



COLORADO
Office of the State Controller

Department of Personnel
& Administration

1525 Sherman St.
Denver, CO 80203

April 30, 2014

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 nine-month period ended March 31, 2014. 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 March 31, 2014. Factors that contribute to the General Purpose Revenue Fund \$879.8 million deficit include income taxes that are disproportionately recorded in the final quarter of the fiscal year and the legal requirement for the Department of Education to transfer twelve months of public school moneys by the end of the third quarter.

The state's current General Purpose Revenue Fund cash position (defined here as the Liability to Pooled Cash plus any State Treasurer short-term borrowing, reduced by investments available for liquidation) is \$1,230.3 million in a deficit while in the prior year, the cash position of the fund was in a deficit of \$408.5 million. The higher deficit is primarily due to the transfer of excess General Fund surplus to the State Education Fund in December 2013 for \$1,073.5 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 \$3,604.0 million (\$3,951.2 million at March 31, 2013).

The Total Fund Balance of the Capital Construction Fund (\$150.6 million) increased from the March 31, 2013, balance (\$39.4 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 nine-month period ended March 31, 2014. The Current Annual Estimate Budget column reflects the most recently published OSPB estimate of revenues.

At the end of the third quarter, actual general-purpose revenues were \$6,100.1 million, which is 69.1 percent of the annual estimated revenue. The current rate of spending is 85.7 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 three quarters of annual appropriations.

The line item titled Difference Between Recorded and Estimated Appropriations (\$171.6 million) is primarily attributed to timing differences. The significant differences include approximately \$71.3 million and \$51.6 million in increased funding to the Departments of Public Safety and Education, respectively, not yet reflected in the estimated budget. In addition, the estimated budget does not include \$45.3 million in transfers to the State Education Fund occurring in April 2014.

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 nine-month period ended March 31, 2014. 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. Third quarter revenues and expenditures are consistent with that of the third quarter in the prior year. Questions concerning this report should be directed to my office.

Sincerely yours,



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
MARCH 31, 2014

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE FUND	CAPITAL CONSTRUCTION
ASSETS:		
Cash and Pooled Cash	\$ -	\$ 152,763
Taxes Receivable, net	1,356,636	-
Other Receivables, net	31,620	26
Intrafund Receivables	15,718	-
Due From Other Governments	226,958	98
Due From Other Funds	8,914	1,729
Inventories	5,626	-
Prepays, Advances, and Deferred Charges	34,019	4
Investments	6,487	-
Other Long-Term Assets	8,855	81
TOTAL ASSETS	\$ 1,694,833	\$ 154,701
LIABILITIES:		
Liability to Pooled Cash	\$ 730,573	\$ -
Tax Refunds Payable	707,855	-
Accounts Payable and Accrued Liabilities	251,812	3,889
TABOR Refund Fiscal Year 2004-05	706	-
Due To Other Governments	34,822	-
Due To Other Funds	1,675	99
Intrafund Payables	13	-
Deferred Revenue	338,851	-
Other Current Liabilities	507,312	-
Deposits Held in Custody for Others	945	155
Other Long-Term Liabilities	11	-
TOTAL LIABILITIES	2,574,575	4,143
FUND BALANCES:		
Fund Balances:		
Restricted	542	-
Committed	409,600	150,558
Unassigned	(1,289,884)	-
TOTAL FUND BALANCE	(879,742)	150,558
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,694,833	\$ 154,701

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
UNASSIGNED FUND BALANCE - GENERAL PURPOSE REVENUE FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

(DOLLARS IN THOUSANDS)	CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET	ACTUAL	PERCENT OF ESTIMATE
REVENUES:			
Sales and Use Tax	\$2,582,300	\$1,929,449	
Other Excise Taxes	94,700	70,977	
Individual Income Tax, net	5,217,600	3,500,778	
Corporate Income Tax, net	664,000	386,583	
Estate Tax	-	42	
Insurance Tax	221,300	182,897	
Parimutuel, Courts, and Other	23,000	17,561	
Investment Earnings	21,800	11,819	
Gaming	7,800	-	
TOTAL GENERAL PURPOSE REVENUES	8,832,500	\$6,100,106	69.1%
EXPENDITURES:			
Agriculture	7,724	6,204	
Corrections	683,587	539,105	
Education	3,102,205	3,092,163	
Governor	22,801	18,486	
Health Care Policy and Financing	2,065,569	1,621,475	
Higher Education	659,392	570,045	
Human Services	740,153	520,803	
Judicial Branch	387,198	334,048	
Labor and Employment	99	1,489	
Law	12,169	9,938	
Legislative Branch	38,593	27,926	
Local Affairs	17,710	11,432	
Military Affairs	7,379	5,525	
Natural Resources	25,127	20,003	
Personnel and Administration	11,288	11,497	
Public Health and Environment	55,227	25,581	
Public Safety	98,771	69,773	
Regulatory Agencies	1,703	1,319	
Revenue	169,143	138,297	
Treasury	234,053	121,859	
SUBTOTAL DEPARTMENTAL EXPENDITURES	8,339,891	7,146,967	85.7%
Difference Between Recorded and Estimated Appropriations	171,634		
TOTAL GENERAL FUNDED EXPENDITURES	8,511,525	7,146,967	
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	320,975	\$(1,046,861)	
EXCESS AUGMENTING REVENUES		(14,316)	
TRANSFERS:			
Transfer from General Fund to Cash Funds	(3,860)	(3,860)	
Net Transfers from the General Fund for the Older Coloradans Act	(8,000)	(10,000)	
Transfers To General Fund from Cash Funds	2,400	155	
Transfers from General Fund to Capital Construction	(186,715)	(186,715)	
TOTAL TRANSFERS	(196,175)	(200,421)	
NET CHANGE IN GENERAL PURPOSE REVENUE FUND BALANCE RELATED TO BUDGETED OPERATIONS	124,800	(1,261,597)	
BEGINNING GENERAL PURPOSE REVENUE FUND BALANCE - BUDGET BASIS	-	-	
Add Budgeted Non-GAAP Expenditures		4	
Deduct the GAAP Expenditures Not Budgeted		(652)	
Add GAAP Revenue Adjustments		122	
(Increase)/Decrease - Restricted		6	
(Increase)/Decrease - Committed - Statutory 5% Reserve	(36,600)	(36,635)	
(Increase)/Decrease - Committed - Other Purposes		8,861	
(Increase)/Decrease - Assigned		7	
ENDING UNASSIGNED GENERAL PURPOSE REVENUE FUND BALANCE - GAAP BASIS	\$ 88,200	\$ (1,289,884)	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - FUNDED BY GENERAL PURPOSE REVENUE
BUDGET AND ACTUAL - CAPITAL CONSTRUCTION FUND
FOR THE NINE MONTHS ENDED MARCH 31, 2014**

(DOLLARS IN THOUSANDS)	CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET		ACTUAL	PERCENT OF ESTIMATE
REVENUES:				
General Fund Transfer-In	\$	186,700	\$ 186,715	
Interest Earnings		700	1,122	
TOTAL CAPITAL CONSTRUCTION REVENUES		187,400	187,837	100.2%
EXPENDITURES:				
Agriculture		1,470	397	
Corrections		30,510	19,188	
Education		1,722	78	
Governor		7,067	3,989	
Higher Education		123,034	25,198	
Human Services		7,324	2,008	
Judicial Branch		-	6	
Labor and Employment		-	20	
Military Affairs		1,066	308	
Personnel		20,458	9,092	
Public Safety		1,118	328	
Revenue		4,946	368	
Transportation		500	-	
Treasury		18,588	12,395	
NET EXPENDITURES AND AUGMENTING REVENUES		217,803	73,375	33.7%
EXCESS GENERAL REVENUES OVER (UNDER) NET CAPITAL CONSTRUCTION EXPENDITURES		(30,403)	114,462	
EXCESS AUGMENTING REVENUES			237	
BEGINNING FUND BALANCE - GAAP BASIS			35,911	
Add GAAP Revenue Adjustments			(52)	
ENDING FUND BALANCE - GAAP BASIS			\$ 150,558	