

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

CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal.....	9
Certificate of Achievement	15
Organization Chart	16

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT.....	18
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	23
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
<i>Statement of Net Position</i>	45
<i>Statement of Activities</i>	46
Fund Financial Statements:	
<i>Balance Sheet – Governmental Funds</i>	48
<i>Reconciliation of the Balance Sheet to the</i>	
<i>Statement of Net Position</i>	50
<i>Statement of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – Governmental Funds</i>	52
<i>Reconciliation of the Statement of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances to the Statement of Activities</i>	54
<i>Statement of Net Position – Proprietary Funds</i>	56
<i>Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds</i>	58
<i>Statement of Cash Flows – Proprietary Funds</i>	60
<i>Statement of Fiduciary Net Position – Fiduciary Funds</i>	64
<i>Statement of Changes in Fiduciary Net Position – Fiduciary Funds</i>	65
<i>Statement of Net Position – Component Units</i>	66
<i>Statement of Revenues, Expenses, and Changes in Fund Net Position – Component Units</i>	68
<i>Statement of Revenues, Expenses, and Changes in Net Position – Component Units</i>	
<i>Recast to the Statement of Activities Format</i>	70
Notes to the Financial Statements	
Notes 1 Through 7 – Summary of Significant Accounting Policies	
Note 1 – Government-Wide Financial Statements	71
Note 2 – Reporting Entity	71
Note 3 – Basis of Presentation – Government-Wide Financial Statements.....	73
Note 4 – Basis of Presentation – Fund Financial Statements	74
Note 5 – Basis of Accounting.....	77
Note 6 – Accounting Policies Affecting Specific Assets, Liabilities, and Net Position	78
Note 7 – Accounting Policies Affecting Revenues, Expenditures/Expenses	82

Note 8 – Stewardship, Accountability, and Legal Compliance	84
Notes 9 Through 17 – Details of Asset Items	
Note 9 – Cash and Pooled Cash	87
Note 10 – Noncash Transactions in the Proprietary Fund Types	88
Note 11 – Receivables	89
Note 12 – Inventories	90
Note 13 – Prepaids and Advances	90
Note 14 – Investments	91
Note 15 – Treasurer’s Investment Pool	104
Note 16 – Other Long-Term Assets	104
Note 17 – Capital Assets	104
Notes 18 Through 27 – Details of Liability Items	
Note 18 – Pension System and Obligations.....	107
Note 19 – Other Postemployment Benefits and Life Insurance	114
Note 20 – Other Employee Benefits.....	116
Note 21 – Risk Management	119
Note 22 – Lease Commitments	124
Note 23 – Short-Term Debt.....	126
Note 24 – Notes, Bonds, and Certificates of Participation Payable	127
Note 25 – Changes in Long-Term Liabilities.....	130
Note 26 – Defeased Debt.....	132
Note 27 – Pollution Remediation Obligations.....	133
Note 28 – Deferred Inflows and Outflows of Resources	134
Notes 29 Through 32 – Details of Net Position and Fund Balance	
Note 29A – Prior Period Adjustments	136
Note 29B – Accounting Changes	136
Note 30 – Fund Balance	137
Note 31 – Stabilization Arrangements	139
Note 32 – Minimum Fund Balance Policies	139
Note 33 – Interfund Receivables and Payables.....	140
Note 34 – Transfers Between Funds	144
Note 35 – Donor Restricted Endowments.....	146
Note 36 – Pledged Revenue.....	146
Note 37 – Segment Information.....	149
Note 38 – Component Units	151
Note 39 – Related Parties and Organizations.....	152
Note 40 – Service Concession Arrangements	154
Note 41 – Encumbrances	154
Note 42 – Financial Guarantees	155
Note 43 – Contingencies	155
Note 44 – Subsequent Events.....	157

REQUIRED SUPPLEMENTARY INFORMATION:

Budget and Actual Schedules – Budgetary Basis:

<i>Schedule of Revenues, Expenditures, and</i> <i>Changes in Fund Balances – Appropriated General Funded</i>	161
<i>Schedule of Revenues, Expenditures/Expenses, and</i> <i>Changes in Fund Balances/Net Position – Appropriated Cash Funded.....</i>	162

<i>Schedule of Revenues, Expenditures/Expenses, and</i>	
<i>Changes in Fund Balances/Net Position – Appropriated Federally Funded.....</i>	163
<i>Reconciling Schedule All Budget Fund Types to All GAAP Fund Types</i>	164
<i>General Fund Schedule of Revenues, Expenditures, and</i>	
<i>Changes in General Fund Surplus – Budget and Actual – Budgetary Basis</i>	167

Notes to Required Supplementary Information:

Note RSI-1 Budgetary Information	168
Note RSI-2 The State’s Defined Benefit Pension Plan	171
Note RSI-3 Other Postemployment Benefit Information	172

SUPPLEMENTARY INFORMATION:

Governmental Funds:

<i>Combining Balance Sheet – General Fund Components</i>	177
<i>Combining Schedule of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – General Fund Components</i>	178
<i>Combining Balance Sheet – Capital Projects Fund Components</i>	181
<i>Combining Schedule of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – Capital Projects Fund Components.....</i>	182
<i>Combining Balance Sheet – Other Governmental Funds.....</i>	185
<i>Combining Statement of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – Other Governmental Funds</i>	186
<i>Combining Balance Sheet – Special Revenue Funds.....</i>	188
<i>Combining Statement of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – Special Revenue Funds</i>	190
<i>Combining Balance Sheet – Permanent Funds</i>	194
<i>Combining Statement of Revenues, Expenditures, and</i>	
<i>Changes in Fund Balances – Permanent Funds</i>	195

Proprietary Funds:

<i>Combining Statement of Net Position – Other Enterprise Funds.....</i>	198
<i>Combining Statement of Revenues, Expenses, and</i>	
<i>Changes in Fund Net Position – Other Enterprise Funds</i>	200
<i>Combining Statement of Cash Flows – Other Enterprise Funds.....</i>	202
<i>Combining Statement of Net Position – Internal Service Funds</i>	208
<i>Combining Statement of Revenues, Expenses, and</i>	
<i>Changes in Fund Net Position – Internal Service Funds.....</i>	210
<i>Combining Statement of Cash Flows – Internal Service Funds</i>	212

Fiduciary Funds:

<i>Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds.....</i>	218
<i>Combining Statement of Changes in Fiduciary Net Position –</i>	
<i>Private Purpose Trust Funds</i>	220
<i>Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds</i>	222

Component Units:

<i>Combining Statement of Net Position – Other Component Units.....</i>	226
<i>Combining Statement of Revenues, Expenses, and</i>	
<i>Changes in Net Position – Other Component Units</i>	227

Other Schedules:

<i>Schedule of Capital Assets Used in Governmental Activities</i>	230
<i>Schedule of Other Funds Detail</i>	234

Budget and Actual Schedules – Budgetary Basis Non-Appropriated:

<i>Schedule of Revenues, Expenditures, and Changes in Fund Balances – Non-Appropriated General Funded.....</i>	239
<i>Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Net Position – Non-Appropriated Cash Funded.....</i>	240
<i>Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Net Position – Non-Appropriated Federally Funded</i>	241

STATISTICAL SECTION

FINANCIAL TRENDS

Government-Wide Schedule of Net Position – Last Ten Fiscal Years	246
Government-Wide Schedule of Changes in Net Position – Last Ten Fiscal Years	252
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
All Governmental Fund Types – Last Ten Fiscal Years	258
General Purpose Revenues (After TABOR Refunds) – General Fund – Last Ten Fiscal Years	260
Expenditures by Department and Transfers – Funded by General Purpose Revenues	
Last Ten Fiscal Years.....	262
Fund Balance – General Fund and All Other Governmental Fund Types	
Last Ten Fiscal Years.....	264

REVENUE CAPACITY

TABOR Revenues, Expenditures, Fiscal Year Spending Limitations, and Refunds –	
Last Ten Fiscal Years.....	266
Individual Income Tax Returns by Adjusted Gross Income Class	268
Sales Tax Returns by Industry Class.....	268
Colorado Tax Rates – Last Ten Years	269

DEBT CAPACITY

Debt Service Expenditures – All Governmental Fund Types – Last Ten Fiscal Years	270
Total Outstanding Debt – Primary Government – Last Ten Fiscal Years	270
Revenue Bond Coverage – Last Ten Fiscal Years.....	272

DEMOGRAPHIC AND ECONOMIC INFORMATION

Colorado Demographic Data – Last Ten Years	273
Colorado Employment by Industry – Last Ten Years.....	273
Value of Total Construction in Colorado by Type – Last Ten Years	274
Colorado Sales and Gross Farming Revenue – Last Ten Years.....	274

OPERATING INFORMATION

Demand Drivers of the Primary Government – Last Ten Years	276
Average Count of State Employees by Function, and Average Monthly Salary – Last Ten Fiscal Years	278
Colorado State Highway System – Centerline and Lane Miles – Last Ten Years	280
Colorado State-Owned Bridges by Functional Classification – Last Ten Years.....	280
Building Square Footage Owned by the Primary Government – Last Nine Years	281
Building Square Footage Leased by the Primary Government – Last Nine Years	281

OTHER INFORMATION

Other Colorado Facts	282
----------------------------	-----



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

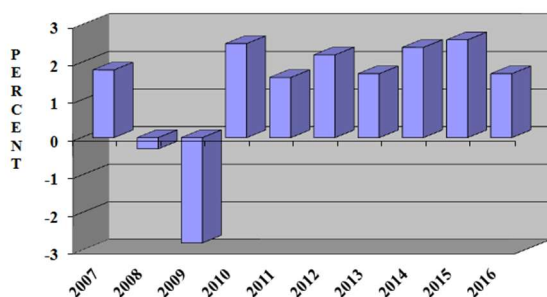
Colorado became the thirty-eighth state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains with elevations ranging from 3,315 to 14,433 feet above sea level. The State's major economic sectors 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,

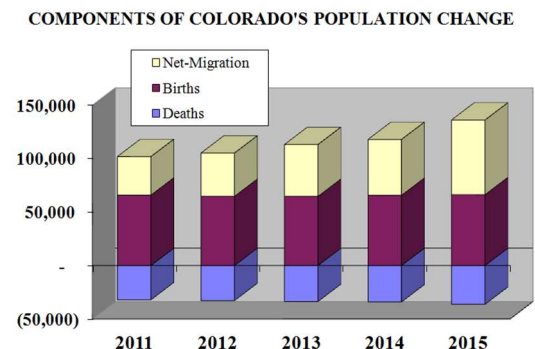
and decreases in state and local government spending. Quarter-over-quarter exports increased by 2.0 percent and imports grew by 0.7 percent; net exports increased the GDP compared to the third quarter of 2015.

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 State 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.



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,

A handwritten signature in black ink that reads "Robert Jaros". The script is fluid and cursive, with the first letters of "Robert" and "Jaros" being capitalized and prominent.

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

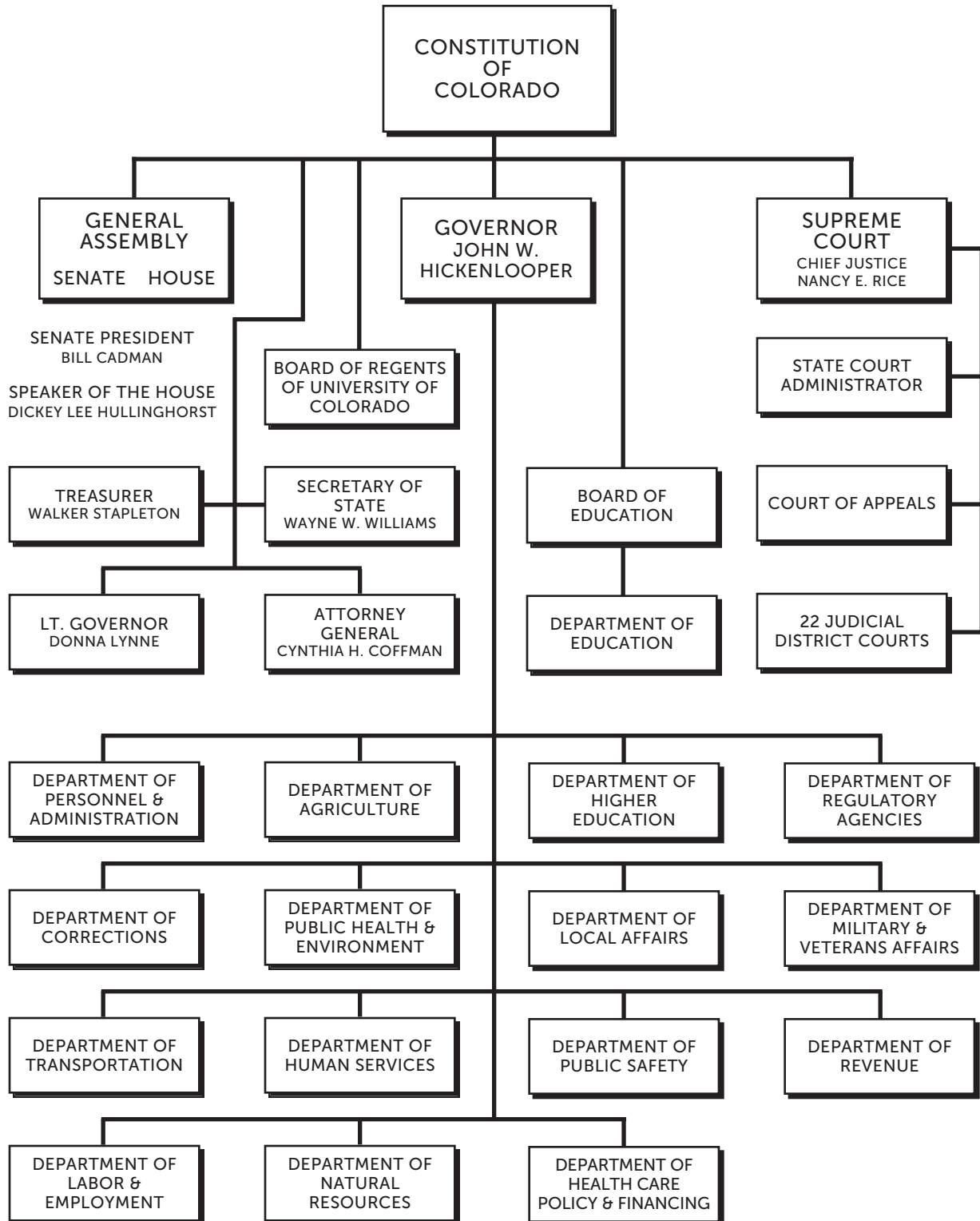
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



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



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,



WE SET THE STANDARD FOR GOOD GOVERNMENT

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.

A handwritten signature in black ink, appearing to read "D. F. K. R. J.", is written over the printed name "D. F. K. R. J.".

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.

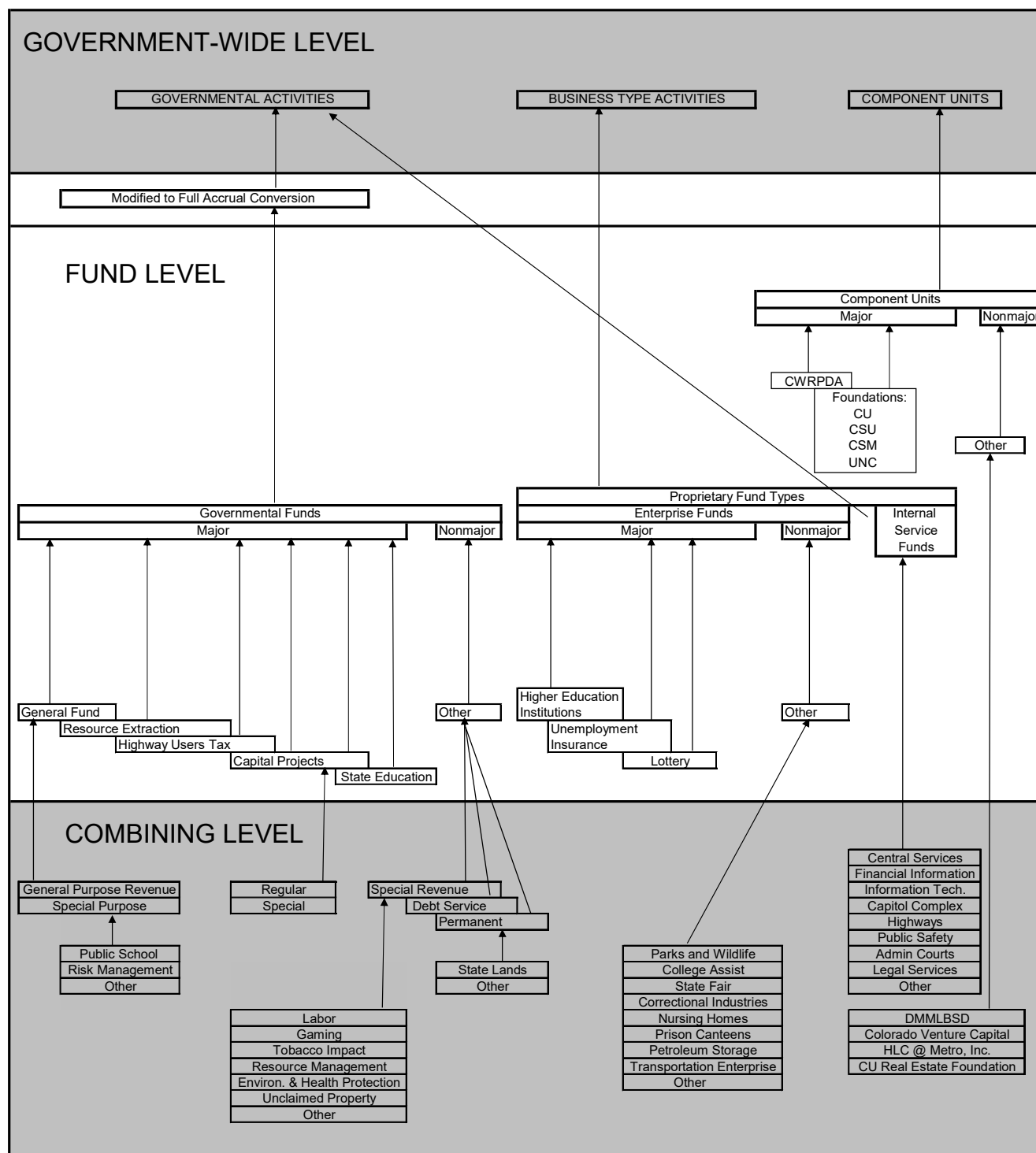
Notes to Basic Financial Statements

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.



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		Business-Type		Total	
	Activities		Activities		Primary	
	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)

Programs/Functions	Governmental Activities		Business-Type Activities		Total Primary Government	
	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.

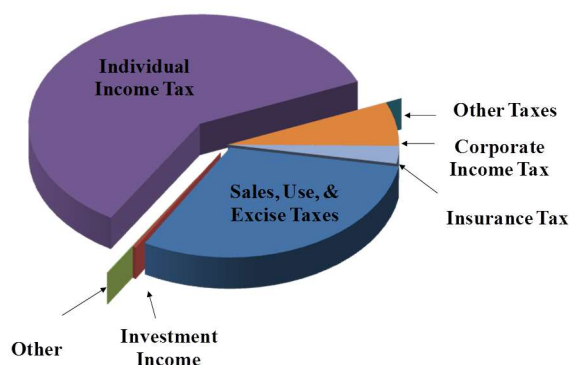
INDIVIDUAL FUND ANALYSIS

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 BY SOURCE

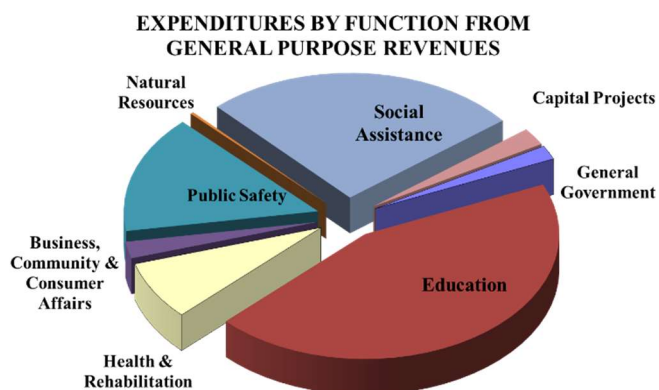


General Purpose revenues for fiscal years 2015-16 and 2014-15 were \$17,973.0 million and \$16,869.9 million, respectively – an increase of \$1,103.0 million, or 6.5 percent. The largest contributor to the increase in general-purpose revenue was from federal grants and contracts which increased by \$803.2 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.

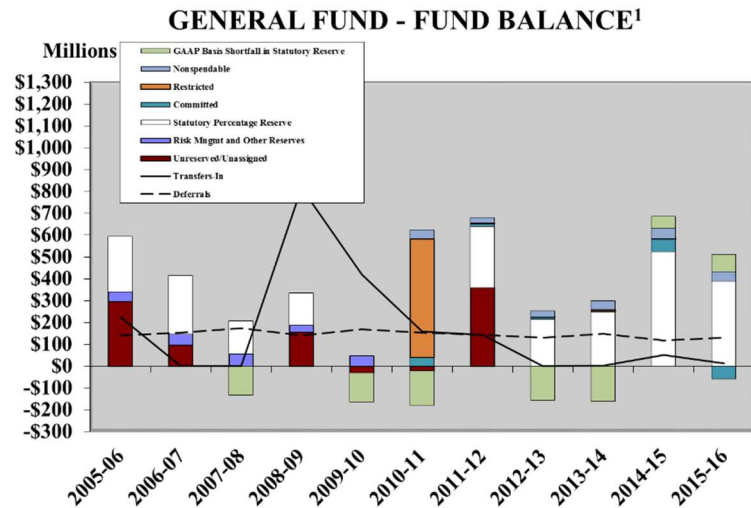
With expenditures reported using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 79.2 percent of all fiscal year 2015-16 general-funded expenditures, which was consistent with the 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.
- ♦ Election 2000 Amendment 23 – 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.
- ♦ Cash Basis Accounting – 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**

	PRIMARY GOVERNMENT			
(DOLLARS IN THOUSANDS)	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	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	-
Prepays, 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)	Expenses		Program Revenues		
	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs					
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			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (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
Prepays, 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	-	-	-
Prepays	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
Prepays, 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**

	(A)	(B)	(C)	(D)		
(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	INTERNAL SERVICE FUNDS	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	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	-
Prepays, 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	-
Prepays, 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	<u>389,917</u>	<u>(332,908)</u>	<u>57,009</u>
			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	<u>291,090</u>	<u>7,093</u>	<u>298,183</u>
			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)	<u>(50,301)</u>	<u>50,301</u>	
		306,478	<u>306,478</u>
			OPERATING GRANTS & CONTRIBUTIONS
		2,088	<u>2,088</u>
			CAPITAL GRANTS & CONTRIBUTIONS
		17,082	<u>17,082</u>
			UNRESTRICTED INVESTMENT EARNINGS
		8,263	<u>8,263</u>
			OTHER GENERAL REVENUES
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>48,526</u>		
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	44,211	(44,211)	
Special Items (See Note 41)	(1,721)		
TOTAL CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:	<u>42,490</u>	<u>(44,211)</u>	<u>(1,721)</u>
			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	<u>\$ 3,018,708</u>		<u>\$ 3,018,708</u>
			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:

General Fund

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.

Resource Extraction

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.

Highway Users Tax Fund

Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver, and vehicle registration fees, and other related taxes. 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.

Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of State owned facilities and certain equipment are accounted for in the Capital Projects Fund 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 expended 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.

Assigned – 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.

Unassigned – 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

Prepays 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	<u>\$ 18,588,417</u>
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	<u>\$ 18,588,417</u>

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				
INVESTMENT TYPE	Treasurer's Pool	General Fund	Other Governmental	Total
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
INVESTMENT TYPE	Higher Education Institutions	Other Enterprises	Total	Fiduciary
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)

Pool %age	Investment Type	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
		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)
	<u>\$ (219,837)</u>	<u>\$ (218,234)</u>

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 an 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

(Amounts in Thousands)

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.

INVESTMENT TYPE	Total
U.S. Government Securities	\$ 88,751
Repurchase Agreements	69,986
TOTAL INVESTMENTS	<u><u>\$ 158,737</u></u>

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:

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 equivalents	\$ 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
Charitable 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>.

Administration of the Plan

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.

Defined Retirement Benefits

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.

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and 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.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who 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 Health 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 Health 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 Division
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%
Municipal 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, underwriters, 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	CY15	CY16	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)

Fiscal Year(s)	Operating Leases		Capital Leases			
	Governmental Activities	Business-Type Activities	Governmental		Business-Type	
			Activities		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		Ending Balance June 30
		Additions	Reductions	
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 Year	Revenue Bonds		Notes Payable		Certificates of Participation		Totals		
	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		Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	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	Interest Rate			Total
	Principal	Interest	Swap, Net	
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		Ending Balance June 30	Due Within One Year
		Additions	Reductions		
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	<u>\$ 1,048,800</u>

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 remaining 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 Activities
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 Resources		
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.

Subject	Government-Wide Statements					
	Governmental Activities	Business-Type Activities	Major Governmental Fund		Major Proprietary Fund	
			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)
	<u>58,146,934</u>	<u>(5,309,091)</u>	<u>58,146,934</u>	<u>(5,309,091)</u>	<u>-</u>	<u>(11,842,743)</u>

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)		
	<u>Restricted Purposes</u>	<u>Committed Purposes</u>	<u>Assigned Purposes</u>
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	<u><u>\$497,814</u></u>	<u><u>\$ 513,986</u></u>	<u><u>\$ 19,283</u></u>
RESOURCE EXTRACTION:			
General Government	\$ 66,000	\$ -	\$ -
Business, Community and Consumer Affairs	-	262,114	-
Education	-	7,466	-
Natural Resources	-	920,946	-
TOTAL	<u><u>\$ 66,000</u></u>	<u><u>\$ 1,190,526</u></u>	<u><u>\$ -</u></u>
HIGHWAY USERS TAX:			
General Government	\$ 59,293	\$ 25,737	\$ -
Health and Rehabilitation	3,778	-	-
Justice	920	3,573	-
Transportation	911,010	16,968	-
TOTAL	<u><u>\$975,001</u></u>	<u><u>\$ 46,278</u></u>	<u><u>\$ -</u></u>
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	<u><u>\$ 5</u></u>	<u><u>\$ 386,157</u></u>	<u><u>\$ -</u></u>
STATE EDUCATION:			
Education	\$304,326	\$ -	\$ -
TOTAL	<u><u>\$304,326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
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	<u><u>\$237,287</u></u>	<u><u>\$ 1,194,149</u></u>	<u><u>\$ -</u></u>

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:

	General Fund	Resource Extraction	Highway Users Tax	Capital Projects
<u>DUE FROM OTHER FUNDS (amounts in thousands)</u>				
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	Unemploy- ment 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:

	General Fund	Resource Extraction	Highway Users Tax
TRANSFER-OUT FUND (amounts in thousands)			
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
	<u>\$ 3,782,142</u>	<u>\$ (1,893,058)</u>	<u>\$ 1,889,084</u>	<u>\$ 355,022</u>	<u>\$ 181,225</u>	<u>\$ 536,246</u>

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**

	UNIVERSITY OF COLORADO	AURARIA HIGHER EDUCATION CENTER	
(DOLLARS IN THOUSANDS)	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 unreimbursed \$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 Centrectech 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 I-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 (ETRA), 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 (GTRA), 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 principal 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 (ETRA), 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 expectancies 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 of 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			<u>\$ (249,477)</u>	

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 Rollforwards” 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 Rollforwards			20,731		
State Controller Approved Rollforwards			(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 LIABILITY 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

	RMPP	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	<u>\$ 40,738,721</u>	<u>\$ 22,275,159</u>	<u>\$ 594,360</u>	<u>\$ 7,926,466</u>
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	<u>\$ 3,750,675</u>	<u>\$ 720,885</u>	<u>\$ 12,971</u>	<u>\$ 420,428</u>
Net Position - Fiscal Year Beginning	36,988,046	21,554,274	581,389	7,506,038
Net Position - Fiscal Year Ending	<u>\$ 40,738,721</u>	<u>\$ 22,275,159</u>	<u>\$ 594,360</u>	<u>\$ 7,926,466</u>
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**

	SPECIAL PURPOSE FUNDS				
(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	STATE PUBLIC SCHOOL	RISK MANAGEMENT	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
Prepays, 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
Prepays	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**

	SPECIAL PURPOSE FUNDS				
(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	STATE PUBLIC SCHOOLS	RISK MANAGEMENT	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
Prepays, 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:			
Prepays	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
Prepays, 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
Prepays	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	-	-	-
Prepays, 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	-	-	-
Prepays	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
Prepays, 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
Prepays	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
Prepays, 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
Prepays, 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 charter 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
Prepays, 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

¹Governor'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	CUSTODIAL	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 Disabilities	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
Prepays, 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
Prepays, 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
Prepays, 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 DEPARTMENT¹ 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
	<u>\$ 9,956,735</u>	<u>\$9,326,870</u>	<u>\$8,927,351</u>	<u>\$ 8,963,426</u>
TOTALS				
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	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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.

	2011-12	RESTATED 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	-	-	-	-
Prepays	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
Prepays	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 RETURNS¹
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 RATES¹ 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	<u>\$ 280,119</u>	<u>\$ 269,507</u>	<u>\$ 261,111</u>	<u>\$ 246,599</u>
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	<u>1,496,967</u>	<u>1,705,196</u>	<u>1,904,131</u>	<u>1,936,570</u>
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	<u>4,804,351</u>	<u>4,724,555</u>	<u>4,417,786</u>	<u>4,173,804</u>
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	<u>\$ 6,301,318</u>	<u>\$ 6,429,751</u>	<u>\$ 6,321,917</u>	<u>\$ 6,110,374</u>
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 COVERAGE¹
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 GOVERNMENT¹
BY FUNCTIONS/PROGRAMS
Last Ten Years²

	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 Years²

	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 Years²

	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 Songs – “Where the Columbines Grow” and
“Rocky Mountain High”

State Nickname – Centennial State

State Gemstone – Aquamarine

State Animal – Rocky Mountain Bighorn Sheep

State Grass – Blue Grama Grass

State Bird – Lark Bunting

State Insect – Colorado Hairstreak Butterfly

State Fish – Greenback Cutthroat Trout

State Mineral – Rhodochrosite

State Flower – White and Lavender Columbine

State Reptile – Western Painted Turtle

State Folk Dance – Square Dance

State Amphibian – Western Tiger Salamander

State Fossil – Stegosaurus

State Rock – Yule Marble

State Pet – Shelter and Rescue Dog and Cat

State Tree – Colorado Blue Spruce

State Cactus – Claret Cup



COLORADO

Office of the State Controller

Department of Personnel
& Administration