,198 | - | (1,517) | 556,570 |
| Other Capital Assets | 4,146 | - | - | - | 4,146 |
| Infrastructure | 446,447 | 88,281 | 347,790 | (27,546) | 854,972 |
| Total Capital Assets Being Depreciated | 10,558,598 | 244,458 | 1,090,899 | (91,504) | 11,802,451 |
| Less Accumulated Depreciation: | | | | | |
| Leasehold and Land Improvements | (336,914) | (30,588) | - | 40 | (367,462) |
| Buildings | (2,691,639) | (262,432) | - | 2,228 | (2,951,843) |
| Software | (145,783) | (24,152) | - | (1,993) | (171,928) |
| Vehicles and Equipment | (753,361) | (81,566) | - | 51,849 | (783,078) |
| Library Materials and Collections | (404,013) | (20,405) | - | 1,250 | (423,168) |
| Other Capital Assets | (1,429) | (294) | - | - | (1,723) |
| Infrastructure | (40,416) | (12,607) | - | - | (53,023) |
| Total Accumulated Depreciation | (4,373,555) | (432,044) | - | 53,374 | (4,752,225) |
| Total Capital Assets Being Depreciated, net | 6,185,043 | (187,586) | 1,090,899 | (38,130) | 7,050,226 |
| TOTAL BUSINESS-TYPE ACTIVITIES | 7,973,638 | 782,216 | - | (53,187) | 8,702,667 |
| TOTAL CAPITAL ASSETS, NET | $ 19,714,516 | $ 984,827 | $ - | $ (135,688) | $ 20,563,655 |

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 | $ 20,354 |
| | Business, Community and Consumer Affairs | 2,552 |
| | Education | 31,845 |
| | Health and Rehabilitation | 20,479 |
| | Justice | 47,506 |
| | Natural Resources | 1,670 |
| | Social Assistance | 1,134 |
| | Transportation | 395,285 |
| | Internal Service Funds (Charged to programs and BTAs based on usage) | 29,167 |
| Total Depreciation Expense - Governmental Activities | | 549,992 |
| BUSINESS-TYPE ACTIVITIES | | |
| | Higher Education Institutions | 402,691 |
| | Other Enterprise Funds | 26,999 |
| | Unemployment Insurance | 1,913 |
| | State Lottery | 443 |
| Total Depreciation Expense - Business-Type Activities | | 432,046 |
| Total Depreciation Expense Primary Government | | $ 982,038 |

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment of $147.6 million, net of accumulated depreciation of $85.6 million, at December 31, 2015. 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.

HLC @ Metro, Inc., a nonmajor component unit, reported $39.4 million of depreciable capital assets net of depreciation. A nondepreciable capital asset for the use of land at below market rent, under an agreement with Metropolitan State University of Denver, carries a value of $4.9 million.

## NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

## NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

### Primary Government

### A. PLAN DESCRIPTION

Most State of Colorado employees, excluding four-year college and university employees, participate in a defined benefit (DB) pension plan; however, all employees, with the exception of certain higher education employees, have the option of participating in a defined contribution (DC) plan instead (see Note 20). The DB plan's purpose is to provide benefits to members and their dependents at retirement or in the event of death or disability. The plan, a cost-sharing multiple-employer defined benefit plan, is administered by the Public Employees' Retirement Association (PERA). The State plan and the other divisions' plans described below are included in PERA's financial statements, which may be obtained by writing PERA at P.O. Box 5800, Denver, CO 80217-5800 or by calling the PERA Info line at 1-800-759-7372, or by visiting http://www.copera.org.

<u>Administration of the Plan</u>

In 1931, State statute established PERA and the State Division Trust Fund; subsequent statutes created the School Division Trust Fund, the Local Government Division Trust Fund, the Judicial Division Trust Fund, the Denver Public Schools Division Trust Fund, and the Health Care Trust Funds. The state participates in the State Division Trust Fund and judges are part of the Judicial Division Trust Fund. Changes to the plan require an actuarial assessment and legislation by the General Assembly as specified in Title 24, Article 51 of the Colorado Revised Statutes.

Most members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

New employees, excluding four-year college and university employees, are allowed 60 days to elect to participate in PERA's defined contribution plan. If that election is not made, the employee is automatically enrolled in the plan to which they last contributed or, if there was no prior participation, to the defined benefit plan. PERA members electing the PERA defined contribution plan are allowed an irrevocable election between the second and fifth year of membership to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contribution to the defined contribution plan is the same amount as the contribution to the PERA defined benefit plan.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available (see Note 20C), unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional retirement plan.

<u>Defined Retirement Benefits</u>

Plan members (except State troopers) are eligible to receive a monthly retirement benefit when they meet age and service requirements based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between January 1, 2007 and December 31, 2010 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service. For members with less than five years of service credit as of January 1, 2011 age and service requirements increase to those required for members hired between January 1, 2007 and December 31, 2010.
- Hired between January 1, 2011 and December 31, 2016 – any age with 35 years of service, age 58 with 30 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2017 – any age with 35 years of service, age 60 with 30 years of service, or age 65 with 5 years of service.

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. For members eligible to retire as of January 1, 2011, reduced service benefits are calculated in the same manner as 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. For members eligible to retire after January 1, 2011, an additional actuarial reduction applies.

Members with five years of service credit as of January 1, 2011, are also eligible for retirement benefits without a reduction for early retirement based on the original hire date, as follows:

- Hired before January 1, 2007 – age 55 and age plus years of service equals 80 or more.
- Hired between January 1, 2007 and December 31, 2010 – age 55 and age plus years of service equals 85 or more. Age plus years of service requirements increase to 85 for members with less than five years of service credit as of January 1, 2011.
- Hired between January 1, 2011 and December 31, 2016 – age 58 and age plus years of service equals 88 or more.
- Hired on or after January 1, 2017 – age 60 and age plus years of service equals 90.

Monthly benefits, except as discussed below, are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). Monthly benefits in the Judicial Division for retirements on or after July 1, 1999 for members hired on or before July 1, 1973 are calculated as 4 percent for the years 0-10, 1.66 percent for years 11-16, 1.5 percent for years 17-20, and 2.5 percent for years 21 and greater.

For retirements in the State and Judicial Divisions before January 1, 2009, HAS was calculated as one-twelfth of the average of the highest annual salaries on which contributions were paid that are associated with three periods (one period for judges) of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

For retirements after January 1, 2009, the HAS is calculated based on original hire date as follows:

- Hired before January 1, 2007 – HAS is calculated based on four periods of service credit and is limited to a 15 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 15 percent increase.
- Hired on or after January 1, 2007 – HAS is calculated based on four periods of service credit and is limited to an 8 percent increase between periods; the lowest salary of four periods is used as a base for determining the maximum allowable 8 percent increase.

Notwithstanding any other provisions, members first eligible for retirement after January 2, 2011 have a maximum increase between periods of 8 percent.

The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

Prior to January 1, 2010, retiree benefits were increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI).
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in the Annual Increase Reserve (AIR) established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

In the 2010 legislative session, the general assembly set the current benefit increase as the lesser of 2 percent or the average of the monthly CPI amounts for the calendar year preceding the year in which the benefits are paid, and moved the payment date for all increases to July.

If PERA's overall funded status is at or above 103 percent, the annual increase cap of 2 percent will increase by 0.25 percentage points per year. If PERA's overall funded status reaches 103 percent then subsequently drops below 90 percent, the adjusted annual increase cap will decrease by 0.25 percentage points per year, but will never drop below 2 percent. The funded ratio increase does not apply for three years when a negative return on investment occurs.

<u>Money Purchase Retirement Benefit</u>

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 accrued interest at the time of retirement. Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the money purchase formula only.

<u>Service Requirement and Termination</u>

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 have 5 years of service and withdraw their accounts before reaching retirement eligibility and before reaching age 65 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. Members not having 5 years of service and not eligible for full or reduced retirement receive an employer matching contribution of one-half of their account balance measured at January 1, 2011. Contributions after January 1, 2011, are not eligible for the additional 50 percent match until the member earns five years of service credit. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limit the rate to a maximum of 5 percent. Effective January 1, 2009, the rate was set at 3 percent and remained at the rate through June 30, 2016.

Disability and Survivor Benefits

PERA provides a two-tiered disability program for most members. 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 through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). 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. There is no earned service requirement for judges, and the earned service requirement may be waived for State troopers who become disabled as the result of injuries in the line of duty.

If a member has at least one year of earned service and dies before retirement, their qualified survivors are entitled to a single payment or monthly benefits depending on their status as defined in statute. The member's spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit, but not less than 25 percent of HAS. 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. The earned service requirement is waived if a member's death is job-incurred.

## 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 8.0 percent of their gross covered wages, except for State troopers and Colorado Bureau of Investigation officers, who contribute 10.0 percent. From July 1, 2010 through June 30, 2012, member and State Trooper (including Colorado Bureau of Investigation agents) rates were 10.5 and 12.5 percent, respectively. 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.

In the 2004 and 2010 legislative sessions, the General Assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED requires PERA employers to pay an additional 0.5 percent of salary for calendar years 2006 and 2007, with subsequent year increases of 0.4 percent of salary through 2017, to a maximum of 5 percent (except for the Judicial Division whose AED contribution was frozen at the 2010 level).

In the 2006 and 2010 legislative sessions, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries, for calendar years 2008 through 2017, to a maximum of 5 percent (except for the Judicial Division whose SAED contribution was frozen at the 2010 level). The SAED will be deducted from the amount otherwise available to increase State employees' salaries.

At a 103 percent funding ratio, both the AED and the SAED will be reduced by one-half percentage point, and for subsequent declines to below 90 percent funded both the AED and SAED will be increased by one-half percentage point. For the Judicial Division, if the funding ratio reaches 90 percent and subsequently declines, the AED and SAED will be increased by one-half percentage point.

The following table summarizes employer contribution requirements, including AED and SAED for all employees except Judges and State Troopers for the last three fiscal years. The rates in the table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

| | Fiscal Year 2014 | | Fiscal Year 2015 | | Fiscal Year 2016 | |
|---|---|---|---|---|---|---|
| | CY13 | CY14 | | CY15 | | CY16 |
| | 7-1-13 to 12-31-13 | 1-1-14 to 6-30-14 | 7-1-14 to 12-31-14 | 1-1-15 to 6-30-15 | 7-1-15 to 12-31-15 | 1-1-16 to 6-30-16 |
| Employer Contribution Rate | 10.15% | 10.15% | 10.15% | 10.15% | 10.15% | 10.15% |
| Amount of Employer Contribution Apportioned to the Heath Care Trust Fund as specified in C.R.S., Section 24-51-208 (1)(f) | -1.02% | -1.02% | -1.02% | -1.02% | -1.02% | -1.02% |
| Amount Apportioned to the State Division | 9.13% | 9.13% | 9.13% | 9.13% | 9.13% | 9.13% |
| Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411 | 3.40% | 3.80% | 3.80% | 4.20% | 4.20% | 4.60% |
| Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411 | 3.00% | 3.50% | 3.50% | 4.00% | 4.00% | 4.50% |
| Total Employer Contribution Rate to the State Division | 15.53% | 16.43% | 16.43% | 17.33% | 17.33% | 18.23% |

For State Troopers the State was required to contribute 12.85 percent and AED and SAED based on the rates shown in the previous table. For Judges the State was required to contribute 13.66 percent and AED of 2.20 percent and SAED of 1.50 percent (frozen at that level since 2010).

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2015, the State Division of PERA had a funded ratio of 57.6 percent and a 60-year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly lower at 55.6 percent. The Judicial Division had a funded ratio of 71.4 percent based on current contribution rates and 68.8 percent based on market rates.

Employer contributions are recognized by the State Division in the period in which the compensation becomes payable to the member and the State of Colorado is statutorily committed to pay the contributions to the State Division. In Fiscal Year 2015-16 the State made retirement contributions of $589.6 million and $7.4 million for the State and Judicial Divisions, respectively, excluding the Heath Care Trust Fund contribution.

Historically members have been allowed to purchase service credit at reduced rates. However, legislation passed in the 2006 session required that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

## C. PENSION RELATED BALANCES

At fiscal year ended 2016, the State of Colorado reported a liability of $10.3 billion for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The proportion of the net pension liability was based on contributions to the State and Judicial Divisions for the calendar year 2015 relative to the total contributions of participating employers to the State and Judicial Divisions.

At December 31, 2015, the State of Colorado's proportion of the State Division was 95.71 percent, which was a decrease of 0.14 percent from its proportion measured as of December 31, 2014 (93.98 percent for the Judicial Division, which is an increase of 0.38 percent).

For the Fiscal Year 2015-16, the State of Colorado recognized pension expense for the State and Judicial Divisions of $1,021.8 million. For the State Division the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts In Thousands)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | 128,186 | 509 |
| Changes of assumptions or other inputs | - | 118,885 |
| Net difference between projected and actual earnings on pension plan investments | 751,801 | 35 |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 116,103 | 119,895 |
| Contributions subsequent to the measurement date | 243,032 | - |
| Total | $ 1,239,122 | $ 239,324 |

For the Judicial Division the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Amounts In Thousands)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | 3,111 | 3 |
| Changes in assumptions and other inputs | 26,353 | - |
| Net difference between projected and actual earnings on pension plan investments | 11,730 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 2,053 | - |
| Contributions subsequent to the measurement date | 4,031 | - |
| Total | $ 47,278 | $ 3 |

Deferred outflows of resources totaling $247.1 million for the State Division and Judicial Division) related to pensions resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the Fiscal Year ended 2016. For the State Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts In Thousands)

| Fiscal Year Ended | |
|---|---|
| 2017 | 59,206 |
| 2018 | 59,263 |
| 2019 | 55,678 |
| 2020 | 9,720 |
| 2021 | - |
| Thereafter | - |

For the Judicial Division other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Amounts In Thousands)

| Fiscal Year Ended | |
|---|---|
| 2017 | (1,939) |
| 2018 | (1,939) |
| 2019 | (1,430) |
| 2020 | 142 |
| 2021 | - |
| Thereafter | - |

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

| | State Division | Judicial Divison |
|---|---|---|
| Actuarial cost method | Entry age | Entry age |
| Price inflation | 2.80% | 2.80% |
| Real wage growth | 1.10% | 1.10% |
| Wage inflation | 3.90% | 3.90% |
| Salary increases, including wage inflation | 3.90 to 9.57% | 4.40 to 5.40% |
| Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation | 7.50% | 7.50% |
| Muncipal bond index rate 12/31/15 | None | 3.57% |
| Beginning period of application | None | 2040 |
| Discount rate | 7.50% | 5.73% |
| Future post-retirement benefit increases: | | |
| PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic) | 2.00% | 2.00% |
| PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic) | Financed by the Annual Increase Reserve | Financed by the Annual Increase Reserve |

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuations were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.

  - Refinement of the 18 month annual increase timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The State Division's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation; ultimately support a long-term expected rate of return assumption of 7.50 percent.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table:

| Asset Class | Target Allocation | 10 Year Expected Geometric Real Rate of Return |
|---|---|---|
| U.S. Equity – Large Cap | 26.76% | 5.00% |
| U.S. Equity – Small Cap | 4.40% | 5.19% |
| Non U.S. Equity – Developed | 22.06% | 5.29% |
| Non U.S. Equity – Emerging | 6.24% | 6.76% |
| Core Fixed Income | 24.05% | 0.98% |
| High Yield | 1.53% | 2.64% |
| Long Duration Gov't/Credit | 0.53% | 1.57% |
| Emerging Market Bonds | 0.43% | 3.04% |
| Real Estate | 7.00% | 5.09% |
| Private Equity | 7.00% | 7.15% |
| Total | 100.00% | |

The discount rate used to measure the total pension liability was 7.50 percent and 5.73 percent for the State and Judicial Divisions, respectively. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90 percent.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the previously discussed assumptions, for the State Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date. For the Judicial Division the fiduciary net position was projected to be depleted in 2040 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.50 percent on plan investments was applied to all periods before 2040 and the Bond Buyer Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System, was applied on and after 2040 to develop the discount rate. The discount rate used to measure the total pension liability from the prior measurement date was 6.14 percent, a change of (0.41) percent compared to the current measurement date.

The following table shows the sensitivity of Colorado's proportionate share of the net pension liability to changes in the discount rate for the State Division and Judicial Division from 7.50 percent and 5.73 percent respectively to what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent and 4.73 percent respectively) or 1-percentage-point higher (8.50 percent and 6.73 percent respectively):

**State Division**

(Amount in Thousands)

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $ 12,733,718 | $ 10,079,249 | $ 7,858,879 |

**Judicial Division**

(Amount in Thousands)

| | 1% Decrease (4.73%) | Current Discount Rate (5.73%) | 1% Increase (6.73%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $ 222,293 | $ 172,828 | $ 130,582 |

## D. OTHER PENSION CONTRIBUTIONS

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2015-16 and 2014-15, the Department of Local Affairs transferred $3.7 million and $4.2 million, respectively, to the association for pension contributions and premiums of the accidental death and disability insurance policy the association provides to volunteer firefighters.

**Component Units**

Employees of the Colorado Water Resources and Power Development Authority (CWRPDA) are covered under the State Division of PERA as discussed above. The Authority implemented GASB Statement Nos. 68 and 71 for its fiscal year ended December 31, 2015, which is the fiscal year for the Authority included in this report. The implementation of GASB Statement Nos. 68 and 71 resulted in a decrease to the beginning net position of CWRPDA for its fiscal year ended December 31, 2015 of $3.03 million. Refer to Note 29B of this report for additional information on the Authority's prior period adjustment. The Authority reported a liability of $3.33 million for its proportionate share of the net pension liability at December 31, 2015 and pension expense of $256,401 for its fiscal year ended December 31, 2015. CWRPDA reported total deferred outflows of resources of $254,882 and total deferred inflows of resources of $17,570 related to pensions at December 31, 2015. The audited financial statements for the Colorado Water Resources and Power Development Authority for its fiscal year ended December 31, 2015 include additional information related to pensions and are available at: http://www.cwrpda.com/index.php/reports.

## NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-3) following the notes to the financial statements, presents multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

### Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It 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. Title 24, Article 51, Part 12 of the Colorado Revised Statutes establishes the Fund and authorizes PERA to administer and subsidize 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 is subject to reduction by 5 percent for each year of service less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because State statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2015, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.27 billion, a funded ratio of 18.4 percent, and a 30-year amortization period.

The apportionment of the contribution to the Health Care Trust Fund is established under Title 24, Article 51, Section 208(1)(f) of the Colorado Revised Statutes. Beginning July 1, 2004, the State contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The State paid contributions of $34.3 million, $27.0 million, $25.9, million, $24.9 million, and $24.1 million in Fiscal Years 2015-16, 2014-15, 2013-14, 2012-13, and 2011-12 respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered health care plans in 2014. As of December 31, 2015, there were 55,092 participants, including spouses and dependents, from all contributors to the plan.

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.

In the December 31, 2015, actuarial valuation, the entry age level dollar actuarial cost method was used. The actuarial assumptions included a 7.50 percent investment rate of return and discount rate, and an aggregate 3.90 percent projection of salary increases, both assuming a 2.80 percent inflation rate and real wage growth of 1.10 percent. Medical claims are projected to increase annually by 5.00 percent based on different subsidy and premium options. The UAAL is being amortized as a level dollar amount on a level percent open basis over 30 years. Except for the discount rate these assumptions primarily affect plan assets available rather than the actuarial accrued liability because the benefit is a fixed subsidy amount.

The financial statements for the PERA Health Care Trust Fund can be found within PERA's financial statements as referenced at the beginning of Note 18.

University of Colorado – Other Postemployment Benefits Plan

The University Post-Retirement Health Care & Life Insurance Benefits Plan is a single-employer defined benefit healthcare plan administered by the University of Colorado. The University's plan provides medical, prescription drug, dental and life insurance benefits for employees who retire from the University, as well as their spouses, dependents, and survivors. The University's

Board of Regents has the authority to establish and amend benefits provisions.

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2015-16, the University contributed $14.4 million to the plan. Plan members contributed 0.26 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 0.98 percent of covered payroll.

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation for the University Post-retirement Health Care & Life Insurance Benefits Plan:

(Amounts In Thousands)

| | | |
|---|---|---|
| Annual required contribution | $ | 65,667 |
| Interest on net OPEB obligation | | 10,880 |
| Adjustment to annual required contribution | | (14,843) |
| Annual OPEB cost (expense) | | 61,704 |
| Contributions made | | (14,350) |
| Increase/(Decrease) in net OPEB obligation | | 47,354 |
| Net OPEB obligation - beginning of year | | 241,779 |
| Net OPEB obligation - end of year | | 289,133 |

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

(Amounts In Thousands)

| Fiscal Year | | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | | Net OPEB Obligation |
|---|---|---|---|---|---|
| 2015-16 | $ | 61,704 | 23.3% | $ | 289,133 |
| 2014-15 | $ | 62,461 | 26.1% | $ | 241,779 |
| 2013-14 | $ | 46,842 | 35.5% | $ | 195,587 |

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $523.4 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $523.4 million. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll was $1.3 billion, and the ratio of UAAL to covered payroll was 39.2 percent. The current valuation was calculated on the basis of the unit credit actuarial cost method. The actuarial assumptions included a 4.5 percent investment rate of return, and health care trend rates ranging from 5.5 to 10.0 percent in 2015, down to 5.0 percent in 2030. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare qualifying trust plans. The Retiree Medical Premium Refund Plan (RMPR) is open to new members and provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the University and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) is closed to new members and provides a monthly subsidy for medical premiums of up to $433 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) closed to new members and supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) is open to new members and provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by going to: http://busfin.colostate.edu/Resources/Fin_Statements.aspx

The contribution requirements of all plan members and the University are established by the University's Board of Governors. The required contribution for the RMPR, URX, and LTD plans is set by the University in consultation with outside benefit consultants, under-writers, and actuaries. The subsidy amount under the RMPS increases annually in alignment with the increase in the cost of individual coverage under the lowest cost medical option. For Fiscal Year 2015-16, the University contributed $4.5 million to the RMPR at a contribution rate of 1.39 percent of covered earnings, $2.0 million to the RMPS at a 11.27 percent contribution rate, and $0.1 million to the URX at a 0.69 percent contribution rate. Employees contributed $1.4 million at a 0.32 percent contribution rate to the LTD plan. Members of the RMPS, RMPR, and URX plans are not required to make contributions, however members of the LTD plan are required to contribute. As of June 30, 2016, RMPR had 4,472 active members, 17 terminated but eligible members, and 408 retired members or beneficiaries receiving benefits; the RMPS had 193 active members, 157 terminated but eligible members, and 508 retired members or beneficiaries receiving benefits; the URX had 193 active members, 157 terminated but eligible members, and 353 retired members or beneficiaries receiving benefits; and LTD had 5,064 active members and 26 retired members or beneficiaries receiving benefits.

All four plans are on a full accrual basis of accounting. Plan assets are recorded at quoted market prices and contributions benefits and refunds are recorded in the month incurred. Administrative costs are financed as direct expenditures of the trust.

As of the most recent actuarial valuation date of January 1, 2016, funded ratios for RMPR, RMPS, URX, and LTD were 102.2 percent, 48.8 percent, 26.0 percent, and 65.7 percent, respectively. RMPR, RMPS, URX, and LTD reported actuarial value of plan assets of $40.7 million, $22.3 million, $0.6 million, and $7.9 million, respectively, and actuarial accrued liabilities of $39.8 million, $45.6 million, $2.3 million, and $12.1 million, respectively. The actuarial value of plan assets for RMPR exceeded the actuarial accrued liability so the plan was overfunded on an actuarial basis by $896,000. RMPS, URX, and LTD reported unfunded actuarial accrued liabilities of $23.4 million, $1.7 million and $4.1 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $325.1 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was -0.3 percent. Plan contributions for RMPS, URX, and LTD are not based on salaries or covered payroll.

The RMPR and LTD plans used the entry age normal actuarial cost method, while the RMPS and URX plans use the unit credit method. All four plans used a 4 percent investment rate of return, and used a 3 percent inflation adjustment. The LTD plan also assumed a 4 percent salary increase, while the RMPR, RMPS and URX plans did not incorporate that assumption into their analysis because benefits are not based on salary.

The RMPR and URX assumed no health care cost trend adjustment, and RMPS assumed an annual healthcare cost trend initial rate of 7 percent declining to an ultimate rate of 5 percent. The LTD does not use a healthcare trend rate because it provides income replacement not healthcare. The RMPR and LTD plans used a level percentage of projected payroll to amortize the UAAL and the RMPS and URX plans used a level dollar amount. All four plans originally amortized the UAAL over 30 years. The amortization period for the RMPR was reduced to a one-year open period with the transfer to a qualified trust, while 22 years remain on the closed period for the RMPS and URX and 30 years remains for the LTD open period.

Other Programs

The State provides employees with a limited amount of Basic Life and Accidental Death and Dismemberment coverage underwritten by Minnesota Life at no cost to the employee. Through the same company, the State also provides access to group Optional Life and Accidental Death and Dismemberment coverage with premiums paid by the employee.

**Component Units**

Employees of the Colorado Water Resources and Power Development Authority are covered under the PERA Health Care Trust Fund discussed above.

## NOTE 20 – OTHER EMPLOYEE BENEFITS

**Primary Government**

### A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust 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. The State uses a self-funded approach for certain employee and state-official medical claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2015-16, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $10 or $20 depending on the level of participation.

The State offers two statewide, self-funded PPO options administered by United Healthcare and two regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). Two statewide, dental PPO options administered by Delta Dental were also offered.

The Public Employees Retirement Association (PERA) covers short-term disability claims for State employees eligible under its retirement plan (see Note 18A). The Group Benefit Plans Fund provides short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

## B. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, State employees were the primary participants in the 457 plan. In calendar year 2015, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2015, for total contributions of $24,000. Contributions and earnings are tax deferred. At December 31, 2015, the plan had net position of $691.7 million and 17,814 participants.

## C. OTHER RETIREMENT PLANS

PERA 401k Plan

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. Title 24, Article 51, Part 14 of the Colorado Revised Statutes, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. In calendar year 2015, PERA members were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $18,000. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $6,000 in 2015, for total contributions of $24,000. Contributions and earnings are tax deferred. On December 31, 2015, the plan had net position of $2,644 million and 68,791 accounts.

PERA Defined Contribution Retirement Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing State plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Title 24, Article 51, Part 15 of the Colorado Revised Statutes, assigns the authority to establish Plan provisions to the PERA Board of Trustees.

Contribution requirements are established under Title 24, Article 51, Section 1505 of the Colorado Revised Statutes. Participants in the plan are required to contribute 8 percent (10 percent for State troopers) of their salary. The contribution rate was restored from the temporary increase in Fiscal Years 2010-11 and 2011-12 to 10.5 percent (12.5 percent for State Troopers). Additionally, the State of Colorado is required to contribute AED and SAED to the State Division as shown in the following table. The rates in the table are expressed as a percentage of salary as defined in Title 24, Article 51, Section 101 (42) of the Colorado Revised Statutes.

| | Fiscal Year 2014 | | Fiscal Year 2015 | | Fiscal Year 2016 | |
|---|---|---|---|---|---|---|
| | CY13 | CY14 | | CY15 | | CY16 |
| | 7-1-13 to 12-31-13 | 1-1-14 to 6-30-14 | 7-1-14 to 12-31-14 | 1-1-15 to 6-30-15 | 7-1-15 to 12-31-15 | 1-1-16 to 6-30-16 |
| Amortization Equalization Disbursement (AED) as specified in C.R.S., Section 24-51-411 | 3.40% | 3.80% | 3.80% | 4.20% | 4.20% | 4.60% |
| Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S., Section 24-51-411 | 3.00% | 3.50% | 3.50% | 4.00% | 4.00% | 4.50% |
| Total Employer Contribution Rate to the State Division | 6.40% | 7.30% | 7.30% | 8.20% | 8.20% | 9.10% |

Participating employees of the PERA defined contribution plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. As a result, forfeitures do not reduce pension expense. At December 31, 2015, the plan had a net position of $141.0 million and 5,403 participants.

The financial statements for the PERA Deferred Compensation Plan, the PERA 401k Plan, and the PERA Defined Contribution Plan can be found within PERA's financial statements as referenced at the beginning of Note 18.

Higher Education Optional Retirement Plans

Legislation in 1992 authorized State institutions of higher education the option of offering other retirement plans to their employees. At that time, certain employees had the choice of retaining their membership in PERA. As a result of the legislation, some employees of various institutions may be covered under defined contribution plans such as the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), the Variable Annuity Life Insurance Corporation (VALIC), or other similar plans. Generally these plans are available to faculty or other staff members who are not part of the State's classified employee system. Faculty members at the University of Colorado are also covered under Social Security.

Other State Retirement Plans

The State made contributions to other retirement plans of $173.4 million and $142.0 million during Fiscal Years 2015-16 and 2014-15, respectively. In addition, the State paid $123.6 million and $101.4 million in FICA and Medicare taxes on employee wages during Fiscal Years 2015-16 and 2014-15, respectively.

**D. TERMINATION BENEFITS**

The University of Colorado provides an early retirement incentive program to tenured professors who are at least 55 years of age, whose age and years of service combined equal at least 70, and who participate in the University's optional retirement plan. The time period for the arrangement is from calendar year 2010 to 2016. The incentive is equal to twice the base salary and supplemental pay and requires the immediate relinquishment of tenure status. In Fiscal Year 2015-16 85 faculty members participated in the program at a present value accrued cost of $7.2 million, with an assumed discount rate of 5 percent.

**Component Units**

Employees of the Colorado Water Resources and Power Development Authority may voluntarily contribute to the PERA 401k Defined Contribution Pension Plan discussed above.

## NOTE 21 – RISK MANAGEMENT

**Primary Government**

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Claims brought under state law are limited to $350,000 per person and $990,000 per accident pursuant to the Colorado Governmental Immunity Act, CRS 24-10-101. The Risk Management Fund is reported as a Special Purpose 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. Workers compensation losses are self-insured per the Risk Management Act (CRS 24-30-1501); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self insured as well; $450.0 million of property loss insurance ($500,000 deductible). Flood insurance is also purchased for properties in flood zones designated by FEMA that may carry a higher deductible. The State has also purchased excess liability coverage for automotive liability outside Colorado for $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the State, except for the University of Colorado, Colorado State University (not including CSU-Pueblo), the University of Northern Colorado, Fort Lewis College, Colorado Mesa University, Western State Colorado University, Adams State University, and component units participate in the State Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical claims experience.

Claims are reported in the General Fund in accordance with GASB Interpretation No. 6, and therefore, related liabilities are only reported to the extent that they are due and payable at June 30. On the government-wide statements, risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those liabilities include an amount for claims that have been incurred but not reported and an adjustment for nonincremental claims expense that is based on current administrative costs as a percentage of current claims and projected to the total actuarial claims estimate.

Because actual claims liabilities depend on complex factors such 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 completes an actuarial study each year determining both the current and long-term liabilities of the Risk Management Fund.

Colorado employers, including the State, are liable for occupational injuries and diseases of their employees through the workers' compensation insurance or self-insurance. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related injuries. The State is self-insured and uses the services of a third party administrator, Broadspire Services, to administer its plan. The State reimburses Broadspire the current cost of claims paid and related administrative expenses.

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $375,000 per individual. In Fiscal Year 2015-16, the State recovered approximately $2.1 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded $8.1 million of insurance recoveries during Fiscal Year 2015-16. Of that amount approximately $3.2 million was related to asset impairments that occurred in prior years. The remaining $4.8 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $2.1 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.1 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2015-16, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person and $11.1 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2015-16 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $258,815 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2013-14 through 2015-16. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity and over $500,000 per claimant. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $1.5 million per occurrence and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Years 2015-16, however, the University collected $500,263 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2013-14 through 2015-16.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 and has purchased reinsurance for individual claims up to statutory limits. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for claims up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University also carries cyber risk liability insurance up to $5.0 million ($100,000 deductible for cyber extortion; $20,000 deductible for foreign notification; and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $25.0 million of aviation liability insurance ($1,000 deductible), and $1.0 million of unmanned aerial vehicles liability insurance. There were no significant reductions in insurance coverage in Fiscal Year 2015-16, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06. The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability ($10,000 self-insured retention). There were no significant reductions in insurance coverage in

Fiscal Year 2015-16, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The College retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2015-16, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $448.1 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $5.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2011-12, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2015-16, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance ($0 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011-12. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2,000,000 ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2012-13, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2012-13. There were no significant reductions in insurance coverage in Fiscal Year 2015-16, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 per occurrence ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million per occurrence (no deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2015-16 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

| Fiscal Year | Liability at July 1 | Current Year Claims and Changes in Estimates | Claim Payments | Liability at June 30 |
|---|---|---|---|---|
| State Risk Management: | | | | |
| Liability Fund | | | | |
| 2015-16 | 27,429 | 1,767 | 4,270 | 24,926 |
| 2014-15 | 23,395 | 10,599 | 6,565 | 27,429 |
| 2013-14 | 29,194 | (2,094) | 3,705 | 23,395 |
| Workers' Compensation | | | | |
| 2015-16 | 130,357 | 36,072 | 32,757 | 133,672 |
| 2014-15 | 120,600 | 43,642 | 33,885 | 130,357 |
| 2013-14 | 119,689 | 32,911 | 32,000 | 120,600 |
| Group Benefit Plans: | | | | |
| 2015-16 | 14,717 | 188,021 | 186,972 | 15,766 |
| 2014-15 | 14,248 | 183,548 | 183,079 | 14,717 |
| 2013-14 | 12,647 | 162,025 | 160,424 | 14,248 |

Changes in Claims Liabilities
(Amounts in Thousands)

| (Continued) Fiscal Year | Liability at July 1 | Current Year Claims and Changes in Estimates | Claim Payments | Liability at June 30 |
|---|---|---|---|---|
| University of Colorado: | | | | |
| General Liability, Property, and Workers' Compensation | | | | |
| 2015-16 | 13,858 | 10,180 | 7,312 | 16,726 |
| 2014-15 | 14,445 | 8,684 | 9,271 | 13,858 |
| 2013-14 | 10,962 | 11,715 | 8,232 | 14,445 |
| University of Colorado Denver: | | | | |
| Medical Malpractice | | | | |
| 2015-16 | 9,498 | 2,883 | 912 | 11,469 |
| 2014-15 | 7,139 | 4,060 | 1,701 | 9,498 |
| 2013-14 | 5,448 | 3,798 | 2,107 | 7,139 |
| Graduate Medical Education Health Benefits Program | | | | |
| 2015-16 | 1,799 | 7,233 | 7,366 | 1,666 |
| 2014-15 | 1,711 | 7,644 | 7,556 | 1,799 |
| 2013-14 | 1,386 | 8,595 | 8,270 | 1,711 |
| Colorado State University: | | | | |
| Medical, Dental, and Disability Benefits and General Liability | | | | |
| 2015-16 | 28,660 | 46,728 | 48,628 | 26,760 |
| 2014-15 | 33,555 | 40,237 | 45,132 | 28,660 |
| 2013-14 | 32,540 | 40,337 | 39,322 | 33,555 |
| University of Northern Colorado: | | | | |
| General Liability, Property, and Workers' Compensation | | | | |
| 2015-16 | 56 | 367 | 68 | 355 |
| 2014-15 | 81 | 32 | 57 | 56 |
| 2013-14 | 101 | 69 | 89 | 81 |
| Fort Lewis College: | | | | |
| Worker's Compensation | | | | |
| 2015-16 | 13 | 15 | 28 | - |
| 2014-15 | 21 | 24 | 32 | 13 |
| 2013-14 | 3 | 18 | - | 21 |
| General Liability | | | | |
| 2015-16 | - | 44 | 5 | 39 |
| 2014-15 | - | - | - | - |
| 2013-14 | - | - | - | - |
| Colorado Mesa University: | | | | |
| Workers' Compensation | | | | |
| 2015-16 | 28 | 220 | 28 | 220 |
| 2014-15 | 17 | 50 | 39 | 28 |
| 2013-14 | 67 | 26 | 76 | 17 |
| General Liability | | | | |
| 2015-16 | - | 35 | 32 | 3 |
| 2014-15 | - | 548 | 548 | - |
| 2013-14 | 118 | (30) | 88 | - |
| Western State Colorado University: | | | | |
| Workers' Compensation | | | | |
| 2015-16 | - | | - | |
| 2014-15 | 14 | (11) | 3 | - |
| 2013-14 | 110 | - | 96 | 14 |
| General Liability | | | | |
| 2015-16 | - | | - | |
| 2014-15 | - | - | - | - |
| 2013-14 | 20 | (20) | - | - |

**Component Units**

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss, and is self-insured for any director or officer legal liability. There were no significant reductions in insurance coverage and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

## NOTE 22 – LEASE COMMITMENTS

**Primary Government**

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating 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 noncancellable for financial reporting purposes.

At June 30, 2016, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease (Before Depreciation)

| | Land | Buildings | Equipment and Other |
|---|---|---|---|
| Governmental Activities | $ - | $ 58,056 | $ 251,276 |
| Business-Type Activities | - | 40,032 | 51,427 |
| Total | $ - | $ 98,088 | $ 302,703 |

At June 30, 2016, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

| | Capital | Operating | Total |
|---|---|---|---|
| Governmental Activities | $ 62 | $ 209 | $ 271 |
| Business-Type Activities | - | 11 | 11 |
| Total | $ 62 | $ 220 | $ 282 |

During the year ended June 30, 2016, the State incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

| | Capital | Operating | Total |
|---|---|---|---|
| Governmental Activities | $ - | $ - | $ - |
| Business-Type Activities | $ - | $ 25 | $ 25 |
| Total | $ - | $ 25 | $ 25 |

Colorado State University Research Foundation (CSURF), a related party, is a not-for-profit Colorado corporation, established to aid and assist the institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. Support provided by the Foundation to the institutions (Colorado State University and Colorado State University – Pueblo) includes patent and licensing management, finance and acquisition of research and educational facilities, and acquisition and management of equipment and land. Colorado State University paid CSURF $1.2 million in Fiscal Year 2015-16 for leased space, and at June 30, 2016 had total future lease obligations for leased space of $7.3 million. It also paid CSURF $4.3 million during the fiscal year for equipment and vehicles and had total future lease obligations for leased equipment and vehicles of $22.6 million.

In Fiscal Year 2015-16, the Community College of Aurora made operating lease payments of approximately $2.2 million to the Community College of Aurora Foundation, which is the landlord for the Community College's main campus.

For Fiscal Year 2015-16, the State recorded building and land rent of $58.3 million for governmental-type activities, $24.6 million for business-type activities and $37 thousand for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.0 million and $40.0 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $4.2 million of capital lease interest costs for governmental activities and $1.7 million for business-type activities.

The State entered into approximately $19.2 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2016, for existing leases were as follows:

(Amounts in Thousands)

| | Operating Leases | | Capital Leases | | | |
|---|---|---|---|---|---|---|
| | | | Governmental Activities | | Business-Type Activities | |
| Fiscal Year(s) | Governmental Activities | Business-Type Activities | Principal | Interest | Principal | Interest |
| 2017 | $ 45,769 | $ 26,495 | $ 28,261 | $ 3,609 | $ 9,132 | $ 1,677 |
| 2018 | 43,663 | 23,203 | 23,252 | 2,953 | 6,838 | 1,456 |
| 2019 | 37,948 | 18,745 | 19,645 | 2,471 | 5,342 | 1,279 |
| 2020 | 29,565 | 16,061 | 16,909 | 2,044 | 4,618 | 1,130 |
| 2021 | 26,949 | 12,098 | 15,072 | 1,680 | 3,681 | 991 |
| 2022 to 2026 | 97,325 | 33,348 | 41,095 | 3,847 | 21,362 | 3,064 |
| 2027 to 2031 | 5,325 | 12,674 | 6,431 | 467 | 6,153 | 408 |
| 2032 to 2036 | 1,017 | 653 | - | - | - | - |
| 2037 to 2041 | 208 | 568 | - | - | - | - |
| 2042 to 2046 | 136 | 441 | - | - | - | - |
| 2047 to 2051 | 61 | 176 | - | - | - | - |
| 2052 to 2056 | 61 | - | - | - | - | - |
| Thereafter | 627 | - | - | - | - | - |
| Present Value of Minimum Lease Payments And Imputed Interest | $ 288,654 | $ 144,462 | $ 150,665 | $ 17,071 | $ 57,126 | $ 10,005 |

**Component Units**

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2018. Total rental expense for the year ended December 31, 2015, was $129,483. The total minimum rental commitment as of December 31, 2015, is $361,697.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2022. The total rental expense for the year ended June 30, 2016 was $147,590. The total minimum rental commitment under the leases was $874,000 at June 30, 2016.

## NOTE 23 – SHORT-TERM DEBT

On July 23, 2015 the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2015A. The notes were due and payable on June 28, 2016, at a coupon rate of 1.667 percent. The total interest related to this issuance was $9.3 million; however, the notes were issued at a premium of $7.7 million, resulting in net interest costs (including the cost of issuance) of $1.7 million and a yield of 0.278 percent. The notes were issued for cash management purposes and were repaid by June 28, 2016, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 21, 2015, the State Treasurer issued $165.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2015A. The notes were due and payable on June 29, 2016, at a coupon rate of 1.545 percent. The total interest related to this issuance was $2.4 million; however, the notes were issued at a premium of $1.9 million, resulting in net interest costs (including cost of issuance) of $707,046 or 0.293 percent. The notes matured on June 29, 2016, and were repaid.

On January 12, 2016, the State Treasurer issued $339.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2015B. The notes were due and payable on June 29, 2016, at a coupon rate of 2.103 percent. The total interest related to this issuance was $3.3 million; however, the notes were issued at a premium of $2.9 million, resulting in net interest costs (including cost of issuance) of $537,973 or 0.231 percent. The notes matured on June 29, 2016, and were repaid.

The following schedule shows the changes in short-term financing for the period ended June 30, 2016:

(Amount in Thousands)

| | Beginning Balance July 1 | Changes Additions | Changes Reductions | Ending Balance June 30 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Tax Revenue Anticipation Notes | $ - | $ 600,000 | $ (600,000) | $ - |
| Education Loan Anticipation Notes | - | 504,000 | (504,000) | - |
| Total Governmental Activities Short-Term Financing | - | 1,104,000 | (1,104,000) | - |
| Total Short-Term Financing | $ - | $ 1,104,000 | $ (1,104,000) | $ - |

## NOTE 24 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

### Primary Government

Various institutions of higher education, the State Nursing Homes, History Colorado, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Treasury, and Labor and Employment have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. Except for the Department of Corrections which receives Capital Projects Fund appropriations for lease payments related to COPs, specific user revenues are pledged for the payments of interest and future retirement of the obligations. The State is not allowed by its Constitution to issue general obligation debt except to fund buildings for State use, to defend the State or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property also apply.

During Fiscal Year 2015-16 the State's governmental activities had $128.8 million of federal and State revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the State's business-type activities had $1,760.3 million in available net revenue after operating expenses to meet the $407.5 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 35.)

During Fiscal Year 2015-16 the State recorded $237.8 million of interest costs, of which $68.3 million was recorded by governmental activities and $169.5 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $10.6 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.5 million of interest on Certificates of Participation issued by the Judicial Branch, $28.2 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $7.4 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $143.8 million of interest on revenue bonds issued by institutions of higher education, $12.2 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, $9.7 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise, and $3.7 million of interest on Unemployment Insurance Fund's federal loan and revenue bonds. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2016, are as follows:

(Amounts in Thousands)

| | Governmental Activities | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal | Revenue Bonds | | Notes Payable | | Certificates of Participation | | Totals | |
| Year | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | $ 126,100 | $ 2,680 | $ 2,090 | $ 275 | $ 43,645 | $ 47,841 | $ 171,835 | $ 50,796 |
| 2018 | - | - | 2,135 | 231 | 44,855 | 46,633 | 46,990 | 46,864 |
| 2019 | - | - | 2,175 | 187 | 46,170 | 45,278 | 48,345 | 45,465 |
| 2020 | - | - | 2,220 | 142 | 27,385 | 43,905 | 29,605 | 44,047 |
| 2021 | - | - | 2,270 | 95 | 50,465 | 103,234 | 52,735 | 103,329 |
| 2022 to 2026 | - | - | 2,315 | 48 | 259,715 | 180,010 | 262,030 | 180,058 |
| 2027 to 2031 | - | - | - | - | 347,995 | 128,409 | 347,995 | 128,409 |
| 2032 to 2036 | - | - | - | - | 258,410 | 61,151 | 258,410 | 61,151 |
| 2037 to 2041 | - | - | - | - | 80,540 | 16,415 | 80,540 | 16,415 |
| 2042 to 2046 | - | - | - | - | 22,655 | 2,240 | 22,655 | 2,240 |
| Subtotals | 126,100 | 2,680 | 13,205 | 978 | 1,181,835 | 675,116 | 1,321,140 | 678,774 |
| Unamortized Prem/Discount | 1,825 | - | - | - | 23,337 | - | 25,162 | - |
| Totals | $ 127,925 | $ 2,680 | $ 13,205 | $ 978 | $ 1,205,172 | $ 675,116 | $ 1,346,302 | $ 678,774 |

(Amounts in Thousands)

Business-Type Activities

| Fiscal Year | | | Revenue Bonds Principal | Revenue Bonds Interest | Notes Payable Principal | Notes Payable Interest | Certificates of Participation Principal | Certificates of Participation Interest | Totals Principal | Totals Interest |
|---|---|---|---|---|---|---|---|---|---|---|
| 2017 | | | $ 242,629 | $ 183,826 | $ 2,075 | $ 1,388 | $ 21,755 | $ 15,594 | $ 266,459 | $ 200,808 |
| 2018 | | | 122,018 | 177,335 | 1,109 | 1,257 | 22,805 | 14,546 | 145,932 | 193,138 |
| 2019 | | | 127,884 | 172,553 | 528 | 1,225 | 23,760 | 13,398 | 152,172 | 187,176 |
| 2020 | | | 130,004 | 167,217 | 583 | 1,210 | 24,660 | 12,239 | 155,247 | 180,666 |
| 2021 | | | 136,082 | 162,042 | 497 | 1,196 | 25,815 | 11,086 | 162,394 | 174,324 |
| 2022 | to | 2026 | 721,696 | 724,059 | 49,188 | 8,494 | 132,941 | 35,489 | 903,825 | 768,042 |
| 2027 | to | 2031 | 771,939 | 549,682 | - | - | 83,475 | 7,690 | 855,414 | 557,372 |
| 2032 | to | 2036 | 786,164 | 357,947 | - | - | - | - | 786,164 | 357,947 |
| 2037 | to | 2041 | 638,225 | 171,603 | - | - | - | - | 638,225 | 171,603 |
| 2042 | to | 2046 | 246,945 | 49,480 | - | - | - | - | 246,945 | 49,480 |
| 2047 | to | 2051 | 53,615 | 15,156 | - | - | - | - | 53,615 | 15,156 |
| 2052 | to | 2056 | 44,070 | 4,637 | - | - | - | - | 44,070 | 4,637 |
| Subtotals | | | 4,021,271 | 2,735,537 | 53,980 | 14,770 | 335,211 | 110,042 | 4,410,462 | 2,860,349 |
| Unamortized Prem/Discount | | | 267,865 | - | (12) | - | 37,451 | - | 305,304 | - |
| Unaccreted Interest | | | (8,075) | - | - | - | - | - | (8,075) | - |
| Totals | | | $ 4,281,061 | $ 2,735,537 | $ 53,968 | $ 14,770 | $ 372,662 | $ 110,042 | $ 4,707,691 | $ 2,860,349 |

In March 2008, the Colorado School of Mines entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs on its variable rate debt. See Note 28 for additional information.

Assuming current interest rates are applied over the term of the debt, at June 30, 2016, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado School of Mines' Interest Rate Swap Agreement

| Fiscal Year | | | Principal | Interest | Interest Rate Swap, Net | Total |
|---|---|---|---|---|---|---|
| 2017 | | | $ 675 | $ 122 | $ 1,283 | $ 2,080 |
| 2018 | | | 975 | 119 | 1,255 | 2,349 |
| 2019 | | | 550 | 117 | 1,232 | 1,899 |
| 2020 | | | 575 | 115 | 1,213 | 1,903 |
| 2021 | | | 575 | 113 | 1,194 | 1,882 |
| 2022 | to | 2026 | 4,800 | 527 | 5,541 | 10,868 |
| 2027 | to | 2031 | 11,250 | 480 | 4,298 | 16,028 |
| 2032 | to | 2036 | 14,100 | 200 | 2,106 | 16,406 |
| 2037 | to | 2041 | 6,035 | 17 | 183 | 6,235 |
| Totals | | | $ 39,535 | $ 1,810 | $ 18,305 | $ 59,650 |

The original principal amount of the State's debt disclosed in the above tables is as follows:

(Amounts in Thousands)

| | Revenue Bonds | Notes Payable | Certificates of Participation | Total |
|---|---|---|---|---|
| Governmental Activities | $ 1,488,500 | $ 21,075 | $ 1,318,442 | $ 2,828,017 |
| Business Type Activities | 5,545,857 | 60,799 | 466,203 | $ 6,072,859 |
| Total | $ 7,034,357 | $ 81,874 | $ 1,784,645 | $ 8,900,876 |

**Component Units**

Debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2015, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2016 | $ 46,395 | $ 26,499 | $ 72,894 |
| 2017 | 45,910 | 24,403 | 70,313 |
| 2018 | 43,880 | 22,267 | 66,147 |
| 2019 | 42,335 | 20,252 | 62,587 |
| 2020 | 37,850 | 18,297 | 56,147 |
| 2021 to 2025 | 172,520 | 67,016 | 239,536 |
| 2026 to 2030 | 117,430 | 35,211 | 152,641 |
| 2031 to 2035 | 72,795 | 13,272 | 86,067 |
| 2036 to 2040 | 10,835 | 2,473 | 13,308 |
| 2041 to 2045 | 4,795 | 481 | 5,276 |
| Total Future Payments | $ 594,745 | $ 230,171 | $ 824,916 |

The original principal amount for the outstanding bonds was $1,058.4 million. Total interest paid during 2015 was $30.9 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds are insured as to payment of principal and interest by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The Water Resources Revenue Bonds, Series 2004B, 2004E and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, 2008A, 2009A, 2010A, 2011A and 2013A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The Water Resources Revenue Bonds Series 2014A are insured as to payment of principal and interest by Build America Mutual Assurance Company. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds, and as of December 31, 2015, it had $9.3 million of these bonds outstanding.

Metropolitan State University of Denver has unconditionally guaranteed the debt service on bonds issued by the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority and transferred to HLC @ Metro, Inc. in October 2010. Bonds of $54.9 million were issued to finance the University's Hotel and Hospitality Learning Center. The debt service requirements to maturity for HLC @ Metro, Inc. at June 30, 2016, are as follows:

(Amounts in Thousands)

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2017 | $ 825 | $ 3,178 | $ 4,003 |
| 2018 | 1,075 | 3,138 | 4,213 |
| 2019 | 1,250 | 3,090 | 4,340 |
| 2020 | 1,300 | 3,038 | 4,338 |
| 2021 | 1,350 | 2,981 | 4,331 |
| 2022 to 2026 | 7,395 | 13,817 | 21,212 |
| 2027 to 2031 | 8,870 | 11,425 | 20,295 |
| 2032 to 2036 | 10,820 | 8,292 | 19,112 |
| 2037 to 2041 | 13,285 | 4,376 | 17,661 |
| 2042 to 2043 | 7,595 | 378 | 7,973 |
| Total Future Payments | $ 53,765 | $ 53,713 | $ 107,478 |

## NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

### Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2015-16:

(Amount in Thousands)

| | Restated Beginning Balance July 1 | Changes: Additions | Changes: Reductions | Ending Balance June 30 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities | | | | | |
| Deposits Held In Custody For Others | $ 3,054 | $ 9,315 | $ (2,972) | $ 9,397 | $ 9,307 |
| Accrued Compensated Absences | 162,002 | 16,118 | (12,088) | 166,032 | 11,522 |
| Claims and Judgments Payable | 347,467 | 1,554 | (26,668) | 322,353 | 46,343 |
| Capital Lease Obligations | 172,329 | 20,236 | (41,900) | 150,665 | 28,261 |
| Bonds Payable | 289,789 | - | (161,864) | 127,925 | 126,100 |
| Certificates of Participation | 1,227,828 | 19,528 | (42,184) | 1,205,172 | 43,645 |
| Notes, Anticipation Warrants, Mortgages | 15,250 | 45 | (2,090) | 13,205 | 2,090 |
| Net Pension Liability | 5,565,526 | 729,478 | - | 6,295,004 | - |
| Other Long-Term Liabilities | 423,809 | 262,862 | (271,003) | 415,668 | - |
| Total Governmental Activities Long-Term Liabilities | 8,207,054 | 1,059,136 | (560,769) | 8,705,421 | 267,268 |
| Business-Type Activities | | | | | |
| Deposits Held In Custody For Others | 43,739 | 42,420 | (43,739) | 42,420 | 42,400 |
| Accrued Compensated Absences | 289,560 | 52,128 | (25,562) | 316,126 | 22,761 |
| Claims and Judgments Payable | 41,460 | 3,846 | (5,649) | 39,657 | - |
| Capital Lease Obligations | 54,281 | 12,789 | (9,944) | 57,126 | 9,132 |
| Derivative Instrument Liabilities | 9,515 | 3,937 | (230) | 13,222 | - |
| Bonds Payable | 4,242,726 | 475,269 | (397,400) | 4,320,595 | 243,304 |
| Certificates of Participation | 399,231 | 1,557 | (28,127) | 372,661 | 21,755 |
| Notes, Anticipation Warrants, Mortgages | 28,317 | 26,913 | (1,261) | 53,969 | 2,075 |
| Net Pension Liability | 3,579,748 | 377,325 | - | 3,957,073 | - |
| Other Postemployment Benefits | 241,779 | 47,354 | - | 289,133 | - |
| Other Long-Term Liabilities | 85,182 | 1,676 | (56,658) | 30,200 | - |
| Total Business-Type Activities Long-Term Liabilities | 9,015,538 | 1,045,214 | (568,570) | 9,492,182 | 341,427 |
| Fiduciary Activities | | | | | |
| Deposits Held In Custody For Others | 464,415 | 348,618 | (429,588) | 383,445 | 322,612 |
| Accrued Compensated Absences | 62 | - | (24) | 38 | - |
| Other Long-Term Liabilities | 671 | 713 | (671) | 713 | - |
| Total Fiduciary Activities Long-Term Liabilities | 465,148 | 349,331 | (430,283) | 384,196 | 322,612 |
| Total Primary Government Long-Term Liabilities | $ 17,687,740 | $ 2,453,681 | $ (1,559,622) | $ 18,581,799 | $ 931,307 |

The beginning balance was restated to include $43.7 million in business-type activities in deposits held in custody. Previously no long term deposits held in custody were recorded in business-type activities; however at June 30, 2016, the Parks and Outdoor Recreation Cash Fund at the Department of Natural Resources recorded $20,000 of long term deposits held in custody.

Accrued compensated absences and net pension liabilities of both governmental activities and the business-type activities are normally liquidated using resources of the fund that are responsible for paying the employee's salary. As a result, the resources of nearly all of the State's funds are used to liquidate the compensated absence and net pension liabilities.

The amounts shown in the schedule above for the changes in Net Pension Liability are netted as increases for the governmental and business type activities because that information is not readily available. See Note 18 for additional pension information.

The amounts shown in the schedule above for Notes, Bonds, and Certificates of Participation do not include short-term borrowing disclosed in Note 23. A current portion is not normally identifiable for Claims and Judgments Payable, Derivative Instrument Liabilities, Other Post Employment Benefits in business-type activities and Other Long-Term Liabilities in both governmental activities and business type activities.

Long-term liabilities that are actuarially determined 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 notes 19 and 21 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

Governmental activities include internal service funds which apply full accrual accounting, and as a result, additions to Capital Lease Obligations shown above include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*

At June 30, 2016, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Position*:

The $415.7 million shown for governmental activities primarily comprises:

- $242.3 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Purpose Revenue Fund and Highway Users Tax Fund. Payment is not expected within one year.
- $150.3 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $3.1 million of unclaimed property liabilities estimated to be due to claimants.

The $30.2 million (including $1.6 million Due to Component Units) shown for business-type activities primarily comprises $28.5 million of unearned revenue in Higher Education Institutions, the most significant balances of which relate to an early retirement incentive program and an alternate Medicare program at the University of Colorado ($7.8 million and $18.5 million, respectively).

**Component Units**

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

| | Restated Beginning Balance | Additions | Reductions | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Colorado Water Resources and Power Development Authority | | | | | |
| Bonds Payable | $ 720,385 | $ 23,775 | $ (149,415) | $ 594,745 | $ 46,395 |
| Other Long-Term Liabilities | $ 193,859 | $ 113,653 | $ (98,527) | $ 208,985 | $ 152,948 |

Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority were primarily contained in its Drinking Water and Water Pollution Control Funds, accounting for $23.3 million of the $30.9 million total. Other long-term liabilities of the Water Operations Fund were $7.6 million. Forty-seven percent of total, other long-term liabilities ($14.4 million) were related to project costs payable – amounts not yet requisitioned – on loans made to local government borrowers.

The University of Colorado Foundation has beneficial interest in various split-interest agreements including charitable gift annuities, charitable remainder trusts (annuity and unitrust), two charitable lead trusts, a pooled life income fund, charitable remainder trusts held by others, and perpetual trusts. Charitable gift annuity assets are immediately available to the foundation. After termination of charitable remainder trust agreements, the related assets revert to the foundation to create an endowment to support university activities. The estimated net present value of obligations to named beneficiaries is reported as an Other Long-Term Liability on the *Statement of Net Position – Component Units*. Actuarially determined life expectancies and applicable rates of return are used to estimate the obligation to named beneficiaries. The fair value of assets in excess of the estimated liability is recorded as Gifts and Donations revenue at the date of the gift.

Changes in the value of investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Position – Component Units*. At June 30, 2016, the foundation held $37.5 million of split interest agreement investments with $16.9 million of related liabilities and reported $7.3 million of net beneficial interest in charitable trusts held by others.

At June 30, 2016, the University of Colorado Foundation held $342.0 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Position – Component Units*, this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

At June 30, 2016, the Colorado State University Foundation held $13.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Position – Component Units*, this liability is reported as Deposits Held in Custody.

At June 30, 2015, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust, charitable gift annuity contracts and pooled income assets of $15.8 million; related liabilities of $9.4 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Position – Component Units*.

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $9.4 million mentioned above and total $4.6 million. At June 30, 2016, CSMF reported $31.9 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Position – Component Units* as Deposits Held in Custody.

## NOTE 26 – DEFEASED DEBT

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 2015-16, debt was defeased in both governmental and business-type activities.

At June 30, 2016, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

| Agency | Amount |
|---|---|
| Governmental Activities: | |
| Department of Treasury | $ 133,435 |
| Business-Type Activities: | |
| University of Colorado | 519,380 |
| Colorado State University | 274,315 |
| Colorado School of Mines | 31,160 |
| Western State College | 9,225 |
| Colorado Mesa University | 28,445 |
| Adams State College | 16,415 |
| Fort Lewis College | 36,425 |
| Total | $ 1,048,800 |

The Board of Regents of the University of Colorado issued $156,810,000 of its Tax-Exempt University Enterprise Refunding Revenue Bonds, Series 2016B-1 to partially defease its 2011A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5.07 percent, and the new debt had an interest rate of 2.84 percent. The remaining term of the debt was 25 years and the estimated debt service cash flows decreased by $17,989,915. The defeasance resulted in an economic gain of $13,445,062 and book loss of $15,802,343 that will be amortized as an adjustment of interest expense over the remaining 25 years of the new debt.

The Board of Trustees of the Colorado School of Mines issued $21,600,000 of its Institutional Enterprise Revenue and Refunding Bonds, Series 2016 to partially defease its 2009A Enterprise Refunding and Improvement Revenue Bonds and 2009C Institutional Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 3.00 to 5.00 percent, and the new debt had an interest rate of 2.00 to 5.00 percent. The remaining term of the debt was 9.5 years and the estimated debt service cash flows decreased by $2,672,310. The defeasance resulted in an economic gain of $2,222,094 and book loss of $2,503,746 that will be amortized as an adjustment of interest expense of the reaming 9.2 years of the new debt.

The State Board for Community Colleges and Occupation Education issued $2,925,000 of its Systemwide Revenue Bonds, Series 2016 to defease its 2003 Systemwide Revenue Bonds. The defeased debt had an interest rate of 3.375 to 4.125 percent, and the new debt had an interest rate of 1.5 to 4.0 percent. The remaining term of the debt was 15 years and the net present value of savings was approximately $370,910. The defeasance resulted in an economic gain of $452,421 and a book loss of $9,337.

The Board of Directors of the Auraria Higher Education Center issued $5,845,000 of its Auraria Parking Enterprise Revenue Refunding Bonds, Series 2016 to partially defease its 2006 Auraria Parking Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 4.366 percent, and the new debt had an interest rate of 1.8 percent. The remaining term of the debt was 10 years and the estimated debt service cash flows decreased by $835,419. The defeasance resulted in an economic gain of $762,556 and a book loss of $293,338 that will be amortized as an adjustment of interest expense over the remaining 10 years of the new debt.

The Board of Directors of the Auraria Higher Education Center issued $7,415,000 of its Auraria Student Fee Revenue Refunding Bonds, Series 2016 to partially defease its 2006 Auraria Student Fee Revenue Refunding Bonds. The defeased debt had an interest rate of 4.077 percent, and the new debt had an interest rate of 1.4 percent. The remaining term of the debt was 5 years and estimated debt service cash flows decreased by $452,363. The defeasance resulted in an economic gain of $435,332 and a book loss of $196,770 that will be amortized as an adjustment of interest expense over the remaining 5 years of the new debt.

The Board of Trustees of Fort Lewis College issued $11,250,399 of its Enterprise Revenue Refunding Bonds, Series 2016A to partially defease its 2007A Dorm Revenue Bonds. The defeased debt had an interest rate of 4.71 percent, and the new debt had an interest rate of 2.55 percent. The remaining term of the debt was 18 years and estimated debt service cash flows decreased by $1,474,650. The defeasance resulted in an economic gain of $1,225,192 and a book loss of $937,119 that will be amortized as an adjustment of interest expense over the remaining 18 years of the new debt.

The Board of Trustees of Fort Lewis College issued $28,122,534 of its Enterprise Revenue Refunding Bonds, Series 2016B to partially defease its 2007B1 Student Union Center Revenue Bonds. The defeased debt had an interest rate of 4.87 percent, and the new debt had an interest rate of 3.03 percent. The remaining term of the debt was 23 years and estimated debt service cash flows decreased by $3,967,154. The defeasance resulted in an economic gain of $3,460,827 and a book loss of $2,482,061 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

## NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

Various State agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund-level *Statement of Net Position.*

The State has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. A hazardous waste site becomes a Superfund site when it is placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the Department of Public Health and Environment (DPHE).

The State's total amount of pollution remediation obligations as of June 30, 2016 was $154.9 million ($5 million of which was a current liability). Superfund sites account for approximately $154.5 million ($4.2 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $57 million related to the operation of a water treatment plant. The new water treatment plant was completed in Fiscal Year 2011-12, and the operating and maintenance costs of the new plant are to be shared with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in calendar year 2023, the State will assume 100 percent of the operating costs of the new plant, estimated at $2.3 million annually. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2016, the State has received $5.0 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $64.8 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction commenced in 2013. Current operating and maintenance costs are borne 100 percent by the State. The State's share of the costs to complete the remaining remediation projects is estimated to total $2.7 million through 2018. Beginning in 2016, the department will share these costs with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $5.5 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Two remedial design projects on surface and subsurface water have been completed. The cost-sharing ratio of 10 percent State, 90 percent EPA, is expected to end in 2018 at which time the State assumes 100 percent of the cost. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $18.1 million related to the clean-up of contamination from mine waste piles and drainage. The liability includes the construction of a water treatment plant from 2014 to 2016. The State will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-sharing ratio of 10 percent State, 90 percent EPA until 2027, after which time the State assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

## NOTE 28 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2016.

(Amounts in Thousands)

| | Governmental Activities | Business-Type Activites |
|---|---|---|
| **Deferred Outflow of Resources:** | | |
| Derivative Instruments | - | 6,104 |
| Refunding Losses | 4,115 | 171,995 |
| Pensions | 814,646 | 471,754 |
| | **818,761** | **649,853** |
| **Deferred Inflow of Resouces** | | |
| Nonexchange Transactions | 339 | 595 |
| Refunding Gains | - | 897 |
| Timing Differences | (90) | 4 |
| Service Concession Arrangements | - | 142,361 |
| Pensions | 133,126 | 106,201 |
| | **133,375** | **250,058** |

### A. DERIVATIVE INSTRUMENTS

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. The swap agreement was not terminated with the refunding of the Series 2008A bonds by the Series 2010A Refunding Bonds issued in 2010. This agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred outflows $6.1 million as of June 30, 2016.

The Swap Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with an original notional amount of $43.2 million and current notional amount of $39.5 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London Interbank Offering Rate (payable by Morgan Stanley), which was 0.31 percent at June 30, 2016. Cash flows between the parties are settled on the net difference. The market value to Colorado School of Mines as of June 30, 2016 was $13.2 million liability as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2037. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

There are inherent risks associated with interest rate swaps that the Colorado School of Mines monitors and addresses including:

- Termination Risk – Terminating the transaction while the market value is negative would likely require a termination payment by the School.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the swap agreement counterparty's (Morgan Stanley) credit quality rating and the ability of the counterparty to withstand credit market turmoil. As of June 30, 2016, Morgan Stanley's credit rating is A3 by Moody's and BBB+ by Standards & Poor's.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices.

## B. REFUNDING GAINS AND LOSSES

Refunding gains and losses on debt refunding transactions are recorded as deferred inflows or deferred outflows, respectively, and generally amortized over the life of the new debt. On June 30, 2016, deferred outflows in governmental activities related to unamortized refunding losses included $2.0 million in the Department of Transportation and $2.0 million in the Department of Corrections. All of the unamortized refunding gains and losses in business-type activities were in Higher Education Institutions.

## C. TIMING DIFFERENCES

Deferred Inflows are recorded for unavailable revenue resulting from timing differences that are primarily related to long-term taxes receivables. The majority of the deferred inflow balance is recognized as revenue over time in the government-wide Statement of Activities.

## D. NONEXCHANGE TRANSACTIONS

Deferred inflows are recorded for grant receipts when all of the eligibility requirements for the grant have been met except the time requirement. As of June 30, 2016, the Department of Health Care Policy and Financing, a governmental activity, held $0.3 million and Colorado State University, a business-type activity, held $0.6 million in receipts awaiting the passage of time.

## E. SERVICE CONCESSION ARRANGEMENTS

Service Concession Arrangements are arrangements between a government and a governmental or nongovernmental entity in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Deferred inflows totaling approximately $142 million were related to Service Concession Arrangements at the High Performance Transportation Enterprise. Refer to Note 40 for additional information on Service Concession Arrangements.

## F. PENSIONS

### Primary Government

Additional information on the components of deferred inflows and deferred outflows for pensions can be found in Note 18.

### Component Unit

The Colorado Water Resources and Power Development Authority reported $3.7 million of deferred outflows of resources and $0.4 million of deferred inflows of resources.

## NOTES 29 Through 32 – DETAILS OF NET POSITION AND FUND BALANCE

## NOTE 29 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

### A. PRIOR PERIOD ADJUSTMENTS

The beginning net position/fund balance was restated as a result of the following prior period adjustments:

Business-Type activities decreased by $5,309,091 in the Higher Education Institutions Fund, when the Western State Colorado University failed to record a Fiscal Year 2010 sale of the University Center.

Governmental activities increased by $58,146,934. This is comprised of an increase of $50,239,579 in the General Fund when the Department of Public Safety corrected an overstatement of expenditures in prior years related to the Disaster Recovery grant, an increase of $13,899,334 due to TABOR liability classification errors, and a decrease of $5,991,979 when the Department of Health Care Policy and Financing recorded an outstanding disallowance from a 2000 to 2006 agreement with Denver Health and Hospital Authority.

Although not reflected as a change in Governmental activities, the Information Technology Internal Service Fund was decreased by $15,294,135 and the Financial and Human Resources Information Technology Systems Fund was increased by $15,294,135 when legislation created a new Fund within the Department of Personnel and Administration to manage the State's Financial and Human Resources Systems. This activity was transferred from the Governor's Office of Information Technology.

| | Government-Wide Statements | | Major Governmental Fund | Major Proprietary Fund | | Major Fiduciary Fund |
|---|---|---|---|---|---|---|
| Subject | Governmental Activities | Business-Type Activities | General Fund | Higher Education Institutions | Internal Service Funds | Private Trust Fund |
| Western State University Correction | | (5,309,091) | | (5,309,091) | | |
| Medicaid Claim Disallowance | (5,991,979) | | (5,991,979) | | | |
| Disaster Recovery Correction | 50,239,579 | | 50,239,579 | | | |
| TABOR Corrections | 13,899,334 | | 13,899,334 | | | |
| Information Technology Fund Reclass | (15,294,135) | | | | (15,294,135) | |
| Financial & Human Resources Information Technology Systems Reclass | 15,294,135 | | | | 15,294,135 | |
| Multistate Lottery Winners Adjustment | | | | | | (11,842,743) |
| . | 58,146,934 | (5,309,091) | 58,146,934 | (5,309,091) | - | (11,842,743) |

Based on analysis performed and with the adoption of GASB No. 72, fiduciary activities decreased by $11,842,743 with the removal of assets and liabilities related to the Powerball Annuity Winners Trust Fund previously reported as a Private Trust Fund of the State of Colorado, Division of the Lottery. Due to the nature of the Multi-State Lottery Association Grand Prize Trust Agreement for the State of Colorado, the State of Colorado does not have a fiduciary responsibility for the assets and liabilities of the Trust as they are reported as U.S. Government Securities Held for Grand Prize Annuities on the Multi-State Lottery Association's financial statements.

### B. ACCOUNTING CHANGES

#### Component Unit

The Colorado Water Resources and Power Development Authority implemented GASB Statements Nos. 68 and 71 which are accounting and financial reporting requirements related to employee pension benefits. The implementation was for the Authority's fiscal year ended December 31, 2015 which is the fiscal year of the Authority included in this report. This implementation resulted in a decrease to beginning net position of $3,025,963.

**NOTE 30 – FUND BALANCE**

On the *Balance Sheet – Governmental Funds,* the fund balance comprises the following (See Note 6I for additional details.):

(Amounts in Thousands)

| | Restricted Purposes | Committed Purposes | Assigned Purposes |
|---|---|---|---|
| GENERAL FUND: | | | |
| General Government | $139,099 | $ 380,587 | $ 19,283 |
| Business, Community and Consumer Affairs | - | 41,452 | - |
| Education | 358,383 | 12,829 | - |
| Health and Rehabilitation | - | 21,733 | - |
| Justice | 332 | 7,964 | - |
| Natural Resources | - | 2,702 | - |
| Social Assistance | - | 46,719 | - |
| TOTAL | $497,814 | $ 513,986 | $ 19,283 |
| RESOURCE EXTRACTION: | | | |
| General Government | $ 66,000 | $ - | $ - |
| Business, Community and Consumer Affairs | - | 262,114 | - |
| Education | - | 7,466 | - |
| Natural Resources | - | 920,946 | - |
| TOTAL | $ 66,000 | $ 1,190,526 | $ - |
| HIGHWAY USERS TAX: | | | |
| General Government | $ 59,293 | $ 25,737 | $ - |
| Health and Rehabilitation | 3,778 | - | - |
| Justice | 920 | 3,573 | - |
| Transportation | 911,010 | 16,968 | - |
| TOTAL | $975,001 | $ 46,278 | $ - |
| CAPITAL PROJECTS: | | | |
| General Government | $ - | $ 375,064 | $ - |
| Education | - | 4,922 | - |
| Health and Rehabilitation | - | 1,030 | - |
| Justice | 5 | 4,554 | - |
| Natural Resources | - | 142 | - |
| Social Assistance | - | 445 | - |
| TOTAL | $ 5 | $ 386,157 | $ - |
| STATE EDUCATION: | | | |
| Education | $304,326 | $ - | $ - |
| TOTAL | $304,326 | $ - | $ - |
| OTHER GOVERNMENTAL FUNDS: | | | |
| General Government | $162,085 | $ 389,326 | $ - |
| Business, Community and Consumer Affairs | 47,080 | 306,178 | - |
| Education | - | 89,832 | - |
| Health and Rehabilitation | 20,596 | 114,908 | - |
| Justice | - | 185,096 | - |
| Natural Resources | 6,666 | - | - |
| Social Assistance | 860 | 108,809 | - |
| TOTAL | $237,287 | $ 1,194,149 | $ - |

The significant fund balances held for restricted purposes as of June 30, 2016, include:

- $139.1 million in the General Fund in the General Government function represents $68.3 million in the Controlled Maintenance Trust Fund, $56.8 million in the General Fund for severance tax refunds and $14.0 million in the School Capital Construction Assistance Fund.
- $358.4 million in the General Fund in the Education function includes $357.0 million related to the BEST program; a portion in cash from bond proceeds issued by the Treasurer and a portion in local school district matching funds restricted for public school fund construction under a settlement agreement.
- $911.0 million in the Highway Users Tax Fund in the Transportation function from motor fuels tax and fees that pursuant to Article X, Section of the State Constitution is restricted for highway construction and maintenance.
- $304.3 million in the State Education Fund in the Education function from 0.33 percent of income taxes is restricted for educational purposes pursuant to Article IX, Section 17 of the State Constitution.
- $162.1 million in the Other Governmental Funds in the General Government function includes $83.0 for the TABOR emergency reserve recorded in the Major Medical Fund, $68.1 million of investments recorded in Building Excellent Schools Today Fund and $11.0 million recorded in the Tobacco Tax Fund.

The significant fund balances held for committed purposes as of June 30, 2016, include:

- $380.6 million in the General Fund in the General Government function includes $329.7 million of the $386.5 million that represents the portion of the $466.0 million representing the 5.6 percent statutory reserve available on a GAAP basis (see Note 6I).
- $262.1 million in the Resource Extraction Fund in the Business, Community, and Consumer Affairs function includes $254.1 million – $56.9 million from severance tax and federal mineral leasing moneys held for the Department of Local Affairs for distribution to local governments and $197.2 from severance tax receipts by the Department of Local Affairs.
- $920.9 million in the Resource Extraction Fund in the Natural Resources function includes $467.4 million that represents cash balances and loans receivable for loans issued to local governments by the Colorado Water Conservation Board and $403.5 million represents cash and long term severance tax loans receivables.
- $375.1 million in the Capital Projects funds in the General Government function represents cash and receivables related to appropriated multi-year capital projects.
- $389.3 million in the Other Governmental Funds in the General Government function primarily represents $220.5 million in the Unclaimed Property Funds and $78.0 million in Tobacco Litigation Settlement Funds.
- $306.2 million in Other Governmental Funds in the Business, Community and Consumer Affairs function primarily represents $84.4 million in the Major Medical Fund, $51.0 million in the Limited Gaming Fund, $21.0 million in the Workmen's Compensation Fund, $22.8 million in the Clean and Renewable Energy Fund, and $25.6 million in the Employment Support Fund.
- $114.9 million in the Other Governmental Funds in the Health and Rehabilitation function primarily represents $28.0 million in the Natural Resources Damage Recovery Fund, $15.6 million in the Small Communities Water and Wastewater Grant Fund, $11.2 million from the Hazardous Substances Response Fund, and $5.1 million the Natural Disaster Cash Fund.
- The $185.1 million in Other Governmental Funds in the Justice function primarily represents $9.7 million in the Disaster Emergency Fund in the Department of Public Safety, $14.7 million in the Supreme Court Committee Fund, $10.4 million in the Victims Assistance Fund, and $11.4 million in the Victims Compensation Fund.
- The $108.8 million in Other Governmental Funds in the Social Assistance function primarily represents $37.0 million in the Adult Dental Fund, $32.0 million in the Children’s Basic Health Plan Trust Fund, $6.0 million in the State Veterans Trust Fund, and $5.2 million in the Colorado Autism Treatment Fund.

## NOTE 31 – STABILIZATION ARRANGEMENTS

In accordance with C.R.S. 24-75-201.1(1)(d), the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. The reserve is calculated as five and six-tenths percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In Fiscal Year 2015-16 there was no use of the reserve. As of June 30, 2016, on a legal budgetary basis the reserve was $466.0 million. On a GAAP basis only $386.5 million was available for the reserve (see Note 6I).

Article XXIV Section 7 of the State Constitution created the Old Age Pension Stabilization Fund, which is reported as a component of the General Fund – Special Purpose Funds. The fund is maintained at $5.0 million and is only accessible through appropriation for old age pension basic minimum awards. Historically, the reserves in the fund have not been accessed.

## NOTE 32 – MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances, boards and committees have fiscal policy and/or rulemaking authority. The following minimum fund balances were established under this type of authority.

Pursuant to Rule 8.2003.D, the Hospital Provider Fee Oversight Advisory Board (OAB) has established a reserve of four percent of the estimated expenditures for the Hospital Provider Fee Cash Fund plus any interest accrued by the fund. For Fiscal Year 2015-16, the maximum amount that could be kept in reserve was $68 million although the OAB lowered the target reserve to $5 million for that year. The reserve acts as a buffer to minimize the need for mid-year fee increases in the event that expenditures are higher than estimated. The minimum fund balance is reported as Committed in the nonmajor Health and Environmental Protection Fund.

## NOTE 33 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2016, were:

.

| DUE FROM OTHER FUNDS (amounts in thousands) | General Fund | Resource Extraction | Highway Users Tax | Capital Projects |
|---|---|---|---|---|
| MAJOR FUNDS: | | | | |
| General Fund | $ 35,778 | $ 96 | $ 29 | $ - |
| Resource Extraction | 1,134 | - | - | 60 |
| Highway Users | - | - | - | 953 |
| Capital Projects | 780 | - | - | - |
| Higher Education Institutions | 14,016 | 565 | 444 | - |
| NONMAJOR FUNDS: | | | | |
| SPECIAL REVENUE FUNDS: | | | | |
| Labor | - | - | - | - |
| Tobacco Impact Mitigation | 23 | - | - | - |
| Environment and Health Protection | - | - | - | - |
| Other Special Revenue | 18 | 3,250 | 123 | - |
| PERMANENT FUNDS: | | | | |
| State Lands Trust Nonexpendable | - | - | - | - |
| OTHER GOVERNMENTAL FUNDS SUBTOTAL | 41 | 3,250 | 123 | - |
| ENTERPRISE FUNDS: | | | | |
| Wildlife | - | - | - | - |
| Correctional Industries | 35 | - | - | - |
| OTHER ENTERPRISE FUNDS SUBTOTAL | 35 | - | - | - |
| INTERNAL SERVICE FUNDS: | | | | |
| Information Technology | 12,262 | - | 16 | 182 |
| Legal Services | 83 | - | 19 | - |
| INTERNAL SERVICE FUNDS SUBTOTAL | 12,345 | - | 35 | 182 |
| FIDUCIARY FUNDS: | | | | |
| Pension and Benefit Trust | 48 | - | 3 | - |
| Treasury Agency Funds | - | - | - | - |
| TOTAL | $ 64,177 | $ 3,911 | $ 634 | $ 1,195 |

**DUE TO OTHER FUNDS (amounts in thousands)**

| Higher Education Institutions | Unemployment Insurance | State Lottery | All Other Funds | Total |
|---|---|---|---|---|
| $ 753 | $ 481 | $ 20,836 | 30,715 | $ 88,688 |
| - | - | - | 17,705 | 18,899 |
| - | - | - | 4,080 | 5,033 |
| - | - | - | 6 | 786 |
| - | - | - | 782 | 15,807 |
| - | - | - | 531 | 531 |
| - | - | - | 98 | 121 |
| 3 | - | - | 22 | 25 |
| - | - | - | 7,664 | 11,055 |
| - | - | - | 11 | 11 |
| 3 | - | - | 8,326 | 11,743 |
| - | - | 3,192 | 137 | 3,329 |
| 1,123 | - | - | - | 1,158 |
| 1,123 | - | 3,192 | 137 | 4,487 |
| - | 133 | - | 1,795 | 14,388 |
| - | - | - | 9 | 111 |
| - | 133 | - | 1,804 | 14,499 |
| 919 | - | - | 38 | 1,008 |
| - | - | 7,887 | - | 7,887 |
| $ 2,798 | $ 614 | $ 31,915 | $ 63,593 | $ 168,837 |

All of the material receivables and related payables shown in the schedule on the previous two pages are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the State's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The General Fund receivable of $30.7 million from All Other Funds is primarily comprised of $15.5 million in payables from the Limited Gaming Fund and $10.4 million in payables from the State Lands Trust School Fund.

The General Fund receivable of $35.8 million within the General Fund primarily includes $35.6 million in personal services and operating line item reversions payable from the General Purpose Revenue Fund to the State Employee Reserve Fund.

The General Fund receivable of $20.8 million from the State Lottery Fund primarily consists of a payable recorded by the Conservation Trust Fund for $12.8 million, and to the Building Excellent Schools Today Grant Program for approximately $8.0 million.

The Resource Extraction Fund receivable of $17.7 million from All Other Funds primarily includes $17.4 million of loans from the Division of Parks and Wildlife Fund.

The Information Technology Internal Service Fund receivable of $12.3 million consists of transfers from the General Fund to the Information Technology Revolving Fund for reversions and various projects.

The Higher Education Institution Funds receivable of $14.0 million from the General Fund primarily consists of transfers between the Department of Higher Education and various Institutions of Higher Education.

## NOTE 34 – TRANSFERS BETWEEN FUNDS

Transfers between funds for the fiscal year ended June 30, 2016, were as follows:

| **TRANSFER-OUT FUND (amounts in thousands)** | General Fund | Resource Extraction | Highway Users Tax |
|---|---|---|---|
| MAJOR FUNDS: | | | |
| General Fund | $ 3,573,665 | 4,192 | $ 199,309 |
| Resource Extraction | 45,293 | 20 | - |
| Highway Users Tax | 3,797 | - | 3,539 |
| Capital Projects | 130 | - | 1,431 |
| State Education | 8,020 | - | - |
| Higher Education Institutions | 4,852 | - | - |
| Lottery | 65,499 | - | 434 |
| NONMAJOR FUNDS: | | | |
| SPECIAL REVENUE FUNDS: | | | |
| Labor | 430 | 276 | - |
| Gaming | 15,759 | - | - |
| Tobacco Impact Mitigation | 3,153 | - | - |
| Resource Management | 204 | - | - |
| Environment and Health Protection | 11,708 | - | - |
| Unclaimed Property | 8,173 | - | - |
| Other Special Revenue | 71,228 | - | - |
| PERMANENT FUNDS: | | | |
| State Lands Trust | 87,050 | - | - |
| Other Permanent Trust | - | - | - |
| OTHER GOVERNMENTAL FUNDS SUBTOTAL | 197,705 | 276 | - |
| ENTERPRISE FUNDS: | | | |
| Wildlife | 4,880 | - | - |
| College Assist | 82 | - | - |
| State Fair | 106 | - | - |
| Correctional Industries | 865 | - | - |
| State Nursing Homes | 1,695 | - | - |
| Prison Canteens | 86 | - | - |
| Other Enterprise | 537 | - | - |
| OTHER ENTERPRISE FUNDS SUBTOTAL | 8,251 | - | - |
| INTERNAL SERVICE FUNDS: | | | |
| Central Services | 740 | - | - |
| Financial Information Technology | 50 | - | - |
| Information Technology | 379 | - | - |
| Capitol Complex | 1,415 | - | - |
| Administrative Courts | 138 | - | - |
| Legal Services | 2,913 | - | - |
| Other Internal Service | 345 | - | - |
| INTERNAL SERVICE FUNDS SUBTOTAL | 5,980 | - | - |
| FIDUCIARY FUNDS: | | | |
| Pension and Benefit Trust | 172 | - | - |
| Private Purpose Trust | 86 | - | - |
| TOTAL | $ 3,913,450 | $ 4,488 | $ 204,713 |

**TRANSFER-IN FUND (amounts in thousands)**

| Capital Projects | State Education | Higher Education Institutions | All Other Funds | TOTAL |
|---|---|---|---|---|
| $ 275,861 | $ 25,321 | $ 208,689 | $ 147,153 | $ 4,434,190 |
| - | - | 15,544 | 10,187 | 71,044 |
| 3,175 | - | - | 171,192 | 181,703 |
| 13,866 | - | 163,941 | 6,441 | 185,809 |
| - | 294 | 7,644 | 33,999 | 49,957 |
| - | - | 2,999 | - | 7,851 |
| - | - | - | 14,357 | 80,290 |
| - | - | - | 4,613 | 5,319 |
| 1,515 | - | 6,923 | 11,627 | 35,824 |
| 7,046 | - | 12,428 | 1,741 | 24,368 |
| - | - | - | - | 204 |
| - | - | - | 730 | 12,438 |
| - | - | - | 64,568 | 72,741 |
| 34 | - | - | 19,924 | 91,186 |
| - | - | 748 | 6,834 | 94,632 |
| - | - | - | 179 | 179 |
| 8,595 | - | 20,099 | 110,216 | 336,891 |
| - | - | - | 21,073 | 25,953 |
| - | - | - | - | 82 |
| - | - | - | - | 106 |
| - | - | - | - | 865 |
| - | - | - | 1,092 | 2,787 |
| - | - | - | - | 86 |
| 40 | - | - | - | 577 |
| 40 | - | - | 22,165 | 30,456 |
| - | - | - | 596 | 1,336 |
| - | - | - | - | 50 |
| - | - | - | - | 379 |
| - | - | - | 358 | 1,773 |
| - | - | - | - | 138 |
| - | - | - | 73 | 2,986 |
| - | - | - | - | 345 |
| - | - | - | 1,027 | 7,007 |
| - | - | - | 7,027 | 7,199 |
| - | - | - | - | 86 |
| $ 301,537 | $ 25,615 | $ 418,916 | $ 523,764 | $ 5,392,483 |

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund. These include $3,307.1 million from the General Purpose Revenue Fund to the State Public School Fund (both within the General Fund), $275.9 million to the Capital Projects funds (for controlled maintenance and capital projects), and $208.7 million to the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

Additional transfers-out from the General Fund include $199.3 million to the Highway Users Tax Fund and $94.1 million from the Public School Fund to the Charter School Institute Fund (both within the General Fund). In addition, $25.3 million was transferred to the State Education Fund, and $11.0 million was transferred to the Debt Service Fund for payment on outstanding certificates of participation issued by the Building Excellent Schools Today program.

The Resource Extraction transfer-out to the General Fund includes a $41.6 million transfer from the Mineral Leasing Fund to the State Public School Fund. Transfers to the Higher Education Fund include $12.0 million from the Federal Mineral Leasing Revenues Fund to the Lease-Purchase Cash Fund.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.9 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation. Miscellaneous transfers out totaling $1.3 million make up the rest of the balance.

The Capital Projects transfers-out include $163.9 million to Institutions of Higher Education representing spending on state-funded capital projects managed by the institutions.

The State Education Fund transfers-out includes $34.0 million to the Early Literacy Fund in All Other Funds.

The Lottery transfer-out to the General Fund primarily comprises $57.4 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds. Additionally, $14.4 million was transferred to the Division of Parks and Wildlife in All Other Funds.

The Gaming transfers-out include distributions of limited gaming revenues of $15.5 to the General Fund and $7.5 million to the Creative Industries Cash Fund and the Advance Industries Acceleration Fund in the Governor's Office of Economic Development and International Trade.

The Tobacco Impact Mitigation Fund includes transfers-out to Higher Education Funds of $12.4 million from the Tobacco Litigation Settlement Moneys Health Education Fund.

The Unclaimed Property transfers-out include a transfer of $63.9 million to the Adult Dental Fund in the Department of Health Care Policy and Financing in All Other Funds.

The Other Special Revenue transfers-out to the General Fund include $40.0 million from the Retail Marijuana Excise Tax Fund to the Public School Capital Construction Assistance Fund (a special purpose fund in the General Fund); $5.3 million to support programs in the Department of Public Safety; $5.7 million to support programs in the Department of Human Services; and $10.2 million for federal and indirect cost allocations. Additionally, the transfers-out to All Other Funds includes transfers of $11.8 million from the Justice Center Cash Fund to the Debt Service Fund for payment on the outstanding certificates of participation related to the Ralph L. Carr Justice Center.

The State Lands Trust transfer-out to the General Fund includes $86.8 million to the Public School Capital Construction Assistance Fund.

## NOTE 35 – 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. Net donor restricted endowment appreciation totaled $14.1 million, which includes depreciation of investment value for some institutions of higher education.

The University of Colorado reported net appreciation on endowment investments of $13.4 million that was available for spending. The university reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – 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. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may also be expended.

## NOTE 36 – PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2015-16, the following pledges were in place:

The Department of Transportation pledged $128.8 million (net) of federal grants under agreement with the Federal Highway Administration and certain motor vehicle fees and taxes of the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes. The debt was originally issued in Fiscal Year 1999-00 to finance the reconstruction of a portion of a major interstate highway through Denver and other infrastructure projects across the State, and it has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents approximately 8.2 percent of the total revenue stream, and $128.8 million of the pledge commitment remains outstanding.

The Department of Transportation Statewide Bridge Enterprise pledged $106.8 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2010-11, and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the revenue stream, and $625.2 million of the pledge commitment remains outstanding.

The Department of Labor and Employment pledged $125.0 million (gross) of Unemployment Insurance (UI) Premium collections to secure $127.3 million of principal and interest on debt issued to stabilize unemployment insurance rates. The debt was issued in Fiscal Year 2013-14, and has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents 100 percent of the revenue stream, and $127.3 million of the pledge commitment (principal and interest) remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 2002-03 and furthest maturity date of Fiscal Year 2054-55. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $1.6 billion. Individually significant Higher Education Institution pledges include:

- $1.1 billion (net) pledged by the University of Colorado to secure $127.8 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2015-16 and has a final maturity date of Fiscal Year 2046-47. The pledged revenue represents approximately 75.5 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.
- $242.2 million (gross) pledged by Colorado State University to secure $59.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2054-55. The pledged revenue represents 100 percent of the total revenue stream, and $1.8 billion of the pledge (principal and interest) remains outstanding.
- $57.1 million pledged by the Colorado School of Mines to secure $14.5 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt was originally issued in Fiscal Year 2014-15 and has a final maturity date of Fiscal Year 2042-43. The pledged revenue represents approximately 55.4 percent of the net total student fee and auxiliary revenue streams and 100 percent of the gross tuition and facilities fee revenues. $204.3 million of the pledge (principal and interest) remains outstanding.
- $29.7 million (gross) pledged by Metropolitan State University of Denver to secure $6.0 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $158.1 million of the pledge (principal and interest) remains outstanding.
- $25.1 million (net) pledged by Colorado Mesa University to secure $12.4 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents approximately 56.0 percent of the revenue stream and $358.0 million of the pledge (principal and interest) remains outstanding.
- $31.6 million pledged by the University of Northern Colorado to secure $9.8 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2007-08 and furthest maturity date of Fiscal Year 2039-40. The pledged revenue represents 35.4 percent of the net total auxiliary and student fee revenue streams and also represents 100 percent of gross tuition revenues. $200.1 million of the pledge (principal and interest) remains outstanding.

- $16.7 million (gross) pledged by Colorado State University – Pueblo to secure $5.3 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2043-44. The pledged revenue represents 100 percent of the revenue stream, and $165.8 million of the pledge (principal and interest) remains outstanding.

- $8.8 million (net) pledged by the Fort Lewis College to secure $3.4 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2007-08 and furthest maturity date of Fiscal Year 2037-38. The pledged revenue represents 38.5 percent of the revenue stream, and $73.6 million of the pledge (principal and interest) remains outstanding.

- $8.3 million (net) pledged by the Western State Colorado University to secure $6.0 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2008-09 and furthest maturity date of Fiscal Year 2044-45. The pledged revenue represents 39.7 percent of the revenue stream, and $182.3 million of the pledge (principal and interest) remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

(Amounts In Thousands)

| Agency Name | Gross Revenue | Direct Operating Expense | Available Net Revenue | Debt Service Requirements Principal | Interest | Total |
|---|---|---|---|---|---|---|
| Department of Transportation | $ 1,566,285 | $ (1,437,505) | $ 128,780 | $ 126,100 | $ 2,680 | $ 128,780 |
| Higher Education Institutions | 1,984,082 | (455,553) | 1,528,529 | 103,957 | 157,999 | 261,955 |
| Labor - Unemployment Insurance | 124,965 | - | 124,965 | 124,965 | 2,312 | 127,277 |
| Statewide Bridge Enterprise | 106,810 | - | 106,810 | - | 18,234 | 18,234 |
| | $ 3,782,142 | $ (1,893,058) | $ 1,889,084 | $ 355,022 | $ 181,225 | $ 536,246 |

**NOTE 37 – SEGMENT INFORMATION**

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. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. 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.

University Physicians Incorporated (UPI) is a not-for-profit entity that performs the billing, collection, and disbursement functions for professional services provided by the University of Colorado Denver teaching hospital. UPI is also a component unit of the State that is blended into the Higher Education Institutions Fund. In addition, UPI provides its services under contracts with the University of Colorado Hospital Authority (UCHA), a related party unit of the State.

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 the use of its facilities. This segment is part of the Higher Education Institutions Enterprise.

The following page presents condensed financial information for the State's segments.

## CONDENSED STATEMENT OF NET POSITION
## JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | UNIVERSITY OF COLORADO | AURARIA HIGHER EDUCATION CENTER | |
|---|---|---|---|
| | UNIVERSITY PHYSICIANS INCORPORATED | PARKING FACILITIES | STUDENT FACILITIES |
| ASSETS: | | | |
| Current Assets | $ 225,289 | $ 5,725 | $ 8,554 |
| Other Assets | 219,883 | 4,732 | 363 |
| Capital Assets | 43,082 | 46,009 | 20,908 |
| Total Assets | 488,254 | 56,466 | 29,825 |
| DEFERRED OUTFLOW OF RESOURCES | - | (635) | (110) |
| LIABILITIES: | | | |
| Current Liabilities | 51,668 | 2,819 | 4,317 |
| Noncurrent Liabilities | 8,893 | 40,073 | 24,766 |
| Total Liabilities | 60,561 | 42,892 | 29,083 |
| DEFERRED INFLOW OF RESOURCES | - | 76 | 90 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 32,881 | 3,909 | 1,622 |
| Restricted for Permanent Endowments: | | | |
| Restricted Net Position | - | 4,311 | 4,856 |
| Unrestricted | 394,812 | 4,643 | (5,936) |
| Total Net Position | $ 427,693 | $ 12,863 | $ 542 |

## CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## FOR THE YEAR ENDED JUNE 30, 2016

| | | | |
|---|---|---|---|
| OPERATING REVENUES: | | | |
| Tuition and Fees | $ - | $ - | $ 5,426 |
| Sales of Goods and Services | 753,978 | 9,789 | 17,353 |
| Other | - | - | 55 |
| Total Operating Revenues | 753,978 | 9,789 | 22,834 |
| OPERATING EXPENSES: | | | |
| Depreciation | 4,466 | 2,463 | 2,017 |
| Other | 695,012 | 7,326 | 18,497 |
| Total Operating Expenses | 699,478 | 9,789 | 20,514 |
| OPERATING INCOME | 54,500 | - | 2,320 |
| NONOPERATING REVENUES AND (EXPENSES): | | | |
| Investment Income | 11,365 | 388 | 28 |
| Gifts and Donations | (15,899) | - | - |
| Other Nonoperating Revenues | 99 | - | - |
| Debt Service | (253) | (1,795) | (833) |
| Other Nonoperating Expenses | - | - | (7,610) |
| Total Nonoperating Revenues(Expenses) | (4,688) | (1,407) | (8,415) |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | | |
| Transfers-In | - | 1,407 | 1,570 |
| Total Contributions, Transfers, and Other | - | 1,407 | 1,570 |
| CHANGE IN NET POSITION | 49,812 | - | (4,525) |
| TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED | 377,881 | 12,863 | 5,067 |
| TOTAL NET POSITION - FISCAL YEAR ENDING | $ 427,693 | $ 12,863 | $ 542 |

## CONDENSED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 2016

| | | | |
|---|---|---|---|
| NET CASH PROVIDED (USED) BY: | | | |
| Operating Activities | $ 47,587 | $ 4,864 | $ 4,181 |
| Noncapital Financing Activities | (15,899) | (1,407) | (1,217) |
| Capital and Related Financing Activities | (4,974) | (3,556) | (2,985) |
| Investing Activities | (41,028) | (206) | (33) |
| NET DECREASE IN CASH AND POOLED CASH | (14,314) | (305) | (54) |
| CASH AND POOLED CASH, FISCAL YEAR BEGINNING | 98,891 | 5,715 | 5,235 |
| CASH AND POOLED CASH, FISCAL YEAR ENDING | $ 84,577 | $ 5,410 | $ 5,181 |

## NOTE 38 – COMPONENT UNITS

The State reports eight component units under the requirements of Governmental Accounting Standards Board (GASB) Statements No. 14 – The Financial Reporting Entity, Statement No. 39 – Determining Whether Certain Organizations Are Component Units, and Statement No. 61 – The Financial Reporting Entity: Omnibus-An Amendment to GASB Statements No. 14 and No. 34. The State's component units are separated into major, and nonmajor below. Financial statements for the major component units are presented in the Basic Financial Statements and for the nonmajor component units in the Supplementary Section of the Comprehensive Annual Financial Report.

### A. MAJOR COMPONENT UNITS

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. It is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. Its primary revenue sources are income from invested bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and EPA grants. The Authority incurred $7.9 million in expenses for the State during 2015 for two State departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. During Fiscal Year 2015-16, the foundation distributed $106.2 million of gifts and income to or for the benefit of the University of Colorado and other beneficiaries.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2015-16, the foundation transferred $47.6 million to the University.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income. During Fiscal Year 2015-16 the foundation transferred, $21.6 million to the University.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to provide program, scholarship and other support to the University of Northern Colorado. The foundation's primary revenue is derived from contributions and investment income. During Fiscal Year 2015-16, the foundation transferred $10.6 million to the University. At June 30, 2016, the Foundation owed the University $0.6 million.

### B. NONMAJOR COMPONENT UNITS

The Denver Metropolitan Major League Baseball Stadium District currently includes all or part of the seven counties in the Denver metro area. The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium. To accomplish this purpose, the General Assembly authorized the district to levy a sales tax of one-tenth of one percent throughout the district for a period not to exceed 20 years. However, the district discontinued the sales tax levy on January 1, 2001, after it defeased all outstanding debt.

The Colorado Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the State and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority $50.0 million of insurance-premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to the sale, and recognizes it as insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Position - Component Units* to reflect the contribution of capital by the State.

In 2005, the authority created Colorado Fund I, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund I LP, originally thru June 2015 and extended to June 2017 (unless otherwise terminated), for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agri-technology and medical device industries, and retail. As of December 31, 2015, the VCA has contributed approximately $21.8 million or 100 percent of its total funding commitment to Colorado Fund I, LP.

In 2010 the authority created Colorado Fund II, LP and has committed to providing up to $25.4 million over the term of the fund (through December 2019 unless otherwise terminated). As of December 31, 2015, the VCA has contributed approximately $22.7 million or 89 percent of its total funding commitment to Colorado Fund II, LP.

In August 2010, the Board of Trustees of the Metropolitan State College of Denver (now Metropolitan State University of Denver) established the HLC @ Metro, Inc. as a non-profit entity to provide for the financing, construction, operation, and management of the Hotel and Hospitality Learning Center at MSU Denver. The facility, which opened in August 2012, includes a fully functioning hotel and learning laboratory for the University's Hospitality, Tourism, and Events department.

During the year ended June 30, 2016, net assets of $1.7 million were transferred to the University of Colorado, the University of Colorado Foundation and the University of Colorado Property Corporation, Inc. (CUPCO, blended within the University) from the University of Colorado Real Estate Foundation (CUREF). Since June 30, 2016, CUREF continues to transfer assets, liabilities and other obligations to the University and the affiliated parties, with all transfers and the dissolution of CUREF anticipated to be completed by June 30, 2017. The increase in the level of financial burden/benefit to the University affected the component unit determination for CUREF. CUREF was added as a discretely presented nonmajor component unit for the fiscal year ended June 30, 2016 which resulted in a $6.1 million decrease to beginning net position for component units.

## NOTE 39 – RELATED PARTIES AND ORGANIZATIONS

### Primary Government

University of Colorado Denver Anschutz Medical Campus enters into related-party transactions with University of Colorado Health (UCHealth) under contracts that support the University's medical education mission. During Fiscal Year 2015-16, under these contracts, UCHealth paid the University $92.5 million and the University paid UCHealth $12.9 million. Not included in these amounts are $0.6 million in reimbursements during the fiscal year made by UCHealth to the University for salaries and benefits of state classified employees who work at UCHealth, and for whom the University is responsible. At June 30, 2016 the University had accounts receivable from UCHealth for $7.4 million, and had no accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust members, who are the University of Colorado, UCHealth and University Physicians, Inc. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2015-16 the Trust paid medical claims on behalf of the University of $169.0 million. The University contributed $174.5 million to the Trust and its employees contributed $22.5 million. At June 30, 2016 the University had accounts receivable from the Trust for $8,000 and accounts payable to the Trust for $272,000.

The Colorado State University – Pueblo Foundation was established to benefit Colorado State University Pueblo. The Foundation transferred $7.5 million in cash and $354,684 in in-kind assets to the University in Fiscal Year 2015-16. At June 30, 2016, the University had an account receivable from the Foundation for $550,438.

The Adams State University Foundation provides scholarships and work-study grants to students, and program development grants to Adams State University. The Foundation provided $1.4 million in scholarships, grants and operating expense reimbursements during Fiscal Year 2015-16.

The Colorado Mesa University Foundation provides financial assistance to Colorado Mesa University students and assists the University in serving educational needs. In Fiscal Year 2015-16, the Foundation awarded $1.2 million in scholarship funds directly to students. Also in Fiscal Year 2015-16, the Colorado Mesa University Real Estate Foundation donated $3.4 million in property to the University. The University made operating transfers to the Foundation for $324,811 and transferred $3.4 million to the Colorado Mesa University Real Estate Foundation.

The Fort Lewis College Foundation exists to support Fort Lewis College. During Fiscal Year 2015-16 the Foundation funded $927,873 for scholarships and passed through $2.8 million in grants for program support.

Metropolitan State University of Denver Foundation, Inc. was organized and is operated to promote the general welfare and development of Metropolitan State University of Denver. The foundation provided $2.7 million of funding to the University in Fiscal Year 2015-16. The foundation also reimbursed the University $268,771 for services provided by University employees and left un-reimbursed $307,950 of these services. At June 30, 2016, the Foundation owed the University $544,302.

Western State Colorado University Foundation was established to aid Western State Colorado University in fulfilling its educational mission. The Foundation transferred $5.1 million to the University in Fiscal Year 2015-16.

Most of the State's community colleges have established foundations to assist in their educational missions. With the exception of the Community College of Aurora, the Community College of Denver, Arapahoe Community College, Lamar Community College, Pikes Peak Community College, Pueblo Community College and Red Rocks Community College, none of these foundations made annual transfers to their related community colleges in excess of $500,000.

In Fiscal Year 2015-16, the Arapahoe Community College Foundation transferred $563,037 in scholarships and grants to Arapahoe Community College.

The Community College of Aurora paid $1.6 million to the Community College of Aurora Foundation for the transfer of the Centretech Campus to the College. This amount was for the $1.8 million cost less the $200,000 the Foundation held as a maintenance reserve plus closing costs. In Fiscal Year 2015-16, the Foundation provided $459,246 to the College for grants and scholarships.

The Community College of Denver Foundation provided $538,919 to the Community College of Denver for scholarships and $183,585 in pass through grant funding and support for other activities.

The Lamar Community College Foundation transferred $427,911 to Lamar Community College to be used for spending on a capital construction project, and $198,029 for scholarships and other activities.

Pikes Peak Community College Foundation provided $832,236 to Pikes Peak Community College in the form of reimbursements for direct expenditures, financial aid support and grant funds. The College in turn provided $246,411 of operating support to the Foundation.

The Pueblo Community College Foundation provided Pueblo Community College $736,307 in the form of scholarships, grants, construction funds, program funding and discretionary funds.

The Red Rocks Community College Foundation provided $969,190 to Red Rocks Community College. Of this amount, $389,518 was for scholarships and $295,298 was for the construction of the Arvada Health Professions and Science Building. The rest of the funds were for grants, special projects and support of operating expenses. The College provided $226,924 to the Foundation for operating expenses.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO 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 Year 2015-16, the board funded $25.3 million of wildlife and parks programs at the Department of Natural Resources. At June 30, 2016, GOCO owed the Department of Natural Resources $16.5 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, is a related party to the State through the Department of Health Care Policy & Financing. During Fiscal Year 2015-16 the Colorado Health Benefit Exchange reimbursed the State $2.9 million for software programming and other information technology expenses.

Colorado Housing and Finance Authority (CHFA) is a related party to the State in three different activities as follows:

- The Colorado Housing and Finance Authority Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury holds two CHFA bonds with a face value of $4.9 million as of June 30, 2016. The Department receives monthly payments from CHFA for all principal payments and interest collected by the Authority. On bond maturity dates ranging from 2025 through 2031, the Department of Treasury will receive any unpaid principal balance of the bonds, plus all accrued and unpaid interest.
- CHFA acts as the fiscal agent for the Colorado Energy Office State Energy Plan grant that provides loans for energy efficiency or renewable energy projects. The outstanding loan balance at CHFA on June 30, 2016 was $5.8 million. In Fiscal Year 2015-16, the Energy Office paid CHFA $28,487 in administrative fees for this service.
- Under CRS 8-77-103.5 CHFA is authorized "…to issue bonds and notes as are necessary to maintain adequate balances in the unemployment compensation fund or to repay moneys advanced to the State from the Federal Unemployment trust fund, or both." On June 28, 2012, as a conduit issuer in an exchange transaction, CHFA issued Colorado Unemployment Compensation Fund Special Revenue Bonds with a par value of $624.8 million. Bond payments are funded by employers' unemployment insurance premiums. The bonds are special, limited obligations of the Authority, payable and secured by assets held in a trust estate which consists of pledged revenue and principal funded by the State's unemployment compensation fund. Pledged revenues in the trust consist, at least in part, of employer's unemployment insurance premiums. The bonds do not create a financial obligation of the Authority

beyond payment of principal and interest. As of June 30, 2016 $125.0 million of bonds was outstanding. The Department of Labor and Employment paid CHFA $62,000 in administration fees in Fiscal Year 2015-16 for this arrangement.

**Component Units**

The Colorado Venture Capital Authority (VCA) has Limited Partnership Agreements with Colorado Fund I, LP and Colorado Fund II, LP, and has selected High Country Venture, LLC, to serve as manager and general partner of both funds. The partnership agreements allocate income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2015, VCA's investments in Colorado Fund I and Colorado Fund II totaled $23.4 million and $29.2 million respectively.

## NOTE 40 – SERVICE CONCESSION ARRANGEMENTS

In February 2014, the High Performance Transportation Enterprise (HPTE), a portion of the nonmajor Transportation Enterprise, entered into a 50 year concession agreement with Plenary Roads Denver (Plenary). The purpose of this arrangement is to maximize infrastructure, improve safety, and better manage traffic through a partnership between public and private sectors. In March 2014, HPTE transferred the operations of the I-25 high occupancy toll (HOT) lanes to Plenary. Plenary has the right to collect tolls for both the 1-25 HOT lane and US-36 managed lanes and raise the toll rate, with approval of the HPTE Board. If the HPTE Board does not approve the requested rate, HPTE must compensate Plenary for the loss of revenue.

Plenary financed, designed, and constructed US-36 Phase I and Phase II tolled and managed lanes which were completed and placed into service on July 22, 2015 and March 31, 2016, respectively. As of June 30, 2016, HPTE totaled $259.3 million.

With the completion of Phase I, Plenary assumed the obligation for HPTE's existing $54.0 million loan secured through the Transportation Infrastructure Finance and Innovation Act. Plenary also assumed responsibility for maintaining the managed lanes.

## NOTE 41 – ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $27.9 million, $186.3 million and $1.2 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

## NOTE 42 – FINANCIAL GUARANTEES

In Fiscal Year 2010-11, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2016, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

## NOTE 43 – CONTINGENCIES

The Colorado Governmental Immunity Act (CGIA) sets upper limits on State liability at $350,000 per individual and $990,000 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. Effective January 1, 2012, the Act was amended to waive the State's sovereign immunity for legal proceedings in which the State has been determined to be negligent in conducting prescribed fires.

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, engaged in regulatory misfeasance, 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. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

The State is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. 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, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services 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 may include claims related to age and sex discrimination, sexual harassment, wrongful termination, contractual agreements for paying 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.

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.1 billion, of the $8.3 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the State's liability is capped at the net position of the College Assist program of $104.2 million.

At June 30, 2016, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $197.8 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds. Individual claims in exceeding $5.0 million include four claims for refunds of $6.7 million to $40.6 million income taxes. The Department of Revenue will vigorously defend these claims. The likelihood of an unfavorable outcome is uncertain.

Various notes and bonds have been issued by state school districts that may impact the State. Colorado statutes provide that if a district indicates it will not make a required payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The State shall then withhold state property-tax-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 approximately $7.3 billion are outstanding. Of this amount, $1 billion is covered by private insurance.

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. Individually significant disallowances are disclosed in the following paragraph.

The TABOR Foundation, a not-for-profit entity that is not part of State government, has filed suit against the Colorado Department of Health Care Policy and Financing alleging that the hospital provider fee is a tax, not a fee; therefore, requiring a vote of the people. The plaintiff challenge the fee imposed in Fiscal Years 2011, 2012 and 2013, and seek a refund of all revenue collected, kept, or spent unconstitutionally, plus interest. Approximately $2.65 billion has been collected in fees. The Complaint was filed on June 26, 2015. The Colorado Department of Health Care Policy and Financing filed a motion to dismiss arguing that the hospital provider fee is a fee and not a tax. The Motion is fully briefed and is pending before the district court. The Colorado Department of Health Care Policy and Financing will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

A suit was filed against the Colorado Department of Health Care Policy and Financing where the plaintiff seeks to expand the coverage of Direct Antiviral Acting (DAA) drugs for all Medicaid recipients with Hepatitis C, and to enjoin the Department from implementing any policy or protocol that denies access to DAA drugs to any Medicaid beneficiary who is infected with Hepatitis C. The Department of Health Care Policy and Financing will vigorously defend these claims. The Department estimates that it would cost $200 million in state funds to provide DAA drugs to all Medicaid recipients infected with Hepatitis C. The likelihood of an unfavorable outcome is uncertain.

The Centers for Medicare and Medicaid Services (CMS) conducted an onsite visit of the Pueblo Regional Center (PRC) and sent the Colorado's Department of Health Care Policy and Financing (HCPF) a report of its findings and requested a development of corrective action plan. CMS claimed that HCPF violated federal administrative requirements regarding administration of the Medicaid Home and Community Based Services waiver program for developmentally disabled for approximately 60 individuals. CMS alleged violations of federal rules that involve the provision of services to those individuals between November 1, 2014 and November 2015 and seeks disallowance of payments to HCPF for services provided at PRC. HCPF submitted its proposed corrective action plan on September 26, 2016, and expects ongoing discussion with CMS. HCPF intends to dispute portions of disallowed amounts along with some of the other sanctions. The likelihood of an unfavorable outcome is uncertain. There is a possibility that the losses could reach greater than $5 million.

The State of New Mexico filed suit against The State of Colorado claiming that Colorado contributed to mine waste disposal in the Upper Animas Mining District near Silverton, Colorado creating an imminent and substantial endangerment to the citizens and environment of Utah and New Mexico. Waste discharges also deposited contaminated sediments in Utah's San Juan River which may impact groundwater quality. Any judgment for damages would be covered by Risk Management. Utah and New Mexico seek injunctive relief to achieve "complete remediation of the contaminated rivers, the abatement and cessation of further releases from [the Upper Animas mining district], and the prevention of future catastrophes like the August 5, 2016 Gold King Mine blowout." Both New Mexico and the Navajo Nation have filed suit against the Environmental Protection Agency, its contractors, and others in federal district court in New Mexico. Colorado is not defendant in those lawsuits. Mediation efforts have been unsuccessful. The State will vigorously defend its interests, although, the likelihood of an unfavorable outcome is uncertain. No dollar amount has been stated against Colorado. Depending on whether other responsible parties contribute to the cleanup costs and natural resources damages costs, the State could incur in excess of $100 million.

The National Federation of Independent Businesses (NFIB), has filed suit against the Colorado Secretary of State alleging that §§ 24-21-104 and 24-21-104.5, C.R.S. violate TABOR. These provisions allocate fees collected by the Secretary's Business and Licensing Division to a cash fund, and authorize appropriations from that cash fund to the Secretary's Elections Division and to counties to support election functions. NFIB seeks a refund of allegedly unconstitutionally collected registration fees, and the imposition of penalties, interest, fees, and costs in accordance with Colorado Constitution Article X, § 1. The complaint does not seek a precise monetary award; The State's estimate of exposure is approximately $20 million. The parties filed cross-motions for summary judgment in Denver District Court. After full briefing and oral argument, on November 3, 2015, the District Court granted summary judgment in the Secretary's favor. The Court did not decide whether the fees are taxes. NFIB has filed a timely appeal to the Colorado Court of Appeals, and the Court has not set a briefing schedule. The Secretary will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 43, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

## NOTE 44 – SUBSEQUENT EVENTS

### Primary Government

### A. DEBT ISSUANCES AND REFUNDINGS

On July 8, 2016, the Auraria Higher Education Center issued of $1,720,903 from Series 2015 Student Fee Tax-Exempt Bonds to reimburse construction costs of the Tivoli Park/Quadrangle project. On August 31, 2016, the Auraria Higher Education Center drew down an additional $601,609 of the 2015A proceeds for the purpose of financing construction of the Tivoli Park/Quad, the Tivoli Patio and Coffee Lounge, and other future student gathering spaces throughout campus. The repayment of the bonds is funded by a $5 per student, per semester fee.

On July 21, 2016, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2016A. The notes were issued with a premium of $6,434,250, an average coupon rate of 3.09%, and a true interest cost of 0.59%. The notes mature on June 29, 2017. The total due on that date includes $275,000,000 in principal and $7,980,556 in interest. By statute, interest on the notes is payable from the General Fund.

On July 26, 2016, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2016A. The notes mature on June 27, 2017. The total due on that date includes $600,000,000 in principal and $11,952,778 in interest. The notes were issued with a premium of $8,603,000, an average coupon rate of 2.17%, and a true interest cost of 0.60%.

On September 29, 2016, the Western State Colorado University issued $26,995,000 Auxiliary Facilities Revenue Refunding Bonds, Series 2016, with an average interest rate of 3.69%. The proceeds of the issue were used to refund the Series 2009 Revenue Bonds and a portion of the Series 2010A Institutional Enterprise Revenue Bonds. The 2016 Refunding bonds begin to mature on May 15, 2017 in increasing amounts through May 15, 2039. The bonds are collateralized by a pledge of certain revenues of the auxiliary facilities system.

On November 9, 2016, University of Northern Colorado Board of Trustees issued $23,500,000 in fixed rate Institutional Enterprise Revenue Bonds, Series 2016, at a $4,100,000 premium for total proceeds of $27,600,000. The coupon rates of the bonds range from 3% - 5% with maturities of principal starting in 2020 and ending in 2046.

On December 20, 2016, the Board of Governors of the Colorado State University System issued Series 2016A and series 2016B Bonds. The 2016B Bonds were issued with a premium of $5,113,543. The Series 2016B Bonds mature on March 1, 2036 and includes $64,980,000 of principle and have an interest rate of 3% to 4%. The 2016A Bonds were issued with $5,235,000 of principal, and have an interest rate of 1.5% to 3.4%. The Series 2016A Bonds mature on March 1, 2025.

On December 29, 2016, the Colorado Department of Transportation issued $70,000,000 of Certificates of Participation series 2016, and was issued at a premium of $7,017,143 with interest from 3% to 5%. The certificate maturity date is June 15, 2036. The Certificated will be used for the headquarters facilities lease purchase agreement.

On January 12, 2017, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2016B. The notes were issued with a premium of $5,311,250, an average coupon rate of 3.93%, and a true interest cost of 0.88%. The notes mature on June 29, 2017. The total due on that date includes $375,000,000 in principal and $6,842,361 in interest. By statute, interest on the notes is payable from the General Fund.

### B. OTHER

During the year ended June 30, 2016, net assets of $1.7 million were transferred to the University of Colorado, the University of Colorado Foundation and the University of Colorado Property Corporation, Inc. (CUPCO, blended within the University) from the University of Colorado Real Estate Foundation (CUREF). Since June 30, 2016, CUREF continues to transfer assets, liabilities and other obligations to the University and the affiliated parties, with all transfers and the dissolution of CUREF anticipated to be completed by June 30, 2017. Due to the increase in the level of financial burden/benefit to the University, CUREF is included as a discretely presented nonmajor Component Unit. As such, those transfers completed since July 1, 2016 are disclosed in the Component Unit section that follows.

In November 2016, College Assist renewed agreements with four collection agencies to collect on defaulted student loans for a one-year term. The agreements may be renewed for a one-year term if both parties agree.

On November 15, 2016, CSU announced a $53,300,000 gift from alumnus Walter Scott, Jr. In recognition of this gift, the engineering college will be officially named the Walter Scott, Jr. College of Engineering.

On November 18, 2016, the PERA Board of Trustees chose to modify the long-term inflation expectations to 2.4 percent from 2.8 percent and to reduce the long-term investment return assumption to 7.25 percent from 7.5 percent. The PERA Board also made several adjustments to the demographic assumptions including the adoption of new mortality tables to more accurately reflect the actual experience of the PERA membership. Longer life expediencies mean that PERA is paying benefits for a longer period of time. The changes in assumptions adopted by the Board will lengthen the time it will take to reach full funding.

In December 2016, College Assist entered into a one-year Rehabilitation Loan Agreement with Navient Credit Finance Corporation, to sell eligible rehabilitation loan at the 2.75% discount. This agreement may be renewed annually, if both parties agree.

On February 15, 2017, the University of Northern Colorado closed the sale of the University Apartments for an approximate of $7.1 million in cash, in exchange for the University apartment asset.

**Component Units**

On July 1, 2016, the Land Holding Venture, LLC (LHV LLC), with the University of Colorado Real Estate Foundation (CUREF) as sole member, transferred its ownership interest in various vacant land holdings and in a residential home to University of Colorado Property Corporation, Inc. (CUPCO) which were carried at $4.1 million as of June 30, 2016. On the same date, LHV transferred its interest in an option agreement to purchase vacant land to CUPCO carried at $15.7 million.

On July 1, 2016, CUREF assigned its single share in University of Colorado United Kingdom Foundation Limited (CU UK) to the University of Colorado Foundation. The net assets of CU UK of $1.0 million were consolidated into CUREF as of June 30, 2016.

On July 7, 2016, LHV LLC executed a binding commitment to sell real property to a third party for $1.2 million, subject to certain contingencies. LHV LLC transferred the same real property to CUPCO on July 13, 2016, subject to the purchase and sale commitment. The carrying value of this property was $0.6 million as of June 30, 2016.

On July 31, 2016, Partnership Holding Venture, LLC (PHV LLC), with CUREF as sole member, transferred its assets to the University of Colorado Foundation and Campus Village Apartments II (CVA II), with CUREF as sole member, transferred its assets to CUPCO. Both PHV LLC and CVA II were dissolved as of July 31, 2016.

On August 1, 2016, CUREF transferred its sole membership interest in 18th Avenue, LLC, to the University. 18th Avenue's net assets of $1.7 million were consolidated into CUREF as of June 30, 2016. In addition, 33rd Street, LLC, with CUREF as sole member, sold real property to the University, subject to existing leases, under terms of a purchase and sale agreement dated October 31, 2013, and amended July 26, 2016 where the two parties executed a binding commitment to sell real property on August 1, 2016 ("the closing date"), which was closed as scheduled.

On September 16, 2016, Campus Village Apartments (CVA), with CUREF as sole member, and the owner of an off-campus housing project, the plaintiff in litigation, mutually agreed to limit the monetary risks arising from the uncertainty of a pending appeal decision. The plaintiff, in the lower court case, challenged the policy of the University to require, according to the plaintiff, "with very few exceptions [that] all first-time domestic freshman and international students" at CU Denver live at CVA. A jury trial in 2015 returned a verdict in favor of the plaintiff and awarded damages. The agreement reached in September 2016 provides for payment to the plaintiff of $6.2 million to be made by CUREF on behalf of CVA if the appeals court finds in favor of the plaintiff. In the event the appeals court returns a decision reversing the verdict and vacating the judgment, CVA will have no further payment obligation. If the appeals court remands the case to the district court for rehearing, the plaintiff agrees to dismiss the original claims, as well as pending newer claims. If the appeals court affirms the district court's judgment, CVA agrees to pay the plaintiff an additional $0.1 million, and the plaintiff agrees to acknowledge that the judgment has been satisfied and will dismiss all claims.

On December 31, 2016, CUREF transferred all if its membership interests in CVA to CUPCO. The total assets of CVA at December 31, 2016 was $40,015,888, total liabilities were $54,500,096 of which $53,033,531 was tax exempt bond obligations (net of unamortized bond discount).

# REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Sales and Other Excise Taxes | | | $ 2,726,798 | |
| Income Taxes | | | 6,007,037 | |
| Other Taxes | | | 255,702 | |
| Federal Grants and Contracts | | | 10 | |
| Sales and Services | | | 425 | |
| Interest Earnings | | | 14,368 | |
| Other Revenues | | | 22,999 | |
| Transfers-In | | | 228,857 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 9,256,196 | |
| EXPENDITURES AND TRANSFERS-OUT: | | | | |
| Operating Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | $ 10,006 | $ 10,006 | 9,952 | $ 54 |
| Corrections | 780,620 | 763,813 | 757,809 | 6,004 |
| Education | 3,567,985 | 3,478,443 | 3,477,852 | 591 |
| Governor | 41,668 | 34,935 | 34,381 | 554 |
| Health Care Policy and Financing | 2,507,458 | 2,492,619 | 2,476,744 | 15,875 |
| Higher Education | 857,416 | 856,383 | 856,067 | 316 |
| Human Services | 814,405 | 821,778 | 812,014 | 9,764 |
| Judicial Branch | 481,075 | 480,761 | 478,097 | 2,664 |
| Labor and Employment | 8,009 | 7,587 | 7,518 | 69 |
| Law | 15,258 | 15,284 | 14,440 | 844 |
| Legislative Branch | 43,297 | 43,297 | 43,297 | - |
| Local Affairs | 20,470 | 20,405 | 20,217 | 188 |
| Military and Veterans Affairs | 8,285 | 8,295 | 7,819 | 476 |
| Natural Resources | 27,672 | 27,672 | 27,349 | 323 |
| Personnel & Administration | 11,712 | 10,926 | 10,831 | 95 |
| Public Health and Environment | 48,015 | 47,015 | 46,577 | 438 |
| Public Safety | 125,171 | 119,777 | 113,796 | 5,981 |
| Regulatory Agencies | 1,923 | 1,923 | 1,904 | 19 |
| Revenue | 74,122 | 74,261 | 73,997 | 264 |
| Treasury | 9,067 | 9,038 | 6,821 | 2,217 |
| SUB-TOTAL OPERATING BUDGETS | 9,453,634 | 9,324,218 | 9,277,482 | 46,736 |
| Capital and Multi-Year Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | - | 1,974 | 827 | 1,147 |
| Corrections | 3,451 | 35,730 | 11,536 | 24,194 |
| Education | 7,600 | 10,940 | 1,364 | 9,576 |
| Governor | 11,389 | 45,946 | 9,924 | 36,022 |
| Higher Education | 65,226 | 290,701 | 159,200 | 131,501 |
| Human Services | 16,657 | 46,731 | 11,877 | 34,854 |
| Military and Veterans Affairs | 667 | 8,166 | 3,870 | 4,296 |
| Personnel & Administration | 11,654 | 20,724 | 10,638 | 10,086 |
| Public Health and Environment | - | 323 | 126 | 197 |
| Public Safety | - | 11,111 | 7,918 | 3,193 |
| Revenue | - | 93,838 | 10,411 | 83,427 |
| Transportation | 500 | 500 | 500 | - |
| Treasury | - | 13 | - | 13 |
| SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS | 117,144 | 566,697 | 228,191 | 338,506 |
| TOTAL EXPENDITURES AND TRANSFERS-OUT | $ 9,570,778 | $ 9,890,915 | 9,505,673 | $ 385,242 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT | | | $ (249,477) | |

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

## SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Sales and Other Excise Taxes | | | $ 31,562 | |
| Income Taxes | | | 522,600 | |
| Other Taxes | | | 85,259 | |
| Tuition and Fees | | | 696,203 | |
| Sales and Services | | | 1,298,518 | |
| Interest Earnings | | | 30,091 | |
| Other Revenues | | | 651,275 | |
| Transfers-In | | | 1,069,940 | |
| Capital Contributions | | | 1,908 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 4,387,356 | |
| EXPENDITURES/EXPENSES AND TRANSFERS-OUT: | | | | |
| Operating Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | $ 30,447 | $ 30,882 | 28,388 | 2,494 |
| Corrections | 71,139 | 68,255 | 56,762 | 11,493 |
| Education | 1,202,513 | 1,164,556 | 1,093,247 | 71,309 |
| Governor | 223,375 | 223,540 | 208,846 | 14,694 |
| Health Care Policy and Financing | 998,386 | 1,129,651 | 1,115,353 | 14,298 |
| Higher Education | 745,154 | 752,150 | 746,193 | 5,957 |
| Human Services | 232,274 | 212,267 | 168,349 | 43,918 |
| Judicial Branch | 148,277 | 147,723 | 124,668 | 23,055 |
| Labor and Employment | 70,516 | 67,364 | 58,588 | 8,776 |
| Law | 59,670 | 59,407 | 53,157 | 6,250 |
| Legislative Branch | 1,344 | 1,344 | 1,191 | 153 |
| Local Affairs | 14,908 | 14,879 | 13,245 | 1,634 |
| Military and Veterans Affairs | 2,081 | 2,081 | 1,789 | 292 |
| Natural Resources | 178,758 | 182,624 | 159,158 | 23,466 |
| Personnel & Administration | 115,571 | 123,711 | 109,063 | 14,648 |
| Public Health and Environment | 199,073 | 198,787 | 175,643 | 23,144 |
| Public Safety | 205,113 | 206,078 | 185,236 | 20,842 |
| Regulatory Agencies | 83,368 | 83,122 | 73,841 | 9,281 |
| Revenue | 189,455 | 188,821 | 118,343 | 70,478 |
| State | 21,570 | 21,570 | 20,397 | 1,173 |
| Transportation | 35,822 | 34,822 | 32,907 | 1,915 |
| Treasury | 14,754 | 14,754 | 14,378 | 376 |
| SUB-TOTAL OPERATING BUDGETS | 4,843,568 | 4,928,388 | 4,558,742 | 369,646 |
| Capital and Multi-Year Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | - | 2,945 | 261 | 2,684 |
| Corrections | 660 | 1,322 | - | 1,322 |
| Governor | (814) | 19,706 | 1,119 | 18,587 |
| Higher Education | 39,276 | 174,507 | 14,378 | 160,129 |
| Human Services | 980 | 142 | 126 | 16 |
| Judicial Branch | 147 | 8,698 | 317 | 8,381 |
| Labor and Employment | 25,263 | 30,231 | 2,880 | 27,351 |
| Natural Resources | 11,157 | 30,457 | 8,510 | 21,947 |
| Personnel & Administration | 2,850 | 15,903 | 1,061 | 14,842 |
| Public Health and Environment | 192 | 26,864 | 4,352 | 22,512 |
| Public Safety | 1,145 | 6,060 | 3,067 | 2,993 |
| Transportation | - | 500 | 500 | - |
| Treasury | - | 237 | - | 237 |
| SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS | 80,856 | 317,572 | 36,571 | 281,001 |
| TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT | $ 4,924,424 | $ 5,245,960 | 4,595,313 | 650,647 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT | | | $ (207,957) | |

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

## SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Federal Grants and Contracts | | | $ 5,532,770 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 5,532,770 | |
| EXPENDITURES/EXPENSES AND TRANSFERS-OUT: | | | | |
| Capital and Multi-Year Budgets: | | | | |
| Departmental: | | | | |
| Health Care Policy and Financing | $ 5,104,365 | $ 5,171,553 | 5,088,440 | $ 83,113 |
| Human Services | 424,825 | 449,494 | 411,478 | 38,016 |
| Military and Veterans Affairs | - | 970 | 583 | 387 |
| Public Health and Environment | 21,866 | 21,866 | 16,936 | 4,930 |
| SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS | 5,551,056 | 5,643,883 | 5,517,437 | 126,446 |
| TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT | $ 5,551,056 | $ 5,643,883 | 5,517,437 | $ 126,446 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT | | | $ 15,333 | |

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

**RECONCILING SCHEDULE**
**ALL BUDGET FUND TYPES**
**TO ALL GAAP FUND TYPES**
**FOR THE YEAR ENDED JUNE 30, 2016**

(DOLLARS IN THOUSANDS)

| | GOVERNMENTAL FUND TYPES | | | |
|---|---|---|---|---|
| | GENERAL | RESOURCE EXTRACTION | HIGHWAY USERS TAX | CAPITAL PROJECTS |
| BUDGETARY BASIS: | | | | |
| Revenues and Transfers-In Appropriated (Required Supplementary Information): | | | | |
| General | $ 9,050,853 | $ - | $ - | $ 205,343 |
| Cash | 633,925 | 44,087 | 244,477 | 34,727 |
| Federal | 5,529,481 | - | - | 828 |
| Sub-Total Revenues and Transfers-In Appropriated | 15,214,259 | 44,087 | 244,477 | 240,898 |
| Revenues and Transfers-In Non-Appropriated (Supplementary Information): | | | | |
| General | 892,585 | - | - | - |
| Cash | 3,898,150 | 458,773 | 2,093,225 | 78,412 |
| Federal | 2,462,132 | 101,526 | 842,408 | 7,050 |
| Sub-Total Revenues and Transfers-In Non-Appropriated | 7,252,867 | 560,299 | 2,935,633 | 85,462 |
| Total Revenues and Transfers-In Appropriated and Non-Appropriated | 22,467,126 | 604,386 | 3,180,110 | 326,360 |
| Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information): | | | | |
| General Funded | 9,277,481 | - | - | 228,192 |
| Cash Funded | 511,104 | 42,296 | 233,346 | 23,299 |
| Federally Funded | 5,515,433 | - | - | 828 |
| Expenditures/Expenses and Transfers-Out Appropriated | 15,304,018 | 42,296 | 233,346 | 252,319 |
| Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information): | | | | |
| General Funded | 920,628 | - | - | - |
| Cash Funded | 3,847,064 | 263,240 | 2,174,299 | 7,722 |
| Federally Funded | 2,510,448 | 101,562 | 731,982 | 7,165 |
| Expenditures/Expenses and Transfers-Out Non-Appropriated | 7,278,140 | 364,802 | 2,906,281 | 14,887 |
| Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated | 22,582,158 | 407,098 | 3,139,627 | 267,206 |
| Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated | (89,759) | 1,791 | 11,131 | (11,421) |
| Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated | (25,273) | 195,497 | 29,352 | 70,575 |
| BUDGETARY BASIS ADJUSTMENTS: | | | | |
| Increase/(Decrease) for Unrealized Gains/Losses | 4,749 | 2,384 | 2,350 | 927 |
| Increase/(Decrease) for GAAP Expenditures Not Budgeted | 439,717 | 139,075 | 897,298 | (10,500) |
| Increase/(Decrease) for GAAP Revenue Adjustments | (486,387) | (395,013) | (897,270) | (67) |
| Increase/(Decrease) for Non-Budgeted Funds | - | - | - | - |
| Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis | (156,953) | (56,266) | 42,861 | 49,514 |
| GAAP BASIS FUND BALANCES/NET POSITION: | | | | |
| FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING | 1,175,388 | 1,367,206 | 988,560 | 336,680 |
| Prior Period Adjustments (See Note 29A) | 58,147 | - | - | - |
| FUND BALANCE/NET POSITION, FISCAL YEAR END | $ 1,076,582 | $ 1,310,940 | $ 1,031,421 | $ 386,194 |

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

| | | PROPRIETARY FUND TYPES | | | | | | |
|---|---|---|---|---|---|---|---|---|
| STATE EDUCATION | OTHER GOVERNMENTAL FUNDS | HIGHER EDUCATION INSTITUTIONS | UNEMPLOYMENT INSURANCE | STATE LOTTERY | OTHER ENTERPRISE FUNDS | INTERNAL SERVICE | **FIDUCIARY FUND TYPES** | **TOTAL PRIMARY GOVERNMENT** |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 9,256,196 |
| 554,434 | 1,597,762 | 722,322 | 13,821 | 434 | 207,436 | 331,144 | 2,787 | 4,387,356 |
| - | 1,289 | - | - | - | 1,172 | - | - | 5,532,770 |
| 554,434 | 1,599,051 | 722,322 | 13,821 | 434 | 208,608 | 331,144 | 2,787 | 19,176,322 |
| - | - | - | - | - | - | - | - | 892,585 |
| - | 1,601,243 | 2,350,855 | 611,193 | 596,657 | 408,707 | 43,072 | 1,584,881 | 13,725,168 |
| - | 211,812 | 186 | 24,148 | - | 408,478 | - | - | 4,057,740 |
| - | 1,813,055 | 2,351,041 | 635,341 | 596,657 | 817,185 | 43,072 | 1,584,881 | 18,675,493 |
| 554,434 | 3,412,106 | 3,073,363 | 649,162 | 597,091 | 1,025,793 | 374,216 | 1,587,668 | 37,851,815 |
| - | - | - | - | - | - | - | - | 9,505,673 |
| 902,038 | 1,574,732 | 736,316 | 10,070 | 40,958 | 195,340 | 323,212 | 2,602 | 4,595,313 |
| - | 2 | - | - | - | 1,174 | - | - | 5,517,437 |
| 902,038 | 1,574,734 | 736,316 | 10,070 | 40,958 | 196,514 | 323,212 | 2,602 | 19,618,423 |
| - | - | - | - | - | - | - | - | 920,628 |
| 34,025 | 1,371,255 | 2,290,391 | 493,018 | 143,570 | 194,810 | 42,631 | 1,327,149 | 12,189,174 |
| - | 175,877 | 15,908 | 24,146 | - | 400,054 | - | - | 3,967,142 |
| 34,025 | 1,547,132 | 2,306,299 | 517,164 | 143,570 | 594,864 | 42,631 | 1,327,149 | 17,076,944 |
| 936,063 | 3,121,866 | 3,042,615 | 527,234 | 184,528 | 791,378 | 365,843 | 1,329,751 | 36,695,367 |
| (347,604) | 24,317 | (13,994) | 3,751 | (40,524) | 12,094 | 7,932 | 185 | (442,101) |
| (34,025) | 265,923 | 44,742 | 118,177 | 453,087 | 222,321 | 441 | 257,732 | 1,598,549 |
| (189) | 29,272 | - | 2 | 208 | 1,837 | 107 | 434 | 42,081 |
| - | 622,355 | 18,926 | (4,372) | (412,945) | (16,862) | (34,646) | 1,998 | 1,640,044 |
| - | (734,717) | 411 | 10,130 | (438) | (9,773) | (1,804) | (3,246) | (2,518,174) |
| - | - | 102,356 | - | - | - | - | - | 102,356 |
| (381,818) | 207,150 | 152,441 | 127,688 | (612) | 209,617 | (27,970) | 257,103 | 422,755 |
| 686,258 | 2,292,698 | 2,874,814 | 622,258 | (19,946) | 1,020,702 | (250,115) | 6,528,769 | 17,623,272 |
| - | - | (5,309) | - | - | - | - | (11,843) | 40,995 |
| $ 304,440 | $ 2,499,848 | $ 3,021,946 | $ 749,946 | $ (20,558) | $ 1,230,319 | $ (278,085) | $ 6,774,029 | $ 18,087,022 |

## GENERAL FUND SURPLUS SCHEDULE

The General Fund for GAAP purposes is not equivalent to the General Fund for budgetary purposes. The General Fund for GAAP purposes contains activities that are considered cash funds for budget purposes, and includes, State Public School, Risk Management Fund, and Other Special Purpose Funds that do not have a sufficient original-source revenue stream to qualify as special revenue funds. The General Purpose Revenue Fund balance represents $451.4 million of the GAAP General Fund balance of $1,076.6 million on the *Balance Sheet – Governmental Funds.*

The General Purpose Revenue Fund is the principal operating fund of the State. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The general fund surplus is a statutorily defined amount that varies from the fund balance reported in the General Purpose Revenue Fund by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A).

The schedule on the following page is presented to document compliance with the constitutional requirement for a positive general fund surplus on the budgetary basis. This schedule includes both appropriated and nonappropriated activity. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* by the specific purpose revenue funds discussed above and in several other ways as discussed in the following paragraphs.

The total fund balance in the General Purpose Revenue Fund column on the *Combining Balance Sheet – General Funds* represents cumulative general-purpose and augmenting revenues in excess of expenditures. The ending general fund surplus is reconciled to the General Purpose Revenue Fund fund balance on the *Combining Balance Sheet – General Fund Components* presented in the Supplementary Section of the Comprehensive Annual Financial Report.

General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year 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 cash-funded expenditures in the General Purpose Revenue Fund. These revenues in excess of the related expenditures become part of total fund balance. *(See Note 8A beginning on page 84 for information regarding the Old Age Pension expenditure at the Department of Revenue.))*

In order to measure the general fund surplus, encumbrances of the prior year related to approved rollforwards are subtracted from the revised budget and reduce the ending general fund surplus balance in the line item titled "State Controller Approved Rollfowards" because the related balances are not available for subsequent appropriation.

In order to properly state the amounts reverted, most restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule, with the exception of unspent appropriations related to unreleased prior year Medicaid overexpenditure restrictions.

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS

### BUDGET AND ACTUAL - BUDGETARY BASIS
### FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL ESTIMATE/ BUDGET | REVISED ESTIMATE/ BUDGET | ACTUAL | REVERSIONS OF GENERAL FUND APPROPRIATION | EXCESS AUGMENTING REVENUE EARNED |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Sales and Use Tax | $ 2,999,700 | $ 2,922,600 | $ 2,893,838 | | |
| Other Excise Taxes | 94,500 | 102,200 | 101,874 | | |
| Individual Income Tax, net | 6,164,400 | 6,015,000 | 5,993,003 | | |
| Corporate Income Tax, net | 692,300 | 599,900 | 606,441 | | |
| Estate Tax | - | - | - | | |
| Insurance Tax | 260,600 | 289,300 | 280,345 | | |
| Parimutuel, Courts, and Other | 25,200 | 23,200 | 26,319 | | |
| Investment Income | 17,000 | 9,400 | 12,440 | | |
| Gaming | - | - | 15,464 | | |
| TOTAL GENERAL PURPOSE REVENUES | 10,253,700 | 9,961,600 | 9,929,724 | | |
| ACTUAL BUDGET RECORDED AND EXPENDITURES: | | | | | |
| Agriculture | 10,006 | 10,006 | 9,952 | $ 54 | $ 106 |
| Corrections | 780,620 | 763,813 | 757,832 | 5,981 | - |
| Education | 3,567,985 | 3,478,443 | 3,477,852 | 591 | 339 |
| Governor | 41,668 | 35,501 | 34,418 | 1,083 | 2,546 |
| Health Care Policy and Financing | 2,507,458 | 2,499,449 | 2,481,523 | 17,926 | 2,547 |
| Higher Education | 857,693 | 857,165 | 856,849 | 316 | 54 |
| Human Services | 814,405 | 830,292 | 820,528 | 9,764 | 8,341 |
| Judicial Branch | 481,075 | 480,761 | 478,097 | 2,664 | 87 |
| Labor and Employment | 8,009 | 8,287 | 7,754 | 533 | 665 |
| Law | 15,258 | 15,284 | 14,443 | 841 | - |
| Legislative Branch | 43,297 | 43,297 | 43,297 | - | 316 |
| Local Affairs | 24,721 | 26,918 | 25,463 | 1,455 | 56 |
| Military and Veterans Affairs | 8,285 | 8,295 | 7,901 | 394 | - |
| Natural Resources | 27,672 | 27,672 | 27,349 | 323 | 6 |
| Personnel & Administration | 11,712 | 10,926 | 10,831 | 95 | 1,101 |
| Public Health and Environment | 48,015 | 50,289 | 49,867 | 422 | - |
| Public Safety | 125,171 | 119,777 | 113,796 | 5,981 | 1,352 |
| Regulatory Agencies | 6,073 | 6,073 | 6,054 | 19 | - |
| Revenue | 165,641 | 275,791 | 274,138 | 1,653 | 198 |
| State | - | - | - | - | 55 |
| Transportation | - | 102 | 102 | - | - |
| Treasury | 141,910 | 141,881 | 139,665 | 2,216 | - |
| TOTAL ACTUAL BUDGET AND EXPENDITURES | 9,686,674 | 9,690,022 | 9,637,711 | $ 52,311 | $ 17,769 |
| Variance Between Actual and Estimated Budgets | 21,206 | (97,301) | - | | |
| TOTAL ESTIMATED BUDGET | 9,707,880 | 9,592,721 | 9,637,711 | | |
| EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES | 545,820 | 368,879 | 292,013 | | |
| EXCESS AUGMENTING REVENUES | | | 17,769 | | |
| TRANSFERS (Not Appropriated By Department): | | | | | |
| Transfers-In From Various Cash Funds | 16,400 | 24,300 | 13,094 | | |
| Transfers-Out To Various Cash Funds | (56,300) | (116,500) | (64,875) | | |
| Transfer-Out to Capital Projects - General Fund | (309,200) | (270,700) | (270,630) | | |
| Transfer-Out to Capital Projects - General Fund-Exempt Account | (500) | (500) | (500) | | |
| Transfers-Out to Highway Users Fund | (205,100) | (199,200) | (199,200) | | |
| Transfers-Out to the State Education Fund | (25,300) | (25,300) | (25,321) | | |
| TOTAL TRANSFERS | (580,000) | (587,900) | (547,432) | | |
| EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES | (34,180) | (219,021) | (237,650) | | |
| BEGINNING GENERAL FUND SURPLUS | - | 113,131 | 113,131 | | |
| Release of Prior Year Statutory Reserve (6.5%) | 576,500 | 576,490 | 576,485 | | |
| Establish Current Year Statutory Reserve (5.6%) | (611,320) | (520,700) | (465,994) | | |
| Release of Contractually Restricted Energy Performance Leases | | | 1,267 | | |
| Contractually Restricted Energy Performance Leases | | | (332) | | |
| GAAP Revenues/(Expenditures) Not Budgeted | | | (55,655) | | |
| Release of Assigned Prior Year State Controller Approved Rollfowards | | | 20,731 | | |
| State Controller Approved Rollfowards | | | (19,283) | | |
| Release of Prior Year Proposition AA Refund Restricted Account | | 58,000 | 58,000 | | |
| Prior Period Adjustment (see Note 29) | | | 58,147 | | |
| ENDING GENERAL FUND SURPLUS | $ (69,000) | $ 7,900 | 48,847 | | |
| ADJUSTMENTS TO BUDGETED REVENUE AND EXPENDITURES FOR GAAP FUND BALANCE: | | | | | |
| GAAP Medicaid Expenditures Deferred to Fiscal Year 2016-17 for Budget | | | (90,493) | | |
| GAAP Payroll Expenditures Deferred to Fiscal Year 2016-17 for Budget | | | (98,890) | | |
| GAAP Information Technology Expenditures Deferred to Fiscal Year 2016-17 for Budget | | | (627) | | |
| GAAP Revenues Related to Deferred Medicaid Payroll and Medicaid Program Expenditures | | | 59,096 | | |
| GAAP FUND BALANCE NOT AVAILABLE FOR GENERAL FUND SURPLUS: | | | | | |
| Fair Value of Investments in Excess of Cost | | | 2,525 | | |
| NonSpendable | | | 45,357 | | |
| Restricted | | | 57,132 | | |
| Committed | | | 329,652 | | |
| Assigned | | | 19,283 | | |
| Shortfall in GAAP Basis Statutory Reserve | | | 79,542 | | |
| ENDING GAAP GENERAL PURPOSE REVENUE FUND BALANCE | | | $ 451,424 | | |

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

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

### NOTE RSI-1 – BUDGETARY INFORMATION

#### A. BUDGETARY BASIS

With the implementation of a new financial system, Colorado Operations Resource Engine (CORE), in Fiscal Year 2014-15, the budget schedules are now presented as appropriated and nonappropriated for each category. The appropriated schedules are part of the Required Supplementary Information (RSI) section while the nonappropriated schedules are part of the Supplementary Information (SI) section.

The three budget-to-actual schedules in the RSI show revenues and expenditures that are legislatively appropriated, excluding informational only appropriations that do not require action of the legislature but are included in the appropriations bills for informational purposes only (see pages 161 to 163). These schedules are presented in the budgetary fund structure discussed below.

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 financial resources received by the State that have been designated to support specific expenditures. Federal funds are primarily made up of revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated by the General Assembly.

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 significant 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 exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.
- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

#### B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations 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 and institution of higher education capital projects.

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 40. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission. In Fiscal Year 2015-16, the Department of Transportation capitalized project expenditures of $450.6 million from all funding sources.

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. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively 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 and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

## 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. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A. 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. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

## D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 164) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 161 to 163) and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (pages 239 to 241) relate to the change in fund balances/net position for the funds presented in the fund-level statements (see pages 48 to 65).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as "GAAP Expenditures Not Budgeted". Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

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. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. 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 budget implementation 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.

## NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

### A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

**Proportionate Share:**

The State's defined benefit pension plan is administered by the Public Employees' Retirement Association (PERA). The plan is a cost-sharing multiple-employer plan. The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement plan. The amounts presented for each Division for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Additionally, information is not available for fiscal years prior to 2014.

(Amounts In Thousands)

| | 2016 | | 2015 | | 2014 | |
|---|---|---|---|---|---|---|
| | State Division | Judicial Division | State Division | Judicial Division | State Division | Judicial Division |
| State's proportion of the net pension liability (asset) | 95.71% | 93.98% | 95.85% | 93.60% | 95.86% | 93.44% |
| State's proportionate Share of Net Pension liability (asset) | $ 10,079,249 | $ 172,828 | $ 9,015,773 | $ 129,500 | $ 8,539,181 | $ 102,756 |
| State's covered-employee payroll | $ 2,717,027 | $ 51,896 | $ 2,530,865 | $ 50,596 | $ 2,476,598 | $ 46,957 |
| State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll | 370.97% | 333.03% | 356.23% | 255.95% | 344.79% | 218.83% |
| Plan fiduciary net position as a percentage of the total pension liability | 127.82% | 150.82% | 148.98% | 201.98% | 156.94% | 252.48% |

**Contributions:**

The following schedule presents a ten year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30:

**State Division**
(Amounts In Thousands)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 593,526 | $ 466,883 | $ 399,955 | $ 362,791 | $ 272,068 | $ 252,727 | $ 287,394 | $ 272,957 | $ 236,155 | $ 233,151 |
| Contributions in relation to the contractually required contributions | (593,526) | (466,883) | (399,955) | (362,791) | (272,068) | (252,727) | (287,394) | (272,957) | (236,155) | (233,151) |
| Contribution deficiency(excess) | - | - | - | - | - | - | - | - | - | - |
| State's covered-employee payroll | $ 3,303,501 | 2,607,999 | 2,503,941 | 2,405,633 | 2,526,097 | 2,345,730 | 2,712,631 | 2,582,169 | 2,233,019 | N/A |
| Contributions as a percentage of covered-employee payroll | 17.97% | 17.90% | 15.97% | 15.08% | 10.77% | 10.77% | 10.59% | 10.57% | 10.58% | N/A |

**Judicial Division**
(Amounts In Thousands)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contributions | $ 8,043 | $ 7,306 | $ 6,259 | $ 5,677 | $ 4,258 | $ 3,955 | $ 4,498 | $ 4,272 | $ 3,696 | $ 3,649 |
| Contributions in relation to the contractually required contributions | (8,043) | (7,306) | (6,259) | (5,677) | (4,258) | (3,955) | (4,498) | (4,272) | (3,696) | (3,649) |
| Contribution deficiency(excess) | - | - | - | - | - | - | - | - | - | - |
| State's covered-employee payroll | $ 58,882 | 53,488 | 39,185 | 37,647 | 39,532 | 36,709 | 42,451 | 40,410 | 34,946 | N/A |
| Contributions as a percentage of covered-employee payroll | 13.66% | 13.66% | 15.97% | 15.08% | 10.77% | 10.77% | 10.59% | 10.57% | 10.58% | N/A |

### B. SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions are discussed in Note 18 on pages 111 and 112.

## NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT INFORMATION

As required by GASB Statements No 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other post-employment benefit plans.

Under the standards, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations. See Note 19 on page 114 for additional information regarding the plans listed in the schedule.

### SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a/b) | Covered Payroll[1] (c) | UAAL as a Percentage of Covered Payroll[1] ((b-a)/c) |
|---|---|---|---|---|---|---|---|
| University of Colorado: | | | | | | | |
| 2015-16 | 7/1/2015 | $ - | $ 523,409,000 | $ 523,409,000 | 0.0% | $ 1,336,248,000 | 39.2% |
| 2014-15 | 7/1/2014 | $ - | $ 523,409,000 | $ 523,409,000 | 0.0% | $ 1,336,248,000 | 39.2% |
| Restated 2013-14 | 7/1/2012 | $ - | $ 406,782,000 | $ 406,782,000 | 0.0% | $ 1,253,260,000 | 32.5% |
| 2012-13 | 7/1/2012 | $ - | $ 406,782,000 | $ 406,782,000 | 0.0% | $ 1,141,100,000 | 35.6% |
| Colorado State University: | | | | | | | |
| RMPR | | | | | | | |
| 2015-16 | 1/1/2016 | $ 40,739,061 | $ 39,842,947 | $ (896,114) | 102.2% | $ 325,054,595 | -0.3% |
| 2014-15 | 1/1/2015 | $ 36,988,354 | $ 36,252,781 | $ (735,573) | 102.0% | $ 305,287,641 | -0.2% |
| 2013-14[2] | 1/1/2014 | $ 36,329,003 | $ 34,013,693 | $ (2,315,310) | 106.8% | $ 285,017,218 | -0.8% |
| RMPS | | | | | | | |
| 2015-16 | 1/1/2016 | $ 22,275,345 | $ 45,646,475 | $ 23,371,130 | 48.8% | N/A | N/A |
| 2014-15 | 1/1/2015 | $ 21,554,455 | $ 51,483,575 | $ 29,929,120 | 41.9% | N/A | N/A |
| 2013-14[2] | 1/1/2014 | $ 19,696,918 | $ 50,077,254 | $ 30,380,336 | 39.3% | N/A | N/A |
| URX | | | | | | | |
| 2015-16 | 1/1/2016 | $ 594,366 | $ 2,285,901 | $ 1,691,535 | 26.0% | N/A | N/A |
| 2014-15 | 1/1/2015 | $ 581,396 | $ 2,749,825 | $ 2,168,429 | 21.1% | N/A | N/A |
| 2013-14[2] | 1/1/2014 | $ 497,968 | $ 2,840,945 | $ 2,342,977 | 17.5% | N/A | N/A |
| LTD | | | | | | | |
| 2015-16 | 1/1/2016 | $ 7,926,531 | $ 12,071,325 | $ 4,144,794 | 65.7% | N/A | N/A |
| 2014-15 | 1/1/2015 | $ 7,506,099 | $ 12,016,221 | $ 4,510,122 | 62.5% | N/A | N/A |
| 2013-14[2] | 1/1/2014 | $ 5,350,150 | $ 11,569,893 | $ 6,219,743 | 46.2% | N/A | N/A |

[1] The CSU-RMPS, CSU-URX, and CSU-LTD plans' benefits are not based on salaries or covered payroll.

[2] In Fiscal Year 2013-14, Colorado State University transferred assets into a qualified trust for its RMPR, RMPS, URX and LTD plans.

Colorado State University's Statements of Net Positions and Statements of Changes in Plan Net Position, and Schedule of Employer Contributions are presented below.

**Colorado State University**
**Post Employment Benefit Plan Statements**
**As of and for the Period Ended June 30, 2016**

| | RMPR | RMPS | URX | LTD |
|---|---|---|---|---|
| **STATEMENT OF PLAN NET POSITION** | | | | |
| Assets: | | | | |
| Cash and Pooled Cash | $ 40,728,334 | $ 22,269,479 | $ 594,209 | $ 7,924,444 |
| Employee Receivables | - | - | - | - |
| Interest and Dividend Receivables | 10,727 | 5,865 | 156 | 2,087 |
| Liabilities: | | | | |
| Accrued Payables | 340 | 185 | 5 | 65 |
| Total Net Position | $ 40,738,721 | $ 22,275,159 | $ 594,360 | $ 7,926,466 |
| **STATEMENT OF CHANGES IN PLAN NET POSITION** | | | | |
| Additions: | | | | |
| Contributions from Employers | $ 4,508,681 | $ 1,967,812 | $ 120,248 | - |
| Contributions from Members | - | - | 29,864 | 1,409,459 |
| Net Investment Income from Interest and Dividends | 81,591 | 48,675 | 1,352 | 16,908 |
| Net Investment Income from Investment Expense | (3,758) | (2,246) | (62) | (780) |
| Deductions: | | | | |
| Benefits & Refunds Paid to Members & Beneficiaries | 775,077 | 1,266,180 | $ 67,844 | $ 921,777 |
| Administrative Expense | 60,762 | 27,176 | 70,587 | 83,382 |
| Change in Net Position | $ 3,750,675 | $ 720,885 | $ 12,971 | $ 420,428 |
| Net Position - Fiscal Year Beginning | 36,988,046 | 21,554,274 | 581,389 | 7,506,038 |
| Net Position - Fiscal Year Ending | $ 40,738,721 | $ 22,275,159 | $ 594,360 | $ 7,926,466 |
| **SCHEDULE OF EMPLOYER CONTRIBUTIONS** | | | | |
| Annual Required Contribution | $ 4,508,681 | $ 1,967,812 | $ 120,248 | $ 1,190,005 |
| Percent Contributed | 100.0% | 100.0% | 100.0% | 118.4% |

# SUPPLEMENTARY INFORMATION

# GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE

This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.

SPECIAL PURPOSE REVENUE

The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year, most of the funds' resources are transfers into the fund from the General Purpose Revenue Fund.

The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies.

The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks and Wildlife for parks and outdoor recreation projects, the Charter School Institute, as well as over thirty smaller funds.

**COMBINING BALANCE SHEET**
**GENERAL FUND COMPONENTS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | GENERAL PURPOSE REVENUE | SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL | SPECIAL PURPOSE FUNDS: RISK MANAGEMENT | SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE | TOTAL |
|---|---|---|---|---|---|
| ASSETS: | | | | | |
| Cash and Pooled Cash | $ 124,581 | $ 3,797 | $ 23,243 | $ 121,193 | $ 272,814 |
| Taxes Receivable, net | 1,435,618 | - | - | - | 1,435,618 |
| Other Receivables, net | 425,697 | - | 91 | 1,980 | 427,768 |
| Due From Other Governments | 395,193 | 2,242 | - | 47 | 397,482 |
| Due From Other Funds | 21,632 | - | - | 67,056 | 88,688 |
| Due From Component Units | 347 | - | - | - | 347 |
| Inventories | 7,522 | - | - | - | 7,522 |
| Prepaids, Advances and Deposits | 37,947 | - | 140 | 2 | 38,089 |
| Restricted Assets: | | | | | |
| Restricted Cash and Pooled Cash | 4 | 4,313 | - | 423,544 | 427,861 |
| Restricted Receivables | - | - | - | 56,851 | 56,851 |
| Investments | 8,205 | - | - | 13,971 | 22,176 |
| TOTAL ASSETS | $ 2,456,746 | $ 10,352 | $ 23,474 | $ 684,644 | $ 3,175,216 |
| | | | | | |
| LIABILITIES: | | | | | |
| Tax Refunds Payable | $ 792,926 | $ - | $ - | $ 56,800 | $ 849,726 |
| Accounts Payable and Accrued Liabilities | 749,844 | 1 | 1,169 | 10,040 | 761,054 |
| TABOR Refund Liability (Note 8B) | 31,358 | - | - | - | 31,358 |
| Due To Other Governments | 105,081 | - | - | 23,400 | 128,481 |
| Due To Other Funds | 63,365 | - | 808 | 4 | 64,177 |
| Unearned Revenue | 26,319 | - | 5 | 23 | 26,347 |
| Compensated Absences Payable | 2 | - | - | 25 | 27 |
| Claims and Judgments Payable | 248 | - | - | - | 248 |
| Other Current Liabilities | 17,904 | - | - | - | 17,904 |
| Deposits Held In Custody For Others | 2 | - | - | - | 2 |
| TOTAL LIABILITIES | 1,787,049 | 1 | 1,982 | 90,292 | 1,879,324 |
| | | | | | |
| DEFERRED INFLOW OF RESOURCES: | 218,273 | 1,037 | - | - | 219,310 |
| | | | | | |
| FUND BALANCES: | | | | | |
| Nonspendable: | | | | | |
| Inventories | 7,522 | - | - | - | 7,522 |
| Prepaids | 37,835 | - | 140 | 2 | 37,977 |
| Restricted | 57,132 | - | - | 440,682 | 497,814 |
| Committed | 329,652 | 9,314 | 21,352 | 153,668 | 513,986 |
| Assigned | 19,283 | - | - | - | 19,283 |
| TOTAL FUND BALANCES | 451,424 | 9,314 | 21,492 | 594,352 | 1,076,582 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 2,456,746 | $ 10,352 | $ 23,474 | $ 684,644 | $ 3,175,216 |

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND COMPONENTS
FOR THE YEAR ENDED JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | GENERAL PURPOSE REVENUE | SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS | SPECIAL PURPOSE FUNDS: RISK MANAGEMENT | SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE | TOTAL |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Individual and Fiduciary Income | $ 5,993,003 | $ - | $ - | $ - | $ 5,993,003 |
| Corporate Income | 606,441 | - | - | - | 606,441 |
| Sales and Use | 2,893,838 | - | - | - | 2,893,838 |
| Excise | 101,874 | - | - | - | 101,874 |
| Other Taxes | 280,974 | - | - | - | 280,974 |
| Licenses, Permits, and Fines | 18,622 | - | 13 | 1,966 | 20,601 |
| Charges for Goods and Services | 17,181 | - | 55,832 | 255 | 73,268 |
| Rents | 221 | - | - | 2 | 223 |
| Investment Income (Loss) | 19,556 | 36 | 330 | 6,602 | 26,524 |
| Federal Grants and Contracts | 7,886,167 | - | - | 5,974 | 7,892,141 |
| Other | 155,089 | 3,127 | 220 | 17,489 | 175,925 |
| TOTAL REVENUES | 17,972,966 | 3,163 | 56,395 | 32,288 | 18,064,812 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | 163,480 | - | 55,802 | 2,894 | 222,176 |
| Business, Community, and Consumer Affairs | 156,939 | - | - | 6,804 | 163,743 |
| Education | 773,681 | 3,529 | - | 3,028 | 780,238 |
| Health and Rehabilitation | 1,648,721 | - | - | 1,212 | 1,649,933 |
| Justice | 1,404,732 | - | - | 59 | 1,404,791 |
| Natural Resources | 36,745 | - | - | 1,584 | 38,329 |
| Social Assistance | 7,736,944 | - | - | 15,173 | 7,752,117 |
| Capital Outlay | 23,627 | - | - | 55,884 | 79,511 |
| Intergovernmental: | | | | | |
| Cities | 27,403 | - | - | 39,312 | 66,715 |
| Counties | 1,284,246 | - | - | 13,640 | 1,297,886 |
| School Districts | 714,219 | 3,262,751 | - | 130,442 | 4,107,412 |
| Special Districts | 48,390 | - | - | 16,796 | 65,186 |
| Federal | 2,298 | - | - | - | 2,298 |
| Other | 25,015 | - | - | 641 | 25,656 |
| Debt Service | 14,504 | - | - | 44,250 | 58,754 |
| TOTAL EXPENDITURES | 14,060,944 | 3,266,280 | 55,802 | 331,719 | 17,714,745 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 3,912,022 | (3,263,117) | 593 | (299,431) | 350,067 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers-In | 141,773 | 3,369,692 | - | 401,985 | 3,913,450 |
| Transfers-Out | (4,314,268) | (100,589) | (1,569) | (17,764) | (4,434,190) |
| Sale of Capital Assets | (15) | - | - | 10,279 | 10,264 |
| Insurance Recoveries | 116 | - | 3,339 | - | 3,455 |
| Bond/COP Refunding Proceeds | 1 | - | - | - | 1 |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,172,393) | 3,269,103 | 1,770 | 394,500 | (507,020) |
| NET CHANGE IN FUND BALANCES | (260,371) | 5,986 | 2,363 | 95,069 | (156,953) |
| FUND BALANCE, FISCAL YEAR BEGINNING | 653,648 | 3,328 | 19,129 | 499,283 | 1,175,388 |
| Prior Period Adjustment (See Note 29A) | 58,147 | - | - | - | 58,147 |
| FUND BALANCE, FISCAL YEAR END | $ 451,424 | $ 9,314 | $ 21,492 | $ 594,352 | $ 1,076,582 |

# CAPITAL PROJECTS FUND COMPONENTS

| | |
|---|---|
| REGULAR CAPITAL PROJECTS | This fund accounts for projects that are either fully or partially funded with general-purpose revenue that is transferred from the General Purpose Revenue Fund. It also includes cash-funded or mixed funded projects. |
| SPECIAL CAPITAL PROJECTS | This fund accounts for certain projects that are not funded with any general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Center, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects. |

**COMBINING BALANCE SHEET**
**CAPITAL PROJECTS FUND COMPONENTS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | REGULAR CAPITAL PROJECTS | SPECIAL CAPITAL PROJECTS | TOTAL |
|---|---|---|---|
| ASSETS: | | | |
| Cash and Pooled Cash | $ 304,934 | $ 84,721 | $ 389,655 |
| Other Receivables, net | 164 | - | 164 |
| Due From Other Governments | 1,741 | - | 1,741 |
| Due From Other Funds | 6 | 780 | 786 |
| Prepaids, Advances and Deposits | 34 | - | 34 |
| Investments | 1,120 | 3,170 | 4,290 |
| Other Long-Term Assets | 49 | - | 49 |
| TOTAL ASSETS | $ 308,048 | $ 88,671 | $ 396,719 |
| LIABILITIES: | | | |
| Accounts Payable and Accrued Liabilities | $ 9,278 | $ 46 | $ 9,324 |
| Due To Other Funds | 1,173 | 22 | 1,195 |
| Unearned Revenue | 6 | - | 6 |
| TOTAL LIABILITIES | 10,457 | 68 | 10,525 |
| FUND BALANCES: | | | |
| Reserved for: | | | |
| Nonspendable: | | | |
| Prepaids | 32 | - | 32 |
| Restricted | - | 5 | 5 |
| Committed | 297,559 | 88,598 | 386,157 |
| TOTAL FUND BALANCES | 297,591 | 88,603 | 386,194 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 308,048 | $ 88,671 | $ 396,719 |

## COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | REGULAR CAPITAL PROJECTS | SPECIAL CAPITAL PROJECTS | TOTAL |
|---|---|---|---|
| REVENUES: | | | |
| Other Taxes | $ 1,543 | $ - | $ 1,543 |
| Licenses, Permits, and Fines | 3 | - | 3 |
| Investment Income (Loss) | 3,955 | 68 | 4,023 |
| Federal Grants and Contracts | 1,724 | 6,154 | 7,878 |
| Other | 175 | - | 175 |
| TOTAL REVENUES | 7,400 | 6,222 | 13,622 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 21,009 | - | 21,009 |
| Business, Community, and Consumer Affairs | 1,583 | - | 1,583 |
| Education | 2,243 | 119 | 2,362 |
| Health and Rehabilitation | 39 | 154 | 193 |
| Justice | 4,975 | 107 | 5,082 |
| Social Assistance | 7 | - | 7 |
| Transportation | - | - | - |
| Capital Outlay | 53,376 | 3,889 | 57,265 |
| Debt Service | 4,396 | - | 4,396 |
| TOTAL EXPENDITURES | 87,628 | 4,269 | 91,897 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (80,228) | 1,953 | (78,275) |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers-In | 220,205 | 81,332 | 301,537 |
| Transfers-Out | (179,125) | (6,684) | (185,809) |
| Face Amount of Bond/COP Issuance | 11,000 | - | 11,000 |
| Bond/COP Premium/Discount | 314 | - | 314 |
| Insurance Recoveries | 92 | 655 | 747 |
| TOTAL OTHER FINANCING SOURCES (USES) | 52,486 | 75,303 | 127,789 |
| NET CHANGE IN FUND BALANCES | (27,742) | 77,256 | 49,514 |
| FUND BALANCE, FISCAL YEAR BEGINNING | 325,333 | 11,347 | 336,680 |
| FUND BALANCE, FISCAL YEAR END | $ 297,591 | $ 88,603 | $ 386,194 |

## OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, and Permanent funds.

**COMBINING BALANCE SHEET**
**OTHER GOVERNMENTAL FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | SPECIAL REVENUE | DEBT SERVICE | PERMANENT | TOTAL |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 1,182,074 | $ - | $ - | $ 1,182,074 |
| Taxes Receivable, net | 36,428 | - | - | 36,428 |
| Other Receivables, net | 105,676 | - | 8,682 | 114,358 |
| Due From Other Governments | 37,652 | 341 | 22 | 38,015 |
| Due From Other Funds | 11,732 | - | 11 | 11,743 |
| Inventories | 299 | - | - | 299 |
| Prepaids, Advances and Deposits | 5,351 | - | 3 | 5,354 |
| Restricted Assets: | | | | |
| Restricted Cash and Pooled Cash | 75,273 | 218 | 247,144 | 322,635 |
| Restricted Investments | 22,249 | - | 710,413 | 732,662 |
| Investments | 125,357 | 67,546 | - | 192,903 |
| Other Long-Term Assets | 18,607 | - | 5,687 | 24,294 |
| Land and Nondepreciable Capital Assets | 81 | - | 69,079 | 69,160 |
| Depreciable Capital Assets for Investment | - | - | 33,055 | 33,055 |
| TOTAL ASSETS | $ 1,620,779 | $ 68,105 | $ 1,074,096 | $ 2,762,980 |
| | | | | |
| LIABILITIES: | | | | |
| Tax Refunds Payable | $ 1,490 | $ - | $ - | $ 1,490 |
| Accounts Payable and Accrued Liabilities | 126,224 | - | 4,555 | 130,779 |
| Due To Other Governments | 27,731 | - | 11 | 27,742 |
| Due To Other Funds | 25,072 | - | 10,649 | 35,721 |
| Unearned Revenue | 54,116 | - | 5,304 | 59,420 |
| Compensated Absences Payable | 6 | - | - | 6 |
| Claims and Judgments Payable | 140 | - | - | 140 |
| Other Current Liabilities | 6,879 | - | - | 6,879 |
| Deposits Held In Custody For Others | 88 | - | - | 88 |
| TOTAL LIABILITIES | 241,746 | - | 20,519 | 262,265 |
| | | | | |
| DEFERRED INFLOW OF RESOURCES: | 399 | - | 468 | 867 |
| | | | | |
| FUND BALANCES: | | | | |
| Reserved for: | | | | |
| Nonspendable: | | | | |
| Long-term Portion of Interfund Loans Receivable | 18,960 | - | 181 | 19,141 |
| Inventories | 298 | - | - | 298 |
| Permanent Fund Principal | - | - | 1,043,619 | 1,043,619 |
| Prepaids | 5,351 | - | 3 | 5,354 |
| Restricted | 169,182 | 68,105 | - | 237,287 |
| Committed | 1,184,843 | - | 9,306 | 1,194,149 |
| TOTAL FUND BALANCES | 1,378,634 | 68,105 | 1,053,109 | 2,499,848 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 1,620,779 | $ 68,105 | $ 1,074,096 | $ 2,762,980 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | SPECIAL REVENUE | DEBT SERVICE | PERMANENT | TOTALS |
|---|---|---|---|---|
| REVENUES: | | | | |
| Sales and Use | $ 45,223 | $ - | $ - | $ 45,223 |
| Excise | 188,980 | - | - | 188,980 |
| Other Taxes | 158,600 | - | - | 158,600 |
| Licenses, Permits, and Fines | 408,709 | - | - | 408,709 |
| Charges for Goods and Services | 930,275 | - | 45 | 930,320 |
| Rents | 4,589 | - | 134,617 | 139,206 |
| Investment Income (Loss) | 22,703 | 554 | 44,628 | 67,885 |
| Federal Grants and Contracts | 203,409 | - | 136 | 203,545 |
| Additions to Permanent Funds | - | - | 80 | 80 |
| Unclaimed Property Receipts | 65,110 | - | - | 65,110 |
| Other | 37,619 | - | 13 | 37,632 |
| TOTAL REVENUES | 2,065,217 | 554 | 179,519 | 2,245,290 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 22,575 | - | 558 | 23,133 |
| Business, Community, and Consumer Affairs | 294,148 | - | - | 294,148 |
| Education | 25,101 | - | - | 25,101 |
| Health and Rehabilitation | 121,771 | - | - | 121,771 |
| Justice | 207,441 | - | - | 207,441 |
| Natural Resources | 2,346 | - | 14,785 | 17,131 |
| Social Assistance | 972,766 | - | - | 972,766 |
| Transportation | 3,035 | - | - | 3,035 |
| Capital Outlay | 7,047 | - | 1,524 | 8,571 |
| Intergovernmental: | | | | |
| Cities | 64,676 | - | - | 64,676 |
| Counties | 101,646 | - | 24 | 101,670 |
| School Districts | 43,843 | - | - | 43,843 |
| Special Districts | 12,418 | - | - | 12,418 |
| Federal | 380 | - | - | 380 |
| Other | 49,796 | - | - | 49,796 |
| Debt Service | 1,490 | 215,472 | - | 216,962 |
| TOTAL EXPENDITURES | 1,930,479 | 215,472 | 16,891 | 2,162,842 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 134,738 | (214,918) | 162,628 | 82,448 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers-In | 229,526 | 226,489 | 9,105 | 465,120 |
| Transfers-Out | (242,080) | - | (94,811) | (336,891) |
| Sale of Capital Assets | - | - | (3,527) | (3,527) |
| TOTAL OTHER FINANCING SOURCES (USES) | (12,554) | 226,489 | (89,233) | 124,702 |
| NET CHANGE IN FUND BALANCES | 122,184 | 11,571 | 73,395 | 207,150 |
| FUND BALANCE, FISCAL YEAR BEGINNING | 1,256,450 | 56,534 | 979,714 | 2,292,698 |
| FUND BALANCE, FISCAL YEAR END | $ 1,378,634 | $ 68,105 | $ 1,053,109 | $ 2,499,848 |

# SPECIAL REVENUE FUNDS

| | |
|---|---|
| LABOR | This fund accounts for injured workers' medical benefits provided by statutes when the injury is 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 IMPACT MITIGATION | This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues. |
| RESOURCE MANAGEMENT | This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources. |
| ENVIRONMENT AND HEALTH PROTECTION | This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado. |
| UNCLAIMED PROPERTY | This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. 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. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund. |
| OTHER SPECIAL REVENUE | This fund category represents a collection of 231 individual active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types. (See page 234 for a detail listing of these funds that have net position/fund balance in excess of $200,000.) |

## COMBINING BALANCE SHEET
## SPECIAL REVENUE FUNDS
## JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | LABOR | GAMING | TOBACCO IMPACT MITIGATION |
|---|---|---|---|
| ASSETS: | | | |
| Cash and Pooled Cash | $ 90,927 | $ 141,478 | $ 130,719 |
| Taxes Receivable, net | 11,500 | 11,530 | 11,087 |
| Other Receivables, net | 11,903 | 118 | 44,480 |
| Due From Other Governments | 18,751 | 141 | 1,068 |
| Due From Other Funds | 531 | - | 121 |
| Inventories | - | - | - |
| Prepaids, Advances and Deposits | 108 | 41 | - |
| Restricted Assets: | | | |
| Restricted Cash and Pooled Cash | 60,751 | 14,522 | - |
| Restricted Investments | 22,249 | - | - |
| Investments | 1,234 | - | - |
| Other Long-Term Assets | - | 5,395 | - |
| Land and Nondepreciable Capital Assets | - | - | - |
| TOTAL ASSETS | $ 217,954 | $ 173,225 | $ 187,475 |
| | | | |
| LIABILITIES: | | | |
| Tax Refunds Payable | $ - | $ - | $ - |
| Accounts Payable and Accrued Liabilities | 11,774 | 7,574 | 29,926 |
| Due To Other Governments | - | 20,564 | 194 |
| Due To Other Funds | 290 | 23,030 | 167 |
| Unearned Revenue | - | 1,503 | - |
| Compensated Absences Payable | - | - | - |
| Claims and Judgments Payable | 112 | - | - |
| Other Current Liabilities | 4,036 | - | - |
| Deposits Held In Custody For Others | - | 6 | - |
| TOTAL LIABILITIES | 16,212 | 52,677 | 30,287 |
| | | | |
| DEFERRED INFLOW OF RESOURCES: | - | - | 111 |
| | | | |
| FUND BALANCES: | | | |
| Reserved for: | | | |
| Nonspendable: | | | |
| Long-term Portion of Interfund Loans Receivable | - | - | - |
| Inventories | - | - | - |
| Prepaids | 108 | 41 | - |
| Restricted | 83,000 | 18,583 | 26,068 |
| Committed | 118,634 | 101,924 | 131,009 |
| TOTAL FUND BALANCES | 201,742 | 120,548 | 157,077 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 217,954 | $ 173,225 | $ 187,475 |

| RESOURCE MANAGEMENT | ENVIRONMENT AND HEALTH PROTECTION | UNCLAIMED PROPERTY | OTHER SPECIAL REVENUE | TOTALS |
|---|---|---|---|---|
| $ 14,170 | $ 142,036 | $ 98,476 | $ 564,268 | $ 1,182,074 |
| - | - | - | 2,311 | 36,428 |
| 2 | 40,096 | 969 | 8,108 | 105,676 |
| - | 4,832 | - | 12,860 | 37,652 |
| - | 25 | - | 11,055 | 11,732 |
| - | 299 | - | - | 299 |
| - | 80 | 19 | 5,103 | 5,351 |
| | | | | |
| - | - | - | - | 75,273 |
| - | - | - | - | 22,249 |
| - | - | 124,123 | - | 125,357 |
| - | - | - | 13,212 | 18,607 |
| - | - | - | 81 | 81 |
| $ 14,172 | $ 187,368 | $ 223,587 | $ 616,998 | $ 1,620,779 |
| | | | | |
| $ - | $ - | $ - | $ 1,490 | $ 1,490 |
| 395 | 32,484 | 248 | 43,823 | 126,224 |
| 339 | (2) | - | 6,636 | 27,731 |
| - | 141 | 8 | 1,436 | 25,072 |
| - | 4,043 | - | 48,570 | 54,116 |
| - | - | - | 6 | 6 |
| - | - | - | 28 | 140 |
| - | 171 | - | 2,672 | 6,879 |
| - | - | - | 82 | 88 |
| 734 | 36,837 | 256 | 104,743 | 241,746 |
| | | | | |
| - | - | - | 288 | 399 |
| | | | | |
| - | - | - | 18,960 | 18,960 |
| - | 298 | - | - | 298 |
| - | 80 | 19 | 5,103 | 5,351 |
| 6,666 | 6,368 | - | 28,497 | 169,182 |
| 6,772 | 143,785 | 223,312 | 459,407 | 1,184,843 |
| 13,438 | 150,531 | 223,331 | 511,967 | 1,378,634 |
| | | | | |
| $ 14,172 | $ 187,368 | $ 223,587 | $ 616,998 | $ 1,620,779 |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
**SPECIAL REVENUE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | LABOR | GAMING | TOBACCO IMPACT MITIGATION |
|---|---|---|---|
| REVENUES: | | | |
| Sales and Use | $ - | $ - | $ - |
| Excise | - | - | 143,727 |
| Other Taxes | 39,803 | 116,288 | - |
| Licenses, Permits, and Fines | 415 | 933 | 91,825 |
| Charges for Goods and Services | 200 | 283 | 1,124 |
| Rents | - | - | - |
| Investment Income (Loss) | 1,747 | 1,869 | 1,513 |
| Federal Grants and Contracts | 18,890 | 137 | (7,537) |
| Unclaimed Property Receipts | - | - | - |
| Other | 9,927 | 2,260 | 899 |
| TOTAL REVENUES | 70,982 | 121,770 | 231,551 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 996 | - | - |
| Business, Community, and Consumer Affairs | 44,796 | 33,928 | - |
| Education | - | 14,150 | 1,371 |
| Health and Rehabilitation | - | 12 | 39,321 |
| Justice | 33,163 | - | 945 |
| Natural Resources | - | - | - |
| Social Assistance | - | - | 96,593 |
| Transportation | - | - | - |
| Capital Outlay | 78 | 207 | - |
| Intergovernmental: | | | |
| Cities | (491) | 16,961 | 1,252 |
| Counties | 3,328 | 18,016 | 24,290 |
| School Districts | 4 | 165 | 36,522 |
| Special Districts | (100) | 234 | 1,894 |
| Federal | 9 | - | - |
| Other | 7,498 | 813 | 7,601 |
| Debt Service | - | - | - |
| TOTAL EXPENDITURES | 89,281 | 84,486 | 209,789 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (18,299) | 37,284 | 21,762 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers-In | 5,043 | 1,700 | 34,204 |
| Transfers-Out | (5,319) | (35,824) | (24,368) |
| TOTAL OTHER FINANCING SOURCES (USES) | (276) | (34,124) | 9,836 |
| NET CHANGE IN FUND BALANCES | (18,575) | 3,160 | 31,598 |
| FUND BALANCE, FISCAL YEAR BEGINNING | 220,317 | 117,388 | 125,479 |
| FUND BALANCE, FISCAL YEAR END | $ 201,742 | $ 120,548 | $ 157,077 |

| RESOURCE MANAGEMENT | ENVIRONMENT AND HEALTH PROTECTION | UNCLAIMED PROPERTY | OTHER SPECIAL REVENUE | TOTALS |
|---|---|---|---|---|
| $ - | $ - | $ - | $ 45,223 | $ 45,223 |
| - | - | - | 45,253 | 188,980 |
| - | - | - | 2,509 | 158,600 |
| 66 | 43,596 | - | 271,874 | 408,709 |
| 1,494 | 876,039 | 1 | 51,134 | 930,275 |
| - | - | - | 4,589 | 4,589 |
| 183 | 1,940 | 9,875 | 5,576 | 22,703 |
| - | 31,569 | - | 160,350 | 203,409 |
| - | - | 65,110 | - | 65,110 |
| 497 | 3,625 | 6 | 20,405 | 37,619 |
| 2,240 | 956,769 | 74,992 | 606,913 | 2,065,217 |
| | | | | |
| - | 349 | 2,598 | 18,632 | 22,575 |
| 72 | 1,519 | 769 | 213,064 | 294,148 |
| - | - | - | 9,580 | 25,101 |
| - | 63,488 | - | 18,950 | 121,771 |
| - | 29,757 | - | 143,576 | 207,441 |
| 2,346 | - | - | - | 2,346 |
| - | 846,965 | - | 29,208 | 972,766 |
| - | 232 | - | 2,803 | 3,035 |
| 33 | 1,814 | 40 | 4,875 | 7,047 |
| | | | | |
| 58 | 13,568 | - | 33,328 | 64,676 |
| 1,019 | 8,614 | - | 46,379 | 101,646 |
| - | 899 | - | 6,253 | 43,843 |
| 478 | 4,752 | - | 5,160 | 12,418 |
| - | 110 | 98 | 163 | 380 |
| - | 1,135 | - | 32,749 | 49,796 |
| - | - | 157 | 1,333 | 1,490 |
| 4,006 | 973,202 | 3,662 | 566,053 | 1,930,479 |
| (1,766) | (16,433) | 71,330 | 40,860 | 134,738 |
| | | | | |
| 835 | 5,976 | - | 181,768 | 229,526 |
| (204) | (12,438) | (72,741) | (91,186) | (242,080) |
| 631 | (6,462) | (72,741) | 90,582 | (12,554) |
| (1,135) | (22,895) | (1,411) | 131,442 | 122,184 |
| 14,573 | 173,426 | 224,742 | 380,525 | 1,256,450 |
| $ 13,438 | $ 150,531 | $ 223,331 | $ 511,967 | $ 1,378,634 |

# PERMANENT FUNDS

| | |
|---|---|
| STATE LANDS | This fund consists of the assets, liabilities, and operations related to lands granted to the State by the federal government for educational purposes. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years. |
| OTHER PERMANENT TRUST | This fund category represents several minor permanent funds including Wildlife for Future Generations Fund and the Veterans Monument Preservation Fund. |

## COMBINING BALANCE SHEET
## PERMANENT FUNDS
## JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | STATE LANDS | OTHER | TOTALS |
|---|---|---|---|
| ASSETS: | | | |
| Other Receivables, net | $ 8,682 | $ - | $ 8,682 |
| Due From Other Governments | - | 22 | 22 |
| Due From Other Funds | 11 | - | 11 |
| Prepaids, Advances and Deposits | 3 | - | 3 |
| Restricted Assets: | | | |
| Restricted Cash and Pooled Cash | 237,858 | 9,286 | 247,144 |
| Restricted Investments | 710,413 | - | 710,413 |
| Other Long-Term Assets | 5,687 | - | 5,687 |
| Land and Nondepreciable Capital Assets | 69,079 | - | 69,079 |
| Capital Assets Held as Investments | 33,055 | - | 33,055 |
| TOTAL ASSETS | $ 1,064,788 | $ 9,308 | $ 1,074,096 |
| LIABILITIES: | | | |
| Accounts Payable and Accrued Liabilities | $ 4,553 | $ 2 | $ 4,555 |
| Due To Other Governments | 11 | - | 11 |
| Due To Other Funds | 10,649 | - | 10,649 |
| Unearned Revenue | 5,304 | - | 5,304 |
| TOTAL LIABILITIES | 20,517 | 2 | 20,519 |
| DEFERRED INFLOW OF RESOURCES: | 468 | - | 468 |
| FUND BALANCES: | | | |
| Reserved for: | | | |
| Nonspendable: | | | |
| Long-term Portion of Interfund Loans Receivable | 181 | - | 181 |
| Permanent Fund Principal | 1,043,619 | - | 1,043,619 |
| Prepaids | 3 | - | 3 |
| Committed | - | 9,306 | 9,306 |
| TOTAL FUND BALANCES | 1,043,803 | 9,306 | 1,053,109 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 1,064,788 | $ 9,308 | $ 1,074,096 |

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## PERMANENT FUNDS
## FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | STATE LANDS | OTHER | TOTALS |
|---|---|---|---|
| REVENUES: | | | |
| Charges for Goods and Services | $ 45 | $ - | $ 45 |
| Rents | 133,409 | 1,208 | 134,617 |
| Investment Income (Loss) | 44,522 | 106 | 44,628 |
| Federal Grants and Contracts | - | 136 | 136 |
| Additions to Permanent Funds | 80 | - | 80 |
| Other | 6 | 7 | 13 |
| TOTAL REVENUES | 178,062 | 1,457 | 179,519 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 556 | 2 | 558 |
| Natural Resources | 14,783 | 2 | 14,785 |
| Capital Outlay | 1,524 | - | 1,524 |
| Intergovernmental: | | | |
| Counties | 24 | - | 24 |
| TOTAL EXPENDITURES | 16,887 | 4 | 16,891 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 161,175 | 1,453 | 162,628 |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers-In | 9,105 | - | 9,105 |
| Transfers-Out | (94,632) | (179) | (94,811) |
| Sale of Capital Assets | (3,527) | - | (3,527) |
| TOTAL OTHER FINANCING SOURCES (USES) | (89,054) | (179) | (89,233) |
| NET CHANGE IN FUND BALANCES | 72,121 | 1,274 | 73,395 |
| FUND BALANCE, FISCAL YEAR BEGINNING | 971,682 | 8,032 | 979,714 |
| FUND BALANCE, FISCAL YEAR END | $ 1,043,803 | $ 9,306 | $ 1,053,109 |

# OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

| | |
|---|---|
| PARKS AND WILDLIFE | Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines. |
| COLLEGE ASSIST | This fund records the activities of College Assist, which guarantees Colorado and certain nationwide 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 Fitzsimons, Homelake, Walsenburg, Florence, and Rifle. |
| PRISON CANTEENS | This activity accounts for the various canteen operations in the State's prison system. |
| PETROLEUM STORAGE TANK | This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks. |
| TRANSPORTATION ENTERPRISE | This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises. |
| OTHER ENTERPRISE ACTIVITIES | The other enterprise activities includes the State and CollegeInvest. The State includes 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 smaller enterprise operations. |

**COMBINING STATEMENT OF NET POSITION**
**OTHER ENTERPRISE FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | PARKS AND WILDLIFE | COLLEGE ASSIST | STATE FAIR AUTHORITY | CORRECTIONAL INDUSTRIES |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 76,562 | $ 77,990 | $ (1,163) | $ 4,786 |
| Investments | - | - | - | - |
| Student and Other Receivables, net | 20,353 | 243 | 30 | 1,935 |
| Due From Other Governments | 6,297 | 1,259 | - | 793 |
| Due From Other Funds | 3,329 | - | - | 1,158 |
| Inventories | 948 | - | - | 12,988 |
| Prepaids, Advances and Deposits | 5,814 | 13 | 87 | - |
| Total Current Assets | 113,303 | 79,505 | (1,046) | 21,660 |
| Noncurrent Assets: | | | | |
| Restricted Cash and Pooled Cash | 40,508 | 31,686 | - | - |
| Restricted Receivables | - | 40,009 | - | - |
| Investments | - | - | - | - |
| Other Long-Term Assets | - | - | - | 1,832 |
| Depreciable Capital Assets and Infrastructure, net | 158,865 | 299 | 11,663 | 4,023 |
| Land and Nondepreciable Capital Assets | 377,879 | - | 1,512 | 925 |
| Total Noncurrent Assets | 577,252 | 71,994 | 13,175 | 6,780 |
| TOTAL ASSETS | 690,555 | 151,499 | 12,129 | 28,440 |
| DEFERRED OUTFLOW OF RESOURCES: | 28,095 | 452 | 759 | 3,956 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 14,954 | 2,336 | (784) | 6,577 |
| Due To Other Governments | - | 37,847 | - | - |
| Due To Other Funds | 780 | - | 993 | - |
| Unearned Revenue | 45,078 | - | 469 | 116 |
| Compensated Absences Payable | 467 | - | 14 | 82 |
| Leases Payable | - | - | 85 | - |
| Notes, Bonds, and COPs Payable | - | - | - | - |
| Other Current Liabilities | 45 | 763 | 8 | - |
| Total Current Liabilities | 61,324 | 40,946 | 785 | 6,775 |
| Noncurrent Liabilities: | | | | |
| Due to Other Funds | 17,022 | - | - | - |
| Deposits Held In Custody For Others | 20 | - | - | - |
| Accrued Compensated Absences | 6,790 | 98 | 62 | 1,152 |
| Capital Lease Payable | - | - | 1,063 | - |
| Notes, Bonds, and COPs Payable | - | - | - | - |
| Net Pension Liability | 237,213 | 4,105 | 6,932 | 33,024 |
| Total Noncurrent Liabilities | 261,045 | 4,203 | 8,057 | 34,176 |
| TOTAL LIABILITIES | 322,369 | 45,149 | 8,842 | 40,951 |
| DEFERRED INFLOW OF RESOURCES: | 6,750 | 1,184 | 541 | 713 |
| NET POSITION: | | | | |
| Net investment in Capital Assets: | 536,743 | 299 | 12,027 | 4,948 |
| Restricted for: | | | | |
| Debt Service | - | - | - | - |
| Emergencies | 34,000 | - | - | - |
| Other Purposes | 65,961 | 35,248 | - | - |
| Unrestricted | (247,173) | 70,071 | (8,522) | (14,216) |
| TOTAL NET POSITION | $ 389,531 | $ 105,618 | $ 3,505 | $ (9,268) |

| STATE NURSING HOMES | PRISON CANTEENS | PETROLEUM STORAGE TANK | TRANSPORTATION ENTERPRISE | OTHER ENTERPRISE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| $ 17,798 | $ 5,391 | $ 2,391 | $ 257,884 | $ 40,135 | $ 481,774 |
| 563 | - | - | - | 104 | 667 |
| 2,278 | - | 4,436 | 9,444 | 843 | 39,562 |
| 5,298 | - | - | 11,277 | 499 | 25,423 |
| - | - | - | - | - | 4,487 |
| 195 | 718 | - | - | 153 | 15,002 |
| 66 | - | - | 14 | 224 | 6,218 |
| 26,198 | 6,109 | 6,827 | 278,619 | 41,958 | 573,133 |
| | | | | | |
| - | - | - | 74 | 106 | 72,374 |
| - | - | - | - | - | 40,009 |
| - | - | - | 18,301 | 14,700 | 33,001 |
| - | - | - | - | - | 1,832 |
| 33,458 | 1,564 | 17 | 766,887 | 11,413 | 988,189 |
| 5,299 | - | - | 197,864 | 4,143 | 587,622 |
| 38,757 | 1,564 | 17 | 983,126 | 30,362 | 1,723,027 |
| | | | | | |
| 64,955 | 7,673 | 6,844 | 1,261,745 | 72,320 | 2,296,160 |
| | | | | | |
| 12,809 | 701 | 1,218 | 2,501 | 4,537 | 55,028 |
| | | | | | |
| 4,427 | 537 | 4,481 | 12,351 | 9,667 | 54,546 |
| 749 | - | - | - | - | 38,596 |
| 34 | - | - | - | - | 1,807 |
| 17 | - | - | 4,097 | 129 | 49,906 |
| 184 | - | 29 | 8 | 373 | 1,157 |
| 366 | - | - | - | - | 451 |
| 510 | - | - | - | 485 | 995 |
| (94) | - | 15 | - | - | 737 |
| 6,193 | 537 | 4,525 | 16,456 | 10,654 | 148,195 |
| | | | | | |
| - | - | - | 4,000 | - | 21,022 |
| - | - | - | - | - | 20 |
| 1,779 | 216 | 615 | 19 | 751 | 11,482 |
| 2,749 | - | - | - | - | 3,812 |
| 523 | - | - | 348,630 | 2,800 | 351,953 |
| 89,978 | 6,789 | 8,763 | 14,455 | 23,047 | 424,306 |
| 95,029 | 7,005 | 9,378 | 367,104 | 26,598 | 812,595 |
| | | | | | |
| 101,222 | 7,542 | 13,903 | 383,560 | 37,252 | 960,790 |
| | | | | | |
| 5,133 | 623 | 588 | 143,522 | 1,025 | 160,079 |
| | | | | | |
| 34,597 | 1,564 | 17 | 664,751 | 12,271 | 1,267,217 |
| | | | | | |
| - | - | - | 18,259 | - | 18,259 |
| - | - | - | - | - | 34,000 |
| - | - | - | - | - | 101,209 |
| | | | | | |
| (63,188) | (1,355) | (6,446) | 54,154 | 26,309 | (190,366) |
| $ (28,591) | $ 209 | $ (6,429) | $ 737,164 | $ 38,580 | $ 1,230,319 |

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | PARKS AND WILDLIFE | COLLEGE ASSIST | STATE FAIR AUTHORITY | CORRECTIONAL INDUSTRIES |
|---|---|---|---|---|
| OPERATING REVENUES: | | | | |
| License and Permits | $ 111,833 | $ - | $ - | $ - |
| Tuition and Fees | 5 | - | - | - |
| Sales of Goods and Services | 4,124 | - | 6,602 | 47,700 |
| Investment Income (Loss) | - | 9,341 | - | - |
| Rental Income | - | - | 687 | - |
| Federal Grants and Contracts | 29,570 | 337,293 | - | 2,510 |
| Intergovernmental Revenue | 25,627 | - | - | - |
| Other | 4,520 | 8 | - | 249 |
| TOTAL OPERATING REVENUES | 175,679 | 346,642 | 7,289 | 50,459 |
| OPERATING EXPENSES: | | | | |
| Salaries and Fringe Benefits | 103,539 | 35,177 | 4,654 | 15,385 |
| Operating and Travel | 81,778 | 273,146 | 4,428 | 11,521 |
| Cost of Goods Sold | 288 | - | - | 27,363 |
| Depreciation and Amortization | 11,379 | 121 | 751 | 448 |
| Intergovernmental Distributions | 6,038 | - | - | - |
| Debt Service | - | 12,223 | - | - |
| Prizes and Awards | 13 | - | 1,048 | - |
| TOTAL OPERATING EXPENSES | 203,035 | 320,667 | 10,881 | 54,717 |
| OPERATING INCOME (LOSS) | (27,356) | 25,975 | (3,592) | (4,258) |
| NONOPERATING REVENUES AND (EXPENSES): | | | | |
| Taxes | - | - | - | - |
| Fines and Settlements | 354 | - | - | - |
| Investment Income (Loss) | 1,470 | - | 1,129 | 59 |
| Rental Income | 10,791 | - | - | 323 |
| Gifts and Donations | 838 | - | 300 | 5 |
| Gain/(Loss) on Sale or Impairment of Capital Assets | (68) | - | - | - |
| Insurance Recoveries from Prior Year Impairments | (187) | - | - | - |
| Debt Service | (4) | - | (44) | - |
| Other Expenses | - | - | - | - |
| Other Revenues | 6 | - | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 13,200 | - | 1,385 | 387 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (14,156) | 25,975 | (2,207) | (3,871) |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | | | |
| Capital Contributions | - | - | 880 | - |
| Transfers-In | 42,192 | - | 1,308 | - |
| Transfers-Out | (25,953) | (82) | (106) | (865) |
| TOTAL CONTRIBUTIONS AND TRANSFERS | 16,239 | (82) | 2,082 | (865) |
| CHANGE IN NET POSITION | 2,083 | 25,893 | (125) | (4,736) |
| NET POSITION - FISCAL YEAR BEGINNING | 387,448 | 79,725 | 3,630 | (4,532) |
| NET POSITION - FISCAL YEAR ENDING | $ 389,531 | $ 105,618 | $ 3,505 | $ (9,268) |

| STATE NURSING HOMES | PRISON CANTEENS | PETROLEUM STORAGE TANK | TRANSPORTATION ENTERPRISE | OTHER ENTERPRISE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| $ - | $ - | $ 514 | $ - | $ 7,790 | 120,137 |
| - | - | - | - | 1,681 | 1,686 |
| 26,709 | 17,906 | 19 | 106,883 | 2,979 | 212,922 |
| - | - | - | - | 991 | 10,332 |
| - | - | - | - | 1,337 | 2,024 |
| 26,940 | - | - | 12,164 | 1,174 | 409,651 |
| 230 | - | - | 149,040 | - | 174,897 |
| 71 | 767 | - | 2,737 | 497 | 8,849 |
| 53,950 | 18,673 | 533 | 270,824 | 16,449 | 940,498 |
| 39,991 | 2,199 | 12,813 | 7,747 | 9,935 | 231,440 |
| 10,038 | 1,622 | 30,322 | 20,591 | 8,858 | 442,304 |
| - | 13,845 | - | - | 146 | 41,642 |
| 2,008 | 110 | 170 | 11,119 | 893 | 26,999 |
| 4,716 | - | 1 | 648 | - | 11,403 |
| - | - | - | - | - | 12,223 |
| - | 2 | - | - | 1 | 1,064 |
| 56,753 | 17,778 | 43,306 | 40,105 | 19,833 | 767,075 |
| (2,803) | 895 | (42,773) | 230,719 | (3,384) | 173,423 |
| - | - | 39,401 | - | - | 39,401 |
| - | - | - | 1 | 25 | 380 |
| 245 | 87 | 34 | 3,387 | 52 | 6,463 |
| 15 | - | - | - | - | 11,129 |
| 10 | - | - | - | 174 | 1,327 |
| (7) | - | - | (27,932) | (2) | (28,009) |
| - | - | - | - | - | (187) |
| (167) | - | - | (9,809) | (376) | (10,400) |
| (3) | - | - | (306) | - | (309) |
| - | - | - | - | - | 6 |
| 93 | 87 | 39,435 | (34,659) | (127) | 19,801 |
| (2,710) | 982 | (3,338) | 196,060 | (3,511) | 193,224 |
| - | - | - | - | - | 880 |
| 2,086 | - | - | - | 383 | 45,969 |
| (2,787) | (86) | - | - | (577) | (30,456) |
| (701) | (86) | - | - | (194) | 16,393 |
| (3,411) | 896 | (3,338) | 196,060 | (3,705) | 209,617 |
| (25,180) | (687) | (3,091) | 541,104 | 42,285 | 1,020,702 |
| $ (28,591) | $ 209 | $ (6,429) | $ 737,164 | $ 38,580 | $ 1,230,319 |

**COMBINING STATEMENT OF CASH FLOWS**
**OTHER ENTERPRISE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | PARKS AND WILDLIFE | COLLEGE ASSIST | STATE FAIR AUTHORITY |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from: | | | |
| Tuition, Fees, and Student Loans | $ 5 | $ - | $ - |
| Fees for Service | 114,703 | - | 4,808 |
| Receipts for Interfund Services | 3 | - | - |
| Sales of Products | 2,342 | - | 313 |
| Gifts, Grants, and Contracts | 31,306 | 345,561 | - |
| Loan and Note Repayments | - | - | - |
| Income from Property | 10,791 | - | 687 |
| Other Sources | 36,672 | - | 2,011 |
| Cash Payments to or for: | | | |
| Employees | (95,385) | (35,195) | (4,551) |
| Suppliers | (50,520) | (6,829) | (4,244) |
| Payments for Interfund Services | (3,275) | (53) | (1,320) |
| Sales Commissions and Lottery Prizes | (7,168) | - | - |
| Others for Student Loans and Loan Losses | - | (280,887) | - |
| Other Governments | (6,038) | - | - |
| Other | (9,365) | - | (1,119) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 24,071 | 22,597 | (3,415) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Transfers-In | 42,192 | 7,892 | 2,136 |
| Transfers-Out | (25,953) | (7,974) | (106) |
| Receipt of Deposits Held in Custody | 735 | - | - |
| Release of Deposits Held in Custody | (717) | - | - |
| Gifts and Grants for Other Than Capital Purposes | 838 | - | - |
| NonCapital Debt Proceeds | - | - | - |
| NonCapital Debt Service Payments | - | - | - |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES | 17,095 | (82) | 2,030 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition of Capital Assets | (25,290) | (564) | (1,046) |
| Proceeds from Sale of Capital Assets | 656 | 8 | 268 |
| Capital Debt Proceeds | - | - | - |
| Capital Debt Service Payments | (4) | - | - |
| Capital Lease Payments | - | - | (129) |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES | (24,638) | (556) | (907) |

| CORRECTIONAL INDUSTRIES | STATE NURSING HOMES | PRISON CANTEENS | PETROLEUM STORAGE TANK | TRANSPORTATION ENTERPRISE | OTHER ENTERPRISE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ 1,644 | $ 1,649 |
| 119 | 26,509 | - | - | 99,032 | 345 | 245,516 |
| 9,592 | - | 1 | 20 | 1,323 | 1,670 | 12,609 |
| 38,367 | 22 | 18,120 | - | - | 1,070 | 60,234 |
| 2,312 | 25,243 | - | - | 17,927 | 956 | 423,305 |
| - | - | - | - | - | 420 | 420 |
| 323 | 15 | - | - | - | 1,290 | 13,106 |
| 249 | 70 | 767 | 39,733 | 18,946 | 7,986 | 106,434 |
| (14,460) | (37,419) | (2,079) | (12,648) | (7,748) | (9,295) | (218,780) |
| (36,413) | (11,997) | (15,978) | (1,674) | (77,921) | (6,683) | (212,259) |
| (72) | (90) | (4) | (100) | (674) | (464) | (6,052) |
| - | - | - | - | - | - | (7,168) |
| - | - | - | - | - | - | (280,887) |
| - | (4,917) | - | (9) | (648) | - | (11,612) |
| (146) | (306) | (3) | (25,742) | - | (594) | (37,275) |
| (129) | (2,870) | 824 | (420) | 50,237 | (1,655) | 89,240 |
| - | 2,086 | - | - | 36 | 383 | 54,725 |
| (865) | (2,787) | (86) | - | (36) | (577) | (38,384) |
| - | - | - | 25 | - | - | 760 |
| - | - | - | (10) | - | - | (727) |
| 5 | 10 | - | - | - | 174 | 1,027 |
| - | 30 | - | - | 23,630 | - | 23,660 |
| - | (515) | - | - | - | - | (515) |
| (860) | (1,176) | (86) | 15 | 23,630 | (20) | 40,546 |
| - | (4,688) | - | - | (367,780) | (6,003) | (405,371) |
| 1,350 | 7,209 | 74 | 92 | 123,138 | 7,717 | 140,512 |
| - | - | - | - | - | 451 | 451 |
| - | (76) | - | - | (11,717) | (2,950) | (14,747) |
| - | (101) | - | - | - | - | (230) |
| 1,350 | 2,344 | 74 | 92 | (256,359) | (785) | (279,385) |

(Continued)

**COMBINING STATEMENT OF CASH FLOWS**
**OTHER ENTERPRISE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

| (DOLLARS IN THOUSANDS) | PARKS AND WILDLIFE | COLLEGE ASSIST | STATE FAIR AUTHORITY |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest and Dividends on Investments | 988 | 8,826 | 1,129 |
| Proceeds from Sale/Maturity of Investments | - | - | - |
| Purchases of Investments | - | - | - |
| Increase(Decrease) from Unrealized Gain(Loss) on Investments | 482 | 515 | - |
| NET CASH FROM INVESTING ACTIVITIES | 1,470 | 9,341 | 1,129 |
| NET INCREASE (DECREASE) IN CASH AND POOLED CASH | 17,998 | 31,300 | (1,163) |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING | 99,072 | 78,376 | - |
| CASH AND POOLED CASH, FISCAL YEAR END | $ 117,070 | $ 109,676 | $ (1,163) |
| RECONCILIATION OF OPERATING INCOME TO NET CASH | | | |
| PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | $ (27,356) | $ 25,975 | $ (3,592) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Depreciation | 11,379 | 121 | 751 |
| Investment/Rental Income and Other Revenue in Operating Income | - | (9,341) | - |
| Rents, Fines, Donations, and Grants and Contracts in NonOperating | 11,026 | - | 300 |
| (Gain)/Loss on Disposal of Capital and Other Assets | - | - | - |
| Compensated Absences | 794 | (53) | (55) |
| Interest and Other Expense in Operating Income | 13,720 | - | 124 |
| Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities: | | | |
| (Increase) Decrease in Operating Receivables | 441 | (8,349) | 251 |
| (Increase) Decrease in Inventories | 113 | - | - |
| (Increase) Decrease in Other Operating Assets and Deferred Outflows | (888) | 16 | 60 |
| Increase (Decrease) in Accounts Payable | (2,055) | 2,001 | (977) |
| Increase (Decrease) in Other Operating Liabilities and Deferred Inflows | 16,897 | 12,227 | (277) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 24,071 | $ 22,597 | $ (3,415) |
| SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS: | | | |
| Capital Assets Funded by the Capital Projects Fund | - | - | 880 |
| Capital Assets Acquired by Grants or Donations and Payable Increases | - | - | - |
| Loss on Disposal of Capital and Other Assets | 130 | - | - |
| Amortization of Debt Valuation Accounts and Interest Payable Accruals | - | - | - |

| CORRECTIONAL INDUSTRIES | STATE NURSING HOMES | PRISON CDNTEENS | PETROLEUM STORAGE TANK | TRANSPORTATION ENTERPRISE | OTHER ENTERPRISE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|---|
| 38 | 191 | 64 | 26 | 2,807 | 596 | 14,665 |
| - | 41 | - | - | 141,245 | 996 | 142,282 |
| - | (41) | - | - | (34,212) | (958) | (35,211) |
| 21 | 54 | 23 | 8 | 610 | 442 | 2,155 |
| 59 | 245 | 87 | 34 | 110,450 | 1,076 | 123,891 |
| 420 | (1,457) | 899 | (279) | (72,042) | (1,384) | (25,708) |
| 4,366 | 19,255 | 4,492 | 2,670 | 330,000 | 41,625 | 579,856 |
| $ 4,786 | $ 17,798 | $ 5,391 | $ 2,391 | $ 257,958 | $ 40,241 | $ 554,148 |
| $ (4,258) | $ (2,803) | $ 895 | $ (42,773) | $ 230,719 | $ (3,384) | $ 173,423 |
| 448 | 2,008 | 110 | 170 | 11,119 | 893 | 26,999 |
| - | - | - | - | (65) | (991) | (10,397) |
| 323 | 12 | - | 39,401 | 1 | 25 | 51,088 |
| - | 5 | - | - | - | 26 | 31 |
| (71) | 8 | (37) | (148) | (5) | 121 | 554 |
| - | 133 | - | 8 | (10,123) | 28 | 3,890 |
| 281 | (1,920) | 213 | (182) | (7,727) | (195) | (17,187) |
| 1,850 | 15 | (104) | - | - | 35 | 1,909 |
| (53) | (66) | - | - | (4) | 26 | (909) |
| 1,455 | (10) | (253) | 3,112 | (47,873) | 1,734 | (42,866) |
| (104) | (252) | - | (8) | (125,805) | 27 | (97,295) |
| $ (129) | $ (2,870) | $ 824 | $ (420) | $ 50,237 | $ (1,655) | $ 89,240 |
| - | - | - | - | - | - | 880 |
| - | - | - | - | - | - | - |
| - | 12 | - | - | 27,932 | 28 | 28,102 |
| - | 20 | - | - | 2,442 | (1) | 2,461 |

# INTERNAL SERVICE FUNDS

These funds account for operations of State agencies that provide a majority of their services to other State agencies on a user charge basis. The major activities in these funds are:

| | |
|---|---|
| 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, fleet, and motor pool. |
| STATEWIDE FINANCIAL INFORMATION TECHNOLOGY SYSTEMS CASH FUND | This fund accounts for information technology maintenance and upgrades as well as direct and indirect costs of the department in connection with Statewide financial and human resources information technology systems. |
| INFORMATION TECHNOLOGY | This fund accounts for computer and 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 complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements. |
| 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. |
| OFFICE OF ADMINISTRATIVE COURTS | This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration. |
| LEGAL SERVICES | This fund accounts for the Attorney General's services to State agencies in the Department of Law. |
| OTHER INTERNAL SERVICE ACTIVITIES | This fund primarily accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to State agencies on a straight commission basis. |

# COMBINING STATEMENT OF NET POSITION
# INTERNAL SERVICE FUNDS
# JUNE 30, 2016

(DOLLARS IN THOUSANDS)

| | CENTRAL SERVICES | FINANCIAL INFORMATION TECHNOLOGY | INFORMATION TECHNOLOGY | CAPITOL COMPLEX |
|---|---|---|---|---|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Pooled Cash | $ 11,808 | $ 1,899 | $ 18,568 | $ 1,584 |
| Other Receivables, net | 793 | - | 2,608 | 6 |
| Due From Other Governments | 2 | - | 262 | - |
| Due From Other Funds | - | - | 14,388 | - |
| Inventories | 419 | - | - | 166 |
| Prepaids, Advances and Deposits | 6 | - | 3,971 | - |
| Total Current Assets | 13,028 | 1,899 | 39,797 | 1,756 |
| Noncurrent Assets: | | | | |
| Depreciable Capital Assets and Infrastructure, net | 68,398 | 34,141 | 10,100 | 17,034 |
| Land and Nondepreciable Capital Assets | 110 | - | 683 | - |
| Total Noncurrent Assets | 68,508 | 34,141 | 10,783 | 17,034 |
| TOTAL ASSETS | 81,536 | 36,040 | 50,580 | 18,790 |
| DEFERRED OUTFLOW OF RESOURCES: | 3,945 | 1,865 | 27,424 | 1,845 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 2,999 | 332 | 23,014 | 831 |
| Due To Other Funds | - | 1,637 | 726 | 138 |
| Unearned Revenue | - | - | 12,072 | - |
| Compensated Absences Payable | 14 | 9 | 213 | 9 |
| Leases Payable | 15,417 | 3,652 | - | 1,145 |
| Other Current Liabilities | 270 | - | - | - |
| Total Current Liabilities | 18,700 | 5,630 | 36,025 | 2,123 |
| Noncurrent Liabilities: | | | | |
| Accrued Compensated Absences | 483 | 86 | 6,985 | 215 |
| Capital Lease Payable | 53,003 | 18,625 | - | 13,710 |
| Net Pension Liability | 22,998 | 2,650 | 238,721 | 11,189 |
| Total Noncurrent Liabilities | 76,484 | 21,361 | 245,706 | 25,114 |
| TOTAL LIABILITIES | 95,184 | 26,991 | 281,731 | 27,237 |
| DEFERRED INFLOW OF RESOURCES: | 794 | 42 | 3,110 | 341 |
| NET POSITION: | | | | |
| Net investment in Capital Assets: | 87 | 11,865 | 10,784 | 2,178 |
| Unrestricted | (10,584) | (993) | (217,621) | (9,121) |
| TOTAL NET POSITION | $ (10,497) | $ 10,872 | $ (206,837) | $ (6,943) |

| HIGHWAYS | PUBLIC SAFETY | ADMINISTRATIVE COURTS | LEGAL SERVICES | OTHER INTERNAL SERVICE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| $ 2,265 | $ 658 | $ 1,118 | $ 6,420 | $ 1,845 | $ 46,165 |
| 3 | 13 | 20 | 18 | 51 | 3,512 |
| - | - | - | - | - | 264 |
| - | - | - | 111 | - | 14,499 |
| 127 | - | - | - | - | 712 |
| - | - | - | 103 | - | 4,080 |
| 2,395 | 671 | 1,138 | 6,652 | 1,896 | 69,232 |
| | | | | | |
| 182 | 354 | - | 936 | - | 131,145 |
| - | - | - | - | 494 | 1,287 |
| 182 | 354 | - | 936 | 494 | 132,432 |
| 2,577 | 1,025 | 1,138 | 7,588 | 2,390 | 201,664 |
| | | | | | |
| 308 | 104 | 1,916 | 17,033 | 1,162 | 55,602 |
| | | | | | |
| 11 | 2 | 378 | 2,849 | 669 | 31,085 |
| 2,525 | - | - | 17 | - | 5,043 |
| - | - | - | - | 41 | 12,113 |
| - | - | - | 182 | - | 427 |
| - | - | - | - | - | 20,214 |
| - | - | - | - | - | 270 |
| 2,536 | 2 | 378 | 3,048 | 710 | 69,152 |
| | | | | | |
| - | - | 269 | 1,730 | 24 | 9,792 |
| - | - | - | - | - | 85,338 |
| 2,849 | 369 | 12,778 | 68,145 | 4,956 | 364,655 |
| 2,849 | 369 | 13,047 | 69,875 | 4,980 | 459,785 |
| 5,385 | 371 | 13,425 | 72,923 | 5,690 | 528,937 |
| | | | | | |
| 117 | 111 | 376 | 1,361 | 162 | 6,414 |
| | | | | | |
| 182 | 354 | - | 936 | 494 | 26,880 |
| (2,799) | 293 | (10,747) | (50,599) | (2,794) | (304,965) |
| $ (2,617) | $ 647 | $ (10,747) | $ (49,663) | $ (2,300) | $ (278,085) |

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
## INTERNAL SERVICE FUNDS
## FOR THE YEAR ENDED JUNE 30, 2016

(DOLLARS IN THOUSANDS)

| | CENTRAL SERVICES | FINANCIAL INFORMATION TECHNOLOGY | INFORMATION TECHNOLOGY | CAPITOL COMPLEX |
|---|---|---|---|---|
| OPERATING REVENUES: | | | | |
| Sales of Goods and Services | $ 64,340 | $ 10,345 | $ 225,909 | $ 19 |
| Rental Income | - | - | - | 15,372 |
| Other | 128 | 2 | - | 70 |
| TOTAL OPERATING REVENUES | 64,468 | 10,347 | 225,909 | 15,461 |
| OPERATING EXPENSES: | | | | |
| Salaries and Fringe Benefits | 10,829 | 2,763 | 151,299 | 4,476 |
| Operating and Travel | 25,951 | 8,989 | 83,578 | 6,505 |
| Cost of Goods Sold | 7,459 | - | - | - |
| Depreciation and Amortization | 19,050 | 4,873 | 2,150 | 2,663 |
| Intergovernmental Distributions | - | - | 1,588 | 4 |
| Prizes and Awards | - | - | 2 | - |
| TOTAL OPERATING EXPENSES | 63,289 | 16,625 | 238,617 | 13,648 |
| OPERATING INCOME (LOSS) | 1,179 | (6,278) | (12,708) | 1,813 |
| NONOPERATING REVENUES AND (EXPENSES): | | | | |
| Investment Income (Loss) | - | 44 | 69 | - |
| Gain/(Loss) on Sale or Impairment of Capital Assets | 1,793 | - | (4) | 35 |
| Debt Service | (1,403) | (343) | (125) | (729) |
| Other Revenues | 3 | - | 1 | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 393 | (299) | (59) | (694) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 1,572 | (6,577) | (12,767) | 1,119 |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | | | |
| Capital Contributions | 1,908 | - | - | - |
| Transfers-In | 1,000 | 2,205 | 1,267 | 30 |
| Transfers-Out | (1,336) | (50) | (379) | (1,773) |
| TOTAL CONTRIBUTIONS AND TRANSFERS | 1,572 | 2,155 | 888 | (1,743) |
| CHANGE IN NET POSITION | 3,144 | (4,422) | (11,879) | (624) |
| NET POSITION - FISCAL YEAR BEGINNING | (13,641) | - | (179,664) | (6,319) |
| Prior Period Adjustments (See Note 29A) | - | 15,294 | (15,294) | - |
| NET POSITION - FISCAL YEAR ENDING | $ (10,497) | $ 10,872 | $ (206,837) | $ (6,943) |

| HIGHWAYS | PUBLIC SAFETY | ADMINISTRATIVE COURTS | LEGAL SERVICES | OTHER INTERNAL SERVICE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| $ 2,141 | $ 183 | $ 5,398 | $ 35,640 | $ 4,510 | $ 348,485 |
| - | - | - | - | - | 15,372 |
| - | - | 2 | 2 | - | 204 |
| 2,141 | 183 | 5,400 | 35,642 | 4,510 | 364,061 |
| | | | | | |
| 1,110 | 162 | 4,827 | 42,862 | 2,281 | 220,609 |
| 1,036 | 10 | 888 | 3,371 | 1,704 | 132,032 |
| - | - | - | - | - | 7,459 |
| 51 | 233 | - | 147 | - | 29,167 |
| - | - | - | - | - | 1,592 |
| - | - | - | 11 | - | 13 |
| 2,197 | 405 | 5,715 | 46,391 | 3,985 | 390,872 |
| (56) | (222) | (315) | (10,749) | 525 | (26,811) |
| | | | | | |
| - | - | 13 | 90 | 4 | 220 |
| - | - | - | - | - | 1,824 |
| (5) | - | - | (4) | (1) | (2,610) |
| - | - | - | - | - | 4 |
| (5) | - | 13 | 86 | 3 | (562) |
| (61) | (222) | (302) | (10,663) | 528 | (27,373) |
| | | | | | |
| - | - | - | - | - | 1,908 |
| - | - | - | - | - | 4,502 |
| - | - | (138) | (2,986) | (345) | (7,007) |
| - | - | (138) | (2,986) | (345) | (597) |
| (61) | (222) | (440) | (13,649) | 183 | (27,970) |
| (2,556) | 869 | (10,307) | (36,014) | (2,483) | (250,115) |
| - | - | - | - | - | - |
| $ (2,617) | $ 647 | $ (10,747) | $ (49,663) | $ (2,300) | $ (278,085) |

**COMBINING STATEMENT OF CASH FLOWS**
**INTERNAL SERVICE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016**

(DOLLARS IN THOUSANDS)

| | CENTRAL SERVICES | FINANCIAL INFORMATION TECHNOLOGY | INFORMATION TECHNOLOGY | CAPITOL COMPLEX |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash Received from: | | | | |
| Fees for Service | $ 1,838 | $ - | $ 7,306 | $ 6 |
| Receipts for Interfund Services | 62,589 | 10,347 | 203,130 | 13 |
| Sales of Products | 174 | - | - | - |
| Gifts, Grants, and Contracts | - | - | - | 70 |
| Income from Property | - | - | - | 15,407 |
| Other Sources | 146 | 2 | 12,073 | - |
| Cash Payments to or for: | | | | |
| Employees | (10,183) | (2,509) | (151,255) | (4,237) |
| Suppliers | (31,683) | (84) | (62,013) | (5,916) |
| Payments for Interfund Services | (2,848) | (3,480) | (29,734) | (618) |
| Sales Commissions and Lottery Prizes | - | - | - | - |
| Other Governments | - | - | (1,588) | (4) |
| Other | (31) | (1) | (63) | - |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 20,002 | 4,275 | (22,144) | 4,721 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers-In | 2,939 | 2,205 | 2,489 | 30 |
| Transfers-Out | (1,330) | (50) | (1,601) | (1,773) |
| Receipt of Deposits Held in Custody | 267 | - | - | - |
| Release of Deposits Held in Custody | (70) | - | - | - |
| NET CASH FROM NONCAPITAL FINANCING ACTIVITIES | 1,806 | 2,155 | 888 | (1,743) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of Capital Assets | - | (19,698) | (469) | (795) |
| Proceeds from Sale of Capital Assets | 7,776 | - | 30,414 | 130 |
| Capital Debt Proceeds | 4 | 172 | - | - |
| Capital Debt Service Payments | - | - | (74) | - |
| Capital Lease Payments | (24,982) | (343) | (3,698) | (729) |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES | (17,202) | (19,869) | 26,173 | (1,394) |

| HIGHWAYS | PUBLIC SAFETY | ADMINISTRATIVE COURTS | LEGAL SERVICES | OTHER INTERNAL SERVICE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| $ 2 | $ 31 | $ 103 | $ 27 | $ 169 | $ 9,482 |
| 1,112 | 157 | 5,288 | 35,496 | 4,311 | 322,443 |
| 1,418 | - | - | - | - | 1,592 |
| - | - | - | - | - | 70 |
| - | - | - | - | - | 15,407 |
| - | - | 2 | 2 | 10 | 12,235 |
| (328) | (162) | (4,488) | (40,135) | (2,172) | (215,469) |
| - | (85) | (711) | (5,425) | (203) | (106,120) |
| (1) | - | (484) | (368) | (553) | (38,086) |
| - | - | - | - | (639) | (639) |
| - | - | - | - | - | (1,592) |
| - | - | - | (11) | (28) | (134) |
| 2,203 | (59) | (290) | (10,414) | 895 | (811) |
| - | - | - | - | - | 7,663 |
| - | - | (138) | (2,986) | (345) | (8,223) |
| - | - | - | - | - | 267 |
| - | - | - | - | - | (70) |
| - | - | (138) | (2,986) | (345) | (363) |
| - | - | - | - | - | (20,962) |
| 67 | 38 | 757 | 12,990 | 44 | 52,216 |
| - | - | - | - | - | 176 |
| (5) | - | - | (4) | (1) | (84) |
| - | - | - | - | - | (29,752) |
| 62 | 38 | 757 | 12,986 | 43 | 1,594 |

(Continued)

**COMBINING STATEMENT OF CASH FLOWS**
**INTERNAL SERVICE FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2016** (Continued)

| (DOLLARS IN THOUSANDS) | CENTRAL SERVICES | FINANCIAL INFORMATION TECHNOLOGY | INFORMATION TECHNOLOGY | CAPITOL COMPLEX |
|---|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest and Dividends on Investments | - | 32 | - | - |
| Increase(Decrease) from Unrealized Gain(Loss) on Investments | - | 12 | 69 | - |
| NET CASH FROM INVESTING ACTIVITIES | - | 44 | 69 | - |
| NET INCREASE (DECREASE) IN CASH AND POOLED CASH | 4,606 | (13,395) | 4,986 | 1,584 |
| CASH AND POOLED CASH , FISCAL YEAR BEGINNING | 7,202 | - | 28,876 | - |
| Prior Period Adjustment (See Note 29) | - | 15,294 | (15,294) | - |
| CASH AND POOLED CASH, FISCAL YEAR END | $ 11,808 | $ 1,899 | $ 18,568 | $ 1,584 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH | | | | |
| PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | $ 1,179 | $ (6,278) | $ (12,708) | $ 1,813 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | |
| Depreciation | 19,050 | 4,873 | 2,150 | 2,663 |
| Rents, Fines, Donations, and Grants and Contracts in NonOperating | 3 | - | 1 | - |
| (Gain)/Loss on Disposal of Capital and Other Assets | 17 | - | - | 35 |
| Compensated Absences | (79) | 95 | 104 | (54) |
| Interest and Other Expense in Operating Income | (196) | 3,787 | (925) | 269 |
| Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities: | | | | |
| (Increase) Decrease in Operating Receivables | 263 | - | (10,458) | 41 |
| (Increase) Decrease in Inventories | 91 | - | - | 10 |
| (Increase) Decrease in Other Operating Assets and Deferred Outflows | 12 | - | (3,551) | - |
| Increase (Decrease) in Accounts Payable | (326) | 160 | (4,540) | (16) |
| Increase (Decrease) in Other Operating Liabilities and Deferred Inflows | (12) | 1,638 | 7,783 | (40) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | $ 20,002 | $ 4,275 | $ (22,144) | $ 4,721 |
| SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS: | | | | |
| Capital Assets Funded by the Capital Projects Fund | 1,870 | - | - | - |
| Loss on Disposal of Capital and Other Assets | 5 | - | 4 | - |
| Amortization of Debt Valuation Accounts and Interest Payable Accruals | - | 172 | - | - |
| Assumption of Capital Lease Obligation or Mortgage | - | 20,230 | - | - |

| HIGHWAYS | PUBLIC SAFETY | ADMINISTRATIVE COURTS | LEGAL SERVICES | OTHER INTERNAL SERVICE ACTIVITIES | TOTALS |
|---|---|---|---|---|---|
| - | - | 9 | 70 | 2 | 113 |
| - | - | 5 | 20 | 1 | 107 |
| - | - | 14 | 90 | 3 | 220 |
| 2,265 | (21) | 343 | (324) | 596 | 640 |
| - | 679 | 775 | 6,744 | 1,249 | 45,525 |
| - | - | - | - | - | - |
| $ 2,265 | $ 658 | $ 1,118 | $ 6,420 | $ 1,845 | $ 46,165 |
| $ (56) | $ (222) | $ (315) | $ (10,749) | $ 525 | $ (26,811) |
| 51 | 233 | - | 147 | - | 29,167 |
| - | - | - | - | - | 4 |
| - | - | - | - | - | 52 |
| - | - | (38) | 126 | (11) | 143 |
| - | - | 16 | 112 | - | 3,063 |
| 7 | 4 | (5) | (115) | (31) | (10,294) |
| 51 | - | - | - | - | 152 |
| - | 1 | - | (98) | - | (3,636) |
| 9 | (75) | 52 | 147 | 402 | (4,187) |
| 2,141 | - | - | 16 | 10 | 11,536 |
| $ 2,203 | $ (59) | $ (290) | $ (10,414) | $ 895 | $ (811) |
| - | - | - | - | - | 1,870 |
| - | - | - | - | - | 9 |
| - | - | - | - | - | 172 |
| - | - | - | - | - | 20,230 |

# FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the State in its governmental capacity on behalf of local governments, citizens, and other external parties. Pension and Other Employee Benefits Trust Funds are included in this category, but are shown in the Basic Financial Statements. The major components of the remaining fiduciary funds are:

## PRIVATE PURPOSE TRUST FUNDS

TREASURER'S

This fund primarily includes moneys managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the moneys in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.

UNCLAIMED PROPERTY

This fund comprises a portion of the escheats funds 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 legal rights to the asset are protected in perpetuity. The fund reports Net Position Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.

COLLEGE SAVINGS PLAN

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.

COLLEGE OPPORTUNITY FUND

The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the State. The appropriated amounts are held in trust in the COF until the institutions apply for the stipend on behalf of the students. Any unused stipends remain in the COF and do not revert to the State.

MULTI-STATE LOTTERY WINNERS

The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.

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 parimutuel 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; amounts held for the trustee related to Certificates of Participation or revenue Bonds for Higher Education Institutions, Building Excellent Schools Today (BEST), the Bridge Enterprise program; and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**
**PRIVATE PURPOSE TRUST FUNDS**
**JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | TREASURER'S | UNCLAIMED PROPERTY | COLLEGE SAVINGS PLAN |
|---|---|---|---|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash and Pooled Cash | $ 12,430 | $ 130,581 | $ 47,194 |
| Investments | - | - | - |
| Other Receivables, net | 25 | - | 17,642 |
| Noncurrent Assets: | | | |
| Investments: | | | |
| Government Securities | - | 14,221 | - |
| Repurchase Agreements | - | - | 686 |
| Mutual Funds | - | - | 5,751,132 |
| Other Investments | - | - | 762,241 |
| TOTAL ASSETS | 12,455 | 144,802 | 6,578,895 |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | $ - | $ - | $ 10,251 |
| Unearned Revenue | - | - | 3,923 |
| Noncurrent Liabilities: | | | |
| Deposits Held In Custody For Others | - | - | 3,713 |
| TOTAL LIABILITIES | - | - | 17,887 |
| NET POSITION: | | | |
| Held in Trust for: | | | |
| Individuals, Organizations, and Other Entities | 12,455 | 144,802 | 6,561,008 |
| TOTAL NET POSITION | $ 12,455 | $ 144,802 | $ 6,561,008 |

| COLLEGE OPPORTUNITY FUND | MULTISTATE LOTTERY WINNERS | OTHER | TOTALS |
|---|---|---|---|
| $ 108 | $ - | $ 9,130 | $ 199,443 |
| - | - | 633 | 633 |
| 36 | - | 666 | 18,369 |
| | | | |
| - | - | - | 14,221 |
| - | - | - | 686 |
| - | - | - | 5,751,132 |
| - | - | - | 762,241 |
| 144 | - | 10,429 | 6,746,725 |
| | | | |
| $ - | $ - | $ 5,106 | $ 15,357 |
| - | - | 3,893 | 7,816 |
| | | | |
| - | - | - | 3,713 |
| - | - | 8,999 | 26,886 |
| | | | |
| 144 | - | 1,430 | 6,719,839 |
| $ 144 | $ - | $ 1,430 | $ 6,719,839 |

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## PRIVATE PURPOSE TRUST FUNDS
## FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | TREASURER'S | UNCLAIMED PROPERTY | COLLEGE SAVINGS PLAN |
|---|---|---|---|
| ADDITIONS: | | | |
| Additions By Participants | $ - | $ - | $ 834,146 |
| Investment Income/(Loss) | 154 | 596 | 28,758 |
| Unclaimed Property Receipts | - | 32,598 | - |
| Other Additions | 868 | - | 962 |
| TOTAL ADDITIONS | 1,022 | 33,194 | 863,866 |
| DEDUCTIONS: | | | |
| Distributions to Participants | - | - | - |
| Payments in Accordance with Trust Agreements | 430 | 27,335 | 621,093 |
| Transfers-Out | - | - | - |
| TOTAL DEDUCTIONS | 430 | 27,335 | 621,093 |
| CHANGE IN NET POSITION | 592 | 5,859 | 242,773 |
| NET POSITION - FISCAL YEAR BEGINNING | 11,863 | 138,943 | 6,318,235 |
| Prior Period Adjustments (Note 29) | - | - | - |
| NET POSITION - FISCAL YEAR ENDING | $ 12,455 | $ 144,802 | $ 6,561,008 |

| COLLEGE OPPORTUNITY FUND | MULTISTATE LOTTERY WINNERS | OTHER | TOTALS |
|---|---|---|---|
| $ 285,202 | $ - | $ 9,752 | $ 1,129,100 |
| - | - | 98 | 29,606 |
| - | - | - | 32,598 |
| - | - | 1,404 | 3,234 |
| 285,202 | - | 11,254 | 1,194,538 |
| 285,095 | - | - | 285,095 |
| - | - | 11,367 | 660,225 |
| - | - | 86 | 86 |
| 285,095 | - | 11,453 | 945,406 |
| 107 | - | (199) | 249,132 |
| 37 | 11,843 | 1,629 | 6,482,550 |
| - | (11,843) | - | (11,843) |
| $ 144 | $ - | $ 1,430 | $ 6,719,839 |

# COMBINING STATEMENT OF CHANGES
# IN FIDUCIARY ASSETS AND LIABILITIES
# AGENCY FUNDS
# FOR THE FISCAL YEAR ENDED JUNE 30, 2016

***DEPARTMENT OF REVENUE AGENCY FUNDS***

| (DOLLARS IN THOUSANDS) | BALANCE JULY 1 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 119,523 | $ 1,591,337 | $ 1,580,669 | $ 130,191 |
| Taxes Receivable, net | 155,801 | 274,344 | 269,007 | 161,138 |
| Other Receivables, net | - | 39 | 39 | - |
| TOTAL ASSETS | $ 275,324 | $ 1,865,720 | $ 1,849,715 | $ 291,329 |
| LIABILITIES: | | | | |
| Tax Refunds Payable | $ 1,937 | $ 8,234 | $ 1,950 | $ 8,221 |
| Due To Other Governments | 272,669 | 1,746,774 | 1,737,065 | 282,378 |
| Claims and Judgments Payable | 57 | 837 | 855 | 39 |
| Other Long-Term Liabilities | 661 | 707 | 677 | 691 |
| TOTAL LIABILITIES | $ 275,324 | $ 1,756,552 | $ 1,740,547 | $ 291,329 |

***OTHER AGENCY FUNDS***

| (DOLLARS IN THOUSANDS) | BALANCE JULY 1 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 170,993 | $ 207,974 | $ 236,879 | $ 142,088 |
| Taxes Receivable, net | 6,693 | 11,141 | 11,022 | 6,812 |
| Other Receivables, net | 544 | 3,257 | 3,468 | 333 |
| Inventories | 5 | 5 | 5 | 5 |
| Other Long-Term Assets | 12,047 | 7,229 | 7,146 | 12,130 |
| TOTAL ASSETS | $ 190,282 | $ 229,606 | $ 258,520 | $ 161,368 |
| LIABILITIES: | | | | |
| Tax Refunds Payable | $ 28 | $ 429 | $ 29 | $ 428 |
| Accounts Payable and Accrued Liabilities | 1,894 | 26,760 | 27,653 | 1,001 |
| Due To Other Governments | 11,510 | 118,750 | 118,765 | 11,495 |
| Due To Other Funds | - | 16,026 | 16,026 | - |
| Unearned Revenue | - | 5 | 5 | - |
| Claims and Judgments Payable | 68 | 60 | 60 | 68 |
| Other Current Liabilities | 176,695 | 193,829 | 222,627 | 147,897 |
| Deposits Held In Custody For Others | 77 | 555 | 175 | 457 |
| Other Long-Term Liabilities | 10 | 23 | 11 | 22 |
| TOTAL LIABILITIES | $ 190,282 | $ 356,437 | $ 385,351 | $ 161,368 |

***DEPARTMENT OF TREASURY AGENCY FUNDS***

| (DOLLARS IN THOUSANDS) | BALANCE JULY 1 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 271,321 | $ 179,836 | $ 227,588 | $ 223,569 |
| Due From Other Funds | 13,912 | 7,887 | 13,912 | 7,887 |
| TOTAL ASSETS | $ 285,233 | $ 187,723 | $ 241,500 | $ 231,456 |
| LIABILITIES: | | | | |
| Accounts Payable and Accrued Liabilities | $ - | $ 231 | $ 231 | $ - |
| Other Current Liabilities | 253,604 | 173,200 | 252,011 | 174,793 |
| Deposits Held In Custody For Others | 31,629 | 25,036 | 2 | 56,663 |
| TOTAL LIABILITIES | $ 285,233 | $ 198,467 | $ 252,244 | $ 231,456 |

***TOTALS - ALL AGENCY FUNDS***

| (DOLLARS IN THOUSANDS) | BALANCE JULY 1 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Cash and Pooled Cash | $ 561,837 | $ 1,979,147 | $ 2,045,136 | $ 495,848 |
| Taxes Receivable, net | 162,494 | 285,485 | 280,029 | 167,950 |
| Other Receivables, net | 544 | 3,296 | 3,507 | 333 |
| Due From Other Funds | 13,912 | 7,887 | 13,912 | 7,887 |
| Inventories | 5 | 5 | 5 | 5 |
| Other Long-Term Assets | 12,047 | 7,229 | 7,146 | 12,130 |
| TOTAL ASSETS | $ 750,839 | $ 2,283,049 | $ 2,349,735 | $ 684,153 |
| LIABILITIES: | | | | |
| Tax Refunds Payable | $ 1,965 | $ 8,663 | $ 1,979 | $ 8,649 |
| Accounts Payable and Accrued Liabilities | 1,894 | 26,991 | 27,884 | 1,001 |
| Due To Other Governments | 284,179 | 1,865,524 | 1,855,830 | 293,873 |
| Due To Other Funds | - | 16,026 | 16,026 | - |
| Unearned Revenue | - | 5 | 5 | - |
| Claims and Judgments Payable | 125 | 897 | 915 | 107 |
| Other Current Liabilities | 430,299 | 367,029 | 474,638 | 322,690 |
| Deposits Held In Custody For Others | 31,706 | 25,591 | 177 | 57,120 |
| Other Long-Term Liabilities | 671 | 730 | 688 | 713 |
| TOTAL LIABILITIES | $ 750,839 | $ 2,311,456 | $ 2,378,142 | $ 684,153 |

# COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements beginning on page 66. Descriptions of each of the component units presented can be found in Note 38 on page 151.

## COMBINING STATEMENT OF NET POSITION
## OTHER COMPONENT UNITS (NONMAJOR)
## JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT | COLORADO VENTURE CAPITAL AUTHORITY | HLC @ METRO | UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION | TOTAL |
|---|---|---|---|---|---|
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and Pooled Cash | $ 1,187 | $ 11,040 | $ 206 | $ 4,890 | $ 17,323 |
| Investments | - | - | - | 7,795 | 7,795 |
| Other Receivables, net | 256 | 11 | 186 | 192 | 645 |
| Due From Other Governments | - | - | 330 | | 330 |
| Prepaids, Advances and Deposits | 3,500 | - | - | 1,115 | 4,615 |
| Total Current Assets | 4,943 | 11,051 | 722 | 13,992 | 30,708 |
| Noncurrent Assets: | | | | | |
| Restricted Cash and Pooled Cash | 4,130 | - | 9,759 | - | 13,889 |
| Investments | - | 52,522 | - | 5,165 | 57,687 |
| Other Long-Term Assets | 247 | - | 202 | 776 | 1,225 |
| Depreciable Capital Assets and Infrastructure, net | 127,581 | - | 39,393 | 37,909 | 204,883 |
| Land and Nondepreciable Capital Assets | 19,993 | - | 4,890 | 33,477 | 58,360 |
| Total Noncurrent Assets | 151,951 | 52,522 | 54,244 | 77,327 | 336,044 |
| TOTAL ASSETS | 156,894 | 63,573 | 54,966 | 91,319 | 366,752 |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 34 | - | 1,282 | 865 | 2,181 |
| Notes, Bonds, and COPs Payable | - | - | - | 6,755 | 6,755 |
| Other Current Liabilities | - | - | 402 | 950 | 1,352 |
| Total Current Liabilities | 34 | - | 1,684 | 8,570 | 10,288 |
| Noncurrent Liabilities: | | | | | |
| Notes, Bonds, and COPs Payable | - | - | 52,515 | 63,931 | 116,446 |
| Other Long-Term Liabilities | - | - | - | 19,142 | 19,142 |
| Total Noncurrent Liabilities | - | - | 52,515 | 83,073 | 135,588 |
| TOTAL LIABILITIES | 34 | - | 54,199 | 91,643 | 145,876 |
| NET POSITION: | | | | | |
| Net investment in Capital Assets: | 147,085 | - | 44,284 | 24,030 | 215,399 |
| Restricted for: | | | | | |
| Other Purposes | 4,175 | - | - | 954 | 5,129 |
| Unrestricted | 5,600 | 63,573 | (43,517) | (25,308) | 348 |
| TOTAL NET POSITION | $ 156,860 | $ 63,573 | $ 767 | $ (324) | $ 220,876 |

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2016**

| (DOLLARS IN THOUSANDS) | DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT | COLORADO VENTURE CAPITAL AUTHORITY | HLC @ METRO | UNIVERSITY OF COLORADO REAL ESTATE FOUNDATION | TOTAL |
|---|---|---|---|---|---|
| OPERATING REVENUES: | | | | | |
| Sales of Goods and Services | $ - | $ - | $ 9,853 | $ - | $ 9,853 |
| Investment Income (Loss) | - | (1,648) | - | - | (1,648) |
| Rental Income | 1,465 | - | - | - | 1,465 |
| Gifts and Donations | - | - | - | 44 | 44 |
| Other | - | - | - | 18,474 | 18,474 |
| TOTAL OPERATING REVENUES | 1,465 | (1,648) | 9,853 | 18,518 | 28,188 |
| OPERATING EXPENSES: | | | | | |
| Operating and Travel | 610 | 102 | 5,968 | 5,216 | 11,896 |
| Depreciation and Amortization | 4,516 | - | 1,338 | 2,309 | 8,163 |
| TOTAL OPERATING EXPENSES | 5,126 | 102 | 7,306 | 7,525 | 20,059 |
| OPERATING INCOME (LOSS) | (3,661) | (1,750) | 2,547 | 10,993 | 8,129 |
| NONOPERATING REVENUES AND (EXPENSES): | | | | | |
| Investment Income (Loss) | 9 | 138 | 16 | 245 | 408 |
| Gifts and Donations | - | - | 53 | - | 53 |
| Federal Grants and Contracts | - | - | 991 | - | 991 |
| Debt Service | - | - | (3,358) | (3,715) | (7,073) |
| Other Expenses | - | - | (6) | - | (6) |
| Other Revenues | 1,097 | - | - | - | 1,097 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 1,106 | 138 | (2,304) | (3,470) | (4,530) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (2,555) | (1,612) | 243 | 7,523 | 3,599 |
| CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS: | | | | | |
| Special Items (See Note 41) | - | - | - | (1,721) | (1,721) |
| TOTAL CONTRIBUTIONS AND TRANSFERS | - | - | - | (1,721) | (1,721) |
| CHANGE IN NET POSITION | (2,555) | (1,612) | 243 | 5,802 | 1,878 |
| NET POSITION - FISCAL YEAR BEGINNING | 159,415 | 65,185 | 524 | (6,126) | 218,998 |
| NET POSITION - FISCAL YEAR ENDING | $ 156,860 | $ 63,573 | $ 767 | $ (324) | $ 220,876 |

# CAPITAL ASSETS

The following schedule presents the capital assets, net of accumulated depreciation, 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 Position.* Except for the Internal Service Fund capital assets, the assets on this schedule are generally 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, 2016

| (DOLLARS IN THOUSANDS) | LAND | LAND AND LEASEHOLD IMPROVEMENTS | BUILDINGS | LIBRARY BOOKS AND COLLECTIONS |
|---|---|---|---|---|
| GENERAL GOVERNMENT | | | | |
| Governor's Office | $ - | $ - | $ - | $ - |
| Legislature | - | - | - | - |
| Military Affairs | 3,554 | 10,568 | 66,149 | - |
| Personnel & Administration | 6,763 | 2,809 | 80,089 | - |
| Revenue | - | - | - | - |
| Subtotal | 10,317 | 13,377 | 146,238 | - |
| BUSINESS, COMMUNITY & CONSUMER AFFAIRS | | | | |
| Agriculture | 103 | - | 8,236 | - |
| [1]GOV, CEO, OEDIT | - | - | - | 51 |
| Labor and Employment | 543 | 243 | 5,345 | - |
| Local Affairs | - | 257 | - | - |
| Regulatory Agencies | - | 6 | - | - |
| Revenue | 536 | - | 865 | - |
| State | - | - | - | - |
| Subtotal | 1,182 | 506 | 14,446 | 51 |
| EDUCATION | | | | |
| Education | 152 | 27 | 802,910 | 1,256 |
| Higher Education | 1,842 | 764 | 100,761 | 9,057 |
| Subtotal | 1,994 | 791 | 903,671 | 10,313 |
| HEALTH AND REHABILITATION | | | | |
| Public Health and Environment | 188 | 1 | 3,979 | - |
| Human Services | 3,068 | 2,159 | 90,586 | - |
| Subtotal | 3,256 | 2,160 | 94,565 | - |
| JUSTICE | | | | |
| Corrections | 2,964 | 2,170 | 542,928 | - |
| DHS, Division of Youth Services | 1,675 | 346 | 69,055 | - |
| Judicial | 1,605 | 880 | 224,896 | 2,292 |
| Law | - | 69 | - | 9 |
| Public Safety | 1,399 | 1,401 | 21,227 | - |
| Regulatory Agencies | - | - | - | - |
| Subtotal | 7,643 | 4,866 | 858,106 | 2,301 |
| NATURAL RESOURCES | | | | |
| Natural Resources | 70,148 | 513 | 28,551 | - |
| SOCIAL ASSISTANCE | | | | |
| Human Services | - | 1,660 | 1,572 | - |
| Military Affairs | 36 | 1,191 | 1,890 | - |
| Health Care Policy and Financing | - | - | - | - |
| Subtotal | 36 | 2,851 | 3,462 | - |
| TRANSPORTATION | | | | |
| Transportation | 16,322 | 119 | 172,583 | - |
| TOTAL CAPITAL ASSETS | $ 110,898 | $ 25,183 | $ 2,221,622 | $ 12,665 |

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

| VEHICLES AND EQUIPMENT | SOFTWARE | OTHER CAPITAL ASSETS | CONSTRUCTION IN PROGRESS | INFRASTRUCTURE | TOTALS |
|---|---|---|---|---|---|
| $ 33,514 | $ 905 | $ - | $ 6,703 | $ - | $ 41,122 |
| 539 | - | - | 174 | - | 713 |
| 625 | - | 14 | 1,382 | - | 82,292 |
| 82,480 | 36,641 | 15 | 13,448 | - | 222,245 |
| 4,385 | 5,772 | - | 11,764 | - | 21,921 |
| 121,543 | 43,318 | 29 | 33,471 | - | 368,293 |
| | | | | | |
| 2,028 | (12) | - | 109 | - | 10,464 |
| 16 | - | - | - | - | 67 |
| 729 | 2,980 | 212 | - | - | 10,052 |
| 63 | 2 | 643 | - | - | 965 |
| 256 | 92 | - | - | - | 354 |
| 81 | 294 | - | - | - | 1,776 |
| 1,105 | 117 | - | - | - | 1,222 |
| 4,278 | 3,473 | 855 | 109 | - | 24,900 |
| | | | | | |
| 2,120 | 1,396 | - | 489 | - | 808,350 |
| 967 | 68 | (3) | 2,028 | 53 | 115,537 |
| 3,087 | 1,464 | (3) | 2,517 | 53 | 923,887 |
| | | | | | |
| 5,604 | 7,608 | 1,659 | - | - | 19,039 |
| 1,416 | (10,347) | 61 | 14,637 | - | 101,580 |
| 7,020 | (2,739) | 1,720 | 14,637 | - | 120,619 |
| | | | | | |
| 10,305 | 117 | 264 | 21,127 | - | 579,875 |
| 174 | - | - | 3,918 | - | 75,168 |
| 12,686 | 3,419 | - | 15,773 | - | 261,551 |
| 1,647 | 100 | - | - | - | 1,825 |
| 23,366 | 4,202 | 110 | 27,767 | - | 79,472 |
| 20 | - | - | - | - | 20 |
| 48,198 | 7,838 | 374 | 68,585 | - | 997,911 |
| | | | | | |
| 1,167 | 875 | 1,151 | 650 | - | 103,055 |
| | | | | | |
| 1,798 | 36,238 | - | 12,498 | - | 53,766 |
| 68 | - | - | 4,149 | - | 7,334 |
| 66 | 171 | - | - | - | 237 |
| 1,932 | 36,409 | - | 16,647 | - | 61,337 |
| | | | | | |
| 165,414 | 4,500 | - | 620,684 | 8,281,364 | 9,260,986 |
| $ 352,639 | $ 95,138 | $ 4,126 | $ 757,300 | $ 8,281,417 | $ 11,860,988 |

# OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled “Other”. The schedule on the following pages provide a summary of assets, liabilities, and net position/fund balance of the individually significant 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 POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2016

(Dollars in Thousands)

| FUND NAME | Statutory Cite | Assets/ Deferred Outflows | Liabilities/ Deferred Inflows | Net Position/ Fund Balance |
|---|---|---|---|---|
| OTHER PERMANENT FUNDS | | | | |
| Wildlife For Future Generations Trust Fund - Nonexpendable | TRUST 33-1-112 | 7,248 | - | 7,248 |
| Wildlife For Future Generations Trust Fund - Expendable | TRUST 33-1-112 | 1,192 | 2 | 1,190 |
| Other Permanent-Nonexpendable | TRUST | 749 | - | 749 |
| Co Veterans Monument Preservation Trust Fund - Nonexpendable | TRUST 2480-1401 | 85 | - | 85 |
| Parks For Future Generations Trust Fund - Nonexpendable | 33-10-111(6)(a) | 25 | - | 25 |
| Hall Historical Marker - Nonexpendable | TRUST 24-80-209 | 8 | - | 8 |
| Co Veterans' Monument Preservation Trust Fund - Expendable | TRUST 2480-1401 | 1 | - | 1 |
| Total Other Permanent Funds | | $ 9,308 | $ 2 | $ 9,306 |
| OTHER PRIVATE PURPOSE TRUST FUNDS | | | | |
| Supplemental Purse And Breeders Awards Fund | 12-60-704 | 633 | - | 633 |
| Early Intervention Services Trust Fund | 27-10.5-706 | 9,505 | 8,984 | 521 |
| Brand Estray Fund | 35-41-102 | 291 | 15 | 276 |
| Veteran's Private Contribution Fund | 28-5-706 | - | - | - |
| Total Other Private Purpose Funds | | $ 10,429 | $ 8,999 | $ 1,430 |
| OTHER ENTERPRISE FUNDS | | | | |
| CollegeInvest | 23-3.1-205.4 | 35,638 | 13,047 | 22,591 |
| Early Achievers Scholarship Trust | 23-3.1-206.9 | 14,822 | 74 | 14,748 |
| Capitol Parking Fund | NONE | 12,347 | 3,296 | 9,051 |
| Grounds Cash Fund | 26-1-133.5(2) | 4,438 | 921 | 3,517 |
| Other Enterprise Funds | VARIOUS | 78 | - | 78 |
| Clean Screen Authority | 42-4-307.5 | 723 | 715 | 8 |
| Work Therapy Cash Fund | 26-8-107 | 331 | 390 | (59) |
| Business Enterprise Program | 26-8.5-107 | 1,258 | 1,657 | (399) |
| Enterprise Services Fund | 24-80-209 | 3,326 | 5,797 | (2,471) |
| Brand Inspection Fund | 35-41-102 | 3,896 | 12,380 | (8,484) |
| Total Other Enterprise Funds | | $ 76,857 | $ 38,277 | $ 38,580 |
| OTHER INTERNAL SERVICE FUNDS | | | | |
| Professional Development Cash Fund | 24-50-122(2) | 820 | 1,432 | (612) |
| Debt Collection Fund | 24-30-202.4 | 2,732 | 4,420 | (1,688) |
| Total Other Internal Service Funds | | $ 3,552 | $ 5,852 | $ (2,300) |
| OTHER SPECIAL PURPOSE GENERAL FUNDS | | | | |
| School Capital Construction Assistance Fund | 22-43.7-104 | 383,132 | 12,180 | 370,952 |
| Controlled Maintenance Trust Fund | 24-75-302.5 | 70,900 | - | 70,900 |
| State Employee Reserve Fund | 24-50-104 | 46,771 | - | 46,771 |
| Economic Development Fund | 24-46-105 | 23,783 | 19 | 23,764 |
| Intellectual And Developmental Disabilities Services Cash Fund | 25.5-10-207 | 15,396 | 329 | 15,067 |
| Real Estate Proceeds Fund | 28-3-106 | 10,541 | 4 | 10,537 |
| Legislative Department Cash | 2-2-1601(1) | 10,516 | 253 | 10,263 |
| Housing Development Grant Fund | 24-32-721 | 10,389 | 634 | 9,755 |
| Indirect Cost Excess Recovery Fund | 24-75-1401 | 7,971 | 182 | 7,789 |
| Old Age Pension Stabilization Fund | 26-2-116 | 5,000 | - | 5,000 |
| Skilled Worker Outreach Recruitment & Key Training Fund | 8-83-307 | 3,198 | 46 | 3,152 |
| Ballot Information Publication & Distribution Revolving Fund | 1-40-124.5 | 2,670 | - | 2,670 |
| Natural Hazard Mapping Fund | 37-60-131(1)(a) | 2,260 | - | 2,260 |
| Underfunded Courthouse Facility Cash Fund | 13-1-304 | 2,184 | 161 | 2,023 |
| State Social Security Income Stabilization Fund | 26-2-210(1) | 1,836 | - | 1,836 |
| Older Coloradans Cash Fund | 26-11-205.5 | 4,101 | 2,271 | 1,830 |
| Persistent Drunk Driver Fund | 42-3-130.5 | 1,677 | 193 | 1,484 |
| Energy Research Cash Fund | 24-48.5-120 | 992 | 2 | 990 |
| Tax Amnesty Cash Fund | 39-21-202 | 962 | - | 962 |
| Cross-System Response For Behavioral Health Crises Pilot Pgm | BHC Pilot | 1,695 | 855 | 840 |
| Charter School Assistance Fund | 22-30.5-515 | 2,137 | 1,373 | 764 |
| Colorado Health Care Services Fund | 25.5-3-112 | 739 | - | 739 |
| Start Smart Nutrition Program Fund | 22-82.7-105 | 673 | 35 | 638 |
| Charter School Institute Fund | 22-30.5-506 | 2,471 | 1,834 | 637 |
| Conservation Trust Fund | 24-35-210(10) | 12,993 | 12,512 | 481 |

(Continued)

# COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2016

(Dollars in Thousands)

| FUND NAME | Statutory Cite | Assets/ Deferred Outflows | Liabilities/ Deferred Inflows | Net Position/ Fund Balance |
|---|---|---|---|---|
| Diseased Livestock Fund | 35-50-140.5 | 438 | - | 438 |
| Colorado Family Support Loan Fund | 27-10.5-502 | 429 | 10 | 419 |
| Firefighter Benefits Cash Fund | 29-5-302(11)(a) | 262 | - | 262 |
| Strategic Action Plan On Aging Cash Fund | 24-32-3407(1) | 232 | - | 232 |
| Legislative Expenses Fund | 2-3-1002(1) | 217 | - | 217 |
| Advanced Industries Export Acceleration Cash Fund | 24-47-103(8) | 280 | 82 | 198 |
| Advance Technology Fund | 25-16.5-105(2) | 145 | - | 145 |
| Colorado National Guard Tuition Fund | 23-5-111.4 | 124 | - | 124 |
| Hospitality Career Secondary Education Fund | 24-46.3-204 | 154 | 42 | 112 |
| Colorado Heritage Communities Fund | 24-32-3207 | 129 | 61 | 68 |
| Service Fee Fund | 26-4-410(1)D | 19 | 8 | 11 |
| Child Protection Ombudsman Program | #MULTIVALUE | 8 | - | 8 |
| Prepaid Wireless Trust Cash Fund | 29-11-102.5 | 6 | - | 6 |
| Youth Advisory Council Cash Fund | 2-2-1306 | 4 | - | 4 |
| Child Welfare Transition Cash Fund | 25.5-6-409.5(9) | 63 | 61 | 2 |
| Professional Development And Student Support Fund | 22-24-108(3)(a) | 1 | - | 1 |
| Recovery Audit Cash Fund | 24-30-203.5 | 1 | - | 1 |
| Oap Health And Medical Care Fund | 25.5-2-101(2) | 125 | 125 | - |
| Procurement Technical Assistance Cash Fund | 24-48.5-121(8) | 1 | 1 | - |
| Colorado Student Leaders Institute Cash Fund | 24-44.3-105(1) | 219 | 219 | - |
| General Fund Reserve Account(Refunds) | 39-29-107.8 | 56,800 | 56,800 | - |
| Total Other Special Purpose General Funds | | $ 684,644 | $ 90,292 | $ 594,352 |
| | | | | |
| OTHER SPECIAL REVENUE FUNDS | | | | |
| Marijuana Tax Cash Fund | 39-28.8-501 | 99,636 | 2,263 | 97,373 |
| Mortgage Fraud Custodial Funds | Settlement | 42,477 | 349 | 42,128 |
| Adult Dental Fund | 25.5-5-207(4) | 38,436 | 1,401 | 37,035 |
| Consumer Protection Custodial Funds | 6-1-103 | 35,349 | 320 | 35,029 |
| Colorado Opportunity Scholarship Initiative Fund | 23-303-1005 | 34,181 | 53 | 34,128 |
| Gear Up Scholarship Trust Fund | SETTLEMENT | 27,123 | 9 | 27,114 |
| Marijuana Cash Fund | 12-43.3-501 | 25,463 | 404 | 25,059 |
| Advance Industries Acceleration Fund | 24-48.5-117 | 19,712 | 1,519 | 18,193 |
| Supreme Court Committee Fund | COURT RULE 227 | 15,481 | 703 | 14,778 |
| Victims Compensation Fund | 24-4.1-117 | 11,418 | 13 | 11,405 |
| Victims Assistance Fund | 24-4.2-104 | 10,672 | 111 | 10,561 |
| Judicial Information Technology Cash Fund | 13-32-114 | 12,907 | 2,958 | 9,949 |
| Offender Services Fund | 16-11-214 | 7,920 | 317 | 7,603 |
| Hud Sec 8 Family Self-Sufficiency Program | 29-4-708(K) | 7,527 | 378 | 7,149 |
| Title Iv-E Waiver Demonstration Project Cash Fund | 26-5-105.4(4)(b | 7,036 | 93 | 6,943 |
| Justice Center Cash Fund | 13-32-101(7) | 6,654 | 311 | 6,343 |
| Judicial Stabilization Cash Fund | 13-32-101 | 6,246 | 556 | 5,690 |
| Correctional Treatment Cash Fund | 18-19-103(4) | 7,213 | 2,059 | 5,154 |
| Colorado Bureau Of Investigation Identification Unit Fund | 24-33.5-426 | 6,086 | 1,309 | 4,777 |
| Creative Industries Cash Fund | 24-48.5-301(2) | 4,726 | 82 | 4,644 |
| Judicial Collection Enhancement Fund | 16-11-101.6 | 4,977 | 532 | 4,445 |
| Department Of State Cash Fund | 24-21-104 | 6,148 | 1,787 | 4,361 |
| Conveyance Safety Fund | 9-5.5-111(2) | 4,056 | 20 | 4,036 |
| Process And End Users Fund | 25-17-202.5 | 6,108 | 2,135 | 3,973 |
| Criminal Alien Assistance Cash Fund | 17-1-107.5 | 3,918 | - | 3,918 |
| Supplier Database Cash Fund | 24-102-202.5 | 3,807 | - | 3,807 |
| Collection Agency Board Custodial Fund | 24-31-108 | 3,697 | 8 | 3,689 |
| Energy Efficiency Project Fund | 24-38.5-106(4) | 3,512 | - | 3,512 |
| Local Firefighter Safety And Disease Prevention Fund | 24-33.5-1231 | 3,358 | 161 | 3,197 |
| Public School Construction And Inspection Fund | 24-33.5-1207 | 3,044 | 118 | 2,926 |
| Broadband Fund | 40-15-509.5(4) | 2,841 | - | 2,841 |
| Other Education Special Revenue Funds | VARIOUS | 2,819 | 11 | 2,808 |
| Auto Theft Prevention Cash Fund | 42-5-112(4A) | 5,782 | 2,975 | 2,807 |
| Housing Rehabilitation Revolving Loans | 29-4-728 | 2,418 | 24 | 2,394 |
| Attorney'S Fees And Costs Fund | 24-31-108(2) | 2,086 | - | 2,086 |
| School Bullying Prevention And Education Cash Fund | 22-93-105(1) | 1,999 | 6 | 1,993 |
| Patient Benefit Fund | CUSTOIDAL | 1,837 | 14 | 1,823 |

(Continued)

**COMBINING SCHEDULE OF INDIVIDUAL FUND**
**ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE**
**FOR OTHER PERMANENT, PRIVATE PURPOSE,**
**ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS**
**JUNE 30, 2016**

(Dollars in Thousands)

| FUND NAME | Statutory Cite | Assets/ Deferred Outflows | Liabilities/ Deferred Inflows | Net Position/ Fund Balance |
|---|---|---|---|---|
| Help America Vote Act Fund | FED HAVA 2002 | 1,789 | 2 | 1,787 |
| Commercial Vehicle Enterprise Fund | 42-1-225(1) | 1,779 | 7 | 1,772 |
| Victims Assistance And Law Enforcement Fund | 24-33.5-506 | 1,883 | 150 | 1,733 |
| Uniform Commercial Credit Code Custodial Funds | 4-1-102 | 1,815 | 110 | 1,705 |
| Inspection And Consumer Services Cash Fund | 35-1-106.5 | 1,995 | 313 | 1,682 |
| Traumatic Brain Injury Fund | 26-1-210(1) | 2,301 | 669 | 1,632 |
| Donations - Governor'S Office | CUSTODIAL | 1,798 | 179 | 1,619 |
| Public School Transportation Fund | 22-51-103(1) | 1,783 | 217 | 1,566 |
| History Colorado Restricted Donations | 24-80-209 | 1,503 | 16 | 1,487 |
| Federal Tax Relief Act Of 2003 | FEDERAL | 1,487 | 24 | 1,463 |
| P.O.S.T. Board Cash Fund | 24-31-303(2) | 2,712 | 1,367 | 1,345 |
| Instant Criminal Background Check Fund | 24-33.5-424 | 1,516 | 227 | 1,289 |
| Mfp Rebalancing Fund | Federal | 1,279 | - | 1,279 |
| Court Security Cash Fund | 13-1-204(1) | 1,772 | 545 | 1,227 |
| Hud Community Development Block Grant Fund | 24-76-101 | 9,472 | 8,382 | 1,090 |
| State Patrol Contraband Fund | 24-33.5-225 | 983 | 7 | 976 |
| Colorado Bureau Of Investigation Contraband Fund | 24-33.5-415 | 968 | - | 968 |
| Child Care Assistance Cliff Effect Pilot Program Fund | 26-2-808(2.5) | 974 | 21 | 953 |
| Restorative Justice Surcharge Fund | 18-25-101(3) | 1,085 | 212 | 873 |
| Hud Home Grant Revolving Loan Fund | NONE | 1,898 | 1,089 | 809 |
| Plant Health, Pest Control And Environmental Protection Fund | 35-1-106.3 | 2,703 | 1,906 | 797 |
| Other Human Services Special Revenue Funds | VARIOUS | 1,308 | 515 | 793 |
| Disabled Telephone Users Fund | 40-17-104 | 1,101 | 315 | 786 |
| Insurance Fraud Cash Fund | 10-3-207.5(2) | 1,940 | 1,169 | 771 |
| Howard Fund | 26-8-104(1)C | 657 | - | 657 |
| Library Trust Fund | 24-90-105 | 637 | 7 | 630 |
| Agricultural Products Inspection Fund | 35-23-114(3) | 812 | 189 | 623 |
| Public Utilities Commission Fixed Utility Fund | 40-2-114 | 1,331 | 734 | 597 |
| Law Enforcement Grant Fund | 25-17-207(4) | 559 | - | 559 |
| Texaco Oil Overcharge Fund | SETTLEMENT | 556 | - | 556 |
| Auto Dealers License Fund | 12-6-123 | 743 | 208 | 535 |
| Uniform Consumer Credit Code Cash Fund | 5-6-204 | 1,545 | 1,023 | 522 |
| Identity Theft Financial Fraud Fund | 24-33.5-1707 | 550 | 36 | 514 |
| State Toxicology Laboratory Fund | 24-33.5-428(2)( | 546 | 86 | 460 |
| Innovative Energy Fund | 24-38.5-102.5 | 619 | 166 | 453 |
| Division Of Insurance Cash | 10-1-103 | 4,418 | 3,969 | 449 |
| Judicial Performance Cash Fund | 13-5.5-107 | 473 | 26 | 447 |
| Waste Tire Market Development Fund | 25-17-202.9 | 526 | 82 | 444 |
| Exxon Oil Overcharge Funds | SETTLEMENT | 439 | - | 439 |
| Real Estate Cash Fund | 12-61-111.5 | 3,661 | 3,275 | 386 |
| State Public Financing Fund | 24-36-121(7) | 385 | - | 385 |
| Public Deposit Administration Fund | 11-10.5-112 | 776 | 423 | 353 |
| Interstate Compact Probation Transfer Cash Fund | 18-1.3-204(4) | 346 | 3 | 343 |
| Retail Marijuana Excise Tax Fund | 12-43.3-501 | 409 | 70 | 339 |
| Hud Sec 811 Supportive Housing Person With Disablities | 29-4-708(K) | 347 | 14 | 333 |
| Waste Tire Fire Prevention Fund | 25-17-202.8 | 317 | - | 317 |
| Board Assessment Appeals Cash Fund | 39-2-125(1)H | 324 | 11 | 313 |
| Liquor Enforcement Division & State Licensing Authority | 24-35-401 | 564 | 262 | 302 |
| Family-Friendly Court Program Fund | 13-3-113(6) | 281 | 14 | 267 |
| Diamond Shamrock Settlement Funds | SETTLEMENT | 257 | - | 257 |
| Colorado Domestic Abuse Program Fund | 39-22-802 | 352 | 108 | 244 |
| Building Regulation Fund | 24-32-3309 | 312 | 68 | 244 |
| Public Education Fund | 39-22-4203 | 243 | - | 243 |
| Educator Licensure Cash Fund | 22-60.5-112 | 419 | 178 | 241 |
| Food Distribution Program Service Fund | 26-1-121(4B) | 345 | 104 | 241 |
| Homeless Prevention Program Fund | 39-22-1302 | 252 | 17 | 235 |
| Vickers Oil Overcharge Funds | E.O. 56-87 | 233 | - | 233 |
| State And Veterans Nursing Homes Patient Benefit Fund | 26-12-108(2) | 231 | - | 231 |
| State Archives And Public Records Cash Fund | 24-80-102(10) | 231 | - | 231 |
| Moffat Tunnel Cash Fund | 32-8-126 | 217 | - | 217 |
| Cervidae Disease Fund | 35-50-115 | 203 | - | 203 |
| Witness Protection Fund | 24-33.5-106 | 201 | - | 201 |
| 166 Funds with Net Assets Below $200,000 | | 55,167 | 53,517 | 1,650 |
| Total Other Special Revenue Funds | | $ 616,998 | $ 105,031 | $ 511,967 |

## NON-APPROPRIATED BUDGET SCHEDULES

The schedules on the following pages provide, by department, nonappropriated budget-to-actual activity. The budgets are based on a variety of sources that are not subject to appropriation by the General Assembly that generally include most federal awards, custodial agreements, and Colorado statutes. In Higher Education Institutions informational only appropriations for tuition and certain fees contained in the State's legislative appropriations act are not controlling. Therefore, expenditures may exceed recorded budgets in these appropriations.

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2016

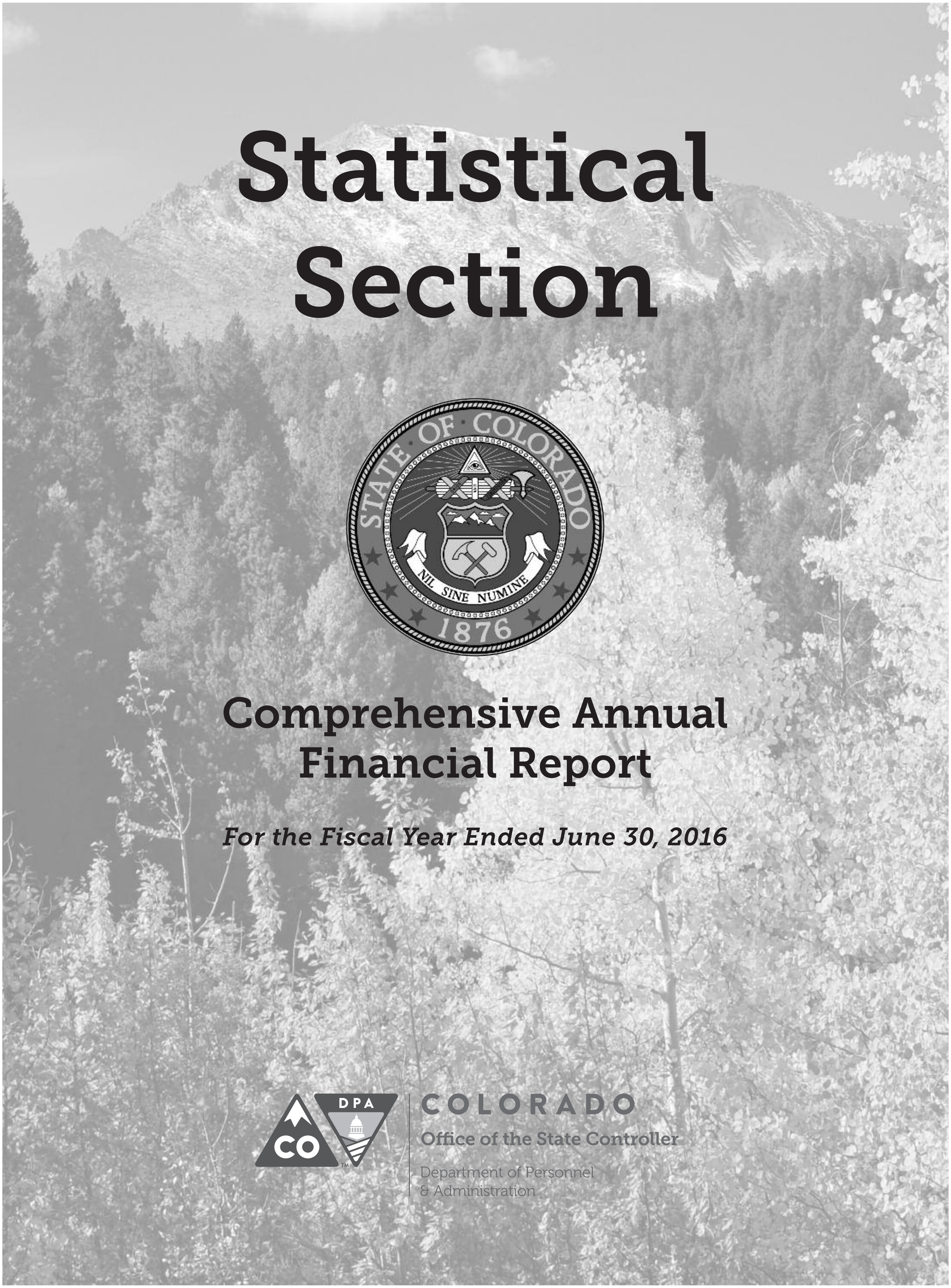
| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Sales and Other Excise Taxes | | | $ 268,914 | |
| Income Taxes | | | 592,407 | |
| Other Taxes | | | 25,217 | |
| Federal Grants and Contracts | | | 1 | |
| Sales and Services | | | 42 | |
| Interest Earnings | | | 1,117 | |
| Other Revenues | | | 2,268 | |
| Transfers-In | | | 2,619 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 892,585 | |
| EXPENDITURES AND TRANSFERS-OUT: | | | | |
| Operating Budgets: | | | | |
| Departmental: | | | | |
| Governor | $ - | $ 50 | 37 | $ 13 |
| Health Care Policy and Financing | - | 6,829 | 4,779 | 2,050 |
| Higher Education | - | 782 | 782 | - |
| Human Services | - | 8,514 | 8,514 | - |
| Labor and Employment | - | 700 | 236 | 464 |
| Local Affairs | 4,251 | 6,513 | 5,247 | 1,266 |
| Public Health and Environment | - | 3,274 | 3,274 | - |
| Regulatory Agencies | 4,150 | 4,150 | 4,150 | - |
| Revenue | 101,520 | 211,349 | 210,139 | 1,210 |
| Transportation | - | 102 | 102 | - |
| Treasury | 462,039 | 462,039 | 462,039 | - |
| Transfers Not Appropriated by Department | 271,129 | 271,129 | 221,329 | 49,800 |
| SUB-TOTAL OPERATING BUDGETS | 843,089 | 975,431 | 920,628 | 54,803 |
| TOTAL EXPENDITURES AND TRANSFERS-OUT | $ 843,089 | $ 975,431 | 920,628 | $ 54,803 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT | | | $ (28,043) | |

## SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Sales and Other Excise Taxes | | | $ 812,318 | |
| Income Taxes | | | 56,800 | |
| Other Taxes | | | 805,466 | |
| Tuition and Fees | | | 2,182,553 | |
| Sales and Services | | | 1,411,616 | |
| Interest Earnings | | | 120,561 | |
| Other Revenues | | | 2,682,273 | |
| Transfers-In | | | 5,653,581 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 13,725,168 | |
| EXPENDITURES/EXPENSES AND TRANSFERS-OUT: | | | | |
| Operating Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | $ 5,164 | $ 5,762 | 2,451 | $ 3,311 |
| Corrections | 18,856 | 39,726 | 38,098 | 1,628 |
| Education | 3,529,413 | 3,523,083 | 3,505,405 | 17,678 |
| Governor | 169,328 | 241,232 | 83,878 | 157,354 |
| Health Care Policy and Financing | 48,815 | 50,883 | 5,908 | 44,975 |
| Higher Education | 3,176,419 | 3,350,914 | 3,278,136 | 72,778 |
| Human Services | 310,353 | 161,499 | 153,057 | 8,442 |
| Judicial Branch | 44,284 | 62,531 | 54,552 | 7,979 |
| Labor and Employment | 652,269 | 652,989 | 538,512 | 114,477 |
| Law | 30,551 | 30,862 | 14,235 | 16,627 |
| Legislative Branch | 11,712 | 11,712 | 3,414 | 8,298 |
| Local Affairs | 385,596 | 395,815 | 194,646 | 201,169 |
| Military and Veterans Affairs | 858 | 1,338 | 849 | 489 |
| Natural Resources | 814,202 | 825,609 | 323,109 | 502,500 |
| Personnel & Administration | 446,648 | 451,225 | 439,888 | 11,337 |
| Public Health and Environment | 74,660 | 75,295 | 27,734 | 47,561 |
| Public Safety | 126,417 | 129,410 | 76,434 | 52,976 |
| Regulatory Agencies | 2,016 | 2,830 | 1,592 | 1,238 |
| Revenue | 384,004 | 404,648 | 335,040 | 69,608 |
| State | 437 | 437 | 427 | 10 |
| Transportation | 3,052,505 | 3,253,960 | 1,152,580 | 2,101,380 |
| Treasury | 1,948,901 | 1,953,494 | 1,935,596 | 17,898 |
| Budgets/Transfers Not Recorded by Department | 8,975 | 8,975 | 8,972 | 3 |
| SUB-TOTAL OPERATING BUDGETS | 15,242,383 | 15,634,229 | 12,174,513 | 3,459,716 |
| Capital and Multi-Year Budgets: | | | | |
| Departmental: | | | | |
| Natural Resources | 45,739 | 82,078 | 14,661 | 67,417 |
| SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS | 45,739 | 82,078 | 14,661 | 67,417 |
| TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT | $ 15,288,122 | $ 15,716,307 | 12,189,174 | $ 3,527,133 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT | | | $ 1,535,994 | |

## SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2016

| (DOLLARS IN THOUSANDS) | ORIGINAL APPROPRIATION | FINAL SPENDING AUTHORITY | ACTUAL | (OVER)/UNDER SPENDING AUTHORITY |
|---|---|---|---|---|
| REVENUES AND TRANSFERS-IN: | | | | |
| Federal Grants and Contracts | | | $ 4,057,740 | |
| TOTAL REVENUES AND TRANSFERS-IN | | | 4,057,740 | |
| EXPENDITURES/EXPENSES AND TRANSFERS-OUT: | | | | |
| Capital and Multi-Year Budgets: | | | | |
| Departmental: | | | | |
| Agriculture | $ 4,171 | $ 12,944 | 5,805 | $ 7,139 |
| Corrections | 1,260 | 5,446 | 3,896 | 1,550 |
| Education | 650,650 | 876,097 | 627,851 | 248,246 |
| Governor | 6,493 | 63,520 | 25,827 | 37,693 |
| Health Care Policy and Financing | 240,126 | 357,041 | 293,777 | 63,264 |
| Higher Education | 27,495 | 399,869 | 357,177 | 42,692 |
| Human Services | 238,457 | 1,262,992 | 1,041,211 | 221,781 |
| Judicial Branch | 9,893 | 26,881 | 22,617 | 4,264 |
| Labor and Employment | 100,821 | 210,425 | 135,061 | 75,364 |
| Law | 1,794 | 1,796 | 1,658 | 138 |
| Local Affairs | 76,876 | 283,782 | 145,276 | 138,506 |
| Military and Veterans Affairs | 215,692 | 20,296 | 13,054 | 7,242 |
| Natural Resources | 29,543 | 94,360 | 40,948 | 53,412 |
| Personnel & Administration | - | 120 | 30 | 90 |
| Public Health and Environment | 272,612 | 424,900 | 287,201 | 137,699 |
| Public Safety | 59,500 | 386,479 | 111,284 | 275,195 |
| Regulatory Agencies | 1,486 | 8,500 | 3,659 | 4,841 |
| Revenue | 824 | 3,932 | 1,511 | 2,421 |
| State | - | 2,373 | 556 | 1,817 |
| Transportation | 573,062 | 900,052 | 744,147 | 155,905 |
| Treasury | - | 104,596 | 104,596 | - |
| SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS | 2,510,755 | 5,446,401 | 3,967,142 | 1,479,259 |
| TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT | $ 2,510,755 | $ 5,446,401 | 3,967,142 | $ 1,479,259 |
| EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT | | | $ 90,598 | |



# Statistical Section

## Comprehensive Annual Financial Report

*For the Fiscal Year Ended June 30, 2016*

COLORADO
Office of the State Controller
Department of Personnel & Administration

# STATISTICAL SECTION

This section of the State of Colorado's Comprehensive Annual Financial Report presents detailed current and historical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

| | |
|---|---|
| FINANCIAL TRENDS | These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time at both the entity wide and fund-level perspectives. |
| REVENUE CAPACITY | These schedules contain information to help the reader assess the factors affecting the State's ability to generate and retain major revenue streams including income and sales taxes. |
| DEBT CAPACITY | These schedules present information to help the reader assess the sustainability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future. |
| DEMOGRAPHIC AND ECONOMIC INFORMATION | These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place. |
| OPERATING INFORMATION | These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs. |

**GOVERNMENT-WIDE**
**SCHEDULE OF NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Pooled Cash | $ 2,703,416 | $ 2,696,950 | $ 2,302,356 | $ 2,549,620 |
| Investments | - | - | 8,460 | 3,497 |
| Taxes Receivable, net | 1,251,185 | 1,252,907 | 1,224,629 | 1,118,329 |
| Other Receivables, net | 572,655 | 450,805 | 210,062 | 189,937 |
| Due From Other Governments | 440,053 | 787,269 | 570,721 | 369,249 |
| Internal Balances | 28,967 | 28,022 | 19,336 | 23,801 |
| Due From Component Units | 347 | 135 | 54 | 119 |
| Inventories | 53,261 | 54,194 | 53,125 | 55,319 |
| Prepaids, Advances and Deposits | 67,468 | 67,917 | 73,025 | 57,465 |
| Total Current Assets | 5,117,352 | 5,338,199 | 4,461,768 | 4,367,336 |
| Noncurrent Assets: | | | | |
| Restricted Assets: | | | | |
| Restricted Cash and Pooled Cash | 1,923,920 | 2,140,729 | 2,554,938 | 1,798,432 |
| Restricted Investments | 732,662 | 761,140 | 657,772 | 598,209 |
| Restricted Receivables | 510,028 | 363,300 | 258,107 | 176,055 |
| Investments | 219,369 | 280,100 | 428,321 | 464,535 |
| Other Long-Term Assets | 675,809 | 636,260 | 686,349 | 740,735 |
| Depreciable Capital Assets and Infrastructure, net | 9,976,023 | 9,772,651 | 9,600,423 | 9,312,959 |
| Land and Nondepreciable Capital Assets | 1,851,910 | 1,968,227 | 1,931,832 | 2,170,769 |
| Depreciable Capital Assets for Investment | 33,055 | - | - | - |
| Total Noncurrent Assets | 15,922,776 | 15,922,407 | 16,117,742 | 15,261,694 |
| TOTAL ASSETS | 21,040,128 | 21,260,606 | 20,579,510 | 19,629,030 |
| DEFERRED OUTFLOW OF RESOURCES: | 818,761 | 350,796 | 18,289 | - |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Tax Refunds Payable | 856,076 | 669,992 | 718,211 | 718,077 |
| Accounts Payable and Accrued Liabilities | 1,166,681 | 1,367,263 | 1,043,961 | 742,225 |
| TABOR Refund Liability (Note 8B) | 31,358 | 173,346 | 706 | 706 |
| Due To Other Governments | 232,724 | 233,087 | 245,300 | 198,953 |
| Due To Other Funds | - | - | - | - |
| Due To Component Units | - | - | 15 | 81 |
| Unearned Revenue | 123,769 | 100,467 | 92,674 | 95,026 |
| Obligations Under Securities Lending | - | - | - | - |
| Accrued Compensated Absences | 11,522 | 12,185 | 10,470 | 10,955 |
| Claims and Judgments Payable | 46,343 | 47,682 | 61,623 | 46,873 |
| Leases Payable | 28,261 | 27,760 | 26,941 | 20,004 |
| Notes, Bonds, and COPs Payable | 171,835 | 200,975 | 187,910 | 174,340 |
| Other Postemployment Benefits | - | - | - | - |
| Other Current Liabilities | 29,525 | 19,052 | 19,979 | 14,834 |
| Total Current Liabilities | 2,698,094 | 2,851,809 | 2,407,790 | 2,022,074 |
| Noncurrent Liabilities: | | | | |
| Due to Other Funds | - | - | - | - |
| Deposits Held In Custody For Others | 90 | 139 | 139 | 17 |
| Accrued Compensated Absences | 154,510 | 149,817 | 145,992 | 138,413 |
| Claims and Judgments Payable | 276,010 | 299,785 | 301,591 | 323,451 |
| Capital Lease Payable | 122,404 | 144,569 | 148,055 | 131,006 |
| Capital Lease Payable To Component Units | - | - | - | - |
| Derivative Instrument Liability | - | - | - | - |
| Notes, Bonds, and COPs Payable | 1,174,467 | 1,331,892 | 1,541,225 | 1,611,220 |
| Due to Component Units | - | - | - | - |
| Net Pension Liability | 6,295,004 | 5,565,526 | | |
| Other Postemployment Benefits | - | - | - | - |
| Other Long-Term Liabilities | 415,669 | 423,809 | 402,954 | 444,118 |
| Total Noncurrent Liabilities | 8,438,154 | 7,915,537 | 2,539,956 | 2,648,225 |
| TOTAL LIABILITIES | 11,136,248 | 10,767,346 | 4,947,746 | 4,670,299 |
| DEFERRED INFLOW OF RESOURCES: | 133,375 | 47,262 | 338 | - |
| Net investment in Capital Assets: | 11,330,474 | 10,654,690 | 10,125,644 | 10,107,082 |
| Restricted for: | | | | |
| Construction and Highway Maintenance | 966,743 | 936,535 | 1,080,201 | 1,145,997 |
| Education | 309,957 | 766,688 | 1,110,180 | 1,265,476 |
| Unemployment Insurance | - | - | - | - |
| Debt Service | 68,105 | 56,534 | 44,752 | 33,113 |
| Emergencies | 217,328 | 217,328 | 153,150 | 161,350 |
| Permanent Funds and Endowments: | | | | |
| Expendable | 5,801 | 7,301 | 7,271 | 6,328 |
| Nonexpendable | 950,976 | 896,872 | 800,132 | 694,564 |
| Other Purposes | 717,185 | 626,649 | 358,694 | 349,811 |
| Unrestricted | (3,977,303) | (3,365,803) | 1,969,691 | 1,195,010 |
| TOTAL NET POSITION | $ 10,589,266 | $ 10,796,794 | $ 15,649,715 | $ 14,958,731 |

| GOVERNMENTAL ACTIVITIES | | | | | |
|---|---|---|---|---|---|
| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
| $ 1,969,331 | $ 1,548,435 | $ 1,962,934 | $ 2,217,711 | $ 2,632,601 | $ 2,455,425 |
| 1,726 | 45,548 | 15,224 | 1,498 | 565 | 998 |
| 1,012,147 | 830,730 | 857,246 | 920,086 | 946,077 | 956,149 |
| 156,126 | 147,768 | 158,060 | 182,540 | 188,347 | 153,218 |
| 318,460 | 486,655 | 516,248 | 475,997 | 355,519 | 280,637 |
| 15,964 | 18,620 | 14,153 | 14,617 | 14,545 | 13,756 |
| 137 | 62 | 84 | 66 | 63 | 65 |
| 17,057 | 19,837 | 16,468 | 16,183 | 16,703 | 14,053 |
| 53,961 | 56,543 | 38,591 | 33,244 | 23,790 | 28,527 |
| 3,544,909 | 3,154,198 | 3,579,008 | 3,861,942 | 4,178,210 | 3,902,828 |
| 1,779,413 | 1,635,476 | 1,572,925 | 1,813,365 | 2,061,543 | 1,689,703 |
| 591,083 | 1,097,797 | 687,314 | 694,311 | 620,325 | 552,211 |
| 181,932 | 173,347 | 195,753 | 184,120 | 187,018 | 279,140 |
| 416,674 | 52,343 | 529,059 | 98,815 | 96,743 | 80,695 |
| 712,736 | 761,498 | 644,867 | 600,020 | 442,911 | 425,886 |
| 9,602,516 | 9,331,295 | 9,689,916 | 2,360,036 | 2,282,645 | 1,288,308 |
| 1,903,604 | 1,780,945 | 1,637,224 | 10,480,438 | 10,291,250 | 11,799,975 |
| - | - | - | - | - | - |
| 15,187,958 | 14,832,701 | 14,957,058 | 16,231,105 | 15,982,435 | 16,115,918 |
| 18,732,867 | 17,986,899 | 18,536,066 | 20,093,047 | 20,160,645 | 20,018,746 |
| - | - | - | - | - | - |
| 661,829 | 625,145 | 664,781 | 633,722 | 561,117 | 486,576 |
| 677,471 | 785,496 | 847,550 | 779,008 | 837,311 | 694,602 |
| 706 | 706 | 706 | 706 | 706 | 727 |
| 228,229 | 216,956 | 181,684 | 223,415 | 183,696 | 176,864 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 125,174 | 111,506 | 128,404 | 150,632 | 97,174 | 65,389 |
| - | - | - | - | - | - |
| 9,859 | 9,741 | 10,287 | 8,930 | 9,776 | 9,533 |
| 44,858 | 44,641 | 44,181 | 36,936 | 37,775 | 40,948 |
| 14,387 | 12,872 | 11,384 | 8,227 | 6,002 | 2,807 |
| 162,670 | 145,165 | 642,445 | 637,066 | 574,150 | 457,250 |
| - | - | - | - | - | - |
| 16,531 | 13,748 | 20,432 | 9,818 | 11,794 | 9,615 |
| 1,941,714 | 1,965,976 | 2,551,854 | 2,488,460 | 2,319,501 | 1,944,311 |
| - | - | - | - | - | - |
| 16 | 14 | 13 | 16 | 16 | 17 |
| 132,394 | 137,139 | 138,224 | 140,675 | 128,760 | 116,262 |
| 330,516 | 340,003 | 347,394 | 358,371 | 335,636 | 295,874 |
| 107,042 | 94,716 | 85,746 | 83,586 | 54,029 | 27,649 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,614,293 | 1,621,749 | 1,554,964 | 1,146,960 | 1,274,720 | 1,390,671 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 427,828 | 434,194 | 402,599 | 397,774 | 217,793 | 206,972 |
| 2,612,089 | 2,627,815 | 2,528,940 | 2,127,382 | 2,010,954 | 2,037,445 |
| 4,553,803 | 4,593,791 | 5,080,794 | 4,615,842 | 4,330,455 | 3,981,756 |
| - | - | - | - | - | - |
| 10,107,432 | 9,836,378 | 10,118,621 | 11,631,061 | 11,348,995 | 11,804,908 |
| 1,176,269 | 1,160,789 | 1,198,849 | 1,220,524 | 1,350,485 | 1,196,903 |
| 280,269 | 485,171 | 194,586 | 338,365 | 353,149 | 225,818 |
| - | - | - | - | - | - |
| 21,453 | 10,127 | 4,093 | 558 | 558 | 558 |
| 72,850 | 85,400 | 94,000 | 93,550 | 93,000 | 85,760 |
| 6,024 | 8,017 | 11,130 | 8,588 | 2,333 | 1,782 |
| 684,953 | 641,802 | 643,148 | 623,619 | 587,733 | 515,997 |
| 340,818 | 315,082 | 138,826 | 197,918 | 231,532 | 299,777 |
| 1,488,996 | 850,342 | 1,052,019 | 1,363,022 | 1,862,405 | 1,905,487 |
| $ 14,179,064 | $ 13,393,108 | $ 13,455,272 | $ 15,477,205 | $ 15,830,190 | $ 16,036,990 |

**GOVERNMENT-WIDE**
**SCHEDULE OF NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Pooled Cash | $ 2,525,453 | $ 2,454,684 | $ 2,246,115 | $ 2,169,314 |
| Investments | 392,188 | 378,115 | 254,744 | 281,822 |
| Taxes Receivable, net | 123,638 | 142,241 | 135,207 | 137,970 |
| Other Receivables, net | 640,664 | 430,306 | 408,364 | 381,351 |
| Due From Other Governments | 94,860 | 134,455 | 150,697 | 155,190 |
| Internal Balances | (28,967) | (28,022) | (19,336) | (23,801) |
| Due From Component Units | 18,188 | 11,370 | 23,716 | 18,969 |
| Inventories | 54,748 | 57,950 | 54,015 | 52,826 |
| Prepaids, Advances and Deposits | 28,756 | 28,186 | 37,433 | 24,806 |
| Total Current Assets | 3,849,528 | 3,609,285 | 3,290,955 | 3,198,447 |
| Noncurrent Assets: | | | | |
| Restricted Assets: | | | | |
| Restricted Cash and Pooled Cash | 457,926 | 499,742 | 429,965 | 352,234 |
| Restricted Investments | 167,540 | 246,783 | 303,678 | 292,283 |
| Restricted Receivables | 40,009 | 31,609 | 45,477 | 45,264 |
| Investments | 1,941,040 | 1,969,155 | 1,896,811 | 1,746,078 |
| Other Long-Term Assets | 129,425 | 129,850 | 99,380 | 128,105 |
| Depreciable Capital Assets and Infrastructure, net | 7,050,226 | 6,190,355 | 5,876,698 | 5,463,065 |
| Land and Nondepreciable Capital Assets | 1,652,441 | 1,788,595 | 1,370,142 | 1,229,761 |
| Depreciable Capital Assets for Investment | - | - | - | - |
| Total Noncurrent Assets | 11,438,607 | 10,856,089 | 10,022,151 | 9,256,790 |
| TOTAL ASSETS | 15,288,135 | 14,465,374 | 13,313,106 | 12,455,237 |
| DEFERRED OUTFLOW OF RESOURCES: | 649,853 | 348,635 | 118,103 | 551 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Tax Refunds Payable | - | - | - | - |
| Accounts Payable and Accrued Liabilities | 771,248 | 751,171 | 659,085 | 602,571 |
| TABOR Refund Liability (Note 8B) | - | - | - | - |
| Due To Other Governments | 38,615 | 22,048 | 30,805 | 34,169 |
| Due To Other Funds | - | - | - | - |
| Due To Component Units | 645 | 623 | 528 | 343 |
| Unearned Revenue | 306,222 | 407,108 | 346,264 | 305,108 |
| Obligations Under Securities Lending | - | - | - | - |
| Accrued Compensated Absences | 22,761 | 20,960 | 18,117 | 16,609 |
| Claims and Judgments Payable | - | - | - | - |
| Leases Payable | 9,132 | 8,618 | 6,610 | 6,575 |
| Notes, Bonds, and COPs Payable | 267,134 | 251,947 | 244,366 | 233,811 |
| Other Postemployment Benefits | - | - | 14,076 | 17,052 |
| Other Current Liabilities | 139,765 | 125,054 | 127,033 | 142,868 |
| Total Current Liabilities | 1,555,522 | 1,587,529 | 1,446,884 | 1,359,106 |
| Noncurrent Liabilities: | | | | |
| Due to Other Funds | - | - | - | - |
| Deposits Held In Custody For Others | 20 | - | - | - |
| Accrued Compensated Absences | 293,365 | 268,600 | 250,148 | 236,329 |
| Claims and Judgments Payable | 39,657 | 41,460 | 40,982 | 38,993 |
| Capital Lease Payable | 47,994 | 45,663 | 35,582 | 35,153 |
| Capital Lease Payable To Component Units | - | - | - | - |
| Derivative Instrument Liability | 13,222 | 9,515 | 8,566 | 8,333 |
| Notes, Bonds, and COPs Payable | 4,480,091 | 4,418,327 | 4,131,227 | 3,898,265 |
| Due to Component Units | 1,631 | 1,661 | 1,743 | 1,755 |
| Net Pension Liability | 3,957,073 | 3,579,748 | | |
| Other Postemployment Benefits | 289,133 | 241,779 | 181,511 | 177,176 |
| Other Long-Term Liabilities | 28,569 | 83,521 | 44,768 | 11,972 |
| Total Noncurrent Liabilities | 9,150,755 | 8,690,274 | 4,694,527 | 4,407,976 |
| TOTAL LIABILITIES | 10,706,277 | 10,277,803 | 6,141,411 | 5,767,082 |
| DEFERRED INFLOW OF RESOURCES: | 250,058 | 38,380 | - | - |
| Net investment in Capital Assets: | 5,051,345 | 4,417,947 | 3,653,265 | 3,571,408 |
| Restricted for: | | | | |
| Construction and Highway Maintenance | - | - | - | - |
| Education | 462,636 | 439,535 | 642,611 | - |
| Unemployment Insurance | 740,049 | 620,575 | 402,770 | 218,076 |
| Debt Service | 85,617 | 75,666 | 39,862 | 8,439 |
| Emergencies | 34,000 | 34,000 | 34,000 | 34,000 |
| Permanent Funds and Endowments: | | | | |
| Expendable | 157,611 | 150,270 | 7,901 | 11,716 |
| Nonexpendable | 83,274 | 87,679 | 64,712 | 61,159 |
| Other Purposes | 101,209 | 88,686 | 56,296 | 631,921 |
| Unrestricted | (1,734,088) | (1,416,530) | 2,388,381 | 2,151,987 |
| TOTAL NET POSITION | $ 4,981,653 | $ 4,497,828 | $ 7,289,798 | $ 6,688,706 |

**BUSINESS-TYPE ACTIVITIES**

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 2,011,437 | $ 1,306,800 | $ 1,176,181 | $ 1,220,190 | $ 1,555,782 | $ 1,430,836 |
| 160,099 | 273,605 | 253,270 | 386,948 | 272,804 | 326,087 |
| 159,303 | 186,161 | 90,005 | 73,326 | 82,431 | 81,745 |
| 330,216 | 302,042 | 282,053 | 245,768 | 239,790 | 219,488 |
| 218,667 | 177,822 | 158,787 | 142,961 | 125,894 | 126,391 |
| (15,964) | (18,620) | (14,153) | (14,617) | (14,545) | (13,756) |
| 18,715 | 19,736 | 14,474 | 12,630 | 16,348 | 15,334 |
| 53,318 | 43,600 | 42,779 | 42,467 | 42,271 | 38,000 |
| 24,160 | 18,018 | 19,244 | 20,091 | 17,055 | 15,751 |
| 2,959,951 | 2,309,164 | 2,022,640 | 2,129,764 | 2,337,830 | 2,239,876 |
| 372,457 | 409,652 | 353,164 | 368,308 | 446,681 | 149,811 |
| 293,711 | 98,146 | 239,719 | 201,025 | 259,115 | 555,310 |
| 80,975 | 24,980 | 239,041 | 1,916,974 | 1,716,722 | 1,408,588 |
| 1,769,909 | 1,623,569 | 1,206,671 | 1,154,901 | 1,008,382 | 972,922 |
| 114,118 | 122,939 | 119,387 | 123,599 | 119,650 | 112,693 |
| 5,250,256 | 4,662,346 | 3,912,771 | 3,594,383 | 3,464,979 | 2,851,692 |
| 1,019,556 | 938,544 | 1,207,048 | 928,243 | 576,755 | 835,182 |
| - | - | - | - | - | - |
| 8,900,982 | 7,880,176 | 7,277,801 | 8,287,433 | 7,592,284 | 6,886,198 |
| 11,860,933 | 10,189,340 | 9,300,441 | 10,417,197 | 9,930,114 | 9,126,074 |
| 5,005 | - | 7,778 | - | - | - |
| - | - | - | - | - | - |
| 623,458 | 556,294 | 596,926 | 506,318 | 467,741 | 413,788 |
| - | - | - | - | - | - |
| 53,622 | 331,246 | 406,275 | 182,922 | 26,885 | 38,501 |
| - | - | - | - | - | - |
| 123 | 524 | 466 | 930 | 1,112 | 273 |
| 237,530 | 234,662 | 232,371 | 207,551 | 190,528 | 183,805 |
| - | - | - | - | - | - |
| 14,942 | 14,579 | 13,035 | 12,753 | 12,745 | 12,578 |
| - | - | - | - | 7,398 | 11,717 |
| 5,853 | 4,950 | 6,672 | 6,282 | 5,976 | 4,950 |
| 243,601 | 79,106 | 100,329 | 85,456 | 75,567 | 62,998 |
| 15,721 | | | | | |
| 110,667 | 141,484 | 126,232 | 241,129 | 208,542 | 126,574 |
| 1,305,517 | 1,362,845 | 1,482,306 | 1,243,341 | 996,494 | 855,184 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 219,026 | 205,621 | 196,295 | 185,420 | 166,402 | 153,320 |
| 36,472 | 35,373 | 29,461 | 27,541 | 28,482 | 28,220 |
| 33,185 | 43,466 | 76,702 | 83,206 | 83,113 | 63,671 |
| - | - | - | 4,285 | 4,285 | - |
| 12,994 | 6,182 | 7,778 | - | - | - |
| 3,938,320 | 3,117,100 | 2,682,987 | 3,917,559 | 3,466,484 | 3,100,764 |
| 1,758 | 2,374 | 2,501 | 723 | 1,233 | - |
| 139,653 | 105,876 | 47,259 | 31,689 | 15,775 | - |
| 39,015 | 43,814 | 36,450 | 43,321 | 40,756 | 54,097 |
| 4,420,423 | 3,559,806 | 3,079,433 | 4,293,744 | 3,806,530 | 3,400,072 |
| 5,725,940 | 4,922,651 | 4,561,739 | 5,537,085 | 4,803,024 | 4,255,256 |
| - | 2,006 | - | - | - | - |
| 3,386,411 | 2,990,094 | 2,854,803 | 2,665,270 | 2,411,662 | 2,256,929 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 64,433 | - | - | 392,984 | 765,533 | 675,574 |
| 7,464 | 6,753 | 6,100 | 111,778 | 180,409 | 125,656 |
| 10,005 | 12,368 | 16,257 | 21,282 | 33,716 | 37,472 |
| 6,975 | 5,936 | 6,825 | 6,935 | 9,592 | 5,313 |
| 38,798 | 73,956 | 71,738 | 70,420 | 74,479 | 97,821 |
| 629,655 | 657,292 | 630,890 | 582,006 | 491,492 | 411,112 |
| 1,996,257 | 1,518,284 | 1,159,867 | 1,029,437 | 1,160,207 | 1,260,941 |
| $ 6,139,998 | $ 5,264,683 | $ 4,746,480 | $ 4,880,112 | $ 5,127,090 | $ 4,870,818 |

**GOVERNMENT-WIDE**
**SCHEDULE OF NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and Pooled Cash | $ 5,228,869 | $ 5,151,634 | $ 4,548,471 | $ 4,718,934 |
| Investments | 392,188 | 378,115 | 263,204 | 285,319 |
| Taxes Receivable, net | 1,374,823 | 1,395,148 | 1,359,836 | 1,256,299 |
| Other Receivables, net | 1,213,319 | 881,111 | 618,426 | 571,288 |
| Due From Other Governments | 534,913 | 921,724 | 721,418 | 524,439 |
| Internal Balances | - | - | - | - |
| Due From Component Units | 18,535 | 11,505 | 23,770 | 19,088 |
| Inventories | 108,009 | 112,144 | 107,140 | 108,145 |
| Prepaids, Advances and Deposits | 96,224 | 96,103 | 110,458 | 82,271 |
| Total Current Assets | 8,966,880 | 8,947,484 | 7,752,723 | 7,565,783 |
| Noncurrent Assets: | | | | |
| Restricted Assets: | | | | |
| Restricted Cash and Pooled Cash | 2,381,846 | 2,640,471 | 2,984,903 | 2,150,666 |
| Restricted Investments | 900,202 | 1,007,923 | 961,450 | 890,492 |
| Restricted Receivables | 550,037 | 394,909 | 303,584 | 221,319 |
| Investments | 2,160,409 | 2,249,255 | 2,325,132 | 2,210,613 |
| Other Long-Term Assets | 805,234 | 766,110 | 785,729 | 868,840 |
| Depreciable Capital Assets and Infrastructure, net | 17,026,249 | 15,963,006 | 15,477,121 | 14,776,024 |
| Land and Nondepreciable Capital Assets | 3,504,351 | 3,756,822 | 3,301,974 | 3,400,530 |
| Depreciable Capital Assets for Investment | 33,055 | - | - | - |
| Total Noncurrent Assets | 27,361,383 | 26,778,496 | 26,139,893 | 24,518,484 |
| TOTAL ASSETS | 36,328,263 | 35,725,980 | 33,892,616 | 32,084,267 |
| DEFERRED OUTFLOW OF RESOURCES: | 1,468,614 | 699,431 | 136,392 | 551 |
| LIABILITIES: | | | | |
| Current Liabilities: | | | | |
| Tax Refunds Payable | 856,076 | 669,992 | 718,211 | 718,077 |
| Accounts Payable and Accrued Liabilities | 1,937,929 | 2,118,434 | 1,703,046 | 1,344,796 |
| TABOR Refund Liability (Note 8B) | 31,358 | 173,346 | 706 | 706 |
| Due To Other Governments | 271,339 | 255,135 | 276,105 | 233,122 |
| Due To Other Funds | - | - | - | - |
| Due To Component Units | 645 | 623 | 543 | 424 |
| Unearned Revenue | 429,991 | 507,575 | 438,938 | 400,134 |
| Obligations Under Securities Lending | - | - | - | - |
| Accrued Compensated Absences | 34,283 | 33,145 | 28,587 | 27,564 |
| Claims and Judgments Payable | 46,343 | 47,682 | 61,623 | 46,873 |
| Leases Payable | 37,393 | 36,378 | 33,551 | 26,579 |
| Notes, Bonds, and COPs Payable | 438,969 | 452,922 | 432,276 | 408,151 |
| Other Postemployment Benefits | - | - | 14,076 | 17,052 |
| Other Current Liabilities | 169,290 | 144,106 | 147,012 | 157,702 |
| Total Current Liabilities | 4,253,616 | 4,439,338 | 3,854,674 | 3,381,180 |
| Noncurrent Liabilities: | | | | |
| Due to Other Funds | | | | |
| Deposits Held In Custody For Others | 110 | 139 | 139 | 17 |
| Accrued Compensated Absences | 447,875 | 418,417 | 396,140 | 374,742 |
| Claims and Judgments Payable | 315,667 | 341,245 | 342,573 | 362,444 |
| Capital Lease Payable | 170,398 | 190,232 | 183,637 | 166,159 |
| Capital Lease Payable To Component Units | - | - | - | - |
| Derivative Instrument Liability | 13,222 | 9,515 | 8,566 | 8,333 |
| Notes, Bonds, and COPs Payable | 5,654,558 | 5,750,219 | 5,672,452 | 5,509,485 |
| Due to Component Units | 1,631 | 1,661 | 1,743 | 1,755 |
| Net Pension Liability | 10,252,077 | 9,145,274 | | |
| Other Postemployment Benefits | 289,133 | 241,779 | 181,511 | 177,176 |
| Other Long-Term Liabilities | 444,238 | 507,330 | 447,722 | 456,090 |
| Total Noncurrent Liabilities | 17,588,909 | 16,605,811 | 7,234,483 | 7,056,201 |
| TOTAL LIABILITIES | 21,842,525 | 21,045,149 | 11,089,157 | 10,437,381 |
| DEFERRED INFLOW OF RESOURCES: | 383,433 | 85,642 | 338 | - |
| Net investment in Capital Assets: | 16,381,819 | 15,072,637 | 13,778,909 | 13,678,490 |
| Restricted for: | | | | |
| Construction and Highway Maintenance | 966,743 | 936,535 | 1,080,201 | 1,145,997 |
| Education | 772,593 | 1,206,223 | 1,752,791 | 1,265,476 |
| Unemployment Insurance | 740,049 | 620,575 | 402,770 | 218,076 |
| Debt Service | 153,722 | 132,200 | 84,614 | 41,552 |
| Emergencies | 251,328 | 251,328 | 187,150 | 195,350 |
| Permanent Funds and Endowments: | | | | |
| Expendable | 163,412 | 157,571 | 15,172 | 18,044 |
| Nonexpendable | 1,034,250 | 984,551 | 864,844 | 755,723 |
| Other Purposes | 818,394 | 715,335 | 414,990 | 981,732 |
| Unrestricted | (5,711,391) | (4,782,333) | 4,358,072 | 3,346,997 |
| TOTAL NET POSITION | $ 15,570,919 | $ 15,294,622 | $ 22,939,513 | $ 21,647,437 |

**TOTAL PRIMARY GOVERNMENT**

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---:|---:|---:|---:|---:|---:|
| $ 3,980,768 | $ 2,855,235 | $ 3,139,115 | $ 3,437,901 | $ 4,188,383 | $ 3,886,261 |
| 161,825 | 319,153 | 268,494 | 388,446 | 273,369 | 327,085 |
| 1,171,450 | 1,016,891 | 947,251 | 993,412 | 1,028,508 | 1,037,894 |
| 486,342 | 449,810 | 440,113 | 428,308 | 428,137 | 372,706 |
| 537,127 | 664,477 | 675,035 | 618,958 | 481,413 | 407,028 |
| - | - | - | - | - | - |
| 18,852 | 19,798 | 14,558 | 12,696 | 16,411 | 15,399 |
| 70,375 | 63,437 | 59,247 | 58,650 | 58,974 | 52,053 |
| 78,121 | 74,561 | 57,835 | 53,335 | 40,845 | 44,278 |
| 6,504,860 | 5,463,362 | 5,601,648 | 5,991,706 | 6,516,040 | 6,142,704 |
| 2,151,870 | 2,045,128 | 1,926,089 | 2,181,673 | 2,508,224 | 1,839,514 |
| 884,794 | 1,195,943 | 927,033 | 895,336 | 879,440 | 1,107,521 |
| 262,907 | 198,327 | 434,794 | 2,101,094 | 1,903,740 | 1,687,728 |
| 2,186,583 | 1,675,912 | 1,735,730 | 1,253,716 | 1,105,125 | 1,053,617 |
| 826,854 | 884,437 | 764,254 | 723,619 | 562,561 | 538,579 |
| 14,852,772 | 13,993,641 | 13,602,687 | 5,954,419 | 5,747,624 | 4,140,000 |
| 2,923,160 | 2,719,489 | 2,844,272 | 11,408,681 | 10,868,005 | 12,635,157 |
| - | - | - | - | - | - |
| 24,088,940 | 22,712,877 | 22,234,859 | 24,518,538 | 23,574,719 | 23,002,116 |
| 30,593,800 | 28,176,239 | 27,836,507 | 30,510,244 | 30,090,759 | 29,144,820 |
| 5,005 | - | 7,778 | - | - | - |
| 661,829 | 625,145 | 664,781 | 633,722 | 561,117 | 486,576 |
| 1,300,929 | 1,341,790 | 1,444,476 | 1,285,326 | 1,305,052 | 1,108,390 |
| 706 | 706 | 706 | 706 | 706 | 727 |
| 281,851 | 548,202 | 587,959 | 406,337 | 210,581 | 215,365 |
| - | - | - | - | - | - |
| 123 | 524 | 466 | 930 | 1,112 | 273 |
| 362,704 | 346,168 | 360,775 | 358,183 | 287,702 | 249,194 |
| - | - | - | - | - | - |
| 24,801 | 24,320 | 23,322 | 21,683 | 22,521 | 22,111 |
| 44,858 | 44,641 | 44,181 | 36,936 | 45,173 | 52,665 |
| 20,240 | 17,822 | 18,056 | 14,509 | 11,978 | 7,757 |
| 406,271 | 224,271 | 742,774 | 722,522 | 649,717 | 520,248 |
| 15,721 | - | - | - | - | - |
| 127,198 | 155,232 | 146,664 | 250,947 | 220,336 | 136,189 |
| 3,247,231 | 3,328,821 | 4,034,160 | 3,731,801 | 3,315,995 | 2,799,495 |
| 16 | 14 | 13 | 16 | 16 | 17 |
| 351,420 | 342,760 | 334,519 | 326,095 | 295,162 | 269,582 |
| 366,988 | 375,376 | 376,855 | 385,912 | 364,118 | 324,094 |
| 140,227 | 138,182 | 162,448 | 166,792 | 137,142 | 91,320 |
| - | - | - | 4,285 | 4,285 | - |
| 12,994 | 6,182 | 7,778 | - | - | - |
| 5,552,613 | 4,738,849 | 4,237,951 | 5,064,519 | 4,741,204 | 4,491,435 |
| 1,758 | 2,374 | 2,501 | 723 | 1,233 | - |
| 139,653 | 105,876 | 47,259 | 31,689 | 15,775 | - |
| 466,843 | 478,008 | 439,049 | 441,095 | 258,549 | 261,069 |
| 7,032,512 | 6,187,621 | 5,608,373 | 6,421,126 | 5,817,484 | 5,437,517 |
| 10,279,743 | 9,516,442 | 9,642,533 | 10,152,927 | 9,133,479 | 8,237,012 |
| - | 2,006 | - | - | - | - |
| 13,493,843 | 12,826,472 | 12,973,424 | 14,296,331 | 13,760,657 | 14,061,837 |
| 1,176,269 | 1,160,789 | 1,198,849 | 1,220,524 | 1,350,485 | 1,196,903 |
| 280,269 | 485,171 | 194,586 | 338,365 | 353,149 | 225,818 |
| 64,433 | - | - | 392,984 | 765,533 | 675,574 |
| 28,917 | 16,880 | 10,193 | 112,336 | 180,967 | 126,214 |
| 82,855 | 97,768 | 110,257 | 114,832 | 126,716 | 123,232 |
| 12,999 | 13,953 | 17,955 | 15,523 | 11,925 | 7,095 |
| 723,751 | 715,758 | 714,886 | 694,039 | 662,212 | 613,818 |
| 970,473 | 972,374 | 769,716 | 779,924 | 723,024 | 710,889 |
| 3,485,253 | 2,368,626 | 2,211,886 | 2,392,459 | 3,022,612 | 3,166,428 |
| $ 20,319,062 | $ 18,657,791 | $ 18,201,752 | $ 20,357,317 | $ 20,957,280 | $ 20,907,808 |

**GOVERNMENT-WIDE**
**SCHEDULE OF CHANGES IN NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| Functions/Programs | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| PROGRAM REVENUES: | | | | |
| Charges for Services: | | | | |
| Licenses and Permits | $ 518,820 | $ 501,319 | $ 472,215 | $ 447,232 |
| Service Fees | 1,139,226 | 879,139 | 901,839 | 965,614 |
| Education - Tuition, Fees, and Sales | - | - | - | - |
| Fines and Forfeits | 195,256 | 201,021 | 181,098 | 248,520 |
| Rents and Royalties | 142,752 | 199,067 | 182,893 | 133,901 |
| Sales of Products | 3,303 | 3,390 | 2,141 | 2,851 |
| Unemployment Surcharge | 30,768 | 29,381 | 28,635 | 25,724 |
| Other | 143,251 | 131,151 | 144,949 | 127,083 |
| Operating Grants and Contributions | 8,578,146 | 7,726,668 | 6,782,914 | 5,860,052 |
| Capital Grants and Contributions | 819,321 | 817,469 | 728,544 | 700,548 |
| TOTAL PROGRAM REVENUES | 11,570,843 | 10,488,605 | 9,425,228 | 8,511,525 |
| EXPENSES: | | | | |
| General Government | 485,611 | 449,261 | 447,359 | 555,507 |
| Business, Community, and Consumer Affairs | 777,458 | 711,558 | 641,182 | 584,300 |
| Education | 5,859,964 | 5,687,573 | 5,472,563 | 5,187,481 |
| Health and Rehabilitation | 2,898,841 | 822,556 | 720,997 | 697,795 |
| Justice | 2,209,158 | 2,075,534 | 1,840,989 | 1,655,057 |
| Natural Resources | 135,491 | 120,374 | 92,383 | 77,934 |
| Social Assistance | 8,825,599 | 9,627,104 | 8,089,560 | 7,174,711 |
| Transportation | 1,830,368 | 1,896,904 | 1,872,441 | 1,769,013 |
| Payments to School Districts | - | - | - | - |
| Payments to Other Governments | - | - | - | - |
| Interest on Debt | 62,021 | 59,078 | 53,094 | 16,284 |
| Higher Education | - | - | - | - |
| Unemployment Insurance | - | - | - | - |
| CollegeInvest[3] | - | - | - | - |
| Lottery | - | - | - | - |
| Wildlife | - | - | - | - |
| College Assist | - | - | - | - |
| Other Business-Type Activities | - | - | - | - |
| TOTAL EXPENSES | 23,084,511 | 21,449,942 | 19,230,568 | 17,718,082 |
| NET (EXPENSE) REVENUE | (11,513,668) | (10,961,337) | (9,805,340) | (9,206,557) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | | | | |
| Sales and Use Taxes | 2,940,839 | 2,762,222 | 2,754,977 | 2,498,006 |
| Excise Taxes | 290,276 | 267,858 | 236,761 | 240,895 |
| Individual Income Tax | 6,061,679 | 5,847,141 | 5,285,634 | 5,154,624 |
| Corporate Income Tax | 643,761 | 613,316 | 600,002 | 606,883 |
| Other Taxes | 410,277 | 673,275 | 617,612 | 453,305 |
| Restricted Taxes | 1,132,687 | 1,186,515 | 1,052,692 | 1,039,105 |
| Unrestricted Investment Earnings (Losses) | 15,705 | 11,992 | 17,312 | 16,842 |
| Other General Revenues | 107,005 | 96,613 | 112,958 | 97,402 |
| Special and/or Extraordinary Items (See Note 35) | - | - | - | - |
| (Transfers-Out) / Transfers-In | (352,733) | (256,738) | (172,442) | (128,535) |
| Internal Capital Contributions | (1,583) | - | - | - |
| Permanent Fund Additions | 80 | 401 | 397 | 741 |
| TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | 11,247,993 | 11,202,595 | 10,505,903 | 9,979,268 |
| TOTAL CHANGES IN NET POSITION | (265,675) | 241,258 | 700,563 | 772,711 |
| NET POSITION - BEGINNING | 10,796,794 | 15,649,715 | 14,958,731 | 14,179,064 |
| Prior Period Adjustment | 58,147 | (6,626) | 1,718 | 6,956 |
| Accounting Changes | - | (5,087,553) | (11,297) | - |
| NET POSITION - ENDING | $ 10,589,266 | $ 10,796,794 | $ 15,649,715 | $ 14,958,731 |

**GOVERNMENTAL ACTIVITIES**

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | RESTATED 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 442,793 | $ 454,633 | $ 419,866 | $ 386,311 | $ 374,521 | $ 352,819 |
| 901,950 | 735,820 | 589,795 | 184,327 | 132,822 | 129,980 |
| - | - | - | 53 | - | - |
| 187,344 | 200,432 | 218,892 | 203,259 | 155,692 | 126,612 |
| 147,946 | 128,588 | 79,518 | 85,811 | 78,889 | 68,270 |
| 1,626 | 4,974 | 3,854 | 5,040 | 4,592 | 3,703 |
| 19,307 | 18,611 | 19,329 | 19,369 | 21,512 | 22,346 |
| 84,828 | 89,509 | 67,460 | 61,168 | 57,622 | 64,964 |
| 5,884,031 | 6,218,836 | 5,885,657 | 5,065,429 | 4,222,670 | 4,122,360 |
| 600,300 | 659,288 | 607,383 | 485,711 | 439,693 | 414,602 |
| 8,270,125 | 8,510,691 | 7,891,754 | 6,496,478 | 5,488,013 | 5,305,656 |
| 224,382 | 192,579 | 189,865 | 308,410 | 217,939 | 163,412 |
| 600,068 | 667,929 | 662,854 | 705,037 | 667,381 | 565,769 |
| 5,205,123 | 5,432,143 | 5,096,032 | 5,208,705 | 5,017,551 | 4,771,218 |
| 703,684 | 696,539 | 659,187 | 644,699 | 603,296 | 560,153 |
| 1,555,294 | 1,538,363 | 1,527,857 | 1,543,310 | 1,436,009 | 1,313,767 |
| 93,900 | 149,878 | 144,445 | 137,159 | 131,658 | 138,457 |
| 6,746,574 | 6,397,426 | 6,091,958 | 5,220,295 | 4,660,287 | 4,496,696 |
| 1,777,488 | 1,974,009 | 2,105,688 | 1,376,215 | 1,459,295 | 1,213,138 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 40,935 | 32,487 | 33,203 | 20,393 | 37,567 | 42,269 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 16,947,448 | 17,081,353 | 16,511,089 | 15,164,223 | 14,230,983 | 13,264,879 |
| (8,677,323) | (8,570,662) | (8,619,335) | (8,667,745) | (8,742,970) | (7,959,223) |
| 2,333,644 | 2,280,693 | 1,987,576 | 2,093,113 | 2,357,807 | 2,244,000 |
| 244,624 | 236,945 | 244,344 | 251,209 | 257,908 | 261,711 |
| 4,653,105 | 4,151,119 | 3,770,597 | 4,024,105 | 4,591,481 | 4,508,845 |
| 434,885 | 441,778 | 360,852 | 322,683 | 461,390 | 470,853 |
| 519,870 | 466,408 | 376,388 | 655,478 | 510,442 | 484,408 |
| 965,784 | 928,260 | 873,287 | 880,625 | 986,274 | 946,757 |
| 15,015 | 6,523 | 10,215 | 22,591 | 42,478 | 43,638 |
| 96,213 | 91,608 | 112,138 | 119,748 | 113,603 | 84,328 |
| - | - | - | (5,616) | (6,843) | (25,915) |
| (135,407) | (110,266) | (94,993) | (114,685) | (77,732) | (98,926) |
| - | - | - | - | - | - |
| 595 | 460 | 357 | - | - | - |
| 9,128,328 | 8,493,528 | 7,640,761 | 8,249,251 | 9,236,808 | 8,919,699 |
| 451,005 | (77,134) | (978,574) | (418,494) | 493,838 | 960,476 |
| 13,393,108 | 13,455,272 | 15,477,205 | 15,830,190 | 16,036,990 | 15,083,865 |
| 334,951 | 14,970 | (594,624) | (118,647) | (393,912) | (7,351) |
| - | - | (448,735) | 184,156 | (306,726) | - |
| $ 14,179,064 | $ 13,393,108 | $ 13,455,272 | $ 15,477,205 | $ 15,830,190 | $ 16,036,990 |

**GOVERNMENT-WIDE**
**SCHEDULE OF CHANGES IN NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| Functions/Programs | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| PROGRAM REVENUES: | | | | |
| Charges for Services: | | | | |
| Licenses and Permits | $ 159,704 | $ 157,971 | $ 141,770 | $ 133,315 |
| Service Fees | 1,297,576 | 1,145,897 | 1,068,966 | 958,451 |
| Education - Tuition, Fees, and Sales | 3,005,967 | 2,881,240 | 2,672,136 | 2,512,026 |
| Fines and Forfeits | 4,101 | 3,968 | 15,470 | 12,860 |
| Rents and Royalties | 40,077 | 41,944 | 39,675 | 47,881 |
| Sales of Products | 661,084 | 605,101 | 607,744 | 636,115 |
| Unemployment Surcharge | 603,708 | 698,609 | 736,985 | 725,854 |
| Other | 165,237 | 155,707 | 154,424 | 159,162 |
| Operating Grants and Contributions | 2,449,163 | 2,281,931 | 2,569,038 | 2,730,519 |
| Capital Grants and Contributions | 42,996 | 78,304 | 56,899 | 96,655 |
| TOTAL PROGRAM REVENUES | 8,429,613 | 8,050,672 | 8,063,107 | 8,012,838 |
| EXPENSES: | | | | |
| General Government | - | - | - | - |
| Business, Community, and Consumer Affairs | - | - | - | - |
| Education | - | - | - | - |
| Health and Rehabilitation | - | - | - | - |
| Justice | - | - | - | - |
| Natural Resources | - | - | - | - |
| Social Assistance | - | - | - | - |
| Transportation | - | - | - | - |
| Payments to School Districts | - | - | - | - |
| Payments to Other Governments | - | - | - | - |
| Interest on Debt | - | - | - | - |
| Higher Education | 6,446,902 | 6,004,484 | 5,618,507 | 5,258,665 |
| Unemployment Insurance | 531,607 | 530,130 | 756,484 | 1,055,148 |
| CollegeInvest[1] | - | - | - | - |
| Lottery | 517,847 | 474,578 | 477,434 | 501,010 |
| Wildlife[2] | 203,794 | 191,426 | 170,898 | 177,497 |
| College Assist | 320,774 | 338,631 | 341,684 | 407,229 |
| Other Business-Type Activities | 282,471 | 217,838 | 209,871 | 187,265 |
| TOTAL EXPENSES | 8,303,395 | 7,757,087 | 7,574,878 | 7,586,814 |
| NET (EXPENSE) REVENUE | 126,218 | 293,585 | 488,229 | 426,024 |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | | | | |
| Sales and Use Taxes | - | - | - | - |
| Excise Taxes | - | - | - | - |
| Individual Income Tax | - | - | - | - |
| Corporate Income Tax | - | - | - | - |
| Other Taxes | - | 7 | - | - |
| Restricted Taxes | - | - | - | - |
| Unrestricted Investment Earnings (Losses) | - | - | - | - |
| Other General Revenues | - | - | - | - |
| Special and/or Extraordinary Items (See Note 35) | - | - | (22,186) | - |
| (Transfers-Out) / Transfers-In | 352,733 | 256,738 | 172,442 | 128,535 |
| Internal Capital Contributions | 10,183 | - | - | - |
| Permanent Fund Additions | - | - | - | - |
| TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | 362,916 | 256,745 | 150,256 | 128,535 |
| TOTAL CHANGES IN NET POSITION | 489,134 | 550,330 | 638,485 | 554,559 |
| NET POSITION - BEGINNING | 4,497,828 | 7,289,798 | 6,688,706 | 6,139,998 |
| Prior Period Adjustment | (5,309) | - | (6,922) | (5,851) |
| Accounting Changes | - | (3,342,300) | (30,471) | - |
| NET POSITION - ENDING | $ 4,981,653 | $ 4,497,828 | $ 7,289,798 | $ 6,688,706 |

[1] – Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

[2] – Parks and Wildlife after Fiscal Year 2010-11.

**BUSINESS-TYPE ACTIVITIES**

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 131,496 | $ 120,910 | $ 106,946 | $ 119,611 | $ 84,395 | $ 84,302 |
| 865,326 | 874,990 | 607,485 | 681,807 | 667,504 | 575,555 |
| 2,406,696 | 2,243,375 | 1,999,358 | 1,957,505 | 1,867,806 | 1,734,996 |
| 9,561 | 1,945 | 2,836 | 1,118 | 999 | 1,174 |
| 65,236 | 29,507 | 24,648 | 29,908 | 32,399 | 26,271 |
| 624,407 | 592,794 | 590,758 | 560,364 | 579,935 | 520,838 |
| 828,530 | 791,317 | 491,716 | 363,241 | 398,046 | 403,641 |
| 152,448 | 153,321 | 167,930 | 173,354 | 165,804 | 140,376 |
| 3,165,718 | 3,689,492 | 3,957,310 | 2,214,186 | 1,728,669 | 1,685,417 |
| 132,067 | 25,432 | 24,619 | 20,220 | 9,426 | 22,263 |
| 8,381,485 | 8,523,083 | 7,973,606 | 6,121,314 | 5,534,983 | 5,194,833 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,068,481 | 4,755,385 | 4,451,541 | 4,153,282 | 3,865,244 | 3,661,270 |
| 1,571,321 | 2,141,728 | 2,496,188 | 1,138,621 | 354,967 | 316,577 |
| - | - | 68,650 | 78,647 | 116,286 | 96,720 |
| 495,847 | 470,480 | 456,352 | 435,156 | 447,101 | 401,969 |
| 160,933 | 108,425 | 105,037 | 112,369 | 109,800 | 96,515 |
| 403,023 | 402,648 | 410,027 | 399,576 | 326,080 | 199,677 |
| 196,542 | 191,123 | 170,410 | 171,635 | 173,928 | 163,727 |
| 7,896,147 | 8,069,789 | 8,158,205 | 6,489,286 | 5,393,406 | 4,936,455 |
| 485,338 | 453,294 | (184,599) | (367,972) | 141,577 | 258,378 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 36,963 | 39,446 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 1,493 | (79,575) | - | - | - |
| 135,407 | 110,266 | 94,993 | 114,685 | 77,732 | 98,926 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 135,407 | 111,759 | 15,418 | 114,685 | 114,695 | 138,372 |
| 620,745 | 565,053 | (169,181) | (253,287) | 256,272 | 396,750 |
| 5,264,683 | 4,746,480 | 4,880,112 | 5,127,090 | 4,870,818 | 4,456,800 |
| 254,570 | (46,850) | 35,549 | 6,309 | - | 17,267 |
| - | - | - | - | - | - |
| $ 6,139,998 | $ 5,264,683 | $ 4,746,480 | $ 4,880,112 | $ 5,127,090 | $ 4,870,817 |

**GOVERNMENT-WIDE**
**SCHEDULE OF CHANGES IN NET POSITION**
**PRIMARY GOVERNMENT**
**Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

| Functions/Programs | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| PROGRAM REVENUES: | | | | |
| Charges for Services: | | | | |
| Licenses and Permits | $ 678,524 | $ 659,290 | $ 613,985 | $ 580,547 |
| Service Fees | 2,436,802 | 2,025,036 | 1,970,805 | 1,924,065 |
| Education - Tuition, Fees, and Sales | 3,005,967 | 2,881,240 | 2,672,136 | 2,512,026 |
| Fines and Forfeits | 199,357 | 204,989 | 196,568 | 261,380 |
| Rents and Royalties | 182,829 | 241,011 | 222,568 | 181,782 |
| Sales of Products | 664,387 | 608,491 | 609,885 | 638,966 |
| Unemployment Surcharge | 634,476 | 727,990 | 765,620 | 751,578 |
| Other | 308,488 | 286,858 | 299,373 | 286,245 |
| Operating Grants and Contributions | 11,027,309 | 10,008,599 | 9,351,952 | 8,590,571 |
| Capital Grants and Contributions | 862,317 | 895,773 | 785,443 | 797,203 |
| TOTAL PROGRAM REVENUES | 20,000,456 | 18,539,277 | 17,488,335 | 16,524,363 |
| EXPENSES: | | | | |
| General Government | 485,611 | 449,261 | 447,359 | 555,507 |
| Business, Community, and Consumer Affairs | 777,458 | 711,558 | 641,182 | 584,300 |
| Education | 5,859,964 | 5,687,573 | 5,472,563 | 5,187,481 |
| Health and Rehabilitation | 2,898,841 | 822,556 | 720,997 | 697,795 |
| Justice | 2,209,158 | 2,075,534 | 1,840,989 | 1,655,057 |
| Natural Resources | 135,491 | 120,374 | 92,383 | 77,934 |
| Social Assistance | 8,825,599 | 9,627,104 | 8,089,560 | 7,174,711 |
| Transportation | 1,830,368 | 1,896,904 | 1,872,441 | 1,769,013 |
| Payments to School Districts | | | | |
| Payments to Other Governments | | | | |
| Interest on Debt | 62,021 | 59,078 | 53,094 | 16,284 |
| Higher Education | 6,446,902 | 6,004,484 | 5,618,507 | 5,258,665 |
| Unemployment Insurance | 531,607 | 530,130 | 756,484 | 1,055,148 |
| CollegeInvest[3] | - | - | - | - |
| Lottery | 517,847 | 474,578 | 477,434 | 501,010 |
| Wildlife | 203,794 | 191,426 | 170,898 | 177,497 |
| College Assist | 320,774 | 338,631 | 341,684 | 407,229 |
| Other Business-Type Activities | 282,471 | 217,838 | 209,871 | 187,265 |
| TOTAL EXPENSES | 31,387,906 | 29,207,029 | 26,805,446 | 25,304,896 |
| NET (EXPENSE) REVENUE | (11,387,450) | (10,667,752) | (9,317,111) | (8,780,533) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | | | | |
| Sales and Use Taxes | 2,940,839 | 2,762,222 | 2,754,977 | 2,498,006 |
| Excise Taxes | 290,276 | 267,858 | 236,761 | 240,895 |
| Individual Income Tax | 6,061,679 | 5,847,141 | 5,285,634 | 5,154,624 |
| Corporate Income Tax | 643,761 | 613,316 | 600,002 | 606,883 |
| Other Taxes | 410,277 | 673,282 | 617,612 | 453,305 |
| Restricted Taxes | 1,132,687 | 1,186,515 | 1,052,692 | 1,039,105 |
| Unrestricted Investment Earnings (Losses) | 15,705 | 11,992 | 17,312 | 16,842 |
| Other General Revenues | 107,005 | 96,613 | 112,958 | 97,402 |
| Special and/or Extraordinary Items (See Note 35) | - | - | (22,186) | - |
| (Transfers-Out) / Transfers-In | - | - | - | - |
| Internal Capital Contributions | 8,600 | - | - | - |
| Permanent Fund Additions | 80 | 401 | 397 | 741 |
| TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | 11,610,909 | 11,459,340 | 10,656,159 | 10,107,803 |
| TOTAL CHANGES IN NET POSITION | 223,459 | 791,588 | 1,339,048 | 1,327,270 |
| NET POSITION - BEGINNING | 15,294,622 | 22,939,513 | 21,647,437 | 20,319,062 |
| Prior Period Adjustment | 52,838 | (6,626) | (5,204) | 1,105 |
| Accounting Changes | - | (8,429,853) | (41,768) | - |
| NET POSITION - ENDING | $ 15,570,919 | $ 15,294,622 | $ 22,939,513 | $ 21,647,437 |

**TOTAL PRIMARY GOVERNMENT**

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | RESTATED 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 574,289 | $ 575,543 | $ 526,812 | $ 505,922 | $ 458,916 | $ 437,121 |
| 1,767,276 | 1,610,810 | 1,197,280 | 866,134 | 800,326 | 705,535 |
| 2,406,696 | 2,243,375 | 1,999,358 | 1,957,558 | 1,867,806 | 1,734,997 |
| 196,905 | 202,377 | 221,728 | 204,377 | 156,691 | 127,786 |
| 213,182 | 158,095 | 104,166 | 115,719 | 111,288 | 94,541 |
| 626,033 | 597,768 | 594,612 | 565,404 | 584,527 | 524,541 |
| 847,837 | 809,928 | 511,045 | 382,610 | 419,558 | 425,987 |
| 237,276 | 242,830 | 235,390 | 234,522 | 223,426 | 205,340 |
| 9,049,749 | 9,908,328 | 9,842,967 | 7,279,615 | 5,951,339 | 5,807,777 |
| 732,367 | 684,720 | 632,002 | 505,931 | 449,119 | 436,865 |
| 16,651,610 | 17,033,774 | 15,865,360 | 12,617,792 | 11,022,996 | 10,500,490 |
| | | | | | |
| 224,382 | 192,579 | 189,865 | 308,410 | 217,939 | 163,412 |
| 600,068 | 667,929 | 662,854 | 705,037 | 667,381 | 565,769 |
| 5,205,123 | 5,432,143 | 5,096,032 | 5,208,705 | 5,017,551 | 4,771,218 |
| 703,684 | 696,539 | 659,187 | 644,699 | 603,296 | 560,153 |
| 1,555,294 | 1,538,363 | 1,527,857 | 1,543,310 | 1,436,009 | 1,313,767 |
| 93,900 | 149,878 | 144,445 | 137,159 | 131,658 | 138,457 |
| 6,746,574 | 6,397,426 | 6,091,958 | 5,220,295 | 4,660,287 | 4,496,696 |
| 1,777,488 | 1,974,009 | 2,105,688 | 1,376,215 | 1,459,295 | 1,213,138 |
| | | | | | |
| 40,935 | 32,487 | 33,203 | 20,393 | 37,567 | 42,269 |
| 5,068,481 | 4,755,385 | 4,451,541 | 4,153,282 | 3,865,244 | 3,661,270 |
| 1,571,321 | 2,141,728 | 2,496,188 | 1,138,621 | 354,967 | 316,577 |
| - | - | 68,650 | 78,647 | 116,286 | 96,720 |
| 495,847 | 470,480 | 456,352 | 435,156 | 447,101 | 401,969 |
| 160,933 | 108,425 | 105,037 | 112,369 | 109,800 | 96,515 |
| 403,023 | 402,648 | 410,027 | 399,576 | 326,080 | 199,677 |
| 196,542 | 191,123 | 170,410 | 171,635 | 173,928 | 163,727 |
| 24,843,595 | 25,151,142 | 24,669,294 | 21,653,509 | 19,624,389 | 18,201,334 |
| (8,191,985) | (8,117,368) | (8,803,934) | (9,035,717) | (8,601,393) | (7,700,844) |
| | | | | | |
| 2,333,644 | 2,280,693 | 1,987,576 | 2,093,113 | 2,357,807 | 2,244,000 |
| 244,624 | 236,945 | 244,344 | 251,209 | 257,908 | 261,711 |
| 4,653,105 | 4,151,119 | 3,770,597 | 4,024,105 | 4,591,481 | 4,508,845 |
| 434,885 | 441,778 | 360,852 | 322,683 | 461,390 | 470,853 |
| 519,870 | 466,408 | 376,388 | 655,478 | 547,405 | 523,854 |
| 965,784 | 928,260 | 873,287 | 880,625 | 986,274 | 946,757 |
| 15,015 | 6,523 | 10,215 | 22,591 | 42,478 | 43,638 |
| 96,213 | 91,608 | 112,138 | 119,748 | 113,603 | 84,328 |
| - | 1,493 | (79,575) | (5,616) | (6,843) | (25,915) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 595 | 460 | 357 | - | - | - |
| | | | | | |
| 9,263,735 | 8,605,287 | 7,656,179 | 8,363,936 | 9,351,503 | 9,058,071 |
| 1,071,750 | 487,919 | (1,147,755) | (671,781) | 750,110 | 1,357,227 |
| | | | | | |
| 18,657,791 | 18,201,752 | 20,357,317 | 20,957,280 | 20,907,808 | 19,540,665 |
| 589,521 | (31,880) | (559,075) | (112,338) | (393,912) | 9,916 |
| - | - | (448,735) | 184,156 | (306,726) | - |
| $ 20,319,062 | $ 18,657,791 | $ 18,201,752 | $ 20,357,317 | $ 20,957,280 | $ 20,907,808 |

**SCHEDULE OF REVENUES, EXPENDITURES,**
**AND CHANGES IN FUND BALANCE**
**ALL GOVERNMENTAL FUND TYPES**
**Last Ten Fiscal Years**

(DOLLARS IN MILLIONS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| REVENUES: | | | | |
| Taxes | $ 11,471 | $ 11,205 | $ 10,596 | $ 10,018 |
| Less: Excess TABOR Revenues | - | 170 | - | - |
| Licenses, Permits, and Fines | 810 | 801 | 758 | 789 |
| Charges for Goods and Services | 1,144 | 885 | 905 | 970 |
| Rents (reported in 'Other' prior to FY05) | 143 | 199 | 183 | 134 |
| Investment Income | 139 | 99 | 115 | 19 |
| Federal Grants and Contracts | 9,047 | 8,283 | 7,183 | 6,428 |
| Unclaimed Property Receipts | 65 | 61 | 53 | 37 |
| Other | 321 | 329 | 365 | 263 |
| TOTAL REVENUES | 23,140 | 22,032 | 20,158 | 18,658 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 324 | 305 | 331 | 325 |
| Business, Community and Consumer Affairs | 474 | 469 | 395 | 375 |
| Education | 852 | 785 | 730 | 674 |
| Health and Rehabilitation | 1,784 | 699 | 658 | 641 |
| Justice | 1,741 | 1,648 | 1,605 | 1,422 |
| Natural Resources | 107 | 103 | 107 | 99 |
| Social Assistance | 8,726 | 8,627 | 7,416 | 6,488 |
| Transportation | 1,331 | 1,282 | 1,203 | 1,065 |
| Capital Outlay | 191 | 325 | 298 | 299 |
| Intergovernmental: | | | | |
| Cities | 425 | 421 | 412 | 297 |
| Counties | 1,656 | 1,627 | 1,573 | 1,504 |
| School Districts | 4,995 | 4,909 | 4,475 | 4,235 |
| Other | 227 | 205 | 202 | 323 |
| Deferred Compensation Distributions | - | - | - | - |
| Debt Service[1] | 280 | 270 | 261 | 247 |
| TOTAL EXPENDITURES | 23,113 | 21,675 | 19,666 | 17,994 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 27 | 357 | 492 | 664 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers-In | 4,915 | 4,535 | 5,405 | 5,750 |
| Transfers-Out: | | | | |
| Higher Education | (181) | (181) | (143) | (135) |
| Other | (5,079) | (4,607) | (5,390) | (5,728) |
| Face Amount of Debt Issued | 11 | - | 97 | 196 |
| Bond Premium/Discount | - | - | 6 | 9 |
| Capital Lease Debt Issuance | - | - | 25 | 1 |
| Sale of Capital Assets | 7 | 3 | 27 | 31 |
| Insurance Recoveries | 5 | 13 | 2 | 1 |
| Debt Refunding Issuance | - | - | 112 | 31 |
| Debt Refunding Premium Proceeds | - | - | - | - |
| Debt Refunding Payments | - | - | - | (31) |
| TOTAL OTHER FINANCING SOURCES (USES) | (322) | (237) | 141 | 125 |
| NET CHANGE IN FUND BALANCE | (295) | 120 | 633 | 789 |
| FUND BALANCE - BEGINNING | 6,847 | 6,734 | 6,100 | 5,293 |
| Prior Period Adjustments | 58 | (7) | - | 18 |
| Accounting Changes | - | - | 1 | - |
| FUND BALANCE - ENDING | $ 6,609 | $ 6,847 | $ 6,734 | $ 6,100 |

1 – See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures on page 270.

2 – In Fiscal Years 2008-09 and 2009-10, Unclaimed Property activity was partially converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

3 – Beginning in Fiscal Year 2010-11 the Supplemental Nutrition Assistance Program (SNAP) expenditures are reported in the Social Assistance line. In previous years it was reported as Intergovernmental payments in the Counties line.

| RESTATED 2011-12 | RESTATED 2010-11[3] | RESTATED 2009-10 | 2008-09[2] | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 9,182 | $ 8,430 | $ 7,640 | $ 8,231 | $ 9,203 | $ 8,936 |
| - | - | - | - | - | - |
| 724 | 745 | 734 | 701 | 643 | 575 |
| 892 | 730 | 552 | 150 | 104 | 99 |
| 148 | 129 | 80 | 86 | 79 | 68 |
| 120 | 97 | 199 | 258 | 316 | 272 |
| 6,223 | 6,917 | 7,023 | 5,480 | 4,308 | 4,073 |
| 43 | 40 | 42 | 58 | - | - |
| 254 | 221 | 192 | 195 | 179 | 320 |
| 17,586 | 17,309 | 16,462 | 15,159 | 14,832 | 14,343 |
| | | | | | |
| 359 | 560 | 775 | 511 | 123 | 251 |
| 363 | 388 | 369 | 332 | 311 | 303 |
| 661 | 778 | 855 | 879 | 802 | 713 |
| 626 | 592 | 583 | 608 | 561 | 530 |
| 1,322 | 1,314 | 1,315 | 1,285 | 1,195 | 1,088 |
| 90 | 132 | 126 | 121 | 112 | 107 |
| 6,065 | 5,655 | 4,454 | 3,836 | 3,669 | 3,400 |
| 982 | 1,064 | 1,017 | 1,074 | 1,055 | 950 |
| 459 | 329 | 240 | 308 | 243 | 124 |
| 287 | 300 | 281 | 294 | 289 | 239 |
| 1,371 | 1,478 | 2,253 | 2,043 | 1,799 | 1,721 |
| 4,199 | 4,303 | 4,364 | 4,143 | 3,814 | 3,719 |
| 177 | 185 | 219 | 185 | 258 | 242 |
| - | - | - | - | - | - |
| 236 | 208 | 194 | 189 | 208 | 213 |
| 17,197 | 17,286 | 17,045 | 15,808 | 14,439 | 13,600 |
| | | | | | |
| 389 | 23 | (583) | (649) | 393 | 743 |
| | | | | | |
| 4,622 | 4,776 | 5,333 | 5,179 | 4,298 | 4,202 |
| (133) | (135) | (125) | (135) | (131) | (120) |
| (4,612) | (4,731) | (5,264) | (5,148) | (4,237) | (4,137) |
| 156 | 218 | 559 | - | - | - |
| 13 | - | 8 | - | - | - |
| 17 | 17 | - | 11 | 18 | 4 |
| 14 | - | - | - | 1 | - |
| 6 | 2 | 4 | 2 | 2 | 1 |
| 126 | - | - | - | - | - |
| 19 | | | | | |
| (144) | - | - | - | - | - |
| 84 | 147 | 515 | (91) | (49) | (50) |
| 473 | 170 | (68) | (740) | 344 | 693 |
| 4,842 | 4,085 | 4,785 | 5,312 | 5,012 | 4,319 |
| (22) | (4) | (41) | (1) | (44) | - |
| - | 591 | - | 214 | - | - |
| $ 5,293 | $ 4,842 | $ 4,676 | $ 4,785 | $ 5,312 | $ 5,012 |

## GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
## GENERAL FUND
## IN DOLLARS AND AS A PERCENT OF TOTAL
### Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| Income Tax: | | | | |
| Individual | $ 5,993 | $ 5,888 | $ 5,273 | $ 5,149 |
| Corporate | 606 | 635 | 665 | 597 |
| Net Income Tax | 6,599 | 6,523 | 5,938 | 5,746 |
| Sales, Use, and Excise Taxes | 2,996 | 2,990 | 2,763 | 2,549 |
| Less: Excess TABOR Revenues | - | (170) | - | - |
| Net Sales, Use, and Excise Taxes | 2,996 | 2,820 | 2,763 | 2,549 |
| Estate Taxes | - | - | - | - |
| Insurance Tax | 280 | 257 | 239 | 210 |
| Gaming and Other Taxes | 16 | 14 | 12 | 12 |
| Investment Income | 13 | 9 | 15 | 17 |
| Medicaid Provider Revenues | - | - | - | - |
| Other | 26 | 19 | 25 | 21 |
| TOTAL GENERAL REVENUES | $ 9,930 | $ 9,642 | $ 8,992 | $ 8,555 |
| Percent Change From Previous Year | 3.0% | 7.2% | 5.1% | 10.6% |
| (AS PERCENT OF TOTAL EXCLUDING TABOR REFUND) | | | | |
| Net Income Tax | 66.5% | 66.5% | 66.0% | 67.2% |
| Sales, Use, and Excise Taxes | 30.1 | 30.5 | 30.7 | 29.8 |
| Estate Taxes | 0.0 | 0.0 | 0.0 | 0.0 |
| Insurance Tax | 2.8 | 2.6 | 2.7 | 2.5 |
| Other Taxes | 0.2 | 0.1 | 0.1 | 0.1 |
| Interest | 0.1 | 0.1 | 0.2 | 0.2 |
| Medicaid Provider Revenues | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.3 | 0.2 | 0.3 | 0.2 |
| TOTAL GENERAL REVENUES | 100.0% | 100.0% | 100.0% | 100.0% |

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 4,633 | $ 4,154 | $ 3,777 | $ 4,021 | $ 4,600 | $ 4,510 |
| 457 | 366 | 350 | 265 | 474 | 464 |
| 5,090 | 4,520 | 4,127 | 4,286 | 5,074 | 4,974 |
| 2,387 | 2,323 | 2,072 | 1,982 | 2,173 | 2,076 |
| - | - | - | - | - | - |
| 2,387 | 2,323 | 2,072 | 1,982 | 2,173 | 2,076 |
| - | - | - | - | - | 1 |
| 197 | 190 | 187 | 192 | 188 | 179 |
| 20 | 20 | 16 | - | - | 7 |
| 14 | 8 | 10 | 9 | 18 | 28 |
| - | - | - | - | - | - |
| 26 | 25 | 44 | 56 | 52 | 48 |
| $ 7,734 | $ 7,086 | $ 6,456 | $ 6,525 | $ 7,505 | $ 7,313 |
| 9.1% | 9.8% | -1.1% | -13.1% | 2.6% | 8.4% |
| 65.8% | 63.8% | 63.9% | 65.7% | 67.6% | 68.0% |
| 30.9 | 32.7 | 32.1 | 30.4 | 29.0 | 28.4 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2.5 | 2.7 | 2.9 | 2.9 | 2.5 | 2.4 |
| 0.3 | 0.3 | 0.2 | 0.0 | 0.0 | 0.1 |
| 0.2 | 0.1 | 0.2 | 0.1 | 0.2 | 0.4 |
| 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 0.3 | 0.4 | 0.7 | 0.9 | 0.7 | 0.7 |
| 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

## EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS FUNDED BY GENERAL PURPOSE REVENUES
### Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| Department:[1] | | | | |
| Agriculture | $ 9,795 | $ 8,633 | $ 7,697 | $ 6,975 |
| Corrections | 758,078 | 717,579 | 675,706 | 652,394 |
| Education | 3,477,981 | 3,357,324 | 3,153,609 | 3,014,681 |
| Governor | 34,435 | 30,267 | 22,819 | 18,555 |
| Health Care Policy and Financing | 2,442,500 | 2,274,875 | 2,100,771 | 1,829,776 |
| Higher Education | 856,849 | 761,306 | 658,901 | 628,565 |
| Human Services | 922,337 | 877,162 | 812,603 | 753,225 |
| Judicial Branch | 479,199 | 441,700 | 386,870 | 354,119 |
| Labor and Employment | 7,754 | 660 | 50 | - |
| Law | 14,423 | 13,457 | 12,127 | 10,355 |
| Legislative Branch | 43,466 | 41,132 | 38,712 | 35,957 |
| Local Affairs | 25,455 | 22,244 | 17,540 | 10,976 |
| Military and Veterans Affairs | 7,918 | 7,792 | 7,094 | 6,576 |
| Natural Resources | 27,293 | 26,216 | 25,141 | 23,620 |
| Personnel & Administration | 10,846 | 7,601 | 31,407 | 6,588 |
| Public Health and Environment | 49,232 | 59,383 | 53,588 | 31,199 |
| Public Safety | 114,264 | 126,747 | 165,240 | 85,595 |
| Regulatory Agencies | 6,026 | 6,007 | 1,730 | 1,674 |
| Revenue | 158,494 | 97,249 | 73,626 | 55,078 |
| State | - | - | - | - |
| Treasury | 21,269 | 5,684 | 108,870 | 27,650 |
| Transfer to Capital Construction Fund | 271,130 | 248,502 | 186,715 | 61,411 |
| Transfer to Various Cash Funds | 90,196 | 67,555 | 260,272 | 1,086,051 |
| Transfer to the Highway Users Tax Fund | - | - | - | - |
| Other Transfers and Nonoperating Disbursements | 127,795 | 127,795 | 126,263 | 262,406 |
| TOTALS | $ 9,956,735 | $9,326,870 | $8,927,351 | $ 8,963,426 |
| Percent Change | 6.8% | 4.5% | -0.4% | 23.6% |
| (AS PERCENT OF TOTAL) | | | | |
| Education | 34.9% | 36.0% | 35.3% | 33.6% |
| Health Care Policy and Financing | 24.5 | 24.4 | 23.5 | 20.4 |
| Higher Education | 8.6 | 8.2 | 7.4 | 7.0 |
| Human Services | 9.3 | 9.4 | 9.1 | 8.4 |
| Corrections | 7.6 | 7.7 | 7.6 | 7.3 |
| Transfer to Capital Construction Fund | 2.7 | 2.7 | 2.1 | 0.7 |
| Transfer to Various Cash Funds | 0.9 | 0.7 | 2.9 | 12.1 |
| Transfers to the Highway Users Tax Fund | 0.0 | 0.0 | 0.0 | 0.0 |
| Judicial | 4.8 | 4.7 | 4.3 | 4.0 |
| Revenue | 1.6 | 1.0 | 0.8 | 0.6 |
| All Others | 5.1 | 5.2 | 7.0 | 5.9 |
| TOTALS | 100.0% | 100.0% | 100.0% | 100.0% |

[1] – Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

| | RESTATED | | | | |
|---|---|---|---|---|---|
| **2011-12** | **2010-11** | **2009-10** | **2008-09** | **2007-08** | **2006-07** |
| $ 5,152 | $ 4,658 | $ 5,915 | $ 6,809 | $ 7,124 | $ 5,197 |
| 647,313 | 657,559 | 563,570 | 637,292 | 626,246 | 577,482 |
| 2,833,433 | 2,962,954 | 3,238,879 | 3,214,951 | 3,023,255 | 2,882,876 |
| 9,699 | 11,600 | 13,781 | 13,342 | 17,346 | 11,991 |
| 1,685,679 | 1,267,889 | 1,152,245 | 1,311,702 | 1,482,803 | 1,369,321 |
| 623,963 | 705,085 | 428,784 | 661,974 | 747,717 | 693,999 |
| 703,676 | 710,966 | 751,149 | 776,394 | 749,974 | 718,366 |
| 337,039 | 325,173 | 323,146 | 328,056 | 300,674 | 265,161 |
| - | - | - | - | - | 108 |
| 9,341 | 9,313 | 9,133 | 8,705 | 8,474 | 8,975 |
| 34,672 | 31,736 | 32,504 | 34,944 | 31,139 | 29,880 |
| 10,448 | 10,579 | 10,854 | 12,276 | 10,895 | 9,973 |
| 5,355 | 4,969 | 5,263 | 5,637 | 5,407 | 5,050 |
| 23,400 | 26,233 | 25,515 | 30,558 | 30,086 | 28,550 |
| 3,935 | 4,823 | 5,139 | 5,337 | 10,934 | 9,385 |
| 27,742 | 27,165 | 26,548 | 26,634 | 23,596 | 23,081 |
| 81,993 | 80,239 | 79,459 | 78,874 | 72,806 | 67,169 |
| 1,597 | 1,529 | 1,429 | 1,451 | 1,400 | 1,273 |
| 55,596 | 52,540 | 54,187 | 67,092 | 73,593 | 65,398 |
| - | - | - | - | - | - |
| 4,914 | 4,140 | 7,784 | 10,643 | 13,902 | 12,403 |
| 49,298 | 11,985 | 169 | 39,396 | 183,443 | 291,467 |
| 72,000 | 296,872 | 8,000 | 10,281 | 327 | 3,748 |
| - | - | - | 28,965 | 166,182 | 291,179 |
| 25,479 | 19,422 | 20,555 | 102,966 | 137,747 | 130,598 |
| $ 7,251,724 | $ 7,227,429 | $ 6,764,008 | $ 7,414,279 | $ 7,725,070 | $ 7,502,630 |
| | | | | | |
| 0.3% | 6.9% | -8.8% | -4.0% | 3.0% | 13.3% |
| | | | | | |
| 39.1% | 41.0% | 47.9% | 43.4% | 39.1% | 38.4% |
| 23.2 | 17.5 | 17.0 | 17.7 | 19.2 | 18.3 |
| 8.6 | 9.8 | 6.3 | 8.9 | 9.7 | 9.3 |
| 9.7 | 9.8 | 11.1 | 10.5 | 9.7 | 9.6 |
| 8.9 | 9.1 | 8.3 | 8.6 | 8.1 | 7.7 |
| 0.7 | 0.2 | 0.0 | 0.5 | 2.4 | 3.9 |
| 1.0 | 4.1 | 0.1 | 0.1 | 0.0 | 0.0 |
| 0.0 | 0.0 | 0.0 | 0.4 | 2.2 | 3.9 |
| 4.6 | 4.5 | 4.8 | 4.4 | 3.9 | 3.5 |
| 0.8 | 0.7 | 0.8 | 0.9 | 1.0 | 0.9 |
| 3.4 | 3.3 | 3.7 | 4.6 | 4.7 | 4.5 |
| 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

## FUND BALANCE
## GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
## Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| GENERAL PURPOSE: | | | | |
| Reserved for: | | | | |
| Encumbrances | $ - | $ - | $ - | $ - |
| Noncurrent Assets | - | - | - | - |
| Statutory Purposes | - | - | - | - |
| Risk Management | - | - | - | - |
| Unreserved Undesignated: | | | | |
| General Fund | - | - | - | - |
| Unreserved: | | | | |
| General Fund | - | - | - | - |
| Nonspendable: | | | | |
| Inventories | 7,522 | 8,894 | 8,721 | 9,931 |
| Permanent Fund Principal | - | - | - | - |
| Prepaids | 37,977 | 40,971 | 38,535 | 22,654 |
| Restricted | 497,814 | 398,948 | 468,758 | 487,161 |
| Committed | 513,986 | 705,844 | 411,362 | 279,352 |
| Assigned | 19,283 | 20,731 | 7,651 | 7 |
| Unassigned | - | - | - | - |
| TOTAL RESERVED | - | - | - | - |
| TOTAL UNRESERVED | - | - | - | - |
| TOTAL FUND BALANCE | 1,076,582 | 1,175,388 | 935,027 | 799,105 |
| ALL OTHER GOVERNMENTAL FUNDS: | | | | |
| Reserved for: | | | | |
| Encumbrances | $ - | $ - | $ - | $ - |
| Noncurrent Assets | - | - | - | - |
| Debt Service | - | - | - | - |
| Statutory Purposes | - | - | - | - |
| Emergencies | - | - | - | - |
| Funds Reported as Restricted | - | - | - | - |
| Unreserved, Reported in: | | | | |
| Special Revenue Funds | - | - | - | - |
| Capital Projects Funds | - | - | - | - |
| Nonmajor Special Revenue Funds | - | - | - | - |
| Nonmajor Permanent Funds | - | - | - | - |
| Unreserved: | | | | |
| Designated for Unrealized Investment Gains: | | | | |
| Reported in Major Funds | - | - | - | - |
| Reported in Nonmajor Special Revenue Funds | - | - | - | - |
| Reported in Nonmajor Debt Service Funds | - | - | - | - |
| Reported in Nonmajor Permanent Funds | - | - | - | - |
| Nonspendable: | | | | |
| Long-term Portion of Interfund Loans Receivable | 19,171 | - | - | - |
| Inventories | 45,026 | 44,436 | 43,681 | 44,262 |
| Permanent Fund Principal | 1,043,619 | 971,676 | 868,383 | 760,160 |
| Prepaids | 25,298 | 25,849 | 29,365 | 32,697 |
| Restricted | 1,582,619 | 1,942,973 | 2,546,717 | 2,783,009 |
| Committed | 2,817,110 | 2,686,468 | 2,310,902 | 1,680,986 |
| Assigned | - | - | - | - |
| TOTAL RESERVED | - | - | - | - |
| TOTAL UNRESERVED | - | - | - | - |
| TOTAL FUND BALANCE | 5,532,843 | 5,671,402 | 5,799,048 | 5,301,114 |
| TOTAL RESERVED | - | - | - | - |
| TOTAL UNRESERVED | - | - | - | - |
| TOTAL FUND BALANCE | $ 6,609,425 | $ 6,846,790 | $ 6,734,075 | $ 6,100,219 |

[1] – This amount results from a $458.1 million year-end transfer into the General Fund from various cash funds to prevent a deficit fund balance.

[2] – The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2010-11 resulted in a significant change in the State's fund balance classifications.

| 2011-12 | 2010-11[2] | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ - | $ - | $ 5,721 | $ 2,195 | $ 16,487 | $ 11,912 |
| - | - | - | 1 | 7 | 13 |
| - | - | - | 148,212 | 151,721 | 267,020 |
| - | - | 23,031 | 18,650 | 35,559 | 38,593 |
| - | - | (30,822) | 155,436 [1] | - | 95,779 |
| - | - | 17,854 | 10,939 | 3,639 | - |
| 6,942 | 8,742 | | | | |
| - | - | | | | |
| 24,175 | 33,009 | | | | |
| 503,449 | 542,997 | | | | |
| 331,419 | 39,458 | | | | |
| 20 | 109 | | | | |
| 359,421 | (21,468) | | | | |
| - | - | 28,752 | 169,058 | 203,774 | 317,538 |
| - | - | (12,968) | 166,375 | 3,639 | 95,779 |
| 1,225,426 | 602,847 | 15,784 | 335,433 | 207,413 | 413,317 |

| | | | | | |
|---|---|---|---|---|---|
| $ - | $ - | $ 1,052,572 | $ 1,043,396 | $ 966,477 | $ 821,112 |
| - | - | 584,828 | 515,062 | 425,830 | 385,248 |
| - | - | 4,093 | 558 | 558 | 558 |
| - | - | 325,463 | 40,921 | 109,322 | 130,000 |
| - | - | 94,000 | 93,550 | 93,000 | 85,760 |
| - | - | 1,151,448 | 1,445,739 | 1,902,755 | 1,669,326 |
| - | - | 57,148 | 53,498 | 54,676 | 72,870 |
| - | - | (35,611) | 54,687 | 134,470 | 199,126 |
| - | - | 1,302,178 | 1,117,248 | 1,391,483 | 1,233,276 |
| - | - | 10,586 | 8,500 | 2,326 | 1,782 |
| - | - | 34,487 | 30,327 | 13,385 | - |
| - | - | 40,778 | 23,719 | 8,751 | - |
| - | - | - | - | - | - |
| - | - | 38,541 | 22,875 | 1,571 | - |
| - | - | - | - | - | - |
| 8,690 | 9,839 | | | | |
| 737,239 | 658,883 | | | | |
| 28,665 | 21,540 | | | | |
| 1,673,490 | 1,988,088 | | | | |
| 1,619,397 | 1,560,775 | | | | |
| - | - | - | - | - | - |
| - | - | 3,212,404 | 3,139,226 | 3,497,942 | 3,092,004 |
| - | - | 1,448,107 | 1,310,854 | 1,606,662 | 1,507,054 |
| 4,067,481 | 4,239,125 | 4,660,511 | 4,450,080 | 5,104,604 | 4,599,058 |
| - | - | 3,241,156 | 3,308,284 | 3,701,716 | 3,409,542 |
| - | - | 1,435,139 | 1,477,229 | 1,610,301 | 1,602,833 |
| $ 5,292,907 | $ 4,841,972 | $ 4,676,295 | $ 4,785,513 | $ 5,312,017 | $ 5,012,375 |

## TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
### Last Ten Fiscal Years

| (DOLLARS IN THOUSANDS) | Unaudited 2015-16 | 2014-15 | Restated 2013-14 | 2012-13 |
|---|---|---|---|---|
| DISTRICT REVENUES: | | | | |
| Exempt District Revenues | $ 18,170,415 | $ 16,980,420 | $ 16,833,308 | $ 16,446,833 |
| Nonexempt District Revenues | 12,824,408 | 12,530,772 | 11,683,130 | 11,107,341 |
| TOTAL DISTRICT REVENUES | 30,994,823 | 29,511,192 | 28,516,438 | 27,554,174 |
| Percent Change In Nonexempt District Revenues | 2.3% | 7.3% | 5.3% | 8.1% |
| DISTRICT EXPENDITURES: | | | | |
| Exempt District Expenditures | 29,461,275 | 28,176,544 | 16,833,308 | 16,162,555 |
| Nonexempt District Expenditures | 13,076,457 | 12,237,753 | 11,008,327 | 10,548,250 |
| TOTAL DISTRICT EXPENDITURES | 42,537,732 | 40,414,297 | 27,841,635 | 26,710,805 |
| Percent Change In Nonexempt District Expenditures | 6.9% | 11.2% | 1.4% | 7.7% |
| TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE) | $ (11,542,909) | $ (10,903,105) | $ 674,803 | $ 843,369 |
| FISCAL YEAR SPENDING LIMIT | | | | |
| Prior Fiscal Year Spending Limitation | $ 9,976,946 | $ 9,566,586 | $ 9,247,466 | $ 8,799,754 |
| Adjustments To Prior Year Limit[1] | (45,595) | (962) | (152) | (27,952) |
| ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION | 9,931,351 | 9,565,624 | 9,247,314 | 8,771,802 |
| Allowable Growth Rate (Population Plus Inflation) | 4.4% | 4.3% | 3.3% | 5.4% |
| Current Fiscal Year Spending Limitation | 10,368,330 | 9,976,946 | 9,552,475 | 9,245,479 |
| Adjustments To Current Year Limit | 59,276 | - | 14,111 | 1,987 |
| ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION | 10,427,606 | 9,976,946 | 9,566,586 | 9,247,466 |
| EXCESS STATE REVENUE CAP (ESRC)[2] | 12,946,499 | 12,361,032 | 11,852,383 | 11,460,242 |
| NONEXEMPT DISTRICT REVENUES | 12,824,408 | 12,530,772 | 11,683,130 | 11,107,341 |
| Amount Over(Under) Adjusted Fiscal Year Spending Limitation | 2,396,802 | 2,553,826 | 2,116,544 | 1,859,875 |
| Amount Over(Under) Excess State Revenue Cap | (122,091) | 169,740 | (169,253) | (352,901) |
| Correction Of Prior Years' Refunds | | 3,606 | - | - |
| Voter Approved or Statutory Retention of Excess Revenue | - | - | - | - |
| FISCAL YEAR REFUND | $ - | $ 173,346 | $ - | $ - |

[1] – Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activity's revenues and expenditures are no longer shown in the district amounts.

[2] – Beginning in Fiscal Year 2010-11, with the expiration of the Referendum C retention period, Fiscal Year Refunds are based on the Excess State Revenue Cap rather than the Fiscal Year Spending Limit.

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 15,017,772 | $ 15,532,632 | $ 16,056,039 | $ 14,496,192 | $ 12,126,729 | $ 11,759,914 |
| 10,273,184 | 9,424,764 | 8,567,941 | 9,102,354 | 9,998,559 | 9,641,867 |
| 25,290,956 | 24,957,396 | 24,623,980 | 23,598,546 | 22,125,288 | 21,401,781 |
| 9.0% | 10.0% | -5.9% | -9.0% | 3.7% | 5.2% |
| 15,017,772 | 15,532,632 | 16,056,039 | 14,496,192 | 12,126,729 | 11,759,914 |
| 9,791,616 | 9,330,892 | 8,638,571 | 10,168,409 | 9,533,890 | 8,847,334 |
| 24,809,388 | 24,863,524 | 24,694,610 | 24,664,601 | 21,660,619 | 20,607,248 |
| 4.9% | 8.0% | -15.0% | 6.7% | 7.8% | 10.2% |
| $ 481,568 | $ 93,872 | $ (70,630) | $ (1,066,055) | $ 464,670 | $ 794,533 |
| $ 8,654,192 | $ 8,567,941 | $ 9,102,354 | $ 8,829,131 | $ 8,333,827 | $ 8,045,256 |
| (26,982) | (16,368) | (422,016) | (10,365) | (1,054) | (173) |
| 8,627,210 | 8,551,573 | 8,680,338 | 8,818,766 | 8,332,773 | 8,045,083 |
| 2.0% | 1.2% | 5.8% | 4.1% | 5.5% | 3.5% |
| 8,799,754 | 8,654,192 | 9,183,797 | 9,180,336 | 8,791,075 | 8,326,662 |
| - | - | - | 23,505 | 38,056 | 7,165 |
| 8,799,754 | 8,654,192 | 9,183,797 | 9,203,841 | 8,829,131 | 8,333,827 |
| 10,871,425 | 10,684,856 | | | | |
| 10,273,184 | 9,424,764 | 8,567,941 | 9,102,354 | 9,998,559 | 9,641,867 |
| 1,473,430 | 770,572 | (615,856) | (101,488) | 1,169,428 | 1,308,040 |
| (598,242) | (1,260,092) | | | | |
| - | - | - | - | - | - |
| - | - | - | - | 1,169,428 | 1,308,040 |
| $ - | $ - | $ - | $ - | $ - | $ - |

**INDIVIDUAL INCOME TAX RETURNS[1]**
**BY ADJUSTED GROSS INCOME CLASS**
**2004 to 2013**

(NUMBER OF RETURNS, PERCENT OF NET INCOME TAX REVENUE)

| | 2013[2] | | 2012 | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|---|---|
| | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax |
| ADJUSTED GROSS INCOME CLASS | | | | | | | | |
| Negative Income | 20,745 | 0.0% | 27,782 | 0.0% | 29,544 | 0.0% | 30,444 | 0.0% |
| $0 to $5,000 | 75,579 | 0.0% | 71,367 | 0.0% | 75,051 | 0.0% | 75,736 | 0.0% |
| $5,001 to $10,000 | 116,468 | 0.0% | 107,200 | 0.0% | 110,088 | 0.0% | 115,075 | 0.0% |
| $10,001 to $15,000 | 143,151 | 0.2% | 134,062 | 0.2% | 136,559 | 0.2% | 140,054 | 0.2% |
| $15,001 to $20,000 | 147,443 | 0.6% | 142,158 | 0.6% | 144,355 | 0.6% | 144,469 | 0.6% |
| $20,001 to $25,000 | 142,264 | 1.0% | 135,486 | 0.8% | 138,462 | 1.0% | 141,184 | 1.1% |
| $25,001 to $35,000 | 253,592 | 3.1% | 246,822 | 2.7% | 247,916 | 3.0% | 248,319 | 3.3% |
| $35,001 to $50,000 | 288,777 | 6.2% | 282,264 | 5.5% | 281,297 | 6.1% | 278,127 | 6.5% |
| $50,001 to $75,000 | 324,317 | 11.6% | 316,737 | 10.2% | 314,902 | 11.3% | 311,671 | 12.0% |
| $75,001 to $100,000 | 214,588 | 11.8% | 213,250 | 10.6% | 209,322 | 11.6% | 204,879 | 12.2% |
| $100,000 and Over | 411,071 | 65.5% | 410,924 | 69.4% | 382,180 | 66.2% | 354,393 | 64.1% |
| TOTAL | 2,137,995 | 100.0% | 2,088,052 | 100.0% | 2,069,676 | 100.0% | 2,044,351 | 100.0% |

Source: Colorado Department of Revenue

1 – Returns and taxes generated by taxpayers claimed as dependents are excluded from this data.

2 – Distribution analysis is done after the end of the late filing period and this is the most current data available from the Department of Revenue.

**SALES TAX RETURNS**
**BY INDUSTRY CLASS**
**2006 to 2015**

(NUMBER OF RETURNS, PERCENT OF NET SALES TAX REVENUE)

| | 2015 | | 2014 | | 2013 | | 2012 | |
|---|---|---|---|---|---|---|---|---|
| | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax |
| INDUSTRY CLASS | | | | | | | | |
| Agriculture, Forestry, & Fisheries | 6,122 | 0.1% | 6,300 | 0.1% | 6,290 | 0.1% | 6,112 | 0.1% |
| Mining | 14,321 | 2.8% | 13,770 | 2.9% | 13,580 | 2.2% | 13,670 | 2.0% |
| Public Utilities | 17,310 | 2.7% | 16,375 | 3.0% | 17,096 | 3.1% | 17,899 | 3.9% |
| Construction Trades | 64,553 | 1.7% | 55,275 | 1.5% | 56,156 | 1.4% | 56,937 | 1.2% |
| Manufacturing | 204,113 | 5.2% | 191,868 | 5.2% | 196,833 | 5.1% | 192,407 | 4.9% |
| Wholesale Trade | 160,778 | 6.0% | 150,726 | 5.9% | 150,624 | 5.8% | 148,072 | 5.6% |
| Retail Trade | 714,268 | 51.4% | 660,504 | 51.4% | 682,237 | 51.8% | 684,797 | 51.5% |
| Transportation & Warehousing | 6,805 | 0.3% | 6,355 | 0.3% | 5,986 | 0.3% | 5,876 | 0.2% |
| Information Producers/Distributors | 349,039 | 4.5% | 327,070 | 4.9% | 326,062 | 5.2% | 320,218 | 5.4% |
| Finance & Insurance | 66,316 | 0.7% | 71,241 | 0.7% | 78,833 | 0.7% | 76,887 | 0.8% |
| Real Estate, Rental, & Leasing Services | 178,386 | 3.7% | 157,759 | 3.5% | 152,922 | 3.3% | 151,893 | 3.2% |
| Professional, Scientific, & Technical Services | 130,689 | 1.3% | 125,414 | 1.4% | 134,195 | 1.5% | 135,037 | 1.7% |
| Bus. Admin., Support, Waste/Remediation Services | 52,471 | 0.6% | 47,551 | 0.5% | 47,193 | 0.5% | 45,392 | 0.6% |
| Educational Services | 8,508 | 0.1% | 9,103 | 0.1% | 10,344 | 0.2% | 10,880 | 0.2% |
| Health Care & Social Assistance Services | 20,155 | 0.2% | 21,087 | 0.2% | 21,545 | 0.2% | 23,416 | 0.2% |
| Arts, Entertainment, & Recreation Services | 22,730 | 0.6% | 20,945 | 0.6% | 23,024 | 0.6% | 24,063 | 0.6% |
| Hotel & Other Accommodation Services | 30,508 | 3.9% | 28,390 | 3.8% | 29,733 | 3.7% | 30,484 | 3.7% |
| Food & Drinking Services | 158,789 | 11.9% | 150,446 | 11.8% | 163,045 | 12.0% | 168,673 | 11.9% |
| Other Personal Services | 117,059 | 2.2% | 110,531 | 2.1% | 117,712 | 2.2% | 118,080 | 2.2% |
| Government Services | 2,153 | 0.1% | 2,052 | 0.1% | 2,169 | 0.1% | 2,150 | 0.1% |
| TOTAL | 2,325,073 | 100.0% | 2,172,762 | 100.0% | 2,235,579 | 100.0% | 2,232,943 | 100.0% |

Source: Colorado Department of Revenue

| 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax | # of Tax Returns | % of Income Tax |
| 33,536 | 0.0% | 23,480 | 0.0% | 24,376 | 0.0% | 23,376 | 0.0% | 23,916 | 0.0% | 24,570 | 0.0% |
| 82,340 | 0.0% | 76,617 | 0.0% | 81,028 | 0.0% | 72,400 | 0.0% | 76,547 | 0.0% | 73,929 | 0.0% |
| 119,531 | 0.0% | 112,812 | 0.0% | 109,819 | 0.0% | 108,412 | 0.0% | 112,703 | 0.0% | 112,776 | 0.0% |
| 139,504 | 0.3% | 130,686 | 0.3% | 125,816 | 0.2% | 127,061 | 0.3% | 128,661 | 0.3% | 129,339 | 0.4% |
| 143,006 | 0.7% | 139,486 | 0.8% | 134,806 | 0.6% | 134,933 | 0.8% | 134,643 | 0.8% | 134,988 | 1.0% |
| 139,626 | 1.2% | 135,930 | 1.3% | 131,969 | 0.6% | 130,926 | 1.3% | 130,647 | 1.4% | 131,424 | 1.6% |
| 245,832 | 3.7% | 248,979 | 4.1% | 243,919 | 3.3% | 240,034 | 3.8% | 236,285 | 4.1% | 236,162 | 4.7% |
| 278,767 | 7.2% | 285,209 | 7.8% | 278,843 | 6.3% | 272,040 | 7.2% | 267,939 | 7.6% | 266,625 | 8.6% |
| 311,321 | 13.3% | 318,161 | 14.0% | 313,367 | 11.4% | 302,778 | 12.9% | 295,028 | 13.6% | 289,548 | 15.1% |
| 199,941 | 13.3% | 202,834 | 13.9% | 200,847 | 11.4% | 189,359 | 12.5% | 179,635 | 13.0% | 171,170 | 14.0% |
| 319,821 | 60.3% | 317,476 | 57.8% | 330,337 | 66.2% | 290,548 | 61.2% | 256,424 | 59.2% | 227,936 | 54.6% |
| 2,013,225 | 100.0% | 1,991,670 | 100.0% | 1,975,127 | 100.0% | 1,891,867 | 100.0% | 1,842,428 | 100.0% | 1,798,467 | 100.0% |

## COLORADO TAX RATES[1]
## 2007 to 2016

| Income Tax Rate | Sales Tax Rate |
|---|---|
| 4.63% | 2.90% |

Source: Colorado Department of Revenue

[1] – Tax rates can be lowered by the General Assembly, but cannot be raised without a vote of the people. Tax rates have remained unchanged since 2001, when Sales Tax was reduced from 3.0 percent to 2.9 percent.

| 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax | # of Tax Returns | % of Sales Tax |
| 4,995 | 0.1% | 3,787 | 0.1% | 3,595 | 0.1% | 3,653 | 0.1% | 3,632 | 0.1% | 3,808 | 0.1% |
| 9,775 | 1.7% | 5,543 | 1.4% | 5,324 | 1.9% | 4,491 | 1.9% | 4,104 | 1.7% | 3,775 | 1.4% |
| 14,073 | 3.9% | 10,177 | 3.6% | 9,721 | 3.5% | 9,517 | 3.9% | 8,725 | 3.0% | 7,904 | 3.1% |
| 45,046 | 1.2% | 33,065 | 1.1% | 31,811 | 1.3% | 31,949 | 1.5% | 30,929 | 1.5% | 32,291 | 1.6% |
| 152,038 | 4.7% | 96,062 | 4.2% | 88,504 | 4.7% | 84,393 | 4.8% | 87,475 | 4.9% | 85,822 | 4.8% |
| 112,066 | 5.8% | 72,331 | 5.7% | 72,914 | 6.6% | 72,432 | 6.7% | 74,498 | 6.7% | 78,156 | 6.8% |
| 542,876 | 51.5% | 385,914 | 51.8% | 385,320 | 49.5% | 395,100 | 49.9% | 399,395 | 51.5% | 409,029 | 52.2% |
| 4,616 | 0.2% | 3,831 | 0.2% | 3,916 | 0.3% | 4,014 | 0.3% | 4,733 | 0.3% | 5,346 | 0.4% |
| 264,926 | 5.6% | 167,660 | 6.3% | 171,984 | 6.3% | 174,348 | 5.9% | 170,488 | 5.8% | 163,953 | 5.8% |
| 59,750 | 0.8% | 35,443 | 1.4% | 35,103 | 1.4% | 33,499 | 1.5% | 34,308 | 1.2% | 37,478 | 1.0% |
| 123,870 | 3.3% | 84,376 | 3.4% | 82,509 | 3.7% | 79,541 | 3.8% | 71,969 | 3.8% | 72,110 | 3.7% |
| 106,421 | 1.8% | 64,231 | 1.5% | 64,002 | 1.6% | 65,592 | 1.6% | 66,352 | 1.8% | 71,590 | 1.8% |
| 35,700 | 0.6% | 24,102 | 0.6% | 24,615 | 0.7% | 23,401 | 0.7% | 23,014 | 0.7% | 23,497 | 0.6% |
| 8,674 | 0.2% | 5,914 | 0.2% | 6,068 | 0.2% | 6,526 | 0.2% | 5,566 | 0.2% | 5,136 | 0.2% |
| 19,084 | 0.2% | 16,018 | 0.2% | 15,572 | 0.2% | 13,013 | 0.2% | 12,233 | 0.2% | 12,290 | 0.2% |
| 21,477 | 0.6% | 17,230 | 0.6% | 17,301 | 0.6% | 17,391 | 0.6% | 17,196 | 0.6% | 16,957 | 0.6% |
| 24,183 | 3.6% | 21,282 | 3.5% | 21,153 | 3.6% | 21,221 | 3.6% | 20,995 | 3.5% | 20,717 | 3.3% |
| 143,273 | 11.8% | 130,911 | 11.8% | 129,780 | 11.4% | 129,123 | 10.5% | 125,682 | 10.2% | 121,234 | 10.0% |
| 101,431 | 2.2% | 86,316 | 2.2% | 86,861 | 2.3% | 86,647 | 2.2% | 85,361 | 2.1% | 85,499 | 2.1% |
| 2,731 | 0.2% | 6,290 | 0.2% | 5,655 | 0.1% | 6,044 | 0.1% | 7,445 | 0.2% | 10,479 | 0.3% |
| 1,797,005 | 100.0% | 1,270,483 | 100.0% | 1,261,708 | 100.0% | 1,261,895 | 100.0% | 1,254,100 | 100.0% | 1,267,071 | 100.0% |

## DEBT SERVICE EXPENDITURES
## ALL GOVERNMENTAL FUND TYPES
### Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| DEBT SERVICE EXPENDITURES: | | | | |
| Principal | $ 210,390 | $ 194,818 | $ 184,106 | $ 163,939 |
| Interest | 69,729 | 74,689 | 77,005 | 82,660 |
| TOTAL DEBT SERVICE EXPENDITURES | $ 280,119 | $ 269,507 | $ 261,111 | $ 246,599 |
| Percent Change Over Previous Year | 3.9% | 3.2% | 5.9% | 4.4% |
| TOTAL NONCAPITAL EXPENDITURES | 22,036,237 | 20,480,883 | 19,001,514 | 17,329,054 |
| TOTAL CAPITAL EXPENDITURES | 1,076,958 | 1,194,596 | 664,762 | 653,157 |
| TOTAL GOVERNMENTAL EXPENDITURES | 23,113,195 | 21,675,479 | 19,666,276 | 17,982,211 |
| DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES: | | | | |
| Principal | 1.0% | 1.0% | 0.9% | 0.9% |
| Interest | 0.3% | 0.4% | 0.4% | 0.5% |
| Total Debt Service Expenditures | 1.3% | 1.3% | 1.4% | 1.4% |

## TOTAL OUTSTANDING DEBT[1,2,4]
## PRIMARY GOVERNMENT
### Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Revenue Backed Debt | $ 127,925 | $ 289,789 | $ 443,881 | $ 574,147 |
| Certificates of Participation | 1,205,172 | 1,227,828 | 1,267,869 | 1,192,193 |
| Capital Leases | 150,665 | 172,329 | 174,996 | 151,010 |
| Notes and Mortgages | 13,205 | 15,250 | 17,385 | 19,220 |
| TOTAL GOVERNMENTAL OUTSTANDING DEBT | 1,496,967 | 1,705,196 | 1,904,131 | 1,936,570 |
| Business-Type Activities: | | | | |
| Revenue Backed Debt | 4,320,596 | 4,242,726 | 3,967,023 | 3,724,951 |
| Certificates of Participation | 372,661 | 399,231 | 403,761 | 403,603 |
| Capital Leases | 57,126 | 54,281 | 42,192 | 41,728 |
| Notes and Mortgages | 53,968 | 28,317 | 4,810 | 3,522 |
| TOTAL BUSINESS-TYPE OUTSTANDING DEBT | 4,804,351 | 4,724,555 | 4,417,786 | 4,173,804 |
| Total Primary Government: | | | | |
| Revenue Backed Debt | 4,448,521 | 4,532,515 | 4,410,904 | 4,299,098 |
| Certificates of Participation | 1,577,833 | 1,627,059 | 1,671,630 | 1,595,796 |
| Capital Leases | 207,791 | 226,610 | 217,188 | 192,738 |
| Notes and Mortgages | 67,173 | 43,567 | 22,195 | 22,742 |
| TOTAL OUTSTANDING DEBT[1] | $ 6,301,318 | $ 6,429,751 | $ 6,321,917 | $ 6,110,374 |
| Percent Change Over Previous Year | -2.0% | 1.7% | 3.3% | -0.1% |
| Colorado Population (In Thousands) Restated for Census | 5,268 | 5,268 | 5,268 | 5,273 |
| Per Capita Debt (Dollars Per Person) Restated for Census | $1,196 | $1,221 | $1,200 | $1,159 |
| Per Capita Income (Thousands Per Person) | $50.3 | $50.3 | $46.9 | $46.1 |
| Per Capita Debt as a Percent of Per Capita Income | 2.4% | 2.4% | 2.6% | 2.5% |

[1] – General Obligation Debt is prohibited by the State Constitution except to fund buildings for State use, to defend the State or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies.

[2] – Colorado State Constitution requires multiple year obligations to be approved by voters; therefore, there is no specific legal debt limitation.

| 2011-12 | 2010-11 | 2009-10 | RESTATED 2008-09 | 2007-08 | RESTATED 2006-07 |
|---|---|---|---|---|---|
| $ 150,690 | $ 124,993 | $ 116,083 | $ 109,801 | $ 104,924 | $ 100,681 |
| 85,586 | 82,829 | 77,919 | 78,719 | 102,652 | 112,145 |
| $ 236,276 | $ 207,822 | $ 194,002 | $ 188,520 | $ 207,576 | $ 212,826 |
| 13.7% | 7.1% | 2.9% | -9.2% | -2.5% | 4.4% |
| 16,470,142 | 16,654,138 | 16,566,769 | 15,448,232 | 14,196,496 | 13,365,782 |
| 726,501 | 631,546 | 478,179 | 359,518 | 242,572 | 233,914 |
| 17,196,643 | 17,285,684 | 17,044,948 | 15,807,750 | 14,439,068 | 13,599,696 |
| 0.9% | 0.7% | 0.7% | 0.7% | 0.7% | 0.8% |
| 0.5% | 0.5% | 0.5% | 0.5% | 0.7% | 0.8% |
| 1.4% | 1.2% | 1.2% | 1.2% | 1.4% | 1.6% |

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| $ 739,138 | $ 869,282 | $ 992,436 | $ 1,106,973 | $ 1,216,006 | $ 1,319,718 |
| 1,018,456 | 897,632 | 689,973 | 162,053 | 172,864 | 183,203 |
| 121,429 | 107,588 | 97,130 | 91,813 | 60,031 | 30,456 |
| 19,369 | - | 515,000 | 515,000 | 460,000 | 345,000 |
| 1,898,392 | 1,874,502 | 2,294,539 | 1,875,839 | 1,908,901 | 1,878,377 |
| 3,753,617 | 2,762,166 | 2,306,693 | 3,551,588 | 3,325,690 | 2,935,383 |
| 420,951 | 430,537 | 432,698 | 446,656 | 210,150 | 218,916 |
| 39,038 | 48,416 | 83,374 | 93,773 | 93,374 | 68,621 |
| 7,353 | 3,503 | 43,925 | 4,771 | 6,211 | 9,463 |
| 4,220,959 | 3,244,622 | 2,866,690 | 4,096,788 | 3,635,425 | 3,232,383 |
| 4,492,755 | 3,631,448 | 3,299,129 | 4,658,561 | 4,541,696 | 4,255,101 |
| 1,439,407 | 1,328,169 | 1,122,671 | 608,709 | 383,014 | 402,119 |
| 160,467 | 156,004 | 180,504 | 185,586 | 153,405 | 99,077 |
| 26,722 | 3,503 | 558,925 | 519,771 | 466,211 | 354,463 |
| $ 6,119,351 | $ 5,119,124 | $ 5,161,229 | $ 5,972,627 | $ 5,544,326 | $ 5,110,760 |
| 19.5% | -0.8% | -13.6% [3] | 7.7% | 8.5% | 9.2% |
| 5,188 | 5,118 | 5,048 | 4,972 | 4,890 | 4,804 |
| $1,180 | $1,000 | $1,022 | $1,201 | $1,134 | $1,064 |
| $46.3 | $44.2 | $41.7 | $41.5 | $43.4 | $42.2 |
| 2.6% | 2.3% | 2.5% | 2.9% | 2.6% | 2.5% |

[3] – Decline was related to the CollegeInvest sale and retirement of bonds previously issued to support purchase and origination of student loans.

[4] – Beginning in Fiscal Year 2013-14 debt liabilities are not offset by unamortized refunding gains or losses. With GASB Statement No. 65, these balances became deferred inflows and or outflows.

## REVENUE BOND COVERAGE[1]
### Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

| Fiscal Year | Gross Revenue | Direct Operating Expense | Net Revenue Available For Debt Service | Debt Service Requirements: Principal | Debt Service Requirements: Interest | Debt Service Requirements: Total | Coverage |
|---|---|---|---|---|---|---|---|
| ***Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)*** | | | | | | | |
| 2015-16 | $ 1,566,285 | $ 1,437,505 | $ 128,780 | $ 126,100 | $ 2,680 | $ 128,780 | 1.00 |
| 2014-15 | 1,358,950 | 1,191,461 | 167,489 | 157,220 | 10,269 | 167,489 | 1.00 |
| 2013-14 | 1,240,588 | 1,073,259 | 167,329 | 147,225 | 20,104 | 167,329 | 1.00 |
| 2012-13 | 1,204,153 | 1,037,025 | 167,128 | 132,105 | 35,023 | 167,128 | 1.00 |
| 2011-12 | 1,105,452 | 938,787 | 166,665 | 125,265 | 41,400 | 166,665 | 1.00 |
| 2010-11 | 1,162,586 | 994,596 | 167,990 | 119,385 | 48,605 | 167,990 | 1.00 |
| 2009-10 | 1,104,185 | 936,194 | 167,991 | 113,300 | 54,691 | 167,991 | 1.00 |
| 2008-09 | 980,992 | 813,000 | 167,992 | 107,795 | 60,197 | 167,992 | 1.00 |
| 2007-08 | 167,989 | - | 167,989 | 102,475 | 65,514 | 167,989 | 1.00 |
| 2006-07 | 167,982 | - | 167,982 | 97,490 | 70,492 | 167,982 | 1.00 |
| ***Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance*** [2] | | | | | | | |
| 2015-16 | $ 231,775 | $ - | $ 231,775 | $ 124,965 | $ 20,546 | $ 145,511 | 1.59 |
| 2014-15 | 363,612 | - | 363,612 | 249,925 | 24,857 | 274,782 | 1.32 |
| 2013-14 | 486,250 | - | 486,250 | 374,885 | 30,620 | 405,505 | 1.20 |
| 2012-13 | 608,493 | - | 608,493 | 499,845 | 40,965 | 540,810 | 1.13 |
| 2011-12 | 240,822 | - | 240,822 | - | 18,234 | 18,234 | 13.21 |
| 2010-11 | 74,280 | - | 74,280 | - | 8,408 | 8,408 | 8.83 |
| 2008-09 | 200,753 | 34,107 | 166,646 | 24,000 | 17,126 | 41,126 | 4.05 |
| 2007-08 | 351,308 | 126,788 | 224,520 | 155 | 41,492 | 41,647 | 5.39 |
| 2006-07 | 402,013 | 101,632 | 300,381 | 16,155 | 76,077 | 92,232 | 3.26 |
| ***Higher Education Institutions*** | | | | | | | |
| 2015-16 | $ 1,984,082 | $ 455,553 | $ 1,528,529 | $ 103,957 | $ 157,999 | $ 261,956 | 5.84 |
| 2014-15 | 1,250,735 | 579,200 | 671,535 | 107,878 | 152,923 | 260,801 | 2.57 |
| 2013-14 | 1,170,939 | 557,627 | 613,312 | 94,581 | 138,121 | 232,702 | 2.64 |
| 2012-13 | 1,122,003 | 537,630 | 584,373 | 80,330 | 131,356 | 211,686 | 2.76 |
| 2011-12 | 1,093,528 | 507,761 | 585,767 | 69,992 | 114,914 | 184,906 | 3.17 |
| 2010-11 | 1,025,079 | 487,781 | 537,298 | 64,345 | 110,488 | 174,833 | 3.07 |
| 2009-10 | 947,626 | 477,126 | 470,500 | 46,650 | 85,723 | 132,373 | 3.55 |
| 2008-09 | 846,389 | 450,057 | 396,332 | 40,965 | 69,195 | 110,160 | 3.60 |
| 2007-08 | 793,013 | 420,908 | 372,105 | 36,940 | 58,466 | 95,406 | 3.90 |
| 2006-07 | 687,200 | 391,433 | 295,767 | 34,145 | 48,073 | 82,218 | 3.60 |

[1] – Pledged revenues supporting the Governmental Funds TRANs include primarily federal grants under agreement with the Federal Highway Administration (FHWA). Before Fiscal Year 2009-10, pledged revenue also included a portion of sales and use tax revenues of the General Fund diverted to the Highway Users Tax Fund and the Highway Users Tax Fund revenues. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, were primarily student loan repayment amounts at CollegeInvest, which were used to make the required debt service payments. CollegeInvest's loan portfolio was sold in Fiscal Year 2009-10 and related bonds were sold or redeemed. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition. Pledged revenues supporting Unemployment Insurance bonds are from assessments on employers.

[2] – At the close of Fiscal Year 2009-10, neither CollegeInvest nor State Fair had any outstanding revenue bonds requiring pledged revenues amount to be reported. In Fiscal Year 2011-12, Unemployment Insurance issued revenue bonds requiring pledged revenues.

## COLORADO DEMOGRAPHIC DATA
## 2007 to 2016

| Year | Population (000) | Percentage Share of U.S. Population | Total Personal Income (Billions) | Per Capita Personal Income (Dollars) | % of U.S. Per Capita Income | Employ-ment (000) | Unemploy-ment % |
|---|---|---|---|---|---|---|---|
| 2016 est | 5,555 | 1.71% | $ 288.6 | $ 51,956 | 105.4% | 2,808 | 3.5% |
| 2015 | 5,439 | 1.69 | 273.8 | 50,343 | 105.6 | 2,719 | 3.9 |
| 2014 | 5,345 | 1.67 | 261.0 | 48,831 | 106.3 | 2,675 | 5.0 |
| 2013 | 5,268 | 1.67 | 247.1 | 46,900 | 104.8 | 2,591 | 6.8 |
| 2012 | 5,189 | 1.65 | 240.3 | 46,310 | 104.8 | 2,542 | 7.9 |
| 2011 | 5,118 | 1.64 | 226.1 | 44,177 | 104.4 | 2,507 | 8.3 |
| 2010 | 5,048 | 1.63 | 210.5 | 41,700 | 103.9 | 2,486 | 8.7 |
| 2009 | 4,972 | 1.62 | 206.4 | 41,512 | 105.4 | 2,524 | 7.3 |
| 2008 | 4,890 | 1.61 | 212.1 | 43,374 | 106.1 | 2,585 | 4.8 |
| 2007 | 4,804 | 1.59 | 202.6 | 42,173 | 106.0 | 2,565 | 3.7 |

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment, State Demographer for the 2012 population estimate

## COLORADO EMPLOYMENT[1,2]
## BY INDUSTRY
## 2007 to 2016
## (AMOUNTS IN THOUSANDS)

| Industry | 2016 est | 2015 est | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Natural Resources and Mining | 29.8 | 31.1 | 33.9 | 30.6 | 30.3 | 27.9 | 24.4 | 24.2 | 28.5 | 25.2 |
| Construction | 160.2 | 150.5 | 142.3 | 127.5 | 115.8 | 112.5 | 115.1 | 131.3 | 161.8 | 167.8 |
| Manufacturing | 142.5 | 140.3 | 136.6 | 132.8 | 130.9 | 128.1 | 124.2 | 128.0 | 142.3 | 145.2 |
| Transportation, Trade, and Utilities | 454.8 | 444.0 | 431.8 | 420.2 | 409.7 | 401.7 | 397.6 | 403.8 | 429.3 | 429.2 |
| Information | 70.4 | 70.1 | 69.9 | 69.8 | 69.8 | 71.4 | 72.0 | 74.7 | 76.8 | 76.4 |
| Financial Activities | 159.9 | 157.3 | 153.3 | 151.0 | 146.7 | 143.9 | 144.3 | 148.0 | 155.6 | 159.5 |
| Professional and Business Services | 413.0 | 397.5 | 385.2 | 372.6 | 356.9 | 341.5 | 330.8 | 331.8 | 353.7 | 349.7 |
| Educational and Health Services | 323.0 | 312.1 | 298.8 | 286.7 | 282.6 | 273.7 | 264.7 | 257.2 | 250.5 | 240.4 |
| Leisure and Hospitality | 320.4 | 311.4 | 300.7 | 289.4 | 279.7 | 271.4 | 263.0 | 262.4 | 272.9 | 270.4 |
| Other Services | 103.9 | 102.0 | 100.4 | 97.7 | 96.0 | 93.7 | 92.4 | 93.7 | 94.8 | 92.9 |
| Government | 418.2 | 414.7 | 408.0 | 403.7 | 394.8 | 392.9 | 393.8 | 390.5 | 384.1 | 374.7 |
| Total | 2,596.1 | 2,531.0 | 2,460.9 | 2,382.0 | 2,313.2 | 2,258.7 | 2,222.3 | 2,245.6 | 2,350.3 | 2,331.4 |

Source: Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee.

1 – Provided in lieu of information regarding Colorado's principal employers because employer data could not be obtained.

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

## VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE
### Last Ten Years

(AMOUNTS IN MILLIONS)

| Year | Residential | Non-Residential | Non-Building | Total |
|---|---|---|---|---|
| 2016 est | $ 8,780 | $ 4,852 | $ 3,150 | $ 16,782 |
| 2015 | 7,489 | 4,621 | 3,150 | 15,260 |
| 2014 | 6,480 | 4,239 | 2,319 | 13,038 |
| 2013 | 7,089 | 3,610 | 3,680 | 14,379 |
| 2012 | 5,368 | 3,675 | 3,329 | 12,372 |
| 2011 | 3,363 | 3,932 | 2,289 | 9,584 |
| 2010 | 2,903 | 2,967 | 2,214 | 8,084 |
| 2009 | 2,501 | 3,126 | 1,648 | 7,275 |
| 2008 | 4,042 | 4,117 | 2,542 | 10,701 |
| 2007 | 7,417 | 5,260 | 2,004 | 14,681 |

Source: Department of Census, F.W. Dodge Company, Division of McGraw-Hill, Colorado Contractors Association, and Colorado Business Economic Outlook Committee.

## COLORADO SALES AND GROSS FARMING REVENUES
### Last Ten Years

(AMOUNTS IN BILLIONS)

| Year | Retail Sales | Gross Farm Revenues |
|---|---|---|
| 2016 est | 88.90 | 7.71 |
| 2015 | 84.20 | 8.32 |
| 2014 | 79.50 | 9.09 |
| 2013 | 74.10 | 8.55 |
| 2012 | 70.70 | 8.27 |
| 2011 | 66.70 | 8.47 |
| 2010 | 62.30 | 6.97 |
| 2009 | 58.30 | 6.80 |
| 2008 | 66.50 | 6.87 |
| 2007 | 67.30 | 7.47 |

Retail sales based on SIC Codes 52-59.

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

**DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]**
**BY FUNCTIONS/PROGRAMS**
**Last Ten Years[2]**

| | 2016 | 2015 | 2014 | Restated 2013 |
|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | |
| General Government: | | | | |
| Funds | 815 | 719 | 638 | 634 |
| Employees (calculated Average Employment) | 72,483 | 72,369 | 70,823 | 68,898 |
| Balance in Treasury Pool (in millions) | $7,413.7 | $7,683.2 | $7,047.8 | $7,106.9 |
| Business, Community, and Consumer Affairs: | | | | |
| Professional Licenses at Regulatory Agencies | 813,639 | 789,643 | 750,306 | 729,328 |
| Unemployment Rate (percent) [4] | 3.3 | 4.3 | 5.5 | 6.8 |
| Employment Level [4] | 2,808,506 | 2,716,981 | 2,691,680 | 2,595,837 |
| Education: | | | | |
| Public Schools | 1,853 | 1,836 | 1,824 | 1,823 |
| Primary School Students | 899,112 | 889,006 | 876,999 | 863,561 |
| Health and Rehabilitation: | | | | |
| Average Daily Population of Mental Health Institute | 545 | 545 | 486 | 489 |
| Average Daily Population of Regional Centers [3,5] | 266 | 272 | 288 | 305 |
| Justice: | | | | |
| District Court Cases Filed [3] | 216,970 | 231,188 | 289,965 | 247,696 |
| County Court Cases Filed [3] | 430,398 | 446,255 | 493,341 | 505,234 |
| Inmate Admissions | 9,912 | 9,912 | 9,620 | 9,597 |
| Inmate Releases | 10,269 | 10,269 | 10,506 | 10,506 |
| Average Daily Inmate Population | 20,478 | 20,478 | 20,551 | 20,812 |
| Citations Issued by the State Patrol | 128,142 | 135,037 | 140,640 | 127,939 |
| Crashes Covered by the State Patrol | 25,541 | 26,971 | 29,163 | 27,751 |
| Natural Resources: | | | | |
| Active Oil and Gas Wells [3] | 52,600 | 52,300 | 50,350 | 47,916 |
| Oil and Gas Drilling Permits [3] | 3,725 | 4,333 | 4,300 | 5,100 |
| Annual State Park Visitors [3] | 12,300,000 | 11,699,543 | 11,556,388 | 12,461,261 |
| Water Loans | 312 | 294 | 289 | 277 |
| Social Assistance: | | | | |
| Medicaid Recipients [3] | 1,289,795 | 1,003,612 | 809,452 | 687,473 |
| Average Cash Assistance Payments per Month [3] | 286,611 | 63,646 | 65,208 | 65,208 |
| Transportation: | | | | |
| Lane Miles | 23,018,184 | 23,018,184 | 23,021,500 | 23,023,800 |
| Bridges | 3,427 | 3,439 | 3,443 | 3,438 |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Higher-Education: | | | | |
| Resident Students [3] | 145,769 | 150,073 | 155,748 | 159,206 |
| Nonresident Students [3] | 30,869 | 29,305 | 28,580 | 27,536 |
| Unemployment Insurance: | | | | |
| Individuals Served - Employment and Training [3] | 469,274 | 553,258 | 552,303 | 636,977 |
| Initial Unemployment Claims [3] | 152,658 | 157,161 | 199,007 | 228,634 |
| CollegeInvest:[7] | | | | |
| Loans Issued or Purchased | - | - | - | - |
| Average Balance per Loan | - | - | - | - |
| Lottery: | | | | |
| Scratch Tickets Sold | 87,433,955 | 89,637,387 | 89,961,317 | 94,109,256 |
| Lotto Tickets Sold | 27,422,320 | 29,837,628 | 33,809,181 | 32,561,865 |
| Powerball Tickets Sold | 47,427,269 | 29,581,783 | 35,134,907 | 67,690,312 |
| Other Lottery Tickets Sold | 29,682,863 | 50,521,072 | 56,956,625 | 47,690,502 |
| Wildlife: | | | | |
| Hunting & Fishing Licenses Sold [3] | 1,600,000 | 2,300,000 | 2,300,000 | 2,315,000 |
| College Assist: | | | | |
| Guaranteed Loans - In State | - | - | - | - |
| Guaranteed Loans - Out of State | - | - | - | - |

Source: JBC Budget in Brief and various State departments.

1 – All amounts are counts, except where dollars or percentages are indicated.

2 – Data is presented by either fiscal year or calendar year based on availability of information.

3 – Data represents estimates from budgetary documents and is not adjusted to actual.

4 – Data represents annual averages of monthly estimates from Department of Labor and Employment and is not adjusted to actual.

| Restated 2012 | Restated 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| 626 | 616 | 601 | 593 | 556 | 515 |
| 67,871 | 66,691 | 65,325 | 64,535 | 61,915 | 59,873 |
| $6,546.6 | $6,076.2 | $5,902.0 | $5,663.2 | $6,159.4 | $5,250.7 |
| 705,205 | 703,695 | 702,498 | 679,836 | 640,332 | 575,124 |
| 7.8 | 8.5 | 9.0 | 8.1 | 4.8 | 3.8 |
| 2,523,535 | 2,490,004 | 2,475,831 | 2,511,189 | 2,599,724 | 2,583,404 |
| 1,806 | 1,786 | 1,817 | 1,769 | 1,771 | 1,771 |
| 854,265 | 843,316 | 832,368 | 818,443 | 802,639 | 794,026 |
| 501 | 511 | 554 | 569 | 548 | 528 |
| 302 | 307 | 329 | 378 | 403 | 403 |
| 238,766 | 190,531 | 188,822 | 191,749 | 199,681 | 189,884 |
| 541,439 | 562,185 | 562,570 | 554,165 | 579,069 | 552,592 |
| 9,116 | 9,935 | 10,704 | 10,992 | 11,038 | 10,625 |
| 10,657 | 10,161 | 11,033 | 10,803 | 10,565 | 10,110 |
| 22,009 | 22,814 | 22,980 | 23,210 | 22,887 | 22,424 |
| 130,651 | 149,015 | 170,988 | 170,570 | 221,544 | 226,324 |
| 25,554 | 24,878 | 24,123 | 26,159 | 27,260 | 28,277 |
| 45,300 | 45,500 | 45,000 | 36,000 | 35,000 | 34,000 |
| 4,800 | 5,250 | 5,000 | 7,400 | 6,780 | 4,200 |
| 12,651,919 | 12,463,495 | 11,666,912 | 13,680,012 | 11,272,418 | 11,475,000 |
| 281 | 288 | 278 | 269 | 258 | 255 |
| 613,148 | 553,407 | 476,632 | 381,390 | 383,784 | 429,233 |
| 66,472 | 63,742 | 58,119 | 57,200 | 62,647 | 66,728 |
| 23,023,720 | 23,023,070 | 22,982,320 | 23,060,630 | 23,036,480 | 22,999,470 |
| 3,447 | 3,447 | 3,447 | 3,429 | 3,406 | 3,775 |
| 160,944 | 160,160 | 146,531 | 136,900 | 135,275 | 136,108 |
| 26,934 | 26,225 | 24,869 | 23,166 | 22,069 | 20,670 |
| 585,724 | 615,548 | 652,570 | 350,000 | 300,000 | 270,000 |
| 302,418 | 389,769 | 408,644 | 120,074 | 119,561 | 120,290 |
| - | - | - | 268,745 [7] | 239,060 | 218,518 |
| - | - | - | 6,326 [7] | 6,328 | 6,057 |
| 99,988,581 | 98,545,733 | 99,657,606 | 104,217,790 | 101,604,127 | 99,199,686 |
| 33,276,914 | 39,257,585 | 41,620,408 | 43,552,521 | 41,071,837 | 39,835,761 |
| 64,285,665 | 70,047,258 | 101,568,085 | 100,733,520 | 109,565,516 | 101,570,695 |
| 65,916,303 | 50,464,834 | 26,833,674 | 20,831,732 | 19,148,564 | 17,407,163 |
| 2,333,000 | 1,380,000 | 1,630,000 | 2,300,000 | 1,545,659 | 1,399,978 |
| - | 61,076 [8] | 107,402 | 115,486 | 140,232 | 146,616 |
| - | 4,961 [8] | 41,616 | 47,892 | 18,859 | 5,080 |

[5] – This represented Regional Center Residential Beds.

[6] – Calendar data through October 31, 2014.

[7] – CollegeInvest sold its loan portfolio during Fiscal Year 2009-10 due to a statutory change resulting from a change in the federal program

[8] – In Fiscal Year 2010-11, College Assist's Guaranteed Loans for In-State student decreased due to increased participation by State institutions in the federal direct lending program.

**AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION**
**AND AVERAGE MONTHLY EMPLOYEE SALARY**
**Last Ten Fiscal Years**

| | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|
| General Government | 3,102 | 3,005 | 3,092 | 2,958 |
| Business, Community, and Consumer Affairs | 2,451 | 2,441 | 2,482 | 2,420 |
| Education | 42,494 | 42,767 | 41,501 | 40,218 |
| Health and Rehabilitation | 4,023 | 4,007 | 3,990 | 3,931 |
| Justice | 13,974 | 13,760 | 13,416 | 13,123 |
| Natural Resources | 1,623 | 1,599 | 1,579 | 1,586 |
| Social Assistance | 1,810 | 1,766 | 1,731 | 1,633 |
| Transportation | 3,006 | 3,024 | 3,032 | 3,029 |
| TOTAL AVERAGE EMPLOYMENT | 72,483 | 72,369 | 70,823 | 68,898 |
| | | | | |
| TOTAL CLASSIFIED | 31,102 | 31,246 | 31,284 | 31,504 |
| AVERAGE MONTHLY SALARY | $ 4,539 | $ 4,502 | $ 4,391 | $ 4,283 |
| | | | | |
| TOTAL NON-CLASSIFIED | 41,381 | 41,123 | 39,539 | 37,394 |
| AVERAGE MONTHLY SALARY | $ 6,691 | $ 6,306 | $ 6,140 | $ 5,953 |

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.

| 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|
| 3,042 | 2,991 | 2,399 | 2,454 | 2,392 | 2,322 |
| 2,404 | 2,458 | 2,564 | 2,437 | 2,372 | 2,335 |
| 39,097 | 38,038 | 37,093 | 36,042 | 34,469 | 33,464 |
| 3,953 | 3,965 | 4,019 | 3,944 | 3,865 | 3,774 |
| 13,149 | 13,093 | 12,848 | 13,000 | 12,467 | 11,791 |
| 1,597 | 1,579 | 1,607 | 1,587 | 1,583 | 1,522 |
| 1,605 | 1,579 | 1,704 | 1,671 | 1,656 | 1,593 |
| 3,024 | 2,988 | 3,091 | 3,400 | 3,111 | 3,072 |
| 67,871 | 66,691 | 65,325 | 64,535 | 61,915 | 59,873 |
| 32,449 | 32,927 | 32,799 | 32,820 | 31,995 | 31,075 |
| $ 4,314 | $ 4,324 | $ 4,367 | $ 4,390 | $ 4,278 | $ 4,108 |
| 35,422 | 33,764 | 32,526 | 31,715 | 29,920 | 28,798 |
| $ 5,840 | $ 5,786 | $ 5,735 | $ 5,723 | $ 5,467 | $ 5,214 |

For each State agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the average employee count. Average salary was computed as total classified or nonclassified salary divided by related average employee count.

## COLORADO STATE HIGHWAY SYSTEM
## CENTERLINE AND LANE MILES
## 2006 TO 2015

| Mileage Type | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|---|---|---|---|---|
| CenterLine Miles[1] | | | | | | | | | | |
| Urban | 1,523 | 1,523 | 1,385 | 1,385 | 1,385 | 1,389 | 1,398 | 1,400 | 1,398 | 1,419 |
| Rural | 7,580 | 7,580 | 7,718 | 7,720 | 7,720 | 7,720 | 7,748 | 7,744 | 7,736 | 7,742 |
| TOTAL CENTERLINE MILES | 9,103 | 9,103 | 9,103 | 9,105 | 9,105 | 9,109 | 9,146 | 9,144 | 9,134 | 9,161 |
| Percent Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -0.4% | 0.0% | 0.1% | -0.3% | 0.1% |
| Lane Miles[2] | | | | | | | | | | |
| Urban | 5,771 | 5,771 | 5,326 | 5,330 | 5,330 | 5,327 | 5,352 | 5,238 | 5,232 | 5,322 |
| Rural | 17,247 | 17,247 | 17,688 | 17,694 | 17,693 | 17,654 | 17,709 | 17,798 | 17,767 | 17,784 |
| TOTAL LANE MILES | 23,018 | 23,018 | 23,014 | 23,024 | 23,023 | 22,981 | 23,061 | 23,036 | 22,999 | 23,106 |
| Percent Change | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | -0.3% | 0.1% | 0.2% | -0.5% | 0.3% |
| Roadways[3] | | | | | | | | | | |
| Percent Rated Good/Fair | 79 | 79 | 79 | 47 | 48 | 48 | 50 | 53 | 59 | 63 |
| Percent Rated Poor | 21 | 21 | 21 | 53 | 52 | 52 | 50 | 47 | 41 | 37 |
| TOTAL PERCENTAGE | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

Source: Colorado Department of Transportation

1 – Centerline miles measure roadway miles without accounting for the number of lanes.

2 – Lane miles measure the total distance of all roadway lanes, and are therefore a better indicator of actual maintenance requirements.

3 – In 2013, CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Drivability Life, which identifies how long a pavement will last until the user experience becomes unacceptable. In 2015, the Statewide pavement condition was rated as 82 percent High/Moderate.

## COLORADO STATE-OWNED BRIDGES
## BY FUNCTIONAL CLASSIFICATION
## 2007 to 2016

| Functional Classification | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| Principal Arterial[1] | 1,372 | 1,377 | 1,114 | 1,294 | 1,303 | 1,299 | 1,376 | 1,368 | 1,341 | 1,686 |
| Other Principal Arterial | 930 | 930 | 1,199 | 793 | 791 | 785 | 801 | 794 | 795 | 911 |
| Minor Arterial | 666 | 667 | 667 | 747 | 749 | 752 | 759 | 761 | 773 | 802 |
| Collector | 383 | 390 | 391 | 443 | 442 | 446 | 431 | 426 | 404 | 350 |
| Local | 76 | 75 | 72 | 161 | 162 | 165 | 80 | 80 | 93 | 26 |
| TOTAL BRIDGES | 3,427 | 3,439 | 3,443 | 3,438 | 3,447 | 3,447 | 3,447 | 3,429 | 3,406 | 3,775 |
| Percent Change | -0.3% | -0.1% | 0.1% | -0.3% | 0.0% | 0.0% | 0.5% | 0.7% | -9.8% | 0.5% |
| Percent Rated Poor[2] | 5.60 | 5.60 | 5.70 | 5.90 | 3.60 | 5.53 | 5.48 | 5.62 | 6.21 | 5.81 |

Source: Colorado Department of Transportation

1 – Includes interstate, expressways, and freeways.

2 – In 2013, CDOT changed the overall metric for assessing bridges due to Public Law 112-141. The focus is now on Structurally Deficient bridges. In 2015, CDOT reported 5.4 percent of State owned bridges as Structurally Deficient.

## BUILDING SQUARE FOOTAGE OWNED BY THE PRIMARY GOVERNMENT BY FUNCTIONS/PROGRAMS

### Last Nine Years[2]

| | 2016 | Restated 2015 | 2014 | 2013 | Restated 2012 | Restated 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | | | | | | |
| General Government | 4,091,577 | 3,630,949 | 3,898,443 | 3,449,893 | 3,197,325 | 3,069,547 | 3,043,068 | 2,549,944 | 2,982,413 |
| Business, Community, and Consumer Affairs[1] | 1,117,563 | 1,260,223 | 1,462,694 | 1,091,423 | 980,198 | 980,198 | 980,198 | 981,809 | 937,389 |
| Education | 322,484 | 322,484 | 327,394 | 327,394 | 327,394 | 326,602 | 317,894 | 317,884 | 317,884 |
| Health and Rehabilitation | 1,443,140 | 1,439,483 | 1,371,986 | 1,407,882 | 1,522,278 | 1,476,587 | 1,489,338 | 1,365,606 | 1,561,507 |
| Justice | 8,743,419 | 8,633,069 | 8,797,346 | 8,170,861 | 8,428,687 | 8,404,174 | 8,398,319 | 8,103,126 | 8,047,872 |
| Natural Resources | 105,952 | 105,952 | 105,952 | 105,952 | 105,952 | 1,729,810 | 1,729,810 | 1,210,477 | 1,672,897 |
| Social Assistance | 1,828,335 | 1,821,873 | 1,794,333 | 1,791,521 | 1,787,266 | 1,836,385 | 1,824,175 | 1,700,847 | 1,351,964 |
| Transportation | 3,652,382 | 3,589,835 | 3,373,967 | 3,362,781 | 3,278,758 | 3,207,047 | 3,206,451 | 2,575,421 | 2,575,421 |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | | |
| Higher Education | 54,075,080 | 52,070,593 | 50,215,173 | 49,016,072 | 48,013,242 | 47,701,898 | 46,277,915 | 44,026,204 | 41,437,896 |
| Parks and Wildlife | 2,811,609 | 2,811,609 | 2,811,609 | 2,811,609 | 2,811,609 | 1,131,841 | 1,109,004 | 1,065,240 | 901,526 |
| TOTAL | 78,191,541 | 75,686,070 | 74,158,897 | 71,535,388 | 70,452,709 | 69,864,089 | 68,376,172 | 63,896,558 | 61,786,769 |

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

[2] – Data not available prior to 2008.

## BUILDING SQUARE FOOTAGE LEASED BY THE PRIMARY GOVERNMENT BY FUNCTIONS/PROGRAMS

### Last Nine Years[2]

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | Restated 2008 |
|---|---|---|---|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | | | | | | |
| General Government | 153,470 | 161,533 | 169,970 | 200,900 | 226,201 | 210,576 | 276,602 | 288,210 | 199,967 |
| Business, Community, and Consumer Affairs[1] | 623,742 | 597,583 | 604,185 | 597,182 | 575,591 | 585,944 | 517,447 | 515,708 | 508,439 |
| Education | 53,827 | 51,749 | 47,926 | 47,645 | 39,804 | 31,999 | 28,531 | 19,440 | 9,396 |
| Health and Rehabilitation | 473,440 | 498,721 | 475,010 | 473,230 | 465,649 | 458,959 | 455,218 | 420,272 | 434,469 |
| Justice | 453,320 | 343,665 | 412,286 | 310,551 | 321,920 | 463,506 | 857,026 | 868,060 | 850,185 |
| Natural Resources | 74,016 | 75,134 | 91,162 | 78,937 | 73,375 | 81,926 | 65,735 | 73,546 | 49,495 |
| Social Assistance | 99,256 | 110,867 | 74,451 | 61,001 | 51,404 | 56,881 | 55,801 | 34,459 | 28,963 |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | | | |
| Higher Education | 1,309,490 | 1,303,315 | 1,613,516 | 1,530,285 | 1,536,160 | 1,358,597 | 1,199,672 | 1,243,524 | 1,294,663 |
| CollegeInvest | 9,597 | 9,642 | 11,397 | 11,397 | 7,517 | 8,544 | 18,983 | 15,318 | 15,318 |
| Lottery | 67,327 | 71,104 | 71,104 | 71,104 | 74,104 | 66,684 | 59,915 | 61,682 | 61,682 |
| Parks and Wildlife | 76,448 | 76,448 | 76,448 | 76,448 | 79,112 | 73,064 | 73,064 | 15,267 | 75,944 |
| College Assist | 10,164 | 10,246 | 8,825 | 8,825 | 8,825 | 10,139 | 12,807 | 12,807 | 12,807 |
| TOTAL | 3,404,097 | 3,310,007 | 3,656,280 | 3,467,505 | 3,459,662 | 3,406,819 | 3,620,801 | 3,568,293 | 3,541,328 |

Source: Colorado Office of the State Architect

[1] – Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

[2] – Data not available prior to 2008.

## 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 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 of Colorado, and selects Colorado City as the territorial capital.

1867 Denver is established as the 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, designed by Elijah E. Meyers, 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.

1992 TABOR amendment is added to the State Constitution.

### Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

### State Symbols and Emblems

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

**State Nickname** – Centennial State

**State Animal** – Rocky Mountain Bighorn Sheep

**State Bird** – Lark Bunting

**State Fish** – Greenback Cutthroat Trout

**State Flower** – White and Lavender Columbine

**State Folk Dance** – Square Dance

**State Fossil** – Stegosaurus

**State Pet –** Shelter and Rescue Dog and Cat

**State Songs** – "Where the Columbines Grow" and "Rocky Mountain High"

**State Gemstone** – Aquamarine

**State Grass** – Blue Grama Grass

**State Insect** – Colorado Hairstreak Butterfly

**State Mineral** – Rhodochrosite

**State Reptile** – Western Painted Turtle

**State Amphibian** – Western Tiger Salamander

**State Rock** – Yule Marble

**State Tree** – Colorado Blue Spruce

**State Cactus** – Claret Cup

COLORADO

Office of the State Controller

Department of Personnel
& Administration