



Colorado

Department of Personnel & Administration

Office of the State Controller

John W. Hickenlooper
Governor

Kathy Nesbitt
Executive Director

Robert Jaros
State Controller

October 31, 2013

The Honorable John W. Hickenlooper
Governor
136 State Capitol Building
Denver, Colorado 80203

Dear Governor Hickenlooper:

I am submitting a Quarterly Financial Report for the three-month period ended September 30, 2013. This Quarterly Financial Report provides the status of the State's financial condition and summarizes activity in the General Purpose Revenue Fund and the Capital Construction Fund.

The attached Exhibit A provides a *Balance Sheet* for the General Purpose Revenue Fund and Capital Construction Fund at September 30, 2013. Factors that contribute to the General Purpose Revenue Fund \$1,153.7 million deficit include income taxes that are disproportionately recorded in the final quarter of the fiscal year and because of the legal requirement for the Department of Education to transfer six months of public school moneys by the end of the first quarter.

The cash position of the General Purpose Revenue Fund is \$150.4 million while in the prior year cash was in a deficit of \$38.0 million. The General Purpose Revenue Fund has access to the cash balance of various cash funds, and therefore, the State's overall cash position should also be assessed using the definition of borrowable resources, which currently shows available cash resources in excess of \$4,586.7 million (\$4,102.1 million at September 30, 2012).

The Total Fund Balance of the Capital Construction Fund (\$190.5 million) increased from the September 30, 2012, balance (\$79.4 million). The balance increased due to higher transfers-in from the General Purpose Revenue Fund as compared to the prior year.

Exhibit B provides a *Schedule of Revenues, Expenditures and Changes in Unassigned Fund Balance - General Fund - Budget and Actual* for the three-month period ended September 30, 2013. The Current Annual Estimate Budget column reflects the most recently published OSPB estimate of revenues.

At the end of the first quarter, actual general-purpose revenues were \$2,052.0 million, which is 23.7 percent of the annual estimated revenue. The current rate of spending is 41.3 percent of appropriations. Due to the deferral of payroll expenditures and Medicaid costs from Fiscal Year 2012-13 into Fiscal Year 2013-14 and the accelerated transfers to the Public School Fund, departmental spending rates do not reflect one fourth of annual appropriations.

Office of the State Controller

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Governor John W. Hickenlooper
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The line item titled Difference Between Recorded and Estimated Appropriations (\$66.0 million) is primarily attributed to legislatively authorized transfers per SB 13-234 of \$45.3 million not yet reflected in the estimated budget, approved rollforwards of \$10.0 million, along with timing differences related to emergency supplementals of \$10.8 million.

Exhibit C is a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Funded By General Purpose Revenue – Budget and Actual – Capital Construction Fund for the three-month period ended September 30, 2013. Actual expenditures of the Capital Construction Fund in each year are expected to be significantly less than outstanding appropriations because of the multi-year nature of the appropriations as compared to current fiscal year expenditures.

As noted above, the revenue and spending patterns fluctuate throughout the year based on the various business cycles. First quarter revenues and expenditures are consistent with that of the first quarter in the prior year. Questions concerning this report should be directed to my office.

Sincerely yours,

A handwritten signature in blue ink that reads "Robert Jaros". The signature is fluid and cursive, with the first name "Robert" and last name "Jaros" clearly distinguishable.

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Attachments

cc: Kathy Nesbitt, DPA
Henry Sobanet, OSPB
John Ziegler, JBC
Website

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BALANCE SHEET
GENERAL PURPOSE REVENUE AND CAPITAL CONSTRUCTION FUNDS
SEPTEMBER 30, 2013

(DOLLARS IN THOUSANDS)		
	GENERAL PURPOSE REVENUE FUND	CAPITAL CONSTRUCTION
ASSETS:		
Cash and Pooled Cash	\$ 150,418	\$ 195,324
Taxes Receivable, net	1,356,527	-
Other Receivables, net	33,259	446
Intrafund Receivables	13,667	-
Due From Other Governments	139,509	406
Due From Other Funds	3,313	1,755
Inventories	5,410	-
Prepays, Advances, and Deferred Charges	54,712	-
Investments	6,863	-
Other Long-Term Assets	8,915	81
TOTAL ASSETS	\$ 1,772,593	\$ 198,012
LIABILITIES:		
Liability to Pooled Cash	\$ -	\$ -
Tax Refunds Payable	707,855	-
Accounts Payable and Accrued Liabilities	238,538	7,171
TABOR Refund Fiscal Year 2004-05	706	-
Due To Other Governments	34,321	-
Due To Other Funds	1,104,890	152
Intrafund Payables	2,244	-
Deferred Revenue	330,546	-
Other Current Liabilities	506,351	-
Deposits Held in Custody for Others	795	155
Other Long-Term Liabilities	11	-
TOTAL LIABILITIES	2,926,257	7,478
FUND BALANCES:		
Fund Balances:		
Restricted	539	-
Committed	398,400	190,534
Unassigned	(1,552,603)	
TOTAL FUND BALANCE	(1,153,664)	190,534
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,772,593	\$ 198,012

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
UNASSIGNED FUND BALANCE - GENERAL PURPOSE REVENUE FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013**

(DOLLARS IN THOUSANDS)		CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET	ACTUAL	PERCENT OF ESTIMATE
REVENUES:				
Sales and Use Tax		\$2,554,600	\$652,514	
Other Excise Taxes		95,200	24,854	
Individual Income Tax, net		5,078,400	1,183,846	
Corporate Income Tax, net		644,100	131,079	
Insurance Tax		214,400	49,953	
Parimutuel, Courts, and Other		22,400	4,959	
Investment Earnings		19,800	4,761	
Gaming		14,000	-	
TOTAL GENERAL PURPOSE REVENUES		8,642,900	2,051,966	23.7%
EXPENDITURES:				
Agriculture		7,724	2,875	
Corrections		667,472	209,281	
Education		3,100,518	1,870,711	
Governor		21,590	20,972	
Health Care Policy and Financing		2,074,673	585,989	
Higher Education		659,392	238,505	
Human Services		735,879	173,090	
Judicial Branch		382,995	137,558	
Labor and Employment		99	399	
Law		12,169	4,161	
Legislative Branch		38,593	10,481	
Local Affairs		15,060	6,483	
Military Affairs		7,379	1,987	
Natural Resources		24,479	8,415	
Personnel and Administration		9,145	4,989	
Public Health and Environment		53,444	7,014	
Public Safety		90,146	23,761	
Regulatory Agencies		1,703	508	
Revenue		163,060	48,964	
Treasury		107,711	20,219	
SUBTOTAL DEPARTMENTAL EXPENDITURES		8,173,231	3,376,362	41.3%
Difference Between Recorded and Estimated Appropriations		66,049		
TOTAL GENERAL FUNDED EXPENDITURES		8,239,280	3,376,362	
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES		403,620	\$(1,324,396)	
EXCESS AUGMENTING REVENUES			6,688	
TRANSFERS:				
Net Transfers from the General Fund for the Older Coloradans Act		(8,000)	(8,000)	
Transfers To General Fund from Cash Funds		(20,605)	(20,605)	
Transfers from General Fund to Capital Construction		(186,715)	(186,715)	
TOTAL TRANSFERS		(215,320)	(215,320)	
NET CHANGE IN GENERAL PURPOSE REVENUE FUND BALANCE RELATED TO BUDGETED OPERATIONS		188,300	(1,533,028)	
BEGINNING GENERAL PURPOSE REVENUE FUND BALANCE - BUDGET BASIS				
Add Budgeted Non-GAAP Expenditures		-	-	
Deduct the GAAP Expenditures Not Budgeted			203	
(Increase)/Decrease - Restricted			(4)	
(Increase)/Decrease - Committed - Statutory 5% Reserve			12	
(Increase)/Decrease - Committed - Other Purposes		(25,400)	(25,435)	
(Increase)/Decrease - Assigned			5,642	
			7	
ENDING UNASSIGNED GENERAL PURPOSE REVENUE FUND BALANCE - GAAP BASIS		\$ 162,900	\$ (1,552,603)	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - FUNDED BY GENERAL PURPOSE REVENUE
BUDGET AND ACTUAL - CAPITAL CONSTRUCTION FUND
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013**

(DOLLARS IN THOUSANDS)	CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET	ACTUAL	PERCENT OF ESTIMATE
REVENUES:			
General Fund Transfer-In	\$ 186,700	\$ 186,715	
Interest Earnings	700	286	
TOTAL CAPITAL CONSTRUCTION REVENUES	187,400	187,001	99.8%
EXPENDITURES:			
Agriculture	481	285	
Corrections	24,128	17,640	
Education	1,722	10	
Governor	7,067	1,267	
Higher Education	72,852	7,792	
Human Services	5,859	609	
Military Affairs	1,066	216	
Personnel	20,458	1,948	
Public Health and Environment	-	507	
Public Safety	1,118	314	
Revenue	4,946	2	
Transportation	500	-	
Treasury	18,588	-	
NET EXPENDITURES AND AUGMENTING REVENUES	158,785	30,590	19.3%
EXCESS GENERAL REVENUES OVER (UNDER) NET CAPITAL CONSTRUCTION EXPENDITURES	28,615	156,411	
EXCESS AUGMENTING REVENUES		181	
BEGINNING FUND BALANCE - GAAP BASIS		33,994	
Add GAAP Revenue Adjustments		(52)	
ENDING FUND BALANCE - GAAP BASIS		\$ 190,534	