

**COLORADO
COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 1997

ROY ROMER
GOVERNOR

DEPARTMENT OF PERSONNEL
ANDRÉ N. PETTIGREW, EXECUTIVE DIRECTOR
CLIFFORD W. HALL, STATE CONTROLLER

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, including a financial overview of the state, and the state's organization chart. The Financial Section includes the general purpose financial statements and the combining statements and schedules, as well as the auditor's opinion on the financial 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.state.co.us/gov_dir/gss/acc/

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 1997

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GENERAL PURPOSE FINANCIAL STATEMENTS

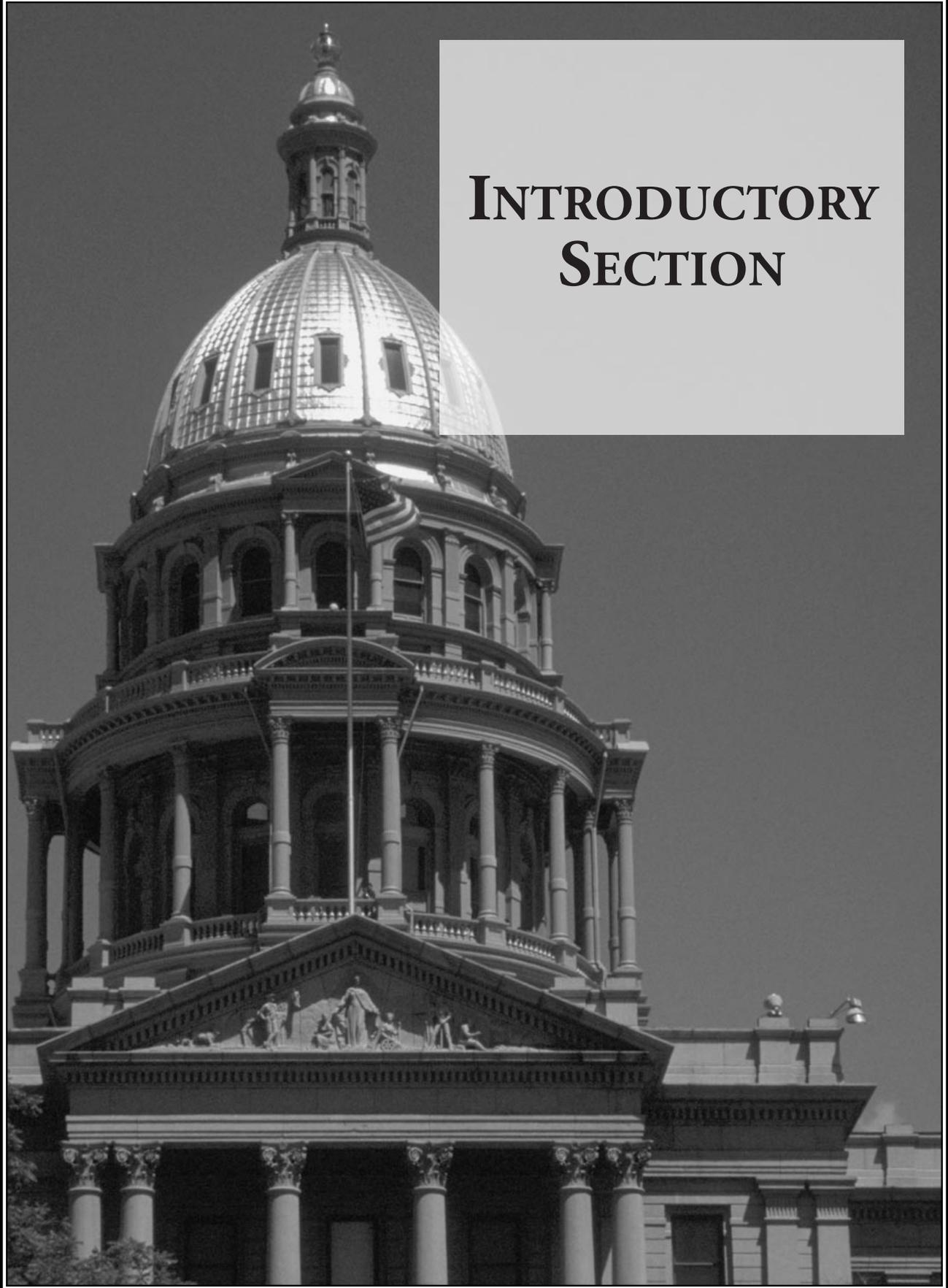
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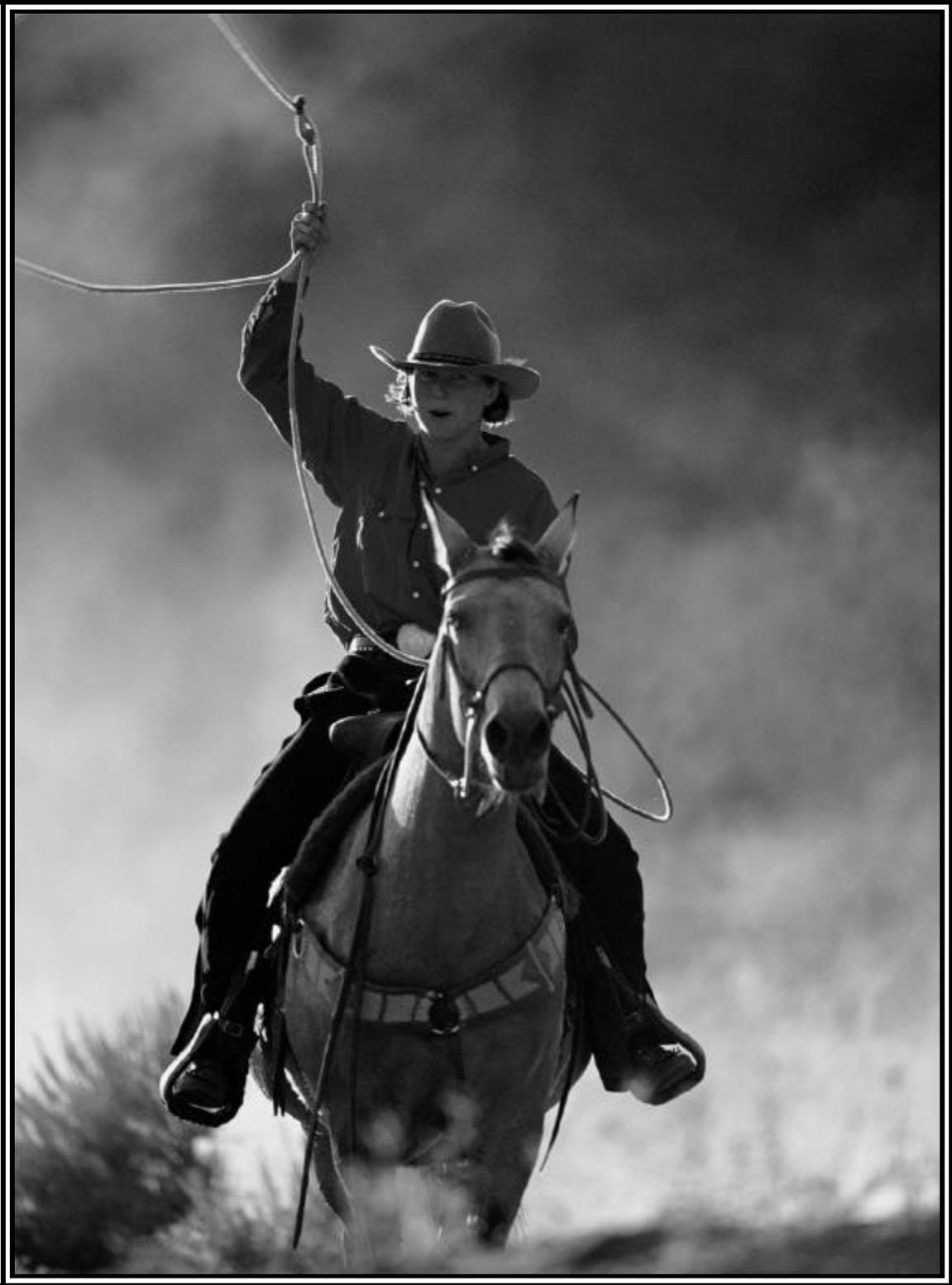
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**INTRODUCTORY
SECTION**



STATE OF COLORADO

**GENERAL SUPPORT SERVICES
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Roy Romer
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Department of Personnel
André N. Pettigrew
Executive Director

Clifford W. Hall
State Controller

October 31, 1997

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

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Colorado for the fiscal year ended June 30, 1997. This report is prepared by the Office of the State Controller and is submitted pursuant to Colorado Revised Statutes 24-30-204. The state controller is responsible for managing the finances and financial affairs of the state and is committed to sound financial management and accountability of state government to its citizens.

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 fund balances of the various fund types. All required disclosures have been included to assist the members of the General Assembly, the financial community, and the public to understand the state's financial affairs.

The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles applicable to government as prescribed by the Governmental Accounting Standards Board (GASB), and are audited by the state auditor of Colorado. In addition to the general purpose financial statements, the CAFR includes: combining financial statements, presenting information by fund; supporting schedules; certain narrative information describing individual funds; and statistical tables and charts presenting 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 prescribed by GASB. The primary government is the legal entity that comprises the funds and account groups of the state, its departments, agencies, and state funded institutions of higher education. It also includes certain university foundations that have been included with the institution that is financially accountable for the foundation.

Discretely presented in the financial statements are component units, which are legally separate entities, for which the state's elected officials are financially accountable. These component units are the following entities:

Colorado Uninsurable Health Insurance Plan
Colorado Water Resources and Power Development Authority
Denver Metropolitan Major League Baseball Stadium District
University of Colorado Hospital Authority

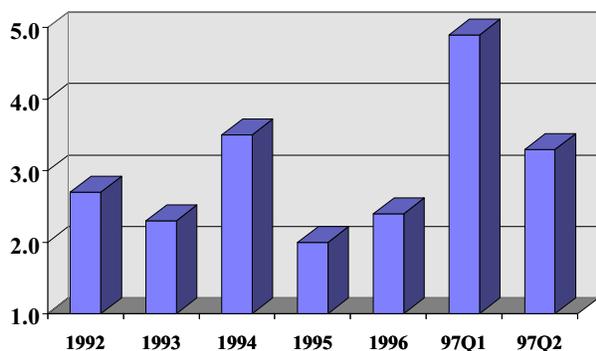
The State Fair Authority, which was presented as a component unit in previous years, was abolished by the legislature effective June 30, 1997, and recreated on the same day as an agency in the Department of Agriculture. Financial information for the separate authority is not presented because unaudited financial statements were not available for its fiscal year ending December 31, 1996 nor for the six months ending June 30, 1997.

Additional information about these component units and other related entities is presented in this report in Note I-A of the footnotes to the general purpose financial statements. With the exception of the State Fair Authority, audited financial reports are available from each of the above entities.

ECONOMIC CONDITION AND OUTLOOK

The U.S. Commerce Department reported that real Gross Domestic Product (GDP), the output of goods and services produced in the United States, increased at an annual rate of 3.3 percent in the second quarter of 1997. This followed a first quarter increase in real GDP at an annual rate of 4.9

PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



percent. The decrease in the rate of growth in the second quarter from the first quarter was primarily due to a decline in the rate of increase in personal consumption expenditures. Real personal consumption only increased 0.9 percent in the second quarter compared to a 5.3 percent increase in the first quarter. However, in the third quarter personal consumption appears to have resumed its strong upward trend. Monthly data concerning retail sales and real personal consumption both revealed identical 0.6 percent expansions in June and July.

The U.S. Census Bureau reported that income for the typical American household rose in 1996 for the second consecutive year. Median household income rose 1.2 percent to \$35,492 after adjustments for inflation. This may be a sign that the nation's economic expansion is spreading its benefits more widely across the population. Some economists caution that even after two consecutive years of improvement, median household income for the nation remains \$1,083 below its peak of \$36,575 in 1989.

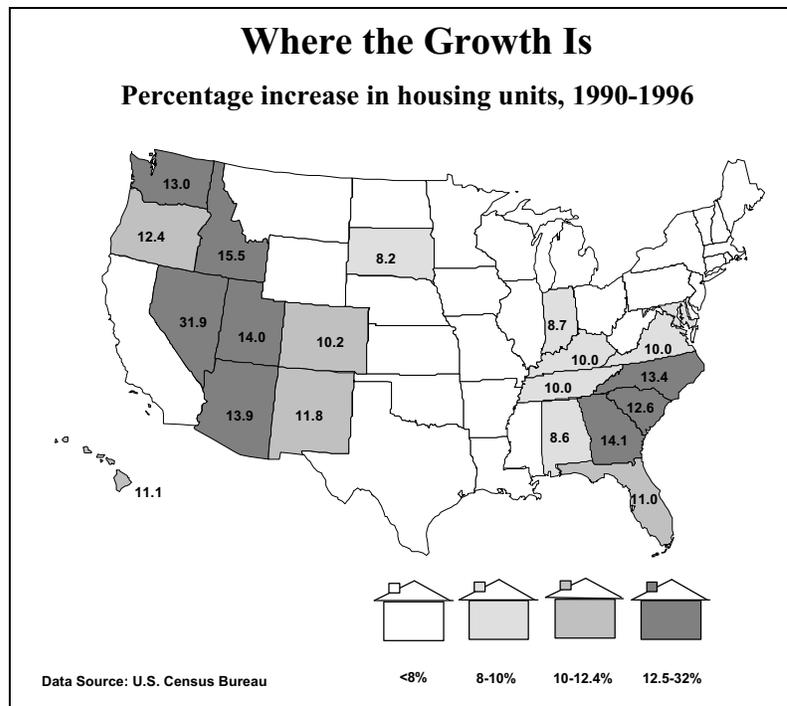
Until early this year, the three-month average of inflation adjusted exports of goods had been growing about 16 percent per year. Since then, growth has surged to 24 percent as of July. Improvements in growth abroad, along with cost cutting and productivity gains in the U.S. have outweighed the negative effects of the dollar's strength. Real world output rose 4.0 percent in 1996 and should grow faster in 1997 according to the International Monetary Fund. Strengthening international markets will provide increasing opportunities for trade and investment, allowing the U.S. export market to expand further.

Colorado's Office of State Planning and Budgeting (OSP) predicts the real GDP for 1997 will be 3.4 percent, well above the ten-year historic trend of 2.2 percent. However, OSPB also predicts that real annual U.S. growth will fall to an average increase of 2.0 percent per year for the rest of the century, while U.S. inflation may rise from 2.6 percent in 1997 to 3.1 percent in

1999. This moderate inflation environment should allow the Federal Reserve Board to continue its hands-off approach to the economy.

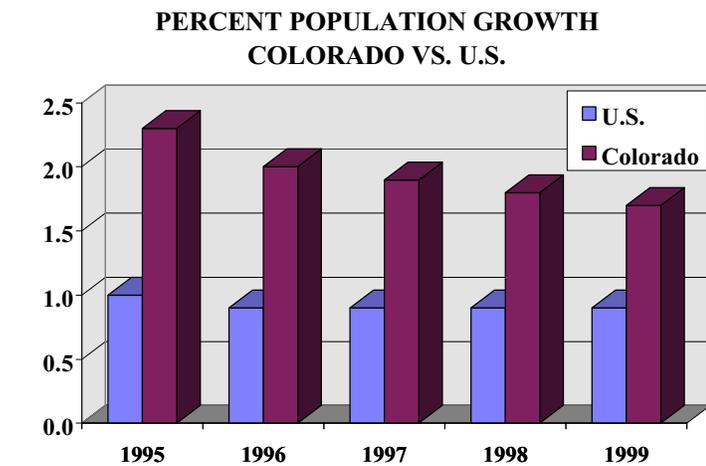
Total Colorado construction is up 3.0 percent year-to-date through July 1997. The strength in nonresidential construction (commercial and institutional) and non-building construction (highways and other heavy construction) is offsetting the decline in the residential sector. Nonresidential construction increased 27.3 percent in 1996 and has increased at a 16.2 percent compound annual average rate since 1990. This sector will lead the state's growth during 1997 and 1998.

Residential construction increased 6.5 percent in 1996 but will decline by 5.0 percent in 1997 and 7.0 percent in 1998 according to estimates from Colorado's Legislative Council. The decline comes primarily in apartment construction while single-family housing will grow at a steady pace.



Residential construction follows migration which peaked in 1993 at 73,000 net in-migrants. In 1996 the number fell 19 percent from 1995 to about 45,000. That was the third consecutive year of decline from the peak year of 1993. OSPB predicts that net in-migration will continue to decline, dropping to 32,000 in the year 2001.

Similarly, Colorado employment growth has also slowed from a peak of 5.1 percent in 1994 to 3.4 percent in 1996. For 1997, OSPB predicts that 65,400 new jobs (3.0 percent increase) will be created in the state by the end of 1997. Solid job growth and a tight labor market has kept unemployment low. The unemployment rate for August 1997 was 3.2 percent statewide and 2.8 percent in the Denver metro area. The state's jobless rate has been low and relatively steady for the first seven months of the year, holding in a narrow 3.1 to 3.5 percent range.



Source: Colorado's Office of State Planning and Budgeting

With unemployment nearing record lows, Colorado's personal income and retail sales have been quite strong. Retail sales in 1996 grew 6.7 percent, well ahead of the 5.1 percent growth in 1995, while U.S. sales decelerated for the third year in a row. Personal income, driven by strong stock market gains, new business formations, and solid employment gains, rose 6.8 percent in 1996, after rising an impressive 8.1 percent in 1995.

The national economy is in good shape, enjoying sustained growth amid low inflation. While economic growth in Colorado has slowed from the early 1990s, it remains on a solid path consistent with the nation. Strength in nonresidential construction, advanced technology, and financial services will continue to fuel growth during the next couple of years.

MAJOR GOVERNMENTAL INITIATIVES

Due to demands for improved transportation and relief from traffic congestion caused by increased vehicle miles traveled in the state, the General Assembly enacted legislation that will divert a portion of the General Fund sales tax to the Highway Users Trust Fund for a period of five years beginning July 1, 1997. It is estimated that the total transfer will amount to \$830 million over five years.

Other initiatives involving automobiles included establishing a computerized database to enable the police to determine who has the required mandatory no-fault insurance, revoking the licenses of drivers under 21 who are caught drinking, allowing for the use of slow-moving electric vehicles on non-major city streets, and increasing the fine for residents who do not register their vehicles in the state.

Major changes were made in the state's social assistance programs following the overhaul at the federal level. Welfare will be limited to a maximum of five years, plus recipients have two years to get job training or education. Recipients will also receive help with child care. Legal immigrants will continue to receive state assistance. The state is also implementing the Electronic Benefits Transfer System for social assistance benefits as mandated by the federal government.

BUDGETARY CONTROLS AND ACCOUNTING SYSTEMS

The annual budget of the state for ongoing programs, except for federal and custodial funds, is enacted by the General Assembly. New programs are funded for the first time in the enabling legislation and continued through the Long Appropriations Act in future periods. For the most part, appropriations lapse at the end of the fiscal year unless the state controller approves an appropriation roll-forward required by extenuating circumstances. Capital construction appropriations are normally effective for three years.

The budget is recorded in the state's accounting system along with federal awards and custodial funds of the various departments. Encumbrances are also recorded and result in a reduction of the budget authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders are filled or contracts or other commitments are fulfilled. Open encumbrances in the General Fund are not reported as a reservation of fund balance unless the related appropriations are approved for roll-forward to the subsequent fiscal year. Fund balance is reserved for open encumbrances that represent legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Special Revenue Fund.

The state's financial records for governmental type funds are accounted for on a modified accrual basis with the revenues recorded when available and measurable, while expenditures are recorded when goods or services are received or a liability is expected to be liquidated from current available resources. Accounting records for proprietary and fiduciary type funds are maintained on the full accrual basis. That is, revenues are recorded when earned, and expenses, including depreciation, are recorded when incurred.

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.

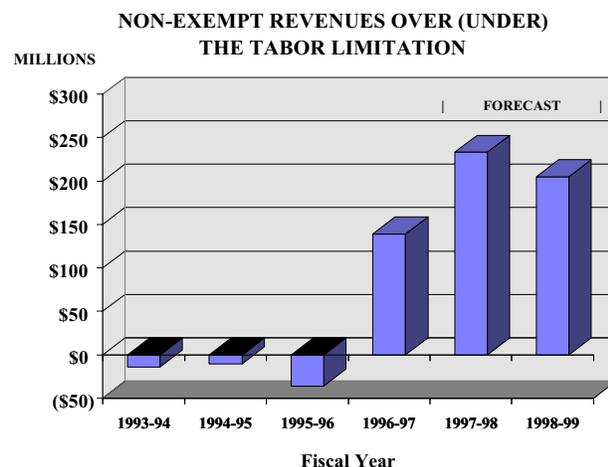
The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

FINANCIAL OVERVIEW

Fiscal year 1996-97 is the fourth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the state's constitution). With certain exceptions, the rate of growth of state revenues is limited to the percentage change in the state's population growth plus inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts and donations, sales of property, refunds, damage recoveries, and transfers.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the state to retain the surplus. TABOR also limits the General Assembly's ability to raise taxes. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election.

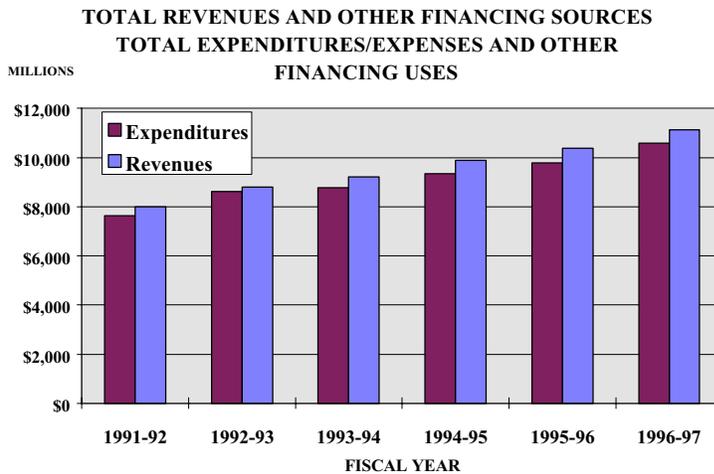
In the first three years of operation the state had not exceeded the limitation for revenues. In Fiscal Year 1996-97, state revenues subject to TABOR, were \$139.0 million over the limitation. The state recorded a liability in the General Fund at June 30, 1997, for that amount. See Note VI-E Sales Tax Refund, in the notes to the financial statements for additional details.



As the preceding chart indicates, the Office of State Planning and Budgeting forecasts stronger revenue growth than the TABOR amendment allows unless there is a reduction in taxes and/or fees collected by the state. One reason for the large

forecasted Fiscal Year 1997-98 increase in the anticipated refund was an unusually large estate tax payment of \$78 million that was received in August 1997.

The current combined balance sheet for the state's primary government shows total assets of \$11,191 million and liabilities of \$4,009 million. Under current accounting principles this difference of \$7,182



million is the financial equity that the citizens of Colorado have in their state government. The state's current accounting practices do not include the recording of infrastructure on the state's books. Thus, the recorded equity is exclusive of such assets as highways, bridges, and parks. Similarly, there is no recording of the estimated cost to maintain those assets.

Total revenues and other financing sources for the primary government, excluding operating transfers-in, were

\$11,134 million and \$10,383 million in Fiscal Years 1996-97 and 1995-96, respectively. Total expenditures/expenses and financing uses, excluding operating transfers-out and the TABOR refund, were \$10,587 million and \$9,790 million for each of the same periods.

Various fund equity accounts, were larger at the end of the year than at the beginning, primarily because revenues, other financing sources, and transfers-in exceeded expenditures, other financing uses, and transfers-out for Fiscal Year 1996-97. The equities of the governmental fund types rose \$160.6 million, the combined fund equities of the colleges and universities increased by \$160.0 million, and the Trust Funds had an increase of \$83.3 million.

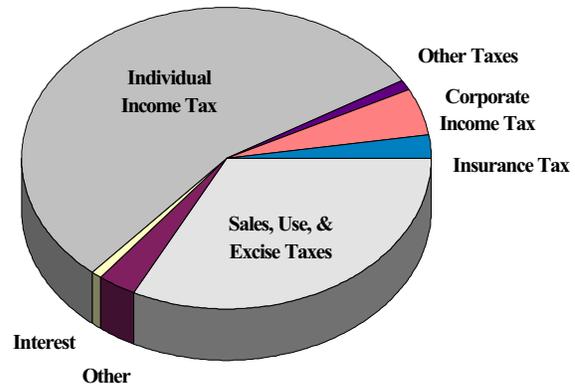
GENERAL FUND ACTIVITIES

The General Fund is the focal point to determine the state's financial position. This fund accounts for all revenues and expenditures that are not required by law to be accounted for in other funds. Revenues of the General Fund consist of two broad categories, general purpose revenues and augmenting revenues. General purpose revenues are taxes, fines, and other similar sources that are raised without regard to how they will be spent. Augmenting revenues consist of federal funds, transfers-in, cash fees and charges, or specific user taxes. Augmenting revenues are usually restricted as to how they can be spent.

In the CAFR, all statements depicting the General Fund in the General Purpose Financial Statements Section include general purpose and augmenting revenues. The *Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balance, Budget and Actual*, presented in the Combining Financial Statements and Schedules Section, includes only the general purpose revenues and expenditures supported by those revenues.

General purpose revenues for Fiscal Years 1996-97 and 1995-96 were \$4,679 million and \$4,269 million, respectively. Sales and use taxes increased by \$104.3 million or 7.9 percent. Individual income taxes increased by \$254.1 million or 11.0 percent. These large increases in sales and income taxes demonstrate the continued health of the Colorado economy and robust growth in the state's population during Fiscal Year 1996-97.

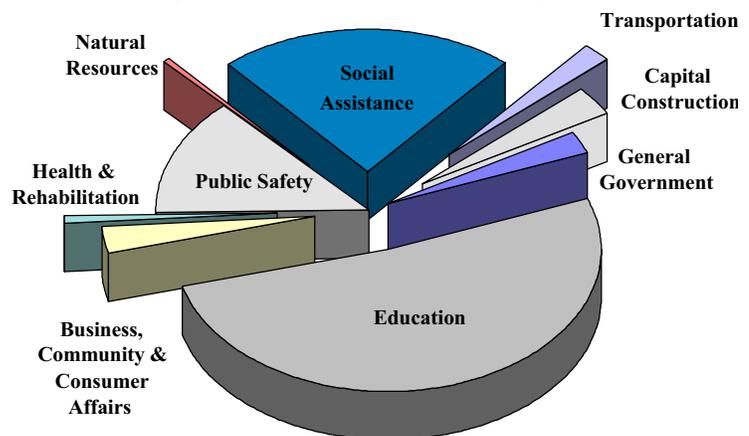
GENERAL PURPOSE REVENUES BY SOURCE



Total expenditures and transfers-out funded from general purpose revenues during Fiscal Years 1996-97 and 1995-96 were \$4,534 and \$4,390 million, respectively. The Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 77.9 percent of all Fiscal Year 1996-97 general funded expenditures. Of the departments with substantial general funded expenditures, the Department of Corrections had the largest annual percentage increase at 9.8 percent over the previous year.

In addition to TABOR revenue limitations mentioned under the section "Financial Overview", the total annual increases in general funded expenditures are limited to 6 percent over the previous year with certain adjustments. The primary adjustments are for changes in federal mandates and lawsuits against the state. This limitation is controlled through the legislative budget process.

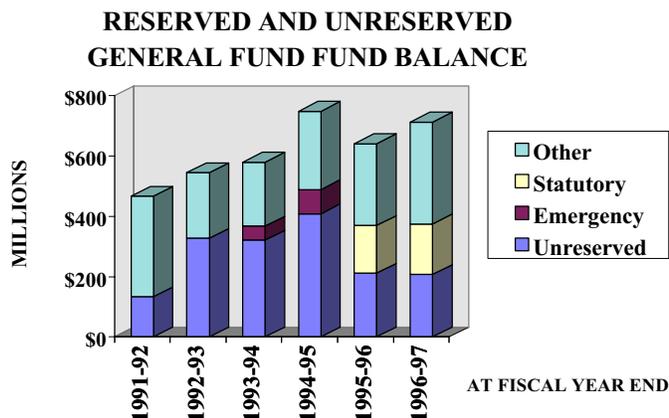
EXPENDITURES BY FUNCTION FROM GENERAL PURPOSE REVENUES



The "Unreserved" title, in the fund equity section of the General Fund on the *Combined Balance Sheet* of the General Purpose Financial Statements, relates to the accumulated net general purpose revenues. The cumulative net augmenting revenues are represented as "Reserved For Other Specific Purposes." Augmenting revenues of the General Fund were \$2,089 million and \$2,068 million in Fiscal Year 1996-97 and 1995-96, respectively. Federal grants and contracts made up 88.4 percent and 88.7 percent of this amount in each respective fiscal year. The remainder is cash funds, which consist of revenues of specific programs that are statutorily restricted.

During Fiscal Years 1993-94 and 1994-95 a portion of the fund balance was reserved for emergencies as required by Article X, Section 20 (TABOR) of the state constitution. Beginning with Fiscal Year 1995-96, a portion of the fund balance of the Controlled Maintenance Trust Fund is designated by the legislature as the TABOR emergency reserve.

Beginning in Fiscal Year 1995-96, the controller reserved an amount equal to the statutorily required four percent of General Fund appropriation. Prior to that year the four percent reserve was determined during the appropriation process but was not formally recognized in the financial statements.



PROPRIETARY OPERATIONS

Proprietary type funds are accounted for using the full accrual basis of accounting as would a private business. Their operations have many of the attributes of a business in that their revenue relates to the provision of goods or services to the state or to the general public. Capital investments of these operations are recorded within the fund and depreciation is recorded using methods similar to private enterprise. Proprietary funds consist of enterprise funds that provide services to the citizens of the state, and internal service funds that provide services to the state government.

Proprietary fund types had an equity decrease of \$2.4 million. A loss of \$8.2 million in the State Employees and Officials Insurance Internal Service Fund was offset by earnings in other funds and transfers-in from other fund types or account groups. The Telecommunications Internal Service Fund received \$2.7 million of fixed assets funded by the Capital Construction Fund, and the State Fair Authority Enterprise Fund received \$4.0 million in cash from the General Fund.

Total fund equity for the proprietary funds at June 30, 1997 and June 30, 1996, were \$109.2 million and \$111.6 million, respectively. Operating revenues for the proprietary operations were \$648.6 million for Fiscal Year 1996-97 and \$606.1 million for Fiscal Year 1994-95. Operating expenses were \$608.6 million and \$563.4 million, respectively. During Fiscal Year 1996-97, the major transfers from the Lottery Fund were \$34.3 million to the Conservation Trust Fund and \$8.6 million to the Wildlife Fund. In addition, \$51.5 million was distributed from the Lottery Fund's net proceeds to the Great Outdoors Colorado Trust Fund, a constitutionally created public authority.

DEBT ADMINISTRATION

The State of Colorado is prohibited by its constitution from incurring any general obligation debt. Many higher education institutions have issued bonds and notes with revenues pledged from specific user payments to retire these bonds and notes. Additional information is provided in the footnotes to the general purpose financial statements and the statistical section of this report.

CASH MANAGEMENT

Statutes permit the state treasurer to invest cash not needed immediately to pay obligations of the state. These investments may consist of obligations of the United States, commercial paper of prime quality, repurchase agreements, bank acceptance agreements, and other investment instruments. The treasurer also invests the funds of the Colorado Compensation Insurance Authority, the Colorado Water Resources and Power Development Authority, and the Great Outdoors Colorado Trust Fund. At June 30, 1997 the state treasurer held the following investments at book value:

Investment Type	Amount in Millions
United States Treasury and Agencies	\$1,820.6
Asset Backed Securities	713.7
Mortgages	356.6
Commercial Paper	293.3
Bankers' Acceptance	217.1
Corporate Bonds	202.9
Repurchase Agreements	24.9
Other	0.4
TOTAL	<u><u>\$3,629.5</u></u>

RISK MANAGEMENT

The state self-insures its agencies, officials, and employees for the risks of losses for general liability, motor vehicle liability, workers' compensation, and medical claims. Prior to Fiscal Year 1995-96, the Risk Management Fund, an internal service fund, was used for this purpose. However, because the claim reserves were not being funded during Fiscal Year 1995-96, the state began using the General Fund (as required by current accounting pronouncements) for all claims or judgments except for employee medical claims. (See Notes I-E, IV-D, and IV-F to the General Purpose Financial Statements). Medical claims for officials and employees are managed through the State Employees and Officials Insurance Fund, an internal service fund. Property claims are not self-insured, as the state has purchased insurance. (See Note IV-F to the General Purpose Financial Statements.)

The Regents of the University of Colorado are self-insured for workers' compensation, auto, general and property liability, and official's and employee's medical claims. The university's medical claims are handled by a third party through a contractual agreement. The university has also purchased stop-loss insurance for individual medical claims in excess of \$500,000. (See Note IV-F to the General Purpose Financial Statements.)

INDEPENDENT AUDIT

The audit of the General Purpose Financial Statements was performed by the state auditor. The opinion of the auditor is on page 23 of this report preceding the financial statements. Besides an audit of the statewide financial statements, the auditor will from time to time audit the financial statements and operations of various departments and institutions within state government.

In 1996, the United States Congress amended the Single Audit Act of 1984. The amended act clarifies the state's and the auditor's responsibility for ensuring that the use and accounting for federal moneys is proper. 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.

ACKNOWLEDGMENTS

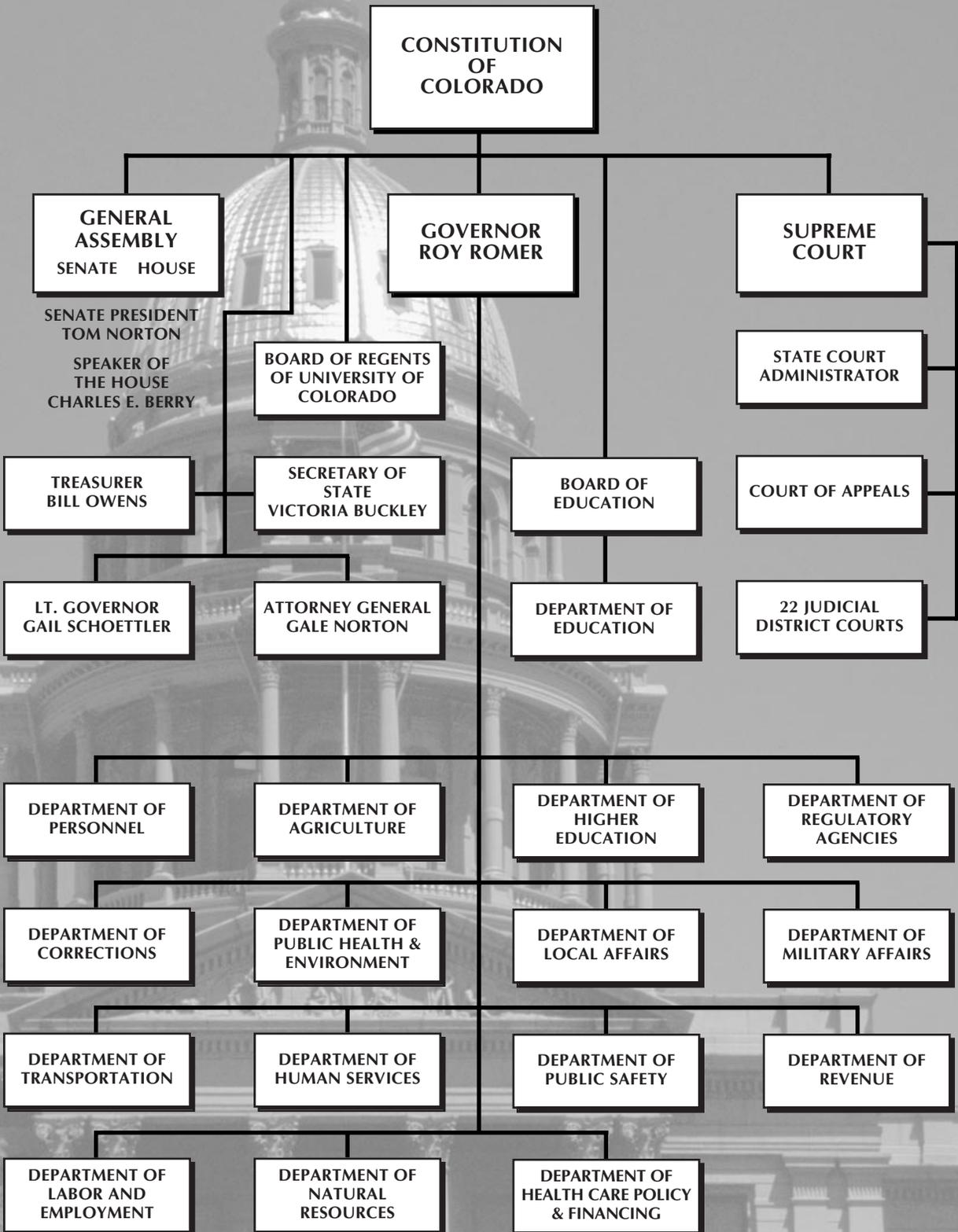
In conclusion, I thank my staff and the staffs of all the state departments and institutions whose time and dedication have made this report possible, and further, I reaffirm our commitment to maintain the highest standards of accountability in financial reporting.

Sincerely,

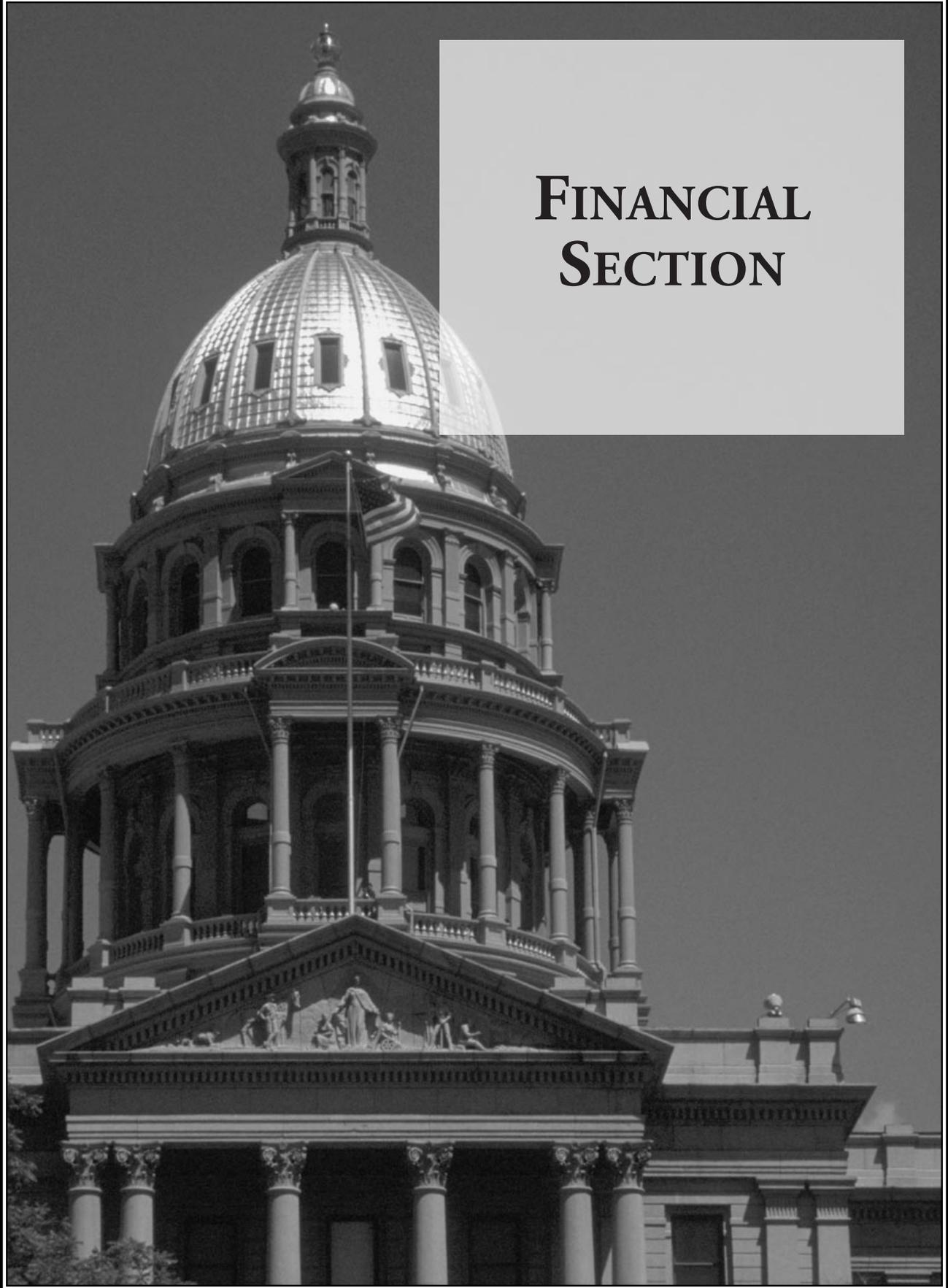
A handwritten signature in black ink that reads "Clifford W. Hall". The signature is written in a cursive, flowing style.

Clifford W. Hall
State Controller

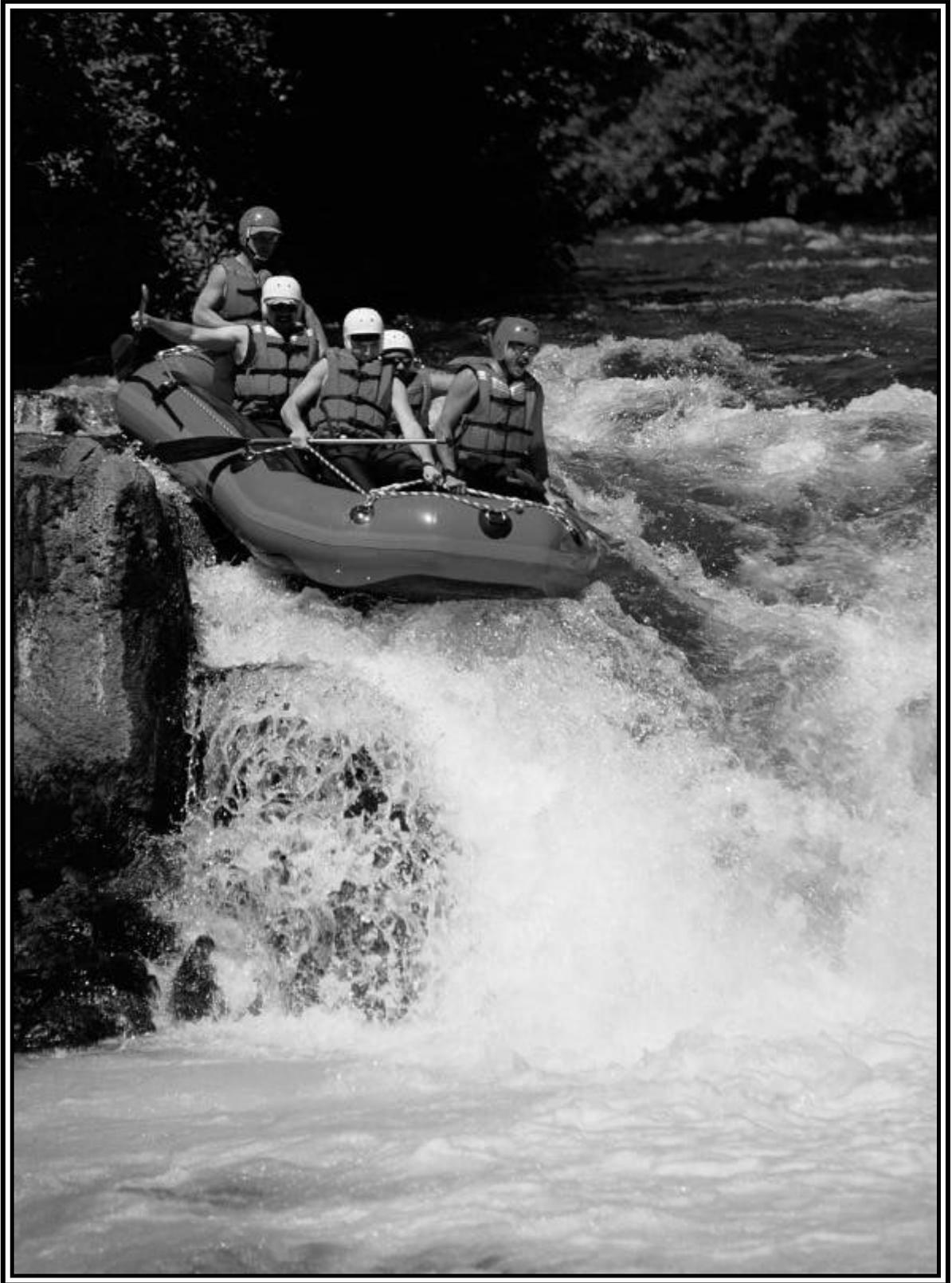
PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS







**FINANCIAL
SECTION**





STATE OF COLORADO

J. DAVID BARBA, C.P.A.
State Auditor

STATE AUDITOR'S OFFICE
(303) 866-2051
FAX (303) 866-2060

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

October 31, 1997

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 1997. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 1997, on our consideration of the State of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentation, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.

J. David Barba



GENERAL PURPOSE FINANCIAL STATEMENTS

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1997
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR END**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS:				
Cash and Cash Equivalents	\$ 770,492	\$ 558,300	\$ 122	\$ 536,262
Taxes Receivable, net	529,044	68,551	-	-
Other Receivables, net	48,223	9,932	16	1,337
Due From Other Governments	182,398	61,591	341	3,719
Due From Other Funds	29,074	10,887	-	5,225
Inventories	51,202	11,443	-	-
Other Current Assets	32,696	767	-	2,189
Investments	31,096	13,835	3,672	20,036
Property, Plant and Equipment, net	-	-	-	-
Rights Under Deferred Compensation	-	-	-	-
Other Long-Term Assets	8,326	108,588	-	215
Amount Available in Debt Service Fund	-	-	-	-
Amount To Be Provided For Retirement Of Long-Term Obligations	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 1,682,551	\$ 843,894	\$ 4,151	\$ 568,983
LIABILITIES:				
Warrants Payable	\$ 77,660	\$ 17,542	\$ -	\$ 5,583
Tax Refunds Payable	205,204	245	-	-
Accounts Payable and Accrued Liabilities	312,151	73,828	-	22,333
TABOR Refund Liability (See Note II-E)	139,026	-	-	-
Due To Other Governments	46,118	47,271	-	-
Due To Other Funds	21,157	26,101	-	8,739
Deferred Revenue	117,822	21,248	-	267
Obligations Under Reverse Repurchase Agreements	24,850	-	-	-
Other Current Liabilities	22,120	20,016	-	1
Deposits Held In Custody For Others	3,955	2	-	-
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Obligations Under Deferred Compensation	-	-	-	-
Other Long-Term Liabilities	286	-	-	-
TOTAL LIABILITIES	970,349	206,253	-	36,923
FUND EQUITY AND OTHER CREDITS:				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balances:				
Reserved For:				
Encumbrances	9,923	397,934	-	266,328
Other Specific Purposes	326,154	297,653	4,151	21,020
Long-Term Assets and Long-Term Receivables	1,027	108,839	-	215
Statutory 4 Percent Requirement (See Note I-M)	166,708	-	-	-
Emergencies (See Note I-M)	-	-	-	-
Unreserved:				
Designated for Capital Construction	-	-	-	244,497
Designated For Higher Education	-	-	-	-
Undesignated	208,390	(166,785)	-	-
TOTAL FUND EQUITY AND OTHER CREDITS	712,202	637,641	4,151	532,060
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 1,682,551	\$ 843,894	\$ 4,151	\$ 568,983

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			MEMORANDUM ONLY	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS			
\$ 85,533	\$ 33,502	\$ 889,682	\$ -	\$ -	\$ 194,063	\$ 3,067,956	\$ 115,672	
-	-	118,960	-	-	-	716,555	4,768	
18,790	489	20,253	-	-	151,375	250,415	33,223	
11,198	58	920	-	-	35,640	295,865	11,190	
160	41	24,390	-	-	26,261	96,038	6,363	
10,427	723	28	-	-	24,166	97,989	4,488	
604	148	13,706	-	-	16,450	66,560	2,005	
-	-	1,264,131	-	-	429,711	1,762,481	203,046	
31,410	49,600	11,901	1,378,184	-	2,500,953	3,972,048	345,450	
-	-	245,653	-	-	-	245,653	-	
828	-	1,029	-	-	5,087	124,073	232,606	
-	-	-	-	4,151	-	4,151	-	
-	-	-	-	491,126	-	491,126	-	
\$ 158,950	\$ 84,561	\$ 2,590,653	\$ 1,378,184	\$ 495,277	\$ 3,383,706	\$ 11,190,910	\$ 958,811	
\$ 5,287	\$ 4,046	\$ 5,506	\$ -	\$ -	\$ 9,889	\$ 125,513	\$ -	
-	19	937	-	-	-	206,405	-	
7,967	5,399	19,267	-	-	124,264	565,209	47,455	
-	-	-	-	-	-	139,026	-	
7,305	-	121,753	-	-	45	222,492	28,649	
16,913	152	8,207	-	-	14,769	96,038	6,363	
11,112	7,824	1,472	-	-	67,615	227,360	982	
-	-	-	-	-	-	24,850	-	
23,478	16,921	8,509	-	-	16,800	107,845	11,695	
2	-	958,318	-	-	32,926	995,203	-	
1,022	19,593	98	-	69,020	83,515	173,248	-	
420	-	-	-	-	330,293	330,713	427,215	
2,781	1,127	202	-	101,872	71,626	177,608	4,915	
-	-	245,556	-	-	-	245,556	-	
2,746	168	9,706	-	324,385	34,280	371,571	231	
79,033	55,249	1,379,531	-	495,277	786,022	4,008,637	527,505	
-	-	-	1,378,184	-	1,929,465	3,307,649	-	
21,842	8,090	-	-	-	-	29,932	68,399	
58,075	21,222	-	-	-	-	79,297	159,540	
-	-	-	-	-	-	674,185	-	
-	-	1,015,864	-	-	548,566	2,213,408	42,639	
-	-	-	-	-	-	110,081	-	
-	-	-	-	-	-	166,708	-	
-	-	195,258	-	-	-	195,258	-	
-	-	-	-	-	-	244,497	-	
-	-	-	-	-	117,752	117,752	-	
-	-	-	-	-	1,901	43,506	160,728	
79,917	29,312	1,211,122	1,378,184	-	2,597,684	7,182,273	431,306	
\$ 158,950	\$ 84,561	\$ 2,590,653	\$ 1,378,184	\$ 495,277	\$ 3,383,706	\$ 11,190,910	\$ 958,811	

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES:				
Taxes	\$ 4,530,058	\$ 532,540	\$ -	\$ -
Licenses, Permits, and Fines	139,464	226,195	-	79
Charges for Goods and Services	174,311	13,486	-	-
Interest	74,343	29,987	346	37,170
Federal Grants and Contracts	1,898,999	206,245	-	5,872
Other	44,888	21,727	240	39,816
TOTAL REVENUES	6,862,063	1,030,180	586	82,937
EXPENDITURES:				
Current:				
General Government	190,185	5,660	-	-
Business, Community and Consumer Affairs	185,102	14,881	-	-
Education	84,193	6,417	-	-
Health and Rehabilitation	371,071	2,080	-	-
Justice	538,199	41,964	-	-
Natural Resources	53,897	60,033	-	-
Social Assistance	1,816,605	-	-	-
Transportation	793	577,683	-	-
Capital Outlay	17,557	18,628	-	121,296
Intergovernmental:				
Cities	36,717	95,115	-	2,436
Counties	564,700	139,859	-	307
School Districts	1,906,129	206	-	-
Special Districts	38,205	9,816	-	561
Federal	7,186	130	-	189
Other	95,305	2,251	-	544
Debt Service	17,742	-	37,661	-
TOTAL EXPENDITURES	5,923,586	974,723	37,661	125,333
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	938,477	55,457	(37,075)	(42,396)
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	132,777	112,944	37,639	264,338
Operating Transfer-Out	(858,467)	(73,556)	-	(252,096)
Capital Lease Proceeds	559	-	-	13,940
Advances from Private or Public Sources	-	7,434	-	1,996
TABOR Refund (See Note II-E)	(139,026)	-	-	-
Other	(127)	(29)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(864,284)	46,793	37,639	28,178
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	74,193	102,250	564	(14,218)
FUND BALANCE, FISCAL YEAR BEGINNING				
Net Residual Equity Transfers-In (Out) (See Note III-L)	-	(49)	-	-
Prior Period Adjustment (See Note III-K)	(2,186)	-	-	-
FUND BALANCE, FISCAL YEAR END	\$ 712,202	\$ 637,641	\$ 4,151	\$ 532,060

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

FIDUCIARY FUND TYPES	MEMORANDUM ONLY TOTAL	COMPONENT
EXPENDABLE TRUST	PRIMARY GOVERNMENT	UNITS
\$ 202,819	\$ 5,265,417	\$ -
22,011	387,749	-
1,010	188,807	-
56,740	198,586	2,655
16,517	2,127,633	-
20,428	127,099	-
319,525	8,295,291	2,655
2,620	198,465	-
187,592	387,575	-
256	90,866	-
327	373,478	-
3,242	583,405	-
225	114,155	-
28	1,816,633	-
-	578,476	-
276	157,757	-
22,692	156,960	-
13,857	718,723	-
188	1,906,523	-
3,736	52,318	-
-	7,505	-
16,745	114,845	-
-	55,403	-
251,784	7,313,087	-
67,741	982,204	2,655
34,688	582,386	-
(43,073)	(1,227,192)	(2,821)
-	14,499	-
-	9,430	-
-	(139,026)	-
-	(156)	-
(8,385)	(760,059)	(2,821)
59,356	222,145	(166)
601,407	2,326,907	42,805
-	(49)	-
-	(2,186)	-
\$ 660,763	\$ 2,546,817	\$ 42,639

COLORADO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS
BUDGET AND ACTUAL - ALL BUDGETED FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$ 1,982,049	
Income Taxes			2,809,667	
Other Taxes			540,654	
Federal Grants and Contracts			2,215,678	
Tuition and Fees			461,408	
Sales and Services			769,131	
Interest Earnings			234,332	
Medicaid Provider Revenues			80,415	
Other Revenues			598,673	
Transfers-In			3,465,289	
TOTAL REVENUES AND TRANSFERS-IN			13,157,296	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 20,984	\$ 21,830	20,571	\$ 1,259
Corrections	290,404	302,614	292,945	9,669
Education	3,547,487	3,619,413	3,561,902	57,511
Governor	40,688	107,318	60,961	46,357
Health Care Policy and Financing	1,596,032	1,597,355	1,588,904	8,451
Higher Education	1,923,135	1,915,648	1,853,482	62,166
Human Services	1,137,182	1,246,493	1,164,220	82,273
Judicial Branch	192,598	195,198	190,647	4,551
Labor and Employment	330,689	376,391	286,207	90,184
Law	26,052	26,664	23,773	2,891
Legislative Branch	23,517	24,075	21,063	3,012
Local Affairs	146,974	171,935	116,686	55,249
Military Affairs	121,242	10,098	7,927	2,171
Natural Resources	305,870	308,794	172,839	135,955
Personnel	280,938	280,186	267,188	12,998
Public Health and Environment	204,839	239,295	212,785	26,510
Public Safety	111,793	130,318	115,576	14,742
Regulatory Agencies	60,011	60,637	54,089	6,548
Revenue	678,146	683,271	628,730	54,541
State	10,309	10,828	9,369	1,459
Transportation	729,367	1,246,537	638,843	607,694
Treasury	765,583	825,845	800,408	25,437
Transfers Not Appropriated by Department	246,959	250,968	250,968	-
SUB-TOTAL OPERATING BUDGETS	12,790,799	13,651,711	12,340,083	1,311,628

(Continued)

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS
BUDGET AND ACTUAL - ALL BUDGETED FUNDS
FOR THE YEAR ENDED JUNE 30, 1997 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital Budgets:				
Departmental:				
Agriculture	273	504	451	53
Corrections	80,748	314,666	49,864	264,802
Education	948	416	37	379
Governor	-	38,416	4,896	33,520
Health Care Policy and Financing	464	664	188	476
Higher Education	142,911	244,468	134,280	110,188
Human Services	14,263	60,803	27,516	33,287
Judicial Branch	-	229	225	4
Labor and Employment	-	104	103	1
Legislative Branch	-	16	5	11
Military Affairs	7,480	11,183	1,510	9,673
Natural Resources	18,902	26,497	11,758	14,739
Personnel	51,878	68,130	61,693	6,437
Public Health and Environment	3,715	11,378	9,816	1,562
Public Safety	5,090	3,119	2,219	900
Regulatory Agencies	1,575	19	9	10
Revenue	1,758	3,452	818	2,634
Transportation	(2,949)	221,128	96,429	124,699
SUB-TOTAL CAPITAL BUDGETS	327,056	1,005,192	401,817	603,375
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$ 13,117,855	\$ 14,656,903	12,741,900	\$ 1,915,003
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			415,396	
FUND BALANCE/EQUITY, JULY 1 - GAAP BASIS			6,650,980	
Add: Budgeted Non-GAAP Expenditures (See Note II-D)			15,437	
Less: GAAP Expenditures Not Budgeted (See Note II-D)			(51,312)	
GAAP Revenue Adjustments (See Note II-D)			(112,339)	
Increase (Decrease) in Non-Budgeted Funds			275,779	
Prior Period Adjustments (See Note III-K)			(11,668)	
FUND BALANCE/EQUITY, JUNE 30 - GAAP BASIS			\$ 7,182,273	

See accompanying notes to the financial statements.

COLORADO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 1997

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$ 1,521,140	
Income Taxes			2,809,667	
Other Taxes			154,310	
Federal Grants and Contracts			229	
Sales and Services			851	
Interest Earnings			77,331	
Medicaid Provider Revenues			80,415	
Other Revenues			83,992	
Transfers-In			273,156	
TOTAL REVENUES AND TRANSFERS-IN			5,001,091	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 11,167	\$ 11,194	10,942	\$ 252
Corrections	250,252	257,018	256,863	155
Education	1,719,046	1,720,470	1,720,335	135
Governor	2,919	12,446	12,377	69
Health Care Policy and Financing	763,800	758,058	756,414	1,644
Higher Education	618,525	618,678	618,469	209
Human Services	416,427	395,290	384,943	10,347
Judicial Branch	159,027	161,571	159,154	2,417
Labor and Employment	-	153	-	153
Law	8,252	8,519	7,218	1,301
Legislative Branch	23,251	23,809	20,803	3,006
Local Affairs	26,361	28,159	24,832	3,327
Military Affairs	3,325	3,431	3,098	333
Natural Resources	24,078	24,228	23,964	264
Personnel	14,962	15,174	14,550	624
Public Health and Environment	17,740	18,282	18,142	140
Public Safety	36,596	36,778	36,039	739
Regulatory Agencies	1,514	1,533	1,497	36
Revenue	138,128	138,533	136,896	1,637
Treasury	73,783	73,940	73,803	137
Transfers Not Appropriated by Department	246,959	250,968	250,968	-
SUB-TOTAL OPERATING BUDGETS	4,556,112	4,558,232	4,531,307	26,925

(Continued)

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUNDED
FOR THE YEAR ENDED JUNE 30, 1997 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital Budgets:				
Departmental:				
Agriculture	273	504	451	53
Corrections	80,698	312,814	48,151	264,663
Education	948	416	37	379
Governor	-	33,299	4,896	28,403
Health Care Policy and Financing	232	332	94	238
Higher Education	129,333	203,391	110,260	93,131
Human Services	12,998	59,144	27,035	32,109
Judicial Branch	-	229	225	4
Legislative Branch	-	16	5	11
Military Affairs	896	2,060	439	1,621
Personnel	34,335	44,198	40,708	3,490
Public Health and Environment	3,500	9,548	7,986	1,562
Public Safety	4,870	52	52	-
Revenue	560	1,260	59	1,201
Transportation	(3,485)	220,592	95,893	124,699
SUB-TOTAL CAPITAL BUDGETS	265,158	887,855	336,291	551,564
TOTAL EXPENDITURES AND TRANSFERS-OUT	\$ 4,821,270	\$ 5,446,087	4,867,598	\$ 578,489
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			\$ 133,493	

See accompanying notes to the financial statements.

COLORADO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS
BUDGET AND ACTUAL - CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$ 460,909	
Other Taxes			386,344	
Tuition and Fees			461,408	
Sales and Services			768,280	
Interest Earnings			157,001	
Other Revenues			514,681	
Transfers-In			3,192,133	
TOTAL REVENUES AND TRANSFERS-IN			5,940,756	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 9,396	\$ 9,512	8,934	\$ 578
Corrections	38,522	39,170	29,987	9,183
Education	1,658,716	1,655,862	1,655,037	825
Governor	16,269	20,033	7,828	12,205
Health Care Policy and Financing	12,599	12,578	11,660	918
Higher Education	1,249,724	1,239,840	1,182,043	57,797
Human Services	423,043	213,486	206,177	7,309
Judicial Branch	33,097	32,284	30,650	1,634
Labor and Employment	277,999	295,579	223,552	72,027
Law	17,195	17,540	16,035	1,505
Legislative Branch	266	266	260	6
Local Affairs	83,909	71,849	55,145	16,704
Military Affairs	547	547	470	77
Natural Resources	270,003	263,938	135,819	128,119
Personnel	265,976	264,961	252,638	12,323
Public Health and Environment	51,065	60,941	52,096	8,845
Public Safety	63,845	65,438	63,952	1,486
Regulatory Agencies	57,804	57,846	51,633	6,213
Revenue	539,205	542,568	490,439	52,129
State	10,309	10,828	9,369	1,459
Transportation	523,612	630,017	440,202	189,815
Treasury	691,800	703,805	683,591	20,214
SUB-TOTAL OPERATING BUDGETS	6,294,901	6,208,888	5,607,517	601,371
Capital Budgets:				
Departmental:				
Corrections	50	1,852	1,713	139
Governor	-	5,117	-	5,117
Higher Education	13,578	36,827	22,355	14,472
Human Services	502	721	216	505
Labor and Employment	-	54	54	-
Military Affairs	38	114	80	34
Natural Resources	18,252	18,647	7,342	11,305
Personnel	17,543	23,932	20,985	2,947
Public Health and Environment	215	1,830	1,830	-
Public Safety	220	3,067	2,167	900
Regulatory Agencies	1,575	19	9	10
Revenue	1,198	1,684	759	925
Transportation	536	536	536	-
SUB-TOTAL CAPITAL BUDGETS	53,707	94,400	58,046	36,354
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$ 6,348,608	\$ 6,303,288	5,665,563	\$ 637,725
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			\$ 275,193	

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 1997

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			\$ 2,215,449	
TOTAL REVENUES AND TRANSFERS-IN			2,215,449	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 421	\$ 1,124	695	\$ 429
Corrections	1,630	6,426	6,095	331
Education	169,725	243,081	186,530	56,551
Governor	21,500	74,839	40,756	34,083
Health Care Policy and Financing	819,633	826,719	820,830	5,889
Higher Education	54,886	57,130	52,970	4,160
Human Services	297,712	637,717	573,100	64,617
Judicial Branch	474	1,343	843	500
Labor and Employment	52,690	80,659	62,655	18,004
Law	605	605	520	85
Local Affairs	36,704	71,927	36,709	35,218
Military Affairs	117,370	6,120	4,359	1,761
Natural Resources	11,789	20,628	13,056	7,572
Personnel	-	51	-	51
Public Health and Environment	136,034	160,072	142,547	17,525
Public Safety	11,352	28,102	15,585	12,517
Regulatory Agencies	693	1,258	959	299
Revenue	813	2,170	1,395	775
Transportation	205,755	616,520	198,641	417,879
Treasury	-	48,100	43,014	5,086
SUB-TOTAL OPERATING BUDGETS	1,939,786	2,884,591	2,201,259	683,332
Capital Budgets:				
Departmental:				
Health Care Policy and Financing	232	332	94	238
Higher Education	-	4,250	1,665	2,585
Human Services	763	938	265	673
Labor and Employment	-	50	49	1
Military Affairs	6,546	9,009	991	8,018
Natural Resources	650	7,850	4,416	3,434
Revenue	-	508	-	508
SUB-TOTAL CAPITAL BUDGETS	8,191	22,937	7,480	15,457
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$ 1,947,977	\$ 2,907,528	2,208,739	\$ 698,789
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			\$ 6,710	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Licenses and Permits	\$ 43	\$ -
Charges for Goods and Services	415,293	158,310
Interest and Rents	2,967	8,087
Federal Grants and Contracts	63,601	-
Other	324	21
TOTAL OPERATING REVENUES	482,228	166,418
OPERATING EXPENSES:		
Salaries & Fringe Benefits	37,301	18,488
Operating and Travel	100,681	138,594
Cost of Goods Sold	27,354	4,447
Depreciation	2,543	11,010
Intergovernmental Distributions	53,693	-
Prizes and Awards	214,503	-
Other	-	-
TOTAL OPERATING EXPENSES	436,075	172,539
OPERATING INCOME (LOSS)	46,153	(6,121)
NON-OPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines	2	246
Interest and Rents	1,906	13
Grants and Donations	103	-
Federal Grants and Contracts	678	-
Other Financing Sources	-	-
Debt Service	(45)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,644	259
INCOME (LOSS) BEFORE OPERATING TRANSFERS	48,797	(5,862)
OPERATING TRANSFERS:		
Operating Transfer-In	4,247	59
Operating Transfer-Out	(44,205)	(2,443)
TOTAL OPERATING TRANSFERS	(39,958)	(2,384)
NET INCOME/CHANGE IN RETAINED EARNINGS	8,839	(8,246)
FUND EQUITY, FISCAL YEAR BEGINNING	76,851	34,769
Additions (Deductions) to Contributed Capital	2,544	2,789
Change in Unrealized Gains/Losses on Available-for-Sale Securities	-	-
Prior Period/Other Adjustments (See Note III-K)	(8,317)	-
FUND EQUITY, FISCAL YEAR END	\$ 79,917	\$ 29,312

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

FIDUCIARY FUND TYPES	MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
NONEXPENDABLE TRUST		
\$ -	\$ 43	\$ -
-	573,603	228,338
28,567	39,621	12,935
-	63,601	-
-	345	12,009
28,567	677,213	253,282
-	55,789	90,294
-	239,275	93,049
-	31,801	44,295
-	13,553	19,874
-	53,693	-
-	214,503	-
-	-	7,374
-	608,614	254,886
28,567	68,599	(1,604)
-	-	25,573
-	248	-
-	1,919	9,398
63	166	-
-	678	-
-	-	5,119
-	(45)	(8,140)
63	2,966	31,950
28,630	71,565	30,346
1,229	5,535	2,821
(5,915)	(52,563)	-
(4,686)	(47,028)	2,821
23,944	24,537	33,167
526,415	638,035	341,800
-	5,333	10,130
-	-	3,570
-	(8,317)	-
\$ 550,359	\$ 659,588	\$ 388,667

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income (Loss)	\$ 46,153	\$ (6,121)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,543	11,010
Interest (Income) Expense	-	(326)
Net Periodic Pension Cost	-	-
Fines	2	246
Loss on Disposal of Fixed Assets	12	-
Other Adjustments	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(5,405)	(66)
(Increase) Decrease in Inventories	(542)	(282)
(Increase) Decrease in Other Operating Assets	143	137
Increase (Decrease) in Accounts Payable	(911)	(452)
Increase (Decrease) in Accrued Compensated Absences	311	(117)
Increase (Decrease) in Other Operating Liabilities	405	(263)
Insurance Premiums	-	-
Claims and General Insurance Expenses Paid	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	42,711	3,766
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Donations	72	-
Federal Grants and Contracts	678	-
Other Financing Sources	-	-
Operating Transfer-In	4,247	59
Operating Transfer-Out	(44,205)	(2,443)
Additions to Contributed Capital	666	-
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:		
(Increase) Decrease in Due From Other Funds	85	3
Increase (Decrease) in Due To Other Funds	4,268	(3,126)
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	(34,189)	(5,507)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	1,906	1,870
Sales of Investments	-	-
Purchases of Investments	-	-
Net Changes in Assets and Liabilities Related to Investment Activities:		
(Increase) Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	1,906	1,870

(Continued)

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
NONEXPENDABLE TRUST			
\$ 28,567		\$ 68,599	\$ 2,134
-		13,553	19,954
(28,567)		(28,893)	7,295
-		-	4,221
-		248	-
-		12	-
-		-	1,328
(2,330)		(7,801)	5,772
-		(824)	(745)
365		645	(1,001)
-		(1,363)	(5,141)
-		194	(301)
(1,003)		(861)	(6,161)
-		-	4,149
-		-	(7,259)
(2,968)	-	43,509	24,245
63		135	-
-		678	-
-		-	2,662
1,229		5,535	2,821
(5,915)		(52,563)	-
-		666	-
(102)		(14)	-
-		1,142	-
(4,725)		(44,421)	5,483
28,567		32,343	6,722
-		-	261,564
(9,950)		(9,950)	(261,736)
(188,299)		(188,299)	(4,950)
(169,682)		(165,906)	1,600

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997
AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR ENDED (CONTINUED)**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Taxes	-	-
Principal Repayments of Loans Receivable	-	-
Loans Made	-	-
Payments from Other Fund - Advance	-	-
Payments to Other Fund - Advance	-	-
Note and Bond Proceeds	-	-
Payment to Refunded Escrow Agent	-	-
Received from Lease Escrow	-	-
Additions to Contributed Capital	-	49
Purchase of Property, Plant, and Equipment	-	-
Capital Lease Obligation Payments	(248)	(6,534)
Debt Service Payments	(121)	-
Net Changes in Assets and Liabilities Related to Capital Financing Activities: (Increase) Decrease in Property, Plant and Equipment	(2,445)	(2,697)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(2,814)	(9,182)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,614	(9,053)
CASH AND CASH EQUIVALENTS, FISCAL YEAR BEGINNING	77,919	42,555
CASH AND CASH EQUIVALENTS, FISCAL YEAR END	\$ 85,533	\$ 33,502
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Expendable Trust Funds		
Agency Funds		
CASH AND CASH EQUIVALENTS, FISCAL YEAR END	\$ 85,533	\$ 33,502

SUPPLEMENTARY INFORMATION ON NONCASH TRANSACTIONS (See Note III-B):

Fixed Assets Transferred from General Fixed Asset Group of Accounts	\$ 9	\$ 2,740
Donation of Fixed Assets	31	-
Fixed Assets Transferred to General Fixed Asset Group of Accounts	8,317	-
Loss on Disposal of Fixed Assets	13	-
Forgiveness of a Debt Owed to the General Fund	407	-
Assumption of Capital Lease Obligation	25	8,317
Contribution of the Net Assets of the State Fair Authority	1,462	-
Conversion of Inventory to Fixed Assets	20	-
Reclassification to Accounts Receivable of Condemned Property	-	-
Reclassification to Accounts Payable of Ballpark Improvement Costs	-	-

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	TOTAL	COMPONENT
NONEXPENDABLE TRUST		PRIMARY GOVERNMENT	UNITS
-	-	-	25,218
-	-	-	8,382
-	-	-	(20,189)
-	-	-	1,725
-	-	-	(1,725)
-	-	-	44,479
-	-	-	(30,176)
-	-	-	321
-	49	-	10,107
-	-	-	(20,525)
-	(6,782)	-	(6,791)
-	(121)	-	(33,257)
-	(5,142)	-	-
-	(11,996)	-	(22,431)
(177,375)	(178,814)	-	8,897
216,619	337,093	-	64,375
\$ 39,244	\$ 158,279	-	\$ 73,272
612,606	-	-	42,400
237,832	-	-	-
\$ 889,682	\$ 158,279	-	\$ 115,672

\$ -	\$ -
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	303
-	112

**COMBINED BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS			LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED			
ASSETS:					
Cash and Cash Equivalents	\$ 114,435	\$ 5,895	\$ 3,203	\$ 5,377	
Accounts Receivable:					
Tuition, Fees, Charges for Services, net	51,196	17,077	87	-	
Intergovernmental	215	35,056	195	-	
Other	2,065	-	184	1	
Sub-total Accounts Receivable	53,476	52,133	466	1	
Loans and Notes Receivable, net	113	5	79,147	-	
Due From Other Funds	6,209	7,459	3	217	
Inventories	24,166	-	-	-	
Other Current Assets	15,342	355	26	-	
Investments	181,261	31,284	3,294	49,843	
Plant Facilities:					
Land and Improvements	-	-	-	2,366	
Buildings and Improvements, net	-	-	-	-	
Leasehold Improvements, net	-	-	-	-	
Construction in Progress	-	-	-	-	
Equipment, net	-	-	-	-	
Library Books	-	-	-	-	
Other Fixed Assets	-	-	-	-	
Sub-total Plant Facilities	-	-	-	2,366	
Other Long-Term Assets	3,483	7	-	-	
TOTAL ASSETS	\$ 398,485	\$ 97,138	\$ 86,139	\$ 57,804	
LIABILITIES:					
Warrants Payable	\$ 9,194	\$ 522	\$ 3	\$ -	
Accounts Payable and Accrued Liabilities	77,945	20,779	59	1	
Due To Other Governments	1	44	-	-	
Due To Other Funds	3,211	5,130	-	950	
Deferred Revenue	66,134	1,481	-	-	
Other Current Liabilities	17,151	128	1,665	72	
Capital Lease Obligations	-	-	-	-	
Notes and Bonds Payable	-	48	-	-	
Accrued Compensated Absences	71,507	119	-	-	
Other Long-Term Liabilities	33,689	121	200	-	
TOTAL LIABILITIES	278,832	28,372	1,927	1,023	
FUND BALANCE:					
Investment in Fixed Assets	-	-	-	-	
Restricted:					
Unrestricted:					
Designated	117,752	-	-	-	
Undesignated	1,901	-	-	-	
TOTAL FUND BALANCE	119,653	68,766	84,212	56,781	
TOTAL LIABILITIES AND FUND BALANCE	\$ 398,485	\$ 97,138	\$ 86,139	\$ 57,804	

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PLANT FUNDS				MEMORANDUM
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	ONLY TOTALS
\$ 46,550	\$ 4,249	\$ -	\$ 14,354	\$ 194,063
581	84	-	412	69,437
9	-	-	165	35,640
227	178	-	6	2,661
817	262	-	583	107,738
12	-	-	-	79,277
12,017	356	-	-	26,261
-	-	-	-	24,166
690	-	-	37	16,450
141,505	15,875	-	6,649	429,711
-	-	146,482	-	148,848
-	-	1,387,156	-	1,387,156
-	-	3,257	-	3,257
217,002	-	-	-	217,002
-	-	523,771	-	523,771
-	-	220,137	-	220,137
-	-	782	-	782
217,002	-	2,281,585	-	2,500,953
574	-	1,023	-	5,087
\$ 419,167	\$ 20,742	\$ 2,282,608	\$ 21,623	\$ 3,383,706
\$ 60	\$ 4	\$ -	\$ 106	\$ 9,889
18,528	3,612	-	3,340	124,264
-	-	-	-	45
1,270	219	3,866	123	14,769
-	-	-	-	67,615
1,089	31	11,536	18,054	49,726
13,517	1,859	68,139	-	83,515
59,390	1,278	269,577	-	330,293
-	-	-	-	71,626
60	185	25	-	34,280
93,914	7,188	353,143	21,623	786,022
-	-	1,929,465	-	1,929,465
325,253	13,554	-	-	548,566
-	-	-	-	117,752
-	-	-	-	1,901
325,253	13,554	1,929,465	-	2,597,684
\$ 419,167	\$ 20,742	\$ 2,282,608	\$ 21,623	\$ 3,383,706

**COMBINED STATEMENT OF CHANGES IN FUND BALANCE
ALL COLLEGE AND UNIVERSITY FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
REVENUES AND OTHER ADDITIONS:				
Tuition and Fees	\$ 570,234	\$ -	\$ -	\$ -
Federal Grants and Contracts	9,700	607,105	793	-
State and Local Grants and Contracts	652	44,266	-	-
Private Gifts, Grants, and Contracts	1,150	114,060	65	205
Indirect Cost Recoveries	83,064	-	-	-
Investment Income	17,622	4,116	380	2,114
Sales and Services of Educational Activities	85,809	58	-	-
Sales and Services of Auxiliaries and Hospitals	274,866	-	-	-
Realized Gain (Loss) on Investments	-	-	-	2,382
Gain (Loss) on Debt Extinguishment	-	-	-	-
Interest on Loans Receivable	-	-	1,861	8
Retirement of Indebtedness	-	-	-	-
Additions to Plant Facilities	-	-	-	-
Other Revenues and Additions	42,894	222	28,599	951
TOTAL REVENUES AND OTHER ADDITIONS	1,085,991	769,827	31,698	5,660
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and General:				
Instructional	649,966	89,730	-	-
Research	34,196	291,296	-	-
Public Service	46,332	37,076	-	-
Academic Support	137,868	10,323	-	-
Student Services	109,338	11,528	-	-
Institutional Support	152,116	9,279	-	-
Operation of Plant	101,927	478	-	-
Scholarships and Fellowships	31,578	266,709	-	-
Sub-Total Educational and General	1,263,321	716,419	-	-
Auxiliaries and Hospitals	259,146	3,804	-	-
Indirect Cost Charges	-	82,677	387	-
Loan Cancellation and Write-off	-	-	2,169	-
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Other Expenditures and Deductions	-	1	28,413	326
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,522,467	802,901	30,969	326
TRANSFERS BETWEEN FUNDS - (ADDITIONS)/DEDUCTIONS:				
Mandatory Transfers (In) Out	42,983	(93)	(450)	-
Nonmandatory Transfers (In) Out	50,249	4,214	64	1,892
Net Operating Transfers From State Funds	(550,661)	(45,066)	-	(177)
TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS	1,065,038	761,956	30,583	2,041
NET INCREASE (DECREASE) IN FUND BALANCE	20,953	7,871	1,115	3,619
FUND BALANCE, JULY 1	95,936	60,895	83,097	53,162
Prior Period Adjustment (See Note III-K)	2,764	-	-	-
FUND BALANCE, JUNE 30	\$ 119,653	\$ 68,766	\$ 84,212	\$ 56,781

See accompanying notes to the financial statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PLANT FUNDS			MEMORANDUM
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ONLY TOTALS
\$ -	\$ -	\$ -	\$ 570,234
2,406	168	-	620,172
2,618	-	-	47,536
14,514	579	-	130,573
-	-	-	83,064
9,203	1,637	-	35,072
-	-	-	85,867
-	-	-	274,866
-	-	-	2,382
275	(1,340)	(2,501)	(3,566)
-	-	-	1,869
2,894	-	29,531	32,425
-	-	173,584	173,584
4,886	873	2,318	80,743
36,796	1,917	202,932	2,134,821
-	-	-	739,696
-	-	-	325,492
-	-	-	83,408
-	-	-	148,191
-	-	-	120,866
-	-	-	161,395
-	-	-	102,405
-	-	-	298,287
-	-	-	1,979,740
-	-	-	262,950
-	-	-	83,064
-	-	-	2,169
136,392	-	-	136,392
205	32,866	-	33,071
676	18,834	24	19,534
-	-	118,913	118,913
4,963	183	(4,260)	29,626
142,236	51,883	114,677	2,665,459
3,122	(45,573)	11	-
(52,083)	407	(4,743)	-
(95,930)	-	-	(691,834)
(2,655)	6,717	109,945	1,973,625
39,451	(4,800)	92,987	161,196
288,469	18,354	1,837,740	2,437,653
(2,667)	-	(1,262)	(1,165)
\$ 325,253	\$ 13,554	\$ 1,929,465	\$ 2,597,684

NOTES TO THE FINANCIAL STATEMENTS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles 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 conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses during the reporting period. Actual results could differ from those estimates.

A. REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds and account groups of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units, which are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14, "The Financial Reporting Entity." The state is financially accountable for those entities for which the state appoints a voting majority of its governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden upon 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 there is a fiscal dependency. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

Discretely presented in the combined financial statements for the state are the following entities:

- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- Colorado Uninsurable Health Insurance Plan

With the exception of the University of Colorado Hospital Authority, each governing board member for these entities is appointed by the Governor and confirmed by the Senate. The board of the University of Colorado Hospital Authority is appointed by the Board of Regents of the University of Colorado.

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan are included because they present a financial burden upon the state. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the District. The Water Resources and Power Development Authority is also included because the state is able to impose its will upon the authority.

Detailed financial information may be obtained directly from these organizations. The Colorado State Fair Authority was abolished by statute June 30, 1997 and recreated with the same name as an agency in the Department of Agriculture. This was necessitated by the Authority's cash flow problems and subsequent need for a state appropriation. Audited statements for the State Fair Authority from the period January 1, 1996 to June 30, 1997 are unavailable, and therefore, no financial data is shown in this report for this period during which the State Fair Authority was a component unit of the state.

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14:

- Colorado Compensation Insurance Authority
- Colorado Post-Secondary Educational Facilities Authority
- Colorado Student Obligation Bond Authority
- Colorado Health Facilities Authority
- Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Colorado Travel and Tourism Authority
- Fire and Police Pension Association
- The State Board of the Great Outdoors Colorado Trust Fund
- Various College and University Foundations

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Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state does not impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

The state has entered into a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state but is operated by the hospital district under a twenty year contract that is renewable at the district's option for successive ten year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the district states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The pass-through by the state of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

B. FUND STRUCTURE

Primary Government

The financial activities of the state are organized on the basis of individual funds and account groups. Each fund is a separate accounting entity, in which the operations are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, or expenses, of that entity. For financial statement presentation, similar funds have been combined into fund types and categories.

GOVERNMENTAL FUNDS

General Fund

Transactions related to resources obtained and used for those services traditionally provided by state government, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants which support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue Funds

Transactions related to resources obtained from specific sources, and restricted to specific purposes are accounted for in the special revenue funds. The individual funds include the Highway Fund, the Wildlife Fund, the Labor Fund, the Gaming Fund, and the Water Projects Construction Fund.

Debt Service Fund

This fund accounts for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest. The primary debt serviced by this fund consists of certain long-term lease purchase agreements.

Capital Projects Funds

Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities are accounted for in the capital projects funds.

PROPRIETARY FUNDS

Enterprise Funds

These funds account for operations that are financed and operated in a manner much like private business enterprises. Costs of providing goods and services to the general public, including depreciation, are recovered primarily through user charges.

Internal Service Funds

These funds account for the operations that provide goods or services on a cost-reimbursement basis to state agencies.

FIDUCIARY FUND TYPES

Trust and Agency Funds

These funds account for assets held by the state in a trustee capacity or as an agent for other organizations or individuals. They include agency funds, expendable and nonexpendable trust funds.

Agency funds are used to account for assets held for other funds, governments, or individuals. They are custodial in nature and do not involve the measurement of operations.

The expendable trust fund classification is used when both the principal and revenue earned may be expended for purposes designated by the trust agreement.

Nonexpendable trust funds require that the principal of the fund remains intact while only the earnings of the fund are expendable.

ACCOUNT GROUPS

General Fixed Assets Account Group

Land, buildings, equipment and other capital assets, of the governmental fund types are accounted for in this group. Capital assets of the proprietary, trust, and the college and university funds are recorded in their respective funds and may be depreciated there. Infrastructure is not recorded in the state's accounting system.

General Long-term Debt Account Group

This group accounts for long-term liabilities of the governmental type funds, such as general liability, lease purchase obligations, employee leave obligations, and employee workers' compensation claims. It also accounts for short-term risk management liabilities for which expendable financial resources are not available. Long-term obligations of the proprietary funds, trust funds, and the college and universities are accounted for in their respective funds.

COLLEGE AND UNIVERSITY FUNDS

These funds account for the operations of the state supported system of higher education. The College and University Funds consist of the following funds:

Current Funds Unrestricted account for economic resources which are expendable for any purpose in accomplishing the institutions' primary objectives.

Current Funds Restricted account for resources received from donors or other outside agencies, primarily the federal government, that are restricted for specific purposes.

Loan Funds account for resources available for student loans.

Endowment Funds account for resources contributed by donors. While the principal portion of the contribution must remain intact, earnings may be added to the principal or expended for restricted or unrestricted purposes.

Plant Funds account for resources available, acquisition costs, debt service requirements, and liabilities related to acquiring or repairing institutional properties.

Agency Funds account for resources held by the institution acting in the capacity as agent for distribution to designated beneficiaries.

Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan uses practices prescribed or permitted by the

state's Division of Insurance. The financial information for both entities is presented as of December 31, 1996.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting for all its funds with the exception of governmental fund accounting for its expendable trust fund and its agency fund. The Authority's financial information is presented as of December 31, 1996.

The University of Colorado Hospital Authority uses proprietary fund accounting. Financial information for the authority is presented as of June 30, 1997.

C. BASIS OF ACCOUNTING

Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Nonexpendable trust funds and proprietary funds are accounted for on a flow of economic resources measurement focus.

Governmental fund types, expendable trust funds, and agency funds are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end.

Historical data, adjusted for economic trends, is used in the estimation of the following accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due by June 30th.
- Net income taxes from individuals, corporations, and trusts are accrued based on current income earned by the taxpayer prior to June 30th. Quarterly filings, withholding statements, and other historical data are used to estimate the taxpayer's current income. The revenue is accrued net of an allowance for uncollectable taxes.

Revenues earned under the terms of agreements with other governments or private sources are recorded at the time that the related expenditures are made.

Expenditures are recognized during the period in which the fund liability is incurred, except for accumulated employee leave time, principal and interest on long-term debt, which is recorded when due, risk management liabilities in excess of the available current financial resources appropriated for that

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purpose, and inventories which are generally considered expenditures when consumed.

Special reporting treatment at year-end is accorded to encumbrances. In the General Fund, a reserve for encumbrances is recorded at year-end for the appropriation that will be rolled-forward to cover encumbrances. In the Capital Projects Fund and the Highway Fund, a reserve for encumbrances is established for the contracted legal obligations of the funds.

Proprietary fund types and nonexpendable trust funds are reported on an accrual basis. Using this basis, revenues are recognized when earned, and expenses, including depreciation, are recognized when incurred.

College and university funds are reported on the accrual basis, except for depreciation related to plant fund assets which is generally not recorded, and revenues and expenditures related to summer school programs which are recorded primarily in the subsequent fiscal year in accordance with the National Association of College and University Business Officer's College and University Business Administration.

The state has determined that proprietary and non-expendable trust funds will apply all applicable GASB pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 10, 1989: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

Component Units

The Colorado Uninsurable Health Insurance Plan's statements are presented in conformance with accounting practices prescribed or permitted by the Colorado Division of Insurance. These practices vary in some respects from generally accepted accounting principles (GAAP). The most significant of these variances resulting from prescribed practices is that certain assets designated as nonadmitted assets have been excluded from the balance sheet. In addition, no provision is made for premium deficiencies. The only variance resulting from a permitted practice is that restricted cash held by the state treasurer and not yet appropriated by the General Assembly is included as an admitted asset.

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations, which are required for financial statements for periods beginning on or after June 15, 1996.

In conjunction with such provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989.

D. ELIMINATIONS

Substantially all intrafund transactions and balances of the primary government have been eliminated. Substantially all interfund transactions are classified as operating transfers-in or operating transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

E. INSURANCE

The state has agreements with the Colorado Compensation Insurance Authority (CCIA), a related party, to administer a Paid Loss/Retro Plan for workers' compensation insurance claims through June 30, 1996. For claims arising after that date, the state is self-insured for workers' compensation. The state reimburses CCIA for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured for general liability for both its officials and employees.

F. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements for the primary government are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor are they comparable to a consolidation as interfund eliminations have not been made in the aggregation of this data.

G. CASH AND CASH EQUIVALENTS

Primary Government

The state maintains numerous cash accounts for administrative purposes. The cash reflected on the balance sheet is the composite amount of all accounts, although some of the individual accounts may be periodically overdrawn. Where a fund category has a deficit cash position, that deficit has been reclassified to an interfund payable to the General Fund.

For purposes of reporting cash flows, cash and cash equivalents are defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and cash with the state treasurer.

Component Units

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Denver Metropolitan Major League Baseball Stadium District, and the Colorado Water Resources and Power Development Authority consider investments with a maturity of three months or less when purchased to be cash equivalents.

H. INVENTORY

Inventories of the various state agencies primarily comprise federal food stamps, finished goods inventories held for resale by Correctional Industries, and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

I. INVESTMENTS

Items classified as investments are both short and long-term investments, which are generally stated at cost or amortized costs (See Note III-F). The investments of the deferred compensation plan are carried at market value.

The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts. Realized gains and losses related to market value are recognized only at the time of sale.

J. PROPERTY, PLANT, AND EQUIPMENT

Primary Government

Capital assets are carried at cost on the balance sheet. Donated capital assets are carried at their fair market value at the date of donation. The minimum dollar amount of assets that must be capitalized is \$5,000.

Generally, the state does not capitalize interest during the construction of general fixed assets. General fixed assets are not depreciated. Assets in proprietary and non expendable trust are depreciated using the straight-line method. Assets in the college and university funds may be depreciated using the straight-line method.

The following useful lives are used for depreciation:

Buildings	25-40 years
Improvements other than buildings	10-17 years
Furniture, machinery and equipment	5-12 years

Component Units

The Denver Metropolitan Major League Baseball Stadium and the University of Colorado Hospital Authority capitalize interest during the construction of fixed assets.

K. DEFERRED REVENUE

With the exception of higher education funds, revenues received from the federal government and other program sponsors are deferred until such time as the related expenditures are made. Also, it is the policy of the state's higher education institutions to defer summer school tuition to the following fiscal year.

L. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988 plus 360 additional hours. After earning the maximum accrual each employee may convert five hours of sick leave to one hour of annual leave. Employees are paid for one-fourth of their unused sick leave upon death or retirement.

Annual leave is earned at increasing rates based upon employment service longevity. In no event can a classified employee accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100% of their annual leave balance upon leaving state service.

Compensated absence liabilities related to the governmental funds are recorded in the Long-Term Debt Account Group. The current portion of the compensated absence liability accrual is not recognized in the governmental funds as it is not expected to be funded out of current available resources. For all other fund types, both current and long-term portions are recorded as individual fund liabilities.

Component Units

University of Colorado Hospital employees use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service. The hospital records PTO expense as earned. Extended illness pay earned as of June 30, 1997 and 1996 approximated \$6.2 million and \$5.9 million, respectively, of which \$249,000 and \$234,000, respectively, is expected to become payable and is accrued in the hospital's statements.

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

M. FUND EQUITY

Reserved fund balances indicate that a portion of fund equity is not available for expenditure, or is legally segregated for a specific use. Designated fund balances are not legally segregated, but indicate tentative management plans for future use of funds.

The fund balance of the General Fund consists of a reserved and an unreserved portion. Amounts are reserved as provided by statute or as provided by generally accepted accounting principles. The unreserved portion of fund equity is available for future use as working capital or to be appropriated. Since the state is prohibited by its Constitution from incurring general obligation debt, the unreserved fund equity must be positive at year-end.

Reserves of the fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 1996-97 appropriation that was encumbered for goods and services that were, due to extenuating circumstances, not received prior to June 30, 1997. Thus, the specific appropriation related to these items is rolled-forward to Fiscal Year 1997-98.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts and long-term contracts related to construction of major capital projects. Since the resources of these funds are received, in many cases, after the long-term contracts are executed and recorded as encumbrances, the undesignated reserve or portion reserved for other specific purposes may reflect a deficit. This deficit will be funded by future proceeds.

Reserved for Other Specific Purposes - These reserves are used to indicate that a portion of fund balance is restricted as to its use. The restriction of the representative assets may have been placed there by their donor in the case of fiduciary funds, by statute in the General and other governmental type funds, or reserved for special purposes such as the payment of debt principal in the case of the Debt Service Fund.

In the college and university funds, all fund balances with the exception of the Current Unrestricted Fund are reserved to indicate the restrictions of available assets to specific purposes of these funds.

Reserved for Long-Term Assets and Long-Term Receivables - These reserves in the governmental funds are used to reserve the portion of fund balance that relates to long-term interfund receivables and other long-term assets. These assets are not currently available for appropriation.

Reserved for Statutory 4 Percent Requirement - CRS 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year.

Reserved for Emergencies - Article X, Section 20 (TABOR) of the State Constitution requires the reservation of three percent or more of the 1996-97 Fiscal Year Spending for emergencies. Fiscal Year Spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. See Note II-E, Tax, Spending and Debt Limitations.

N. OUTSTANDING ENCUMBRANCES

Encumbrance accounting, under which purchase orders and contracts for expenditures of money are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in all funds except the College and University Funds.

Encumbrances do not constitute expenditures or liabilities, nor do they lapse at year-end, but are carried forward to the subsequent year, committing the available appropriation.

NOTE II. BUDGETS - LEGAL COMPLIANCE

A. BUDGETARY BASIS

The budgetary fund types used by the state differ from the generally accepted accounting fund types. These budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all funds received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. General purpose revenues are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in several instances of duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or a revenue in another budgetary fund.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the state's government, with the exception of custodial funds or federal moneys not requiring matching state funds, are controlled by annual appropriation made by the General Assembly. The Transportation Department's portion of the Highway Fund is appropriated to the State Transportation Com-

mission. 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 their portion of the Highway Fund.

The 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 modified accrual basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Bill segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Construction Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Bill, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash fund appropriations, with the exception of capital construction, lapse at year-end unless executive action is taken to roll-forward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for roll-forward are reserved at year-end. Since capital construction appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the agency. However, several agencies are appropriated at the agency level, and the institutions of higher education are appropriated at the governing board level. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation. Statutes allow the Judicial and Executive Branches, at year end, to transfer legislative appropriations within departments for expenditures of like purpose.

On the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity - Budgetary Basis - Budget and Actual*, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and any statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded, supplemental appropriations of the legislature, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance, and earned federal revenues, are less than cash and federal expenditures, then an overexpenditure exists even if the expenditures did not exceed the total legislative line item appropriation.

The state controller may allow certain overexpenditures of the legal appropriation with the approval of the Governor. If the controller restricts the subsequent year appropriation, the agency is required to seek a supplemental appropriation from the General Assembly or reduce their subsequent year's expenditures.

Overexpenditures existing at June 30, 1997, for which the controller has restricted a future appropriation are:

- The Department of Corrections overexpended their appropriation of general funds for the housing of state prisoners in local jails by \$319,187. The controller will restrict the full amount of the overexpenditure.
- The Infant Immunization Program in the Department of Health Care Policy and Financing was overexpended by \$34,770 of general funds. Since the Fiscal Year 1997-98 appropriation cannot

support a restriction of this amount, the controller will restrict a like amount of general funds in another line within the department.

- The Division of Private Occupational Schools in the Department of Higher Education overexpended its cash fund appropriation by \$8,648 because of unanticipated and substantial increases in legal services. The controller will restrict this amount for Fiscal Year 1997-98.
- The Division of Parks and Outdoor Recreation in the Department of Natural Resources incurred and charged costs to the Federal Boat Safety Grant, and some of those charges were later disallowed by the federal government. This resulted in an overexpenditure of \$69,132 in federal funds. The controller will restrict this amount in the Fiscal Year 1997-98 appropriation.
- The Infant Immunization Program in the Department of Public Health and Environment was overexpended by \$66,667 of cash funds. Since the Fiscal Year 1997-98 appropriation is for only \$20,211, the controller will restrict only that amount of cash fund appropriation.

Overexpenditures or fund deficits existing at June 30, 1997, for which the state controller will not restrict a future appropriation, are:

- The Department of Agriculture indemnifies owners of livestock cervidae whenever they are destroyed by order of the state veterinarian. The Cervidae Disease Revolving Fund had a fund deficit of \$47,904 at June 30, 1997. But since the General Assembly authorized a loan to the fund, and a viable plan is in place to eliminate the debt, the controller will not restrict the Fiscal Year 1997-98 appropriation.
- Pikes Peak Community College had a deficit fund balance of \$494,229 at June 30, 1997 in their auxiliary/self-funded operations caused by new program start-up costs and the loss of several large contracts. Because the college has agreed to more closely monitor its operations and the fund is not appropriated, the controller will not restrict any Fiscal Year 1997-98 appropriations of the college.
- The Supplier Data Base Fund administered by the Department of Personnel had a deficit fund balance of \$120,435 at fiscal year-end. The controller will not restrict any future appropriation since the deficit relates to start-up costs of the program, the deficit was reduced by \$85,650 during Fiscal Year 1996-97, and a plan is in place to eliminate the deficit.

COLORADO

- Various line item appropriations in the Department of Personnel, specifically involving the State Employees Assistance Program, Central Services, Central Collections, the Division of Administrative Hearings, and Network Services, were overexpended \$326,467. Because the appropriations and revenues in total, of each of these programs, was sufficient to cover all program expenditures the controller will not restrict future appropriations.
- The Workers' Compensation Fund is a self-funded program. The actuarially determined current liabilities for this fund are recorded in the fund to the extent of available fund balance. At June 30, 1997, this resulted in an overexpenditure of \$1,382,913 of the legislative appropriation. However, statute provides that overexpenditures are not to be considered an overexpenditure for purposes of CRS 24-75-109. For this reason the controller will not restrict the Fiscal Year 1997-98 appropriation.

- The Department of Public Safety overexpended their cash appropriation for the CBI Criminal Justice Records Act by \$373,210. Since other revenues related to this program were adequate to cover the overexpenditure the controller will not restrict the Fiscal Year 1997-98 appropriation.

As provided by statute, CRS 24-75-109, there is unlimited authority for Medicaid over expenditures. The Department of Human Services is allowed \$1 million in overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its worker's compensation plan. An additional \$1 million over-expenditure is allowed for the Judicial Branch. Statute also allows overexpenditures up to \$1 million in total for the remainder of the executive branch.

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

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In:				
General Funded	\$ 4,679,409	\$ -	\$ -	\$ 321,682
Cash Funded	2,317,860	1,357,612	38,225	58,422
Federally Funded	1,920,139	206,245	-	7,537
Sub-Total Revenues and Transfers-In	8,917,408	1,563,857	38,225	387,641
Expenditures/Expenses and Transfers-Out				
General Funded	4,531,307	-	-	336,291
Cash Funded	2,248,006	1,268,466	37,661	58,046
Federally Funded	1,923,131	206,129	-	7,480
Expenditures/Expenses and Transfers-Out	8,702,444	1,474,595	37,661	401,817
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out	214,964	89,262	564	(14,176)
FUND BALANCE, JULY 1 - GAAP BASIS	640,195	535,440	3,587	546,278
Add: Budgeted Non-GAAP Expenditures	1,297	12,852	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	(32,541)	(17,415)	-	22,404
(Increase)/Decrease for GAAP Revenues Adjustments	(109,525)	17,502	-	(22,446)
Increase (Decrease) in Non-Budgeted Funds	(2)	-	-	-
Prior Period Adjustments	(2,186)	-	-	-
FUND BALANCE, JUNE 30 - GAAP BASIS	\$ 712,202	\$ 637,641	\$ 4,151	\$ 532,060

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D. BUDGET TO GAAP RECONCILIATION

The *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds* compares those revenues and expenditures which are legislatively appropriated or otherwise legally authorized. College and university funds, with the exception of the state appropriated amounts are excluded from this statement.

Certain expenditures on a generally accepted accounting principle (GAAP) basis such as bad debt expense and depreciation are not budgeted by the General Assembly. These expenditures are shown as "GAAP Expenditures Not Budgeted" on the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds*.

Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures." Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not revenues on a GAAP basis. These are shown as "GAAP Revenue Adjustments." The inclusion of these revenues and expenditures in the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds* is necessary to reconcile fund balance.

A reconciliation of the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds* to the fund balances of the GAAP fund types follows:

<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>			<u>TOTAL PRIMARY GOVERNMENT</u>
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,001,091
437,739	170,059	422,218	-	-	1,138,621	5,940,756
64,278	-	16,517	-	-	733	2,215,449
502,017	170,059	438,735	-	-	1,139,354	13,157,296
-	-	-	-	-	-	4,867,598
422,441	171,084	336,497	-	-	1,123,362	5,665,563
54,998	-	16,268	-	-	733	2,208,739
477,439	171,084	352,765	-	-	1,124,095	12,741,900
24,578	(1,025)	85,970	-	-	15,259	415,396
76,851	34,769	1,127,822	1,248,385	-	2,437,653	6,650,980
1,170	75	43	-	-	-	15,437
(16,495)	(4,507)	(2,713)	-	-	(45)	(51,312)
2,130	-	-	-	-	-	(112,339)
-	-	-	129,799	-	145,982	275,779
(8,317)	-	-	-	-	(1,165)	(11,668)
\$ 79,917	\$ 29,312	\$ 1,211,122	\$ 1,378,184	\$ -	\$ 2,597,684	\$ 7,182,273

E. 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 are limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations are applied to the state as a whole, not to individual funds, departments or agencies of the state. Annual revenues in excess of the constitutional limitation must be refunded, unless voters approve otherwise.

The state exceeded the revenue growth limitation for the first time in Fiscal Year 1996-97. A liability was accrued in the General Fund for the amount in excess of the limitation and is shown on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds* in the Other Financing Sources (Uses) as TABOR Refund.

A separately issued audited report of TABOR computations for Fiscal Year 1996-97 will be available from the State Controller's Office in early 1998.

NOTE III. OTHER ACCOUNTING DISCLOSURES

A. CASH, POOLED CASH, AND CASH EQUIVALENTS

Primary Government

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund, unless a specific statute directs otherwise. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system. Electronic transfers are used by the state to enhance availability of funds for investment purposes.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in CRS 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102% of the deposits exceeding those amounts insured by federal insurance.

The state maintains accounts and certificates of deposits for various purposes at locations throughout the state. Cash balances not required for immediate use are deposited either through the investment pool administered by the state treasurer or by the fund custodians.

The state categorizes its cash into three categories as to their risk:

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the state's name.

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At June 30, 1997 the state had cash balances in all funds with a carrying value of \$762.1 million. The bank balances of these funds are categorized by risk as follows:

Risk Category	Bank Balance June 30
1	\$ 612,634,741
2	161,669,792
3	<u>222,630</u>
TOTAL	<u><u>\$ 774,527,163</u></u>

The Cash and Cash Equivalents line on the financial statements includes \$2,415.7 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 1997, the treasurer had invested \$2,341.0 million of the pool with the balance in demand deposits and certificates of deposit.

Component Units

At December 31, 1996 the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of \$80,972.

At December 31, 1996 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of \$30,185. They also had \$1,813,946 in money market funds which are not guaranteed.

At June 30, 1997 the University of Colorado Hospital Authority had a bank balance of \$1,765,000. Of that balance \$200,000 was covered by federal depository insurance and \$1,565,000 fell under the provisions of the Colorado Public Deposit Protection Act of 1975 and is collateralized in single institution pools with securities held by the pledging institution's trust department or agent, but not in the authority's name.

B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types there are several noncash transactions that are listed on the *Combined Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. The following explains those items:

- The state nursing homes, an enterprise activity, received \$8,938 of fixed assets contributed by the Capital Construction Fund, and \$30,691 from donated fixed assets. In addition, a loan from the General Fund for \$407,348 was forgiven by the legislature.
- Fixed assets totaling \$8,317,467 were transferred from the state nursing homes to the General Fixed Asset Group of Accounts. In addition, the state nursing homes had a loss of \$12,869 on the disposal of some fixed assets.
- Guaranteed Student Loan, an enterprise activity, assumed \$24,860 in lease obligations for the purchase of equipment.
- On June 30, 1997, \$2,128,889 in net assets were contributed to the State Fair Authority, an enterprise activity, by the previous State Fair Authority, a component unit. Included in this amount were \$1,462,491 of noncash net assets.
- Surplus Property, an enterprise activity, converted \$19,682 of inventory received from the federal government to fixed assets.
- Telecommunications, an internal service activity, received \$2,739,709 of fixed assets from the Capital Construction Fund.
- Central Services, an internal service activity increased their capital lease obligations by \$8,317,629 to acquire additional vehicles for their fleet program.

Component Units

Certain noncash transactions are listed on the *Combined Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. The following explains those items:

- The Denver Metropolitan Major League Baseball Stadium District reclassified the cost of property condemned by the City of Denver to a receivable account for \$303,185.
- The Denver Metropolitan Major League Baseball Stadium District also accrued ballpark improvement costs of \$112,075 as accounts payable.

C. RECEIVABLES

Primary Government

The taxes receivable of \$716.6 million results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of \$250.4 million are net of a deduction of \$124.0 million in allowance for doubtful accounts.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of \$214.8 million and \$201.6 million at December 31, 1996 and 1995, respectively. During 1996 they made new loans of \$21.2 million and canceled, or received repayments for existing loans of \$8.0 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (21 percent), Medicaid (11 percent), and Blue Cross (5 percent). However, the authority's management does not believe that there are any credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables. Net patient service revenues under the Medicare and Medicaid programs in Fiscal Year 1997 and 1996 were approximately \$57.6 million and 45.2 million, respectively.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

D. INTERFUND BALANCES

Individual fund interfund receivable and payable balances at June 30, 1997 are:

(Amounts in Thousands)

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 29,074	\$ 21,157
Special Revenue Funds		
Highway	2,998	497
Wildlife	1,706	-
Labor	-	116
Gaming	5,962	25,488
Water Projects	221	-
Capital Projects Funds	5,225	8,739
Enterprise Funds		
Guaranteed Student Loan	20	2
State Lottery	-	16,597
State Nursing Homes	-	120
Prison Canteens	30	2
Correctional Industries	16	191
Other Enterprise Activities	94	1
Internal Service Funds		
Central Services	40	-
Telecommunications	-	152
Administrative Hearings	1	-
Expendable Trust Funds	19,983	3,221
Nonexpendable Trust Funds	232	1
Agency Funds	4,175	4,985
College and University Funds	26,261	14,769
TOTALS	\$ 96,038	\$ 96,038

E. INVENTORY

Inventories of \$51.2 million in the General Fund at June 30, 1997, consisted of \$7.2 million in consumable inventories, and \$44.0 million in food stamps received from the federal government and offset by an equal amount in deferred revenue.

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F. INVESTMENTS

Primary Government

The state holds investments both for its own benefit and as an agent for other specified entities as provided by law. Investment of funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer.

The state treasurer maintains moneys in an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 1997 the treasurer had \$49.7 million of GOCO's funds on deposit and invested. The treasurer also maintains an agency fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 1997, the treasurer had \$772.1 million of CCIA's funds on deposit and invested.

Colorado Revised Statutes 24-75-601.1 authorizes the type of investments that the state may hold. In general, the statute requires securities that are of the highest quality as determined by national rating agencies, those guaranteed by another state or the federal government, or a registered money market fund whose policies meet criteria set forth in the statute.

The state categorizes the custodial risks of its investments into the following categories:

- Category A is those investments which are insured or registered securities held by the state or its agent in the state's name.
- Category B is those investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name.
- Category C is those investments which are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the state's name.

Investments not categorized as to risk are reverse repurchase agreements and mutual funds for which ownership is not evidenced by securities, and thus, cannot be categorized as to custodial risk.

The following table lists the state's investments by type and risk category:

(Amounts in Thousands)

Type of Investment	Risk Category			Carrying Amount	Market Value
	A	B	C		
U.S. Government Securities	\$ 2,042,116	\$ 12,786	\$ 26,641	\$ 2,081,543	\$ 2,104,483
Bankers' Acceptance	219,474	-	-	219,474	219,515
Commercial Paper	332,176	1,067	-	333,243	333,271
Corporate Bonds	202,920	-	6,363	209,283	209,373
Corporate Securities	12,593	1,360	640	14,593	16,490
Repurchase Agreements	55,701	-	-	55,701	57,388
Asset Backed Securities	713,692	-	648	714,340	715,663
Mortgages	360,444	-	122	360,566	367,546
Other	520	-	-	520	519
Subtotal	<u>\$ 3,939,636</u>	<u>\$ 15,213</u>	<u>\$ 34,414</u>	3,989,263	4,024,248
Uncategorized				324,693	333,797
TOTALS				<u>\$ 4,313,956</u>	<u>\$ 4,358,045</u>

COLORADO

The following schedule reconciles deposits and investments to the financial statements for the primary government:

(Amounts in Thousands)	
Footnote Amounts	Carrying Amount
Deposits	\$ 762,134
Investments	4,313,956
Total Balance Sheet Cash and Cash Equivalents, Investments, and Rights Under Deferred Compensation	\$ 5,076,090

Colorado Revised Statutes 24-36-113 authorize the state treasurer to enter into collateralized securities lending agreements. During Fiscal Year 1996-97, the treasurer loaned U.S. government and federal agencies' securities held for the Colorado Compensation Insurance Authority to Morgan Stanley. Morgan Stanley pays Treasury an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

Currently, collateral held by the custodial bank includes A-rated or better domestic corporate bonds, however, the agreement allows for collateral to include government and federal agencies' securities as well. Corporate securities held as collateral must equal at least 105 percent of the market value of the loaned securities, while government securities must equal at least 102 percent of the market value. The treasurer does not have the authority to pledge or sell collateral securities without a borrower default, nor does the treasurer accept cash as collateral.

Morgan Stanley, acting as the principal, is directly responsible for the safeguarding of assets and carries a financial institution bond which is substantially in excess of the amount required by the New York Stock Exchange. On June 30, 1997, the market value of securities on loan was \$359,584,497, with a carrying value of \$346,932,846. The market value of the collateral securities pledged was \$381,816,251.

State statutes permit the state treasurer to enter into reverse repurchase agreements. It is the policy of the treasurer to match maturities of the investments made with the proceeds of the reverse repurchase agreements to the securities underlying the reverse repurchase agreements. Maturities of investments made with proceeds of outstanding agreements on June 30, 1997 matched those of the agreements.

During the year the treasurer made reverse repurchase agreement transactions totaling \$4.22 billion. Interest charged or accrued on June 30, 1997, for these reverse repurchase agreements was \$4,975,113. Due to arbitrage the treasurer had realized or accrued interest income on June 30, 1997 of \$5,092,294 resulting in a net gain of \$117,181 at fiscal year end.

At June 30, 1997 the treasurer had reverse repurchase agreements outstanding of \$24,850,000 which includes an additional \$40,243 in interest payable. The proceeds of these agreements were reinvested in investments with matching maturities which will net the state an additional \$41,003 interest earnings, resulting in a gain of \$759 at maturity.

Outstanding reverse repurchase agreements at June 30, 1997 were:

- \$24,850,000 received to be repaid at 5.30 percent on July 11, 1997. The underlying securities for this transaction are \$25,000,000 in U.S. Treasury Notes maturing June 30, 1998; with a carrying value of \$24,466,338 and a market value of \$24,847,750.

Component Units

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which governmental units may invest. The risk criteria are defined the same as for the primary government.

The University of Colorado Hospital Authority has adopted Statement of Financial Accounting Standards No. 115 Accounting for Certain Investments in Debt and Equity Securities, which requires all debt securities to be recorded at fair value. The hospital maintains only available for sale securities, which include any security for which the Authority has no immediate plan to sell but which may be sold in the future. Interest, dividends, and realized gains and losses, based on the specific identification method, are included in nonoperating income when earned. Unrealized gains and losses are recorded in fund balance.

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

(Amounts in Thousands)

Type of Investment	Risk Category			Carrying Amount	Market Value
	A	B	C		
U.S. Government Securities	\$ 74,755	\$ -	\$ 8,285	\$ 83,040	\$ 84,090
Repurchase Agreements	-	-	33,177	33,177	33,177
Corporate Bonds	28,776	-	-	28,776	28,776
Equity Securities	30,268	-	-	30,268	30,268
Other	22,648	-	-	22,648	22,648
Subtotal	<u>\$ 156,447</u>	<u>\$ -</u>	<u>\$ 41,462</u>	197,909	198,959
Uncategorized				28,695	28,695
TOTALS				<u>\$ 226,604</u>	<u>\$ 227,654</u>

G. PROPERTY, PLANT, AND EQUIPMENT

Primary Government

A summary of fixed assets by account groups and fund types follows:

(Amounts in Thousands)

General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Fiduciary Funds	College & University Funds	Totals	
Land and Improvements	\$ 194,079	\$ 6,162	\$ -	\$ 7,517	\$ 148,847	\$ 356,605
Buildings and Improvements	730,613	22,239	847	-	1,391,532	2,145,231
Equipment	335,565	29,063	81,815	497	523,893	970,833
Library Books and Holdings	3,003	-	-	3,833	220,137	226,973
Construction in Progress	104,514	78	10,228	54	217,002	331,876
Other	10,410	58	16,978	-	782	28,228
Less: Accumulated Depreciation	-	(26,190)	(60,268)	-	(1,240)	(87,698)
Totals	<u>\$ 1,378,184</u>	<u>\$ 31,410</u>	<u>\$ 49,600</u>	<u>\$ 11,901</u>	<u>\$ 2,500,953</u>	<u>\$ 3,972,048</u>

COLORADO

A statement of changes in general fixed assets for the year ended June 30, 1997, is shown below:

(Amounts in Thousands)

	Beginning Balance July 1	Additions	Deductions	Net Change	Ending Balance June 30
Land and Improvements	\$ 177,123			\$ 16,956	\$ 194,079
Buildings and Improvements	688,155			42,458	730,613
Equipment	332,835			2,730	335,565
Library Books and Holdings	2,895			108	3,003
Construction in Progress	36,968			67,546	104,514
Other	10,409			1	10,410
Totals	\$ 1,248,385	\$ 160,288	\$ 30,489	\$ 129,799	\$ 1,378,184

During Fiscal Year 1996-97, the University of Colorado changed its threshold for the capitalization of fixed assets to \$5,000 from \$500 causing a reduction of \$65.7 million in capitalized furniture and equipment.

Component Units

At December 31, 1996, the Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of \$58,780.

At December 31, 1996, the Denver Metropolitan Baseball Stadium District reported land and improvements, buildings, and other property and equipment, net of accumulated depreciation of \$193.2 million and \$198.1 million for 1996 and 1995 respectively.

At June 30, 1997, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of \$139.0 million, equipment of \$79.6 million, and construction in progress of \$8.6 million. Accumulated depreciation related to these fixed assets was \$75.0 million.

H. OTHER LONG-TERM ASSETS

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable. The loans in the Special Revenue Fund are made to local entities by the Water Conservation Board for the purpose of constructing water projects in the state. These loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 4 percent. The loans require the entities to make a yearly payment of principal and interest.

I. FUND BALANCE DEFICITS

The fund deficit of \$166.8 million in undesignated fund equity of the Special Revenue Funds is the result of the reserving of fund balance for purchase orders and long-term contracts made related to highway construction. This deficit will be funded from future proceeds of the Highway Fund.

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J. FUND EQUITY

Fund equities reserved for other specific purposes at June 30, 1997 are:

(Amounts in Thousands)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
Debt Retirement			\$ 4,151		
Federal or Other Restrictions				\$ 21,020	
Unemployment Benefits					\$ 597,353
Public School Permanent Moneys					282,617
Benefits for Injured Workers		\$ 94,629			
Water Conservation Construction		93,955			
Wildlife, Parks and Outdoor Recreation	\$ 707	71,905			846
Controlled Maintenance Trust Fund					71,942
Family Issues Cash Fund	67,412				
Colorado Gaming Fund		28,945			
Hazardous Substances Response	24,810				
Energy Conservation	24,303				
Severance Tax	18,988				22,358
Uninsurable Health Insurance Plan	13,959				
Uranium Mill Tailing Removal	12,907				
Public School Fund	12,766				
Petroleum Storage Tank Fund	12,062				
Victims of Crime	1,409				11,998
Mineral Leasing	11,611				
Disaster Emergency Fund	11,401				
Secretary of State's Fees	8,298				
Economic Development Moneys	7,783				
Workers Compensation Regulation	7,056				
Aviation Fund	5,145				
Old Age Pension Stabilization	5,000				
Regulatory License and Fee Adjustment	4,128				
Mined Land Reclamation	753				3,737
Limited Gaming Impact Fund	3,519				
Elderly Property Tax Deferral	3,515				
Drug Offenders Surcharge Fund	3,261				
General Liability Fund	3,101				
CERCLA Recovery Fund	3,069				
Distributed Data Processing		2,943			
Inactive Mines					2,875
Real Estate Recoveries					2,605
Unemployment Revenue Fund	2,460				
Patient Benefit Fund					2,261
Public Employees Social Security	2,242				
Public Utilities Commission High Cost Fund	2,125				

(Continued)

(Continued)

(Amounts in Thousands)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
Treasurer's Escheats Fund					2,111
Domestic Water Supply Project	2,009				
Risk Management Property Fund	2,007				
Children's Trust Fund	2,000				
Emergency Medical Services		1,890			
Supreme Court Grievance Committee					1,872
Emission Control		1,814			
Emergency Response Cash Fund	1,799				
Brand Inspection Fund	1,762				
Housing Rehabilitation Revolving Loans					1,627
Low Income Telephone Assistance	1,337				
Infant Immunization	1,319				
Disabled Telephone Users Fund	1,287				
Sales of Public Safety Vehicles		1,253			
Art in Public Places	1,233				
Central Indexing System	1,171				
Hazardous Waste Fees	1,119				
Motor Carrier Fund	1,114				
Other Special Purpose Programs	34,207	319			11,662
Totals	\$ 326,154	\$ 297,653	\$ 4,151	\$ 21,020	\$ 1,015,864

K. PRIOR PERIOD ADJUSTMENTS

Primary Government

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units*, the fund balance of the General Fund decreased by \$2,185,542 because the Department of Revenue posted a tax receipt for that amount twice in Fiscal Year 1995-96, thus overstating the beginning fund balance for Fiscal Year 1996-97 by that amount.

On the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* the beginning fund balance of the Enterprise Fund was decreased by \$8,317,467 because assets that were recorded on the books of the State Nursing Home at Walsenburg were paid for by the Huerfano County Hospital District and are being depreciated by the District over their useful life. Since the state is not depreciating but retains title to these

assets, they were removed from the Enterprise Fund and recorded in the Fixed Asset Group of Accounts.

On the *Combined Statement of Changes in Fund Balance, All College and University Funds* the beginning fund balance of the Current Unrestricted Fund was increased by \$2,667,280 and the beginning fund balance of the Unexpended Plant Fund was decreased by the same amount because it was determined that the Colorado State University Research Building Revolving Fund was an enterprise activity. Thus the cash and related fund balance of this activity was transferred from the Plant Funds to the Current Unrestricted Fund.

The beginning fund balance of the Current Unrestricted Fund was also increased by \$97,348 for the first time blending of the University of Northern Colorado Alumni Association into the reporting entity.

Also on the *Combined Statement of Changes in Fund Balance, All College and University Funds* the beginning

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fund balance of the Investment in Plant Fund was decreased by \$1,261,516 because the Auraria Higher Education Center had inappropriately recorded a contra liability account for that amount in Fiscal Year 1995-96.

L. TRANSFERS BETWEEN FUNDS

Major operating transfers between funds for the fiscal year ended June 30, 1997, were as follows:

(Amounts in Thousands)

Transfer	Amount
General Fund to Higher Education	\$ 595,856
General Fund to Capital Construction	248,968
Capital Construction to Highway Fund	96,429
Capital Construction to Higher Education	95,930
Capital Construction to Debt Service Fund	37,639
Lottery Fund to Conservation Trust Fund	34,336
Highway Fund to General Fund	33,536
School Income Expendable Trust to General Fund	29,698
Gaming Fund to General Fund	22,674
Capital Construction to General Fund	20,000
Lottery Fund to Wildlife Fund	8,584
Treasurer's Expendable Trust to General Fund	5,827
Wildlife Fund to Capital Construction Fund	4,893
Controlled Maintenance Trust to Capital Construction	4,252
General Fund to State Fair Enterprise Fund	4,000
General Fund to Water Projects Construction Fund	3,711
Higher Education to General Fund	3,273
Severance Tax Trust to General Fund	2,912
Wildlife Fund to General Fund	2,689
Gaming Fund to Highway Fund	2,658
Highway Fund to Capital Construction	2,311
Water Projects Construction Fund to General Fund	1,690
Other Expendable Trust to General Fund	1,509
Nonexpendable Trust to General Fund	1,285
Internal Service to General Fund	1,147
Internal Service to Highway Fund	622
Other	13,326
Total	<u><u>\$1,279,755</u></u>

In addition to the above transfers, residual equity transfers were made to the proprietary funds from the governmental funds and the General Fixed Assets Group of Accounts. The account groups do not have a statement of operations, and thus, matching transfers are not shown in the statements. In the proprietary funds, these are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of

\$5,333,608. This amount comprises the following transactions:

- During Fiscal Year 1996-97, \$48,724 was transferred from the Highway Fund, a special revenue fund, to the Highways Internal Service Fund.
- Upon completion of a capital construction project, the Telecommunications Internal Service Fund received \$2,739,709 in assets from the General Fixed Assets Account Group, which were funded by the Capital Construction Fund and shown as additions to contributed capital. The account group does not have an operating statement, thus there is not a corresponding transfer-out.
- During Fiscal Year 1996-97, the State Fair Authority discontinued operations as a legal entity separate from the state. Thus, its net assets of \$2,128,889 were added to the Enterprise Fund at year-end.
- The State Nursing Homes, an enterprise fund, received \$8,938 of fixed assets from the General Fixed Assets Account Group, which were funded by the Capital Construction Fund and shown as additions to contributed capital. The account group does not have an operating statement, thus there is not a corresponding transfer-out. The fund also recorded \$407,348 in Additions to Contributed Capital for the forgiveness of a loan due to the General Fund.

M. SEGMENT INFORMATION

Primary Government

The principal activities of the state's enterprise funds are the guaranteed student loan program, the lottery, the state's nursing homes, enterprises at the state's prisons, and the state fair.

The guaranteed student loan program guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools.

The State Lottery encompasses the various lottery and lotto games run under state statute. In the past, net proceeds were used to support various state construction projects. In Fiscal Year 1993-94, the Great Outdoors Colorado Program began the phased reduction of the amount of net lottery proceeds available for state construction projects.

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The state nursing homes provide nursing home and retirement care to the elderly. The state's nursing homes are located at Homelake, Walsenburg, Florence, Rifle, and Trinidad.

Enterprise activities at the state's prisons include the sale of manufactured goods and farm products produced by

convicted criminals who are incarcerated in the state's prison system.

Segment information for the enterprise funds of the state for the year ended June 30, 1997, is:

(Amounts in Thousands)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES	PRISON CANTEENS	CORREC- TIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
Operating Revenue	\$ 69,750	\$361,024	\$ 466	\$ 16,204	\$ 7,197	\$ 23,951	\$ -	\$ 3,636	\$482,228
Federal Grants and Contracts	57,823	-	678	4,388	-	-	-	1,390	64,279
Depreciation	523	382	240	448	20	912	-	18	2,543
Operating Income	3,474	41,708	(687)	77	1,355	459	-	(233)	46,153
Operating Transfers-In	-	-	-	226	-	-	4,000	21	4,247
Transfers-(Out)	(250)	(43,281)	-	(96)	(49)	(389)	-	(140)	(44,205)
Net Income (Loss)	3,224	42	8	202	1,325	116	4,000	(78)	8,839
Additions to Contributed Capital	-	-	-	416	-	-	2,128	-	2,544
Working Capital	33,755	89	430	2,956	3,978	11,334	692	1,416	54,650
Increase in Net Property, Plant, and Equipment	269	252	70	(8,517)	(2)	(428)	8,029	14	(313)
Total Assets	55,128	44,882	1,425	10,675	4,776	22,379	13,546	6,139	158,950
Bonds and Other Long- Term Liabilities	668	759	42	1,112	40	1,591	2,680	79	6,971
Fund Equity	34,511	1,261	1,067	8,973	4,291	18,321	6,128	5,365	79,917

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.

The Denver Metropolitan Major League Baseball Stadium District includes all or part of the six counties in the Denver metro area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium. The District levies a sales tax of one-tenth of one percent throughout this District for a period not to exceed 20 years for this purpose.

University Hospital is a nonsectarian, general acute care regional hospital operated by the University of Colorado

Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

The Colorado Uninsurable Health Insurance Plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents that are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

The following is condensed financial information for the component units for their respective fiscal years:

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DOLLARS IN THOUSANDS	PROPRIETARY FUND TYPES				FIDUCIARY FUND TYPE
	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
ASSETS:					
Current Assets	\$ 7,007	\$ 58,204	\$ 66,158	\$ 3,255	\$ 43,085
Investments	-	123,753	56,685	-	22,608
Property, Plant and Equip., net	193,204	152,187	59	-	-
Other Long-Term Assets	1,958	11,503	206,118	13,027	-
Total Assets	\$ 202,169	\$ 345,647	\$ 329,020	\$ 16,282	\$ 65,693
LIABILITIES:					
Current Liabilities	\$ 1,857	\$ 43,849	\$ 25,033	\$ 1,351	\$ 23,054
Capital Lease Obligations	-	-	-	-	-
Notes and Bonds Payable	103,186	135,924	188,105	-	-
Other Long-Term Liabilities	-	5,146	-	-	-
Total Liabilities	105,043	184,919	213,138	1,351	23,054
FUND EQUITY:					
Contributed Capital	386	-	68,013	-	-
Retained Earnings	96,740	-	47,869	14,931	-
Fund Balances:					
Reserved	-	-	-	-	42,639
Undesignated	-	160,728	-	-	-
Total Fund Equity	97,126	160,728	115,882	14,931	42,639
Total Liabilities and Fund Equity	\$ 202,169	\$ 345,647	\$ 329,020	\$ 16,282	\$ 65,693
OPERATING REVENUES	\$ 951	\$ 234,244	\$ 14,069	\$ 4,018	\$ 2,655
OPERATING EXPENSES:					
Depreciation	4,997	14,859	18	-	-
Other Operating Expenses	144	215,952	13,570	5,346	-
Total Operating Expenses	5,141	230,811	13,588	5,346	-
Operating Income/Excess (Loss)	(4,190)	3,433	481	(1,328)	2,655
Non-Operating Revenues and (Expenses)/Transfers:					
Taxes	25,573	-	-	-	-
Other	(7,706)	6,173	3,738	4,172	-
Transfers, net	-	-	2,821	-	(2,821)
Total Non-Operating Revenues and (Expenses)/Transfers	17,867	6,173	6,559	4,172	(2,821)
Net Income/Change in Retained Earnings	13,677	9,606	7,040	2,844	(166)
Fund Equity/Balance, Beg. of Year	83,449	147,552	98,712	12,087	42,805
Additions (Deductions) to					
Contributed Capital	-	-	10,130	-	-
Change in Unrealized Gains/Losses on Available-for-Sale Securities	-	3,570	-	-	-
Fund Equity/Balance, End of Year	\$ 97,126	\$ 160,728	\$ 115,882	\$ 14,931	\$ 42,639

N. OTHER DISCLOSURES

Primary Government

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Year 1996-97 the university was reimbursed \$65.1 million from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university \$663,746 for professional liability insurance and administrative costs.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Year 1996-97, the foundation transferred \$12,925,000 to the university.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed \$34,918,000 to the university in Fiscal Year 1996-97.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 1996-97 and 1995-96 the foundation transferred \$2,688,638 and \$1,476,000, respectively, to the college.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation for the purpose of benefiting the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 1996-97 and 1995-96 the school received \$5,750,566 and \$4,200,783 respectively from the foundation.

The Colorado School of Mines Building Corporation was established in 1976 for the purpose of building a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 1997 and June 30, 1996 were \$3,573,226 and \$3,347,733 respectively.

The Colorado Travel and Tourism Authority was created by statute. The Department of Local Affairs paid the authority \$322,500 in Fiscal Year 1996-97 for fulfillment services, which included mailing packets, maps, and educational materials which promote tourism in Colorado. These mailings were based on written and phone requests for information.

During Fiscal Year 1996-97 the Department of Local Affairs distributed \$1,361,846 to the Colorado Housing and Finance Authority, a related party, from revenues of the waste tire recycling program. In Fiscal Year 1995-96, 100 percent of

the waste tire recycling revenue was distributed to the authority. However, per statute change, in Fiscal Year 1996-97 only 70 percent of the revenue was distributed.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The program's purpose is to invest money it receives from the Colorado Lottery in the wildlife and outdoor recreation resources of the state. During Fiscal Years 1996-97 and 1995-96 the board transferred \$7,495,107 and \$4,688,000 respectively, to the Department of Natural Resources. At June 30, 1997, \$290,991 was due the department from the board.

Component Units

The University of Colorado Hospital Authority received net state appropriations of \$7,683,000 for indigent care.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and for various professional laboratory services. The hospital and UPI have also entered into other joint arrangements in furthering the missions of both organizations. Amounts of approximately \$18.8 million and \$21.0 million were paid for these programs during Fiscal Years 1996-97 and 1995-96, respectively.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and also provides overhead and ancillary services for CRC patients. Charges of approximately \$1,439,000 and \$903,000 were billed to CRC for the cost of these services. during Fiscal Years 1996-97 and 1995-96, respectively.

The hospital also leases certain employees to the Colorado Psychiatric Hospital, a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately \$5.8 million and \$4.8 million during Fiscal Years 1996-97 and 1995-96, respectively.

The hospital entered into certain provider and network management agreements with the TriWest Healthcare Alliance Corporation. TriWest was formed to deliver health care services to eligible beneficiaries of the Civilian Health and Medical Program of the Uniform Services. On June 27, 1996, TriWest was awarded a

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contract by the U.S. Department of Defense for a five year period.

As part of the agreements the hospital purchased a minority interest in TriWest for approximately \$3.3 million. This was recorded as "Other Assets" and is accounted for under the cost method. The hospital agreed to secure a letter of credit for \$4.6 million to cover the hospital's share of any potential losses of TriWest. At June 30, 1997, no amounts had been drawn on the letter of credit.

UPI has also signed an agreement with the hospital to assume its network management obligations related to TriWest. As part of its negotiations, the hospital received a capital contribution of \$993,750 from UPI. Under the current terms of the draft contract between the hospital and UPI, UPI will sign a \$1,380,000 letter of

credit, equal to 30 percent of the hospital's letter of credit commitment to TriWest.

Chartwell Rocky Mountain Region is a Colorado general partnership between the hospital and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain Region was formed to provide home infusion and respiratory services to alternate site patients. The partnership began in April 1996. Both the hospital and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain Region. Separate financial statements of Chartwell Rocky Mountain Region are available from Chartwell Home Therapies Limited Partnership.

NOTE IV. COMMITMENTS AND CONTINGENCIES

A. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized as follows:

Primary Government

(Amounts in Thousands)

	Governmental Fund Types	Proprietary Fund Types	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Beginning Balance, July 1, 1996	\$ 4,697	\$ 24,536	\$ 1,210,740	\$ 493,088	\$ 524,320	\$ 2,257,381
Obligations Issued or Assumed	-	-	-	-	52,535	52,535
Obligations Retired or Reclassified	-	(85)	-	-	(30,167)	(30,252)
Increase (Decrease) in Deposits Held	(456)	(185)	(32,616)	-	7,079	(26,178)
Increase (Decrease) in Capital Leases	-	1,248	78	(19,332)	(118)	(18,124)
Increase (Decrease) in Comp. Absences	-	230	10	5,268	7,603	13,111
Increase (Decrease) in Deferred Comp.	-	-	35,468	-	-	35,468
Increase (Decrease) in Other Liabilities						
Claimant Benefits	-	-	(84)	-	-	(84)
Tax Refunds Payable	-	-	216	-	-	216
Treasury Escheats	-	-	68	-	-	68
Risk Management Claims	-	-	-	9,471	(7,053)	2,418
State Fair Authority	-	2,644	-	-	-	2,644
Unpaid Insurance Claims	-	(533)	-	(424)	-	(957)
Expired Warrants Liability	-	4	-	-	-	4
Labor Fund Claims	-	-	-	(90)	-	(90)
Highway Construction Advances	-	-	-	7,434	-	7,434
Other	2	-	-	(138)	(1,559)	(1,695)
Ending Balance June 30, 1997	\$ 4,243	\$ 27,859	\$ 1,213,880	\$ 495,277	\$ 552,640	\$ 2,293,899

Component Units

(Amounts in Thousands)

	Denver Metropolitan Major League Baseball Stadium District	University of Colorado Hospital Authority	Colorado Water Resources and Power Development Authority	Colorado Uninsurable Health Insurance Plan	Totals
Beginning Balance	\$ 118,110	\$ 145,261	\$ 182,572	\$ -	\$ 445,943
Obligations Issued	-	-	43,085	-	43,085
Obligations Retired or Reclassified	(8,133)	(1,958)	(37,552)	-	(47,643)
Increase (Decrease) in Capital Leases	(6,791)	-	-	-	(6,791)
Increase (Decrease) in Comp. Absences	-	(301)	-	-	(301)
Increase (Decrease) in Other Liabilities	-	(1,932)	-	-	(1,932)
Ending Balance	\$ 103,186	\$ 141,070	\$ 188,105	\$ -	\$ 432,361

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B. LEASE COMMITMENTS

Primary Government

The state may enter into lease or rental agreements for buildings or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the legislature. It is reasonably assured that most of these leases will be renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

At June 30, 1997, the state had \$3.5 million of land, \$263.2 million of buildings, and \$86.5 million of equipment under capital leases. The state also had \$312,132 in minimum sublease rentals and no contingent rentals outstanding.

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation established to aid and assist the three universities governed by the State Board of Agriculture in their research and educational efforts. The support provided by the foundation to the universities includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development and management. Colorado State University System is sub-leasing space from the

foundation. The total obligation is \$2,256,000, with average annual lease payments of \$376,000. Colorado State University is also sub-leasing space from the foundation. The total obligation is \$3,640,000, with average annual lease payments of \$607,000.

The university is also leasing equipment from the foundation and has a total lease obligation of \$454,000 with terms ranging from one to six years.

The state is obligated under certain leases which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of the lease agreements are not reflected in the balance sheets of the funds or account groups.

For the Fiscal Year 1996-97 the state had building and land rental expenditures of \$25.0 million and equipment and vehicle rental expenditures of \$32.6 million paid to non-state agencies.

Future minimum payments at June 30, 1997, for existing leases were as follows:

(Amounts in Thousands)

Fiscal Year	Operating Leases	Capital Leases				
		Enterprise Funds	Internal Service Funds	Trust & Agency Funds	General Long-Term Debt	College & University Funds
1998	\$ 29,150	\$ 453	\$ 8,072	\$ 38	\$ 33,073	\$ 16,938
1999	24,138	453	7,476	36	16,628	15,876
2000	19,881	453	6,432	36	5,551	15,271
2001	15,453	333	4,491	17	5,531	15,217
2002	13,286	-	2,644	5	5,463	9,577
Thereafter	22,206	-	493	-	19,098	55,053
Total Minimum Lease Payments	\$ 124,114	1,692	29,608	132	85,344	127,932
Less: Imputed Interest		(380)	(3,211)	(34)	(16,324)	(34,451)
Present Value of Minimum Lease Payments		1,312	26,397	98	69,020	93,481
Less: Current Portion		(290)	(6,804)	-	-	(9,966)
Total Capital Lease Obligations		\$ 1,022	\$ 19,593	\$ 98	\$ 69,020	\$ 83,515

Component Units

The University of Colorado Hospital Authority leases certain equipment under non-cancelable operating leases. Rental expense for operating leases approximated \$6,540,000 and \$6,257,000 for Fiscal Years 1996-97 and 1995-96, respectively, for the hospital. Future minimum lease payments for these leases at June 30, 1997 are:

Fiscal Year	Amounts in Thousands
1998	\$ 2,525
1999	1,297
2000	1,084
2001	716
2002	559
Thereafter	9,378
Total Minimum Obligations	<u>\$15,559</u>

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease which expires December 31, 1998. Total rental expense for the year ended December 31, 1996, was \$56,882. The future minimum annual rental commitments under this lease are \$56,882 and \$61,235 for 1997 and 1998 respectively.

C. NOTES AND BONDS PAYABLE

Primary Government

Many institutions of higher education and the state nursing homes have issued bonds and notes for the purchase of equipment and construction of facilities. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 1996-97, the state had \$108.4 million of available net revenue after operating expenses to meet the \$31.2 million of debt service requirement related to these bonds. The state is not aware of any violations of any note or bond covenants by itself or any of its institutions at June 30, 1997, or subsequent to that date.

The state recorded \$50.8 million of interest costs of which approximately \$4.6 million was for certificates of participation for capital financing, \$20.3 million was for short-term borrowings by the treasurer, \$8.0 million was for the Guaranteed Student Loan Program, \$16.0 million was for debt issued by various institutions of higher education, and \$1.9 million of operating interest.

Annual maturities of notes and bonds payable, including \$5.2 million classified as other current liabilities and excluding \$2.8 million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)						
Fiscal Year	Revenue Bonds	Anticipation Warrants	Mortgages Payable	Installment Notes	Total	
1998	\$ 33,924	\$ 125	\$ 50	\$ 2,763	\$ 36,862	
1999	33,410	123	50	10	33,593	
2000	33,394	126	50	10	33,580	
2001	31,549	128	50	10	31,737	
2002	30,623	130	50	8	30,811	
2003-2007	146,414	-	250	-	146,664	
2008-2012	129,220	-	100	-	129,320	
2013-2017	69,347	-	-	-	69,347	
2018-2022	30,027	-	-	-	30,027	
2023-2027	5,664	-	-	-	5,664	
Total Future Payments	543,572	632	600	2,801	547,605	
Less: Imputed Interest	(208,622)	(127)	(157)	-	(208,906)	
Total Principal Payments	<u>\$ 334,950</u>	<u>\$ 505</u>	<u>\$ 443</u>	<u>\$ 2,801</u>	<u>\$ 338,699</u>	

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Component Units

The Denver Metropolitan Major League Baseball Stadium District's bonds are secured by pledged revenues consisting principally of the net proceeds derived by the district from the levy of a one-tenth of one percent sales tax upon all taxable retail sales within the six county area comprising the jurisdiction of the district.

The outstanding bond principal and interest payments are also unconditionally and irrevocably guaranteed under a noncancelable insurance policy issued by Financial Guaranty Insurance Company. The company has a lien on the district's assets, subordinate to that granted to the bondholders, to secure repayment of amounts paid and expenses incurred by it, if any, under the policy.

All of the Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds and Series 1989A and Series 1990A State Match Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation.

The debt service requirements to maturity for the Water Resources and Power Development Authority and the Baseball Stadium District at December 31, 1996 are:

(Amounts in Thousands)

Year	Denver Metropolitan Major League Baseball Stadium District	Colorado Water Resources and Power Development Authority
1997	\$ 15,398	\$ 19,844
1998	15,397	20,009
1999	15,400	20,189
2000	15,398	20,008
2001	15,400	19,812
Thereafter	64,171	213,095
Total Future Payments	141,164	312,957
Less: Imputed Interest	(28,364)	(114,687)
Total Principal Payments	<u>\$ 112,800</u>	<u>\$ 198,270</u>

During Fiscal Years 1996-97 and 1995-96 the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture. The aggregate maturities of long-term debt for University Hospital at June 30, 1997 are:

(Amounts in Thousands)

Year	
1998	\$ 2,027
1999	2,410
2000	2,615
2001	2,730
2002	2,850
Thereafter	126,165
Total Long-Term Debt Payments	138,797
Unamortized Discount	(881)
Total Carrying Amount of Long-Term Debt	<u>\$ 137,916</u>

Cash paid for interest by the hospital in Fiscal Years 1996-97 and 1995-96 approximated \$8,174,000 and \$7,380,000, respectively. Total interest cost incurred in Fiscal Year 1996-97 amounted to \$8,163,000, of which \$868,000 was offset by investment income from the unexpended bond funds. Total interest cost in Fiscal Year 1995-96 was \$7,384,000, of which \$6,062,000, net of interest income of \$2,270,000, was capitalized in property and equipment.

D. OTHER LONG-TERM LIABILITIES

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 1997, which are classified as other long-term liabilities on the balance sheet:

(Amounts in Thousands)

	General Fund	Proprietary Funds	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Claimant Benefits	\$ -	\$ -	\$ 29	\$ -	\$ -	\$ 29
Tax Refunds Payable	-	-	8,425	-	-	8,425
Treasury Escheats	-	-	1,252	-	-	1,252
Risk Management Claims	-	-	-	98,263	32,705	130,968
State Fair Authority	-	2,644	-	-	-	2,644
Unpaid Insurance Claims	-	168	-	1,951	-	2,119
Expired Warrant Liability	-	102	-	-	-	102
Labor Fund Claims	-	-	-	207,460	-	207,460
Highway Construction Advances	-	-	-	16,711	-	16,711
Other	286	-	-	-	1,575	1,861
TOTAL	\$ 286	\$ 2,914	\$ 9,706	\$ 324,385	\$ 34,280	\$ 371,571

Tax Refunds Payable in the fiduciary funds are bonds posted by taxpayers concerning the collections of gross-ton-mile and fuel tax, and the deferment of delinquent severance taxes estimated to be collected after more than one year.

The Risk Management Claims in the Long-Term Debt Account Group are the actuarially determined amounts in excess of the current liability in the General Fund related to self-insurance of general liability. It also represents expected claims under the prior Paid Loss/Retro Plan and the state's current self-insurance plan for workers' compensation. The Risk Management Claims in the College and University Funds are for the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice.

The Unpaid Insurance Claims in the Long-Term Debt Account Group are for the Department of Human Services workers' compensation self-insurance. This plan is currently managed by a third party claims administrator.

Expired Warrants Liability is for warrants issued by the Lottery Fund that have expired but for which the Lottery would be liable if the payee submitted a claim for reissue.

The amount shown as Other in the Long-Term Debt Account Group is primarily the amount owed to local governments for funds advanced to the state for highway construction. The portion of the advance accrued in the current year was recorded as an advance from public or private sources in the other financing section of the *Combined Statement Of Revenues, Expenditures, And Changes In Fund Balances, All Governmental Fund Types And Expendable Trust Funds*.

Long-term liabilities against the Labor Fund are recorded in the General Long-Term Debt Account Group. Estimated future payments are actuarially determined. Benefits are expected to be funded through future revenues from a special tax on workers' compensation premiums, court awards and interest income.

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E. DEFEASED DEBT

Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 1996-97, debt was defeased in the College and University Plant Funds.

During Fiscal Year 1996-97 the University of Colorado advanced refunded \$42,900,000 of debt by depositing with an escrow agent \$40,375,000 of proceeds from new debt. The retired debt consisted of Telecommunications Certificates of Participation, Series 1986 for \$7,610,000, and Co-Generation Certificates of Participation, Series 1990D for \$35,290,000. The new debt had interest rates ranging from 4.5 percent to 6.0 percent, and a term of 4 to 9 years. The old debt had interest rates from 6.7 percent to 8.0 percent, and terms of 4 years and 9 years respectively. The university recorded an accounting loss of \$3,401,067, an economic gain of \$1,743,604, and a decrease of \$5,466,237 in the cash flows necessary to service the debt to maturity.

During Fiscal Year 1996-97 Colorado State University advanced refunded \$12,195,000 of debt by depositing with an escrow agent \$12,672,114 of proceeds from a portion of their Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1996. The retired debt consisted of Auxiliary Facilities Refunding and Improvement Bonds, Series 1986. The new debt had interest rates ranging from 4.4 percent to 5.6 percent, and a term of 11 years. The old debt had interest rates from 7.1 percent to 7.8 percent, and a term of 10.6 years. The university recorded an accounting loss of \$164,160, an economic gain of \$1,046,072, and a decrease of \$1,823,756 in the cash flows necessary to service the debt to maturity.

The balances of outstanding debt at June 30, 1997, which have been placed in escrow type accounts with paying agents for the General Long-Term Account Group are \$15,270,000 for the Department of Personnel. The balances which have been placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amounts in Thousands)

University of Colorado	\$92,140
Auraria Higher Education Center	36,860
Colorado State University	14,008
Western State College	12,645
University of Northern Colorado	10,500
Fort Lewis College	4,946
School of Mines	4,750
Mesa State College	2,505
Adams State College	1,420
Arapahoe Community College	420
University of Southern Colorado	<u>175</u>
TOTAL	\$180,369

Component Units

The Denver Metropolitan Major League Baseball Stadium District had total debt service, including principal and interest, remaining for its defeased debt of \$124,593,072 at December 31, 1996, assuming no early redemption.

On December 17, 1996, the Colorado Water Resources and Power Development Authority advance refunded and defeased \$27,900,000 of their 1989A, 1990A, 1991A, and 1991B Clean Water Revenue Bonds. They issued \$28,950,000 Wastewater Revolving Fund Refunding Revenue Bonds 1996 Series A. These carried an average interest rate of 5.54 percent plus a premium of \$1,800,179. The authority reduced its aggregate debt service payments by almost \$2,548,000 and obtained an economic gain of \$1,795,556. The authority had \$43,295,000 of bonds previously issued but defeased at December 31, 1996.

F. RISK MANAGEMENT

Primary Government

The state currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. That includes general liability, motor vehicle liability, worker's compensation, and medical claims. The Risk Management Fund is a restricted General Fund used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state except for employee medical claims. The State Employees and Officials Insurance Fund is an Internal Service Fund established for the purpose of risk financing employee's and official's medical claims. Property claims are not self-insured, rather the state has purchased insurance.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Worker's Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state utilizes the services of the Colorado Compensation Insurance Authority, a related party, to administer its plan. The state reimburses the Authority for the current cost of claims paid and related administrative expenses.

Prior to October 1, 1996, the Regents of the University of Colorado participated in the University of Colorado Insurance Pool, a public entity self-insurance pool. After that date the university became self-insured for worker's compensation, auto, general and property liability, and official's and employee's medical claims. The university's medical claims are handled by a third party through a contractual agreement. The university has also purchased stop-loss insurance for individual medical claims in excess of \$500,000.

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health benefits program for physicians in training at the Health Sciences Center. The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self Insurance Risk Management Trust. Excess risk exposure is handled through the purchase of stop-loss insurance for individual medical claims in excess of \$80,000 per year and an aggregate of \$2,578,789 for the entire plan. The discounted liability for malpractice is determined annually by an actuarial study.

All funds and agencies of the state, with the exception of the public authorities and the University of Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The Department of Human Services uses a third party administrator to manage those claims related to the Human Services Workers' Compensation Plan. However, new claims are administered by Risk Management and paid from the Risk Management Workers' Compensation Plan.

During Fiscal Years 1996-97, 1995-96, and 1994-95 medical claims against the State Employees and Officials Insurance Fund exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately \$6.5 million, \$2.1 million, and \$3.0 million, respectively. The fund includes several medical plan options ranging from provider of choice to managed care.

The fund also provides an employer paid short-term disability plan. Calendar year 1997 is the first year that the premiums charged by the private insurance company have exceeded the state's short-term disability program funding level. Currently, the premium stabilization reserve is covering the shortfall.

There were no significant reductions or changes in insurance coverage from the prior year. With the exception of the short-term disability program of the State Employees and Officials Insurance Fund settlements did not exceed insurance coverage in any of the past three fiscal years.

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Changes in the balances of claims liabilities were as follows:

Amounts in Thousands				
Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Risk Management:				
Liability Fund				
1996-97	\$ 20,676	\$ 3,858	\$ 3,410	\$ 21,124
1995-96	19,764	3,699	2,787	20,676
1994-95	13,128	9,428	2,792	19,764
Workers' Compensation				
1996-97	83,202	37,980	25,433	95,749
1995-96	84,612	19,664	21,074	83,202
1994-95	52,806	60,027	28,221	84,612
Employee's and Officials Insurance Fund:				
1996-97	9,200	63,701	62,616	10,285
1995-96	9,160	56,753	56,713	9,200
1994-95	7,560	53,802	52,202	9,160
University of Colorado:				
General Liability, Property, and Workers' Compensation				
1996-97	18,366	7,441	6,478	19,329
1995-96	16,365	9,591	7,590	18,366
1994-95	13,952	8,564	6,151	16,365
Medical Benefits Plan				
1996-97	13,492	26,447	34,178	5,761
1995-96	15,008	22,611	24,127	13,492
1994-95	12,495	25,303	22,790	15,008
Univ. of Colorado Health Sciences Center:				
Medical Malpractice				
1996-97	7,427	878	1,216	7,089
1995-96	8,478	(166)	885	7,427
1994-95	10,256	(923)	855	8,478
Housestaff Health Benefits				
1996-97	473	2,544	2,491	526
1995-96	548	2,193	2,268	473
1994-95	534	2,757	2,743	548
Department of Human Services:				
Workers' Compensation				
1996-97	2,375	-	424	1,951
1995-96	2,918	-	543	2,375
1994-95	3,507	-	589	2,918

Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. The hospital has established an additional self-insurance trust fund for uninsured losses, funding of which is determined by an independent actuarial computation. At June 30, 1997 and 1996, the hospital's trust fund had investments of \$417,000 and \$440,000, respectively. The charge to expense for actual or potential self-insurance claims related to the additional self-insurance trust fund was zero during the years ended June 30, 1997 and 1996.

The hospital purchased insurance coverage from the University of Colorado Insurance Pool (UCIP) for workers' compensation, property, crime, auto and general liability until September 30, 1996. Beginning October 1, 1996 the hospital began using commercial insurance carriers instead of UCIP. Amounts paid for such coverage were approximately \$777,000 and \$1,905,000 during Fiscal Years 1996-97 and 1995-96, respectively.

G. CONTINGENCIES

Primary Government

Most claims against the state are limited by the Colorado Governmental Immunity Act which sets upper limits of state liability at \$150,000 per person and \$400,000 per occurrence. Judgments awarded against the state for which there is no insurance coverage or which are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their civil rights or inadequately compensated them for their property. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the civil rights cases would exceed the insurance coverage available by a material amount. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is a defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these suits, plaintiffs are seeking or have obtained certification

as a class for a class action suit. Most of these cases seek actual damages that are not material but include request for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement are unconstitutional.

The state is defendant in lawsuits by employees accusing the state of various infractions of law or contract. These include claims related to age and sex discrimination, wrongful termination, contractual agreements for paying of salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

Many state agencies enter into various 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 expenditures. The state is contesting the disallowances related to such audits, and the outcome is uncertain at this time. The Department of Human Services and the Department of Health Care Policy and Financing have several such claims filed against them. These claims are at various levels of adjudication or settlement negotiations. At June 30, 1997, these claims were in excess of \$19 million.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 22 percent of the outstanding balance of loans in repayment status, however, the probability of a material loss is remote.

The U.S. Environmental Protection Agency has, in several instances, either sued the state or given notice of the state's potential responsibility under CERCLA. This includes the School of Mines and Colorado State University, as well as other non-state parties. Issues have arisen because of costs associated with the cleanup of hazardous substances at several sites owned by the state. The governor, the Department of Public Health and Environment, the School of Mines, and the Office of Attorney General have entered into an agreement to manage the problem on a statewide level.

Several corporations have filed administrative income tax refund claims for taxes previously paid because other corporations have sued another state with similar tax statutes. The U.S. Supreme Court rejected that claim on jurisdictional grounds in May 1997. At this time Colorado has not been sued and if sued will vigorously defend its position. If the corporations were to prevail in

court, which is remote, the state would have to refund an additional \$11.2 million of taxes already collected.

At June 30, 1997, the Lottery Division of the Department of Revenue had outstanding annuities of approximately \$681.0 million in the name of lottery or lotto prize winners. The probability that any of the sellers of these annuity contracts will default and that the state will have to pay the annuity itself is remote.

Various notes and bonds have been issued by state school districts which may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent and shall withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over \$2.5 billion are outstanding. Of this amount, \$1.2 billion is covered by private insurance.

The state's Department of Transportation is in the process of remediating its underground fuel storage tanks. It has been estimated by the department that its future costs will be approximately \$20 million and that the process will not be completed until the year 2005.

The state's Underground Storage Tank Advisory Committee has rejected the reimbursement for the clean-up of petroleum leaks discovered prior to December 22, 1988. Diamond Shamrock has sued the state for approximately \$3.5 million of such unreimbursed costs. The state received an adverse ruling from the district court and has appealed. Whatever the outcome, the state cannot be

held liable for any amount of money over what is available in the Underground Storage Tank Fund.

The State of Kansas has sued the state in the U.S. Supreme Court for alleged violations of the Arkansas River Compact. The case was bifurcated into a liability and a remedy phase. The Supreme Court ruled in favor of Kansas in one of its three claims. The case is now before a special master to decide the appropriate remedy. There has been a quantification of the amount of injury, in water, through 1994. Colorado and Kansas disagree about whether Kansas should be repaid in money or water. However, the state believes that the liability will not exceed \$50 million even though Kansas has not claimed a specific dollar amount.

The state has been sued in connection with a land transfer from the Department of Natural Resources to the Department of Corrections for expansion of the Rifle Correctional Center. The plaintiffs claim that county zoning and planning review is required, the Department of Natural Resources has not complied with statutory requirements in connection with the transfer, and that a fishing stream protection review by the Wildlife Commission is also required. The state has filed motions to dismiss which are pending.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

NOTE V. PENSION SYSTEM AND OBLIGATIONS

A. PLAN DESCRIPTION

Virtually all State of Colorado employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability.

Administration of the Plan

The plan, a cost-sharing multiple employer plan, is administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931, and includes the State Division Trust Fund (established in 1931), the School Division and the Municipal Division Trust Funds (both established in 1944), and the Judicial Division Trust Fund (established in 1949). The authority to establish or amend plan benefits is retained by the General Assembly in accordance with Title 24, Article 51 of the Colorado Revised Statutes (CRS).

The state plan, as well as the other divisions' plans, are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

Service Requirement and Termination

Employees who terminate before meeting the required years of service are refunded their contributions made to the plan plus interest. Employees terminating after meeting the service requirements may, if they desire, remain in the plan until eligible for retirement. Those withdrawing from the plan receive their contributions, interest on their contributions, plus an additional 25 percent of their contribution and interest. This terminates their individual accounts. The interest rate paid is set at 80 percent of the PERA actuarial investment assumption rate.

Defined Retirement Benefits

Plan members are eligible for retirement benefits at age 55 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at age 50 with 25 years of service.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit.

Service retirement benefits during Fiscal Year 1996-97, were calculated at 2.5 percent of HAS for each year of service up to 20 years and 1.5 percent for each year of service over 20 years. (See Note VI-A, Pension Plan Changes for the subsequent event which changed this calculation effective July 1, 1997.)

Reduced service retirement benefits are available at age 55 with 20 years of service, or at age 60 with five years of service credit. The benefit is calculated the same as a service retirement benefit, then reduced by 0.333 percent for each month before the eligible date for the full service retirement. Members are also eligible to receive reduced service retirement benefits at age 50 with 25 years of service with a greater benefit reduction.

Money Purchase Retirement Benefit

A retiring member may elect to withdraw their PERA account and receive an additional matching amount equal to 50 percent of their contribution plus interest, or receive a lifetime benefit based on the amount the member could withdraw. The withdrawal or the lifetime benefit is in lieu of the defined benefit.

Disability and Survivor Benefits

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled.

If a member dies before retirement, their eligible children under the age of 18 (23 if a full-time student) are entitled to monthly benefit payments. If there are no eligible children, the member's spouse is paid the monthly benefit, and absent an eligible spouse, the financially dependent parents receive a survivor benefit.

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 CRS as amended. Members are required to contribute 8 percent of their gross salary, except for state troopers and CBI officers, who contribute 11.5 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The state contribution rate from July 1, 1993 to June 30, 1997 was 10.8 percent (12.4 percent for state troopers and CBI officers) of the employee's gross covered wages. The state paid \$169.4 million, \$162.5 million, and \$158.1 million in Fiscal Years 1996-97, 1995-96 and 1994-95, respectively. These amounts were equal to the required contributions for those years.

C. OTHER RETIREMENT PLANS

Primary Government

Some employees of various institutions of higher education may be covered under other retirement plans. Presidents, deans, professors, and instructors in state educational institutions are enrolled in defined benefit plans such as the Teachers Insurance and Annuity Association, the Variable Annuity Insurance Corporation, or other similar plans.

Faculty members at the University of Colorado are also under Social Security. Faculty at Colorado State University were covered exclusively by PERA until May 1993. Faculty hired after that time are covered by one of several defined contribution plans. Faculty previously covered by PERA had the choice of converting entirely to the defined contribution plan or remaining in PERA for their service till May 1993, with service after that time credited to the defined contribution plan.

The state made contributions to other pension plans of \$24.0 million and \$22.6 million during Fiscal Year 1996-97, and Fiscal Year 1995-96, respectively. In addition, the state paid \$31.4 million and \$29.8 million in FICA or Medicare taxes on employees wages during Fiscal Year 1996-97, and Fiscal Year 1995-96, respectively.

PERA also offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 18 percent of their annual gross salary, to a maximum of \$9,500. Contributions and earnings are tax deferred. On December 31, 1996 the plan had net assets of \$186.5 million and 13,064 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 1996-97 and 1995-96, the state treasurer transferred \$70.7 million and \$52.1 million to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the Association provides to volunteer firefighters.

Component Units

Employees of the Colorado Uninsurable Health Insurance Plan, and the Colorado Water Resources and Power Development Authority are covered under the State Division of PERA.

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. In March 1997, the Governmental Accounting Standards Board issued GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers, which establishes standards for the measurement, recognition, and display of pension expenditures/expenses and related liabilities, assets and disclosures. This statement is effective for fiscal years beginning after June 15, 1997. Although early adoption is encouraged, the hospital's management has chosen not to adopt the pronouncement earlier than the implementation date. The hospital has not estimated the impact the pronouncement will have; however, the impact is not expected to be significant.

The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement. As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees

not fully vested in this plan will continue to earn credit toward vesting.

As of April 1, 1995, the hospital amended its retirement plan based on its ability to withdraw from the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) by virtue of its operation under legislatively granted state authority. The hospital and its employees still contribute to and participate in the Medicare component of FICA. The hospital's amended plan is composed of three distinct components: a Basic Pension Plan, an Investment Account, and a Matching Account.

The Basic Pension Plan is a defined benefit plan with benefits payable based on length of service and average compensation earned by the employee during the five most highly compensated calendar years of service after 1994. Vesting under this component is based on length of service. The hospital's funding policy is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The hospital made contributions of \$5,800,000 and \$6,100,000 to its defined benefit plans in Fiscal Years 1996-97 and 1995-96, respectively. Annual cost is determined using the projected unit credit actuarial method. Plan assets at fair value were \$48,206,000 and \$36,485,000 at June 30, 1997 and 1996, respectively. The projected benefit obligation was \$47,013,000 and \$38,395,000 at June 30, 1997 and 1996, respectively.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2% of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 1997 and 1996 was approximately \$77,318,000 and \$78,000,000, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3% of their compensation until they are fully vested in the Basic Pension Plan. Since April 1, 1995, make-up contributions made by the hospital have approximated \$98,000.

The Matching Account is a qualified tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100% on the first 3% of gross compensation contributed. Employees are always vested

100% in their contributions; however, the hospital's matching contributions are subject to a five year vesting schedule. The hospital's matching contributions for Fiscal Years 1996-97 and 1995-96 were \$1,600,000 and \$1,800,000, respectively.

The hospital has made contributions to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was \$353,000 and \$433,000 for Fiscal Years 1996-97 and 1995-96, respectively.

Transfers from PERA to the hospital's pension plan, for previous state employees who have transferred their benefits to the hospital's pension plan, amounted to \$0 and \$100,000 for the years ended June 30, 1997 and 1996, respectively.

D. EMPLOYEE DEFERRED COMPENSATION

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan has a third party administrator, and all costs of administration and funding are borne by the plan participants. Investments and accumulated earnings of the plan at June 30, 1997, and June 30, 1996, totaled \$245.7 million and \$210.2 million respectively. The state has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During 1996, the subsidy was \$115.00 for those with 20 years of service credit and reduced by \$5.75 for each year under 20.

The Health Care Fund is maintained by a contribution of 0.8 percent of covered salary. The state paid \$12.5 million, \$12.0 million, and \$11.7 million in Fiscal Years 1996-97, 1995-96 and 1994-95, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service

credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. During 1996 there were 28,575 participants, including spouses and dependents, from all contributors to the plan.

Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members

may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

Other Programs

Separate post-retirement health care and life insurance benefit plans exist in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

NOTE VI. SUBSEQUENT EVENTS

A. PENSION PLAN CHANGES

On May 6, 1997, the governor signed into law House Bill 97-1082. This legislation combines the State Division Trust Fund and the School Division Trust Fund of the Public Employees Retirement Association into one combined fund on July 1, 1997. This legislation also changed the benefit formula for each year of service over 20 years from 1.5 percent of Highest Average Salary to 2.5 percent with a 100 percent maximum. All current benefit recipients with more than 20 years of service will have their benefit recalculated. Benefit payments dated July 31, 1997, and later will reflect this new calculation.

The employer's contribution rate was also reduced by 0.1 percent effective July 1, 1997.

B. NOTE ISSUANCE

On July 1, 1997 the state treasurer issued \$200 million of Tax Revenue Anticipation Notes. The notes are to be repaid in June 1998.

In August 1997, the Colorado School of Mines issued Series 1997A and Series 1997B Auxiliary Facilities Enterprise Revenue serial obligations bonds in the amount of \$5,890,000 maturing in Fiscal Years 1998 to 2018.

Subsequent to June 30, 1997, the University of Colorado issued additional Enterprise System Refunding and Improvement Revenue Bonds totaling \$12,760,000 (Series 1997 Bonds). Bond proceeds, plus other legally available funds, were used to in-substance defease \$10,105,000 of outstanding Auxiliary Facilities Revenue Bonds.

C. ADDITION OF A NEW INSTITUTION

On July 1, 1997, Northeastern Junior College in Sterling Colorado was dissolved as a locally governed community college and became part of the state's community college system.

D. PROPERTY DAMAGE

On July 28, 1997, because of heavy rains, the campus of Colorado State University in Fort Collins incurred extensive damage to several buildings on the campus. Numerous businesses located in Fort Collins were also damaged. The full extent of the damage is as yet unknown, but estimates range as high as \$100 million for the university alone. The state does have property insurance but at this time the amount of insurance reimbursement is unknown.

E. SALES TAX REFUND

On October 22, 1997, in special session, the General Assembly passed and the Governor signed a bill to provide a state sales tax credit of approximately \$142 million on 1997 income tax returns filed before October 15, 1998. The purpose of this credit is to liquidate the \$139 million TABOR Refund Liability booked by the state at June 30, 1997.

Each adult full-year resident filing a single return will receive a credit of \$37 if their federal adjusted gross income (AGI) is less than or equal to \$15,000, or \$60 if their AGI is greater than \$15,000 but less than or equal to \$100,000, or \$80 if their AGI is greater than \$100,000.

For two individuals filing a joint return or a surviving spouse the credit is \$74 if their aggregate AGI is less than or equal to \$15,000, or \$120 if their aggregate AGI is greater than \$15,000 but less than or equal to \$100,000, or \$160 if their aggregate AGI is greater than \$100,000.

**COMBINING, INDIVIDUAL FUND, AND ACCOUNT
GROUP FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

The General Fund is the principal operating fund of the state. It is used to account for all governmental financial resources and transactions not accounted for in another fund. Within the General Fund, the state accounts for a large number of legally segregated activities represented on the Combined Balance Sheet as “Reserved For Other Specific Purposes.” The balance of net assets in the General Fund is not legally segregated and thus, represented on the Combined Balance Sheet as “Fund Balance Unreserved - Undesignated.”

The undesignated fund balance represents cumulative excess general purpose and augmenting revenues of the state. General purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the general purpose revenues and the expenditures, by department, funded from those general purpose revenues. The excess augmenting revenues shown represent revenues that were appropriated to support specific expenditures. These revenues in excess of their related expenditures close to undesignated fund balance.

While the following statement is not a combining statement, it is presented to facilitate budgetary analysis of the General Fund.

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNRESERVED FUND BALANCE - GENERAL FUND BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 1997

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	\$ 1,368,700	\$ 1,413,400	\$ 1,425,824		
Other Excise Taxes	95,300	96,700	95,316		
Individual Income Tax, net	2,521,500	2,575,700	2,572,562		
Corporate Income Tax, net	204,700	207,300	237,105		
Estate Tax	30,600	36,800	34,588		
Insurance Tax	117,500	114,600	111,825		
Parimutuel, Courts, and Other	42,400	63,400	61,001		
Interest Earnings	22,000	36,000	41,160		
Gaming	18,600	21,100	19,613		
Medicaid Provider Revenues	80,600	80,800	80,415		
TOTAL GENERAL PURPOSE REVENUES	4,501,900	4,645,800	4,679,409		
EXPENDITURES:					
Agriculture	11,167	11,179	11,165	\$ 14	\$ 3
Corrections	250,252	257,027	257,072	(45)	1,123
Education	1,719,046	1,720,470	1,720,335	135	12
Governor	2,919	12,446	12,377	69	-
Health Care Policy and Financing	763,800	758,028	756,690	1,338	-
Higher Education	618,525	618,576	618,464	112	64
Human Services	416,427	397,165	385,325	11,840	1,693
Judicial Branch	159,027	159,601	159,226	375	361
Labor and Employment	-	153	-	153	-
Law	8,252	8,082	7,471	611	833
Legislative Branch	23,251	23,296	21,266	2,030	14
Local Affairs	26,361	26,400	25,940	460	76
Military Affairs	3,325	3,431	3,098	333	19
Natural Resources	24,078	24,237	24,130	107	45
Personnel	14,962	15,009	14,591	418	45
Public Health and Environment	17,740	18,282	18,200	82	210
Public Safety	36,596	36,776	36,047	729	147
Regulatory Agencies	1,514	1,514	1,479	35	54
Revenue	138,127	138,348	136,786	1,562	52
Treasury	73,783	73,940	73,803	137	2
Transfer to the Capital Construction Fund	246,959	250,968	250,968	-	-
TOTAL GENERAL FUNDED EXPENDITURES	4,556,111	4,554,928	4,534,433	\$ 20,495	\$ 4,753
EXCESS GENERAL REVENUES OVER (UNDER)					
GENERAL FUNDED EXPENDITURES	(54,211)	90,872	144,976		
EXCESS AUGMENTING REVENUES			4,753		
BEGINNING GAAP UNRESERVED FUND BALANCE					
1996-97	158,600	211,812	211,812		
Add: Budgeted Non-GAAP Expenditures	-	-	617		
Less: GAAP Revenues/Expenditures Not Budgeted	-	-	(1,619)		
TABOR Refund	-	(55,900)	(139,026)		
Increase in Long-Term Asset Reserve	-	-	(35)		
Federal Funds Earned in FY 1996-97 and Appropriated in FY 1997-98	-	-	(892)		
Addition to Statutory 4 Percent Reserve Requirement	(9,400)	(9,400)	(10,008)		
Adjustments for Consumable Inventory Fund	-	-	(2)		
Prior Period Adjustment	-	-	(2,186)		
ENDING GAAP UNRESERVED FUND BALANCE	\$ 94,989	\$ 237,384	\$ 208,390		



SPECIAL REVENUE FUNDS

HIGHWAY	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.
WILDLIFE	Expenditures of this fund are used to preserve the state's wildlife and promote outdoor recreational facilities, while revenues are from hunting and fishing license fees as well as various fines.
LABOR	This fund accounts for injured workers medical benefits provided by statute which their workers' compensation benefits do not cover.
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.
WATER PROJECTS	This fund accounts for construction loans made to enhance the water resources of the state.

COLORADO

COMBINING BALANCE SHEET SPECIAL REVENUE FUNDS JUNE 30, 1997

(DOLLARS IN THOUSANDS)

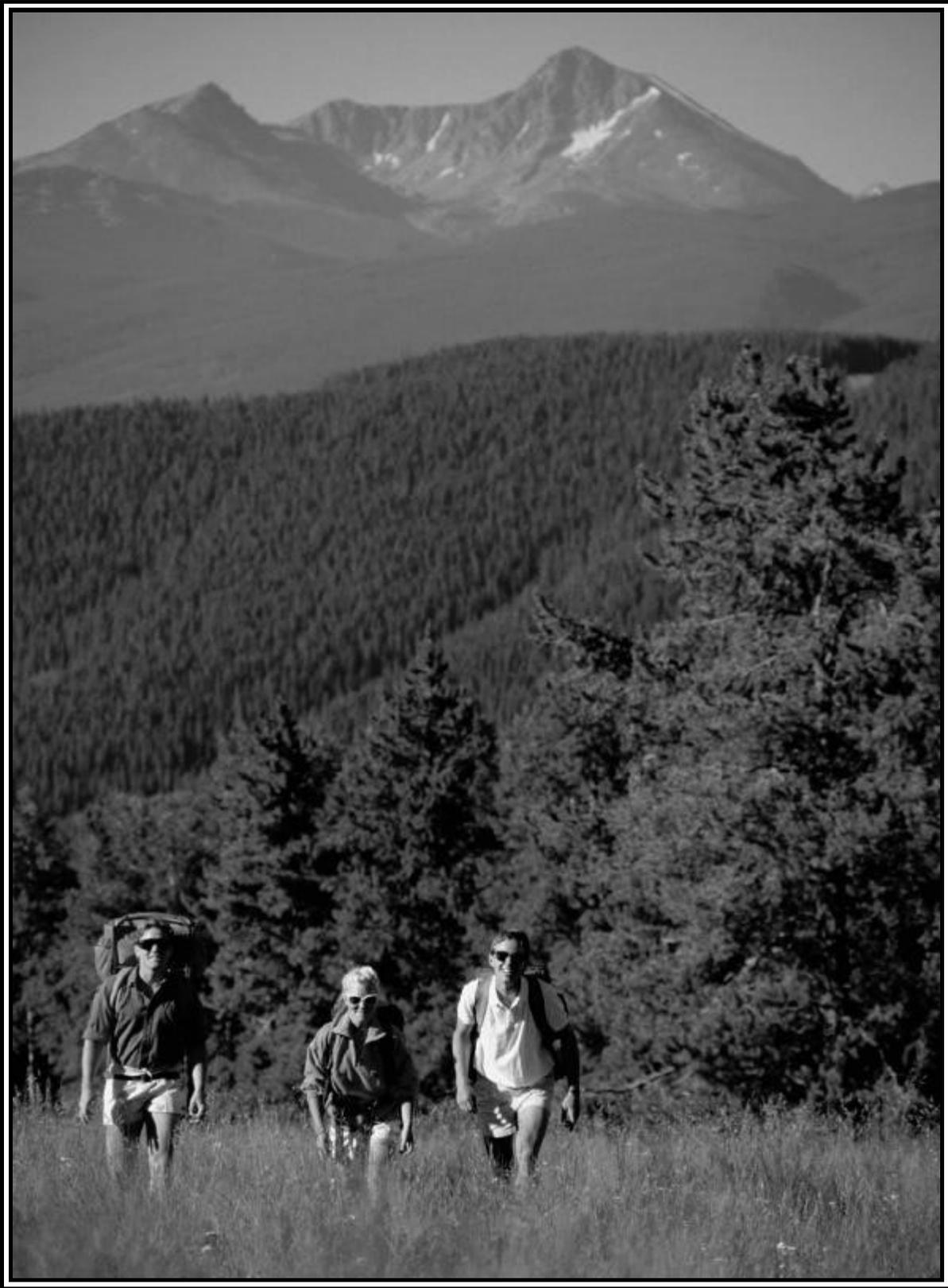
	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
ASSETS:						
Cash and Cash Equivalents	\$ 237,894	\$ 81,612	\$ 87,380	\$ 61,642	\$ 89,772	\$ 558,300
Taxes Receivable, net	54,204	-	14,347	-	-	68,551
Other Receivables, net	624	4,269	446	176	4,417	9,932
Due From Other Governments	60,402	1,189	-	-	-	61,591
Due From Other Funds	2,998	1,706	-	5,962	221	10,887
Inventories	11,068	375	-	-	-	11,443
Other Current Assets	407	359	-	1	-	767
Investments	-	-	13,835	-	-	13,835
Other Long-Term Assets	9,278	-	-	-	99,310	108,588
TOTAL ASSETS	\$ 376,875	\$ 89,510	\$ 116,008	\$ 67,781	\$ 193,720	\$ 843,894
LIABILITIES:						
Warrants Payable	\$ 13,159	\$ 3,245	\$ 781	\$ 305	\$ 52	\$ 17,542
Tax Refunds Payable	245	-	-	-	-	245
Accounts Payable and Accrued Liabilities	70,196	2,348	466	630	188	73,828
Due To Other Governments	35,381	-	-	11,890	-	47,271
Due To Other Funds	497	-	116	25,488	-	26,101
Deferred Revenue	8,749	11,976	-	523	-	21,248
Other Current Liabilities	-	-	20,016	-	-	20,016
Deposits Held In Custody For Others	2	-	-	-	-	2
TOTAL LIABILITIES	128,229	17,569	21,379	38,836	240	206,253
FUND EQUITY:						
Fund Balances:						
Reserved For:						
Encumbrances	397,934	-	-	-	-	397,934
Other Specific Purposes	8,219	71,905	94,629	28,945	93,955	297,653
Long-Term Assets and Long-Term Receivables	9,278	36	-	-	99,525	108,839
Unreserved:						
Undesignated	(166,785)	-	-	-	-	(166,785)
TOTAL FUND EQUITY	248,646	71,941	94,629	28,945	193,480	637,641
TOTAL LIABILITIES AND FUND EQUITY	\$ 376,875	\$ 89,510	\$ 116,008	\$ 67,781	\$ 193,720	\$ 843,894

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 1997

(DOLLARS IN THOUSANDS)

	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
REVENUES:						
Taxes	\$ 451,671	\$ -	\$ 26,708	\$ 54,161	\$ -	\$ 532,540
Licenses, Permits, and Fines	169,764	54,085	54	2,292	-	226,195
Charges for Goods and Services	10,336	2,148	-	1,000	2	13,486
Interest	9,894	4,597	5,990	1,690	7,816	29,987
Federal Grants and Contracts	198,494	7,751	-	-	-	206,245
Other	12,413	8,896	275	97	46	21,727
TOTAL REVENUES	852,572	77,477	33,027	59,240	7,864	1,030,180
EXPENDITURES:						
Current:						
General Government	5,660	-	-	-	-	5,660
Business, Community and Consumer Affairs	-	14	9,408	5,459	-	14,881
Education	-	-	-	6,417	-	6,417
Health and Rehabilitation	2,080	-	-	-	-	2,080
Justice	41,964	-	-	-	-	41,964
Natural Resources	-	59,151	-	-	882	60,033
Transportation	577,683	-	-	-	-	577,683
Capital Outlay	12,968	5,587	-	66	7	18,628
Intergovernmental:						
Cities	84,763	65	-	10,176	111	95,115
Counties	132,153	582	-	6,621	503	139,859
School Districts	-	11	-	195	-	206
Special Districts	9,719	56	-	30	11	9,816
Federal	-	130	-	-	-	130
Other	-	435	-	1,757	59	2,251
TOTAL EXPENDITURES	866,990	66,031	9,408	30,721	1,573	974,723
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,418)	11,446	23,619	28,519	6,291	55,457
OTHER FINANCING SOURCES (USES):						
Operating Transfer-In	100,540	8,594	-	-	3,810	112,944
Operating Transfer-Out	(36,043)	(9,365)	(509)	(25,925)	(1,714)	(73,556)
Advances from Private or Public Sources	7,434	-	-	-	-	7,434
Other	(29)	-	-	-	-	(29)
TOTAL OTHER FINANCING SOURCES (USES)	71,902	(771)	(509)	(25,925)	2,096	46,793
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	57,484	10,675	23,110	2,594	8,387	102,250
FUND BALANCE, JULY 1	191,211	61,266	71,519	26,351	185,093	535,440
Net Residual Equity Transfers-In (Out)	(49)	-	-	-	-	(49)
FUND BALANCE, JUNE 30	\$ 248,646	\$ 71,941	\$ 94,629	\$ 28,945	\$ 193,480	\$ 637,641



ENTERPRISE FUNDS

These funds account for the self-sustaining operations of state agencies which provide a majority of their services to the general public on a user charge basis. The major activities in these funds are:

GUARANTEED STUDENT LOAN

This fund records the activities of the Colorado Student Loan Division which guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools. It also includes loan programs for Colorado residents which are not reinsured by the federal government.

STATE LOTTERY

This activity encompasses the lotto and the various lottery games the state runs under the authority of state statute. The net proceeds are used to support the Conservation Trust Fund, the Great Outdoors Colorado Trust Fund, projects in the Department of Natural Resources, and state construction projects.

BUSINESS ENTERPRISE PROGRAM

This activity comprises the food vending stands run by the visually impaired under supervision and guidance of the Department of Human Services.

STATE NURSING HOMES

This activity is for nursing home and retirement care provided to the elderly at the state facilities at Homelake, Florence, Rifle, and Trinidad.

PRISON CANTEENS

This activity accounts for the various canteen operations in the state's prison system.

CORRECTIONAL INDUSTRIES

This activity is for the production and sale of manufactured goods and farm products by convicted criminals who are incarcerated in the state prison system.

STATE FAIR AUTHORITY

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

OTHER ENTERPRISE ACTIVITIES

The other enterprise activities of the state include employee parking operations, surplus property disposal, and miscellaneous canteen operations at various state institutions.

**COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
ASSETS:				
Cash and Cash Equivalents	\$ 42,350	\$ 26,827	\$ 179	\$ 2,270
Other Receivables, net	1,159	14,795	41	589
Due From Other Governments	10,050	-	295	427
Due From Other Funds	20	-	-	-
Inventories	118	1,301	8	252
Other Current Assets	7	28	223	8
Property, Plant and Equipment, net	1,424	1,931	679	7,129
Other Long-Term Assets	-	-	-	-
TOTAL ASSETS	\$ 55,128	\$ 44,882	\$ 1,425	\$ 10,675
LIABILITIES:				
Warrants Payable	\$ 2,663	\$ 1,590	\$ 87	\$ 134
Accounts Payable and Accrued Liabilities	874	4,638	40	249
Due To Other Governments	7,260	45	-	-
Due To Other Funds	2	16,597	-	120
Deferred Revenue	8,402	435	132	2
Other Current Liabilities	748	19,557	57	85
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	17	-	-	-
Notes and Bonds Payable	-	-	-	420
Accrued Compensated Absences	651	657	42	692
Other Long-Term Liabilities	-	102	-	-
TOTAL LIABILITIES	20,617	43,621	358	1,702
FUND EQUITY:				
Contributed Capital	15	-	-	7,021
Retained Earnings	34,496	1,261	1,067	1,952
TOTAL FUND EQUITY	34,511	1,261	1,067	8,973
TOTAL LIABILITIES AND FUND EQUITY	\$ 55,128	\$ 44,882	\$ 1,425	\$ 10,675

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 3,772	\$ 4,307	\$ 4,666	\$ 1,162	\$ 85,533
291	1,393	414	108	18,790
-	405	-	21	11,198
30	16	-	94	160
317	7,673	51	707	10,427
13	7	299	19	604
353	7,837	8,029	4,028	31,410
-	741	87	-	828
\$ 4,776	\$ 22,379	\$ 13,546	\$ 6,139	\$ 158,950
\$ 209	\$ 557	\$ -	\$ 47	\$ 5,287
234	1,436	311	185	7,967
-	-	-	-	7,305
2	191	-	1	16,913
-	-	1,681	460	11,112
-	283	2,746	2	23,478
1	-	-	1	2
-	1,005	-	-	1,022
-	-	-	-	420
39	586	36	78	2,781
-	-	2,644	-	2,746
485	4,058	7,418	774	79,033
-	6,245	6,128	2,433	21,842
4,291	12,076	-	2,932	58,075
4,291	18,321	6,128	5,365	79,917
\$ 4,776	\$ 22,379	\$ 13,546	\$ 6,139	\$ 158,950

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
OPERATING REVENUES:				
Licenses and Permits	\$ -	\$ 43	\$ -	\$ -
Charges for Goods and Services	8,914	360,887	461	11,800
Interest and Rents	2,967	-	-	-
Federal Grants and Contracts	57,823	-	-	4,388
Other	46	94	5	16
TOTAL OPERATING REVENUES	69,750	361,024	466	16,204
OPERATING EXPENSES:				
Salaries & Fringe Benefits	10,520	6,949	473	11,965
Operating and Travel	55,232	34,967	440	2,605
Cost of Goods Sold	-	11,000	-	-
Depreciation	523	382	240	448
Intergovernmental Distributions	-	51,520	-	1,109
Prizes and Awards	1	214,498	-	-
TOTAL OPERATING EXPENSES	66,276	319,316	1,153	16,127
OPERATING INCOME (LOSS)	3,474	41,708	(687)	77
NON-OPERATING REVENUES AND (EXPENSES):				
Fines	-	-	2	-
Interest and Rents	-	1,615	15	7
Donations	-	-	-	33
Federal Grants and Contracts	-	-	678	-
Debt Service	-	-	-	(45)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	1,615	695	(5)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	3,474	43,323	8	72
OPERATING TRANSFERS:				
Operating Transfer-In	-	-	-	226
Operating Transfer-Out	(250)	(43,281)	-	(96)
TOTAL OPERATING TRANSFERS	(250)	(43,281)	-	130
NET INCOME/CHANGE IN RETAINED EARNINGS	3,224	42	8	202
FUND EQUITY, JULY 1	31,287	1,219	1,059	16,672
Additions (Deductions) to Contributed Capital	-	-	-	416
Prior Period/Other Adjustments	-	-	-	(8,317)
FUND EQUITY, JUNE 30	\$ 34,511	\$ 1,261	\$ 1,067	\$ 8,973

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

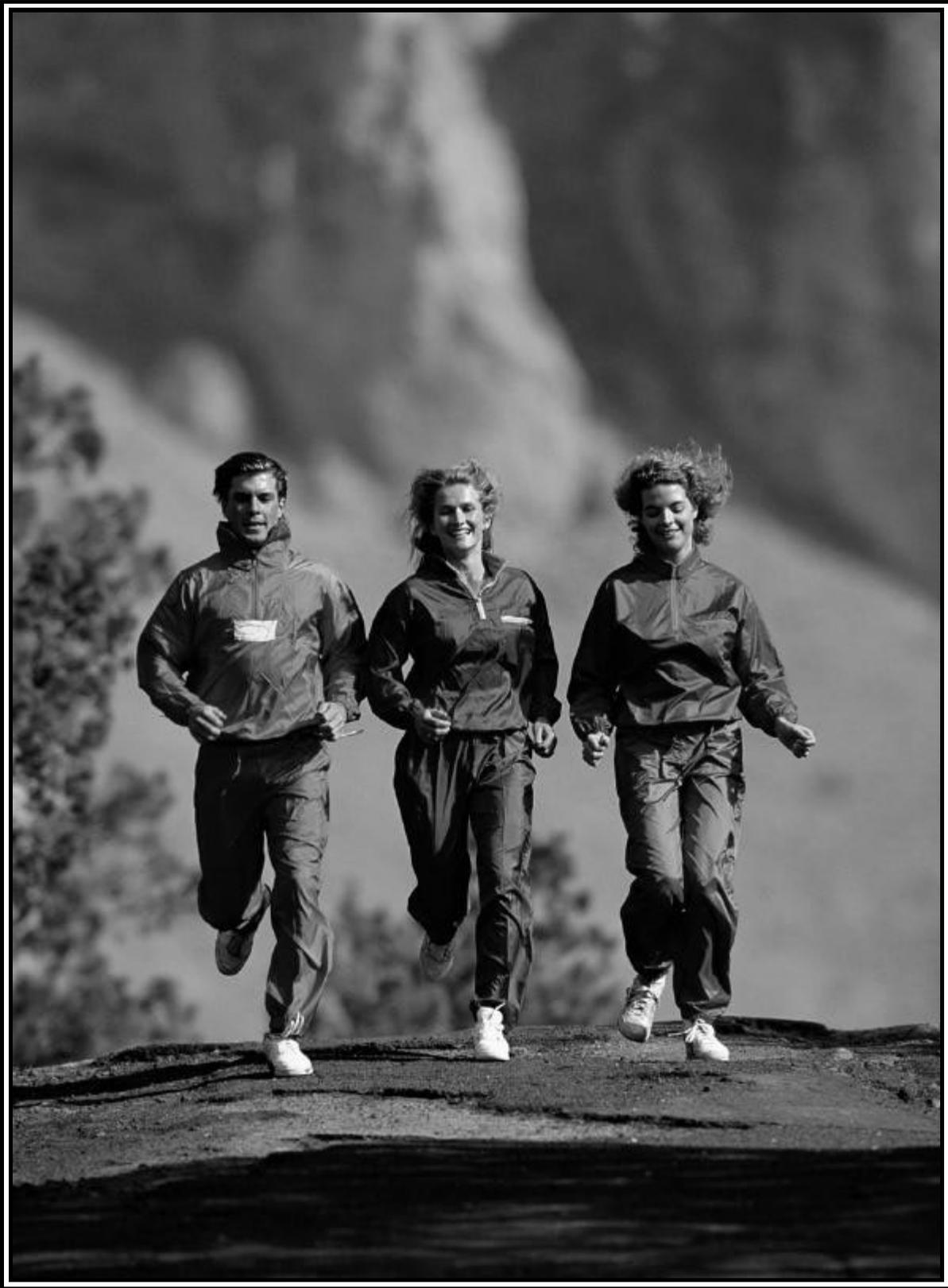
PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 43
7,154	23,831	-	2,246	415,293
-	-	-	-	2,967
-	-	-	1,390	63,601
43	120	-	-	324
7,197	23,951	-	3,636	482,228
616	5,929	-	849	37,301
1,136	4,610	-	1,691	100,681
4,066	12,041	-	247	27,354
20	912	-	18	2,543
-	-	-	1,064	53,693
4	-	-	-	214,503
5,842	23,492	-	3,869	436,075
1,355	459	-	(233)	46,153
-	-	-	-	2
19	46	-	204	1,906
-	-	-	70	103
-	-	-	-	678
-	-	-	-	(45)
19	46	-	274	2,644
1,374	505	-	41	48,797
-	-	4,000	21	4,247
(49)	(389)	-	(140)	(44,205)
(49)	(389)	4,000	(119)	(39,958)
1,325	116	4,000	(78)	8,839
2,966	18,205	-	5,443	76,851
-	-	2,128	-	2,544
-	-	-	-	(8,317)
\$ 4,291	\$ 18,321	\$ 6,128	\$ 5,365	\$ 79,917

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Operating Income (Loss)	\$ 3,474	\$ 41,708	\$ (687)	\$ 77
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	523	382	240	448
Fines	-	-	2	-
Loss on Disposal of Fixed Assets	-	-	-	12
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(735)	(4,876)	(294)	406
(Increase) Decrease in Inventories	(13)	8	6	(19)
(Increase) Decrease in Other Operating Assets	1	11	(11)	(6)
Increase (Decrease) in Accounts Payable	1,090	(2,427)	(4)	50
Increase (Decrease) in Accrued Compensated Absences	84	73	12	66
Increase (Decrease) in Other Operating Liabilities	(1,916)	1,919	157	(153)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,508	36,798	(579)	881
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	-	-	2
Federal Grants and Contracts	-	-	678	-
Operating Transfer-In	-	-	-	226
Operating Transfer-Out	(250)	(43,281)	-	(96)
Additions to Contributed Capital	-	-	-	-
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:				
(Increase) Decrease in Due from Other Funds	(20)	-	-	-
Increase (Decrease) in Due To Other Funds	2	4,178	-	(13)
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	(268)	(39,103)	678	119
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital Lease Obligation Payments	-	-	-	-
Debt Service Payments	-	-	-	(121)
Net Changes in Assets and Liabilities Related to Capital Financing Activities:				
(Increase) Decrease in Property, Plant and Equipment	(767)	(634)	(310)	(220)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(767)	(634)	(310)	(341)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	1,615	15	7
NET CASH FROM INVESTING ACTIVITIES	-	1,615	15	7
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,473	(1,324)	(196)	666
CASH AND CASH EQUIVALENTS, JULY 1	40,877	28,151	375	1,604
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 42,350	\$ 26,827	\$ 179	\$ 2,270

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 1,355	\$ 459	\$ -	\$ (233)	\$ 46,153
20	912	-	18	2,543
-	-	-	-	2
-	-	-	-	12
(3)	79	-	18	(5,405)
106	(201)	-	(429)	(542)
(13)	168	-	(7)	143
(129)	458	-	51	(911)
(11)	75	-	12	311
(25)	-	-	423	405
1,300	1,950	-	(147)	42,711
-	-	-	70	72
-	-	-	-	678
-	-	4,000	21	4,247
(49)	(389)	-	(140)	(44,205)
-	-	666	-	666
(13)	(13)	-	131	85
2	98	-	1	4,268
(60)	(304)	4,666	83	(34,189)
-	(248)	-	-	(248)
-	-	-	-	(121)
(18)	(484)	-	(12)	(2,445)
(18)	(732)	-	(12)	(2,814)
19	46	-	204	1,906
19	46	-	204	1,906
1,241	960	4,666	128	7,614
2,531	3,347	-	1,034	77,919
\$ 3,772	\$ 4,307	\$ 4,666	\$ 1,162	\$ 85,533



INTERNAL SERVICE FUNDS

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, micro filming and motor pool.
GENERAL GOVERNMENT COMPUTER CENTER	This fund accounts for computer services sold to other state agencies.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold to other state agencies.
STATE EMPLOYEES AND OFFICIALS INSURANCE	This fund accounts for the self-insured health insurance for state employees and officials, which is administered by Blue Cross/Blue Shield, and for the life and dental insurance programs offered by the state.
HIGHWAYS	This fund is used to account for the operations of the Transportation Department's print shop.
PUBLIC SAFETY	This fund accounts for the rental of aircraft by the Department of Public Safety to itself and to other state agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income of state office space in the Capitol area.
ADMINISTRATIVE HEARINGS	This fund accounts for the operations of the Administrative Hearings Division in the Department of Personnel.

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	GENERAL GOVERNMENT			STATE EMPLOYEES AND OFFICIALS	
	CENTRAL SERVICES	COMPUTER CENTER	TELECOM-MUNICIPATIONS	INSURANCE	HIGHWAYS
ASSETS:					
Cash and Cash Equivalents	\$ 606	\$ 1,778	\$ -	\$ 28,595	\$ 601
Other Receivables, net	174	3	19	273	-
Due From Other Governments	58	-	-	-	-
Due From Other Funds	40	-	-	-	-
Inventories	256	44	1	-	344
Other Current Assets	-	138	-	5	-
Property, Plant and Equipment, net	32,906	3,720	11,892	-	992
TOTAL ASSETS	\$ 34,040	\$ 5,683	\$ 11,912	\$ 28,873	\$ 1,937
LIABILITIES:					
Warrants Payable	\$ 1,434	\$ 30	\$ 232	\$ 2,304	\$ 31
Tax Refunds Payable	19	-	-	-	-
Accounts Payable and Accrued Liabilities	1,881	381	677	1,980	120
Due To Other Funds	-	-	152	-	-
Deferred Revenue	314	-	6	7,504	-
Other Current Liabilities	6,803	1	-	10,117	-
Capital Lease Obligations	19,593	-	-	-	-
Accrued Compensated Absences	267	279	130	36	-
Other Long-Term Liabilities	-	-	-	168	-
TOTAL LIABILITIES	30,311	691	1,197	22,109	151
FUND EQUITY:					
Contributed Capital	-	127	6,954	-	992
Retained Earnings	3,729	4,865	3,761	6,764	794
TOTAL FUND EQUITY	3,729	4,992	10,715	6,764	1,786
TOTAL LIABILITIES AND FUND EQUITY	\$ 34,040	\$ 5,683	\$ 11,912	\$ 28,873	\$ 1,937

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 124	\$ 1,647	\$ 151	\$ 33,502
6	-	14	489
-	-	-	58
-	-	1	41
-	78	-	723
-	4	1	148
24	63	3	49,600
\$ 154	\$ 1,792	\$ 170	\$ 84,561
\$ -	\$ 13	\$ 2	\$ 4,046
-	-	-	19
11	345	4	5,399
-	-	-	152
-	-	-	7,824
-	-	-	16,921
-	-	-	19,593
-	160	255	1,127
-	-	-	168
11	518	261	55,249
17	-	-	8,090
126	1,274	(91)	21,222
143	1,274	(91)	29,312
\$ 154	\$ 1,792	\$ 170	\$ 84,561

COLORADO

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 1997

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICATIONS	STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS
OPERATING REVENUES:					
Charges for Goods and Services	\$ 32,011	\$ 11,639	\$ 7,075	\$ 101,259	\$ 3,365
Interest and Rents	-	-	-	1,857	-
Other	-	-	10	-	-
TOTAL OPERATING REVENUES	32,011	11,639	7,085	103,116	3,365
OPERATING EXPENSES:					
Salaries & Fringe Benefits	4,395	3,580	985	3,228	989
Operating and Travel	13,462	5,761	6,251	108,155	1,773
Cost of Goods Sold	4,447	-	-	-	-
Depreciation	8,093	2,049	850	-	-
TOTAL OPERATING EXPENSES	30,397	11,390	8,086	111,383	2,762
OPERATING INCOME (LOSS)	1,614	249	(1,001)	(8,267)	603
NON-OPERATING REVENUES AND (EXPENSES):					
Fines	-	-	-	246	-
Interest and Rents	-	-	-	13	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	259	-
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,614	249	(1,001)	(8,008)	603
OPERATING TRANSFERS:					
Operating Transfer-In	-	-	-	-	-
Operating Transfer-Out	(1,023)	(363)	(17)	(176)	(622)
TOTAL OPERATING TRANSFERS	(1,023)	(363)	(17)	(176)	(622)
NET INCOME/CHANGE IN RETAINED EARNINGS	591	(114)	(1,018)	(8,184)	(19)
FUND EQUITY, JULY 1	3,138	5,106	8,993	14,948	1,756
Additions (Deductions) to Contributed Capital	-	-	2,740	-	49
FUND EQUITY, JUNE 30	\$ 3,729	\$ 4,992	\$ 10,715	\$ 6,764	\$ 1,786

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 120	\$ 3	\$ 2,838	\$ 158,310
-	6,230	-	8,087
-	11	-	21
120	6,244	2,838	166,418
75	2,969	2,267	18,488
129	2,606	457	138,594
-	-	-	4,447
11	5	2	11,010
215	5,580	2,726	172,539
(95)	664	112	(6,121)
-	-	-	246
-	-	-	13
-	-	-	259
(95)	664	112	(5,862)
59	-	-	59
-	(121)	(121)	(2,443)
59	(121)	(121)	(2,384)
(36)	543	(9)	(8,246)
179	731	(82)	34,769
-	-	-	2,789
\$ 143	\$ 1,274	\$ (91)	\$ 29,312

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM- MUNICIPATIONS	STATE EMPLOYEES AND OFFICIALS INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Operating Income (Loss)	\$ 1,614	\$ 249	\$ (1,001)	\$ (8,267)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	8,093	2,049	850	-
Interest (Income) Expense	1,531	-	-	(1,857)
Fines	-	-	-	246
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(96)	3	(10)	36
(Increase) Decrease in Inventories	(50)	(13)	(1)	-
(Increase) Decrease in Other Operating Assets	2	113	26	1
Increase (Decrease) in Accounts Payable	879	(461)	200	(948)
Increase (Decrease) in Accrued Compensated Absences	31	(196)	67	(14)
Increase (Decrease) in Other Operating Liabilities	98	(1,422)	6	1,055
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,102	322	137	(9,748)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating Transfer-In	-	-	-	-
Operating Transfer-Out	(1,023)	(363)	(17)	(176)
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:				
(Increase) Decrease in Due From Other Funds	(15)	-	-	-
Increase (Decrease) in Due To Other Funds	(3,278)	-	152	-
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	(4,316)	(363)	135	(176)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Additions to Contributed Capital	-	-	-	-
Capital Lease Obligation Payments	(6,534)	-	-	-
Net Changes in Assets and Liabilities Related to Capital Financing Activities:				
(Increase) Decrease in Property, Plant and Equipment	(646)	(379)	(1,622)	-
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(7,180)	(379)	(1,622)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	-	-	1,870
NET CASH FROM INVESTING ACTIVITIES	-	-	-	1,870
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	606	(420)	(1,350)	(8,054)
CASH AND CASH EQUIVALENTS, JULY 1	-	2,198	1,350	36,649
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 606	\$ 1,778	\$ -	\$ 28,595

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

HIGHWAYS	PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 603	\$ (95)	\$ 664	\$ 112	\$ (6,121)
-	11	5	2	11,010
-	-	-	-	(326)
-	-	-	-	246
4	5	5	(13)	(66)
(196)	-	(22)	-	(282)
-	-	(4)	(1)	137
(25)	(7)	(85)	(5)	(452)
-	-	(15)	10	(117)
-	-	-	-	(263)
386	(86)	548	105	3,766
-	59	-	-	59
(622)	-	(121)	(121)	(2,443)
11	-	-	7	3
-	-	-	-	(3,126)
(611)	59	(121)	(114)	(5,507)
49	-	-	-	49
-	-	-	-	(6,534)
(49)	-	-	(1)	(2,697)
-	-	-	(1)	(9,182)
-	-	-	-	1,870
-	-	-	-	1,870
(225)	(27)	427	(10)	(9,053)
826	151	1,220	161	42,555
\$ 601	\$124	\$ 1,647	\$ 151	\$ 33,502

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. The major components of these are:

EXPENDABLE TRUST FUNDS

UNEMPLOYMENT INSURANCE	This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.
STATE TREASURER	This fund is used to record various trust items managed by the state treasurer's office, principally, escheat accounts, unclaimed property and unclaimed insurance moneys.
SEVERANCE TAX	This fund accounts for taxes received by the state on the extraction of nonrenewable natural resources.
LAND BOARD	This fund accounts for the disposition of revenues from state land, surface leases, oil and timber sales.
VICTIMS COMPENSATION	This fund accounts for money received as a surcharge on fines levied in state courts and distributed for the benefit of crime victims.
CONSERVATION TRUST	This fund accounts for money transferred from other state sources and distributed to local governments for the enhancement of parks, open space, and citizen recreation.

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 insure land restoration by miners and oil exploration companies, assets held for a water and power authority, and deferred compensation funds deposited by state employees.

NONEXPENDABLE TRUST FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and related operations of lands granted to the state by the federal government for educational purposes.
CONTROLLED MAINTENANCE	This fund holds assets for the purpose of maintaining the state's capital assets.

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

COMBINING BALANCE SHEET FIDUCIARY FUND TYPES JUNE 30, 1997

(DOLLARS IN THOUSANDS)	EXPENDABLE		NON-	TOTALS
	TRUST	AGENCY	EXPENDABLE TRUST	
ASSETS:				
Cash and Cash Equivalents	\$ 612,606	\$ 237,832	\$ 39,244	\$ 889,682
Taxes Receivable, net	49,116	69,844	-	118,960
Other Receivables, net	16,336	197	3,720	20,253
Due From Other Governments	920	-	-	920
Due From Other Funds	19,983	4,175	232	24,390
Inventories	9	19	-	28
Other Current Assets	3	13,703	-	13,706
Investments	2,599	761,923	499,609	1,264,131
Property, Plant and Equipment, net	4,384	-	7,517	11,901
Rights Under Deferred Compensation	-	245,653	-	245,653
Other Long-Term Assets	-	-	1,029	1,029
TOTAL ASSETS	\$ 705,956	\$ 1,333,346	\$ 551,351	\$ 2,590,653
LIABILITIES:				
Warrants Payable	\$ 4,251	\$ 1,255	\$ -	\$ 5,506
Tax Refunds Payable	-	937	-	937
Accounts Payable and Accrued Liabilities	18,994	273	-	19,267
Due To Other Governments	10,376	111,377	-	121,753
Due To Other Funds	3,221	4,985	1	8,207
Deferred Revenue	481	-	991	1,472
Other Current Liabilities	4,944	3,565	-	8,509
Deposits Held In Custody For Others	1,374	956,944	-	958,318
Capital Lease Obligations	98	-	-	98
Accrued Compensated Absences	202	-	-	202
Obligations Under Deferred Compensation	-	245,556	-	245,556
Other Long-Term Liabilities	1,252	8,454	-	9,706
TOTAL LIABILITIES	45,193	1,333,346	992	1,379,531
FUND EQUITY:				
Fund Balances:				
Reserved For:				
Other Specific Purposes	660,763	-	355,101	1,015,864
Emergencies	-	-	195,258	195,258
TOTAL FUND EQUITY	660,763	-	550,359	1,211,122
TOTAL LIABILITIES AND FUND EQUITY	\$ 705,956	\$ 1,333,346	\$ 551,351	\$ 2,590,653

**COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
ASSETS:				
Cash and Cash Equivalents	\$ 544,252	\$ 11,901	\$ 19,931	\$ 86
Taxes Receivable, net	49,116	-	-	-
Other Receivables, net	11,345	-	-	3,118
Due From Other Governments	920	-	-	-
Due From Other Funds	6	10,813	2,427	-
Inventories	-	-	-	-
Other Current Assets	-	-	-	-
Investments	-	-	-	-
Property, Plant and Equipment, net	-	-	-	-
TOTAL ASSETS	\$ 605,639	\$ 22,714	\$ 22,358	\$ 3,204
LIABILITIES:				
Warrants Payable	\$ 3,191	\$ 834	\$ -	\$ 2
Accounts Payable and Accrued Liabilities	154	18,428	-	14
Due To Other Governments	-	-	-	-
Due To Other Funds	-	-	-	3,118
Deferred Revenue	-	-	-	-
Other Current Liabilities	4,941	-	-	-
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	-	1,252	-	-
TOTAL LIABILITIES	8,286	20,514	-	3,134
FUND EQUITY:				
Fund Balances:				
Reserved For:				
Other Specific Purposes	597,353	2,200	22,358	70
TOTAL FUND EQUITY	597,353	2,200	22,358	70
TOTAL LIABILITIES AND FUND EQUITY	\$ 605,639	\$ 22,714	\$ 22,358	\$ 3,204

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	OTHER EXPENDABLE TRUSTS	TOTALS
\$ 11,998	\$ 3,751	\$ 20,687	\$ 612,606
-	-	-	49,116
-	-	1,873	16,336
-	-	-	920
-	6,639	98	19,983
-	-	9	9
-	-	3	3
-	-	2,599	2,599
-	-	4,384	4,384
\$ 11,998	\$ 10,390	\$ 29,653	\$ 705,956

\$ -	\$ 10	\$ 214	\$ 4,251
-	-	398	18,994
-	10,376	-	10,376
-	-	103	3,221
-	-	481	481
-	-	3	4,944
-	-	1,374	1,374
-	-	98	98
-	-	202	202
-	-	-	1,252
-	10,386	2,873	45,193

11,998	4	26,780	660,763
11,998	4	26,780	660,763
\$ 11,998	\$ 10,390	\$ 29,653	\$ 705,956

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
REVENUES:				
Taxes	\$ 189,125	\$ -	\$ 13,694	\$ -
Licenses, Permits, and Fines	-	-	-	-
Charges for Goods and Services	-	-	-	248
Interest	34,810	11	17	20,544
Federal Grants and Contracts	10,281	5,960	-	-
Other	-	7,891	-	10,922
TOTAL REVENUES	234,216	13,862	13,711	31,714
EXPENDITURES:				
Current:				
General Government	-	414	-	374
Business, Community and Consumer Affairs	187,090	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Capital Outlay	-	-	-	-
Intergovernmental:				
Cities	-	-	-	-
Counties	-	5,960	-	13
School Districts	-	-	-	-
Special Districts	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	187,090	6,374	-	387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,126	7,488	13,711	31,327
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	-	-	-	242
Operating Transfer-Out	-	(7,475)	(3,012)	(31,557)
TOTAL OTHER FINANCING SOURCES (USES)	-	(7,475)	(3,012)	(31,315)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	47,126	13	10,699	12
FUND BALANCE, JULY 1	550,227	2,187	11,659	58
FUND BALANCE, JUNE 30	\$ 597,353	\$ 2,200	\$ 22,358	\$ 70

COMPREHENSIVE ANNUAL FINANCIAL REPORT - June 30, 1997

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	OTHER EXPENDABLE TRUSTS	TOTALS
\$ -	\$ -	\$ -	\$ 202,819
17,962	-	4,049	22,011
-	-	762	1,010
-	150	1,208	56,740
-	-	276	16,517
-	-	1,615	20,428
17,962	150	7,910	319,525
-	-	1,832	2,620
-	-	502	187,592
-	-	256	256
-	-	327	327
-	-	3,242	3,242
-	-	225	225
-	-	28	28
-	-	276	276
-	22,690	2	22,692
-	7,871	13	13,857
-	188	-	188
-	3,736	-	3,736
16,745	-	-	16,745
16,745	34,485	6,703	251,784
1,217	(34,335)	1,207	67,741
-	34,336	110	34,688
(950)	-	(79)	(43,073)
(950)	34,336	31	(8,385)
267	1	1,238	59,356
11,731	3	25,542	601,407
\$ 11,998	\$ 4	\$ 26,780	\$ 660,763

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
<i>DEPARTMENT OF REVENUE AGENCY FUNDS:</i>				
ASSETS:				
Cash and Cash Equivalents	\$ 52,825	\$ 1,164,417	\$ 1,162,530	\$ 54,712
Taxes Receivable, net	63,528	8,049	1,733	69,844
TOTAL ASSETS	\$ 116,353	\$ 1,172,466	\$ 1,164,263	\$ 124,556
LIABILITIES:				
Warrants Payable	\$ 1,552	\$ 283,920	\$ 284,353	\$ 1,119
Tax Refunds Payable	1,024	-	87	937
Accounts Payable and Accrued Liabilities	-	17	17	-
Due To Other Governments	100,839	1,661,116	1,654,623	107,332
Due To Other Funds	2,740	78,980	76,865	4,855
Other Current Liabilities	1,989	1,840	1,941	1,888
Other Long-Term Liabilities	8,209	258	42	8,425
TOTAL LIABILITIES	\$ 116,353	\$ 2,026,131	\$ 2,017,928	\$ 124,556
<i>DEPARTMENT OF TREASURY AGENCY FUNDS:</i>				
ASSETS:				
Cash and Cash Equivalents	\$ 114,389	\$ 1,778,424	\$ 1,762,650	\$ 130,163
Due From Other Funds	3,419	6,626	6,210	3,835
Investments	884,797	2,950,224	3,077,271	757,750
TOTAL ASSETS	\$ 1,002,605	\$ 4,735,274	\$ 4,846,131	\$ 891,748
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 320	\$ 113	\$ 433	\$ -
Due To Other Governments	3,419	6,626	6,210	3,835
Obligations Under Reverse Repurchase Agreements	93,843	-	93,843	-
Deposits Held In Custody For Others	905,023	440,408	457,518	887,913
TOTAL LIABILITIES	\$ 1,002,605	\$ 447,147	\$ 558,004	\$ 891,748
<i>EMPLOYEE DEFERRED COMPENSATION PLAN:</i>				
ASSETS:				
Cash and Cash Equivalents	\$ 11	\$ 13,986	\$ 13,951	\$ 46
Rights Under Deferred Compensation	210,236	46,091	10,674	245,653
TOTAL ASSETS	\$ 210,247	\$ 60,077	\$ 24,625	\$ 245,699
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 10	\$ 13,985	\$ 13,950	\$ 45
Due To Other Funds	149	413	464	98
Obligations Under Deferred Compensation	210,088	46,557	11,089	245,556
TOTAL LIABILITIES	\$ 210,247	\$ 60,955	\$ 25,503	\$ 245,699

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	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
<u>OTHER AGENCY FUNDS:</u>				
ASSETS:				
Cash and Cash Equivalents	\$ 60,162	\$ 25,919	\$ 33,170	\$ 52,911
Other Receivables, net	251	217	271	197
Due From Other Funds	125	348	133	340
Inventories	26	-	7	19
Other Current Assets	23,205	351	9,853	13,703
Investments	3,762	4,174	3,763	4,173
TOTAL ASSETS	\$ 87,531	\$ 31,009	\$ 47,197	\$ 71,343
LIABILITIES:				
Warrants Payable	\$ 52	\$ 84	\$ -	\$ 136
Accounts Payable and Accrued Liabilities	110	3,475	3,357	228
Due To Other Governments	125	504	419	210
Due To Other Funds	18	84	70	32
Deferred Revenue	-	841	841	-
Other Current Liabilities	1,611	559	493	1,677
Deposits Held In Custody For Others	85,502	22,516	38,987	69,031
Other Long-Term Liabilities	113	3	87	29
TOTAL LIABILITIES	\$ 87,531	\$ 28,066	\$ 44,254	\$ 71,343
<u>TOTALS - ALL AGENCY FUNDS:</u>				
ASSETS:				
Cash and Cash Equivalents	\$ 227,387	\$ 2,982,746	\$ 2,972,301	\$ 237,832
Taxes Receivable, net	63,528	8,049	1,733	69,844
Other Receivables, net	251	217	271	197
Due From Other Funds	3,544	6,974	6,343	4,175
Inventories	26	-	7	19
Other Current Assets	23,205	351	9,853	13,703
Investments	888,559	2,954,398	3,081,034	761,923
Rights Under Deferred Compensation	210,236	46,091	10,674	245,653
TOTAL ASSETS	\$ 1,416,736	\$ 5,998,826	\$ 6,082,216	\$ 1,333,346
LIABILITIES:				
Warrants Payable	\$ 1,604	\$ 284,004	\$ 284,353	\$ 1,255
Tax Refunds Payable	1,024	-	87	937
Accounts Payable and Accrued Liabilities	440	17,590	17,757	273
Due To Other Governments	104,383	1,668,246	1,661,252	111,377
Due To Other Funds	2,907	79,477	77,399	4,985
Deferred Revenue	-	841	841	-
Obligations Under Reverse Repurchase Agreements	93,843	-	93,843	-
Other Current Liabilities	3,600	2,399	2,434	3,565
Deposits Held In Custody For Others	990,525	462,924	496,505	956,944
Obligations Under Deferred Compensation	210,088	46,557	11,089	245,556
Other Long-Term Liabilities	8,322	261	129	8,454
TOTAL LIABILITIES	\$ 1,416,736	\$ 2,562,299	\$ 2,645,689	\$ 1,333,346

**COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$ 7,554	\$ 31,158	\$ 532	\$ 39,244
Other Receivables, net	824	2,896	-	3,720
Due From Other Funds	126	96	10	232
Investments	266,559	233,050	-	499,609
Property, Plant and Equipment, net	7,517	-	-	7,517
Other Long-Term Assets	1,029	-	-	1,029
TOTAL ASSETS	\$ 283,609	\$ 267,200	\$ 542	\$ 551,351
LIABILITIES:				
Due To Other Funds	\$ 1	\$ -	\$ -	\$ 1
Deferred Revenue	991	-	-	991
TOTAL LIABILITIES	992	-	-	992
FUND EQUITY:				
Fund Balances:				
Reserved For:				
Other Specific Purposes	282,617	71,942	542	355,101
Emergencies	-	195,258	-	195,258
TOTAL FUND EQUITY	282,617	267,200	542	550,359
TOTAL LIABILITIES AND FUND EQUITY	\$ 283,609	\$ 267,200	\$ 542	\$ 551,351

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
OPERATING REVENUES:				
Interest and Rents	\$ 11,424	\$ 17,143	\$ -	\$ 28,567
TOTAL OPERATING REVENUES	11,424	17,143	-	28,567
OPERATING EXPENSES:				
TOTAL OPERATING EXPENSES	-	-	-	-
OPERATING INCOME (LOSS)	11,424	17,143	-	28,567
NON-OPERATING REVENUES AND (EXPENSES):				
Donations	-	-	63	63
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	63	63
INCOME (LOSS) BEFORE OPERATING TRANSFERS	11,424	17,143	63	28,630
OPERATING TRANSFERS:				
Operating Transfer-In	1,229	-	-	1,229
Operating Transfer-Out	(1,663)	(4,252)	-	(5,915)
TOTAL OPERATING TRANSFERS	(434)	(4,252)	-	(4,686)
NET INCOME/CHANGE IN RETAINED EARNINGS	10,990	12,891	63	23,944
FUND EQUITY, JULY 1	271,627	254,309	479	526,415
FUND EQUITY, JUNE 30	\$ 282,617	\$ 267,200	\$ 542	\$ 550,359

**COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Operating Income (Loss)	\$ 11,424	\$ 17,143	\$ -	\$ 28,567
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Interest (Income) Expense	(11,424)	(17,143)	-	(28,567)
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(50)	(2,280)	-	(2,330)
(Increase) Decrease in Other Operating Assets	365	-	-	365
Increase (Decrease) in Other Operating Liabilities	(1,003)	-	-	(1,003)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(688)	(2,280)	-	(2,968)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Donations	-	-	63	63
Operating Transfer-In	1,229	-	-	1,229
Operating Transfer-Out	(1,663)	(4,252)	-	(5,915)
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:				
(Increase) Decrease in Due From Other Funds	4	(96)	(10)	(102)
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	(430)	(4,348)	53	(4,725)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	11,424	17,143	-	28,567
Acquisition of Repurchase Agreement Investment	(9,950)	-	-	(9,950)
Net Changes in Assets and Liabilities Related to Investment Activities:				
(Increase) Decrease in Investments	(7,165)	(181,134)	-	(188,299)
NET CASH FROM INVESTING ACTIVITIES	(5,691)	(163,991)	-	(169,682)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,809)	(170,619)	53	(177,375)
CASH AND CASH EQUIVALENTS, JULY 1	14,363	201,777	479	216,619
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 7,554	\$ 31,158	\$ 532	\$ 39,244

**GENERAL FIXED ASSETS
ACCOUNT GROUP**

The General Fixed Assets Account Group is used to account for fixed assets acquired for general governmental purposes. These include all land, buildings, and equipment except those of the Enterprise, Internal Service, Trust, and College and University funds.

**SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND DEPARTMENT
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)

	LAND AND IMPROVEMENTS	BUILDINGS	LEASEHOLD IMPROVEMENTS
GENERAL GOVERNMENT			
Legislature	\$ -	\$ -	\$ -
Military Affairs	1,358	15,186	43
Personnel	2,971	69,315	-
Revenue	3,771	15,373	416
Subtotal	8,100	99,874	459
BUSINESS, COMMUNITY & CONSUMER AFFAIRS:			
Agriculture	1,123	7,979	-
¹ GOV, GJTO, OEC, OED	-	-	-
Labor and Employment	617	5,335	-
Local Affairs	-	-	-
Regulatory Agencies	-	-	-
Revenue	-	-	25
State	-	175	-
Subtotal	1,740	13,489	25
EDUCATION			
Education	224	6,175	-
Higher Education	2,398	7,170	-
Subtotal	2,622	13,345	-
HEALTH AND REHABILITATION			
Public Health and Environment	156	11,053	-
Human Services	5,911	89,429	70
Subtotal	6,067	100,482	70
JUSTICE			
Corrections	6,711	302,957	6,575
DHS, Division of Youth Services	75	45,081	-
Judicial	1,605	11,835	-
Law	-	-	-
Public Safety	303	3,154	-
Regulatory Agencies	-	-	-
Subtotal	8,694	363,027	6,575
NATURAL RESOURCES			
Natural Resources	160,532	62,562	24,060
SOCIAL ASSISTANCE			
Human Services	-	-	742
Health Care Policy and Finance	-	-	-
Subtotal	-	-	742
TRANSPORTATION			
Transportation	6,324	45,903	-
TOTAL GENERAL FIXED ASSETS	\$ 194,079	\$ 698,682	\$ 31,931

¹Governor's Office, Governor's Job Training Office, Office of Energy Conservation, and the Office of Economic Development

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EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTALS
\$ 1,106	\$ -	\$ 100	\$ 1,206
166	4,570	31	21,354
3,434	3,777	-	79,497
18,659	-	-	38,219
23,365	8,347	131	140,276
3,401	14	-	12,517
417	-	287	704
5,018	-	-	10,970
721	-	-	721
2,849	-	-	2,849
595	-	-	620
2,761	-	-	2,936
15,762	14	287	31,317
1,626	-	2,213	10,238
373	596	1,522	12,059
1,999	596	3,735	22,297
13,154	-	-	24,363
14,662	5,630	61	115,763
27,816	5,630	61	140,126
24,493	53,811	-	394,547
2,554	34,428	-	82,138
11,966	-	689	26,095
173	-	-	173
30,508	-	-	33,965
91	-	-	91
69,785	88,239	689	537,009
16,731	1,041	8,510	273,436
10,871	647	-	12,260
1,331	-	-	1,331
12,202	647	-	13,591
167,905	-	-	220,132
\$ 335,565	\$ 104,514	\$ 13,413	\$ 1,378,184

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND DEPARTMENT
JUNE 30, 1997**

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
GENERAL GOVERNMENT				
Legislature	\$ 1,285	\$ 111	\$ 190	\$ 1,206
Military Affairs	19,839	1,515	-	21,354
Personnel	79,363	3,146	3,012	79,497
Revenue	23,856	18,056	3,693	38,219
Subtotal	124,343	22,828	6,895	140,276
BUSINESS, COMMUNITY & CONSUMER AFFAIRS:				
Agriculture	11,829	785	97	12,517
¹ GOV, GJTO, OEC, OED	686	31	13	704
Labor and Employment	7,236	3,735	1	10,970
Local Affairs	676	45	-	721
Regulatory Agencies	2,553	700	404	2,849
Revenue	591	57	28	620
State	3,227	215	506	2,936
Subtotal	26,798	5,568	1,049	31,317
EDUCATION				
Education	10,143	356	261	10,238
Higher Education	11,648	575	164	12,059
Subtotal	21,791	931	425	22,297
HEALTH AND REHABILITATION				
Public Health and Environment	15,240	13,061	3,938	24,363
Human Services	104,766	11,691	694	115,763
Subtotal	120,006	24,752	4,632	140,126
JUSTICE				
Corrections	346,447	48,100	-	394,547
DHS, Division of Youth Services	57,685	24,511	58	82,138
Judicial	24,780	2,507	1,192	26,095
Law	123	50	-	173
Public Safety	33,462	1,053	550	33,965
Regulatory Agencies	85	25	19	91
Subtotal	462,582	76,246	1,819	537,009
NATURAL RESOURCES				
Natural Resources	269,728	14,241	10,533	273,436
SOCIAL ASSISTANCE				
Human Services	11,299	1,173	212	12,260
Health Care Policy and Finance	1,333	35	37	1,331
Subtotal	12,632	1,208	249	13,591
TRANSPORTATION				
Transportation	210,505	14,514	4,887	220,132
TOTAL GENERAL FIXED ASSETS	\$ 1,248,385	\$ 160,288	\$ 30,489	\$ 1,378,184

¹Governor's Office, Governor's Job Training Office, Office of Energy Conservation, and the Office of Economic Development

DISCRETELY PRESENTED COMPONENT UNITS

Component units are public entities for which the state is financially accountable because the state appoints a voting majority of their 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. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

The District was created for the purpose of acquiring, constructing, and operating a major league baseball stadium in the Denver metropolitan area. The District levies a sales tax of one-tenth of one percent throughout the District, for a period not to exceed 20 years, to assist in financing the stadium.

UNIVERSITY OF COLORADO HOSPITAL AUTHORITY

The authority operates University Hospital as a teaching and research hospital providing comprehensive medical care, including primary, secondary, and tertiary patient care. It also provides space as necessary for the clinical programs of the University of Colorado Health Sciences Center.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

The authority constructs, maintains, or causes construction and maintenance of projects for the purpose of conserving or developing the water resources of the state.

COLORADO UNINSURABLE HEALTH INSURANCE PLAN

The plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents that are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

**COMBINING BALANCE SHEET
ALL DISCRETELY PRESENTED COMPONENT UNITS
FOR THEIR MOST RECENT FISCAL YEAR END**

(DOLLARS IN THOUSANDS)

	PROPRIETARY FUND TYPES			
	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN
ASSETS:				
Cash and Cash Equivalents	\$ 1,844	\$ 21,135	\$ 47,041	\$ 3,252
Taxes Receivable, net	4,768	-	-	-
Other Receivables, net	364	30,607	1,564	3
Due From Other Governments	-	-	11,190	-
Due From Other Funds	-	-	6,363	-
Inventories	-	4,488	-	-
Other Current Assets	31	1,974	-	-
Investments	-	123,753	56,685	-
Property, Plant and Equipment, net	193,204	152,187	59	-
Other Long-Term Assets	1,958	11,503	206,118	13,027
TOTAL ASSETS	\$ 202,169	\$ 345,647	\$ 329,020	\$ 16,282
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 1,857	\$ 41,857	\$ 3,698	\$ 43
Due To Other Governments	-	-	6,004	-
Due To Other Funds	-	-	5,954	-
Deferred Revenue	-	-	796	186
Other Current Liabilities	-	1,992	8,581	1,122
Notes and Bonds Payable	103,186	135,924	188,105	-
Accrued Compensated Absences	-	4,915	-	-
Other Long-Term Liabilities	-	231	-	-
TOTAL LIABILITIES	105,043	184,919	213,138	1,351
FUND EQUITY:				
Contributed Capital	386	-	68,013	-
Retained Earnings	96,740	-	47,869	14,931
Fund Balances:				
Reserved For:				
Other Specific Purposes	-	-	-	-
Unreserved:				
Undesignated	-	160,728	-	-
TOTAL FUND EQUITY	97,126	160,728	115,882	14,931
TOTAL LIABILITIES AND FUND EQUITY	\$ 202,169	\$ 345,647	\$ 329,020	\$ 16,282

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FIDUCIARY FUND TYPE	
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	TOTALS
\$ 42,400	\$ 115,672
-	4,768
685	33,223
-	11,190
-	6,363
-	4,488
-	2,005
22,608	203,046
-	345,450
-	232,606
\$ 65,693	\$ 958,811
-	47,455
22,645	28,649
409	6,363
-	982
-	11,695
-	427,215
-	4,915
-	231
23,054	527,505
-	68,399
-	159,540
42,639	42,639
-	160,728
42,639	431,306
\$ 65,693	\$ 958,811

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL DISCRETELY PRESENTED COMPONENT UNITS
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1996**

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
REVENUES:	
Interest	\$ 2,655
TOTAL REVENUES	<u>2,655</u>
EXPENDITURES:	
TOTAL EXPENDITURES	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,655
OTHER FINANCING SOURCES (USES):	
Operating Transfer-Out	<u>(2,821)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,821)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(166)
FUND BALANCE, JANUARY 1	<u>42,805</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 42,639</u></u>

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**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ALL DISCRETELY PRESENTED COMPONENT UNITS
PROPRIETARY FUNDS
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
OPERATING REVENUES:					
Charges for Goods and Services	\$ -	\$ 222,235	\$ 2,085	\$ 4,018	\$ 228,338
Interest and Rents	951	-	11,984	-	12,935
Other	-	12,009	-	-	12,009
TOTAL OPERATING REVENUES	951	234,244	14,069	4,018	253,282
OPERATING EXPENSES:					
Salaries & Fringe Benefits	-	90,294	-	-	90,294
Operating and Travel	144	74,068	13,491	5,346	93,049
Cost of Goods Sold	-	44,295	-	-	44,295
Depreciation	4,997	14,859	18	-	19,874
Other	-	7,295	79	-	7,374
TOTAL OPERATING EXPENSES	5,141	230,811	13,588	5,346	254,886
OPERATING INCOME (LOSS)	(4,190)	3,433	481	(1,328)	(1,604)
NON-OPERATING REVENUES AND (EXPENSES):					
Taxes	25,573	-	-	-	25,573
Interest and Rents	434	6,173	2,123	668	9,398
Other Financing Sources	-	-	1,615	3,504	5,119
Debt Service	(8,140)	-	-	-	(8,140)
TOTAL NON-OPERATING REVENUES (EXPENSES)	17,867	6,173	3,738	4,172	31,950
INCOME (LOSS) BEFORE OPERATING TRANSFERS	13,677	9,606	4,219	2,844	30,346
OPERATING TRANSFERS:					
Operating Transfer-In	-	-	2,821	-	2,821
TOTAL OPERATING TRANSFERS	-	-	2,821	-	2,821
NET INCOME/CHANGE IN RETAINED EARNINGS	13,677	9,606	7,040	2,844	33,167
FUND EQUITY, FISCAL YEAR BEGINNING					
Additions (Deductions) to Contributed Capital	83,449	147,552	98,712	12,087	341,800
Change in Unrealized Gains/Losses on Available-for-Sale Securities	-	-	10,130	-	10,130
	-	3,570	-	-	3,570
FUND EQUITY, FISCAL YEAR END	\$ 97,126	\$ 160,728	\$ 115,882	\$ 14,931	\$ 388,667

**COMBINING STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
PROPRIETARY FUNDS
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)

	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income (Loss)	\$ (4,190)	\$ 3,433
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,997	14,859
Interest (Income) Expense	-	7,295
Net Periodic Pension Cost	-	4,221
Other Adjustments	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(20)	5,176
(Increase) Decrease in Inventories	-	(745)
(Increase) Decrease in Other Operating Assets	3	(1,014)
Increase (Decrease) in Accounts Payable	(18)	(5,939)
Increase (Decrease) in Accrued Compensated Absences	-	(301)
Increase (Decrease) in Other Operating Liabilities	-	(6,153)
Insurance Premiums	-	-
Claims and General Insurance Expenses Paid	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	772	20,832
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Other Financing Sources	-	-
Operating Transfer-In	-	-
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Taxes	25,218	-
Principal Repayments of Loans Receivable	155	-
Loans Made	-	-
Payment from Other Fund - Advance	-	-
Payment to Other Fund - Advance	-	-
Note and Bond Proceeds, net	-	-
Payment to Refunded Escrow Agent	-	-
Received from Lease Escrow	321	-
Additions to Contributed Capital	-	-
Purchase of Property, Plant, and Equipment	(3,552)	(16,960)
Capital Lease Obligation Payments	(6,791)	-
Debt Service Payments	(16,074)	(9,168)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(723)	(26,128)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	414	6,173
Sales of Investments	-	261,564
Purchases of Investments	-	(261,736)
Net Changes in Assets and Liabilities Related to Investment Activities:		
(Increase) Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	414	6,001
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	463	705
CASH AND CASH EQUIVALENTS, FISCAL YEAR BEGINNING	1,381	20,430
CASH AND CASH EQUIVALENTS, FISCAL YEAR END	\$ 1,844	\$ 21,135

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COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 4,219	\$ (1,328)	\$ 2,134
98	-	19,954
-	-	7,295
-	-	4,221
-	1,328	1,328
616	-	5,772
-	-	(745)
10	-	(1,001)
816	-	(5,141)
-	-	(301)
(8)	-	(6,161)
-	4,149	4,149
-	(7,259)	(7,259)
5,751	(3,110)	24,245
-	2,662	2,662
2,821	-	2,821
2,821	2,662	5,483
-	-	25,218
8,227	-	8,382
(20,189)	-	(20,189)
1,725	-	1,725
(1,725)	-	(1,725)
44,479	-	44,479
(30,176)	-	(30,176)
-	-	321
10,107	-	10,107
(13)	-	(20,525)
-	-	(6,791)
(8,015)	-	(33,257)
4,420	-	(22,431)
-	135	6,722
-	-	261,564
-	-	(261,736)
(4,950)	-	(4,950)
(4,950)	135	1,600
8,042	(313)	8,897
38,999	3,565	64,375
\$ 47,041	\$ 3,252	\$ 73,272

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
ALL DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 1996**

(DOLLARS IN THOUSANDS)	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31
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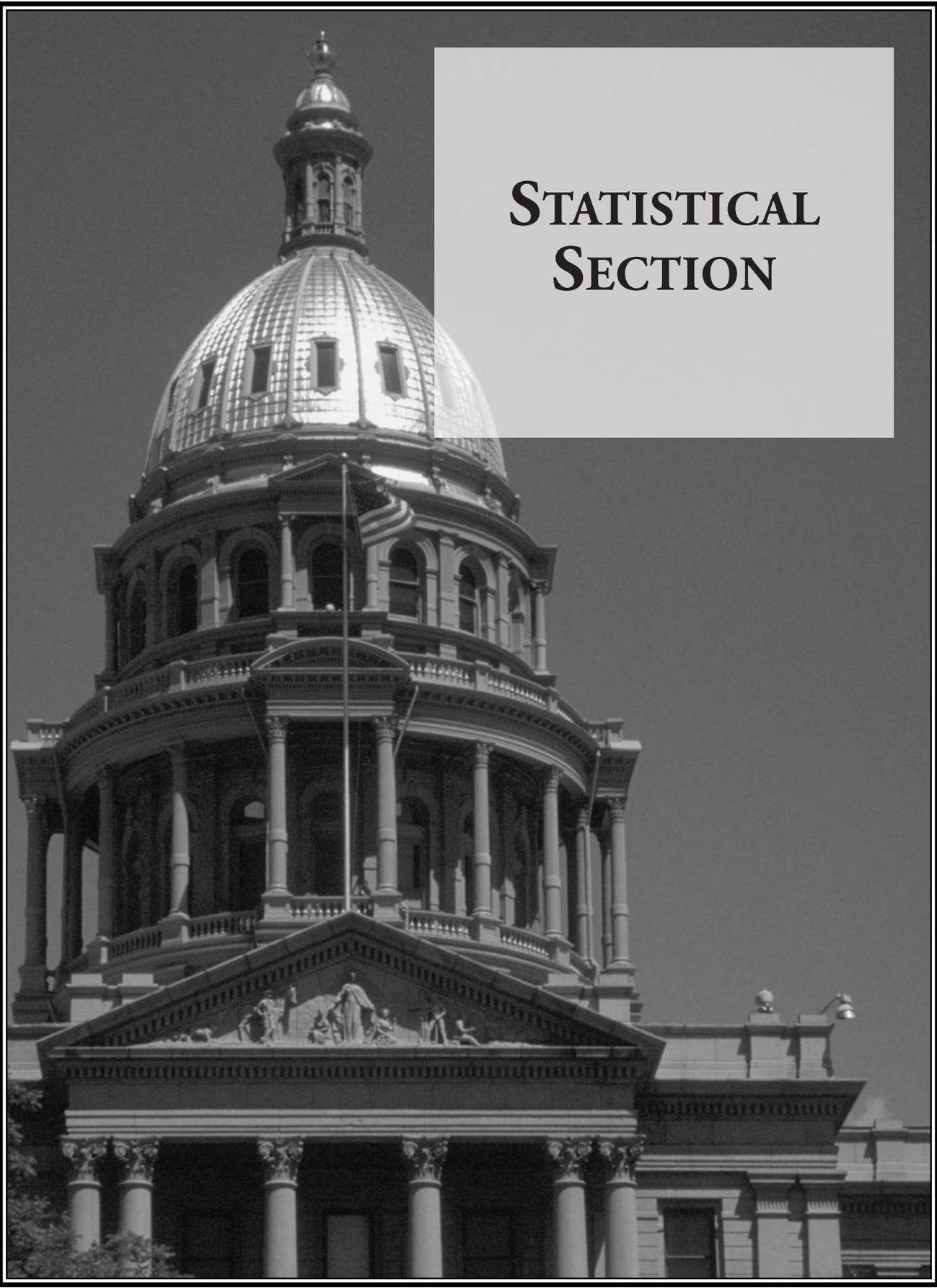
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY:

ASSETS:

Cash and Investments - Trust Accounts	\$ 34,306	\$ 15,584	\$ 27,282	\$ 22,608
Interest Receivable on Investments	635	1,585	1,774	446
TOTAL ASSETS	\$ 34,941	\$ 17,169	\$ 29,056	\$ 23,054

LIABILITIES:

Project Funds Payable	\$ 33,535	\$ 14,199	\$ 25,491	\$ 22,243
Interest Due to Borrowers	120	417	135	402
Due To Other Funds	1,286	1,168	2,045	409
TOTAL LIABILITIES	\$ 34,941	\$ 15,784	\$ 27,671	\$ 23,054



**STATISTICAL
SECTION**

**REVENUES AND OTHER FINANCINGS BY SOURCE
EXPENDITURES AND OTHER USES BY FUNCTION - PRIMARY GOVERNMENT
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**

Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	1996-97	1995-96	1994-95	1993-94
REVENUES AND OTHER FINANCING SOURCES:				
Taxes	\$ 5,265	\$ 4,841	\$ 4,549	\$ 4,177
Licenses, Permits, and Fines	388	358	301	289
Charges for Goods and Services	189	171	179	343
Interest	198	170	130	104
Federal Grants and Contracts	2,128	2,133	2,048	2,121
Other	127	111	126	112
Other Financing Sources	24	7	-	-
Transfers-In	582	500	450	369
TOTAL REVENUES AND OTHER SOURCES	8,901	8,291	7,783	7,515
EXPENDITURES AND OTHER USES BY FUNCTION:				
Current:				
General Government	198	184	140	216
Business, Community and Consumer Affairs	388	405	378	449
Education	91	65	60	53
Health and Rehabilitation	373	359	340	346
Justice	583	534	487	447
Natural Resources	114	109	102	92
Social Assistance	1,817	1,703	1,630	1,562
Transportation	578	558	543	582
Capital Outlay	158	96	74	88
Intergovernmental:				
Cities	157	157	161	151
Counties	719	676	663	626
School Districts	1,907	1,783	1,659	1,581
Other	175	161	126	125
Debt Service	55	43	45	40
TABOR Refund	139	-	-	-
Other	-	6	-	-
Transfers-Out:				
Higher Education	692	632	557	543
Other	535	644	431	372
TOTAL EXPENDITURES AND OTHER USES	8,679	8,115	7,396	7,273
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	222	176	387	242
Prior Period Adjustments	(2)	4	(20)	1
FUND BALANCE, JUNE 30	\$ 2,547	\$ 2,327	\$ 2,147	\$ 1,780

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1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
\$ 3,837	\$ 3,519	\$ 3,205	\$ 3,225	\$ 3,050	\$ 2,777
263	249	229	102	74	154
450	173	144	110	83	74
137	150	162	84	107	81
2,022	1,778	1,505	1,216	1,119	1,073
57	166	110	204	129	141
108	144	29	71	65	1
243	245	288	242	236	163
7,117	6,424	5,672	5,254	4,863	4,464
149	211	196	219	195	168
472	432	326	108	104	130
53	47	51	48	37	33
342	323	308	284	266	245
423	394	367	379	303	263
89	78	73	68	63	70
1,701	1,328	1,023	913	823	848
499	505	525	418	414	400
92	106	93	202	131	118
130	131	108	104	91	80
594	542	493	433	402	387
1,492	1,134	1,216	1,166	1,076	1,010
100	109	91	45	36	33
23	173	26	12	7	3
-	-	-	-	-	-
115	1	-	-	-	-
532	508	504	529	488	445
180	173	217	195	202	127
6,986	6,195	5,617	5,123	4,638	4,360
131	229	55	131	225	104
-	-	-	2	-	-
\$ 1,537	\$ 1,406	\$ 1,177	\$ 1,122	\$ 989	\$ 764

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

(DOLLARS IN MILLIONS)

	1996-97	1995-96	1994-95	1993-94
Income Tax:				
Individual	\$ 2,573	\$ 2,318	\$ 2,106	\$ 1,920
Corporate	237	206	191	147
Net Income Tax	2,810	2,524	2,297	2,067
Sales, Use, and Excise Taxes	1,521	1,415	1,316	1,208
Inheritance and Gift Taxes	35	32	28	34
Insurance Tax	112	110	105	102
Other Taxes	20	18	17	20
Interest	41	37	29	18
Medicaid Provider Revenues	80	69	127	205
Other	60	64	77	71
TOTAL GENERAL REVENUES	\$ 4,679	\$ 4,269	\$ 3,996	\$ 3,725
Percent Change Over Previous Year	9.6%	6.8%	7.3%	8.2%

(AS PERCENT OF TOTAL)

Net Income Tax	60.1%	59.1%	57.5%	55.5%
Sales, Use, and Excise Taxes	32.5	33.2	32.9	32.4
Inheritance and Gift Taxes	0.7	0.7	0.7	0.9
Insurance Tax	2.4	2.6	2.6	2.7
Other Taxes	0.4	0.4	0.4	0.5
Interest	0.9	0.9	0.7	0.5
Medicaid Provider Revenues	1.7	1.6	3.2	5.5
Other	1.3	1.5	2.0	2.0
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

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1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
\$ 1,760	\$ 1,608	\$ 1,462	\$ 1,381	\$ 1,311	\$ 1,195
139	113	116	104	166	113
1,899	1,721	1,578	1,485	1,477	1,308
1,079	1,000	931	913	833	814
20	34	15	21	15	13
92	89	85	82	82	81
25	12	10	8	11	7
8	6	4	16	16	6
259	82	-	-	-	-
61	52	41	55	50	54
\$ 3,443	\$ 2,996	\$ 2,664	\$ 2,580	\$ 2,484	\$ 2,283
14.9%	12.5%	3.3%	3.9%	8.8%	4.9%
55.2%	57.4%	59.2%	57.6%	59.5%	57.3%
31.3	33.4	34.9	35.4	33.5	35.7
0.6	1.1	0.6	0.8	0.6	0.6
2.7	3.0	3.2	3.2	3.3	3.5
0.7	0.4	0.4	0.3	0.4	0.3
0.2	0.2	0.1	0.6	0.6	0.3
7.5	2.7	0.0	0.0	0.0	0.0
1.8	1.8	1.6	2.1	2.1	2.3
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

**EXPENDITURES BY DEPARTMENT
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years**

(DOLLARS IN THOUSANDS)

	1996-97	1995-96	1994-95	1993-94	1992-93
Department:					
Administration			\$ 9,056	\$ 10,905	\$ 11,535
Agriculture	\$ 11,165	\$ 6,477	6,310	5,712	5,568
Corrections	257,072	234,049	204,073	179,173	157,012
Education	1,720,335	1,590,861	1,503,783	1,416,693	1,217,078
Governor	12,377	3,509	6,698	2,475	2,632
Health				21,473	20,755
Health Care Policy and Financing	756,690	692,241	666,813		
Higher Education	618,464	581,143	537,905	531,344	526,337
Human Services	441,637	407,321	366,960		
Institutions				125,750	140,987
Judicial Branch	159,226	150,447	142,681	132,944	126,116
Labor and Employment	-	610	272	-	-
Law	7,471	6,454	7,139	6,859	7,059
Legislative Branch	21,266	19,891	18,970	18,707	17,852
Local Affairs	25,940	23,986	21,718	15,803	14,519
Military Affairs	3,098	2,572	2,601	2,523	2,432
Natural Resources	24,130	22,442	20,157	17,408	16,519
Personnel	14,591	13,185	4,464	4,201	4,040
Public Health and Environment	18,200	17,277	16,080		
Public Safety	36,047	36,325	33,269	30,202	28,220
Regulatory Agencies	1,479	898	527	107	620
Revenue	52,711	38,654	35,095	26,750	28,863
Social Services				832,629	833,566
State	-	-	-	-	-
Transportation	-	-	-	-	-
Treasury	3,102	2,535	3,852	2,410	2,356
Transfer to the Capital Construction Fund	250,968	254,962	201,708	173,073	32,555
Transfer to the Controlled Maintenance Trust Fund	-	196,000	19,400	32,650	-
Transfers for Water Construction Projects	-	-	30,000	-	-
Transfer to the Highway Users Tax Fund	-	-	-	-	-
Unclassified by Department	98,464	88,614	54,384	57,081	53,238
TOTAL	\$4,534,433	\$4,390,453	\$3,913,915	\$3,646,872	\$3,249,859

(AS PERCENT OF TOTAL)

Education	37.9%	36.2%	38.4%	38.8%	37.5%
Health Care Policy and Financing	16.7	15.8	17.0		
Higher Education	13.6	13.2	13.7	14.6	16.2
Human Services	9.7	9.3	9.4		
Corrections	5.7	5.3	5.2	4.9	4.8
Transfer to the Capital Construction Fund	5.5	5.8	5.2	4.7	1.0
Transfer to the Controlled Maintenance Trust Fund		4.5			
Judicial	3.5	3.4	3.6	3.6	3.9
Social Services				22.8	25.6
Institutions				3.4	4.3
All Others	7.4	6.5	7.5	7.2	6.7
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

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1991-92	1990-91	1989-90	1988-89	1987-88
\$ 15,375	\$ 13,349	\$ 13,543	\$ 11,626	\$ 12,272
5,543	5,636	5,833	5,760	5,329
143,072	134,566	133,037	97,039	77,180
1,133,740	1,083,912	1,037,844	961,463	899,245
2,450	2,782	4,629	3,081	3,039
21,128	23,774	24,263	22,634	23,327
496,344	501,669	497,761	475,069	438,663
140,349	135,113	125,210	123,571	117,702
117,623	111,103	104,950	96,797	88,855
141	652	406	625	-
7,545	6,166	6,381	5,870	3,769
17,727	16,616	16,986	16,631	15,065
12,466	13,567	7,815	7,134	10,069
2,412	1,995	1,786	1,803	1,559
15,879	16,588	16,100	15,346	15,033
3,900	4,137	3,772	3,546	3,464
26,579	28,617	22,401	17,684	15,936
9,677	9,003	8,693	7,684	7,139
26,216	24,921	23,038	22,116	21,964
644,451	514,359	442,149	402,300	339,994
-	-	-	(630)	(2,065)
-	-	-	-	-
3,143	2,321	2,236	1,653	1,568
(27,177)	41,554	32,450	70,481	27,573
-	-	-	-	-
-	1,000	400	5,000	-
-	10,000	10,000	30,000	15,700
60,238	60,594	59,331	52,596	86,016
\$2,878,821	\$2,763,994	\$2,601,014	\$2,456,879	\$2,228,396

39.4%	39.2%	39.9%	39.1%	40.4%
17.2	18.2	19.1	19.3	19.7
5.0	4.9	5.1	3.9	3.5
-0.9	1.5	1.2	2.9	1.2
4.1	4.0	4.0	3.9	4.0
22.4	18.6	17.0	16.4	15.3
4.9	4.9	4.8	5.0	5.3
7.9	8.7	8.9	9.5	10.6
100.0%	100.0%	100.0%	100.0%	100.0%

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

	1996-97	1995-96	1994-95	1993-94	1992-93
General Government	2,371	2,333	2,300	2,297	2,420
Business, Community, and Consumer Affairs	2,303	2,267	2,265	2,276	2,238
Education	27,522	26,862	26,216	26,327	25,864
Health and Rehabilitation	3,771	4,043	4,292	4,216	4,179
Justice	8,468	8,140	7,785	7,534	7,123
Natural Resources	1,339	1,337	1,337	1,307	1,281
Social Assistance	1,432	1,138	1,056	1,269	1,259
Transportation	3,068	3,103	3,092	3,095	3,061
TOTAL FTE	50,274	49,223	48,343	48,321	47,425
AVERAGE MONTHLY SALARY					
TOTAL CLASSIFIED FTE	28,839	28,483	28,131	28,172	27,763
AVERAGE MONTHLY SALARY	\$ 3,027	\$ 2,954	\$ 2,877	\$ 2,686	\$ 2,666
TOTAL NON-CLASSIFIED FTE	21,435	20,740	20,212	20,149	19,662
AVERAGE MONTHLY SALARY	\$ 4,000	\$ 3,935	\$ 3,825	\$ 3,586	\$ 3,539

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and 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 positions in the Department of Higher Education.

FTE is an acronym for Full-Time Equivalent employee. Employees on the state's payroll system are designated as either full-time or part-time. Each full-time employee was counted as one FTE. For each state agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the FTE for part-time employees.

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1991-92	1990-91	1989-90	1988-89	1987-88
2,647	2,441	2,425	2,705	2,712
2,148	2,165	2,287	2,399	2,516
24,945	24,459	24,360	24,306	23,647
4,242	4,344	4,270	4,205	4,122
6,807	6,637	6,194	5,691	5,407
1,236	1,206	1,233	1,201	1,182
1,332	1,387	1,380	1,362	1,312
2,996	2,911	2,901	2,929	3,034
46,353	45,550	45,050	44,798	43,932
			2,557	2,481
27,373	27,113	27,392	N/A	N/A
\$ 2,597	\$ 2,482	\$ 2,377	N/A	N/A
18,980	18,437	17,658	N/A	N/A
\$ 3,445	\$ 3,262	\$ 3,090	N/A	N/A

REVENUE BOND COVERAGE Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Higher Education Facilities</u>							
1996-97	\$ 346,355	\$ 237,948	\$ 108,407	\$ 13,745	\$ 17,434	\$ 31,179	3.48
1995-96	320,347	219,994	100,353	11,460	15,790	27,250	3.68
1994-95	248,013	155,592	92,421	10,645	17,728	28,373	3.26
1993-94	221,535	134,380	87,155	7,241	16,210	23,451	3.72
1992-93	211,715	129,403	82,312	6,111	13,286	19,397	4.24
1991-92	172,056	116,961	55,095	7,180	11,458	18,638	2.96
1990-91	143,462	115,852	27,610	4,626	10,880	15,506	1.78
1989-90	139,528	113,817	25,711	4,322	10,202	14,524	1.77
1988-89	131,217	106,078	25,139	4,156	8,950	13,106	1.92
1987-88	123,254	99,836	23,418	3,976	8,574	12,550	1.87

COLORADO SALES AND ASSESSED PROPERTY VALUES 1988 to 1997

(Amounts in Billions)

Year	Retail Sales	Wholesale Sales	Assessed Property Values
1997 est	\$ 45.4	\$ 35.1	N/A
1996	42.6	32.2	33.6
1995	39.9	28.7	32.5
1994	38.4	25.3	29.8
1993	34.3	21.2	28.5
1992	31.3	19.5	28.5
1991	28.0	19.3	28.3
1990	27.6	17.8	29.1
1989	26.2	16.0	29.1
1988	24.8	16.4	31.6
1987	24.5	15.8	33.3

Wholesale sales include only those sales reported on sales tax reports.

Source: Colorado Department of Revenue, Colorado Division of Property Taxation, and the Colorado Business/Economic Outlook Committee.

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VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE 1988 TO 1997

(Amounts in Millions)

Year	Residential	Non-Residential	Non-Building	Total
1997 est	\$ 4,224	\$ 2,650	\$ 1,050	\$ 7,924
1996 est	4,474	2,400	925	7,799
1995	3,629	1,858	788	6,275
1994	3,896	1,585	974	6,455
1993	3,325	1,682	1,073	6,080
1992	2,393	1,642	1,668	5,703
1991	1,713	1,539	1,231	4,483
1990	1,426	947	879	3,252
1989	1,191	946	661	2,798
1988	1,173	973	604	2,750

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

COLORADO BANK DEPOSITS AND LIFE INSURANCE SALES 1988 TO 1997

(Amounts in Millions)

Year	Life Insurance Sales	Bank Deposits	Savings & Loan Deposits	Credit Union Deposits	Total Deposits
1997 est	\$18,551	\$31,750	\$2,200	\$5,600	\$39,550
1996 est	17,970	30,000	2,100	5,400	37,500
1995	17,500	28,004	2,034	5,128	35,166
1994	16,862	27,775	1,821	4,704	34,300
1993	16,385	25,934	2,297	4,515	32,746
1992	15,770	22,891	5,815	4,245	32,951
1991	15,327	21,410	7,563	4,190	33,163
1990	15,741	21,102	9,336	3,409	33,847
1989	15,630	21,102	10,039	3,392	34,533
1988	16,370	19,667	10,726	3,032	33,425

Source: Colorado Department of Regulatory Agencies, Life Insurance Marketing and Research Association, Inc., Colorado Credit Union League, and the Colorado Business/Economic Outlook Committee.

COLORADO DEMOGRAPHIC DATA 1988 TO 1997

Year	Population (000)	% of U.S. Population	Per Capita Personal Income	% of U.S. Per Capita Income	Employ- ment (000)	Unemploy- ment %
1997 est	3,882	1.45%	\$ 26,511	104.8%	2,106	4.1%
1996 est	3,822	1.44	25,196	103.9	2,055	4.0
1995	3,747	1.43	23,961	103.2	2,001	4.2
1994	3,662	1.41	22,707	103.0	1,912	4.2
1993	3,568	1.38	22,015	103.7	1,801	5.3
1992	3,465	1.36	20,973	101.9	1,712	6.0
1991	3,371	1.34	20,060	102.2	1,694	5.1
1990	3,304	1.32	18,814	100.8	1,678	4.9
1989	3,285	1.33	17,767	100.4	1,597	5.8
1988	3,271	1.33	16,696	100.5	1,598	6.4

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

COLORADO EMPLOYMENT BY INDUSTRY 1989-1996

(Amounts in Thousands)

Industry	1996 est	1995	1994	1993	1992	1991	1990	1989
Agriculture	26.0	24.9	18.9	21.3	21.9	22.6	25.6	36.3
Mining	13.1	14.9	15.6	16.1	16.6	18.6	19.9	19.6
Construction	110.0	102.1	97.0	86.0	74.8	66.5	63.6	60.2
Manufacturing	196.5	191.7	190.9	188.1	186.0	185.6	193.2	193.4
Transportation, Communication, and Public Utilities	121.6	117.6	108.3	104.3	99.8	97.8	96.1	93.7
Trade	462.7	454.8	429.4	404.0	385.6	375.5	371.8	363.9
Finance, Insurance, and Real Estate	117.0	113.5	111.1	106.2	99.9	96.7	96.9	96.8
Services	560.7	534.2	504.1	469.4	443.4	421.1	402.6	383.6
Government	310.8	306.2	299.3	296.7	291.1	283.3	276.8	271.4
Total	1,918.4	1,859.9	1,774.6	1,692.1	1,619.1	1,567.7	1,546.5	1,518.9

Excludes nonagricultural self-employed, unpaid family, and domestic workers.

Source: Colorado Division of Employment and the Colorado Business/Economic Outlook Committee.

OTHER COLORADO FACTS

Important Dates

- 1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.
- 1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. They do, however, reach the headwaters of the Arkansas River near Leadville.
- 1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.
- 1858 Gold is discovered along Cherry Creek near the present day Denver.
- 1861 Congress establishes the Colorado Territory with the boundaries of the present state and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The supreme court is organized. The first assembly meets and creates 17 counties, authorizes the university, and selects Colorado City as the territorial capital.
- 1867 Denver established as permanent seat of the territorial government by the legislature meeting in Golden.
- 1870 The Denver Pacific Railroad is completed to Denver.
- 1876 Colorado is admitted to the Union as the 38th State. John L. Routt is elected the first governor.
- 1877 The University of Colorado opens classes at Boulder with two teachers and 44 students.
- 1894 The State Capitol Building is completed at a cost of \$2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.
- 1906 The U.S. Mint at Denver issues its first coins.
- 1958 The U.S. Air Force Academy's permanent campus opens near Colorado Springs.

Geography

Area: 104,247 square miles.

Highest Elevation: Mt Elbert, 14,431 feet above sea level.

Lowest Elevation: Along the Arkansas River in Powers County, 3,350 feet above sea level.

Colorado has the highest average elevation of all fifty states at 6800 feet above sea level.

State Motto - Nil Sine Numine - Nothing Without the Deity

State Animal - Rocky Mountain Bighorn Sheep

State Bird - Lark Bunting

State Fish - Greenback Cutthroat Trout

State Tree - Colorado Blue Spruce

State Flower - White and Lavender Columbine