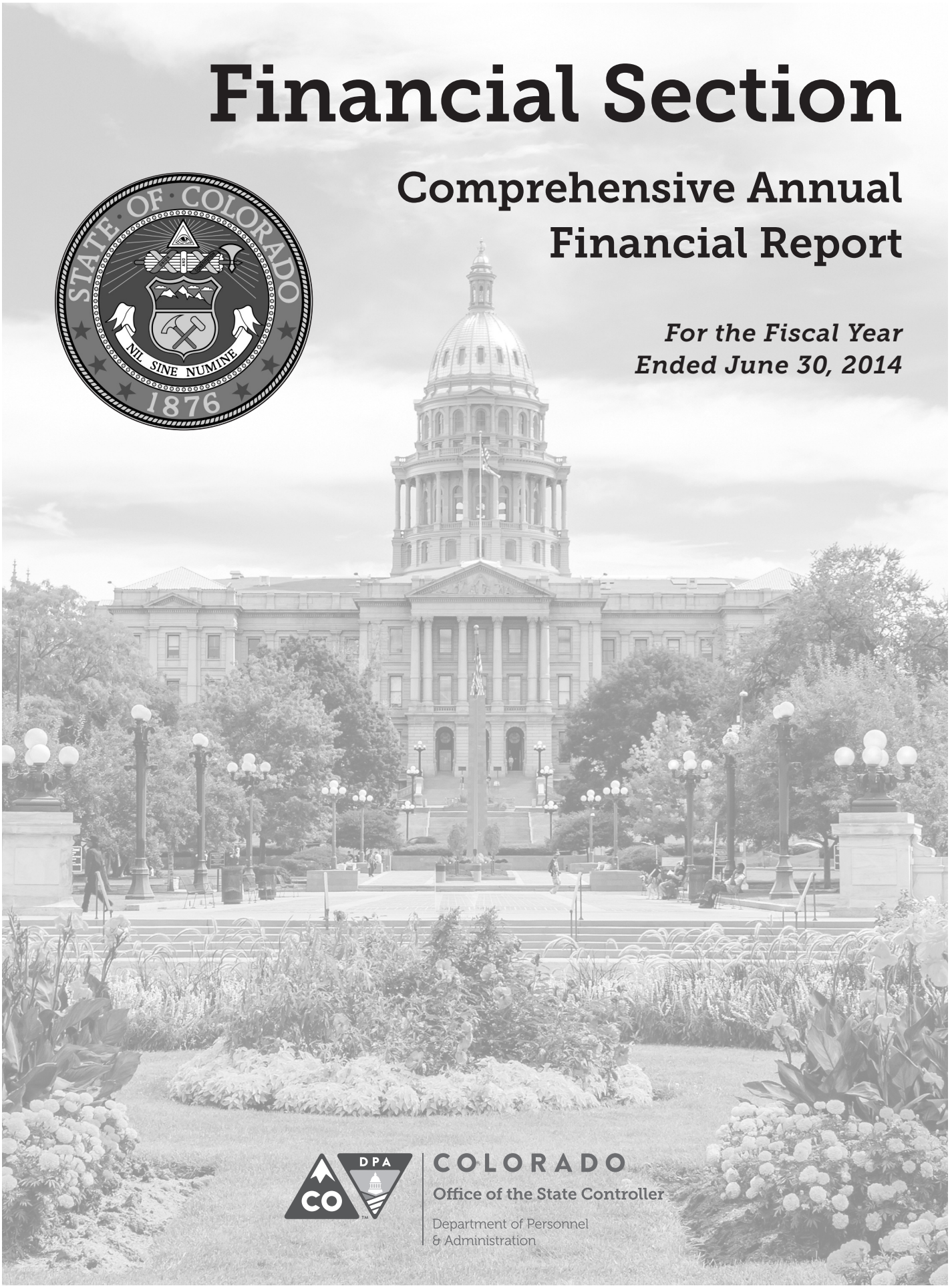
Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



COLORADO
Office of the State Controller
Department of Personnel & Administration

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

Independent Auditor's Report

Members of the Legislative Audit Committee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado (the State), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 2, which represent 100 percent of total assets, 100 percent of net position, and 100 percent of revenues, of the discretely presented component units. In addition, we did not audit the financial statements of University Physicians, Inc., a blended component unit, which represents approximately 4 percent of the total assets, 6 percent of the net position, and 11 percent of the total revenues of Higher Education Institutions, a major enterprise fund, and approximately 3 percent of the total assets, 4 percent of the net position, and 8 percent of the total revenues of business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts and disclosures included for those discretely presented component units and for University Physicians, Inc., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Colorado Foundation, Colorado State University Foundation, Colorado School of Mines Foundation, and the University of Northern Colorado Foundation, discretely presented major component units; and University Physicians, Inc., a blended component unit, were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 45 to the financial statements, as of July 7, 2014, the State of Colorado implemented its new financial reporting system identified as the Colorado Operations Resource Engine (CORE). This system replaced the 22-year old previous financial reporting system and retired its former financial system. Our opinion is not modified with respect to this matter.

Change in Accounting Principle

As described in *Notes 1-7 Summary of Significant Accounting Policies section* to the financial statements, the State of Colorado adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65 - *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66 - *Technical Corrections—2012, an amendment of GASB Statements No. 10 and No. 62*; GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees* in Fiscal Year 2014. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, and other postemployment benefit information listed in the table of contents beginning on page 1, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We, and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Omission of Information

Management has omitted tuition and fees within the *Schedule of Revenues, Expenditure/Expenses, and Changes in Fund Balances/Net Position – Budgetary Basis, Budget and Actual – Cash Funded and the Reconciling Schedule All Budget Fund Types to All GAAP Fund Types*, for higher education institutions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying supplementary information: the combining and individual nonmajor fund financial statements, the schedule of capital assets, and the schedule of other funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

The transmittal letter, introductory section, statistical section, and graphical presentations have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue a separate report on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the

scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

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

Denver, Colorado
December 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and it is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. Fiscal Year 2012-13 balances have been restated to reflect the implementation of GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities for comparison to Fiscal Year 2013-14. It is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the attached financial statements and notes should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

Government-wide:

Assets of the State's governmental activities exceeded liabilities by $15,649.7 million, an increase in net position of $702.3 million as compared to the restated prior year amount of $14,947.4 million. Cash and restricted cash balances increased by $509.2 million primarily as a result of increased general-purpose tax revenue, resource extracting activity, and a variety of other activities in Other Special Revenue Funds. Taxes Receivable, net of refunds payable, also increased by $106.2 million while investments and restricted investments increased by $28.3 million. Capital assets, net of accumulated depreciation, increased by $48.5 million, primarily due to increases in infrastructure construction and public school construction offset by depreciation charges of $501.8 million.

Assets of the State's business-type activities exceeded liabilities by $7,289.8 million, an increase in net position of $631.6 million as compared to the restated prior year amount of $6,658.2 million. The overall increase was primarily the result of the following net position changes: an increase of $315.3 million in Higher Education Institutions, an increase of $186.8 million in Unemployment Insurance, and an increase of $130.2 million in Other Enterprises (primarily in the Transportation Enterprise). In total, net position of the State increased by $1,333.9 million to $22,939.5 million.

Fund Level:

Governmental fund assets exceeded liabilities resulting in total fund balance of $6,734.1 million (prior year $6,100.2 million). In total, governmental fund balances increased by $633.9 million from the prior year due to increases in the General Fund, Resource Extraction Fund, Capital Projects Fund, and Other Governmental Funds, which were partially offset by reductions in the State Education Fund and the Highway Users Tax Fund (HUTF). The General Fund increase of $135.9 million was due to improved general-purpose tax collections in the General Purpose Revenue Fund. The General Purpose Revenue Fund portion of the General Fund is required to maintain a reserve of five percent of General Purpose Revenue Fund appropriations on a legal basis; $249.2 million was available on a GAAP basis to partially fund the reserve for Fiscal Year 2013-14. The reserve is required to increase to 6.5 percent in the Fiscal Year 2014-15. The Resource Extraction Fund increased by $213.5 million due to increased cash related to severance taxes, mineral leasing, and fees. The HUTF decreased by $67.2 million with increases in expenditures outpacing increases in revenue. The Capital Projects Fund increased by $219.8 million due to additional funding from the General Purpose Revenue Fund. The State Education Fund decreased by $165.2 million due to significantly smaller transfers-in of $38.6 million from the State's general fund surplus as compared to $1,073.5 million in the prior year. The Other Governmental Funds increased by $296.9 million, largely due to activity in the Labor, Tobacco Impact Litigation, Resource Management, Unclaimed Property and Other Special Revenue funds.

Enterprise Fund assets exceeded liabilities resulting in total net position of $7,289.8 million (restated prior year $6,658.2 million), of which $4,901.4 million (prior year $4,536.7 million) was restricted or invested in capital assets, and the balance of $2,388.4 million (restated prior year $2,121.5 million) was unrestricted. The total increase of $631.6 million in Enterprise Fund net position was primarily due to an increase of $315.3 million in Higher Education Institutions, $186.8 million in the Unemployment Insurance Fund, and $130.2 million in Other Enterprises, primarily the Transportation Enterprises.

Debt Issued and Outstanding:

The outstanding governmental activities' notes, bonds, and Certificates of Participation at June 30, 2014, were $1,729.1 million (restated prior year $1,765.6 million), which is 21.0 percent (restated prior year 24.3 percent) of financial assets (cash, receivables, and investments) and 8.4 percent (prior year 9.1 percent) of total assets of governmental activities. The governmental activities debt is primarily related to infrastructure, State buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and State highway revenues, State building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues. The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $4,375.6 million (restated prior year $4,044.2 million). The majority of the outstanding revenue bonds is related to Higher Education Institutions and is invested in capital assets that generate a future revenue stream to service the related debt. The Division of Unemployment Insurance also has bonds outstanding secured by future employer insurance premiums.

Revenue and Spending Limits:

The State Constitution indirectly limits the rate of spending increases and directly limits the State's ability to retain revenue in excess of the limit. Any excess must be refunded to the taxpayers unless otherwise approved by the voters. In the November 2005 election, voters passed Referendum C, which allowed the State to retain revenues in excess of the TABOR limit for Fiscal Years 2005-06 through 2009-10. The State did not have revenues in excess of the Referendum C Excess State Revenue Cap for Fiscal Year 2013-14, and although it did exceed the TABOR limit by $2,125.3 million, no refund was required because Referendum C replaced the TABOR limit with the Excess State Revenues Cap as the threshold for refunds. The $0.7 million TABOR Refund Liability shown on the financial statements is the residual amount of a Fiscal Year 2004-05 TABOR refund that was not distributed as of June 30, 2014. (See page 29 for more information on the TABOR requirements and Referendum C.)

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

There are three major parts to the basic financial statements – government-wide statements, fund-level statements, and notes to the financial statements. Certain required supplementary information (in addition to this MD&A), including budget-to-actual comparisons and funding progress for other post-employment benefits is presented following the basic financial statements. Supplementary information, including combining fund statements and schedules, follows the required supplementary information in the Comprehensive Annual Financial Report.

Government-wide Statements

The government-wide statements focus on the government as a whole. These statements are similar to those reported by businesses in the private sector, but they are not consolidated financial statements because certain intra-entity transactions have not been eliminated. Using the economic resources perspective and the accrual basis of accounting, these statements include all assets, liabilities, deferred inflows, and deferred outflows on the *Statement of Net Position* and all expenses and revenues on the *Statement of Activities*. These statements can be viewed as an aggregation of the governmental and proprietary fund-level statements along with certain perspective and accounting-basis adjustments discussed below. Fiduciary activities are excluded from the government-wide statements because those resources are not available to support the State's programs.

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

The *Statement of Activities* shows how the financial position has changed since the beginning of the fiscal year. The most significant financial measure of the government's current activities is presented in the line item titled "Change in Net Position" at the bottom of the *Statement of Activities.* The statement is presented in a net program cost format, which shows the cost of programs to the government by offsetting revenues earned by the programs

against expenses of the programs. Due to the large number of programs operated by the State, individual programs are aggregated into functional areas of government.

On the *Statement of Net Position*, columns are used to segregate the primary government, including governmental activities and business-type activities, from the discretely presented component units. On the *Statement of Activities*, both columns and rows are used for this segregation. The following bullets describe the segregation.

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities include Internal Service Funds and are primarily funded through taxes, intergovernmental revenues, and other nonexchange revenues.
- Business-type activities are primarily funded by charges to external parties for goods and services. These activities are generally reported in Enterprise Funds in the fund-level statements because the activity has revenue-backed debt or because legal requirements or management decisions mandate full cost recovery.
- Discretely presented component units are legally separate entities for which the State is financially accountable. More information on the discretely presented component units can be found in Note 2 on page 71.

Fund-Level Statements

The fund-level statements present additional detail about the State's financial position and activities. However, some fund-level statements present information that is different from the government-wide statements due to the perspective and the basis of accounting used. Funds are balanced sets of accounts tracking activities that are legally defined or are prescribed by generally accepted accounting principles. Funds are presented on the fund-level statements as major or nonmajor based on criteria set by the Governmental Accounting Standards Board (GASB). There are three types of funds operated by the State – governmental, proprietary, and fiduciary. In the fund-level statements, each fund type has a pair of statements that show financial position and activities of the fund; a statement showing cash flows is also presented for the proprietary fund type.

- Governmental Funds – A large number of the State's individual funds and activities fall in this fund type; however, only some are reported as major – the remaining funds are aggregated into the nonmajor column with additional fund detail presented in the Supplementary section of this report. Governmental Funds are presented using the current financial resources perspective, which is essentially a short-term view that excludes capital assets, debt, and other long-term liabilities. The modified accrual basis of accounting is used. Under modified accrual, certain revenues are deferred because they will not be collected within the next year, and certain expenditures are not recognized, even though they apply to the current period, because they will not be paid until later fiscal periods. This presentation focuses on when cash will be received or disbursed, and it is best suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Funds.
- Proprietary Funds – Proprietary fund type accounting is similar to that used by businesses in the private sector. It is used for the State's Enterprise Funds and Internal Service Funds. Enterprise Funds generally sell to external customers while Internal Service Funds generally charge other State agencies for goods or services. These funds are presented under the economic resources measurement focus, which reports all assets and liabilities. Accrual accounting is used, which results in revenues recognized when they are earned and expenses reported when the related liability is incurred. Because this is the same perspective and basis of accounting used on the government-wide statements, Enterprise Fund information flows directly to the business-type activities column on the government-wide statements without adjustment. Internal Service Fund assets and liabilities are reported in the governmental activities on the government-wide *Statement of Net Position* because Internal Service Funds primarily serve governmental funds. The net revenue or net expense of Internal Service Funds is reported as an increase or reduction to program expenses on the government-wide *Statement of Activities.* On the fund-level statements, nonmajor Enterprise Funds are aggregated in a single column, as are all Internal Service Funds.
- Fiduciary Funds – These funds report resources held under trust agreements for other individuals, organizations, or governments. The assets reported are not available to finance the State's programs, and

therefore, these funds are not included in the government-wide statements. The State's fiduciary funds include Pension and Other Employee Benefits Trust Funds, several Private-Purpose Trust Funds, and several Agency Funds. Agency Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using the accrual basis of accounting.

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

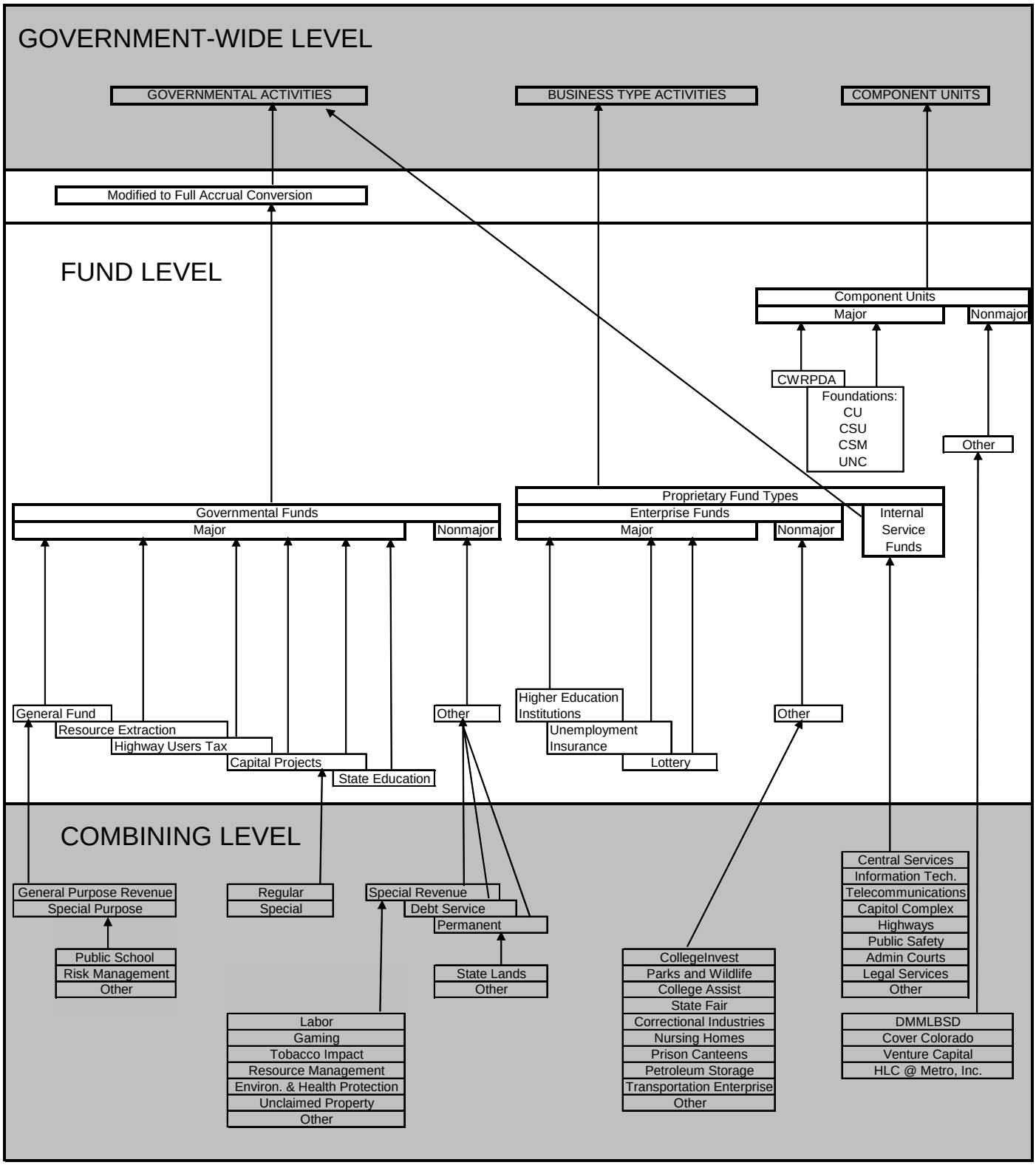
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

Generally accepted accounting principles require certain supplementary information to be presented in this Management's Discussion and Analysis and following the notes to the financial statements. Required supplementary information differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes budgetary comparison schedules and a schedule of funding progress for other post-employment benefits.

The chart on the following page is a graphic representation of how the State's funds are organized in this report. Fiduciary Funds are not shown in the chart; they occur only in fund-level statements.


GOVERNMENT-WIDE LEVEL
GOVERNMENTAL ACTIVITIES
BUSINESS TYPE ACTIVITIES
COMPONENT UNITS
Modified to Full Accrual Conversion
FUND LEVEL
Component Units
Major
Nonmajor
CWRPDA
Foundations:
CU
CSU
CSM
UNC
Other
Proprietary Fund Types
Governmental Funds
Major
Nonmajor
Enterprise Funds
Major
Nonmajor
Internal Service Funds
General Fund
Resource Extraction
Highway Users Tax
Capital Projects
State Education
Other
Higher Education Institutions
Unemployment Insurance
Lottery
Other
COMBINING LEVEL
General Purpose Revenue
Special Purpose
Public School
Risk Management
Other
Regular
Special
Special Revenue
Debt Service
Permanent
State Lands
Other
Labor
Gaming
Tobacco Impact
Resource Management
Environ. & Health Protection
Unclaimed Property
Other
CollegeInvest
Parks and Wildlife
College Assist
State Fair
Correctional Industries
Nursing Homes
Prison Canteens
Petroleum Storage
Transportation Enterprise
Other
Central Services
Information Tech.
Telecommunications
Capitol Complex
Highways
Public Safety
Admin Courts
Legal Services
Other
DMMLBSD
Cover Colorado
Venture Capital
HLC @ Metro, Inc.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

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

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013-14	2012-13 Restated	2013-14	2012-13 Restated	2013-14	2012-13 Restated
Noncapital Assets	$ 9,047,255	$ 8,134,005	$ 6,066,266	$ 5,731,940	$ 15,113,521	$ 13,865,945
Capital Assets	11,532,255	11,483,728	7,246,840	6,692,826	18,779,095	18,176,554
Total Assets	20,579,510	19,617,733	13,313,106	12,424,766	33,892,616	32,042,499
Deferred Outflow of Resources	18,289	19,975	118,103	88,453	136,392	108,428
Current Liabilities	2,407,790	2,022,074	1,446,884	1,359,106	3,854,674	3,381,180
Noncurrent Liabilities	2,539,956	2,668,200	4,694,527	4,495,878	7,234,483	7,164,078
Total Liabilities	4,947,746	4,690,274	6,141,411	5,854,984	11,089,157	10,545,258
Deferred Inflow of Resources	338	-	-	-	338	-
Net Investment in Capital Assets	10,125,644	10,107,082	3,653,265	3,571,408	13,778,909	13,678,490
Restricted	3,554,380	3,656,639	1,248,152	965,311	4,802,532	4,621,950
Unrestricted	1,969,691	1,183,713	2,388,381	2,121,516	4,358,072	3,305,229
Total Net Position	$ 15,649,715	$ 14,947,434	$ 7,289,798	$ 6,658,235	$ 22,939,513	$ 21,605,669

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

Capital assets, net of related debt and deferred outflows, account for $13.8 billion or 60.1 percent of the State's total net position, which represents an increase of $100.4 million from the prior year; capital assets increased in both business-type activities and governmental activities. The increase of $18.6 million in the net investment in governmental capital assets was attributable to transportation projects, public school construction, and office consolidation in the Department of Agriculture offset to a large degree by depreciation charges of $501.8 million on bridge and roadway infrastructure. The current year capital net investment increase in of $81.9 million in business-type activities was primarily attributable to Higher Education Institutions and the Other Enterprise Funds. The addition of capital assets in Other Enterprises (primarily the Transportation Enterprise) from non-financed sources of $103.8 million was offset by a reduction in Higher Education Institutions resulting from an increase in financed capital acquisition. It should be noted that the value of the capital assets is not available to meet related debt service requirements, which must be paid from current receipts or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $4,802.5 million or 20.9 percent of net position, which represents an increase of $180.6 million over the prior year. In general, these restrictions dictate how the related assets must be used by the State, and therefore, the amount may not be available for the general use of the State's programs. The constitutionally mandated State Education Fund fund balance, the Highway Users Tax Fund fund balance, and resources pledged to debt service are examples of restrictions on the State's net position. Governmental activities Restricted Net Position decreased by $102.3 primarily related to the required transfer of the excess general fund surplus of $38.6 million to the State Education Fund, while business-type activities increased by $282.8 million.

The Unrestricted Net Position of $4,358.1 million represents 19.0 percent of total net position and is the amount by which total assets and deferred outflows exceed total liabilities and deferred inflows after all restrictions and capital asset exclusions are considered. This represents an increase of $1,052.8 million from the prior fiscal year. The governmental activities unrestricted net position increased by $786.0 million and business-type activities

increased by $266.9 million. The largest portion of unrestricted net position is reported in Special Revenue Funds; however, legislative action is generally required to make the Special Revenue Fund resources available for State programs other than the program for which the revenue was collected.

Another important measure of the State's financial health is the change in net position from the prior year. The following condensed statement of activities shows, without regard to prior period adjustments, that the governmental activities, expenses and transfers-out were less than revenues and transfers-in resulting in net position increasing by $700.6 million. Program revenue of the governmental activities increased by $913.7 million (10.7 percent) related to increasing charges for services and capital grants and contributions. General-purpose revenues increased by $570.9 million (5.6 percent) primarily due to increased tax collections and accruals of taxes receivable. Expenses, without regard to prior period adjustments, increased by $1,512.5 million (8.5 percent) from the prior year in alignment with increased program and general purpose revenue increases. The following table was derived from the current and prior year government-wide *Statement of Activities*.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
Programs/Functions	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Program Revenues:						
Charges for Services	$ 1,913,770	$ 1,950,925	$ 5,437,170	$ 5,185,664	$ 7,350,940	$ 7,136,589
Operating Grants and Contributions	6,782,914	5,860,052	2,569,038	2,730,519	9,351,952	8,590,571
Capital Grants and Contributions	728,544	700,548	56,899	96,655	785,443	797,203
General Revenues:						
Taxes	9,494,986	8,953,713	-	-	9,494,986	8,953,713
Restricted Taxes	1,052,692	1,039,105	-	-	1,052,692	1,039,105
Unrestricted Investment Earnings	17,312	16,842	-	-	17,312	16,842
Other General Revenues	112,958	97,402	-	-	112,958	97,402
Total Revenues	20,103,176	18,618,587	8,063,107	8,012,838	28,166,283	26,631,425
Expenses:						
General Government	447,359	555,507	-	-	447,359	555,507
Business, Community, and Consumer Affairs	641,182	584,300	-	-	641,182	584,300
Education	5,472,563	5,187,481	-	-	5,472,563	5,187,481
Health and Rehabilitation	720,997	697,795	-	-	720,997	697,795
Justice	1,840,989	1,655,057	-	-	1,840,989	1,655,057
Natural Resources	92,383	77,934	-	-	92,383	77,934
Social Assistance	8,089,560	7,174,711	-	-	8,089,560	7,174,711
Transportation	1,872,441	1,769,013	-	-	1,872,441	1,769,013
Interest on Debt	53,094	16,284	-	-	53,094	16,284
Higher Education Institutions	-	-	5,618,507	5,258,665	5,618,507	5,258,665
Unemployment Insurance	-	-	756,484	1,055,148	756,484	1,055,148
Lottery	-	-	477,434	501,010	477,434	501,010
Parks and Wildlife	-	-	170,898	177,497	170,898	177,497
College Assist	-	-	341,684	407,229	341,684	407,229
Other Business-Type Activities	-	-	209,871	187,265	209,871	187,265
Total Expenses	19,230,568	17,718,082	7,574,878	7,586,814	26,805,446	25,304,896
Excess (Deficiency) Before Contributions, Transfers, and Other Items	872,608	900,505	488,229	426,024	1,360,837	1,326,529
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(172,442)	(128,535)	172,442	128,535	-	-
Permanent Fund Additions	397	741	-	-	397	741
Special Item	-	-	(22,186)	-	(22,186)	-
Total Contributions, Transfers, and Other Items	(172,045)	(127,794)	150,256	128,535	(21,789)	741
Total Changes in Net Position	700,563	772,711	638,485	554,559	1,339,048	1,327,270
Net Position - Beginning	14,947,434	14,179,064	6,658,235	6,139,998	21,605,669	20,319,062
Prior Period Adjustment	1,718	6,956	(6,922)	(5,851)	(5,204)	1,105
Restatement for Accounting Changes	-	(11,297)	-	(30,471)	-	(41,768)
Net Position - Ending	$15,649,715	$ 14,947,434	$ 7,289,798	$ 6,658,235	$22,939,513	$21,605,669

Business-type activities' revenues and net transfers-in in the preceding table exceeded expenses by $638.5 million resulting in an increase in net position. From the prior year to the current year, program revenue of the business-type activities increased by $50.3 million (0.6 percent) and expenses decreased by $11.9 million. Operating Grants and Contributions declined by $161.5 million primarily in Unemployment Insurance followed by Higher Education Institutions. The decrease in Operating Grants and Contributions was partially offset by $251.5 million

in increased Charges for Services, primarily in Higher Education Institutions. The decrease in expenses is primarily attributable to a 28.3 percent decrease in Unemployment Insurance benefits paid, that more than offset increases in all of the other business-type activities, including the largest increase in the Higher Education Institutions.

TABOR Revenue, Debt, and Tax-Increase Limits

Background and Current Condition

Fiscal Year 2013-14 is the twenty first year of State operations under Article X, Section 20 of the State Constitution revenue limitations, which is also known as TABOR. With certain exceptions, the rate of growth of State revenues is limited to the combination of the percentage change in the State's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include revenues from federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the State to retain the surplus. In November 2005 voters approved a measure, commonly known as Referendum C, which was referred to the ballot by the Legislature. Referendum C authorized the State to retain all revenues in excess of the TABOR limit for the five-year period from Fiscal Year 2005-06 through Fiscal Year 2009-10. Referendum C had additional provisions and effects that are discussed below.

TABOR also limits the General Assembly's ability to raise taxes, to borrow money, and to increase spending limits. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election. Multiple year borrowings can only be undertaken after approval by a similar vote.

The TABOR limits are calculated and applied at the statewide level without regard to fund type; however, the TABOR refunds have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations have historically been significant factors in the changing fiscal status of the State's General Fund. The original decision to pay TABOR refunds out of the General Fund continues to be important under Referendum C because revenues in excess of the TABOR limit that are recorded by cash funds remain in those funds (barring Legislative action) but are required to be budgeted and expended from the General Fund Exempt Account created in the General Fund by Referendum C.

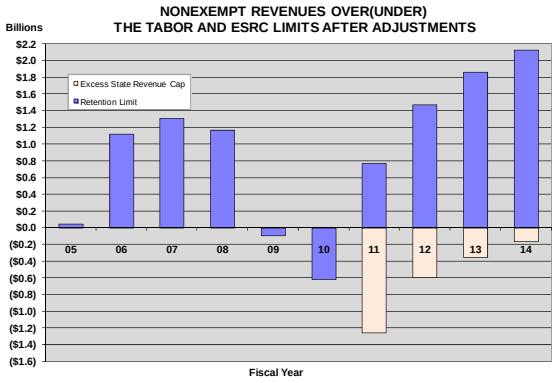
In years when Referendum C was not in effect, the State's ability to retain revenues was also affected by a requirement in TABOR commonly referred to as the ratchet down effect. The ratchet down occurs because each year's revenue retention limit is calculated based on the lesser of the prior year's revenues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

In the first three years of operations under TABOR, the State did not exceed the revenue limitation. In Fiscal Years 1996-97 through 2000-01, State revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. The economic downturn in Fiscal Years 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in Fiscal Year 2003-04 precluded TABOR refunds in those years. The State was required to refund $41.1 million in Fiscal Year 2004-05. At the end of Fiscal Year 2013-14, these amounts totaled to required refunds of $3,291.2 million since TABOR's inception. At June 30 of each applicable fiscal year, the State recorded a liability on the General Fund Balance Sheet, and the amounts were refunded in subsequent years except for the $0.7 million amount currently shown in the financial statements.

After the Referendum C five-year excess revenue retention period that encompassed Fiscal Year 2005-06 through Fiscal Year 2009-10, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the TABOR retention limit continues to apply, but the ESRC replaces it as the limit that triggers taxpayer refunds. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year excess revenue retention period; the highest adjusted TABOR revenue occurred in Fiscal Year 2007-08, and the ratchet down provision does not apply to the ESRC. For Fiscal Year 2013-14, unaudited State revenues subject to

TABOR were $11,691.9 million, which was $160.5 million under the ESRC, and $2,125.3 million over the retention limit. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit.

During the Fiscal Year 2013-14, the Colorado Geological Survey which was relocated from the Department of Natural Resources to the Colorado School of Mines in Fiscal Year 2012-13 has a decrease of $121,424 of newly disqualified partial-year revenues recorded by the Department of Natural Resource. The Colorado Geological Survey was formerly nonexempt TABOR activity, but became TABOR enterprise activity as the Colorado School of Mines is part of the Higher Education Institution TABOR enterprise. Also during Fiscal Year 2013-14, Adams State University disqualified as a TABOR enterprise which resulted in an increase of $14,110,760 of newly qualified revenue. As required by TABOR, the State Controller makes the qualification of new enterprises and disqualification of existing TABOR enterprises neutral in the excess revenue calculation. In Fiscal Year 2013-14, the TABOR limit was decreased by total of $14.0 million related to these changes in the TABOR district.



Referendum C

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

- The State shall be authorized to retain and spend all revenues in excess of the limit on fiscal year spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constitutes a voter approved revenue change.
- After July 1, 2010, the limit on fiscal year spending is effectively raised to the highest population and inflation adjusted nonexempt revenue amount in the period from July 1, 2005, and before July 1, 2010. This provision disables the ratchet down provision during the five-year period.
- A General Fund Exempt Account is created within the General Fund to consist of the retained revenues for each fiscal year. The Legislature shall appropriate the moneys in the account for health care, education (including related capital projects), firefighter and police pension funding, and strategic transportation projects. Spending from the General Fund Exempt Account is limited to five percent of personal income, with certain adjustments.
- The Director of Research of the Legislative Council shall report the amount of revenues retained with a description of how the retained revenues were expended.
- The State retained $3,593.6 million during the five-year refund time-out authorized by Referendum C, and $6,228.6 million from Fiscal Year 2010-11 through 2013-14 due to the increasing ESRC as compared to TABOR limit, for a total of $9,822.2 million of retained Referendum C revenue.

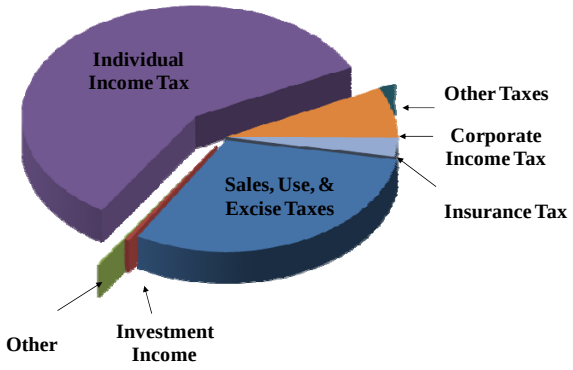
The amount of revenues in excess of the limit cannot be known for certain until the completion of the TABOR audit, which is generally not available until up to six months after fiscal year-end. Currently, the Colorado economic recovery continues to expand, but the State's revenues are expected to exceed the ESRC cap during Fiscal Year 2013-14. The Legislative Council and the Governor's economic forecast projects nonexempt revenue in excess of the ESRC starting in Fiscal Year 2015-16.

INDIVIDUAL FUND ANALYSIS

General Fund

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

GENERAL-PURPOSE REVENUES BY SOURCE

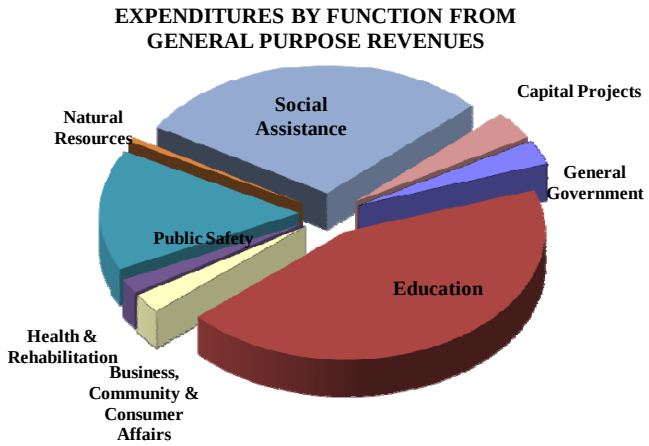


The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $935.0 million, $307.3 million of which was attributable to the General Purpose Revenue Fund, including nonspendable, restricted, committed, assigned, and unassigned amounts. The General Purpose Revenue Fund increased by $53.8 million from the prior year. In Fiscal Year 2013-14, the State was able to fund the General Fund Statutory Reserve of $410.9 million on a budget basis, but was only able to reserve $249.2 million on a GAAP basis. After the partial statutory reserve the General Purpose Revenue Fund Unassigned Fund Balance was eliminated, which was similar to the prior year. The shortfall of $161.7 million in meeting the reserve on a GAAP basis was slightly more than the $156.9 million shortfall in the prior year; however, the reserve requirement also increased by $37.9 million. The General Purpose Revenue Fund's $264.6 million year-end unrestricted cash balance decreased by $795.3 million from the prior year primarily due to the Fiscal Year 2012-13 general fund surplus distribution of $1,073.5 million to the State Education Fund in December of 2013.

General-purpose revenues for Fiscal Years 2013-14 and 2012-13 were $8,989.5 million (see page 162) and $8,554.8 million, respectively – an increase of $434.7 million or 5.1 percent. The largest contributor to general-purpose revenue growth was in sales, use and excise tax which increased by $212.9 million or 8.4 percent over the prior year primarily due to improving economic conditions and an active housing market. Individual income taxes increased by $123.9 million, with the majority of the change attributable to a 5.7 percent increase in withholding that was partially offset by an 8.6 percent decline in estimated taxes. Generally, withholding increases were due to rising wages, while the decline in estimated taxes was attributable to federal tax increases on capital gains that took effect in tax year 2013 suppressing activity. Corporate income taxes increased $67.9 million or 11.4 percent due to a growing economy.

On the budgetary basis, total expenditures and transfers-out (excluding transfers not appropriated by department) funded from general-purpose revenues during Fiscal Years 2013-14 and 2012-13 were $8,463.7 million (see page 162) and $7,828.5 million, respectively. For Fiscal Year 2013-14, the total annual increase in general-funded appropriations was limited to five percent of personal income with certain adjustments. The primary adjustments are for changes in federal mandates, lawsuits against the State, and most transfers not appropriated by department. The limit is controlled through the legislative budget process.

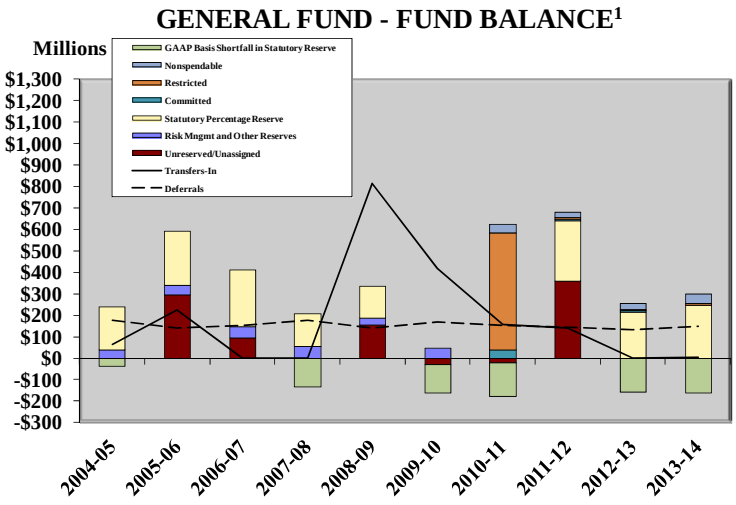
The Special Purpose portion of the General Fund fund balance totaled $627.7 million in Fiscal Year 2013-14. This comprises Risk Management activities, the Public School Fund and Other Special Purpose Funds.



With expenditures measured using generally accepted accounting principles, the Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 77.6 percent of all Fiscal Year 2013-14 general-funded expenditures, similar to the prior year. The largest increases were in the Departments Health Care Policy and Financing, Education, Treasury, and Public Safety. The Department of Health Care Policy and Financing's expenditures increased by $271.0 million, or 14.8 percent, due to eligibility and funding changes that occurred with the national Medicaid modernization efforts. The Department of Education's expenditures increased by $138.9 million, or 4.6 percent, due to increased enrollment, required annual increases in funding, and provisions of the School Finance Act. The State Treasury's expenditures increased by $81.2 million, or 293.7 percent, primarily as the result of an appropriation of $101.0 million for allocation to the Controlled Maintenance Trust Fund, some of which provided aid for recovery efforts to restore damage from the September 2013 flooding. Finally, the Department of Public Safety's expenditures increased by $79.6 million, or 93.0 percent, the majority relating to the appropriation of $70.0 million for allocation to the Disaster Emergency Fund. There were no significant decreases in departmental expenditures.

As required by Senate Bills 03-196 and 03-197, the State converted to cash basis accounting for certain expenditures in Fiscal Year 2002-03 and subsequent years. House Bill 09-1367 also deferred certain Office of Information Technology (OIT) expenditures into the subsequent year. These changes result in an ongoing difference between the GAAP fund balance and budgetary basis fund balance of the General Fund. During Fiscal Year 2013-14, the State met the statutory required reserve on a budgetary basis but not a GAAP basis. The statutorily required process of deferring expenditures moved $94.0 million of payroll, $144.1 million of Medicaid, and $1.0 million of OIT expenditures into Fiscal Year 2014-15. Revenues related to the deferral of the Medicaid expenditures were also deferred in the amount of $90.7 million. In total, $16.7 million more was deferred into Fiscal Year 2014-15 than into Fiscal Year 2013-14. Although Medicaid expenditures and caseloads continue to increase, the Medicaid related deferral declined due to increased drug rebate credits that offset Medicaid expenditures. Transfers-in were negligible as compared to the prior year.

The chart shows the changes in the major classifications of fund balance in the General Fund on the basis of generally accepted accounting principles (GAAP). Statutes in effect for Fiscal Year 2012-13 require a five percent fund balance reserve of $410.9 million. Statutory compliance was achieved on budgetary basis, but not on a GAAP basis by $161.7 million. On a budgetary basis there were deferrals of $148.4 million of payroll, Medicaid, and other costs into Fiscal Year 2014-15. The deferrals and transfers-in have prevented shortfalls in the budget basis statutory reserve in each year except Fiscal Years 2005-06, 2006-07, 2008-09, and 2011-12 when adequate resources were available for a positive budgetary reserve without the deferral.



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

Resource Extraction Fund

The Resource Extraction Fund fund balance increased by $213.5 million (21.6 percent) from the prior year. Cash is collected from severance taxes, mineral leasing, and fees associated with regulation of mining activities increased by $206.7 million as compared to the prior year. Expenditures include distributions to local governments, regulatory costs, and construction loans made to local governments and special districts to enhance the use of water resources of the State. A significant portion $384.4 million, of the fund's fund balance of $1,203.3 million comprises long-term loans receivables related to the financing of local government water projects by the Water Projects Fund. The balance of the loans receivable did not change significantly from the prior year.

Highway Users Tax Fund

The Highway Users Tax Fund (HUTF) fund balance decreased by $67.2 million (5.6 percent) from the prior year largely due to expenditures increases at a faster pace than revenue increases. Legislation in response to the economic downturn has permanently eliminated General Purpose Revenue Fund Surplus diversions to HUTF and also terminated the diversion of sales and use tax from the General Fund to the Highway Fund, which is expected to resume in Fiscal Year 2015-16.

The HUTF shows a fund balance of $1,130.4 million. This amount includes $1,218.9 million in encumbrances for multi-year construction projects. The majority of the fund balance, $1,080.2 million, is constitutionally restricted for highway construction and maintenance.

Capital Projects Fund

The Capital Projects Fund fund balance increased by $219.8 million (405.7 percent) from the prior fiscal year due to increased funding from the General Purpose Revenue Fund. This includes $135.3 million from an allocation of a portion of the general fund surplus as of the end of Fiscal Year 2013-14. Fund expenditures of $194.8 million ($88.2 million in Fiscal Year 2012-13) were primarily related to projects appropriated in previous years. The Capital Projects Fund reported fund balance restrictions of $3.3 million, or 1.2 percent of total fund balance, related to residual certificates of participation and HUTF funding.

State Education Fund

The State Education Fund fund balance decreased by $165.2 million (13.1 percent) during Fiscal Year 2013-14. The majority of the revenues in the fund are generally derived from a fixed percentage of certain taxpayer tax liabilities, which totaled $478.8 million representing a decrease of $7.5 million as compared to the prior year; a decline in income and fiduciary taxes of $24.0 million and an increase in corporate taxes of $16.5 million. Cash of $1,073.5 million was transferred to the State Education Fund in December of 2013 as a result of legislation diverting the entire Fiscal Year 2012-13 general fund surplus to the State Education Fund. An additional $38.6 million was accrued to the fund at the end of Fiscal Year 2013-14 representing a portion of the general fund surplus balance. Expenditures of the fund are limited by a constitutional amendment to certain educational programs meeting growth requirements in other programs. Expenditures in the fund totaled $714.2 million and $490.5 million in Fiscal Year 2013-14 and 2012-13, respectively.

Higher Education Institutions

The net position of the Higher Education Institutions increased by $315.3 million (6.0 percent). The fund has a wide variety of funding sources to which expenses are not specifically identifiable; therefore, it is not possible to cite the source of the net position increase. However, it can be noted that tuition and fees of the institutions increased by $114.5 million, sales of goods and services increased by $154.6 million, federal revenues decreased by $22.0 million, and Other Operating revenues increased by $31.8 million. In addition, investment income (including an increase in fair value of investments) increased by $115.0 million. Overall, revenues increased by 7.6 percent and expenses increased by 6.8 percent. The State made capital contributions of $90.6 million and $95.7 million in Fiscal Years 2013-14 and 2012-13, respectively, that were funded by the Capital Projects Fund and transferred $206.0 million ($194.2 million in Fiscal Year 2012-13) to Higher Education Institutions primarily from the General Fund for student financial aid and vocational training.

Unemployment Insurance

The net position of the Unemployment Insurance Fund (UI) increased by $186.8 million (86.4 percent). Unemployment benefits paid decreased by $298.5 million, or 28.5 percent, after decreasing $511.8 million in the prior year. The reduced benefits paid were caused by a reduction of $271.5 million in federal grants. Unemployment insurance premiums collected decreased by $11.1 million over the prior year. Colorado statutes require management to adjust unemployment insurance premium tax rates when the fund's cash balance exceeds or is below established thresholds. Statutes were amended in the 2012 special legislative session allowing UI to issue bonds, through the Colorado Housing and Finance Authority, to stabilize insurance premium taxes, which will be funded by special assessments on employers. Bonds were issued as represented by the $376.1 million of the fund's liabilities. The fund's cash balance was $627.9 million, as compared to $580.9 million in the prior year.

State Lottery

The Lottery produced operating income of $129.3 million ($134.8 million in Fiscal Year 2012-13) on sales of $545.0 million ($575.2 million in Fiscal Year 2012-13). The change represents a 4.1 percent decrease in operating income. The Lottery distributed $60.3 million ($59.2 million in Fiscal Year 2012-13) to the Great Outdoors Colorado program, a related organization, and transferred $70.3 million ($77.0 million in Fiscal Year 2012-13) to other State funds; $13.0 million primarily to fund operations of the State's Division of Parks and Recreation and $52.0 million was expended to local governments through the Conservation Trust Fund. Because of the requirement to distribute most of its income, the Lottery's net position is minimal and changes nominally from year to year.

ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the General Fund Surplus Schedule included in Required Supplementary Information on page 162. That schedule isolates general-purpose revenues and expenditures funded from those revenues, and it is therefore the best source for identifying general-funded budget variances.

Differences Between Original and Final Budgets

The following list shows departments that had net changes in general-funded budgets greater than $10.0 million.

- Department of Corrections
  - $8.6 million for payments in the House State Prisoners Program,
  - $7.5 million in the Institution program, which primarily includes $2.0 million for purchase of medical services from other medical facilities, and $3.8 million for catastrophic medical expenses, and
  - $1.1 million in operating costs.
- Department of Education
  - $51.6 million for public school financing of the state share of districts total program funding, and
  - $45.3 million for transfer to the State Education Fund from the General Fund.
- Department of Human Services
  - $14.9 million for the Crisis Response System – a crisis stabilization unit, mobile crisis response, respite services, marketing, and a telephone hotline,
  - $3.2 million for the Adult Protective Service Program
  - $3.0 million for additional grants to improve the quality and availability of child care and to comply with federal targeted funds requirements,
  - $2.4 million for the Transitional Jobs Program, and
  - $2.0 million decrease for senior services refinanced with cash funds.
- Department of Personnel & Administration
  - $18.2 million for additional payments to claimants for outstanding claims arising from the Lower North Fork Fire, and

- $6.9 million for additional risk management payments related to the Lower North Fork Fire from the recommendations made by the State Claims Board pursuant to C.R.S. 24-10-114 (5) (b).

- Department of Public Health and Environment
  - $15.0 million for the clean water program in Water Quality Control division, and
  - $1.5 million decrease transferring the Tony Grampsas Youth Services Program to Department of Human Services.
- Department of Public Safety
  - $70.0 million for transfer to the Disaster Emergency Fund,
  - $1.4 million for crime control and system improvement programs, and
  - $6.7 million for Colorado Bureau of Investigation laboratory and investigative services.
- Department of Revenue
  - $105.0 million statutory increases for transfers from the General Fund to Department of Human Services to fund the Old Age Pension program, and
  - $2.0 million transfer to the older Coloradan's cash fund pursuant to Senate Bill 13-127.
- Department of Treasury
  - $101.0 million for transfer to the Controlled Maintenance Trust Fund from the General Fund, and
  - $26.7 million in various other transfers to cash funds.

Differences Between Final Budget and Actual Expenditures

Overexpenditures for all funds totaled $36.2 million for Fiscal Year 2013-14 including deficit fund balances that are considered overexpenditures. General-funded overexpenditures are discussed in detail in Note 8A on page 84 at the individual line item appropriation level. In total, State departments reported general-funded appropriations negative reversions of $7.4 million; the reversion would have been $13.3 million if not for a $20.7 million negative reversion related to the Old Age Pension program at the Department of Revenue. The Department of Revenue negative reversion is not considered an overexpenditure because the Old Age Pension program is continuously appropriated in statute and the negative reversion is shown primarily to inform the General Assembly of the amount of Old Age Pension expenditures in excess of the estimate. In addition, departments reverted $9.9 million of revenue earned in excess of the amount that was needed to support specific cash-funded appropriations in the General Fund. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had reversions of at least $1.0 million.

- Department of Corrections – The department reverted $9.7 million (1.4 percent) primarily comprising:
  - $5.9 million in the Medical Services Subprogram line item due to Senate Bill 13-200 "Medicaid Expansion" based on estimates at the time of the passage of this bill,
  - $2.3 million in the Mental Health Subprogram line item due to the lack of interest. The department was not able to hire and retain staff and to find vendors willing to work on the program because private sector pays a higher rate, and
  - $0.6 million in the Executive Director's Office operating line due to reduced payments to district attorneys. There were various other small reversions for institutional contract services, community services, and administration.
- Department of Human Services – The department reverted $12.4 million (1.7 percent) primarily comprising:
  - $9.5 million in the Child Welfare program line due to reductions in congregate care expenditures and conservative spending during the first half of the year by counties,
  - $0.6 million in other grant programs,
  - $0.5 million in the Co-Occurring Behavior Health Services program, and

- $0.5 million reduction in Adult Protective Services and various smaller reductions in the Child Support Enforcement program, the Community Services for Elderly program, in Electronic Benefit Transfer services, in the Community program, and in the Mental Health Institutes.

- Judicial Department - The department reverted $2.7 million (0.7 percent) comprising:
  - $2.1 million in the Office of Public Defender, and
  - $0.6 million related to the District Attorneys' Mandated costs line.

- Department of Public Safety - The department reverted $3.2 million (2.0 percent) comprising:
  - $2.3 million in the Community Corrections program line primarily attributable to under utilization of beds for inmates in community correction facilities. Funds are budgeted at assumed daily rates and average caseloads and actual expenditures. Various smaller programs account for the remainder of the reversion.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's investment in capital assets at June 30, 2014, was $13.8 billion ($13.7 billion in Fiscal Year 2012-13). Included in this amount were $15.5 billion of depreciable capital assets after reduction for $9.0 billion of accumulated depreciation. Also included was $3.3 billion of land, construction in progress, and nondepreciable infrastructure and other assets. The State added $1,719.6 million and $1,561.6 million of capital assets in Fiscal Year 2013-14 and 2012-13, respectively. Of the Fiscal Year 2013-14 additions, $751.2 million was recorded by governmental funds and $968.4 million was recorded by business-type activities. General-purpose revenues funded $186.7 million of capital and controlled maintenance expenditures during Fiscal Year 2013-14 and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing. The table on the next page provides information on the State's capital assets by asset type for both governmental and business-type activities.

The State's capital assets at June 30, 2014 and 2013, were (see Note 17 for additional detail):

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 97	$ 93	$ 524	$ 517	$ 621	$ 610
Collections	11	11	23	22	34	33
Other Capital Assets	7	-	-		7	33
Construction in Progress	882	1,145	809	681	1,691	1,826
Infrastructure	935	921	14	9	949	930
Total Capital Assets Not Being Depreciated	1,932	2,170	1,370	1,229	3,302	3,399
Capital Assets Being Depreciated						
Buildings and Related Improvements	2,700	2,167	7,943	7,502	10,643	9,669
Software	250	245	195	178	445	423
Vehicles and Equipment	791	715	977	921	1,768	1,636
Library Books, Collections, and Other Capital Assets	45	44	537	522	582	566
Infrastructure	10,676	1,406	389	161	11,065	10,567
Total Capital Assets Being Depreciated	14,462	13,577	10,041	9,284	24,503	22,861
Accumulated Depreciation	(4,862)	(4,264)	(4,164)	(3,820)	(9,026)	(8,084)
Total	$ 11,532	$ 11,483	$ 7,247	$ 6,693	$ 18,779	$ 18,176

The State's major commitments for capital expenditures are reported in the attached financial statements as restricted or committed fund balances. At June 30, 2014, the State had commitments of $60.1 million in the Capital Projects Fund ($24.6 million in Fiscal Year 2012-13) and $1,218.9 million in the Highway Users Tax Fund ($1,073.4 million in Fiscal Year 2012-13). Certain construction projects of the Higher Education Institutions are not reported in the Capital Projects Fund because they are generally not subject to appropriation.

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

Fiscal Year 2013-14
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 175.0	$ 30.1	$ 443.9	$ 33.1	$ 1,267.9	$ 780.9	$ 1,886.8	$ 844.1
Business-Type Activities	42.2	8.2	3,967.0	2,575.6	403.8	154.4	4,413.0	2,738.2
Total	$ 217.2	$ 38.3	$ 4,410.9	$ 2,608.7	$ 1,671.7	$ 935.3	$ 6,299.8	$ 3,582.3

Fiscal Year 2012-13 Restated
(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 151.0	$ 30.2	$ 554.8	$ 59.3	$ 1,191.5	$ 765.5	$ 1,897.3	$ 855.0
Business-Type Activities	41.7	8.8	3,658.5	2,435.4	382.2	173.7	$ 4,082.4	$ 2,617.9
Total	$ 192.7	$ 39.0	$ 4,213.3	$ 2,494.7	$ 1,573.7	$ 939.2	$ 5,979.7	$ 3,472.9

In Fiscal Year 2013-14, the total principal amount of capital leases, revenue bonds, and COPs was 41.7 percent of assets other than capital assets, as compared to 43.1 percent as restated in the prior year. This percentage declined because noncapital assets increased 8.7 percent while the principal amount of capital leases, revenue bonds, and COPs increased a lesser pace of 5.4 percent. Governmental activities in total did not change significantly; however the increase related to several financed construction projects for local schools under the Build Excellent Schools Today (BEST) program ($89.6 million) and the acquisition of facilities by the Department of Agriculture ($7.1 million) was offset by principal payments on the Department of Transportation's Transportation Revenue Anticipation Notes ($143.2 million). Business-type activities increased primarily due to the increased financing of capital projects by Higher Education Institutions. Total per capita borrowing including bonds, Certificates of Participation, mortgages, notes, and capital leases was $1,200, $1,159, $1,180, $1,000, and $1,022 per person in Fiscal Years 2013-14, 2012-13, 2011-12, 2010-11, and 2009-10, respectively.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State that were included in the Fiscal Year 2012-13 Management Discussion and Analysis continue to affect the State at the end of Fiscal Year 2013-14, as follows:

- Referendum C Sunsets – Referendum C was passed by the voters in November 2005 and allowed the State to retain all revenues in excess of the TABOR limit for a five-year period from Fiscal Year 2005-06 through 2009-10. During that period, the State retained $3,593.6 million that it would otherwise have been required to refund to State taxpayers. No amounts were retained in Fiscal Years 2008-09 or 2009-10. Referendum C created an Excess State Revenue Cap (ESRC) that increases each year for inflation and population growth and allows the State to retain and spend amounts above the TABOR limit and below the ESRC. This provision removes the effect of the TABOR ratchet down provision (discussed earlier in this MDA). However, economic recovery and State revenue growth rates in excess of the population and inflation adjustment could result in future refunds of TABOR revenues in excess of the new ESRC. In Fiscal Year 2013-14, the State was $160.5 million under the ESRC, but absent Referendum C, would have been required to refund $2,125.3 million per the TABOR limit due to its ratchet down provision. Both the Legislative Council economist and the Governor's Office of State Planning and Budgeting economist project that under current law there will be a TABOR refund in Fiscal Year 2015-16.
- Pension Plan Contributions
  - Like most institutions that rely heavily on investments, the Public Employees Retirement Association (PERA) was severely affected by the global economic downturn beginning in 2008. A negative 26.0 percent return on investments in 2008 was partially offset by positive returns in subsequent years, most recently 12.9 percent and 15.6 percent in 2012 and 2013, respectively. These investment returns caused the funded ratio (actuarial value of assets, using a four-year smoothed-market value, divided by the actuarial accrued liability) of the State Division of PERA to decline from 73.3 percent at December 31, 2007 to 57.5 percent at December 31, 2013. In 2000, when the State Division and the School Division were reported as a single division, the combined division had a funding ratio of 104.7 percent. At December 31, 2013, the amortization period for the plan was 60 years, which means that at the existing contribution level and using the currently applicable actuarial assumptions the liability associated with existing benefits will be fully funded by December 31, 2073. Based on the 2012 and 2013 valuations, PERA's actuary estimated that the State's prospective employer contribution rate would need to be 20.45 percent, and 22.35 percent respectively, to achieve the 30-year amortization period required by the Governmental Accounting Standards Board.
  - In the 2006 legislative session, the General Assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that adds three percentage points to the annual contribution (from amounts otherwise available for employee salary increases) in addition to the three percentage points required by the Amortization Equalization Disbursement (AED), which was approved in the 2004 session. In the 2010 legislative session, the General Assembly extended the increases required by the AED and SAED. The AED will continue to increase 0.4 percentage points from calendar years 2013 through 2017. The SAED will continue to increase one-half percentage point from calendar years 2014 through 2017. These legislative changes increase the employer's annual contribution for most employees from 17.45 percent in 2014 to 20.15 percent in 2017 and beyond. If the funding ratio of the plan reaches 103 percent, both the AED and SAED will be reduced by one-half percentage point. Neither the AED nor the SAED may exceed 5 percent of salary.
  - To provide budgetary relief for the State, Senate Bill 10-146 required that beginning July 1, 2010, members contribute an additional 2.5 percent of salary to their member accounts and the employer contribution rate be reduced to 11.35 percent. In the 2011 legislative session, Senate Bill 11-076 continued the 2.5 percent swap an additional year through June 30, 2012. This legislation sunset as of June 30, 2012.
  - Senate Bill 10-001 made significant changes to the plan provisions that will affect the State over the long-term by improving the funded status of the plan. The most significant changes affecting the State

Division of the plan include reducing the former 3.5 percent annual increase for retiree benefits to the lesser of the consumer price index or 2.0 percent, changing the timing of the annual increase, and making the annual increase contingent on the plan's funded status; extending the AED and SAED as discussed above; requiring future early retirement adjustments to be actuarially neutral; limiting annual increases in the highest average salary calculation for future retirees to 8.0 percent; removing the indexing of benefits for future retirees who become inactive with more than 25 years of service; changing the vesting period required for employer matching contributions; increasing the combined age and years of service requirement for current nonvested employees to 85, to 88 for new hires on or after January 1, 2011, to 90 for new hires on or after January 1, 2017, and increasing the related minimum retirement age; and requiring retirees returning to work for a PERA employer to pay member contributions that are not refundable and that do not increase service credits. Some of the changes authorized by Senate Bill 10-001 were the subject of a class action lawsuit naming the Governor and certain PERA Board members in claiming the changes are unconstitutional and seeking a mandatory injunction requiring payment of the annual increase in effect before the passage of Senate Bill 10-001. On October 20, 2014, after several proceedings, the Colorado Supreme Court ruled in favor of PERA.

- On November 15, 2013, the PERA Board of Trustees completed its annual review of the economic actuarial assumptions including the long-term expected investments rate of return and the long-term inflation and wage inflation expectations. Using state-of-the-art methodology, and having heard from multiple independent consultants, the Board chose to modify the long-term inflation expectations to 2.8 percent from 3.5 percent and to reduce the long-term investment return assumption to 7.5 percent from 8.0 percent.
- As of Fiscal Year 2014-15, with the implementation of Governmental Accounting Standards Board Statement No. 68, the State of Colorado will be required to report a pension liability for any shortage between the statutorily required contribution and the actuarial unfunded liability. As of December 31, 2013, PERA reports that the State Division, to which the State of Colorado belongs, has an unfunded accrued actuarial liability of $8.9 billion. At this time, management is unable to estimate the magnitude of the State's share of the unfunded pension liability.

- Election 2000 Amendment 23 – This constitutional requirement was originally designed to exempt a portion of State revenues from the TABOR refund and dedicate those revenues to education programs. With the passage of Referendum C in 2000 and the deterioration of general-funded revenues during Fiscal Years 2008-09 and 2009-10, and the implementation of the Excess State Revenue Cap in Fiscal Year 2010-11, revenues in excess of the TABOR limit are not currently being refunded. However, resources that were once general-purpose revenues continue to be diverted to the State Education Fund. For Fiscal Year 2013-14, $750.0 million was budgeted from the State Education Fund. Revenues included $45.3 million in direct transfers in from the General Fund, the accrual of $38.6 million to the fund as a general fund surplus distribution, and exempted portion of revenues collected under Amendment 23. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2010-11 and by inflation thereafter. This requirement will have increasing impact if the inflation rate increases. The revenue diversion and mandated expenditure growth infringes on general funding for other programs when State revenues decline with the business cycle. Notwithstanding these expenditure increases, the State continues to face legal challenges that assert the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution.
- Cash Basis Accounting – For Fiscal Year 2002-03 and following years, the Legislature changed the budgetary accounting for June payroll and certain Medicaid expenditures to the cash basis and deferred June paydates until July (after fiscal year-end). During Fiscal Year 2007-08 similar treatment was extended to certain Old Age Pension, Medicare, and Children's' Basic Health Plan expenditures. In Fiscal Year 2008-09 this treatment was applied to an additional month of Medicare payments, and legislation was passed to extend the pay date shift beginning in Fiscal Year 2010-11 to all information technology staff formerly paid by the General Purpose Revenue Fund. Each of these items causes the outflow of resources to be deferred into the following year for General Fund budget purposes. As a result, the State does not use full or modified accrual

accounting to calculate budgetary compliance. Instead, potentially significant liabilities ($148.4 million net of related deferred revenue in Fiscal Year 2013-14) are delayed until the following year assuming that subsequent revenues will be adequate to pay those liabilities. In Fiscal Year 2011-12, legislation was passed to eliminate the deferral of June paydates until July for employees paid on a biweekly basis beginning in Fiscal Year 2012-13. Departures from generally accepted accounting principles (GAAP) such as this could adversely affect the State's credit rating. It will be difficult for the State to return to the GAAP basis of accounting for budgetary expenditures because of the significant one-time budgetary impact of recording payroll, Medicaid, and other expenditures that were previously deferred.

- General Fund Liquidity – The General Purpose Revenue Fund shows a cash balance of $264.6 million at June 30, 2014, providing apparent liquidity. Although there were increased tax collections in Fiscal Year 2013-14 and improved liquidity over the prior year, the General Purpose Revenue Fund increasingly comprises tax receivables of $1,380.7 million net of tax refunds payable ($705.8 million) and deferred inflows ($213.6 million) related to the tax receivables that are not expected to be collected within the next year. The tax receivable and related refunds are based on the best economic data available at year-end; however, economic projections rarely identify inflection points in the economy. If the State's economy turns down again, tax receivables will likely decline (due to declining personal income) and tax refunds will likely increase (due to higher than required estimated tax and withholding payments) putting additional pressure on General Purpose Revenue Fund fund balance. The General Fund legally has access to short-term borrowing from the cash balances of other funds. However, those transfers become increasingly difficult as accessible cash fund balances are depleted from transfers in prior years.
- Debt Service
  - Principal and interest payments on the remaining $443.9 million of Transportation Revenue Anticipation Notes issued by the Department of Transportation average $154.5 million per year over the next three years. While a portion of the debt service will be funded by federal funds, a significant amount will be funded by State sources. The Department of Transportation reports significant projected shortfalls in the funding needed to meet transportation infrastructure demand, and legislation increasing fees to provide other sources of transportation funding was enacted for Fiscal Year 2009-10.
  - In Fiscal Year 2010-11, the Bridge Enterprise in the Department of Transportation issued $300.0 million of enterprise fund revenue bonds to be paid from fees. Debt service over the next five years averages $18.2 million for interest. Principal payments will start in Fiscal year 2024-2025.
  - In previous years, the State entered into lease purchase agreements for all or a portion of various construction projects including the Ralph L. Carr Justice Center, the Colorado History Center, a prison, a hospital building, a number of school buildings in local school districts, and the office consolidation at the Department of Agriculture. The average debt service over next five years totals $93.0 million. The majority of the revenue streams to cover the debt service payments comprise cash sources, as there is no general obligation associated with these lease purchases and the investors' sole recourse is the leased asset. However, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service-potential represented by these capital assets.
    - Intergovernmental Fiscal Dependency – The State expended $10,445.5 million (unaudited and including amounts in nonappropriated funds) in federal awards during Fiscal Year 2013-14 which represents 39.0 percent of the $26,805.4 million shown as expended by the State on the Government-Wide *Statement of Activities*, which is similar to Fiscal Year 2013-14. These amounts included grants for social, educational, and environmental purposes and fund both direct State expenditures and pass-through assistance to local governments. Current federal revenue projections show a one-year budget deficit of approximately $0.7 trillion for the 2014 federal Fiscal Year, and a $2.5 trillion deficit for federal Fiscal Years 2014-2018. The increasing expenditures in both the Social Security and Medicare Part A programs, residual stimulus spending, employee tax cuts under consideration and the potential costs of health care reform along with the interest costs to finance U.S. government borrowing will take up an increasingly large amount of the federal revenue streams. Without significant federal revenue increases or

potentially unsustainable federal borrowing, there may be large cuts in federal spending. In the absence of all or a significant portion of this funding, the State's operations and ability to provide services to its citizens would be adversely impacted as would local government services.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,302,356	$ 2,246,115	$ 4,548,471	$ 218,521
Investments	8,460	254,744	263,204	67,411
Taxes Receivable, net	1,224,629	135,207	1,359,836	-
Contributions Receivable, net	-	-	-	54,484
Other Receivables, net	210,062	408,364	618,426	78,648
Due From Other Governments	570,721	150,697	721,418	2,064
Internal Balances	19,336	(19,336)	-	-
Due From Component Units	54	23,716	23,770	-
Inventories	53,125	54,015	107,140	-
Prepaids and Advances	73,025	37,433	110,458	622
Total Current Assets	4,461,768	3,290,955	7,752,723	421,750
Noncurrent Assets:				
Restricted Cash and Pooled Cash	2,554,938	429,965	2,984,903	156,410
Restricted Investments	657,772	303,678	961,450	190,462
Restricted Receivables	258,107	45,477	303,584	2,726
Investments	428,321	1,896,811	2,325,132	2,312,745
Contributions Receivable, net	-	-	-	92,318
Other Long-Term Assets	686,349	99,380	785,729	958,249
Depreciable Capital Assets and Infrastructure, net	9,600,423	5,876,698	15,477,121	165,399
Land and Nondepreciable Capital Assets	1,931,832	1,370,142	3,301,974	24,855
Total Noncurrent Assets	16,117,742	10,022,151	26,139,893	3,903,164
TOTAL ASSETS	20,579,510	13,313,106	33,892,616	4,324,914
DEFERRED OUTFLOW OF RESOURCES:	18,289	118,103	136,392	4,505
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	718,211	-	718,211	-
Accounts Payable and Accrued Liabilities	1,043,961	659,085	1,703,046	28,864
TABOR Refund Liability (Note 8B)	706	-	706	-
Due To Other Governments	245,300	30,805	276,105	2,330
Due To Component Units	15	528	543	-
Unearned Revenue	92,674	346,264	438,938	7,656
Accrued Compensated Absences	10,470	18,117	28,587	-
Claims and Judgments Payable	61,623	-	61,623	22,251
Leases Payable	26,941	6,610	33,551	256
Notes, Bonds, and COPs Payable	187,910	244,366	432,276	50,165
Other Postemployment Benefits	-	14,076	14,076	-
Other Current Liabilities	19,979	127,033	147,012	113,051
Total Current Liabilities	2,407,790	1,446,884	3,854,674	224,573
Noncurrent Liabilities:				
Deposits Held In Custody For Others	139	-	139	378,141
Accrued Compensated Absences	145,992	250,148	396,140	-
Claims and Judgments Payable	301,591	40,982	342,573	-
Capital Lease Payable	148,055	35,582	183,637	-
Derivative Instrument Liability	-	8,566	8,566	-
Notes, Bonds, and COPs Payable	1,541,225	4,131,227	5,672,452	772,835
Due to Component Units	-	1,743	1,743	-
Other Postemployment Benefits	-	181,511	181,511	-
Other Long-Term Liabilities	402,954	44,768	447,722	61,343
Total Noncurrent Liabilities	2,539,956	4,694,527	7,234,483	1,212,319
TOTAL LIABILITIES	4,947,746	6,141,411	11,089,157	1,436,892
DEFERRED INFLOW OF RESOURCES:	338	-	338	718
NET POSITION:				
Net investment in Capital Assets:	10,125,644	3,653,265	13,778,909	189,997
Restricted for:				
Construction and Highway Maintenance	1,080,201	-	1,080,201	-
Education	1,110,180	642,611	1,752,791	-
Unemployment Insurance	-	402,770	402,770	-
Debt Service	44,752	39,862	84,614	-
Emergencies	153,150	34,000	187,150	63
Permanent Funds and Endowments:				
Expendable	7,271	7,901	15,172	1,031,462
Nonexpendable	800,132	64,712	864,844	832,948
Other Purposes	358,694	56,296	414,990	574,524
Unrestricted	1,969,691	2,388,381	4,358,072	262,815
TOTAL NET POSITION	$ 15,649,715	$ 7,289,798	$ 22,939,513	$ 2,891,809

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 466,717	$ (19,358)	$ 154,952	$ 259,421	$ 25
Business, Community, and Consumer Affairs	639,002	2,180	135,447	245,795	-
Education	5,470,907	1,656	62,912	728,017	-
Health and Rehabilitation	720,023	974	80,404	387,212	-
Justice	1,835,533	5,456	193,813	190,814	19
Natural Resources	90,672	1,711	191,980	53,093	54
Social Assistance	8,086,488	3,072	673,007	4,741,232	-
Transportation	1,870,506	1,935	421,255	177,330	728,446
Interest on Debt	53,094	-	-	-	-
Total Governmental Activities	19,232,942	(2,374)	1,913,770	6,782,914	728,544
Business-Type Activities:					
Higher Education	5,616,924	1,583	3,728,836	1,932,714	53,873
Unemployment Insurance	756,484	-	740,793	212,561	-
Lottery	477,171	263	546,234	555	-
Parks and Wildlife	170,898	-	131,136	30,445	1,712
College Assist	341,587	97	7,511	350,336	-
Other Business-Type Activities	209,440	431	282,660	42,427	1,314
Total Business-Type Activities	7,572,504	2,374	5,437,170	2,569,038	56,899
Total Primary Government	26,805,446	-	7,350,940	9,351,952	785,443
Component Units:					
Colorado Water Resources and Power Development Authority	61,620	-	40,527	18,488	-
University of Colorado Foundation	130,800	-	-	277,231	-
Colorado State University Foundation	55,943	-	-	86,472	-
Colorado School of Mines Foundation	24,517	-	1,800	82,353	-
University of Northern Colorado Foundation	11,592	-	-	18,749	-
Other Component Units	159,861	-	82,627	2,846	24,026
Total Component Units	$ 444,333	$ -	$ 124,954	$ 486,139	$ 24,026

General Revenues:
- Taxes:
  - Sales and Use Taxes
  - Excise Taxes
  - Individual Income Tax
  - Corporate Income Tax
  - Other Taxes
  - Restricted for Education:
    - Individual Income Tax
    - Corporate and Fiduciary Income Tax
  - Restricted for Transportation:
    - Fuel Taxes
    - Other Taxes
- Unrestricted Investment Earnings (Losses)
- Other General Revenues

Payment from State of Colorado
Special and/or Extraordinary Items (See Note 35)
(Transfers-Out) / Transfers-In
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Position

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

Net Position - Fiscal Year Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (32,961)	$ -	$ (32,961)	
(259,940)	-	(259,940)	
(4,681,634)	-	(4,681,634)	
(253,381)	-	(253,381)	
(1,456,343)	-	(1,456,343)	
152,744	-	152,744	
(2,675,321)	-	(2,675,321)	
(545,410)	-	(545,410)	
(53,094)	-	(53,094)	
(9,805,340)	-	(9,805,340)	
-	96,916	96,916	
-	196,870	196,870	
-	69,355	69,355	
-	(7,605)	(7,605)	
-	16,163	16,163	
-	116,530	116,530	
-	488,229	488,229	
(9,805,340)	488,229	(9,317,111)	
-	-	-	(2,605)
-	-	-	146,431
-	-	-	30,529
-	-	-	59,636
-	-	-	7,157
-	-	-	(50,362)
-	-	-	190,786
2,754,977	-	2,754,977	-
236,761	-	236,761	-
5,285,634	-	5,285,634	-
600,002	-	600,002	-
617,612	-	617,612	-
421,723	-	421,723	-
57,075	-	57,075	-
573,544	-	573,544	-
350	-	350	-
17,312	-	17,312	72,028
112,958	-	112,958	18
-	-	-	16,321
-	(22,186)	(22,186)	-
(172,442)	172,442	-	-
397	-	397	-
10,505,903	150,256	10,656,159	88,367
700,563	638,485	1,339,048	279,153
14,958,731	6,688,706	21,647,437	2,607,435
1,718	(6,922)	(5,204)	5,221
(11,297)	(30,471)	(41,768)	-
$ 15,649,715	$ 7,289,798	$ 22,939,513	$ 2,891,809

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 423,273	$ 720,574	$ 41,727
Taxes Receivable, net	1,380,690	30,656	-
Other Receivables, net	95,455	22,912	2,956
Due From Other Governments	533,432	962	-
Due From Other Funds	75,604	35,368	5,278
Due From Component Units	54	-	-
Inventories	8,721	35,868	7,673
Prepaids and Advances	38,529	20,001	1,481
Restricted Assets:			
Restricted Cash and Pooled Cash	225,307	63,500	1,043,875
Restricted Investments	-	-	-
Restricted Receivables	512	-	257,595
Investments	264,413	-	-
Other Long-Term Assets	-	384,413	7,680
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 3,045,990	$ 1,314,254	$ 1,368,265
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Tax Refunds Payable	$ 705,806	11,149	$ 484
Accounts Payable and Accrued Liabilities	666,376	6,645	184,673
TABOR Refund Liability (Note 8B)	706	-	-
Due To Other Governments	91,719	81,872	32,928
Due To Other Funds	380,828	10,245	1,349
Due To Component Units	15	-	-
Unearned Revenue	18,641	516	17,136
Compensated Absences Payable	31	-	-
Claims and Judgments Payable	18,472	-	7
Notes, Bonds, and COPs Payable	-	-	-
Other Current Liabilities	12,702	-	26
Deposits Held In Custody For Others	4	-	-
TOTAL LIABILITIES	1,895,300	110,427	236,603
DEFERRED INFLOW OF RESOURCES:	215,663	535	1,290
FUND BALANCES:			
Nonspendable:			
Inventories	8,721	35,868	7,673
Permanent Fund Principal	-	-	-
Prepaids	38,535	20,001	1,481
Restricted	468,758	77,370	1,080,201
Committed	411,362	1,070,053	41,017
Assigned	7,651	-	-
TOTAL FUND BALANCES	935,027	1,203,292	1,130,372
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,045,990	$ 1,314,254	$ 1,368,265

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 143,625	$ -	$ 915,334	$ 2,244,533
-	-	38,915	1,450,261
655	7	86,460	208,445
325	-	35,514	570,233
135,558	83,936	116,736	452,480
-	-	-	54
-	-	140	52,402
4	-	7,880	67,895
-	1,014,211	208,045	2,554,938
3,847	-	653,925	657,772
-	-	-	258,107
990	-	171,378	436,781
71	-	67,652	459,816
-	-	68,332	68,332
$ 285,075	$ 1,098,154	$ 2,370,311	$ 9,482,049
-	-	-	-
$ -	$ -	$ 772	$ 718,211
11,007	6,144	102,862	977,707
-	-	-	706
-	12	38,769	245,300
82	-	64,360	456,864
-	-	-	15
-	-	50,787	87,080
-	-	-	31
-	-	88	18,567
-	-	130	130
-	-	3,906	16,634
-	-	135	139
11,089	6,156	261,809	2,521,384
-	-	9,102	226,590
-	-	140	52,402
-	-	868,383	868,383
4	-	7,879	67,900
3,298	1,091,998	293,850	3,015,475
270,684	-	929,148	2,722,264
-	-	-	7,651
273,986	1,091,998	2,099,400	6,734,075
$ 285,075	$ 1,098,154	$ 2,370,311	$ 9,482,049

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 2,244,533	$ 57,823	$ -	$ -	$ -	$ -	$ -	$ 2,302,356
Investments	-	-	-	-	-	8,460	-	8,460
Taxes Receivable, net	1,450,261	-	-	-	-	(225,632)	-	1,224,629
Other Receivables, net	208,445	509	-	-	-	1,108	-	210,062
Due From Other Governments	570,233	488	-	-	-	-	-	570,721
Due From Other Funds	452,480	1,066	-	-	-	(1,086)	(433,124)	19,336
Due From Component Units	54	-	-	-	-	-	-	54
Inventories	52,402	723	-	-	-	-	-	53,125
Prepaids and Advances	67,895	5,130	-	-	-	-	-	73,025
Total Current Assets	5,046,303	65,739	-	-	-	(217,150)	(433,124)	4,461,768
Noncurrent Assets:								
Restricted Cash and Pooled Cash	2,554,938	-	-	-	-	-	-	2,554,938
Restricted Investments	657,772	-	-	-	-	-	-	657,772
Restricted Receivables	258,107	-	-	-	-	-	-	258,107
Investments	436,781	-	-	-	-	(8,460)	-	428,321
Other Long-Term Assets	459,816	-	-	-	-	226,533	-	686,349
Depreciable Capital Assets and Infrastructure, net	20,883	86,045	9,493,495	-	-	-	-	9,600,423
Land and Nondepreciable Capital Assets	47,449	33,498	1,850,885	-	-	-	-	1,931,832
Total Noncurrent Assets	4,435,746	119,543	11,344,380	-	-	218,073	-	16,117,742
TOTAL ASSETS	9,482,049	185,282	11,344,380	-	-	923	(433,124)	20,579,510
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	18,289	-	-	-	18,289
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	718,211	-	-	-	-	-	-	718,211
Accounts Payable and Accrued Liabilities	977,707	33,343	-	8,092	-	24,819	-	1,043,961
TABOR Refund Liability (Note 8B)	706	-	-	-	-	-	-	706
Due To Other Governments	245,300	-	-	-	-	-	-	245,300
Due To Other Funds	456,864	1,079	-	-	-	(24,819)	(433,124)	-
Due To Component Units	15	-	-	-		-		15
Unearned Revenue	87,080	4,974	-	-	-	620	-	92,674
Compensated Absences Payable	31	299	-	-	-	10,140	-	10,470
Claims and Judgments Payable	18,567	-	-	-	41,420	1,636	-	61,623
Leases Payable	-	18,443	-	8,498	-	-	-	26,941
Notes, Bonds, and COPs Payable	130	870	-	186,910	-	-	-	187,910
Other Current Liabilities	16,634	37	-	-	-	3,308	-	19,979
Total Current Liabilities	2,521,245	59,045	-	203,500	41,420	15,704	(433,124)	2,407,790
Noncurrent Liabilities:								
Deposits Held In Custody For Others	139	-	-	-	-	-	-	139
Accrued Compensated Absences	-	8,263	-	-	-	137,729	-	145,992
Claims and Judgments Payable	-	-	-	-	121,076	180,515	-	301,591
Capital Lease Payable	-	83,563	-	64,492	-	-	-	148,055
Notes, Bonds, and COPs Payable	-	-	-	1,541,225	-	-	-	1,541,225
Other Long-Term Liabilities	-	-	-	-	-	402,954	-	402,954
Total Noncurrent Liabilities	139	91,826	-	1,605,717	121,076	721,198	-	2,539,956
TOTAL LIABILITIES	2,521,384	150,871	-	1,809,217	162,496	736,902	(433,124)	4,947,746
DEFERRED INFLOW OF RESOURCES:	226,590	-	-	-	-	(226,252)	-	338
NET POSITION:								
Net investment in Capital Assets:	68,202	24,121	11,344,380	(1,311,059)	-	-	-	10,125,644
Restricted for:								
Construction and Highway Maintenance	1,088,290	-	-	(8,089)	-	-	-	1,080,201
Education	1,363,318	-	-	(253,138)	-	-	-	1,110,180
Debt Service	44,752	-	-	-	-	-	-	44,752
Emergencies	153,150	-	-	-	-	-	-	153,150
Permanent Funds and Endowments:								
Expendable	7,271	-	-	-	-	-	-	7,271
Nonexpendable	800,132	-	-	-	-	-	-	800,132
Other Purposes	358,694	-	-	-	-	-	-	358,694
Unrestricted	2,850,266	10,290	-	(218,642)	(162,496)	(509,727)	-	1,969,691
TOTAL NET POSITION	$ 6,734,075	$ 34,411	$ 11,344,380	$ (1,790,928)	$ (162,496)	$ (509,727)	$ -	$ 15,649,715

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

Differences Between the *Balance Sheet – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Net Position*

(A) Management uses Internal Services Funds to report the charges for and the costs of goods and services sold by state agencies solely within the state. Because the sales are primarily to governmental funds, the assets and liabilities of the Internal Service Funds are included in the governmental activities on the government-wide *Statement of Net Position.* Internal Service Funds are reported using proprietary fund-type accounting in the fund-level financial statements. In addition to minor training services provided by the Department of Personnel & Administration, and internal sales within the Department of Transportation and the Department of Public Safety, the State's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information technology and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

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

(C) Long-term liabilities such as leases, bonds, notes, mortgages, and Certificates of Participation (including accrued interest) are not due and payable in the current period, and therefore, they are not included in the fund-level financial statements. However, from an economic perspective these liabilities reduce net position and are reported in the *Statement of Net Position.* The portion reported as current in the reconciliation is payable within the following fiscal year. Deferred outflows related to debt refunding losses require a similar adjustment. The largest single portion of the long-term balance is related to Transportation Revenue Anticipation Notes issued by the Department of Transportation.

(D) Risk management liabilities are actuarially determined claims and consist of a current and long-term portion. Generally accepted accounting principles (GAAP) list claims and judgments as an exception to the full accrual basis of accounting that constitutes the modified accrual basis of accounting. The current portion (payable within one year) is excluded from the fund-level statements because it is not payable with expendable available financial resources. In this instance, "payable with expendable available financial resources" means the amounts are not accrued as fund liabilities because they are not budgeted in the current year. The long-term portion of the risk management liability is excluded from the fund-level statements because it is not due and payable in the current period.

(E) Other measurement focus adjustments include:

- Interfund balances receivable from or payable to fiduciary funds are reported on the fund-level *Balance Sheet – Governmental Funds* as due from/to other funds. On the government-wide *Statement of Net Position*, these amounts are considered external receivables and payables.
- Long-term assets and long-term taxes receivable are not available to pay for current period expenditures; therefore, the related revenue is reported as a deferred inflow of resources on the fund-level *Balance Sheet – Governmental Funds*. From an economic perspective, this revenue is earned and the related deferred inflow of resources is removed from the government-wide *Statement of Net Position* when the revenue is recognized on the government-wide *Statement of Activities*.
- Compensated absences are a GAAP modification of the full accrual basis of accounting similar to claims and judgments discussed above. Therefore, both the current and long-term portions of the liability are shown on the government-wide *Statement of Net Position*, but they are not reported on the fund-level *Balance Sheet – Governmental Funds*.
- Claims and Judgments Payable and other long-term liabilities are not reported on the fund-level *Balance Sheet – Governmental Funds* because the amounts are not due and payable from current financial resources. However, from an economic perspective, these liabilities reduce net position, and they are therefore reported on the government-wide *Statement of Net Position*.

(F) All interfund payable balances shown on the fund-level Balance Sheet – Governmental Funds are reported in the internal balances line on the government-wide Statement of Net Position along with all governmental-activities interfund receivables

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 5,272,649	$ -	$ -
Corporate Income	665,363	-	-
Sales and Use	2,666,643	-	-
Excise	93,799	-	573,544
Other Taxes	240,161	259,321	350
Licenses, Permits, and Fines	19,951	2,674	346,218
Charges for Goods and Services	72,148	9,300	125,930
Rents	235	3	2,322
Investment Income (Loss)	27,478	20,928	15,546
Federal Grants and Contracts	6,058,163	182,704	750,438
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	144,105	2,117	140,307
TOTAL REVENUES	15,260,695	477,047	1,954,655
EXPENDITURES:			
Current:			
General Government	275,300	-	10,947
Business, Community, and Consumer Affairs	187,277	7,831	-
Education	645,474	-	-
Health and Rehabilitation	562,333	-	10,505
Justice	1,293,551	-	109,317
Natural Resources	44,835	49,181	-
Social Assistance	7,180,392	-	-
Transportation	-	-	1,200,325
Capital Outlay	195,678	360	33,530
Intergovernmental:			
Cities	113,031	52,163	185,693
Counties	1,233,614	48,603	211,707
School Districts	3,783,791	2,309	-
Special Districts	54,588	19,174	44,052
Federal	676	504	-
Other	25,457	4,747	204
Debt Service	43,411	-	-
TOTAL EXPENDITURES	15,639,408	184,872	1,806,280
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(378,713)	292,175	148,375
OTHER FINANCING SOURCES (USES):			
Transfers-In	4,445,436	31,503	10,962
Transfers-Out	(4,037,877)	(110,988)	(227,051)
Face Amount of Bond/COP Issuance	89,510	-	-
Bond/COP Premium/Discount	6,358	-	-
Capital Lease Proceeds	11,127	-	-
Sale of Capital Assets	21	-	-
Insurance Recoveries	60	-	543
Bond/COP Refunding Issuance	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	514,635	(79,485)	(215,546)
NET CHANGE IN FUND BALANCES	135,922	212,690	(67,171)
FUND BALANCE, FISCAL YEAR BEGINNING	799,105	989,751	1,197,543
Prior Period Adjustment (See Note 29A)	-	-	-
Accounting Changes (See Note 29B)	-	851	-
FUND BALANCE, FISCAL YEAR END	$ 935,027	$ 1,203,292	$ 1,130,372

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 423,495	$ -	$ 5,696,144
-	55,303	-	720,666
-	-	48,420	2,715,063
-	-	144,566	811,909
-	-	153,359	653,191
7	-	388,813	757,663
-	-	697,894	905,272
-	-	180,332	182,892
2,019	11,421	37,339	114,731
10,039	-	181,356	7,182,700
-	-	397	397
-	-	52,540	52,540
2,250	201	76,073	365,053
14,315	490,420	1,961,089	20,158,221
5,215	-	39,827	331,289
3	-	200,109	395,220
14,445	47,531	22,881	730,331
110	-	85,028	657,976
114,967	-	87,623	1,605,458
-	-	12,937	106,953
54	-	233,552	7,413,998
-	-	2,878	1,203,203
57,306	-	11,102	297,976
-	-	60,891	411,778
-	-	79,517	1,573,441
-	666,320	22,699	4,475,119
-	-	10,246	128,060
-	-	1,856	3,036
-	377	40,542	71,327
2,728	-	214,972	261,111
194,828	714,228	1,126,660	19,666,276
(180,513)	(223,808)	834,429	491,945
339,961	83,936	493,212	5,405,010
(66,529)	(25,297)	(1,064,895)	(5,532,637)
-	-	7,100	96,610
-	-	-	6,358
13,905	-	-	25,032
-	-	26,495	26,516
1,201	-	302	2,106
111,780	-	-	111,780
400,318	58,639	(537,786)	140,775
219,805	(165,169)	296,643	632,720
54,181	1,257,167	1,802,472	6,100,219
-	-	285	285
-	-	-	851
$ 273,986	$ 1,091,998	$ 2,099,400	$ 6,734,075

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 5,696,144	$ -	$ -	$ -	$ 12,551	$ 5,708,695
Corporate Income	720,666	-	-	-	(65,360)	655,306
Sales and Use	2,715,063	-	-	-	39,914	2,754,977
Excise	811,909	-	-	-	(1,605)	810,304
Other Taxes	653,191	-	-	-	(6,158)	647,033
Licenses, Permits, and Fines	757,663	-	-	-	21	757,684
Charges for Goods and Services	905,272	-	-	-	(2)	905,270
Rents	182,892	-	-	-	-	182,892
Investment Income (Loss)	114,731	171	-	-	492	115,394
Federal Grants and Contracts	7,182,700	-	-	-	(1,192)	7,181,508
Additions to Permanent Funds	397	-	-	-	-	397
Unclaimed Property Receipts	52,540	-	-	-	-	52,540
Other	365,053	-	12	-	2,668	367,733
TOTAL REVENUES	20,158,221	171	12	-	(18,671)	20,139,733
EXPENDITURES:						
Current:						
General Government	331,289	(6,881)	14,762	-	(4,024)	335,146
Business, Community, and Consumer Affairs	395,220	(3,343)	4,921	-	(19,455)	377,343
Education	730,331	(357)	15,456	-	663	746,093
Health and Rehabilitation	657,976	(1,030)	18,233	-	594	675,773
Justice	1,605,458	(2,217)	(71,812)	-	4,336	1,535,765
Natural Resources	106,953	(1,608)	1,028	-	(381)	105,992
Social Assistance	7,413,998	(4,916)	12,309	-	(261)	7,421,130
Transportation	1,203,203	(1,076)	141,544	-	586	1,344,257
Capital Outlay	297,976	-	(270,828)	-	-	27,148
Intergovernmental:						
Cities	411,778	-	-	-	-	411,778
Counties	1,573,441	-	-	-	-	1,573,441
School Districts	4,475,119	-	-	-	-	4,475,119
Special Districts	128,060	-	-	-	-	128,060
Federal	3,036	-	102	-	-	3,138
Other	71,327	-	-	-	-	71,327
Debt Service	261,111	2,715	-	(184,759)	-	79,067
TOTAL EXPENDITURES	19,666,276	(18,713)	(134,285)	(184,759)	(17,942)	19,310,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	491,945	18,884	134,297	184,759	(729)	829,156
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,405,010	6,900	-	-	-	5,411,910
Transfers-Out	(5,532,637)	(11,422)	-	-	-	(5,544,059)
Face Amount of Bond/COP Issuance	96,610	-	-	(96,506)	-	104
Bond/COP Premium/Discount	6,358	-	-	(5,100)	-	1,258
Capital Lease Proceeds	25,032	-	-	(25,032)	-	-
Sale of Capital Assets	26,516	-	(27,560)	-	-	(1,044)
Insurance Recoveries	2,106	-	-	-	-	2,106
Bond/COP Refunding Issuance	111,780	-	-	(111,780)	-	-
Bond/COP Refunding Payments	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	140,775	(4,522)	(27,560)	(238,418)	-	(129,725)
Internal Service Fund Charges to BTAs	-	1,132	-	-	-	1,132
NET CHANGE FOR THE YEAR	632,720	15,494	106,737	(53,659)	(729)	700,563
Prior Period Adjustment (See Note 29A)	285	1433	-	-	-	1718
Accounting Changes (See Note 29B)	851	-	-	-12148	-	(11,297)
TOTAL CHANGE FOR THE CURRENT YEAR WITH PRIOR PERIOD ADJUSTMENT	$ 633,856	$ 16,927	$ 106,737	$ (65,807)	$ (729)	$ 690,984

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

Differences Between the *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* and Governmental Activities on the Government-Wide *Statement of Activities*

(A) Management uses Internal Services Funds to report charges for and the costs of goods and services sold by state agencies solely within the state. Internal Service Funds are intended to operate on the cost reimbursement basis and should break even each period. If an Internal Service Fund makes a profit, the other funds of the State have been overcharged. If an Internal Service Fund has an operating loss, the other funds of the State have been undercharged. In order to show the true cost of services purchased from Internal Service Funds, an adjustment is made that allocates the net revenue/expense of each Internal Service Fund to the programs that purchased the service. Investment income, debt service, and transfers of the Internal Service Fund are not allocated. In addition to minor training services provided by the Department of Personnel & Administration, and internal sales within the Department of Transportation and the Department of Public Safety, the State's Internal Service Funds provide the following goods and services to nearly all state agencies:

- Fleet management,
- Printing and mail services,
- Information technology services and telecommunication services,
- Building maintenance and management in the capitol complex,
- Administrative court services,
- Legal services, and
- Others including debt collection.

(B) The following adjustments relate to capital assets:

- Capital assets, received as donations, are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* because they are not current financial resources. However, such donations increase net position and are reported on both the government-wide *Statement of Net Position* and *Statement of Activities*.
- Depreciation is not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but it is reported for the economic perspective on which the government-wide *Statement of Activities* is presented.
- Expenditures reported for capital outlay on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* are generally reported as a conversion of cash to a capital asset on the government-wide *Statement of Net Position*. They are not reported as expenses on the government-wide *Statement of Activities*.
- On the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds* all cash received on disposal of capital assets is reported as a gain on sale of capital assets. On the government-wide *Statement of Activities* the reported gain or loss on sale is based on the carrying value of the asset as well as the cash received.

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

- Payments on principal and debt refunding payments are reported as expenditures and other financing uses, respectively, on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. These payments are reported as reductions of lease, bond, and other debt liability balances on the government-wide *Statement of Net Position* and are not reported on the government-wide *Statement of Activities*.
- Amortization of debt premium/discount and gain/loss on refunding are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*, but are reported on the government-wide *Statement of Activities*.
- Lease proceeds, issuance of debt, and debt refunding proceeds are all reported as other financing sources on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. From an economic perspective lease proceeds, debt issuances, and debt refunding proceeds are reported as liabilities on the government-wide *Statement of Net Position* and are not reported on the government-wide *Statement of Activities*.

(D) Other measurement focus adjustments include:

- Long-term taxes receivable and certain other long-term assets are offset by deferred inflows or unearned revenue and are not part of fund balance on the fund-level *Balance Sheet – Governmental Funds*; however, from a full accrual perspective, changes in the fund-level unearned revenue balances result in adjustments to revenue that are recognized and reported on the government-wide *Statement of Activities*.
- Compensated absences accruals and claims and judgments are not normally expected to be liquidated from expendable available financial resources; and therefore, they are not reported on the fund-level *Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds*. However, from a full accrual perspective, these are expenses that are reported on the government-wide *Statement of Activities*.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 1,047,807	$ 627,910
Investments	254,145	-
Premiums Receivable, net	-	135,207
Student and Other Receivables, net	356,069	7,963
Due From Other Governments	133,085	4,547
Due From Other Funds	5,482	-
Due From Component Units	23,716	-
Inventories	36,538	-
Prepaids and Advances	14,876	12,632
Total Current Assets	1,871,718	788,259
Noncurrent Assets:		
Restricted Cash and Pooled Cash	384,810	-
Restricted Investments	303,678	-
Restricted Receivables	-	-
Investments	1,829,495	-
Other Long-Term Assets	97,531	-
Depreciable Capital Assets and Infrastructure, net	5,324,256	73
Land and Nondepreciable Capital Assets	790,423	163
Total Noncurrent Assets	8,730,193	236
TOTAL ASSETS	10,601,911	788,495
DEFERRED OUTFLOW OF RESOURCES:	118,103	-
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	577,422	1,801
Due To Other Governments	-	1
Due To Other Funds	2,114	-
Due To Component Units	528	-
Unearned Revenue	217,325	-
Compensated Absences Payable	17,016	-
Leases Payable	6,228	-
Notes, Bonds, and COPs Payable	118,521	124,960
Other Postemployment Benefits	14,076	-
Other Current Liabilities	84,797	7,605
Total Current Liabilities	1,038,027	134,367
Noncurrent Liabilities:		
Due to Other Funds	-	-
Accrued Compensated Absences	239,084	-
Claims and Judgments Payable	40,982	-
Capital Lease Payable	30,899	-
Derivative Instrument Liability	8,566	-
Notes, Bonds, and COPs Payable	3,573,299	251,122
Due to Component Units	1,743	-
Other Postemployment Benefits	181,511	-
Other Long-Term Liabilities	21,258	-
Total Noncurrent Liabilities	4,097,342	251,122
TOTAL LIABILITIES	5,135,369	385,489
DEFERRED INFLOW OF RESOURCES:	-	-
NET POSITION:		
Net investment in Capital Assets:	2,831,177	236
Restricted for:		
Education	642,611	
Unemployment Insurance	-	402,770
Debt Service	39,862	-
Emergencies	-	-
Permanent Funds and Endowments:		
Expendable	7,901	-
Nonexpendable	64,712	-
Other Purposes	-	-
Unrestricted	1,998,382	-
TOTAL NET POSITION	$ 5,584,645	$ 403,006

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 39,128	$ 531,270	$ 2,246,115	$ 57,823
-	599	254,744	-
-	-	135,207	-
19,080	25,253	408,365	509
-	13,065	150,697	488
-	6,029	11,511	1,066
-	-	23,716	-
1,257	16,220	54,015	723
5,136	4,789	37,433	5,130
64,601	597,225	3,321,803	65,739
-	45,155	429,965	-
-	-	303,678	-
-	45,477	45,477	-
-	67,316	1,896,811	-
-	1,849	99,380	-
958	551,411	5,876,698	86,045
-	579,556	1,370,142	33,498
958	1,290,764	10,022,151	119,543
65,559	1,887,989	13,343,954	185,282
-	-	118,103	-
4,812	58,446	642,481	33,343
383	30,421	30,805	-
30,510	6,949	39,573	1,079
-	-	528	-
-	128,939	346,264	4,974
9	1,092	18,117	299
-	382	6,610	18,443
-	885	244,366	870
-	-	14,076	-
26,010	8,621	127,033	37
61,724	235,735	1,469,853	59,045
-	7,879	7,879	-
700	10,364	250,148	8,263
-	-	40,982	-
-	4,683	35,582	83,563
-	-	8,566	-
-	306,806	4,131,227	-
-	-	1,743	-
-	-	181,511	-
61	23,449	44,768	-
761	353,181	4,702,406	91,826
62,485	588,916	6,172,259	150,871
-	-	-	-
958	820,894	3,653,265	24,121
		642,611	
-	-	402,770	-
-	-	39,862	-
-	34,000	34,000	-
-	-	7,901	-
-	-	64,712	-
-	56,296	56,296	-
2,116	387,883	2,388,381	10,290
$ 3,074	$ 1,299,073	$ 7,289,798	$ 34,411

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:		
Unemployment Insurance Premiums	$ -	$ 736,985
License and Permits	-	46
Tuition and Fees	2,465,584	-
Scholarship Allowance for Tuition and Fees	(562,369)	-
Sales of Goods and Services	1,713,237	-
Scholarship Allowance for Sales of Goods & Services	(20,844)	-
Investment Income (Loss)	1,426	-
Rental Income	16,052	-
Gifts and Donations	25,183	-
Federal Grants and Contracts	981,685	195,367
Intergovernmental Revenue	11,406	-
Other	290,650	-
TOTAL OPERATING REVENUES	4,922,010	932,398
OPERATING EXPENSES:		
Salaries and Fringe Benefits	3,663,490	1,449
Operating and Travel	1,234,495	749,242
Cost of Goods Sold	153,138	-
Depreciation and Amortization	361,077	-
Intergovernmental Distributions	31,760	-
Debt Service	-	-
Prizes and Awards	443	-
TOTAL OPERATING EXPENSES	5,444,403	750,691
OPERATING INCOME (LOSS)	(522,393)	181,707
NONOPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	11,145	3,760
Investment Income (Loss)	260,142	17,194
Rental Income	12,701	3
Gifts and Donations	161,727	-
Intergovernmental Distributions	(20,742)	-
Federal Grants and Contracts	290,893	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(2,422)	-
Insurance Recoveries from Prior Year Impairments	3	-
Debt Service	(147,363)	(5,793)
Other Expenses	(4,289)	-
Other Revenues	5,475	-
TOTAL NONOPERATING REVENUES (EXPENSES)	567,270	15,164
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	44,877	196,871
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	90,590	-
Additions to Permanent Endowments	172	-
Special and/or Extraordinary Item (See Note 35)	(22,185)	-
Transfers-In	206,027	-
Transfers-Out	(3,911)	(3,441)
TOTAL CONTRIBUTIONS AND TRANSFERS	270,693	(3,441)
CHANGE IN NET POSITION	315,570	193,430
NET POSITION - FISCAL YEAR BEGINNING	5,296,037	218,076
Prior Period Adjustments (See Note 29A)	(285)	(6,637)
Accounting Changes (See Note 29B)	(26,677)	(1,863)
NET POSITION - FISCAL YEAR ENDING	$ 5,584,645	$ 403,006

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ -	$ 736,985	$ -
66	106,736	106,848	-
-	469	2,466,053	-
-	-	(562,369)	-
545,028	207,165	2,465,430	300,964
-	-	(20,844)	-
-	10,278	11,704	-
-	1,695	17,747	14,450
-	-	25,183	-
-	430,811	1,607,863	-
-	24,018	35,424	-
1,137	11,777	303,564	136
546,231	792,949	7,193,588	315,550
9,539	258,489	3,932,967	166,336
57,698	384,768	2,426,203	103,398
12,196	35,210	200,544	8,347
960	18,017	380,054	17,516
-	10,758	42,518	3
-	11,691	11,691	-
336,511	868	337,822	-
416,904	719,801	7,331,799	295,600
129,327	73,148	(138,211)	19,950
-	34,921	34,921	-
-	564	15,469	-
555	7,030	284,921	172
-	9,225	21,929	-
-	1,381	163,108	-
(60,321)	-	(81,063)	-
-	-	290,893	816
-	3,625	1,203	1,763
-	175	178	-
-	(6,978)	(160,134)	(2,686)
-	(55)	(4,344)	-
-	-	5,475	-
(59,766)	49,888	572,556	65
69,561	123,036	434,345	20,015
-	3,265	93,855	1,159
-	-	172	-
-	-	(22,185)	-
-	21,821	227,848	5,741
(70,279)	(17,919)	(95,550)	(11,421)
(70,279)	7,167	204,140	(4,521)
(718)	130,203	638,485	15,494
3,792	1,170,801	6,688,706	17,548
-	-	(6,922)	1,433
-	(1,931)	(30,471)	(64)
$ 3,074	$ 1,299,073	$ 7,289,798	$ 34,411

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 1,927,884	$ -
Fees for Service	1,611,952	-
Sales of Products	2,648	-
Gifts, Grants, and Contracts	1,518,735	193,597
Loan and Note Repayments	427,122	-
Unemployment Insurance Premiums	-	732,578
Income from Property	28,752	-
Other Sources	112,475	-
Cash Payments to or for:		
Employees	(3,462,799)	-
Suppliers	(1,368,064)	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(748,264)
Scholarships	(116,124)	-
Others for Student Loans and Loan Losses	(423,869)	-
Other Governments	(31,760)	- -
Other	(71,558)	-
Component Unit Cash Flows from Operating Activities		
NET CASH PROVIDED BY OPERATING ACTIVITIES	155,394	177,911
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	206,027	-
Transfers-Out	(3,911)	(3,441)
Receipt of Deposits Held in Custody	671,849	-
Release of Deposits Held in Custody	(674,437)	-
Gifts and Grants for Other Than Capital Purposes	150,330	-
Intergovernmental Distributions	(20,742)	-
NonCapital Debt Proceeds	-	-
NonCapital Debt Service Payments	(6,545)	(135,365)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	322,571	(138,806)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(634,290)	(235)
Capital Contributions	11,871	-
Capital Gifts, Grants, and Contracts	38,785	-
Proceeds from Sale of Capital Assets	4,981	-
Capital Debt Proceeds	416,903	-
Capital Debt Service Payments	(295,969)	-
Capital Lease Payments	(8,413)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(466,132)	(235)

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

(Continued)

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 469	$ 1,928,353	$ 3
-	245,021	1,856,973	306,167
546,393	56,978	606,019	1,141
-	434,700	2,147,032	822
-	392	427,514	-
-	-	732,578	-
-	10,919	39,671	14,377
1,203	155,023	268,701	156
(9,398)	(148,468)	(3,620,665)	(122,463)
(30,559)	(275,830)	(1,674,453)	(143,127)
(376,008)	(6,416)	(382,424)	(829)
-		(748,264)	-
-	-	(116,124)	-
-	(267,463)	(691,332)	-
-	(10,295)	(42,055)	(3)
(45)	(9,753)	(81,356)	(401)
131,586	185,277	650,168	55,843
-	21,869	227,896	5,741
(70,279)	(17,967)	(95,598)	(11,421)
-	100	671,949	136
-	(131)	(674,568)	(214)
-	973	151,303	-
(67,059)	-	(87,801)	-
-	-	-	-
-	(549)	(142,459)	-
(137,338)	4,295	50,722	(5,758)
(18)	(225,773)	(860,316)	(27,187)
-	-	11,871	-
-	1,280	40,065	-
-	632	5,613	10,098
-	-	416,903	-
-	(6,936)	(302,905)	(5,413)
-	(545)	(8,958)	(32,489)
(18)	(231,342)	(697,727)	(54,991)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 **(Continued)**

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	120,069	17,194
Proceeds from Sale/Maturity of Investments	4,120,114	-
Purchases of Investments	(4,257,069)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	2,829	-
NET CASH FROM INVESTING ACTIVITIES	(14,057)	17,194
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(2,224)	56,064
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,435,126	580,901
Prior Period Adjustment (See Note 29)	(285)	(9,055)
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,432,617	$ 627,910
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (522,393)	$ 181,707
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	361,078	-
Investment/Rental Income and Other Revenue in Operating Income	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	322,259	3,763
(Gain)/Loss on Disposal of Capital and Other Assets	222	-
Compensated Absences	15,736	-
Insurance Premiums and State Subsidy		
Claims and General Insurance Expenses Paid		
Interest and Other Expense in Operating Income	(14,228)	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(51,034)	1,831
(Increase) Decrease in Inventories	449	-
(Increase) Decrease in Other Operating Assets	(6,940)	(9,608)
Increase (Decrease) in Accounts Payable	37,754	283
Increase (Decrease) in Other Operating Liabilities	12,491	(65)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 155,394	$ 177,911
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:		
Capital Assets Funded by the Capital Projects Fund	35,338	-
Capital Assets Acquired by Grants or Donations and Payable Increases	60,284	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	134,661	-
Loss on Disposal of Capital and Other Assets	24,019	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	35,031	60
Assumption of Capital Lease Obligation or Mortgage	7,570	-
Financed Debt Issuance Costs	946	-
Fair Value Change in Derivative Instrument	233	-

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
STATE LOTTERY	OTHER ENTERPRISE	TOTALS	INTERNAL SERVICE FUNDS
452	15,808	153,523	24
-	139,361	4,259,475	-
-	-	(4,257,069)	-
103	1,848	4,780	147
555	157,017	160,709	171
(5,215)	115,247	163,872	(4,735)
44,343	461,178	2,521,548	62,558
-	-	(9,340)	-
$ 39,128	$ 576,425	$ 2,676,080	$ 57,823
$ 129,327	$ 73,148	$ (138,211)	$ 19,950
960	18,017	380,055	17,516
-	(10,278)	(10,278)	-
-	48,497	374,519	819
-	7,972	8,194	-
(159)	(260)	15,317	(162)
-	(18,003)	(32,231)	235
1,268	24,594	(23,341)	2,982
(85)	(1,552)	(1,188)	402
(144)	785	(15,907)	(3,016)
616	8,749	47,402	13,807
(197)	33,608	45,837	3,310
$ 131,586	$ 185,277	$ 650,168	$ 55,843
-	3,969	39,307	1,159
-	1,571	61,855	-
-	-	134,661	-
3	7,991	32,013	4
-	-	35,091	-
-	-	7,570	22,303
-	-	946	-
-	-	233	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 68,071	$ 165,115	$ 699,802
Investments	-	646	-
Taxes Receivable, net	-	-	151,369
Other Receivables, net	603	6,562	351
Due From Other Funds	24,392	6,513	10,520
Inventories	-	-	6
Prepaids and Advances	1,235	-	-
Noncurrent Assets:			
Investments:			
Government Securities	-	13,684	-
Corporate Bonds	-	5,522	-
Repurchase Agreements	-	1,081	-
Asset Backed Securities	-	762	-
Mortgages	-	1,300	-
Mutual Funds	-	5,789,152	-
Other Investments	-	78,299	-
Other Long-Term Assets	-	-	13,689
TOTAL ASSETS	94,301	6,068,636	$ 875,737
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	14,843	8,817	1,276
Due To Other Governments	-	-	266,036
Due To Other Funds	-	-	1,086
Unearned Revenue	-	6,478	-
Claims and Judgments Payable	14,248	-	146
Other Current Liabilities	-	-	599,480
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	2,961	3,005
Accrued Compensated Absences	55	-	-
Other Long-Term Liabilities	-	-	4,708
TOTAL LIABILITIES	29,146	18,256	$ 875,737
NET POSITION:			
Pension/Benefit Plan Participants	64,392	-	
Individuals, Organizations, and Other Entities	-	6,050,380	
Unrestricted	763	-	
TOTAL NET POSITION	$ 65,155	$ 6,050,380	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	PENSION AND BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,007,293
Member Contributions	82,364	-
Employer Contributions	251,302	-
Investment Income/(Loss)	895	711,641
Employee Participation Fees	707	-
Unclaimed Property Receipts	-	35,759
Other Additions	4,636	3,075
Transfers-In	1,222	-
TOTAL ADDITIONS	341,126	1,757,768
DEDUCTIONS:		
Distributions to Participants	-	257,504
Health Insurance Premiums Paid	149,784	-
Health Insurance Claims Paid	147,919	-
Other Benefits Plan Expense	19,292	-
Payments in Accordance with Trust Agreements	-	562,601
Other Deductions	16,036	-
Transfers-Out	60	153
TOTAL DEDUCTIONS	333,091	820,258
CHANGE IN NET POSITION	8,035	937,510
NET POSITION - FISCAL YEAR BEGINNING	57,120	5,112,870
NET POSITION - FISCAL YEAR ENDING	$ 65,155	$ 6,050,380

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
ASSETS:		
Current Assets:		
Cash and Pooled Cash	$ 165,838	$ 17,291
Investments	-	-
Contributions Receivable, net	-	30,673
Other Receivables, net	75,606	487
Due From Other Governments	1,720	-
Prepaids and Advances	-	444
Total Current Assets	243,164	48,895
Noncurrent Assets:		
Restricted Cash and Pooled Cash	132,061	-
Restricted Investments	190,462	-
Restricted Receivables	2,726	-
Investments	-	1,474,385
Contributions Receivable, net	-	46,419
Other Long-Term Assets	955,621	-
Depreciable Capital Assets and Infrastructure, net	33	1,060
Land and Nondepreciable Capital Assets	-	-
Total Noncurrent Assets	1,280,903	1,521,864
TOTAL ASSETS	1,524,067	1,570,759
DEFERRED OUTFLOW OF RESOURCES:	4,505	-
LIABILITIES:		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	13,364	9,159
Due To Other Governments	2,330	-
Unearned Revenue	-	-
Claims and Judgments Payable	-	-
Leases Payable	-	256
Notes, Bonds, and COPs Payable	50,165	-
Other Current Liabilities	100,604	12,239
Total Current Liabilities	166,463	21,654
Noncurrent Liabilities:		
Deposits Held In Custody For Others	-	327,500
Notes, Bonds, and COPs Payable	718,245	-
Other Long-Term Liabilities	31,904	18,349
Total Noncurrent Liabilities	750,149	345,849
TOTAL LIABILITIES	916,612	367,503
DEFERRED INFLOW OF RESOURCES:	718	-
NET POSITION:		
Net investment in Capital Assets:	33	804
Restricted for:		
Emergencies	-	-
Expendable	-	702,078
Nonexpendable	-	426,733
Other Purposes	556,934	-
Unrestricted	54,275	73,641
TOTAL NET POSITION	$ 611,242	$ 1,203,256

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 887	$ 13,869	$ 758	$ 19,878	$ 218,521
-	-	-	67,411	67,411
10,996	7,378	1,287	4,150	54,484
-	1,743	174	638	78,648
-	-	-	344	2,064
178	-	-	-	622
12,061	22,990	2,219	92,421	421,750
-	96	-	24,253	156,410
-	-	-	-	190,462
-	-	-	-	2,726
375,670	306,562	114,002	42,126	2,312,745
14,108	29,470	2,321	-	92,318
568	269	101	1,690	958,249
7	7	1,030	163,262	165,399
-	-	-	24,855	24,855
390,353	336,404	117,454	256,186	3,903,164
402,414	359,394	119,673	348,607	4,324,914
-	-	-	-	4,505
966	1,460	2,557	1,358	28,864
-	-	-	-	2,330
-	-	-	7,656	7,656
-	-	-	22,251	22,251
-	-	-	-	256
-	-	-	-	50,165
-	-	-	208	113,051
966	1,460	2,557	31,473	224,573
14,976	35,035	630	-	378,141
-	-	-	54,590	772,835
791	10,145	142	12	61,343
15,767	45,180	772	54,602	1,212,319
16,733	46,640	3,329	86,075	1,436,892
-	-	-	-	718
7	7	1,030	188,116	189,997
-	-	-	63	63
191,341	119,251	18,792	-	1,031,462
157,822	166,426	81,967	-	832,948
-	-	-	17,590	574,524
36,511	27,070	14,555	56,763	262,815
$ 385,681	$ 312,754	$ 116,344	$ 262,532	$ 2,891,809

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION
OPERATING REVENUES:		
Fees	$ 37,315	$ -
Sales of Goods and Services	-	-
Investment Income (Loss)	8,652	-
Rental Income	-	-
Gifts and Donations	-	152,259
Federal Grants and Contracts	6,765	-
Other	3,212	642
TOTAL OPERATING REVENUES	55,944	152,901
OPERATING EXPENSES:		
Salaries and Fringe Benefits	1,258	-
Operating and Travel	24,466	21,033
Depreciation and Amortization	14	595
Debt Service	35,883	-
Foundation Program Distributions	-	109,172
TOTAL OPERATING EXPENSES	61,621	130,800
OPERATING INCOME (LOSS)	(5,677)	22,101
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income (Loss)	-	164,129
Gifts and Donations	-	-
Federal Grants and Contracts	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	-	-
Debt Service	-	-
Other Expenses	-	-
Other Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	164,129
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(5,677)	186,230
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Capital Contributions	11,724	-
TOTAL CONTRIBUTIONS AND TRANSFERS	11,724	-
CHANGE IN NET POSITION	6,047	186,230
NET POSITION - FISCAL YEAR BEGINNING	605,195	1,017,026
Prior Period Adjustments (See Note 29A)	-	-
NET POSITION - FISCAL YEAR ENDING	$ 611,242	$ 1,203,256

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

COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ -	$ 1,800	$ -	$ 73,018	$ 112,133
-	-	-	8,273	8,273
-	-	-	(4,577)	4,075
-	-	-	1,335	1,335
59,391	48,683	7,549	-	267,882
-	-	-	2,455	9,220
87	479	479	-	4,899
59,478	50,962	8,028	80,504	407,817
-	-	-	-	1,258
5,797	4,979	912	135,804	192,991
5	9	53	5,647	6,323
-	-	-	-	35,883
50,140	19,529	10,627	-	189,468
55,942	24,517	11,592	141,451	425,923
3,536	26,445	(3,564)	(60,947)	(18,106)
42,876	40,805	14,385	996	263,191
-	-	-	4,541	4,541
-	-	-	955	955
-	-	-	22,335	22,335
-	-	-	(3,382)	(3,382)
-	-	-	(15,030)	(15,030)
-	-	-	12,925	12,925
42,876	40,805	14,385	23,340	285,535
46,412	67,250	10,821	(37,607)	267,429
-	-	-	-	11,724
-	-	-	-	11,724
46,412	67,250	10,821	(37,607)	279,153
339,269	245,504	105,523	294,918	2,607,435
-	-	-	5,221	5,221
$ 385,681	$ 312,754	$ 116,344	$ 262,532	$ 2,891,809

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS RECAST TO THE STATEMENT OF ACTIVITIES FORMAT FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		ELIMINATIONS & ADJUSTMENTS	STATEMENT OF ACTIVITIES	
OPERATING REVENUES:				
Fees	$ 112,133			
Sales of Goods and Services	8,273			
Investment Income (Loss)	4,075	(4,075)		
Rental Income	1,335			
Gifts and Donations	267,882	(267,882)		
Federal Grants and Contracts	9,220	(9,220)		
Other	4,899	(1,686)		
TOTAL OPERATING REVENUES	407,817	(282,863)	124,954	CHARGES FOR SERVICES
OPERATING EXPENSES:				
Salaries and Fringe Benefits	1,258			
Operating and Travel	192,991			
Depreciation and Amortization	6,323			
Debt Service	35,883			
Foundation Program Distributions	189,468			
Other Expenses	-	18,410		
TOTAL OPERATING EXPENSES	425,923	18,410	444,333	EXPENSES
OPERATING INCOME (LOSS)	(18,106)			
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	263,191	(263,191)		
Gifts and Donations	4,541	(4,541)		
Federal Grants and Contracts	955	(955)		
Gain/(Loss) on Sale or Impairment of Capital Assets	22,335	(22,335)		
Debt Service	(3,382)	3,382		
Other Expenses	(15,030)	15,030		
Other Revenues	12,925	(12,925)		
TOTAL NONOPERATING REVENUES (EXPENSES)	285,535	(285,535)		
		486,139	486,139	OPERATING GRANTS & CONTRIBUTIONS
		24,026	24,026	CAPITAL GRANTS & CONTRIBUTIONS
		72,028	72,028	UNRESTRICTED INVESTMENT EARNINGS
		16,321	16,321	PAYMENTS FROM THE STATE
		18	18	OTHER GENERAL REVENUES
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	267,429			
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	11,724	(11,724)		
TOTAL CONTRIBUTIONS AND TRANSFERS	11,724	(11,724)		
CHANGE IN NET POSITION	279,153		279,153	CHANGE IN NET POSITION
NET POSITION - FISCAL YEAR BEGINNING	2,607,435		2,607,435	NET POSITION - FISCAL YEAR BEGINNING
Prior Period Adjustments (See Note 29A)	5,221		5,221	
NET POSITION - FISCAL YEAR ENDING	$ 2,891,809		$ 2,891,809	NET POSITION - FISCAL YEAR ENDING

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES 1 Through 7 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

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

A. NEW ACCOUNTING STANDARDS

During Fiscal Year 2013-14, the State implemented GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, GASB Statement No. 66 – Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62, and Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees.

B. FUTURE ACCOUNTING STANDARDS

Effective for Fiscal Year 2014-15, the GASB issued Statement No. 68 - Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governments, such as the State of Colorado, that provide their employees with pension benefits. The statement will require cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. At this time, management is unable to estimate the magnitude of the State's share of the unfunded pension liability.

NOTE 1 – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report all nonfiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The government-wide statements include the *Statement of Net Position* and the *Statement of Activities*; these statements show the financial position and changes in financial position from the prior year. (See additional discussion in Note 3.)

NOTE 2 – REPORTING ENTITY

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

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity, as amended by GASB Statement No. 61. The State is financially accountable for those entities for which the State appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State.

For those entities that the State does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent and there exists a financial benefit or burden relationship with the State. Entities that do not meet the specific criteria for inclusion may still be included if it would be misleading to exclude them. Under GASB Statement No. 39, individually significant legally separate tax-exempt organizations are included as component units if their resources are for the direct benefit of the State and the State can access those resources.

The following entities qualify as discretely presented component units:

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

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

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

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

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

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

University of Colorado Foundation
4740 Walnut Street
Boulder, Colorado 80301

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

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

University of Northern Colorado Foundation
Judy Farr Alumni Center
Campus Box 20
Greeley, CO 80639

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

CoverColorado
425 South Cherry Street, Suite 160
Glendale, Colorado 80246

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

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

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Pinnacol Assurance
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Facilities Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Pension Association
- The State Board of the Great Outdoors Colorado Trust Fund
- Colorado Health Benefit Exchange

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

Various college and university foundations exist for the benefit of the related State institutions of higher education, but they do not meet all of the GASB Statement No. 39 requirements for inclusion as

component units. These entities are included in the various note disclosures if they qualify as related parties or if omitting them would be misleading.

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

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

NOTE 3 – BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements focus on the government as a whole. The *Statement of Net Position* and the *Statement of Activities* are presented using the economic resources measurement focus and the full accrual basis of accounting. Under this presentation, all revenues, expenses, and all current and long-term assets, deferred outflows and liabilities and deferred inflows of the government are reported including capital assets, depreciation, and long-term debt.

The government-wide statements show the segregation between the primary government and its component units. The primary government is further subdivided between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities include proprietary funds financed in whole or in part by fees charged to external parties for goods or services.

The *Statement of Net Position* presents the financial position of the government. The net position section of the statement focuses on whether assets and deferred outflows, net of related liabilities and deferred inflows, have been restricted as to the purpose for which they may be used. When an external party or the State Constitution places a restriction on the use of certain assets, those assets, net of related liabilities, are reported in the Net Position line items shown as Restricted. The nature of an asset may also result in a restriction on asset use. The line item Net Investment in Capital Assets, comprises capital assets (net of depreciation) reduced by the outstanding balance of leases, bonds, mortgages, notes, Certificates of Participation, or other borrowings that were used to finance the acquisition, construction, or improvement of the capital asset. The State does not report restrictions of net position related to enabling legislation because a settled court case determined that crediting money to a special fund does not mean that the General Assembly is prohibited from appropriating the money for another purpose. Internal Service Fund assets and liabilities are reported in the government-wide *Statement of Net Position* as part of the governmental activities.

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities in State government. It does this by presenting direct and allocated indirect costs reduced by program revenues of the function or business-type activities. Direct costs are those that can be specifically identified with a program. The State allocates indirect costs based on the Statewide Appropriations/Cash Fees Plan. Program revenues comprise fines and forfeitures, charges for goods and services, and capital and operating grants.

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

Interfund transactions, such as federal and State grants moving between State agencies, have been eliminated from the government-wide statements to the extent that they occur within either the governmental or business-type activities, except as follows. In order not to misstate the sales revenue and purchasing expenses of individual functions or business-type activities, the effects of interfund services provided and used have not been eliminated. Balances between governmental and business-type activities are presented as internal balances and are eliminated in the total column. Internal Service Fund activity has been eliminated by allocating the net revenue/expense of the Internal Service Fund to the function originally charged for the internal sale.

Some of the State's component units have fiscal year-ends that differ from the State's fiscal year-end, and as a result amounts receivable and payable between the primary government and component units may not be equal. Amounts shown as receivable and payable between the primary government and the component units are primarily with the four foundations, which are reported as component units and have matching fiscal year ends, but also include amounts related to component units not deemed material for discrete reporting.

Interfund balances between the primary government's fiduciary activities and the primary government are presented on the government-wide statements as external receivables and payables.

NOTE 4 – BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Primary Government

The fund-level statements provide additional detail about the primary government and its component units. The information is presented in four types – governmental funds, proprietary funds, fiduciary funds, and component units. With the exception of the fiduciary fund type, each type is presented with a major fund focus.

The Governmental Accounting Standards Board has defined major funds based on percentage thresholds; however, it allows presentation of any fund as a major fund when that fund is particularly important to financial statement users. The Capital Projects Fund, the State Education Fund, and the Lottery Fund do not meet the percentage threshold requirements, but they are presented as major funds under the discretion provided by the standard. The State's component units are reported as major except for the Denver Metropolitan Major League Baseball Stadium District, CoverColorado, the Venture Capital Authority, and HLC @ Metro, Inc. which are presented as nonmajor component units.

The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE:

General Fund

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

Resource Extraction

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

Highway Users Tax Fund

Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver, and vehicle registration fees, and other related taxes. In prior years this fund has issued revenue bonds to finance construction and maintenance of highway infrastructure. Most of the State's infrastructure is owned by this fund.

Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of State owned facilities and certain equipment are accounted for in the Capital Projects Fund unless the activity occurs in a proprietary fund or in certain instances when the activity is incidental to a cash fund. A combining schedule of the components of the Capital Projects Fund is presented as supplementary information to segregate regular (primarily general-funded) and special (primarily cash-funded) capital construction.

State Education Fund

The State Education Fund was created in the State Constitution by a vote of the people in November 2000. The fund's primary revenue source is a tax of one third of one percent on federal taxable income. The revenues are restricted for the purpose of improving Colorado students' primary education by funding specific programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11 and by inflation thereafter.

PROPRIETARY FUND TYPE:

Higher Education Institutions

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

Unemployment Insurance

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

Lottery

The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors

Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue Fund. The funds are used primarily for open space purchases and recreational facilities throughout the State.

Nonmajor funds of each fund type are aggregated into a single column for presentation in the basic financial statements. In addition to the major funds discussed above, the State reports the following fund categories in supplementary information in the Comprehensive Annual Financial Report (CAFR).

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund

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

Capital Projects

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

Special Revenue Funds

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

Debt Service Fund

This fund accounts for the accumulation of resources, primarily transfers from other funds, for the payment of long-term debt principal and interest. It also accounts for the issuance of debt solely to refund debt of other funds. The primary debt serviced by this fund consists of Certificates of Participation issued by various departments and Transportation Revenue Anticipation Notes issued by the Department of Transportation to fund infrastructure.

Permanent Funds

This collection of funds reports resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the State's programs. The individual nonmajor funds included in this category are the State Lands Fund and an aggregation of several smaller funds. On the government-wide financial statements, the net position of these funds are presented as restricted with separate identification of the nonexpendable (principal) and expendable (earnings) amounts. On the fund-level financial statements, the principal portion is reported as Nonspendable.

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

The State uses enterprise funds to account for activities that charge fees, primarily to external users, to recover the costs of the activity. In some instances, the requirement to recover costs is a legal mandate, and in others it is due to management's pricing policy. The individual nonmajor funds reported as supplementary information include CollegeInvest, Parks and Wildlife, College Assist, State Fair Authority, Correctional Industries, State Nursing Homes, Prison Canteens, Petroleum Storage Tank, Transportation Enterprise, and several smaller funds aggregated as Other Enterprise Funds.

Internal Service Funds

The State uses Internal Service Funds to account for sales of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to Internal Service Funds. The State's Internal Service Funds reported in supplementary information include Central Services, Information Technology, Capitol Complex, Highways, Public Safety, Administrative Courts, Legal Services, and Other Enterprise Services. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Position,* and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

The resources reported in fiduciary fund types are not available for use in the State's programs; therefore, none of the fiduciary funds are included in the government-wide financial statements.

Pension and Benefit Trust Funds

In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for members and beneficiaries of the Group Benefits Plan, which provides Health, Life, Dental, and Short-Term Disability Benefits to State employees.

Private Purpose Trust Funds

Private Purpose Trust Funds are used to report the resources held in trust for the benefit of other governments, private organizations, or individuals. A single column in the basic financial statements aggregates the Treasurer's Private Purpose Trusts, Unclaimed Property, the College Savings Plan operated by CollegeInvest, the College Opportunity Fund (liquidated annually), the Multistate Lottery Winners Trust Fund and several smaller funds shown in the aggregate as Other.

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

Intrafund transactions are those transactions that occur completely within a column in the financial statements, while interfund transactions involve more than one column. This definition applies at the level of combining financial statements in the supplementary information section of the Comprehensive Annual Financial Report. Substantially all intrafund transactions and balances of the primary government have been eliminated from the fund-level financial statements. Interfund sales and federal grant pass-throughs are not eliminated, but are shown as revenues and expenditures/expenses of the various funds. Substantially all other interfund transactions are classified as transfers-in or transfers-out after the revenues and expenses are reported on each of the statements of changes in net position, or the Statement of Revenues, Expenditures and Changes in Fund Balances

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources

Social Assistance

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

Transportation

Department of Transportation

Component Units

The Colorado Water Resources and Power Development Authority is engaged only in business-type activities, and uses proprietary fund accounting for its operations. The authority's financial information is presented as of December 31, 2013.

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, uses proprietary fund accounting in preparation of its financial statements, while CoverColorado and the Venture Capital Authority, both nonmajor component units, apply applicable GASB pronouncements. The financial information for these entities is presented as of December 31, 2013.

The four foundations presented as component units and HLC @ Metro, Inc. follow Financial Accounting Standards Board statements applicable to not-for-profit entities. The foundations' audited not-for-profit financial statements have been recast into the governmental format as allowed by GASB Statement No. 39. Financial information for the four foundation component units and HLC @ Metro, Inc. is presented as of June 30, 2014.

NOTE 5 – BASIS OF ACCOUNTING

Primary Government

The basis of accounting applied to a fund depends on both the type of fund and the financial statement on which the fund is presented.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

All transactions and balances on the government-wide financial statements are reported on the full accrual basis of accounting. Under full accrual, revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange transactions are recognized when the exchange takes place and the earnings process is complete. Similar recognition occurs for nonexchange transactions depending on the type of transaction as follows:

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the State has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets are recognized if received before eligibility requirements are met.

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

All transactions and balances of governmental funds are presented on the modified accrual basis of accounting consistent with the flow of current financial resources measurement focus and the requirements of Governmental Accounting Standards Board Interpretation No. 6. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The State defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for economic trends, are used to estimate the following revenue accruals:

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

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

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include professional services, supplies, utilities, and travel),
- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year-end),
- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

Under these recognition criteria, compensated absences, claims and judgments, and termination benefits are reported as fund liabilities only in the period that they become due and payable. Expenditures/liabilities not recognized in the fund-level statements are reported as expenses/liabilities on the government-wide statements.

Proprietary and Fiduciary Funds

All transactions and balances of the proprietary and fiduciary fund types are reported on the full accrual basis of accounting as described above for the government-wide statements.

Component Units

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

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

A. CASH AND POOLED CASH

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

B. RECEIVABLES

Component Units

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

C. INVENTORY

Inventories of the various State agencies primarily comprise finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. The method used in each agency is consistent from year to year.

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

D. INVESTMENTS

Primary Government

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

Component Units

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

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

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

E. CAPITAL ASSETS

Depreciable capital assets are reported at historical cost net of accumulated depreciation on the government-wide *Statement of Net Position*. Donated capital assets are carried at their fair market value at the date of donation (net of accumulated depreciation). Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

(Amounts in Dollars)

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

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

All depreciable capital assets are depreciated using the straight-line method. State agencies are required to use actual experience in setting useful lives for depreciating capital assets. The following table lists the range of lives that State agencies normally use in depreciating capital assets. Certain historical and Department of Transportation buildings and are depreciated over longer lives, but they are excluded from the following table.

(Amounts in Years)

Asset Class	Shortest Period Used	Longest Period Used
Land Improvements	3	50
Buildings	3	70
Leasehold Improvements	3	50
Vehicles and Equipment	3	50
Software	2	23
Library Books	3	20
Other Capital Assets	3	25
Infrastructure	20	75

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

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

F. UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

G. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death.

Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

In accordance with GASB Interpretation No. 6, compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the

government-wide *Statement of Net Position*, all compensated absence liabilities are reported.

Component Units

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

H. INSURANCE

The State has an agreement with Broadspire to act as the third party administrator for the State's self-insured workers' compensation claims. The State reimburses Broadspire for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The State insures its property through a combination of self-insurance and commercial insurance carriers and is self-insured against liability risks for both its officials and employees (see Note 21). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due. The State pays the actual costs of unemployment benefits paid to separated employees rather than unemployment insurance premiums.

I. NET POSITION AND FUND BALANCES

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

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

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

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

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

Restricted for Education – The net position of the State Education Fund, a major special revenue fund, is restricted for education purposes based on Article IX, Section 17, of the State Constitution. Section 17 is commonly referred to as Amendment 23, which references the ballot number assigned to the issue in the general election of 2000. In addition, the net position of the Public School Fund, a Special Purpose fund is restricted for exclusive use pursuant to Article IX, Section 3 of the State Constitution.

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

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

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

Restricted for Emergencies – The General Assembly designates the fund balance of certain funds as an emergency reserve as required by Article X, Section 20 (TABOR) of the State Constitution. The requirement is to reserve for emergencies three percent or more of fiscal year spending. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues and enterprises. State properties included as part of the required reserve are not represented in this amount. (See Note 8B for more information on the current year amount of the emergency reserve.)

Restricted Permanent Funds and Endowments – This item is segregated into two components. The restricted balances reported as nonexpendable are related to the principal portion of governmental Permanent Funds, such as the State Lands Fund, amounts dedicated to fund capital construction activity, and the endowment portion of the Higher Education Institutions Fund that must be maintained in perpetuity. The restricted balances reported as expendable are primarily the earnings on the related principal balances. In general these earnings can only be used for education program purposes.

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

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

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

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

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

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

Spendable fund balance classifications include:

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

Restrictions are in place on the *Balance Sheet – Governmental Funds* to reflect the restrictions discussed for the government-wide *Statement of Net Position*, except for Permanent Funds that are presented as Nonspendable. The emergency reserve is restricted in the Labor Fund, a nonmajor Other Special Revenue Fund, the gaming proceeds are restricted in the Gaming Fund, a nonmajor Other Special Revenue Fund, funds legally required to be held for debt service in the Debt Service Fund, an Other Governmental Fund, while the remaining restrictions are represented in various funds.

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

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

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

reserve as Committed fund balance. As a result only the remaining GAAP fund balance of $249.2 million was committed for this purpose.

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

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

Assigned – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2013-14 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

Unassigned – This classification is the residual classification in the General Fund, and is not shown in other governmental funds unless the fund balance is a deficit. For Fiscal Year 2013-14, there was no unassigned fund balance because of the shortfall in the statutory reserve discussed in the Committed section of this note.

NOTE 7 – ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/EXPENSES

A. PROGRAM REVENUES

The government-wide *Statement of Activities* presents two broad types of revenues – program revenues and general revenues. All taxes, with the exception of unemployment insurance premiums used to support a business-type activity, are reported as general revenues. Unrestricted investment earnings and the court ordered awards of the Tobacco Litigation Settlement Fund, a nonmajor Other Special Revenue Fund, are also reported as general revenues. Except for transfers, permanent fund additions, and special items, all other revenues are reported as program revenues. In general, program revenues include:

- Fees for services, tuition, licenses, certifications, and inspections,
- Fines and forfeitures,
- Sales of products,
- Rents and royalties,
- Donations and contributions, and
- Intergovernmental revenues (including capital and operating grants).

B. INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities.* In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities. The allocation is based on the Statewide Appropriations/Cash Fees Plan that is derived from the Statewide Indirect Cost Allocation Plan that was approved by the federal government during Fiscal Year 2013-14. The Statewide Appropriations/Cash Fees Plan includes indirect costs not chargeable to federal sources, including the majority of the Governor's Office.

The Plan uses costs from Fiscal Year 2010-11 that were incorporated in State agency budgets in Fiscal Year 13-14. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position.* However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the Transfers line item at the bottom of the *Statement of Activities.*

C. OPERATING REVENUES AND EXPENSES

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

In general this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Position* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds, for which the core business activity is lending, are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Position* but are reported as investing activities on the *Statement of Cash Flows.*
- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Position* but are reported as cash from operations on the *Statement of Cash Flows.*

The State's institutions of higher education have defined operating revenues and expenses as generally resulting from providing goods and services for instruction, research, public service, or related support services to an individual or entity separate from the institution.

NOTE 8 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. In the General Purpose Revenue Fund and Regular Capital Projects Fund, if earned cash revenues plus available reserved fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Absent general-funded appropriations, agencies are not allowed to use general-purpose revenue to support an expenditure/expense that was appropriated from cash or federal funds. Budget-to-actual comparisons are presented in the Required Supplementary Information Section beginning on page 155. Differences noted between departmental reversions or overexpended amounts on the budgetary schedules and the `overexpended amounts discussed below are due to offsetting underexpended line item appropriations.

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

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

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

Total overexpenditures at June 30, 2014, were $36,241,517 as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy and Financing overexpended this line item by $27,130,236 of general funds. This appropriation pays for the majority of Medicaid services rendered for clients. With changes in eligibility standards, the caseload related to low income and higher income parents was higher than estimated. Growth in the base population that is funded at a 50 percent federal participation rate increased by 40,000 while the expansion population that is solely federally funded grew by 15,000 which is significantly below the level anticipated. This also contributed to nonappropriated overexpenditures of $438,927 in the Breast and Cervical Prevention and Treatment Fund, $149,124 in the Healthcare Expansion Fund, and $316,582 in the Nursing Facility Provider Fee Cash Fund.
- Medicaid Mental Health Fee for Service Payments – The Department of Health Care Policy and Financing overexpended this line item by $1,791,913 of general funds and $1,368,503 of cash funds. This appropriation includes Medicaid covered mental health services that are paid on a fee-for-service basis to providers. The Department believes that the increase in expenditures was due to an unanticipated increase in utilization of services, estimated at about 4.5 percent.
- MMA 2003 State Contribution – The Department of Health Care Policy and Financing overexpended this line item by $1,285,691 of general funds. The appropriation makes the Medicare Modernization Act Clawback payment and was based on a projected caseload, including retroactive caseload. The appropriation based on actual caseload varied from actual expenditures by approximately 1.22 percent.
- Community Services for Developmental Disabilities The Department of Health Care Policy and Financing overexpended this line item by $3,296 of general funds. This appropriation pays for Medicaid covered services for individuals with intellectual or developmental disabilities that are paid on a fee-for-services basis to providers. The average per member per month expenditure increased approximately 1.5 percent higher than anticipated for the Adult Comprehensive Home and Community Based Services Medicaid waiver program.

Approved Department of Human Services Non-Medicaid Overexpenditures Subject to the $1.0 Million Limit:

- CBMS Operating Expenses and Modernization Contract – The Department of Human Services overexpended the operating line item by $599,828 and the modernization contract line item by $83,722

of general funds. This resulted from the inability of the Department to utilize Temporary Aid to Need Families (TANF) federal funds. A high volume of billings were received in July which is past the point in time that the funding split could have been trued up with an emergency supplemental appropriation as TANF funds must be appropriated.

Approved Statewide Overexpenditures Subject to the $3.0 Million Limit:

- State Personnel Board Operating Expenses – The Department of Personnel and Administration overexpended this line item by $62 of general funds. The Division's expenses exceeded its spending authority in this line item due to an oversight.

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

- Legal Services Cash Fund – The General Assembly authorized the Legal Service Cash Fund for use by the Department of Law beginning in Fiscal Year 2012-13 for payments received from client state agencies for legal services billings. This activity had previously been accounted for in the General Purpose Revenue Fund. With the creation of the cash fund as an internal service fund, governmental accounting standards require that liabilities for compensated absences be recorded as an expense directly in the fund. The department had not anticipated this additional liability when initially determining rates. Rates have subsequently been increased and the deficit has been reduced from $1,620,644 in the prior year to $701,828.
- High Performance Transportation Enterprise – The Department of Transportation had a deficit fund balance related to this line item of $2,283,235. Pursuant to C.R.S. 43-4-806 (4), the Transportation Commission loaned monies to the High Performance Transportation Enterprise. Although there was a positive cash balance in the fund as of fiscal year end, the remaining unpaid loan liability was greater. The deficit this year has increased from last year's amount of $1,603,651.
- Registration Number Fund – The Governor's Office had a deficit fund balance related to this fund of $88,570. Pursuant to C.R.S. 42-1-407, the Department of Personnel and Administration loaned the fund $300,000 to cover start-up costs until proceeds from the auction of special license plates were generated. Although there was a positive cash balance in the fund as of fiscal year end, the remaining unpaid loan liability was greater.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in CRS 25.5-8-108(5). However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2014-15 spending authority is recommended. The following cash funds were in deficit fund balance position as a result of this Medicaid activity as of June 30, 2014:

- Department of Health Care Policy and Financing

  Healthcare Expansion Fund - $1,402,598

  Adult Dental Fund - $381,574

  Medicaid Buy-In Cash Fund - $20,715

The General Fund Surplus Schedule (page 162) shows a negative reversion of $17.2 million for the Department of Revenue. Negative reversions normally represent an overexpenditure; however, in this instance the amount is not an overexpenditure. The reversion amount is related to $20.7 million of excess expenditures of the Old Age Pension program, which is continuously appropriated in the appropriations act. The Department does not record additional continuously appropriated spending authority for the excess expenditure so that the General Fund Surplus Schedule and the General Fund Reversions Report will show that the appropriations act estimate was less than the actual expenditures.

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

Certain State revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The TABOR section of the State Constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the State as a whole, not to individual funds, departments, or agencies of the State. Government run businesses accounted for as enterprise funds that have the authority to issue bonded debt and that receive less than ten percent of annual revenues from the State and its local governments are exempted from the TABOR revenue limits.

Since its passage in 1992, TABOR has required that annual revenues in excess of the constitutional limit be refunded to the taxpayers unless voters approved otherwise. The State first exceeded the TABOR revenue growth limit in Fiscal Year 1996-97, and it continued to exceed the limit each year until Fiscal Year 2001-02 resulting in a cumulative required refund of $3,250.2 million for that period. State revenues did not exceed the TABOR limit in Fiscal Years 2001-02, 2002-03, or 2003-

04, but again exceeded the limit resulting in a $41.1 million required refund for Fiscal Year 2004-05.

In the 2005 general election, voters approved Referendum C – a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five Fiscal Years 2005-06 through 2009-10. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The basis for the ESRC is the highest adjusted TABOR revenue during the five-year period which occurred in Fiscal Year 2007-08 and resulted in a Fiscal Year 2013-14 ESRC of $11.85 billion. TABOR revenue was below the ESRC by $160.5 million, and over the TABOR limit by $2,125.3 million. As a result of the ESRC replacing the TABOR limit as the trigger point for refunds, refunds of $2,125.3 million that would have occurred related to Fiscal Year 2013-14 under the TABOR limit are not required. Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $9.8 billion, $3.6 billion during the initial five year revenue retention period, and an additional $6.2 billion as a result of the higher ESRC limit in Fiscal Years 2010-11 through 2013-14.

The $0.7 million TABOR refund liability shown on the government-wide *Statement of Net Position* and the fund-level *Balance Sheet* is the un-refunded portion of the Fiscal Year 2004-05 TABOR refund liability.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. In Fiscal Year 2013-14 that amount was $350,757,137.

At June 30, 2014, the financial net positions, or fund balance of the following funds, were applied to the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $83,000,000.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34,000,000.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund, - $33,000,000. The $33,000,000 designation by the Legislature has been reduced by $2,500,000 since that amount was transferred out of the TABOR emergency reserve to the Disaster Emergency Fund per the Governor's Executive Orders. (See additional information at the end of this Note 8B).
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund - $33,000,000.

  .Controlled Maintenance Trust Fund, a portion of the major General Fund - $48,000,000. In addition to this amount, $9,500,000 of the Fiscal Year 2012-13 designation was carried forward into Fiscal Year 2013-14. The adjusted $57,500,000 designation by the Legislature has been reduced by $50,850,000 since that amount was transferred out of the TABOR emergency reserve to the Disaster Emergency Fund per the Governor's Executive Orders. (See additional information at the end of this Note 8B).
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund - $5,000,000.
- The 2013 legislative session Long Appropriations Act designated up to $93,600,000 of State properties as the remainder of the emergency reserve.

The estimate of the needed reserve was based on the December 2013 revenue estimate prepared by the Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than estimated, the amount designated for the reserve was $21,157,137 less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

In Fiscal Year 2013-14, under the direction of the Governor's Executive Orders, the State transferred $50.85 million from the Controlled Maintenance Trust Fund and $2.5 million from the perpetual base account of the Severance Tax Fund of the TABOR emergency reserve to the Disaster Emergency Fund to pay the costs related to the following emergencies:

- West Fork Fire - $12.0 million
- Front Range Flooding - $38.95 million
- El Paso County Flooding - $0.4 million
- Red Canyon Fire - $2.0 million

NOTE 9 Through 17 – DETAILS OF ASSET ITEMS

NOTE 9 – CASH AND POOLED CASH

Primary Government

The State Treasury acts as a bank for all State agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Purpose Revenue Fund unless a specific statute directs otherwise. Most funds are required to invest in noninterest bearing warrants of the General Purpose Revenue Fund if the General Purpose Revenue Fund overdraws its rights in the pool. This means that under certain conditions participating funds would not receive the interest earnings to which they would otherwise be entitled. The detailed composition of the Treasury pooled cash and investment is shown in the annual Treasurer's Report. Where a major fund or fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Purpose Revenue Fund – the payer of last resort for the pool.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The State's cash management policy is to invest all significant financial resources as soon as the moneys are available within the banking system. To enhance availability of funds for investment purposes, the State Treasurer uses electronic funds transfers to move depository account balances into the Treasurer's pooled cash.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits, including those of the State's component units, to pledge designated eligible collateral having market value equal to at least 102 percent of the deposits exceeding the amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the banking board to seize the eligible collateral, liquidate the collateral, and repay the public deposits to the depositing government.

Including restricted amounts and fiduciary funds, the Cash and Pooled Cash line on the financial statements includes $7,555.6 million ($7,561.1 million at amortized cost) of claims of the State's funds on moneys in the Treasurer's pooled cash.

At June 30, 2014, the treasurer had invested $7,455.0 million (fair value) of the pool and held $7.0 million of certificates of deposit.

The State had an accounting system cash deposit balance of $1,221.7 million in the Treasurer's pool. Under the GASB Statement No. 40 definitions, $115.7 million of the State's total bank balance of $1,244.6 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

Component Units

The Colorado Water Resources and Power Development Authority had cash deposits of $172,393 with a bank balance of $206,878 at December 31, 2013. Of the booked amount, $250,000 was federally insured and $43,122 was collateralized with securities held by the pledging institution in a collateral pool not in the authority's name. The authority also reported as cash and cash equivalents $29.7 million held by the State Treasurer, $182.2 million held in COLOTRUST and $85.8 million held in third party, short-term, prime investment funds. COLOTRUST (Colorado Local Government Liquid Asset Trust) is a local government investment vehicle that qualifies as 2a7-like investment pool, where the value of each share is maintained at $1.00. Shares of COLOTRUST are not evidenced by securities, and therefore, are not subject to custodial risk classification. Both COLOTRUST and the third party investment funds have a credit quality rating of AAA, while cash held by the State Treasurer is not rated for credit quality.

NOTE 10 – NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types, noncash transactions occur that do not affect the fund-level *Statement of Cash Flows – All Proprietary Funds*. These transactions are summarized at the bottom of the fund-level statement and the related combining statements. In order for a transaction to be reported as noncash, it must affect real accounts (that is, accounts shown on the *Statement of Net Position*) and be reported outside of the Cash Flows From Operating Activities section of the *Statement of Cash Flows.* The following general types of transaction are reported as noncash:

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general–purpose revenues are accounted for in the Capital Projects Fund. Several of the State's enterprise and internal service funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Certain State agencies are authorized to move general revenue cash of the Capital Projects Fund to the enterprise or internal service fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*
- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Position;* therefore, they are reported as noncash transactions.
- Realized/Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the Treasurer's pooled cash in which they participate. The unrealized gains or losses on the Treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the Treasurer's pooled cash result in increases or decreases in investment balances, and therefore, are reported as noncash transactions. The unrealized gain/loss schedule in Note 14 shows the combined effect of these two sources of unrealized gains or losses. Additionally, this line includes realized gains received in the form of new investments rather than in cash.
- Loss on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is less than the carrying value of the asset, a loss is recorded. The loss results in a reduction of the amount reported for capital or other assets on the Statement of Net Position, but since no cash is exchanged for the loss amount, this portion of the transaction is reported as noncash.
- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, issuance costs, and gain/(loss) on refunding adjusts future debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Position.* Since no cash is received or disbursed in these transactions, they are reported as noncash.
- Assumption of Capital Lease Obligation or Mortgage – Although no cash is exchanged, entering a capital lease or mortgage changes both the capital asset and related liability balances reported on the *Statement of Net* Position. Therefore, these transactions are reported as noncash.
- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds, the State reports a noncash transaction.
- Fair Value Change in Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the *Statement of Net Position* also includes a real account, either asset or liability, that is measured at fair value but does not represent a current cash transaction.

NOTE 11 – RECEIVABLES

Primary Government

The Taxes Receivable of $1,359.8 million shown on the government-wide *Statement of Net Position* primarily comprises the following:

- $1,380.7 million, mainly of self-assessed income and sales tax recorded in the General Purpose Revenue Fund. This amount is after the removal of $225.6 million of taxes receivable expected to be collected after one year and reported as an Other Long-Term Asset (rather than Taxes Receivable) on the government-wide *Statement of Net Position.* These long-term receivables are offset by deferred inflows on the *Balance Sheet – Governmental Funds*.
- $135.2 million of unemployment insurance premiums receivable recorded in the Unemployment Insurance Fund.
- $30.7 million recorded in the Resource Extraction Fund as severance taxes receivable.
- $38.9 million recorded in nonmajor special revenue funds, of which, approximately $11.1 million is from gaming tax, $14.6 million is insurance premium tax, and $9.9 million is tobacco tax.

In addition, $58.2 million of Taxes Receivable, $50.8 million of Other Receivables, and $148.6 million of intergovernmental receivables were recorded in the Highway Users Tax Fund. All three items were reported as restricted receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $618.4 million shown on the government-wide *Statement of Net Position* are net of $287.5 million in allowance for doubtful accounts and primarily comprise the following:

- $356.1 million of student and other receivables of Higher Education Institutions.
- $95.5 million of receivables recorded in the General Fund, of which $16.2 million is from interest receivable on investments. The Department of Health Care Policy and Financing also recorded receivables of $65.5 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $4.1 million of patient receivables.
- $22.9 million recorded by the Resource Extraction Fund.
- $86.5 million recorded by Other Governmental Funds including $45.3 million of tobacco settlement revenues expected within the following year, $10.5 million of rent and royalty receivables recorded by the State Lands Funds and $4.3 million from the Great Outdoors Colorado program recorded by Parks and Wildlife.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $1.0 billion at December 31, 2013. During 2013, the authority made new loans of $33.4 million and canceled or received repayments for existing loans of $78.4 million.

The University of Colorado Foundation contributions receivable of $30.7 million and $46.4 million are reported as Contributions Receivable current and noncurrent, respectively, in the *Statement of Net Position – Component Units*. At June 30, 2014, the amount reported as contributions receivable includes $88.0 million of unconditional promises to give which were offset by a $8.7 million allowance for uncollectible contributions and a $2.2 million unamortized pledge discount using discount rates ranging from 0.03 percent to 5.81 percent.

At June 30, 2014, the Contributions Receivable amount shown for the Colorado State University Foundation included contributions of $26.7 million, which were offset by $1.0 million of unamortized pledge discounts calculated using the five-year U.S. Treasury note rate and $0.6 million of allowance for uncollectible pledges. At June 30, 2014, contributions from two donors represented approximately 41 percent of net contributions receivable for the foundation.

At June 30, 2014, the combined current and noncurrent Contributions Receivable amount shown for the Colorado School of Mines Foundation of $36.8 million was offset by $4.1 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 60 percent of the foundation's contributions receivable at June 30, 2014, consists of a pledge from one donor in 2014, and approximately $4.3 million is due from trusts held by others.

At June 30, 2014, the combined current and noncurrent Contributions Receivable amount shown for the University of Northern Colorado Foundation of $3.6 million was offset by $0.1 million of allowance for uncollectible pledges and unamortized pledge discounts. Approximately 80 percent of the foundation's contributions receivable at June 30, 2014 consists of a pledge from one donor.

The Venture Capital Authority, a nonmajor component unit, has receivables derived from sales to insurance companies of premium tax credits that were donated by the State of Colorado, which are being recognized over a 10-year period. The VCA's management determined that

no allowance was necessary related to the $4.2 million of accounts receivable from insurance companies that are reported as Contributions Receivable on the *Statement of Net Position.* However, the authority tracks collection of the receivables on an ongoing basis and establishes an allowance as deemed necessary.

NOTE 12 – INVENTORY

Inventories of $107.1 million shown on the government-wide *Statement of Net Position* at June 30, 2014, primarily comprise:

- $13.8 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund,
- $66.4 million of resale inventories, of which, Resource Extraction recorded $35.9 million, and Higher Education Institutions recorded $27.8 million, and
- $19.6 million of consumable supplies inventories, of which, $8.7 million was recorded by the Higher Education Institutions, $7.3 million was recorded by the Highway Users Tax Fund, $2.1 million by the General Purpose Revenue Fund, and $1.0 million by Parks and Wildlife, a nonmajor enterprise fund.

NOTE 13 – PREPAIDS AND ADVANCES

Prepaids and Advances of $110.5 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties and special districts by the General Purpose Revenue Fund primarily related to social assistance programs.
- $16.4 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.
- $9.4 million in Higher Educational Institutions, of which $5.2 million was at Colorado State University that primarily related to library subscriptions.
- $5.1 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.
- $4.2 million of security deposits in the Department of Labor and Employment.

NOTE 14 – INVESTMENTS

Primary Government

The State holds investments both for its own benefit and as an agent for certain entities as provided by statute. The State does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer. The fair value of most of the State's investments are determined from quoted market prices except for money market investments that are reported at amortized cost, which approximates market.

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

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

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

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2013-14, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $169,768, for the Unclaimed Property Tourism Trust Fund of $15,175, for the Major Medical Fund of $72,151, for the Colorado Prepaid Tuition Fund of $1,368,687, and for the Treasurer's pooled cash of $549,549.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2014 and 2013, the treasurer had $41.5 million and $29.0 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $7.3 million of investment in residential mortgages by paying the property taxes of certain elderly State citizen homeowners that qualify for the program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

The State Treasurer held Colorado Housing and Finance Authority bonds, a related party, totaling $7.1 million as of June 30, 2014. See Note 39 for additional details.

The Colorado State University, reported in the Higher Education Institutions Fund, held $1,373,353 of hedge funds that were valued based on the net asset value reported by the hedge fund manager. The net asset value is computed based on dealer quotations on the fair market value of the underlying securities – the majority of which are traded on national exchanges.

Excluding fiduciary funds, the State recognized $1,413,437 of net realized losses from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2013-14.

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

(Amounts in Thousands)

	Carrying Amount
Footnote Amounts	
Deposits (Note 9)	$ 1,221,696
Investments:	
Governmental Activities	8,560,230
Business-Type Activities	2,455,231
Fiduciary Activities	5,879,808
Total	$ 18,116,965
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 5,481,459
Add: Warrants Payable Included in Cash	210,371
Total Cash and Pooled Cash	5,691,830
Add: Restricted Cash	2,984,903
Add: Restricted Investments	961,450
Add: Investments	8,478,782
Total	$ 18,116,965

Custodial Credit Risk

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

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

The *Other* category of the General Fund comprises the issuance trustee's deposit of proceeds from Certificates of Participation issued for local school district capital construction under the Build Excellent Schools Today (BEST) program. The $257.1 million is reported in the Public School Buildings Fund, a Special Purpose General Fund.

Certain trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments. The *Other* category of the Other Governmental funds primarily comprises the issuance trustees' deposit of unexpended proceeds from Certificates of Participation issued for BEST issuances ($44.2 million reported in the Debt Service Fund, an Other Governmental Fund) and the Ralph L. Carr Justice Center ($0.8 million reported in a Special Capital Projects Fund), and $3.4 million related to investments in the Public School Fund. None of the securities listed in the table below are subject to custodial credit risk:

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
INVESTMENT TYPE				
U.S. Government Securities	$ 4,164,291	$ -	$ 261,180	$ 4,425,471
Commercial Paper	74,998	-	-	74,998
Corporate Bonds	1,734,116	-	251,954	1,986,070
Asset Backed Securities	1,462,699	-	142,783	1,605,482
Mortgages Securities	18,933	7,322	132,467	158,722
Mutual Funds	-	-	3,971	3,971
Other	-	257,091	48,425	305,516
TOTAL INVESTMENTS	$ 7,455,037	$264,413	$ 840,780	$ 8,560,230

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in the aggregate, and fiduciary funds by investment type at fair value. Investment types included in the *Other* category for Higher Education Institutions primarily consist of: Private Equities ($43.7 million), Absolute Return Funds ($40.5 million), Real Estate ($28.5 million), Venture Capital ($18.0 million), and the issuance trustee's deposit of proceeds from Certificates of Participation (COPs) issued for Higher Education capital construction ($2.2 million), and Municipal Bonds ($9.2 million). The trustee has selected the State Treasurer's pool as its primary investment vehicle. The Treasurer accounts for the trustee's deposit in an agency fund, and the investment types and related risks are disclosed through the Treasurer's pool investments.

The *Other* category of the Other Enterprise funds primarily comprise the Bridge Enterprise trustee's holdings that include unexpended proceeds from the prior years of $49.6 million of bond issuances.

The *Other* category of the Fiduciary funds represents a funding agreement with MetLife ($78.3 million) held by CollegeInvest in its College Savings Plan, a Private Purpose Trust Fund.

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

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
INVESTMENT TYPE				
U.S. Government Securities	$ 322,212	$ -	$ 322,212	$ 11,277
Commercial Paper	2,802	-	2,802	-
Corporate Bonds	195,457	-	195,457	-
Corporate Securities	19,503	-	19,503	-
Repurchase Agreements	234,912	-	234,912	1,080
Asset Backed Securities	101,967	-	101,967	-
Mortgages Securities	85,204	-	85,204	-
Mutual Funds	1,234,747	16,117	1,250,864	5,789,152
Other	190,512	51,798	242,310	78,299
TOTAL INVESTMENTS	$ 2,387,316	$ 67,915	$ 2,455,231	$ 5,879,808
INVESTMENTS SUBJECT TO CUSTODIAL RISK				
U.S. Government Securities	$ 265	$ -	$ 265	$ -
Corporate Bonds	3,767	-	3,767	-
Corporate Securities	9,782	-	9,782	-
Repurchase Agreements	-	-	-	1,080
TOTAL SUBJECT TO CUSTODIAL RISK	$ 13,876	$ -	$ 13,876	$ 1,080

Credit Quality Risk

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

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

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

In addition, to the amounts shown in the following table:

- CollegeInvest held a funding agreement valued at $78.3 million in its College Savings Plan, a Private Purpose Trust Fund that was unrated as to credit quality risk.
- Certain trustees, as discussed under Custodial Credit Risk, have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

(Amounts In Thousands)

	U.S. Govt. Agencies	Commercial Paper	Corporate Bonds	Repurchase Agreements	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Guaranteed Investment Contract	Municipal Bonds & Other	Total
Treasurer's Pool:										
Long-term Ratings										
Gilt Edge	$ -	$ -	$ 91,106	$ -	$ 1,462,699	$ -	$ -	$ -	$ -	$ 1,553,805
High Grade	1,004,685	-	643,105	-	18,933	-	-	-	-	1,666,723
Upper Medium	-	-	959,242	-	-	-	-	-	-	959,242
Lower Medium	-	-	15,235	-	-	-	-	-	-	15,235
Short-term Ratings										
Highest	2,192,967	74,998	-	-	-	-	-	-	-	2,267,965
Higher Education Institutions:										
Long-term Ratings										
Gilt Edge	$ -	$ -	$ 6,995	$ -	$ 85,489	$ 219,385	$ 387	$ 107	$ -	$ 312,363
High Grade	70,588	-	40,356	-	56,370	5,470	4	254	8,399	181,441
Upper Medium	-	800	88,421	-	5,885	-	21	75	788	95,990
Lower Medium	-	-	50,099	-	4,708	-	342	-	-	55,149
Speculative	-	-	1,329	-	1,093	-	69	-	-	2,491
Very Speculative	-	-	-	-	504	-	40	-	-	544
High Default Risk	-	-	-	-	4,779	-	10	-	-	4,789
Default	-	-	-	-	1,154	-	-	-	-	1,154
Short-term Ratings										
Highest	-	2,002	-	-	-	-	169	-	-	2,171
Unrated	-	-	8,258	234,912	26,298	48,848	167,082	144	2,004	487,546
Fiduciary Funds:										
Long-term Ratings										
Gilt Edge	$ -	$ -	$ -	$ 1,080	$ -	$ -	$ -	$ -	$ -	$ 1,080
High Grade	2,856	-	-	-	-	-	-	-	-	2,856
Short-term Ratings										
Unrated	2,041	-	-	-	-	5,789,152	-	-	-	5,791,193
All Other Funds:										
Long-term Ratings										
Gilt Edge	$ -	$ -	$ 24,041	$ -	$ 142,783	$ 3,543	$ -	$ -	$ -	$ 170,367
High Grade	204,708	-	155,652	-	125,361	990	-	-	3,364	490,075
Upper Medium	-	-	68,518	-	-	-	-	-	-	68,518
Lower Medium	-	-	3,742	-	-	-	-	-	-	3,742
Short-term Ratings										
Highest	-	-	-	-	-	-	-	-	-	-
Unrated	-	-	-	-	14,428	8,025	7,529	-	-	29,982

Interest Rate Risk

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

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

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds in the amount of $61.2 million that have duration of 7.9 years. These securities are excluded from the duration table on the following page because interest rate risk is effectively mitigated by the inflation protection attribute of the securities.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure. The 12.739 year weighted average maturity reported in the Fiduciary Funds represents the Lottery's laddering of U.S. Government bonds to match a prize annuity. The Lottery plans to hold these investments to maturity.

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

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Government Securities	$ 4,164,291	1.424	$ 61,737	5.187	$ 11,676	12.739	$ 261,180	5.873
Commercial Paper	74,998	0.043	2,802	0.394	-	-	-	-
Corporate Bonds	1,734,116	2.766	78,780	3.040	-	-	251,954	6.388
Asset Backed Securities	1,481,633	3.033	52,792	3.862	-	-	275,251	4.913
Municipal Bonds	-	-	-	-	-	-	3,364	10.460
Total Investments	$ 7,455,038		$ 196,111		$ 11,676		$ 791,749	

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

The University of Colorado participated in tri-party repurchase agreements of $234.9 million to provide temporary investment of funds restricted for capital construction projects. The counterparty to the agreements is required to provide additional collateral when the fair value of U.S. Government securities and U.S. Government agencies securities provided as collateral declines below 104 percent or 105 percent, respectively. As a result, the University does not have interest rate risk associated with these agreements. The $234.9 million is not shown in the following duration table; however, the duration associated with the repurchase agreements is 1.7 years.

The University of Colorado has invested $13.8 million in U.S. Treasury Inflation Protected Securities with duration of 6.7 years. The interest rate risk of this investment is effectively mitigated by the inflation protection attribute of the investment, and therefore, it is excluded from the weighted average maturity table above and the following duration table.

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

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

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
University of Colorado:		
U.S. Treasury Bonds and Notes	$ 173,875,435	4.510
U.S. Treasury Strips	999,800	0.040
U.S. Government Agency Notes	68,696,825	3.240
U.S. Government Agency Strips		
Municipal Bonds	9,204,817	7.690
Corporate Bonds	112,303,354	6.230
Certificates of Deposit	1,987,023	2.640
Asset Backed Securities	133,488,167	4.280
Bond Mutual Funds	167,132,119	2.760
Colorado State University:		
Bond Mutual Funds	$ 991,409	2.800
Colorado School of Mines:		
Bond Mutual Funds-1	$ 1,007,163	5.500
Bond Mutual Funds-2	968,347	1.200
Bond Mutual Funds-3	732,422	0.700
Bond Mutual Funds-4	808,850	7.700
Colorado Mesa University:		
U.S. Government Securities	$ 1,006,615	2.350
Corporate Bonds	857,163	2.014
Bond Mutual Funds	252,675	3.100
Taxable Municipal Bonds	$ 580,387	2.644
Private Purpose Trust:		
CollegeInvest:		
Bond Mutual Fund-1	$ 639,488,130	5.600
Bond Mutual Fund-2	562,374,581	5.600
Bond Mutual Fund-3	353,527,101	0.159
Bond Mutual Fund-4	338,996,335	3.000
Bond Mutual Fund-5	218,325,446	6.700
Bond Mutual Fund-6	140,752,931	6.800
Bond Mutual Fund-7	100,726,915	3.200
Bond Mutual Fund-8	35,726,512	5.600
Bond Mutual Fund -9	1,398,596	6.900

Foreign Currency Risk

Some of the University of Colorado Treasury's investments are exposed to certain foreign currency risks. The University's investment policy allows but does not require hedging of this risk. The University also held investments in equities denominated in the following currencies (U.S. dollar amounts in millions): Euro Dollar - $73.6, British Pound - $48.3, Japanese Yen - $44.0, Swiss Franc - $23.1, Brazilian Real - $10.0, Chinese Yuan - $13.4, Korean Won - $11.3, Canadian Dollar - $8.2, Australian Dollar - $6.6, Swedish Kroner - $8.3, Denmark Kroner - $8.2, Hong-Kong Dollar - $12.2, Indian Rupee - $6.6, South African Rand - $6.7, Taiwan Dollar - $6.4, and various other currencies totaling $25.4 million within the investment. State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

Concentration of Credit Risk

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

The State Treasurer purchases investments separate of the Treasurer's Pool for the Public School Permanent Fund. The Public School Permanent Fund has a concentration of credit risk because of the below listed corporate bond holdings that exceed 5 percent of the total investment in the fund category; General Electric Capital Corporation – 5.9 percent and Citigroup – 6.3 percent.

Unrealized Gains and Losses

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

(Amounts in Thousands)

	Fiscal Year 2013-14	Fiscal Year 2012-13
Governmental Activities:		
Major Funds		
General-General Purpose	$ 1,184	$ (12,770)
General-Special Purpose	1,174	(2,118)
Resource Extraction	2,468	(5,752)
Highway Users Tax	2,787	(14,367)
Capital Projects-Regular	471	(1,006)
Capital Projects-Special	11	(84)
State Education	4,116	(1,625)
NonMajor Funds:		
State Lands	(655)	(27,612)
Other Permanent Trusts	34	(112)
Labor	(1,432)	(3,598)
Gaming	335	(1,486)
Tobacco Impact Mitigation	259	(191)
Resource Management	64	(56)
Environment Health Protection	279	(1,758)
Other Special Revenue	597	(2,329)
Unclaimed Property	966	(6,773)
Information Technology	131	(172)
Highways (Internal Service)	-	(3)
Administrative Courts	3	(11)
Legal Services	13	-
Other Internal Service	-	(2)
Business-Type Activities:		
Major Funds		
Higher Education Institutions	138,831	52,328
Lottery	103	(392)
NonMajor Funds:		
CollegeInvest	217	(1,541)
Wildlife	331	(1,328)
College Assist	259	(736)
State Fair Authority	-	(5)
Correctional Industries	15	(65)
State Nursing Homes	48	(110)
Prison Canteens	11	(21)
Petroleum Storage Tank	20	(90)
Transportation Enterprise	972	(1,097)
Other Enterprise Activities	16	(100)
Fiduciary:		
Pension/Benefits Trust	159	(781)
Private Purpose Trust	525,314	306,724
	$ 679,101	$ 270,962

Component Units

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

Component Units – Non-Foundations

Except for guaranteed investment contracts (which are excluded), the Colorado Water Resources and Power Development Authority's investment policy allows investments consistent with those authorized for governmental entities by State statute as described at the beginning of this Note 14. The authority's repurchase agreements, which are not held in the authority's name, were all subject to custodial credit risk because its trustee is considered both the purchaser and custodian of the investments. The Colorado Water Resources and Power Development Authority's investments at December 31, 2013, were:

(Amounts in Thousands)

	Total
INVESTMENT TYPE	
U.S. Government Securities	$ 104,228
Repurchase Agreements	86,234
TOTAL INVESTMENTS	$ 190,462

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

Credit Quality Risk

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

CoverColorado, a nonmajor component unit, holds bonds of U.S. Government agencies, corporate bonds guaranteed by U.S. Government agencies, and certificates of deposit insured by FDIC. The investments were rated Aaa by Moody's Investors Service at the dates of purchase.

Interest Rate Risk

The Colorado Water Resources and Power Development Authority manages interest rate risk by matching investment maturities to the cash flow needs of its future bond debt service and holding those investments to maturity. The authority had $190.5 million of investments subject to interest rate risk with the following maturities; one year or less – 10 percent, two to five years – 26 percent, six to ten years – 29 percent, eleven to fifteen years – 24 percent, and sixteen years or more – 11 percent. The authority has entered into agreements that allow it to sell U.S. Treasury bonds at fixed amounts that will provide the authority with funds to make debt service payments in the event that a borrower fails to make loan payments to the authority.

CoverColorado, a nonmajor component unit, manages interest rate risk by matching investment maturities with the cash flow needs of its operations. The authority had $67.4 million of investments subject to modest interest rate risk that mature within twelve months or less.

Concentration of Credit Risk

CoverColorado, a nonmajor component unit, does not limit the amount invested in a single issuer. At December 31, 2013, all of its investments were placed in a single issuer and were therefore subject to concentration of credit risk.

Component Units – Foundations

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

At June 30, 2014, the University of Colorado Foundation held $331.5 million of domestic equity securities, $393.0 million of international equity securities, $152.9 million of fixed income securities and $528.1 million of alternative investments including real estate, private equities, hedge funds, absolute return funds, venture capital, oil and gas assets, and other investments. The fair value of the alternative investments has been estimated in the absence of readily available market information, and those values may vary significantly from actual liquidation values. The foundation's spending

policy allows for the distribution of the greater of 4.0 percent of the current market value of the endowment or 4.5 percent of the endowment's trailing thirty-six month average fair market value. The foundation's investment return of $161.2 million is net of $10.2 million of investment fees and comprises $15.0 million of interest dividends and other income, $62.9 million of realized gains, and $93.5 million of unrealized gains.

At June 30, 2014, the Colorado State University Foundation held $188.0 million of equity securities, $160.1 million of alternative investments (comprising hedge equities, absolute return, and private equity investments), $24.8 million of fixed income securities, and $2.8 million in cash and other investments.

The Colorado School of Mines Foundation's (CSMF) current spending policy allows 4.5 percent (net of investment and administrative fees and expenses) of the three-year average of investment fair value to be distributed. The foundation holds alternative investments that are not readily marketable but are carried at the fair value reported by the investment managers. At June 30, 2014 the CSMF held $306.6 million of investments, which consisted of $280.3 million held as a long-term investment pool, $9.7 million in beneficial interests in endowments, $9.6 million in split-interest agreements, $4.9 million in gift annuity agreements, $1.4 million in long-term trusts, and $0.7 million in other investments. Of the $280.3 million held as a long-term investment pool, $29.1 million was held in fixed income securities and mutual funds, $135.5 million in domestic and international equities, $108.1 million in hedge funds and venture capital, and $7.7 million in cash equivalents.
Thirty-nine percent of the Foundation's investment portfolio is invested in limited partnerships and venture capital organizations, some of which are offshore entities and some of which include derivative investments. Since there is no ready market available for these investments, they are carried at values reported by investment managers. These values may vary significantly from a valuation at a subsequent date.

At June 30, 2014, the University of Northern Colorado Foundation held $46.7 million of equity securities, $25.7 million of fixed income securities, and $52.6 million of cash and other investments. The foundation's investment income of $14.4 million is net of $0.4 million of management fees and comprises $2.0 million of interest and dividends and $12.8 million of realized and unrealized gains.

NOTE 15 – TREASURER'S INVESTMENT POOL

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

NOTE 16 – OTHER LONG-TERM ASSETS

The $785.7 million shown as Other Long-Term Assets on the government-wide Statement of Net Position is primarily long-term taxes receivable, and long-term loans. Long-term taxes receivable of $225.6 million and $58.2 million recorded in the General Purpose Revenue Fund and the Highway Users Tax Fund, respectively, are not segregated on the Balance Sheet – Governmental Fund, but are shown in Taxes Receivable and Restricted Receivables, respectively, and the taxes receivables are offset by unearned revenue.

The $459.8 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($7.7 million), a major special revenue fund, and the Resource Extraction Fund ($384.4 million), a major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

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

The $99.4 million shown as Other Long-term Assets on the Statement of Net Position – Proprietary Funds is primarily student loans issued by Higher Education Institutions, but also includes livestock.

NOTE 17 – CAPITAL ASSETS

Primary Government

During Fiscal Year 2013-14 the State capitalized $33.8 million of interest incurred during the construction of capital assets. The majority of this interest was capitalized by Higher Education Institutions in the amount of $21.9 million, while the remainder was attributable to the Bridge Enterprise Program in the Department of Transportation.

In Fiscal Year 2011-12, the Department of Corrections decommissioned Fort Lyons Correctional Facility to implement operational efficiencies. Subsequently, the Colorado General Assembly authorized the Department of Local Affairs to prepare and operate the facility in Fiscal Year 2013-14 as a supportive residential community for the homeless. However, since its decommissioning the facility has remained idle. On June 30, 2014 it had a carrying value of $16.2 million. An asset impairment estimate has not been calculated since it is not known when the property deed transfer will occur.

The Department of Transportation recognized $18.8 in impairment (a reduction in carrying value) to roadway assets as a result of flood damage in September of 2013.

The schedule on the following page shows the capital asset activity for Fiscal Year 2013-14.

(Amounts in Thousands)

	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	86,938	$ 2,667	$ -	$ 3	$ 89,608
Land Improvements	6,248	-	1,028	-	7,276
Collections	11,002	-	-	(6)	10,996
Other Capital Assets	15	6,933	-	-	6,948
Construction in Progress (CIP)	1,145,432	623,734	(875,724)	(11,846)	881,596
Infrastructure	921,134	21	14,253	-	935,408
Total Capital Assets Not Being Depreciated	2,170,769	633,355	(860,443)	(11,849)	1,931,832
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	44,895	270	1,455	(64)	46,556
Buildings	2,122,112	21,692	540,924	(31,089)	2,653,639
Software	245,073	5,135	200	(386)	250,022
Vehicles and Equipment	714,869	89,632	7,210	(20,686)	791,025
Library Materials and Collections	6,031	390	-	(388)	6,033
Other Capital Assets	38,210	674	-	(45)	38,839
Infrastructure	10,406,020	54	310,654	(40,570)	10,676,158
Total Capital Assets Being Depreciated	13,577,210	117,847	860,443	(93,228)	14,462,272
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(26,746)	(1,842)	-	62	(28,526)
Buildings	(761,215)	(58,646)	-	8,402	(811,459)
Software	(146,983)	(24,053)	-	374	(170,662)
Vehicles and Equipment	(455,168)	(50,212)	-	11,937	(493,443)
Library Materials and Collections	(3,912)	(444)	-	389	(3,967)
Other Capital Assets	(28,306)	(3,012)	-	45	(31,273)
Infrastructure	(2,841,921)	(501,800)	-	21,202	(3,322,519)
Total Accumulated Depreciation	(4,264,251)	(640,009)	-	42,411	(4,861,849)
Total Capital Assets Being Depreciated, net	9,312,959	(522,162)	860,443	(50,817)	9,600,423
TOTAL GOVERNMENTAL ACTIVITIES	11,483,728	111,193	-	(62,666)	11,532,255
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	500,837	9,728	2,002	(5,408)	507,159
Land Improvements	16,625	302	(8)	(37)	16,882
Collections	22,455	1,002	-	(8)	23,449
Construction in Progress (CIP)	680,923	825,706	(681,224)	(16,897)	808,508
Other Capital Assets	-	-	-	-	-
Infrastructure	8,921	-	5,223	-	14,144
Total Capital Assets Not Being Depreciated	1,229,761	836,738	(674,007)	(22,350)	1,370,142
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	562,665	3,632	19,645	(903)	585,039
Buildings	6,938,835	13,636	409,009	(4,005)	7,357,475
Software	178,050	13,576	4,570	(1,276)	194,920
Vehicles and Equipment	921,001	80,300	11,645	(36,068)	976,878
Library Materials and Collections	502,533	20,507	-	(5,333)	517,707
Other Capital Assets	19,227	13	355	-	19,595
Infrastructure	160,526	-	228,783	(164)	389,145
Total Capital Assets Being Depreciated	9,282,837	131,664	674,007	(47,749)	10,040,759
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(290,764)	(24,282)	-	21	(315,025)
Buildings	(2,384,419)	(224,072)	-	2,227	(2,606,264)
Software	(89,842)	(30,054)	-	724	(119,172)
Vehicles and Equipment	(652,435)	(77,640)	-	29,401	(700,674)
Library Materials and Collections	(371,785)	(18,768)	-	3,340	(387,213)
Other Capital Assets	(825)	(357)	-	(95)	(1,277)
Infrastructure	(29,702)	(4,881)	-	147	(34,436)
Total Accumulated Depreciation	(3,819,772)	(380,054)	-	35,765	(4,164,061)
Total Capital Assets Being Depreciated, net	5,463,065	(248,390)	674,007	(11,984)	5,876,698
TOTAL BUSINESS-TYPE ACTIVITIES	6,692,826	588,348	-	(34,334)	7,246,840
TOTAL CAPITAL ASSETS, NET	$ 18,176,554	$ 699,541	$ -	$ (97,000)	$ 18,779,095

On the government-wide *Statement of Activities*, depreciation was charged to the functional programs and business-type activities as follows:

(Amounts in Thousands)

	Depreciation Amount
GOVERNMENTAL ACTIVITIES:	
General Government	$ 17,390
Business, Community, and Consumer Affairs	4,928
Education	15,434
Health and Rehabilitation	9,939
Justice	39,725
Natural Resources	1,023
Social Assistance	12,583
Transportation	521,471
Internal Service Funds (Charged to programs and BTAs based on useage)	17,516
Total Depreciation Expense Governmental Activities	640,009
BUSINESS-TYPE ACTIVITIES	
Higher Education Institutions	361,078
State Lottery	960
Other Enterprise Funds	18,016
Total Depreciation Expense Business-Type Activities	380,054
Total Depreciation Expense Primary Government	$ 1,020,063

Component Units

The Denver Metropolitan Major League Baseball Stadium District, a nonmajor component unit, reported land, land improvements, buildings, and other property and equipment of $140.8 million, net of accumulated depreciation of $79.1 million, at December 31, 2013. The district depreciates land improvements, buildings, and other property and equipment using the straight-line method over estimated useful lives that range from 3 to 50 years.

HLC @ Metro, Inc., a nonmajor component unit, reported $42.2 million of depreciable capital assets. The nondepreciable capital assets include $5.1 million for the use of land at below market rent, under an agreement with Metropolitan State University of Denver.

NOTE 18 Through 27 – DETAILS OF LIABILITY ITEMS

NOTE 18 – PENSION SYSTEM AND OBLIGATIONS

Primary Government

A. PLAN DESCRIPTION

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

Administration of the Plan

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

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

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

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

Defined Retirement Benefits

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

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

State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20 and 65 – 5. For members eligible to retire as of January 1, 2011, reduced service benefits are calculated in the same manner as a service retirement benefit; however, the benefit is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement. For members eligible to retire after January 1, 2011, an additional actuarial reduction applies.

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

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

Monthly benefits are calculated as 2.5 percent times the number of years of services times the highest average salary (HAS). For retirements before January 1, 2009, HAS was calculated as one-twelfth of the average of the highest annual salaries on which contributions were paid that are associated with three periods (one period for judges) of 12 consecutive months of service credit and limited to a 15 percent increase between periods.

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

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

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

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

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

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

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

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

Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and accrued interest at the time of retirement. Retiring members who are age 65 and have less than five years of service credit and less than 60 payroll postings will receive a service retirement benefit under the money purchase formula only.

Service Requirement and Termination

Plan members who terminate PERA-covered employment may request a member contribution account refund or leave the account with PERA; a refund cancels a former PERA member's rights to future PERA benefits. Members who have 5 years of service and withdraw their accounts before reaching retirement eligibility and before reaching age 65 receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. Members not having 5 years of service and not eligible for full or reduced retirement receive an employer matching contribution of one-half of their account balance measured at January 1, 2011. Contributions after January 1, 2011, are not eligible for the additional 50 percent match until the member earns five years of service credit. Statutes authorize the PERA Board to set the interest paid to member contribution accounts but limits the rate to a maximum of 5 percent. Effective January 1, 2009, the rate was set at 3 percent and remained at the rate through June 30, 2014.

Disability and Survivor Benefits

PERA provides a two-tiered disability program for most members. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits through a third party insurance carrier. If the member is not totally and permanently disabled, they are provided reasonable income replacement (maximum 60 percent of PERA includable salary for 22 months). If the member is totally and permanently disabled they receive disability retirement benefits based on HAS and earned, purchased, and in some circumstances, projected service credit. There is no earned service requirement for judges, and the earned service requirement may be waived for State troopers who become disabled as the result of injuries in the line of duty.

If a member has at least one year of earned service and dies before retirement, their qualified survivors are entitled to a single payment or monthly benefits depending on their status as defined in statute. The member's spouse may be eligible to receive the higher of the money purchase benefit or the defined benefit, but not less than 25 percent of HAS. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate. The earned service requirement is waived if a member's death is job-incurred.

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8.0 percent of their gross covered wages, except for State troopers and Colorado Bureau of Investigation officers, who contribute 10.0 percent. From July 1, 2010 through June 30, 2012, member and State Trooper (including Colorado Bureau of Investigation agents) rates were 10.5 and 12.5 percent, respectively. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the State sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The following table presents the Statutorily Required Contribution (SRC) percentages and the percentage amount of the SRC paid by the State for the last three fiscal years:

Time Period	Statutorily Required Contribution (SRC) Percentage			Percent of SRC Paid
	Judges	Troopers	Other	
Fiscal Year 2013-14				
1-1-14 to 6-30-14	17.36	20.15	17.45	100
7-1-13 to 12-31-13	17.36	19.25	16.55	100
Fiscal Year 2012-13				
1-1-13 to 6-30-13	17.36	19.25	16.55	100
7-1-12 to 12-31-12	17.36	18.35	15.65	100
Fiscal Year 2011-12				
1-1-12 to 6-30-12	14.86	15.85	13.15	100
7-1-11 to 12-31-11	14.86	14.95	12.25	100

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

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

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

The preceding contribution table reflects the increase required by the AED/SAED legislation. It also reflects the State increase of 2.5 percent at July 1, 2012 related to the restoration of the 8.0 percent member (employee) contribution.

The Fiscal Year 2013-14 contribution was allocated by PERA according to statute as follows:

- 1.02 percent was allocated to the Health Care Trust Fund throughout the fiscal year,
- From July 1, 2013, to December 31, 2013, 15.53 percent was allocated to the defined benefit plan, and
- From January 1, 2014, to June 30, 2014 16.43 percent was allocated to the defined benefit plan.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2013, the State Division of PERA had a funded ratio of 57.5 percent and a 60-year amortization period based on current contribution rates. The funded ratio on the market value of assets is slightly higher at 61.0 percent.

The State made the following retirement contributions:

- Fiscal Year 2013-14 – $406.2 million
- Fiscal Year 2012-13 - $368.5 million
- Fiscal Year 2011-12 - $276.3 million
- Fiscal Year 2010-11 - $256.7 million
- Fiscal Year 2009-10 - $291.9 million
- Fiscal Year 2008-09 - $277.2 million
- Fiscal Year 2007-08 - $239.9 million
- Fiscal Year 2006-07 - $236.8 million (previously restated)
- Fiscal Year 2005-06 - $189.2 million
- Fiscal Year 2004-05 - $189.4 million

These amounts do not include the Health Care Trust Fund contribution. For each year, the retirement contribution was equal to the statutory requirement.

PERA's actuary calculates the amount of Annual Required Contribution (ARC) for the State Division, assuming a 30-year amortization period and Generally Accepted Accounting Principle parameters. The State of Colorado represents most, but not all, of the State Division.

The following table shows the three most recent calculations for the State Division ARC:

Calendar Year	$ Amount of ARC (Thousands)	ARC Percent of Payroll	Percent of ARC Contributed
2013	$495,241	20.01%	79%
2012	$393,991	16.52%	83%
2011	$326,274	13.63%	85%

The amount of ARC for calendar years 2010 and 2011 reflects a reduction of 2.5 percent for the State PERA contribution swap with employees from July 1, 2010 to June 30, 2012, while the decrease in the ARC and the increase in the percent of ARC contributed in 2011 resulted from plan changes in the 2010 legislative session.

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

C. OTHER PENSION CONTRIBUTIONS

The Fire and Police Pension Association (FPPA), a related organization, was established to ensure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 2013-14 and 2012-13, the Department of Local Affairs transferred $4.1 and $4.2 million, respectively, to the association for the premiums of the accidental death and disability insurance policy the association provides to volunteer firefighters.

Component Units

Employees of the Colorado Water Resources and Power Development Authority and CoverColorado are covered under the State Division of PERA discussed above.

NOTE 19 – OTHER POSTEMPLOYMENT BENEFITS AND LIFE INSURANCE

Actuarial valuations of an ongoing OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (see Note RSI-2) following the notes to the financial statements, presents multiyear trend information,

when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Primary Government

PERA Health Care Trust Fund

The PERA Health Care Program is a cost-sharing multiple employer plan. It began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. 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.

Effective July 1, 2000, the maximum monthly subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year of service less than 20 years.

An additional implicit subsidy exists for participating retirees not eligible for Medicare Part A. This occurs because State statute prohibits PERA from charging different rates to retirees based on their Medicare Part A coverage, notwithstanding that the premium is calculated assuming that the participants have Medicare Part A coverage. At December 31, 2013, the Health Care Trust Fund had an unfunded actuarial accrued liability of $1.26 billion, a funded ratio of 18.8 percent, and a 30-year amortization period.

Beginning July 1, 2004, the State contribution to the Health Care Trust Fund was 1.02 percent of gross covered wages. The State paid contributions of $26.0 million, $24.9, million, $24.1 million, $24.3 million, and $24.6 million, in Fiscal Years 2012-13, 2011-12, 2010-11, 2009-10, and 2008-09, respectively. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. The Health Care Trust Fund offers two general types of plans – fully insured plans offered through healthcare organizations and self-insured plans administered for PERA by third party vendors. In addition, two of PERA's insurance carriers offered high deductible health care plans in 2013. As of December 31, 2013, there were 53,041 participants, including spouses and dependents, from all contributors to the plan.

The Health Care Trust Fund began providing dental and vision plans to its participants in 2001. The participants pay the premiums for the coverage, and there is no subsidy provided for the dental and vision plans.

In the December 31, 2013, actuarial valuation, the entry age level dollar actuarial cost method was used. The actuarial assumptions included a seven and one-half percent investment rate of return and discount rate, and an aggregate three and nine-tenths percent projection of salary increases, both assuming a two and eighth-tenths percent inflation rate and productivity at one and one-tenth percent. Medical claims are projected to increase annually at various rates up to 5.91 percent based on different subsidy and premium options. The UAAL is being amortized as a level dollar amount on a level percent open basis over 30 years. Except for the discount rate these assumptions primarily affect plan assets available rather than the actuarial accrued liability because the benefit is a fixed subsidy amount.

University of Colorado – Other Postemployment Benefits Plan

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

The contribution requirements of plan members and the University are established by the University's Board of Regents. The University's contribution is based on pay-as-you-go financing requirements. For Fiscal Year 2013-14, the University contributed $16.6 million to the plan. Plan members contributed 0.28 percent of covered payroll (defined as the annual payroll of active employees covered by the plan) and the University contributed 1.0 percent of covered payroll.

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

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

(Amounts In Thousands)

Annual required contribution	$ 49,553
Interest on net OPEB obligation	7,443
Adjustment to annual required contribution	(10,154)
Annual OPEB cost (expense)	46,842
Contributions made	(16,648)
Increase/(Decrease) in net OPEB obligation	30,194
Net OPEB obligation - beginning of year	165,393
Net OPEB obligation - end of year	$ 195,587

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Year 2013-14 were as follows:

(Amounts In Thousands)

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013-14	$ 46,842	35.5%	$ 195,587

As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $406.8 million and the actuarial value of assets was $0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $406.8 million. The UAAL of the plan exceeds the Net OPEB Obligation (NOPEBO) due to the portion of the UAAL not required to be recognized as NOPEBO at the implementation of GASB Statement No. 45. The covered payroll was $1.1 billion, and the ratio of UAAL to covered payroll was 35.6 percent. The current valuation was calculated on the basis of the unit credit actuarial cost method. The actuarial assumptions included a four and one-half percent investment rate of return, and health care trend rates ranging from 6.5 to 8.0 percent in 2014, down to 5.0 percent in 2022. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

Colorado State University – Other Postemployment Benefits Plans

Colorado State University administers four single employer defined benefit healthcare plans. The Fiscal Year 2013-14 the University transferred assets into a qualifying trust for all four plans. The Retiree Medical Premium Refund Plan (RMPR) is open to new members and provides a monthly subsidy for medical premiums of up to $200 per month for employees who retire from the University and are participants in its defined contribution plan. The Retiree Medical Premium Subsidy for PERA Participants Plan (RMPS) is closed to new members and provides a monthly subsidy for medical premiums of up to $379 (reduced by the amount of premium subsidy provided by PERA) for employees who are PERA participants and retire from the University. The Umbrella RX Plan (URX) closed to new members and supplements prescription benefits provided through PERA for employees with ten or more years of PERA service. The Long-Term Disability Insurance Plan (LTD) is open to new members and provides a monthly income replacement benefit for employees still on disability after the 91st consecutive calendar day of total disability. LTD covers a percentage of the monthly salary up to established caps and continues until recovery, death, or until attained age between 65 and 70 years depending on when the employee became disabled. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

Colorado State University issues a publicly available financial report that includes financial statements and required supplementary information for all of the plans. That report may be obtained by writing to 555 S. Howes St., Fort Collins, CO 80523, or by going to: http://busfin.colostate.edu/finstmt.aspx.

The contribution requirements of all plan members and the University are established by the University's Board of Governors. The required contribution for the RMPR, URX and LTD plans is set by the University in consultation with outside benefit consultants, under-writers, and actuaries. The subsidy amount under the RMPS increases annually in alignment with the increase in the cost of individual coverage under the lowest cost medical option. For Fiscal Year 2013-14, the University contributed $37.0 million to the RMPR at a contribution rate of one percent of covered earnings, $21.0 million to the RMPS at a 12.47 percent contribution rate, $0.6 million to the URX at 0.64 percent contribution rate, and $6.3 million to the LTD at a 0.40 percent contribution rate. Plan members are not required to contribute to any of the four plans. As of June 30, 2014, RMPR had 4,687 active members and 326 retired members or beneficiaries receiving benefits; the RMPS had 419 active members, 185 terminated but eligible members, and 506 retired members or beneficiaries receiving benefits; the URX had 419 active members, 543 terminated but eligible members, and 338 retired members or beneficiaries receiving benefits; and LTD had 4,608 active members and 28 retired members or beneficiaries receiving benefits.

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

As of the most recent actuarial valuation date of January 1, 2014, The RMPR was 106.8 percent funded, the RMPS was 39.3 percent funded, the URX 17.5 percent funded, and the LTD 46.2 percent funded with net assets of $36.3 million, $19.7 million, $0.5 million, and $5.4 million, respectively. The actuarial accrued liability for benefits for the RMPR, RMPS, URX and LTD was $34.0 million, $50.1 million, $2.8 million, and $11.6 million respectively, resulting in unfunded actuarial accrued liabilities of -$2.3 million, $30.4 million, $2.3 million and $6.2 million, respectively. The covered payroll (annual payroll of active employees covered by the plan) of the RMPR was $285.0 million, and the ratio of unfunded actuarial accrued liability (UAAL) to covered payroll was -0.8 percent. Neither the RMPS, the URX, nor the LTD plan contribution is based on salaries or covered payroll.

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

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

At June 30, 2014, RMPR was overfunded with a negative unfunded actuarial accrued liability of $2.3 million, a funded ratio of 106.8 percent, and a one-year amortization period; RMPS had an unfunded actuarial accrued liability of $30.4 million, a funded ratio of 39.3 percent, and a 24-year amortization period; URX had an unfunded actuarial accrued liability of $2.3 million, a funded ratio of 17.5 percent, and a 24-year amortization period; and LTD had an unfunded actuarial accrued liability of $6.2 million, a funded ratio of 46.2 percent, and a 30-year amortization period.

Other Programs

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

Component Units

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

NOTE 20 – OTHER EMPLOYEE BENEFITS

Primary Government

A. MEDICAL AND DISABILITY BENEFITS

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

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's flexible spending account benefits plan. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2013-14, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $10 or $20 depending on the level of participation.

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

statewide, dental PPO options administered by Delta Dental were also offered.

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

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability. Although fully insured, the Group Benefit Plans disability program includes a risk-sharing feature that provides experience rating refunds calculated as earned premiums less the aggregate of incurred claims, claim reserve, retention charge, and refunds paid previously over the term of the contract. Refunds, when applicable, are paid annually.

B. EMPLOYEE DEFERRED COMPENSATION PLAN

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State Deferred Compensation Plan which was established for State and local government employees in 1981. At July 1, 2009, the State's administrative functions were transferred to PERA in a fiduciary to fiduciary transfer; all costs of administration and funding are borne by the plan participants. The 457 plan allows for voluntary participation to provide additional benefits at retirement, and all employees may contribute to the 457 plan. At conversion, State employees were the primary participants in the 457 plan. In calendar year 2013, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2011-12 and 2011-12) to a maximum of $17,500. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $5,500 in 2013, for total contributions of $23,000. Contributions and earnings are tax deferred. At December 31, 2013, the plan had net position of $643.6 million and 17,462 participants.

C. Other Retirement Plans

PERA 401k Plan

The Public Employees' Retirement Association (PERA) offers a voluntary 401(k) plan entirely separate from the 457 plan, the defined contribution plan, and the defined benefit plan. In calendar year 2013, PERA members were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution, which was restored from the temporary increase to 10.5 percent for Fiscal Years 2010-11 and 2011-12) to a maximum of $17,500. Participants who are age 50 and older, and contributing the maximum amount allowable, could make an additional $5,500 in 2012, for total contributions of $23,000. Contributions and earnings are tax deferred. On December 31, 2013, the plan had net position of $2,509.8 million and 68,691 accounts.

PERA Defined Contribution Retirement Plan

The PERA Defined Contribution Retirement Plan was established January 1, 2006, as an alternative to the defined benefit plan. All employees, with the exception of certain higher education employees, have the option of participating in the plan. On July 1, 2009, administration of the State's defined contribution plan was transferred to PERA and participants of the State's plan became participants of the PERA defined contribution plan. Existing State plan members at the time of the transfer became participants in the PERA defined contribution plan and retained their vesting schedule for employer contributions, while employer contributions for new members will vest from 50 percent to 100 percent evenly over 5 years. Participants in the plan are required to contribute 8 percent (10 percent for State troopers) of their salary. The contribution rate was restored from the temporary increase in Fiscal Years 2010-11 and 2011-12 to 10.5 percent (12.5 percent for State Troopers). At December 31, 2013, the plan had a net position of $113.5 million and 4,719 participants.

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

Higher Education Optional Retirement Plans

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

Other State Retirement Plans

The State made contributions to other retirement plans of $125.4 million and $112.0 million during Fiscal Years 2013-14 and 2012-13, respectively. In addition, the

State paid $89.0 million and $95.4 million in FICA and Medicare taxes on employee wages during Fiscal Years 2013-14 and 2012-13, respectively.

D. Termination Benefits

The University of Colorado provides an early retirement incentive program to tenured professors who are at least 55 years of age, whose age and years of service combined equal at least 70, and who participate in the University's optional retirement plan. The time period for the arrangement is from calendar year 2010 to 2016. The incentive is equal to twice the base salary and supplemental pay and requires the immediate relinquishment of tenure status. In Fiscal Year 2013-14 78 faculty members participated in the program at a present value accrued cost of $10.9 million, with an assumed discount rate of 5 percent.

Component Units

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

NOTE 21 – RISK MANAGEMENT

Primary Government

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

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

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

Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of

claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the current and long-term liabilities of the Risk Management Fund.

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $350,000 per individual. In Fiscal Year 2013-14, the State recovered approximately $4.1 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded $11.7 million of insurance recoveries during Fiscal Year 2013-14. Of that amount approximately $239,077 was related to asset impairments that occurred in prior years. The remaining $11.5 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.1 million, as noted above), a Pension and Other Employee Benefits Fund, and $2.0 million by Higher Education in the Higher Education Institutions Fund.

For claims related to events occurring before October 1, 1996, the Regents of the University of Colorado participate in the University of Colorado Insurance Pool (UCIP) – a public-entity self-insurance pool. After that date, the University became self-insured for workers' compensation, auto, and general and property liability. As of March 31, 2009, the Colorado Division of Insurance approved the dissolution of UCIP, and all remaining claim liabilities were transferred to the University's self-insurance program. An actuary projects the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.0 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2013-14, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $285,000 per person and $10.6 million in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2013-14 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $181,032 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2012 through 2014. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity and over $500,000 per claimant. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $1.5 million per occurrence and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2013-14, however, the University collected $127,115 from the stop-loss insurance carrier for individual claims in excess of the threshold from Fiscal Years 2012 through 2014.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 and has purchased reinsurance for individual claims up to statutory limits. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for claims up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property

damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University also carries cyber risk liability insurance up to $5.0 million ($100,000 deductible for cyber extortion; $20,000 deductible for foreign notification; and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $25.0 million of aviation liability insurance ($1,000 deductible), and $1.0 million of unmanned aerial vehicles liability insurance. There were no significant reductions in insurance coverage in Fiscal Year 2013-14, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, auto, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06. The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability (10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2013-14, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The College retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2013-14, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $420.1 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $5.0 million of fine arts insurance ($2,500 deductible, with a $25,000 deductible for flood and earthquake). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2011-12, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance ($1,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2013-14, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance ($0 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011-12. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $1,000,000 ($1,000 deductible). Before Fiscal Year 2012-13, the University was covered under the State's risk management program. The University retains a small amount of self insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2012-13. There were no significant reductions in insurance coverage in Fiscal Year 2013-14, and the amount of settlements has not exceeded insurance coverage in Fiscal Years 2012-13 or 2013-14.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 per occurrence ($500 deductible). Before Fiscal Year 2011-12, the University was covered

under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million per occurrence (no deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2013-14 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2013-14	29,194	(2,094)	3,705	23,395
2012-13	29,883	4,715	5,404	29,194
2011-12	24,733	9,981	4,831	29,883
Workers' Compensation				
2013-14	119,689	32,911	32,000	120,600
2012-13	109,609	50,525	40,445	119,689
2011-12	110,322	32,853	33,566	109,609
Group Benefit Plans:				
2013-14	12,647	162,025	160,424	14,248
2012-13	13,695	138,851	139,899	12,647
2011-12	13,904	146,285	146,494	13,695
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2013-14	10,962	11,715	8,232	14,445
2012-13	10,015	7,694	6,747	10,962
2011-12	9,977	4,722	4,684	10,015
University of Colorado Denver:				
Medical Malpractice				
2013-14	5,448	3,798	2,107	7,139
2012-13	5,655	1,196	1,403	5,448
2011-12	5,126	2,472	1,943	5,655
Graduate Medical Education Health Benefits Program				
2013-14	1,386	8,595	8,270	1,711
2012-13	1,408	6,806	6,828	1,386
2011-12	1,291	7,121	7,004	1,408
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2013-14	32,540	40,337	39,322	33,555
2012-13	28,948	36,300	32,708	32,540
2011-12 (Restated)	30,282	28,817	30,151	28,948
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2013-14	101	69	89	81
2012-13	57	133	89	101
2011-12	21	108	72	57
Fort Lewis College:				
Worker's Compensation				
2013-14	3	18	-	21
2012-13	301	(298)	-	3
2011-12	315	133	147	301
General Liability				
2013-14	-	-	-	-
2012-13	167	(167)	-	-
2011-12	307	-	140	167
Adams State University				
Workers' Compensation				
2013-14	-	-	-	-
2012-13	-	-	-	-
2011-12	35	-	35	-
General Liability				
2013-14	-	-	-	-
2012-13	11	(11)	-	-
2011-12	158	-	147	11
Colorado Mesa University:				
Workers' Compensation				
2013-14	67	26	76	17
2012-13	67	56	56	67
2011-12	140	(6)	67	67
General Liability				
2013-14	118	(30)	88	-
2012-13	118	259	259	118
2011-12	21	130	33	118
Western State Colorado University:				
Workers' Compensation				
2013-14	110	-	96	14
2012-13	208	(70)	28	110
2011-12	185	122	99	208
General Liability				
2013-14	20	(20)	-	-
2012-13	-	20	-	20

Component Units

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most risks of loss, and is self-insured for any director or officer legal liability.

NOTE 22 – LEASE COMMITMENTS

Primary Government

State management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. They are therefore treated as noncancellable for financial reporting purposes.

At June 30, 2014, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ 735	$ 62,847	$ 233,841
Business-Type Activities	-	31,147	35,814
Total	$ 735	$ 93,994	$ 269,655

At June 30, 2014, the State expected the following sublease rentals related to its capital and operating leases:

(Amounts in Thousands)

Sublease Rentals

	Capital	Operating	Total
Governmental Activities	$ 144	$ 544	$ 688
Business-Type Activities	-	111	111
Total	$ 144	$ 654	$ 798

During the year ended June 30, 2014, the State incurred the following contingent rentals related to capital and operating leases:

(Amounts in Thousands)

Contingent Rentals

	Capital	Operating	Total
Business-Type Activities	$ -	$ 24	$ 24
Total	$ -	$ 24	$ 24

Colorado State University Research Foundation (CSURF), a related party, is a not-for-profit Colorado corporation, established to aid and assist the institutions governed by the Colorado State University System Board of Governors in their research and educational efforts. Support provided by the Foundation to the institutions (Colorado State University and Colorado State University – Pueblo) includes patent and licensing management, finance and acquisition of research and educational facilities, and acquisition and management of equipment and land. Colorado State University paid CSURF $740,896 in Fiscal Year 2013-14 for leased space, and at June 30, 2014 had total future lease obligations for leased space of $3.4 million. It also paid CSURF $2.5 million during the fiscal year for equipment and vehicles and had total future lease obligations for leased equipment and vehicles of $8.3 million.

In Fiscal Year 2013-14, the Community College of Aurora made operating lease payments of approximately $1.0 million to the Community College of Aurora Foundation, which is the landlord for the Community College's main campus.

For Fiscal Year 2013-14, the State recorded building and land rent of $52.0 million and $21.6 million for governmental and business-type activities, respectively. The State also recorded equipment and vehicle rental expenditures of $12.6 million and $39.6 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $4.4 million of lease interest costs for governmental activities and $1.5 million for business-type activities.

The State entered into approximately $22.3 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2014, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
2015	$ 49,068	$ 21,716	$ 32,039	$ 7,842
2016	40,754	17,743	29,240	7,931
2017	27,882	12,813	26,097	7,203
2018	25,103	11,285	20,191	4,954
2019	20,629	9,057	16,396	3,316
2020 to 2024	64,594	22,590	57,089	12,408
2025 to 2029	19,205	5,465	19,352	6,069
2030 to 2034	1,476	631	4,709	683
2035 to 2039	892	631	-	-
2040 to 2044	661	631	-	-
2045 to 2049	661	400	-	-
2050 to 2054	661	-	-	-
Total Minimum Lease Payments	251,586	102,962	205,113	50,406
Less: Imputed Interest Costs			30,117	8,214
Present Value of Minimum Lease Payments	$ 251,586	$ 102,962	$ 174,996	$ 42,192

Component Units

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease that expires December 31, 2018. Total rental expense for the year ended December 31, 2013 was $117,479. The total minimum rental commitment as of December 31, 2013 is $586,388.

Effective October 1, 1999, the University of Colorado Foundation entered into an agreement to lease the building in which it operates. The foundation recorded a lease liability equal to the present value of the future minimum lease payments under the lease, which was $0.3 million at June 30, 2014. Total minimum lease payments including interest at June 30, 2014, were $0.3 million. The net book value of property and equipment under the capital lease was $5.8 million net of accumulated depreciation of $5.2 million as of June 30, 2014. In May 2014 the lessor pledged to give $3.5 million to the Foundation instead of making a nonreciprocal transfer of the building, with a promise to pay no later than October 31, 2014. The Foundation booked the pledge to contribute in Fiscal Year 2013-14.

The University of Colorado Foundation leases office space and equipment under operating leases expiring on various dates through 2016. The total rental expense for the year ended June 30, 2014 was $166,253. The total minimum rental commitment under the leases was $158,600 at June 30, 2014.

NOTE 23 – SHORT-TERM DEBT

On July 10, 2013 the State Treasurer issued $500.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2013A. The notes were due and payable on June 27, 2014, at a coupon rate of 1.33 percent. The total interest related to this issuance was $6.4 million; however, the notes were issued at a premium of $5.6 million resulting in net interest costs (including the cost of issuance) of $940,274 and a yield of 0.17 percent. The notes were issued for cash management purposes and were repaid before June 27, 2014, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 16, 2013, the State Treasurer issued $130.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2013A. The notes were due and payable on June 27, 2014, at a coupon rate of 1.25 percent. The total interest related to this issuance was $1.5 million; however, the notes were issued at a premium of $1.3 million, resulting in net interest costs (including cost of issuance) of $431,151 or 0.17 percent. The notes matured on June 27, 2014 and were repaid.

On January 6, 2014, the State Treasurer issued $210.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2013B. The notes were due and payable on June 27, 2014, at a coupon rate of 2.00 percent. The total interest related to this issuance was $2.0 million; however, the notes were issued at a premium of $1.9 million, resulting in net interest costs (including cost of issuance) of $266,370 or 0.11 percent. The notes matured on June 27, 2014, and were repaid.

The following schedule shows the changes in short-term financing for the period ended June 30, 2014:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 500,000	$ (500,000)	$ -
Education Loan Anticipation Notes	$ -	340,000	$ (340,000)	-
Total Governmental Activities Short-Term Financing	-	840,000	(840,000)	-
Total Short-Term Financing	$ -	$ 840,000	$ (840,000)	$ -

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

Primary Government

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

During Fiscal Year 2013-14 the State's governmental activities had $167.3 million of federal and State revenue available in the Highway Users Tax Fund to meet an equivalent amount of debt service. Collectively, the State's business-type activities had $1,099.6 million of available net revenue after operating expenses to meet the $638.2 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 36.)

During Fiscal Year 2013-14 the State recorded $248.5 million of interest costs, of which $78.7 million was recorded by governmental activities and $169.9 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $26.6 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.8 million of interest on Certificates of Participation issued by the Judicial Branch, and $25.7 of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program. The business-type activities interest cost primarily comprises $145.8 million of interest on revenue bonds issued by institutions of higher education, $11.7 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, $6.3 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise, and $5.7 million of interest on Unemployment Insurance Fund's federal loan and revenue bonds. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2014, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal Year	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 147,225	$ 20,104	$ 2,135	$ 359	$ 38,550	$ 50,278	$ 187,910	$ 70,741
2016	157,220	10,268	2,045	317	41,710	48,223	200,975	58,808
2017	126,100	2,680	2,090	275	42,805	47,143	170,995	50,098
2018	-	-	2,135	231	43,990	45,956	46,125	46,187
2019	-	-	2,175	187	52,550	53,586	54,725	53,773
2020 to 2024	-	-	6,805	285	229,465	204,470	236,270	204,755
2025 to 2029	-	-	-	-	306,499	163,593	306,499	163,593
2030 to 2034	-	-	-	-	259,185	100,992	259,185	100,992
2035 to 2039	-	-	-	-	140,590	49,600	140,590	49,600
2040 to 2044	-	-	-	-	68,785	16,330	68,785	16,330
2045 to 2049	-	-	-	-	18,250	738	18,250	738
Subtotals	430,545	33,052	17,385	1,654	1,242,379	780,909	1,690,309	815,615
Unamortized Prem/Discount	13,336	-	-	-	25,490	-	38,826	-
Totals	$ 443,881	$ 33,052	$ 17,385	$ 1,654	$ 1,267,869	$ 780,909	$ 1,729,135	$ 815,615

(Amounts in Thousands)

Fiscal Year	Business-Type Activities: Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2015	$ 222,642	$ 171,276	$ 1,294	$ 121	$ 19,805	$ 18,545	$ 243,741	$ 189,942
2016	226,688	166,198	1,380	104	20,749	17,686	248,817	183,988
2017	229,637	160,452	1,389	61	21,679	16,720	252,705	177,233
2018	106,854	154,100	609	19	22,749	15,662	130,212	169,781
2019	112,571	149,679	71	6	23,709	14,502	136,351	164,187
2020 to 2024	590,239	673,409	76	15	138,336	52,624	728,651	726,048
2025 to 2029	669,663	524,665	7	-	110,533	17,608	780,203	542,273
2030 to 2034	696,293	348,140	-	-	24,800	1,064	721,093	349,204
2035 to 2039	594,886	168,907	-	-	-	-	594,885	168,907
2040 to 2044	282,520	35,150	-	-	-	-	282,520	35,150
2045 to 2049	11,795	677	-	-	-	-	11,795	677
Subtotals	3,743,788	2,552,653	4,826	326	382,360	154,411	4,130,973	2,707,390
Unamortized Prem/Discount	193,079	-	(16)	-	21,401	-	214,464	-
Unaccreted Interest	(10,629)	-	-	-	-	-	(10,629)	-
Totals	$ 3,926,238	$ 2,552,653	$ 4,810	$ 326	$ 403,761	$ 154,411	$ 4,334,808	$ 2,707,390

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2014, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

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

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2015	$ 625	$ 53	$ 1,398	$ 2,076
2016	625	52	1,377	2,054
2017	675	51	1,354	2,080
2018	975	50	1,325	2,350
2019	550	49	1,300	1,899
2020 to 2024	3,900	232	6,149	10,281
2025 to 2029	8,150	197	5,214	13,561
2030 to 2034	13,600	120	3,192	16,912
2035 to 2039	11,685	29	782	12,496
2040 to 2044	-	-	-	-
Totals	$ 40,785	$ 833	$ 22,091	$ 63,709

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

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ 1,488,500	$ 21,205	$ 1,282,685	$ 2,792,390
Business Type Activities	4,687,724	9,488	475,373	$ 5,172,585
Total	$ 6,176,224	$ 30,693	$ 1,758,058	$ 7,964,975

Component Units

In February 2011, the University of Colorado Foundation renewed a $20.0 million, three-year committed, unsecured line of credit with a bank. The credit line carries an interest rate tied to the LIBOR index floating rate plus 175 basis points. In April 2014 the Foundation set up a new one-year, committed, unsecured line of credit for $10 million with the same bank. The new credit line carries an interest rate tied to the Daily One Month LIBOR plus 150 basis points. No amounts were outstanding at June 30, 2014.

Debt service requirements to maturity for the Colorado Water Resources and Power Development Authority at December 31, 2013, excluding unamortized original issue discount and premium and deferred refunding costs are:

(Amounts in Thousands)

Year	Principal	Interest	Total
2014	$ 50,165	$ 34,960	$ 85,125
2015	45,415	32,732	78,147
2016	46,430	30,654	77,084
2017	45,685	28,502	74,187
2018	43,720	26,353	70,073
2019 to 2023	187,050	103,460	290,510
2024 to 2028	160,210	65,102	225,312
2029 to 2033	123,800	33,857	157,657
2034 to 2038	61,255	6,292	67,547
2039 to 2043	4,680	545	5,225
Total Future Payments	$ 768,410	$ 362,457	$ 1,130,867

The original principal amount for the outstanding bonds was $1,485.4 million. Total interest paid during 2013 was $35.9 million.

All of the Colorado Water Resources and Power Development Authority's Small Water Resources Program bonds are insured as to payment of principal and interest by National Public Finance Guaranty, a wholly owned subsidiary of MBIA, Inc. The Water Resources Revenue Bonds, Series 2004B, 2004C, 2004D, 2004E, Series 2005A, 2005E and 2005F are insured as to payment of principal and interest by MBIA Insurance Corporation. The Water Resources Revenue Bonds Series 2005B, 2005C, 2005D, Series 2008A, Series 2009A, Series 2010A, 2011A and 2013A are insured as to payment of principal and interest by Assured Guaranty Municipal Corp. The authority can issue up to $150.0 million (excluding refunding bonds) of outstanding Small Water Resources Revenue Bonds, and as of December 31, 2013, it had $13.9 million of these bonds outstanding.

Metropolitan State University of Denver has unconditionally guaranteed the debt service on bonds issued by the Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority and transferred to HLC @ Metro, Inc. in October 2010. Bonds of $54.9 million were issued to finance the University's Hotel and Hospitality Learning Center. The debt service requirements to maturity for HLC @ Metro, Inc. at June 30, 2014, are as follows:

(Amounts in Thousands)

Fiscal Year	Principal	Interest	Total
2015	$ 410	$ 3,219	$ 3,629
2016	710	3,202	3,912
2017	825	3,178	4,003
2018	1,075	3,138	4,213
2019	1,250	3,090	4,340
2020 to 2024	6,935	14,551	21,486
2025 to 2029	8,225	12,473	20,698
2030 to 2034	9,980	9,636	19,616
2035 to 2039	12,235	6,043	18,278
2040 to 2043	13,240	1,605	14,845
Total Future Payments	$ 54,885	$ 60,135	$ 115,020

NOTE 25 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2013-14:

(Amount in Thousands)

	Restated Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 3,413	$ 3,109	$ (3,405)	$ 3,117	$ 2,978
Accrued Compensated Absences	149,368	17,599	(10,505)	156,462	10,470
Claims and Judgments Payable	370,324	757	(7,867)	363,214	61,623
Capital Lease Obligations	151,010	47,335	(23,349)	174,996	26,941
Bonds Payable	593,460	-	(149,580)	443,880	147,225
Certificates of Participation	1,192,854	214,748	(139,732)	1,267,870	38,550
Notes, Anticipation Warrants, Mortgages	19,220	170	(2,005)	17,385	2,135
Other Long-Term Liabilities	444,118	21,125	(62,289)	402,954	-
Total Governmental Activities Long-Term Liabilities	2,923,767	304,843	(398,732)	2,829,878	289,922
Business-Type Activities					
Accrued Compensated Absences	252,938	37,985	(22,658)	268,265	18,117
Claims and Judgments Payable	38,993	3,858	(1,869)	40,982	-
Capital Lease Obligations	41,728	7,570	(7,106)	42,192	6,610
Derivative Instrument Liabilities	8,333	447	(214)	8,566	-
Bonds Payable	3,791,503	414,577	(239,058)	3,967,022	223,267
Certificates of Participation	424,954	-	(21,193)	403,761	19,805
Notes, Anticipation Warrants, Mortgages	3,521	2,326	(1,037)	4,810	1,294
Other Postemployment Benefits	177,176	28,825	(24,490)	181,511	-
Other Long-Term Liabilities	38,497	9,038	(1,024)	46,511	-
Total Business-Type Activities Long-Term Liabilities	4,777,643	504,626	(318,649)	4,963,620	269,093
Fiduciary Activities					
Deposits Held In Custody For Others	754,454	599,972	(749,748)	604,678	598,712
Accrued Compensated Absences	37	19	(1)	55	-
Other Long-Term Liabilities	645	4,065	(2)	4,708	-
Total Fiduciary Activities Long-Term Liabilities	755,136	604,056	(749,751)	609,441	598,712
Total Primary Government Long-Term Liabilities	$ 8,456,546	$ 1,413,525	$ (1,467,132)	$ 8,402,939	$ 1,157,727

The beginning balance was restated to exclude $20.0 million in governmental activities and $87.9 million in business type Activities in unamortized refunding gains and losses. With the implementation of GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities, unamortized refunding losses are reported as deferred outflows.

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

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

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See notes 19 and 21 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

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

At June 30, 2014, the following obligations were classified as Other Long-Term Liabilities on the government-wide *Statement of Net Position*:

The $403.0 million shown for governmental activities primarily comprises:

- $237.7 million of tax refunds payable at the Department of Revenue, which were at various levels of administrative and legal appeal. These refunds relate to tax revenues of the General Purpose Revenue Fund and Highway Users Tax Fund. Payment is not expected within one year.
- $162.7 million of pollution remediation obligations at the Department of Public Health and Environment (see Note 27 for additional information on pollution remediation obligations).
- $2.5 million of unclaimed property liabilities estimated to be due to claimants.

The $46.5 million (including $1.7 million Due to Component Units) shown for business-type activities primarily comprises $21.3 million of unearned revenue in Higher Education Institutions, the most significant balances of which relate to an early retirement incentive program and an alternate Medicare program at the University of Colorado ($9.8 million and $9.5 million, respectively). The High Performance Transportation Enterprise in the Department of Transportation includes $23.4 million payable under a Transportation Infrastructure Finance and Innovation loan.

Component Units

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Colorado Water Resources and Power Development Authority					
Bonds Payable	$ 876,845	$ 108,290	$ (216,725)	$ 768,410	$ 50,165
Other Long-Term Liabilities	$ 162,301	$ 50,997	$ (60,643)	$ 152,655	$ 100,580

Other Long-Term Liabilities of the Colorado Water Resources and Power Development Authority were primarily contained in its Drinking Water Fund, accounting for $13.7 million of the $31.9 million total. Other long-term liabilities of the Water Pollution Control Fund and Water Operations Fund were $9.4 million and $8.8 million respectively. Thirty-four percent of total, other long-term liabilities ($11.0 million) were related to project costs payable – amounts not yet requisitioned – on loans made to local government borrowers.

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

Changes in the value of investments are combined with changes in the actuarial estimate of liabilities and are reported as Gifts and Donations revenue on the *Statement of Revenue, Expenditures, and Changes in Fund Net Position – Component Units*. At June 30, 2014, the foundation held $45.5 million of split interest agreement investments with $20.7 million of related liabilities and reported $6.0 million of net beneficial interest in charitable trusts held by others.

At June 30, 2014, the University of Colorado Foundation held $324.8 million of endowments and other funds in trust for the University of Colorado and another entity. On the *Statement of Net Position – Component Units,* this liability is reported primarily as Deposits Held in Custody and partially as Other Current Liabilities.

At June 30, 2014, the Colorado State University Foundation held $15.0 million of endowments and related expendable accounts for Colorado State University. On the *Statement of Net Position – Component Units,* this liability is reported as Deposits Held in Custody.

At June 30, 2014, the Colorado School of Mines Foundation (CSMF), acting as trustee, held charitable trust and pooled income assets of $14.5 million; related liabilities of $9.8 million are calculated using the Internal Revenue Service discount rate for computing charitable contribution deductions. The estimated net present value of obligations to named beneficiaries is reported as part of Other Long-Term Liabilities on the *Statement of Net Position – Component Units.*

CSMF has entered several gift annuity contracts that require future payments to the donor or their named beneficiaries; these requirements are reported as part of the $9.8 million mentioned above and total $4.9 million. At June 30, 2014, CSMF reported $35.0 million of assets held in trust, primarily for the Colorado School of Mines, which are shown on the *Statement of Net Position – Component Units* as Deposits Held in Custody.

CoverColorado, a nonmajor component unit, reserved $22.3 million for health policy claims. On the *Statement of Net Position – Component Units*, this liability is reported as Claims and Judgments Payable.

NOTE 26 – DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2013-14, debt was defeased in both governmental and business-type activities.

At June 30, 2014, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Transportation	$ 134,640
Department of Treasury	$ 18,240
Department of Corrections	$ 94,330
Business-Type Activities:	
University of Colorado	$ 372,905
Colorado State University	$ 254,675
Colorado School of Mines	$ 14,975
Western State College	$ 13,280
University of Northern Colorado	$ 55,252
Colorado Mesa University	$ 45,510
Community College System	$ 4,740
Total	$ 1,008,547

The Department of Corrections issued $111,780,000 of its Certificates of Participation, Series 2013 to fully defease $71,980,000 of its Certificates of Participation, Series 2006B and $25,165,000 of its Certificates of Participation, Series 2010. The defeased debt had an interest of 3.61 percent, and the new debt had an interest rate of 2.23 percent. The remaining term of the debt was 7.6 years and the estimated debt service cash flows decreased by $1,535,926. The defeasance resulted in an economic loss of $16,248,253 and a book loss of $6,040,261 that will be amortized as an adjustment of interest expense over the remaining 4.2 years of the new debt.

The Board of Trustees of the Colorado School of Mines used available cash of $9,299,432 to fully defease its 2009A Enterprise Refunding Improvement Revenue Bonds. The defeased debt had an interest of 5.00 to 5.25 percent, and the new escrow deposit has an interest rate of 0.88 to 4.88 percent. The remaining term of the debt was 23.6 years and the term of the new escrow deposit is 4 years. The estimated debt service cash flows decreased by $2,048,092. The refunding resulted in an economic gain of $1,296,832 and a book loss of $1,764,700 that will be amortized as an adjustment of interest expense over 4 years.

The Board of Trustees of the University of Northern Colorado issued $52,465,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2014A to partially defease its 2005 Auxiliary Revenue Refunding and Improvement Bonds. The defeased debt had an interest of 4.96 percent, and the new debt has an interest rate of 3.45 percent. The remaining term of the debt was 21 years and the term of the new debt is 21 years. The estimated debt service cash flows decreased by $5,592,412. The refunding resulted in an economic gain of $3,955,122 and a book loss of $799,172 that will be amortized as an adjustment of interest expense over 21 years.

NOTE 27 – POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2014 was $172.3 million ($9.6 million of which was a current liability). Superfund sites account for approximately $165.8 million ($3.1 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $82.1 million related to the operation of a water treatment plant. The new water treatment plant was completed in Fiscal Year 2011-12, and the operating and maintenance costs of the new plant are to be shared with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in calendar year 2023, the State will assume 100 percent of the operating costs of the new plant, estimated at $3.4 million annually. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2014, the State has received $7.5 million in recoveries from other responsible parties.
- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $52.6 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction commenced in 2013. Current operating and maintenance costs are borne 100 percent by the State. The State's share of the costs to complete the remaining remediation projects is estimated to total $2.2 million through 2016. Beginning in 2016, the department will share these costs with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.
- DPHE recorded a liability for remediation activities at the Captain Jack Mill of approximately $5.3 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Two remedial design projects on surface and subsurface water have been completed. The cost-sharing ratio of 10 percent State, 90 percent EPA, is expected to end in 2018 at which time the State assumes 100 percent of the cost. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.
- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $16.8 million related to the clean-up of contamination from mine waste piles and drainage. The liability includes the construction of a water treatment plan from 2014 to 2016. The State will be liable for a share of construction costs for a water treatment plant as well as future operating and maintenance costs in a cost-

sharing ratio of 10 percent State, 90 percent EPA until 2027, after which time the State assumes 100 percent of the costs. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- The University of Colorado recorded a liability for remediation activities at its Boulder Campus of approximately $6.2 million related to water damage to many structures caused by excessive rain. In September 2013, the campus incurred damage to 110 of its buildings, two of its parking lots, one of its pedestrian bridges, and several of its underground tunnels. An environmental firm assessed the facilities and determined that the damage be considered an environmental hazard. The accrued liability is based upon the estimate provided by environmental firm and the University's Facilities Management project managers. Insurance recoveries are expected to cover the full cost and a receivable of $6.2 million has been recorded for the recoveries.

NOTE 28 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

With the implementation of GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, certain items previously recognized as assets and liabilities were reclassified to a deferred outflows of resources, a consumption of assets by the entity that is applicable to a future reporting period, and a deferred inflow of resources, an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2014.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activites
Deferred Outflow of Resources:		
Derivatives	-	997
Refunding Loss	18,289	117,106
	18,289	**118,103**
Deferred Inflow of Resouces		
Nonexchange Transactions	338	-
	338	**-**

DEFERRED OUTFLOWS

A. DERIVATIVE INSTRUMENTS

On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2008A debt issuance. The swap agreement was not terminated with the refunding of the Series 2008A bonds by the Series 2010A Refunding Bonds issued in 2010. This agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred outflows $1.0 million as of June 30, 2014.

The Swap Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with an original notional amount of $43.2 million and current notional amount of $41.4 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London Interbank Offering Rate (payable by Morgan

Stanley), which was 0.10 percent at June 30, 2014. Cash flows between the parties are settled on the net difference. The market value to Colorado School of Mines as of June 30, 2014 was $8.6 million liability as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2037. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

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

- Termination Risk – Terminating the transaction while the market value is negative would likely require a termination payment by the School.

- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School does not consider this a significant risk due to the counterparty's credit quality rating.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices.

DEFERRED INFLOWS

B. NONEXCHANGE TRANSACTIONS

Deferred inflows are recorded for grant receipts when all of the eligibility requirements for the grant have been met except the time requirement. As of June 30, 2014, the Department of Health Care Policy and Financing held $0.3 million in receipts awaiting the passage of time.

C. REFUNDING LOSSES

Primary Government

Losses on debt refunding transactions are recorded as deferred outflows and generally amortized over the life of the new debt. On June 30, 2014, deferred outflows in governmental activities related to unamortized refunding losses included $12.3 million in the Department of Transportation and $6.0 in the Department of Corrections. All of the unamortized refunding losses in business-type activities were in Higher Education Institutions.

Component Unit

The Colorado Water Resources and Power Development Authority recorded $4.5 million as a deferred outflow of resources for costs and losses of issuing current and advance refunding bonds. The Authority also recorded $0.7 million in deferred inflows of resources for bond refunding gains.

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

NOTE 29 – PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES

A. PRIOR PERIOD ADJUSTMENTS

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

	Government-Wide Statements		Major Governmental Fund	Major Proprietary Fund		
Subject	Governmental Activities	Business-Type Activities	Other Special Revenue Funds	Higher Education Institutions	Unemployment Insurance	Internal Service Funds
Healthy Forest	285,000	(285,000)	285,000	(285,000)		
Fleet Management	1,433,302					1,433,302
Prepaid Interest Correction		2,417,691			2,417,691	
Benefit Liability Correction		(9,055,461)			(9,055,461)	
	1,718,302	(6,922,770)	285,000	(285,000)	(6,637,770)	1,433,302

A total of $285,000 moved from business-type activity in Higher Education Institutions to governmental activity in Other Special Revenue Funds when the Department of Public Safety transferred the Healthy Forests and Vibrant Communities Fund to the Wildfire Preparedness Fund. The transfer also required a decrease of $285,000 to the beginning cash balance on the *Statement of Cash Flows–Proprietary Funds.*

Governmental activities increased by $1,433,302 in Internal Service Funds when Central Services within the Department of Personnel and Administration, failed to record accumulated depreciation related to its fleet management activities in prior years.

Business-type activities increased by $2,417,691 in Unemployment Insurance when the Department of Labor and Employment failed to reflect a portion of the interest expense related to its bonds as a prepaid expense.

Business-type activities decreased by $9,005,461 in Unemployment Insurance when the Department of Labor and Employment failed to record benefits payable at the end of the prior year. As an electronic funds transfer liability, this adjustment also decreased the beginning cash balance on the *Statement of Cash Flows-Proprietary Funds*.

Amounts shown in this note are actual balances and do not agree to amounts shown on financial statements due to rounding on the statements.

Component Unit

The beginning Net Position on the *Statement of Revenues, Expenses, and Changes in Net Position - Component Units* increased by $5,221,377 when HLC @ Metro, Inc. failed to properly account for the use of land below fair market value in prior years.

B. ACCOUNTING CHANGES

During Fiscal Year 2013-14, the State implemented GASB Statement No. 65 - Items Previously Reported as Assets and Liabilities. As a result of this implementation, certain items previously reported as assets or liabilities were expensed or reclassified as deferred outflows of resources or deferred inflows of resources.

The table below shows the reclassified item and the effect of these changes to the beginning fund balance or beginning net position on the government-wide Statement of Activities and the fund-level statements as listed.

	Government-Wide Statements		Fund-Level Statements				
			Major Governmental Fund	Major Proprietary Fund			
Reclassified Item	Governmental Activities	Business-Type Activities	Resource Extraction	Higher Education Institutions	Unemployment Insurance	Other Enterprise	Internal Service Funds
Long-Term Loans Receivable for Loan Commitment Fee	850,683		850,683				
Deferred Debt Issuance Costs	(12,147,841)	(30,471,367)		(26,677,580)	(1,862,674)	(1,931,113)	(64,075)
Adjustment Related to the Accounting Change	(11,297,158)	(30,471,367)	850,683	(26,677,580)	(1,862,674)	(1,931,113)	(64,075)

NOTE 30 – FUND BALANCE

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

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND:			
General Government	$ 263,740	$ 374,576	$ 7,651
Business, Community and Consumer Affairs	-	36,590	-
Education	196,922	-	-
Justice	8,096	-	-
Natural Resources	-	196	-
TOTAL	$ 468,758	$ 411,362	$ 7,651
RESOURCE EXTRACTION:			
General Government	$ 63,500	$ 3,911	$ -
Business, Community and Consumer Affairs	-	170,921	-
Education	-	15,299	-
Natural Resources	13,870	879,922	-
TOTAL	$ 77,370	$ 1,070,053	$ -
HIGHWAY USERS TAX:			
General Government	$ 8,608	$ 9,970	$ -
Health and Rehabilitation	12	2,179	-
Justice	-	1,778	-
Transportation	1,071,581	27,090	-
TOTAL	$ 1,080,201	$ 41,017	$ -
CAPITAL PROJECTS:			
General Government	$ -	$ 262,646	$ -
Education	-	6,818	-
Health and Rehabilitation	-	36	-
Justice	3,298	1,135	-
Natural Resources	-	49	-
TOTAL	$ 3,298	$ 270,684	$ -
STATE EDUCATION:			
Education	$ 1,091,998	$ -	$ -
TOTAL	$ 1,091,998	$ -	$ -
OTHER GOVERNMENTAL FUNDS:			
General Government	$ 143,344	$ 277,541	$ -
Business, Community and Consumer Affairs	57,005	241,935	-
Education	25,251	48,346	-
Health and Rehabilitation	11,417	121,596	-
Justice	32,988	185,322	-
Natural Resources	10,210	17,168	-
Social Assistance	-	36,228	-
Transportation	13,635	1,012	-
TOTAL	$ 293,850	$ 929,148	$ -

The significant fund balances held for restricted purposes as of June 30, 2014, include:

- $253.1 million in the General Fund in the General Government function from bond proceeds issued by the Building Excellent Schools Today (BEST) program and held by the State Treasurer to fund public school construction.
- $177.6 million in the General Fund in the Education function related to the BEST program; a portion in cash from bond proceeds issued by the Treasurer and a portion in local school district matching funds restricted for public school fund construction under a settlement agreement.
- $1,071.6 million in the Highway Users Tax Fund in the Transportation function from motor fuels tax and fees that pursuant to Article X, Section of the State Constitution is restricted for highway construction and maintenance.
- $1,092.0 million in the State Education Fund in the Education function from 0.33 percent of income taxes is restricted for educational purposes pursuant to Article IX, Section 17 of the State Constitution.
- $83.0 million in the Other Governmental Funds in the General Government function represents a portion of the TABOR emergency reserve recorded in the Major Medical Fund, $44.2 million of investments recorded in Building Excellent Schools Today Fund and $9.9 million recorded in the Tobacco Tax Fund.

The significant fund balances held for committed purposes as of June 30, 2014, include:

- $249.2 million in the General Fund in the General Government function represents the portion of the $410.9 million representing the five percent statutory reserve available on a GAAP basis (see Note 6I).
- $137.4 million in the Resource Extraction Fund in the Business, Community, and Consumer Affairs function from severance tax and federal mineral leasing moneys held for the Department of Local Affairs for distribution to local governments.
- $211.1 million in the Resources Extraction Fund in the Natural Resources function represents severance tax receipts held by the Department of Natural Resources, $384.0 million represents cash balances and loans receivable for loans issued to local governments by the Colorado Water Conservation Board, $178.7 million in cash and $205.3 million in loans, and $138.2 million represents long term severance tax loans receivables.
- $297.2 million primarily in the Other Governmental Funds in the General Government function represents $113.3 million in the Unclaimed Property Fund, $62.4 million in Lottery Funds, $26.1 million in Medical Marijuana License Fund, and $5.1 million in Energy Efficiency Project Fund.
- $262.7 million primarily in the Capital Projects funds in the General Government function represents $121.7 million held in cash and $135.3 million receivables in the Regular Capital Projects fund.
- $222.2 million in Other Governmental Funds in the Business, Community and Consumer Affairs function primarily represents $94.7 million in the Major Medical Fund, $42.0 million in the Clean and Renewable Energy Fund, and $27.9 million in the Workmen's Compensation Fund.
- $121.6 million in the Other Governmental Funds in the Health and Rehabilitation function primarily represents $33.2 million in the Natural Resources Damage Recovery Fund, $24.4 million in the Hazardous Substances Response Fund, $14.1 million in the Medical Marijuana Cash Fund, and $12.4 million in the Nutrients Grant Fund.
- The $185.4 million in Other Governmental Funds in the Justice function primarily represents $83.5 million in the Disaster Emergency Fund.

NOTE 31 – STABILIZATION ARRANGEMENTS

In accordance with C.R.S. 24-75-201.1(d) the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. The reserve is calculated as five percent of General Purpose Revenue Fund appropriations. C.R.S. 24-75-201.5(1)(a) further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In Fiscal Year 2013-14 there was no use of the reserve. As of June 30, 2014, on a legal budgetary basis the reserve was $410.9 million. On a GAAP basis only $ 249.2 million was available for the reserve (see Note 6I).

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

NOTE 32 – MINIMUM FUND BALANCE POLICIES

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

Pursuant to Rule 8.2003.D, the Hospital Provider Fee Oversight Advisory Board has established a reserve of four percent of the estimated expenditures for the Hospital Provider Fee Cash Fund plus any interest accrued by the fund. For Fiscal Year 2013-14 the maximum that could be held in reserve was $38.5 million. The reserve acts as a buffer to minimize the need for midyear fee increases in the event that expenditures are higher than estimated. The minimum fund balance is reported as Committed in the nonmajor Health and Environmental Protection Fund.

NOTE 33 – INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivable and payable balances at June 30, 2014, were:
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SELLER'S / LENDER'S RECEIVABLE	General Fund	Resource Extraction	Highway Users Tax	Capital Projects
MAJOR FUNDS:				
General Fund				
General Purpose	$ 6,913	$ -	$ 1,217	$ -
Special Purpose	15,052	-	-	-
Resource Extraction	30,028	-	-	82
Highway Users	547	-	-	-
Regular Capital Projects	135,336	-	-	-
Special Capital Construction	-	-	-	-
State Education	83,936	-	-	-
Higher Education Institutions	2,447	245	92	-
NONMAJOR FUNDS:				
SPECIAL REVENUE FUNDS:				
Labor	70,132	-	-	-
Gaming	-	-	-	-
Tobacco Impact Mitigation	68	-	-	-
Environment and Health Protection	10,013	10,000	-	-
Unclaimed Property	-	-	-	-
Other Special Revenue	102	-	-	-
PERMANENT FUNDS:				
State Lands Trust	-	-	-	-
State Lands Trust Nonexpendable	-	-	-	-
ENTERPRISE FUNDS:				
Wildlife	-	-	25	-
Correctional Industries	10	-	-	-
State Nursing Homes	1,185	-	-	-
INTERNAL SERVICE FUNDS:				
Central Services	-	-	-	-
Information Technology	1,042	-	14	-
Public Safety	-	-	-	-
Legal Services	-	-	-	-
FIDUCIARY FUNDS:				
Group Benefit Plans	24,005	-	1	-
Treasurer's Private Purpose	-	-	-	-
College Savings Plan	-	-	-	-
College Opportunity	12	-	-	-
Other Fiduciary	-	-	-	-
TOTAL	$ 380,828	$ 10,245	$ 1,349	$ 82

(Amounts in Thousands)

BUYER'S / BORROWER'S PAYABLE

Higher Education Institutions	State Lottery	All Other Funds	Total
$ 174	$ -	$ 27,344	$ 35,648
-	16,939	7,965	39,956
-	-	5,258	35,368
-	-	4,731	5,278
-	-	-	135,336
-	-	222	222
-	-	-	83,936
-	-	2,698	5,482
-	-	-	70,132
-	-	100	100
-	-	2,157	2,225
-	-	461	20,474
-	-	3	3
-	-	2,008	2,111
-	-	14,084	14,084
-	-	7,607	7,607
208	3,051	212	3,496
1,338	-	-	1,348
-	-	-	1,185
4	-	-	4
-	-	-	1,056
4	-	-	4
-	-	2	2
386	-	-	24,392
-	-	801	801
-	-	5,700	5,700
-	-	-	12
-	10,520	-	10,520
$ 2,114	$ 30,510	$ 81,353	$ 506,482

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

general fund surplus transfers in the amount of $210.8 million are comprised of the following: $135.3 million to the Capital Projects Fund; $38.6 million to the State Education Fund; $30.0 million to the Resource Extraction Fund; $1.0 million to the Economic Development Fund (a Special Purpose General Fund); and $10.0 million to the Environment and Health Protection Fund (an Other Special Revenue Fund). On September 15, 2014, these transfers were distributed with the exception of the portion of capital construction funds related to controlled maintenance projects and a residual amount to the State Education Fund. The remainder of the transfers will occur after the publication date of the State's Fiscal Year 2013-14 Comprehensive Annual Financial Report in December 2014.

The General Purpose Revenue Fund receivable of $27.3 million from All Other Funds primarily includes $11.8 million of receivables from the Limited Gaming Fund, $7.2 million from various cash funds to support incurred Medicaid expenditures.

The Special Purpose General Fund receivable of $15.1 million primarily includes $3.3 million legislative reversions and $10.7 million in personal services and operating line item reversions, payable to the Legislative Department Cash Fund and State Employee Reserves Fund, respectively.

The Special Purpose General Fund receivable of $16.9 million from the State Lottery primarily consists of a payable recorded by the Conservation Trust Fund for $12.2 million, and in the Building Excellent Schools Today Grant Program in the amount of $4.7 million.

The Labor Fund receivable of $70.1 million from the General Purpose Revenue Fund includes $70.0 million transferred into the Disaster Emergency Fund.

The Group Benefits Plan Fund receivable of $24.0 million from the General Purpose Revenue Fund primarily represents the health insurance benefits premium portion of payroll for services provided in the fiscal year that is required by statute to be paid in the next fiscal year.

The State Lands Trust receivable of $14.1 million represents the transfers from the Land Board into the Building Excellent Schools Today Grant Program in the approximate amount of $6.9 million and into the Public School Permanent Fund in the approximate amount of $7.2 million.

The Other Fiduciary Fund receivable of $10.5 million was recorded by the State Treasurer for the Great Outdoors Colorado Fund. This is a statutory distribution of the Lottery net proceeds.

NOTE 34 – TRANSFERS BETWEEN FUNDS

Transfers between funds for the fiscal year ended June 30, 2014, were as follows:

TRANSFER-OUT FUND	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund:			
General Purpose	$ 3,167,118	$ 30,000	$ -
Special Purpose	65,914	-	-
Resource Extraction	84,157	-	-
Highway Users Tax	53,713	-	-
Capital Projects:			
Regular Capital Projects	-	-	500
Special Capital Projects	3	-	-
State Education	561	-	-
Higher Education Institutions	3,911	-	-
Unemployment	3,441	-	-
Lottery	57,268	-	-
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	29,453	605	-
Gaming	16,413	600	-
Tobacco Impact Mitigation	74,628	-	-
Resource Management	525	-	-
Environment and Health Protection	637,120	-	5,000
Unclaimed Property	2,717	-	-
Other Special Revenue	118,154	-	5,462
PERMANENT FUNDS:			
State Lands Trust Nonexpendable	1,167	-	-
State Lands Trust Expendable	102,378	-	-
Other Permanent Trust Nonexpendable	-	-	-
ENTERPRISE FUNDS:			
CollegeInvest	21	-	-
Wildlife	12,801	298	-
College Assist	60	-	-
State Fair	108	-	-
Correctional Industries	641	-	-
State Nursing Homes	1,815	-	-
Prison Canteens	80	-	-
Petroleum Storage	1,240	-	-
Other Enterprise	317	-	-
INTERNAL SERVICE FUNDS:			
Central Services	877	-	-
Information Technology	627	-	-
Capitol Complex	2,453	-	-
Public Safety	11	-	-
Administrative Courts	171	-	-
Legal Services	3,264	-	-
Other Internal Service	2,148	-	-
FIDUCIARY FUNDS:			
Group Benefit Plans	60	-	-
Other Fiduciary	101	-	-
TOTAL	$ 4,445,436	$ 31,503	$ 10,962

TRANSFER-IN FUND

Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
$ 325,566	$ 83,936	$ 143,129	$ 160,073	$ 3,909,822
-	-	-	62,141	128,055
507	-	3,730	22,594	110,988
1,500	-	-	171,838	227,051
-	-	31,768	22,008	54,276
1,493	-	-	10,757	12,253
-	-	6,735	18,001	25,297
-	-	-	-	3,911
-	-	-	-	3,441
-	-	-	13,011	70,279
-	-	-	-	30,058
1,754	-	5,811	2,115	26,693
7,262	-	13,720	1,477	97,087
-	-	-	75	600
166	-	-	17,210	659,496
-	-	-	2,159	4,876
248	`	-	15,905	139,769
1,152	-	1,026	456	3,801
-	-	108	22	102,508
-	-	-	7	7
-	-	-	-	21
-	-	-	225	13,324
-	-	-	-	60
-	-	-	-	108
-	-	-	-	641
-	-	-	-	1,815
-	-	-	-	80
313	-	-	-	1,553
-	-	-	-	317
-	-	-	-	877
-	-	-	-	627
-	-	-	133	2,586
-	-	-	-	11
-	-	-	-	171
-	-	-	1,737	5,001
-	-	-	-	2,148
-	-	-	-	60
-	-	-	52	153
$ 339,961	$ 83,936	$ 206,027	$ 521,996	$ 5,639,821

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Purpose Revenue Fund and into the State Public School Fund (a Special Purpose General Fund) of $2,985.3 million, and into the Higher Education Institutions of $143.1 million (primarily for student financial aid, occupational education, and job training). Additionally, in Fiscal Year 2013-14, a portion of the general fund surplus was accrued in the amount of $215.0 million and are comprised of the following: $135.3 million to the Capital Projects Fund; $38.6 million to the State Education Fund; $30.0 million to the Resource Extraction Fund; $1.0 million to the Economic Development Fund (a Special Purpose General Fund); and $10.0 million to the Environment and Health Protection Fund (an Other Special Revenue Fund). On September 15, 2014, these transfers were distributed with the exception of the portion of capital construction funds related to controlled maintenance projects and a residual amount to the State Education Fund transfer which will be distributed at the completion of the State's Fiscal Year 2013-14 Comprehensive Annual Financial Report in December 2014.

In addition to these General Purpose Revenue Fund transfers, other individually significant routine transfers include the following:

Transfers-out from the General Purpose Revenue Fund include $186.7 million to fund controlled maintenance and capital projects.

Transfers-out from the General Purpose Revenue Fund includes $45.3 million to the State Education Fund.

Transfers-out from the General Purpose Revenue Fund to all other funds primarily includes $15.4 million to support the Children's Basic Health Plan, $11.7 million for deposit into the Correctional Treatment Cash Fund, $7.7 million deposited into the Marijuana Cash Fund, $15.0 million transferred into the Nutrients Cash Fund, and $9.8 million transferred into the Wildfire Risk Reduction Fund. Also included is $70.0 transferred to the Disaster Emergency Fund.

Transfers-out from the special-purpose funds within the General Fund primarily comprises $58.9 million in transfers from the Public School Fund to the Charter School Institute Fund.

Transfers-out from the Special-Purpose Funds to All Other Funds primarily includes $50.9 million authorized by the Governor through executive orders into the Disaster Emergency Fund to cover wildfire and flood expenditures.

The Resource Extraction transfer-out to the Special Purpose General Fund includes a $73.1 million transfer from the Mineral Leasing Fund to the State Public School Fund.

The Highway Users Tax Fund transfer-out to the General Purpose Revenue Fund includes $41.7 million transferred to the Department of Revenue and $9.1 million to the Department of Public Safety to support programs that generate revenue for or that provide services to the Highway Users Tax Fund.

The Highway Users Tax Fund transfer-out to All Other Funds includes $169.8 million to the Debt Service Fund to pay debt service on Transportation Revenue Anticipation Notes issued by the Department of Transportation.

The Lottery transfer-out to the Special Purpose General Fund primarily comprises $52.0 million to the Conservation Trust Fund in the Department of Local Affairs as a statutory distribution of Lottery net proceeds.

The Labor transfer-out to the General Purpose Revenue Fund includes $24.4 million from the Employment Support Fund to fund employment related activities at the Department of Labor and Employment.

The Tobacco Impact Mitigation Fund transfers-out to the General Purpose Revenue Fund includes $71.2 million in transfers to the Department of Health Care Policy and Financing for the purchase of medical services.

The Environment and Health Protection transfer-out to the General Purpose Revenue Fund includes $637.1 million in transfers to the Department of Health Care Policy and Financing primarily from the Hospital Provider Fee Cash Fund ($580.4 million) and the Medicaid Nursing Facility Cash Fund ($45.0 million).

Transfers from the Other Special Revenue to the General Purpose Revenue Fund also include approximately $105.8 million of legislatively mandated transfers to fund programs in agencies that operate primarily in the General Purpose Revenue Fund that are in addition to appropriated indirect cost transfer.

The State Lands Trust Expendable transfer-out to the General Fund includes $101.9 million for the State Public School Fund (a Special Purpose General Fund) related to distributions to school districts and charter schools.

NOTE 35 – DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in Higher Education Institutions. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor Restricted endowments appreciation totaled $11.2 million. The individually significant items are as follows:

The University of Colorado reported net appreciation on endowment investments of $9.9 million that was available for spending. The university reported the related net

position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The amount of earnings and net appreciation that is available for spending is based on a spending rate set annually by the Regents of the University of Colorado. In general, only realized gains can be expended; however, unrealized gains on certain endowment funds may also be expended.

Colorado State University reported $0.99 million of net appreciation on its donor-restricted endowments primarily held by its foundation that was available for spending. The university reported a portion of the related net position in Restricted for Permanent Funds and Endowments – Nonexpendable and a portion of the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The payout policy of the Colorado State University Foundation governs expenditure of these funds. The policy assumes a 10 percent return on investment, a 4 to 5 percent pay out, a management fee of 1 to 2 percent, and a return to principal sufficient to preserve the purchasing power of the endowment.

NOTE 36 – PLEDGED REVENUE

Various institutions of higher education and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2013-14, the following pledges were in place:

The Department of Transportation pledged $167.3 million of federal grants under agreement with the Federal Highway Administration and certain motor vehicle fees and taxes of the Highway Users Tax Fund to meet the debt service commitment on the agency's Tax Revenue Anticipation Notes. The debt was originally issued in Fiscal Year 1999-00 to finance the reconstruction of a portion of a major interstate highway through Denver and other infrastructure projects across the State, and it has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents approximately 13.0 percent of the total revenue stream, and $463.6 million of the pledge commitment remains outstanding.

The Department of Transportation Statewide Bridge Enterprise pledged $111.4 million of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2010-11, and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the revenue stream, and $661.7 million of the pledge commitment remains outstanding.

The Department of Labor and Employment pledged $374.9 million of Unemployment Insurance (UI) Premium collections to secure $387.3 of principal and interest on debt issued to stabilize unemployment insurance rates. The debt was issued in Fiscal Year 2013-14, and has a final maturity date of Fiscal Year 2016-17. The pledged revenue represents 100 percent of the revenue stream, and $387.3 million of the pledge commitment (principal and interest) remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 2002-03 and furthest maturity date of Fiscal Year 2044-45. In some instances the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $704.6 million. Individually significant Higher Education Institution pledges include:

- $296.1 million pledged by the University of Colorado to secure $120.4 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt will be issued in Fiscal Year 2014-15 and has a final maturity date of Fiscal Year 2042-43. The pledged revenue represents approximately 48.0 percent of the revenue stream, and $2.3 billion of the pledge (principal and interest) remains outstanding.
- $207.7 million pledged by Colorado State University to secure $41.5 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2043-44. The pledged revenue represents 100 percent of the total revenue stream, and $ 1.2 billion of the pledge (principal and interest) remains outstanding.
- $38.6 million pledged by the Colorado School of Mines to secure $16.0 million of current principal and interest on debt issued to finance refunding of previous debt and for capital improvements. The related debt will be issued in Fiscal Year 2014-15 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents approximately 81.0 percent of the total revenue stream and $368.1 million of the pledge (principal and interest) remains outstanding.
- $26.9 million pledged by Metropolitan State University of Denver to secure $5.1 million of

current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2009-10 and has a final maturity date of Fiscal Year 2040-41. The pledged revenue represents 100 percent of the total revenue stream, and $116.1 million of the pledge (principal and interest) remains outstanding.

- $22.6 million pledged by Colorado Mesa University to secure $10.0 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2006-07 and has a final maturity date of Fiscal Year 2041-42. The pledged revenue represents approximately 57.2 percent of the revenue stream and $332.8 million of the pledge (principal and interest) remains outstanding.
- $29.2 million pledged by the University of Northern Colorado to secure $8.2 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2039-40. The pledged revenue represents 34.8 percent of the total auxiliary and student fee revenue streams and also represents 100.0 percent of gross tuition revenues. $223.3 million of the pledge (principal and interest) remains outstanding.
- $18.2 million pledged by Colorado State University – Pueblo to secure $4.0 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2043-44. The pledged revenue represents 100 percent of the revenue stream, and $176.1 million of the pledge (principal and interest) remains outstanding.
- $9.5 million pledged by the Fort Lewis College to secure $4.3 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The related debt was originally issued in Fiscal Year 2007-08 and has a final maturity date of Fiscal Year 2037-38. The pledged revenue represents 40.9 percent of the revenue stream, and $85.8 million of the pledge (principal and interest) remains outstanding.
- $7.8 million pledged by the Western State Colorado University to secure $6.0 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The related debt was originally issued in Fiscal Year 2008-09 and has a final maturity date of Fiscal Year 2044-45. The pledged revenue represents 43.8 percent of the revenue stream, and $194.3 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Department of Transportation	$ 1,240,588	$ (1,073,259)	$ 167,329	$ 147,225	$ 20,104	$ 167,329
Higher Education Institutions	1,170,939	(557,627)	613,312	94,581	138,121	232,702
Labor - Unemployment Insurance	374,885	-	374,885	374,885	12,386	387,271
Statewide Bridge Enterprise	111,365	-	111,365	-	18,234	18,234
	$ 2,897,777	$ (1,630,886)	$ 1,266,891	$ 616,691	$ 188,845	$ 805,536

NOTE 37 – SEGMENT INFORMATION

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. The purpose of each of the State's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the State's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the State's segments.

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

The Auraria Higher Education Center's parking segment charges students, faculty and staff fees for the use of parking lots and structures. The center's student facilities segment charges fees to students for the use of its facilities. This segment is part of the Higher Education Institutions Enterprise.

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

CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO	AURARIA HIGHER EDUCATION CENTER	
	UNIVERSITY PHYSICIANS INCORPORATED	PARKING FACILITIES	STUDENT FACILITIES
ASSETS:			
Current Assets	$ 181,671	$ 11,229	$ 10,441
Other Assets	171,795	5,027	48
Capital Assets	45,166	46,138	24,928
Total Assets	398,632	62,394	35,417
LIABILITIES:			
Current Liabilities	45,905	3,299	4,362
Noncurrent Liabilities	14,879	43,066	25,844
Total Liabilities	60,784	46,365	30,206
NET POSITION:			
Net Investment in Capital Assets	29,224	4,530	(2,361)
Restricted for Permanent Endowments:			
Expendable	-	-	-
Restricted Net Position	-	4,354	2,047
Unrestricted	308,624	7,145	5,525
Total Net Position	$ 337,848	$ 16,029	$ 5,211

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES:			
Tuition and Fees	$ -	$ -	$ 5,263
Sales of Goods and Services	621,304	9,333	18,877
Other	-	-	56
Total Operating Revenues	621,304	9,333	24,196
OPERATING EXPENSES:			
Depreciation	3,944	1,693	1,947
Other	564,322	4,950	21,267
Total Operating Expenses	568,266	6,643	23,214
OPERATING INCOME (LOSS)	53,038	2,690	982
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income	25,175	381	51
Gifts and Donations	(9,889)	-	-
Other Nonoperating Revenues	12	-	-
Debt Service	(24)	(2,021)	(954)
Other Nonoperating Expenses	-	-	-
Total Nonoperating Revenues(Expenses)	15,274	(1,640)	(903)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Transfers-In	-	-	-
Total Contributions, Transfers, and Other	-	(1,094)	(1,456)
CHANGE IN NET POSITION	68,312	(44)	(1,377)
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	269,536	16,073	6,588
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 337,848	$ 16,029	$ 5,211

CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

NET CASH PROVIDED (USED) BY:			
Operating Activities	$ 53,175	$ 4,233	$ 2,785
Noncapital Financing Activities	(9,889)	(966)	(111)
Capital and Related Financing Activities	(4,353)	(17,866)	(2,133)
Investing Activities	(38,711)	389	51
NET INCREASE (DECR.) IN CASH AND POOLED CASH	222	(14,210)	592
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	66,903	24,744	5,802
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 67,125	$ 10,533	$ 6,394

NOTE 38 – COMPONENT UNITS

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

A. MAJOR COMPONENT UNITS

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. It is authorized to issue bonds, notes, or other obligations which constitute its debt and not the debt of the State of Colorado. Its primary revenue sources are income from invested bond proceeds, interest on loans made to local governments from bond proceeds, administrative charges on the loans, and EPA grants. The authority paid the State $7.9 million during 2013 for services provided by two State departments.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to solicit, receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income In May 2013 the Foundation Board of Directors passed a resolution directing the Foundation to cede fundraising activities to the University of Colorado in advance of finalizing a new Operating Agreement with the University. Therefore, in Fiscal Year 2013-14 the Foundation did not receive the $5.1 million of fund raising fee revenue from the University of Colorado as it had in the previous fiscal year. In Fiscal Year 2013-14 the Foundation continued as the fiduciary of gift assets.

For the fiscal year ended June 30, 2014, the foundation distributed $109.2 million of gifts and income to or for the benefit of the University of Colorado and other beneficiaries.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. During Fiscal Year 2013-14, the foundation transferred $49.7 million to the University.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income.

The University of Northern Colorado Foundation is a tax-exempt organization incorporated in 1996 to provide program, scholarship and other support to the University of Northern Colorado. The foundation's primary revenue is derived from contributions and investment income. During Fiscal Year 2013-14, the foundation granted $5.6 million to the University and paid $1.9 million to the University for contract expenses. At June 30, 2014 the Foundation owed the University $2.4 million.

B. NONMAJOR COMPONENT UNITS

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

CoverColorado is a not-for-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Legislation enacted in 2001 authorized the CoverColorado board of directors to assess a special fee against insurers for the financial solvency of the program. In March 2010 with the passage of the Patient Protection and Affordable Care Act, the need for high risk insurance pools such as CoverColorado was eliminated. CoverColorado will continue to pay claims through 2014 and will cease operations by March 31, 2015.

The Venture Capital Authority (VCA) was established in the 2004 legislative session as a means to create new business opportunities in the State and stimulate economic growth by making seed and early-stage venture capital funds available to small businesses throughout Colorado. The legislation allocated the authority

$50.0 million of insurance-premium tax credits, which it subsequently sold to insurance companies. The VCA deferred the revenue related to sale, and recognizes it as the insurance companies apply the credits over a ten-year period. The related revenue is reported as Gifts and Donations on the *Statement of Revenues, Expenses, and Changes in Net Position - Component Units* to reflect the contribution of capital by the State.

In 2005, the authority created Colorado Fund I, LP with a portion of the proceeds from the sale of premium tax credits. The VCA has committed to providing up to $21.8 million to Colorado Fund I, LP thru June 2015 (unless otherwise terminated) for investment in businesses meeting criteria established by the authority, specifically including businesses in the life sciences, information technology, agritechnology and medical device industries, and retail. As of December 31, 2013, the VCA has contributed approximately $25.1 million or 115 percent of its total funding commitment to Colorado Fund I, LP.

In 2010 the authority created Colorado Fund II, LP and has committed to providing up to $25.4 million over the term of the fund (through December 2019 unless otherwise terminated). As of December 31, 2013, the VCA has contributed approximately $17.8 million or 70 percent of its total funding commitment to Colorado Fund II, LP.

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

NOTE 39 – RELATED PARTIES AND ORGANIZATIONS

University of Colorado Denver Anschutz Medical Campus enters into related-party transactions with the University of Colorado Hospital Authority (UCHA) under contracts that support the University's medical education mission. During Fiscal Year 2013-14, under these contracts, UCHA paid the University $47.5 million and the University paid UCHA $11 million. Not included in these amounts are $0.8 million in reimbursements during the fiscal year made by UCHA to the University for salaries and benefits of state classified employees who work at UCHA, and for whom the University is responsible. At June 30, 2014 the University had accounts receivable from UCHA for $2.9 million, and had accounts payable to UCHA for $30,000.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust members, who are the University of Colorado, the University of Colorado Hospital Authority and University Physicians, Inc. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2013-14 the Trust paid medical claims on behalf of the University of $121. 7 million. The University contributed $135.5 million to the Trust and its employees contributed $16.1 million. At June 30, 2014 the University had accounts receivable from the Trust for $302,000 and accounts payable to the Trust for $396,000.

The Colorado State University – Pueblo Foundation was established to benefit Colorado State University Pueblo. The Foundation transferred $1.9 million in cash and $39,689 in in-kind assets to the University in Fiscal Year 2013-14. At June 30, 2014 the University had an account receivable from the Foundation for $1.7 million.

The Adams State University Foundation provides scholarships and work-study grants to students, and program development grants to Adams State University. The Foundation provided $1.2 million in scholarships, grants and operating expense reimbursements during Fiscal Year 2013-14.

The Colorado Mesa University Foundation provides financial assistance to Colorado Mesa University students and assists the University in serving educational needs. In Fiscal Year 2013-14, the Foundation awarded $747,100 in scholarship funds directly to students. Also in Fiscal Year 2013-14, the Colorado Mesa University Real Estate Foundation donated $4.4 million in property to the University. At June 30, 2014 Colorado Mesa University has an account receivable of $96,280 with the Colorado Mesa University Foundation.

The Fort Lewis College Foundation exists to support Fort Lewis College. During Fiscal Year 2013-14 the Foundation funded $1.0 million for scholarships and passed through $1.3 million in grants for program support. At June 30, 2014 the Fort Lewis College Foundation owed the College $210,823.

Metropolitan State University of Denver Foundation, Inc. was organized and is operated to promote the general welfare and development of Metropolitan State University of Denver. The foundation provided $2.1 million of funding to the University in Fiscal Year 2013-14. The foundation also reimbursed the University $186,469 for services provided by University employees. At June 30, 2014 the Foundation owed the University $361,658 and the University owed the Foundation $204,592.

Western State Colorado University Foundation was established to aid Western State Colorado University in fulfilling its educational mission. The Foundation transferred $3.9 million to the University in Fiscal Year 2013-14.

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

In Fiscal Year 2013-14 the Community College of Aurora Foundation provided grants and scholarships totaling $404,913 to the Community College of Aurora, and the College reimbursed the Foundation for administrative salaries and other expenses totaling $1.2 million.

The Pueblo Community College Foundation provided Pueblo Community College $819,610 in the form of scholarships, grants, construction funds, program funding and discretionary funds. At June 30, 2014 the Foundation owed the Community College $25,253.

The Red Rocks Community College Foundation provided $588,632 to Red Rocks Community College. Of this amount, the Foundation provided $316,723 for scholarships and $169,047 in pass through grants from various private foundations. The remainder was given for various special programs teaching chair grants and operating expenses. At June 30, 2014 the Foundation owed the Community College $55,969 and the Community College owed the foundation $9,815.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2013-14, the board funded $18.6 million of wildlife and parks programs at the Department of Natural Resources. The Division was also awarded $162,000 in administrative costs. At June 30, 2014, GOCO owed the Department of Natural Resources $5.4 million.

The Colorado Historical Foundation accepts gifts, grants, donations and endowments on behalf of History Colorado. Upon request, the Foundation transfers these funds to History Colorado where they are utilized for their intended purposes. At the end of Fiscal Year 2013-14, History Colorado had billed the Colorado Historical Foundation $0.9 million and has an account receivable from the Foundation for that amount.

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

- The Colorado Housing and Finance Authority Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury holds four CHFA bonds with a face value of $7.1 million as of June 30, 2014. The Department receives monthly payments from CHFA for all principal payments and interest collected by the Authority. On bond maturity dates ranging from 2025 through 2031, the Department of Treasury will receive any unpaid principal balance of the bonds, plus all accrued and unpaid interest.
- CHFA acts as the fiscal agent for the Governor's Energy Office State Energy Plan grant that provides loans as a conduit issuer in an exchange transaction for energy efficiency or renewable energy projects. CHFA retains an annual loan servicing fee of 0.05 percent which totaled $83,133 on the outstanding principal balance in Fiscal Year 2013-14. Additionally the office paid $10,000 to CHFA in administrative fees.
- Under CRS 8-77-103.5 CHFA is authorized "…to issue bonds and notes as are necessary to maintain adequate balances in the unemployment compensation fund or to repay moneys advanced to the State from the Federal Unemployment trust fund, or both." On June 28, 2012, as a conduit issuer in an exchange transaction, CHFA issued Colorado Unemployment Compensation Fund Special Revenue Bonds with a par value of $624,805,000. Bond payments are funded by employers' unemployment insurance premiums. The Department of Labor and Employment paid CHFA $60,000 in administration fees in Fiscal Year 2013-14 for this arrangement.

Component Units

The Venture Capital Authority (VCA) has Limited Partnership Agreements with Colorado Fund I, LP and Colorado Fund II, LP, and has selected High Country Venture, LLC, to serve as manager and general partner of both funds. The partnership agreements allocate income or loss 20 percent to the general partner and 80 percent to the limited partners in accordance with their respective partnership percentages. As of December 31, 2013, VCA's investments in Colorado Fund I and Colorado Fund II totaled $24.1 million and $18.1 million respectively.

NOTE 40 - SERVICE CONCESSION ARRANGEMENTS

The High Performance Transportation Enterprise (HPTE), a portion of the nonmajor Transportation Enterprise, entered into a 50 year concession agreement with Plenary Roads Denver (Plenary). Plenary will finance, design and construct US-36 Phase I and Phase II tolled and managed lanes with completion expected in spring of 2015. As of June 30, 2014, construction in progress totaled $94.4 million.

In March 2014, HPTE transferred the operations of the I-25 high occupancy toll (HOT) lanes to Plenary. Plenary has the right to collect 1-25 HOT lane tolls and the US-36 lanes tolls when those lanes are placed in service. For both the I-25 HOT and US-36 managed lanes, Plenary has the right to raise the toll rate, with approval of the HPTE Board. If the HPTE Board does not approve the requested rate, HPTE must compensate Plenary for the loss of revenue.

Upon completion of the US-36 lanes, Plenary will assume the obligation for HPTE's existing $54.0 million loan secured through the Transportation Infrastructure Finance and Innovation Act. In addition, Plenary will be responsible to maintain the managed lanes.

NOTE 41 – ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund and the Highway Users Tax Fund include multi-year encumbrances of $60.1 million and $1,218.9 million, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

NOTE 42 – UNUSUAL OR INFREQUENT TRANSACTIONS

The government-wide *Statement of Activities* shows Special and/or Extraordinary Items that comprise the following:

In Fiscal Year 2013-14, Board of Governors of the Colorado State University System, a portion of the major Higher Education Institutions proprietary fund, transferred assets related to its post employment Retiree Medial Premium Subsidy Insurance Plan into a qualifying trust. As a result, the amortization factor was reduced from 30 years to one year. The change in amortization factors resulted in a gain of $22.2 million that is reported as a special item.

NOTE 43 – FINANCIAL GUARANTEES

In Fiscal Year 2010-11, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC@Metro, Inc. The HLC@Metro Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds on October 1, 2010, loaning the proceeds to HLC@Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC@Metro Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2014, no liability was recorded by the University as HLC@Metro Inc. was deemed fully capable of making its debt payments.

NOTE 44 – CONTINGENCIES

The Colorado Governmental Immunity Act (CGIA) sets upper limits on State liability at $350,000 per individual and $990,000 for two or more persons in a single occurrence. Judgments in excess of these amounts may be rendered, but the claimant must petition the General Assembly for an appropriation to pay any amount greater than the immunity limits. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid. Effective January 1, 2012, the Act was amended to waive the State's sovereign immunity for legal proceedings in which the State has been determined to be negligent in conducting prescribed fires.

Numerous court cases are pending in which the plaintiffs allege that the State has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, engaged in regulatory misfeasance, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the State often files counterclaims. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

The State is the defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners, mental health patients, nursing home patients, or the developmentally disabled. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

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

In the event of adverse loss experience, which is defined as a default rate in excess of 9 percent, College Assist could be liable for up to 25 percent, or $2.3 billion, of the $9.3 billion outstanding balance of loans in repayment status. However, the probability of a material loss is remote, and the State's liability is capped at the net position of the College Assist program of $79.8 million.

At June 30, 2014, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $276.7 million in the names of lottery or lotto prizewinners. The probability is remote that any of the sellers of these contracts will default, and thereby require the State to pay the annuity.

The Colorado Department of Revenue routinely has claims for refunds in various stages of administrative and legal review that could result in refunds. Individual claims in exceeding $5.0 million include a claim for a refund of $13.3 million income taxes. The Department of Revenue will vigorously defend this claim. The likelihood of an unfavorable outcome is uncertain.

Various notes and bonds have been issued by state school districts that may impact the State. Colorado statutes provide that if a district indicates it will not make a required payment to bondholders by the date on which it is due, the State Treasurer shall forward to the paying agent the amount necessary to make the payment. The State shall then withhold state property-tax-equalization payments to the defaulting school district for a period up to 12 months to cover the State's loss. Currently, notes or bonds valued at approximately $7.48 billion are outstanding. Of this amount, $2.1 billion is covered by private insurance.

The State of Kansas will likely seek injunctive relief against Colorado in a potential suit against Colorado and Nebraska claiming violations of the Republican River Compact. Although the State anticipates reaching a resolution with the State of Kansas prior to any suit being filed, the estimated potential damages range from $1.0 million to $6.0 million. The State has recorded a liability for the minimum amount of the potential damages range.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the State being liable to those parties for any disallowed expenditure. Individually significant disallowances are disclosed in the following paragraph.

The Department of Health Care Policy and Financing may be responsible for repaying the Centers for Medicare and Medicaid Services (CMS) approximately $13.4 million in federal matching funds. CMS alleges that administrative costs related to out stationing eligibility functions at Denver Health were unallowable. The State is contesting this disallowance and the case is pending before the federal Department of Appeals Board. The likelihood of an unfavorable outcome is uncertain.

Five insurance companies have filed suit against the State of Colorado for recovery of claims amounts paid or to be paid relating to damage from the Lower North Fork wildfire. The wildfire ignited during a high-wind event four days after a prescribed fire was conducted in the area by the Colorado State Forest Service to reduce wildfire danger. In response to the wildfire, the General Assembly passed House Bill 12-1283 and House Bill 12-1361 retroactively waiving the State's sovereign immunity for negligence claims relating to prescribed fires. The plaintiffs also brought claims for inverse condemnation and takings. The State does not contest liability for negligence claims brought pursuant to new provisions of CGIA; however, the State is vigorously defending against claims of inverse condemnation or on takings theories. On April 23, 2013, the State filed a motion to dismiss all non-CGIA claims. In the 2013 legislative session, $2.8 million was appropriated to cover claims processed through the Claims Board process and additional appropriations will be sought when the legislature reconvenes. Additionally, Senate Bill 14-223 contained special appropriations to compensate several property owners outside of the Claims Board process. A current claims liability of $18.2 million was accrued in the General Fund as of June 30, 2014, and compensation totaling $25.0 million has been paid in Fiscal Year 2014-15. Estimates of the potential remaining liability range from $600,000 to the low tens of millions. Six-hundred thousand is being held in the court's registry from the Risk Management Fund (a Special Purpose Fund within the General Fund).

The TABOR Foundation, a not-for-profit entity that is not part of State government, has filed suit against the Colorado Bridge Enterprise alleging that the bridge safety surcharge is a tax, not a fee; therefore, requiring a vote of the people. The foundation also alleges that $300 million in bonds issued were unconstitutional because more than ten percent of the enterprise's revenue in 2010 was from state grants. The plaintiff is seeking an order declaring the surcharge and bonds unconstitutional. Approximately $390 million has been collected in surcharges, in addition to the $300 million bond issuance. On August 14, 2014, the Colorado Court of Appeals affirmed the earlier trial court's ruling in favor of the State. The TABOR Foundation filed an appeal with the Colorado Supreme Court and the State filed an objection to the petition. If the case proceeds to the Colorado Supreme Court, the Colorado Bridge Enterprise will vigorously defend claims. The State is unable to estimate the likelihood of an adverse outcome.

Colorado State University has received forty claims for damages related to a fire in July of 2011 in its Equine Reproduction Laboratory. The fire destroyed the building and property of approximately 175 clients stored at the facility. The trial court ruled that claims are not barred by the Colorado Governmental Immunity Act, and the Colorado Court of Appeals overruled the ruling of the trial court. Given the unique circumstances of each case, the likelihood of an unfavorable outcome is uncertain, with the potential loss ranging from $650,000 to $30.0 million.

On June 27, 2014, the Colorado Rural School Board Caucus, the East Central Board of Cooperative Educational Services, the Colorado PTA, and several school districts and individuals filed claims against Colorado challenging the constitutionality of amendments to the School Finance Act to incorporate a negative factor in Fiscal Year 2010-11. The likelihood of an unfavorable outcome is uncertain, but if the court finds the application of the negative factor unconstitutional Colorado may have to increase funding for K-12 education by about $1.0 billion in the following budget year. The State is vigorously contesting the plaintiff's claims.

The State believes it has a reasonable possibility of favorable outcomes for the actions discussed in this Note 44, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in this note.

NOTE 45 – SUBSEQUENT EVENTS

Primary Government

A. DEBT ISSUANCES AND REFUNDINGS

On July 1, 2014, the University of Northern Colorado entered into an agreement for $19,960,000 with Wells Fargo Bank, National Association to continue holding 100 percent of the Series 2011B Bonds for another term of three years, ending June 30, 2017. The interest rate is 70 percent of the one-month London Interbank Offered Rate with a projected annual interest rate of 3.5 percent. The principal maturities remained the same as the original issue and continue through June 1, 2036.

On July 15, 2014, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2014A. The notes were issued with a premium of $1,409,100, a coupon rate of 1.00 percent, and a true interest cost of 0.11 percent. The notes mature on June 29, 2015. The total due at maturity includes $165.0 million in principal and $1,576,667 in interest. By statute, interest on the notes is payable from the General Fund.

On July 22, 2014, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2014A. The notes were issued with a premium of $7,819,000, an average coupon rate of 1.80 percent, and a true interest cost of 0.11 percent. The notes mature on June 26, 2015. The total due on that date includes $500 million in principal and $8,350,000 in interest.

On August 14, 2014, Colorado Mesa University issued Enterprise Revenue Bond Series 2014B for $19.0 million and Enterprise Revenue Note Series 2014C for $5.0 million. The Series 2014B advances refund all of the College Enterprise Revenue Bonds Series 2007. The debt service on this series ranges from $0.1 million to $2.6 million, carries an interest rate of 2.96 percent and matures in May 2037. The Series 2014C is a non-bank qualified, draw down, tax-exempt term loan in an amount not to exceed $5.0 million with a 10-year maturity in order to provide funding to renovate and expand the Tomlinson Library. The interest rate is fixed at 2.37 percent and matures in May 2024. Reserve fund requirements for both bonds were met by participation in the Higher Education Bond Revenue Intercept Program.

On August 21, 2014, the Board of Regents of the University of Colorado issued $203,485,000 of Tax-Exempt University Enterprise Revenue Bonds, Series 2014A and used the proceeds to defray a portion of the cost of financing certain capital improvement projects, and to pay certain costs related to the issuance. At the same time, the university issued $100,440,000 of Tax-Exempt Refunding Revenue Bonds, Series 2014B, and used the proceeds to refund portions of prior obligations, and to pay certain costs related to the issuance. These special limited obligations are payable solely from the net revenues as defined. Series 2014A has rates ranging from 2.00 percent to 5.00 percent, and the bonds mature through June 1, 2046. Series 2014B has rates ranging from 1 percent to 5 percent, and the bonds mature through June 1, 2034.

In October 2014, United Physicians, Inc., a blended component unit of the University of Colorado, replaced its existing adjustable rate debt of $15,195,000 with a fixed-rate direct purchase obligation financed by US Bank. The new borrowing will carry a ten-year term at a fixed interest rate of 2.3 percent.

On November 6, 2014, the State issued Higher Education Capital Construction Lease Purchase Financing Program Certificates of Participation (COP), Series 2014A in the amount of $110,485,000. The purpose of the issuance was to refund $115,195,000 of the Higher Education Capital Construction Lease Purchase Financing Program COPs, Series 2008. The Series 2014A COPs were issued with a premium of $22,943,416, an average coupon rate of 4.94 percent, and a true interest cost of 2.32 percent. Base rents are due semiannually beginning on May 01, 2015, with a final maturity date of November 01, 2026.

B. OTHER

Effective July 1, 2014, guaranty agencies' revenues, including College Assist's revenues, were reduced as result of enactment of Amendments to the Balanced Budget Emergency Deficit Control Act of 1985. In prior years, guaranty agencies charged borrowers 18.5 percent of the outstanding principal and interest on rehabilitated defaulted loans from the Federal Family Education Loan Program and were able to retain 18.5 percent of a federal default reinsurance payment. The Act lowered the maximum collection fee to 16 percent and requires the agency to return 100 percent of the federal default reinsurance payment to the federal Department of Education. Additionally, during the wind-down of the program, allowances and non-cash charges will not be considered when determining guaranty agency compliance, which is expected to result in a one-time transfer from College Assist's operating fund to its federal fund.

On July 7, 2014, the Colorado Operations Resource Engine, known as CORE, became operational. CORE includes statewide procurement, budget, and accounting functionality. With the implementation of CORE, the State retired its former financial system.

In September 2014, the University of Colorado executed an agreement with The Wildlife Experience to transfer control of operations to the University effective December 31, 2014, and gives the property to the University effective May 1, 2015. This gift has been appraised at $40.0 million.

On December 5, 2014, the Colorado State University Board of Governors approved the construction of a new on-campus stadium at an estimated cost of $220.0 million. It is expected that approximately $195.0 will be borrowed to complete the stadium which is targeted to open for the 2017 football season.

Component Units

After its financial reporting year ended December 31, 2013 the Venture Capital Authority made equity investments totaling $2.7 million in four entities. The Authority's share was $2.6 million and the general partner's share was approximately $0.1 million.

In July 2014, Funds I and II sold a portion of their combined investment in one entity for a total of $14 million.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 2,760,442	
Income Taxes			5,938,012	
Other Taxes			240,111	
Federal Grants and Contracts			11	
Sales and Services			513	
Interest Earnings			16,670	
Other Revenues			20,911	
Transfers-In			345,913	
TOTAL REVENUES AND TRANSFERS-IN			9,322,583	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 7,724	$ 7,724	7,695	$ 29
Corrections	664,149	683,537	673,879	9,658
Education	3,199,208	3,199,162	3,198,872	290
Governor	22,074	23,085	22,699	386
Health Care Policy and Financing	2,068,864	2,070,617	2,090,858	(20,241)
Higher Education	659,108	659,437	658,901	536
Human Services	714,794	722,386	709,575	12,811
Judicial Branch	383,079	387,197	384,531	2,666
Labor and Employment	99	99	49	50
Law	12,168	12,168	11,951	217
Legislative Branch	38,593	38,593	38,593	-
Local Affairs	17,699	17,711	14,737	2,974
Military and Veterans Affairs	7,379	7,374	7,083	291
Natural Resources	24,979	25,127	25,098	29
Personnel & Administration	16,233	31,429	30,245	1,184
Public Health and Environment	53,444	55,186	53,137	2,049
Public Safety	97,434	168,572	165,343	3,229
Regulatory Agencies	1,703	1,703	1,698	5
Revenue	184,947	187,729	204,938	(17,209)
Treasury	141,047	241,934	241,902	32
Transfers Not Appropriated by Department	214,951	214,951	214,951	-
SUB-TOTAL OPERATING BUDGETS	8,529,676	8,755,721	8,756,735	(1,014)
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	1,470	398	1,072
Corrections	31,124	30,337	21,608	8,729
Education	569	1,422	111	1,311
Governor	20,558	6,687	4,551	2,136
Higher Education	188,649	133,034	43,824	89,210
Human Services	19,870	7,324	3,372	3,952
Military and Veterans Affairs	5,105	612	311	301
Personnel & Administration	8,959	21,716	11,594	10,122
Public Safety	7,995	805	23	782
Revenue	41,021	4,946	1,078	3,868
Transportation	500	500	500	-
Treasury	18,588	18,588	16,882	1,706
Budgets/Transfers Not Recorded by Department	186,715	186,715	186,715	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	529,653	414,156	290,967	123,189
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 9,059,329	$ 9,169,877	9,047,702	$ 122,175
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 274,881	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 766,531	
Income Taxes			478,798	
Other Taxes			1,248,651	
Tuition and Fees			507,251	
Sales and Services			2,320,254	
Interest Earnings			309,325	
Other Revenues			2,883,119	
Transfers-In			7,037,761	
TOTAL REVENUES AND TRANSFERS-IN			15,551,690	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 33,623	$ 33,146	29,857	$ 3,289
Corrections	104,993	102,612	87,067	15,545
Education	4,247,039	4,245,852	4,169,485	76,367
Governor	422,828	453,161	286,639	166,522
Health Care Policy and Financing	1,679,965	1,779,494	1,636,259	143,235
Higher Education	1,624,621	1,623,467	1,400,500	222,967
Human Services	400,217	380,501	339,291	41,210
Judicial Branch	297,523	291,147	268,582	22,565
Labor and Employment	920,558	925,507	683,653	241,854
Law	55,281	89,913	55,686	34,227
Legislative Branch	8,354	8,823	3,730	5,093
Local Affairs	259,450	279,793	200,892	78,901
Military and Veterans Affairs	8,241	8,205	7,557	648
Natural Resources	1,041,506	998,977	567,662	431,315
Personnel & Administration	503,420	503,620	488,821	14,799
Public Health and Environment	204,032	214,040	172,213	41,827
Public Safety	392,476	392,019	222,486	169,533
Regulatory Agencies	83,656	83,656	75,762	7,894
Revenue	976,912	974,873	783,393	191,480
State	23,297	23,796	19,672	4,124
Transportation	2,640,894	2,650,968	964,552	1,686,416
Treasury	1,891,194	1,891,512	1,724,579	166,933
Budgets/Transfers Not Recorded by Department	-	-	-	-
SUB-TOTAL OPERATING BUDGETS	17,820,080	17,955,082	14,188,338	3,766,744
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	6,800	8,194	6,859	1,335
Corrections	113,640	113,838	112,433	1,405
Education	-	356	75	281
Governor	48,288	49,373	37,147	12,226
Higher Education	65,417	56,540	23,049	33,491
Human Services	490	2,013	659	1,354
Judicial Branch	24,993	28,005	18,610	9,395
Labor and Employment	5,933	645	563	82
Military and Veterans Affairs	-	298	-	298
Natural Resources	71,850	65,573	18,284	47,289
Personnel & Administration	111	1,812	1,812	-
Public Health and Environment	1,367	34,927	3,207	31,720
Public Safety	2,246	4,768	1,602	3,166
Transportation	500	500	500	-
Treasury	18,588	18,588	18,507	81
Budgets/Transfers Not Recorded by Department	7,272	7,272	7,265	7
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	367,495	392,702	250,572	142,130
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 18,187,575	$ 18,347,784	14,438,910	$ 3,908,874
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 1,112,780	

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 7,866,988	
TOTAL REVENUES AND TRANSFERS-IN			7,866,988	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 4,138	$ 8,844	4,548	$ 4,296
Corrections	3,370	7,425	5,369	2,056
Education	625,525	838,983	593,684	245,299
Governor	6,706	56,679	41,793	14,886
Health Care Policy and Financing	3,599,456	3,735,050	3,489,303	245,747
Higher Education	20,290	418,691	385,308	33,383
Human Services	649,523	1,734,112	1,463,395	270,717
Judicial Branch	9,825	19,542	11,834	7,708
Labor and Employment	97,293	426,460	313,332	113,128
Law	1,770	2,351	1,841	510
Local Affairs	69,956	173,551	69,141	104,410
Military and Veterans Affairs	214,440	22,940	13,471	9,469
Natural Resources	30,713	77,061	39,682	37,379
Personnel & Administration	-	812	599	213
Public Health and Environment	291,261	450,840	290,516	160,324
Public Safety	65,131	378,504	178,830	199,674
Regulatory Agencies	1,324	10,061	3,248	6,813
Revenue	824	3,848	1,212	2,636
State	-	3,146	774	2,372
Transportation	548,525	1,126,905	764,952	361,953
Treasury	-	185,841	185,841	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	6,240,070	9,681,646	7,858,673	1,822,973
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,240,070	$ 9,681,646	7,858,673	$ 1,822,973
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 8,315	

The notes to the required supplementary information are an integral part of this schedule.

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In:				
General	$ 8,991,802	$ -	$ -	$ 330,781
Cash	5,246,439	510,195	1,860,118	141,879
Federal	6,097,362	182,704	750,438	10,198
Sub-Total Revenues and Transfers-In	20,335,603	692,899	2,610,556	482,858
Expenditures/Expenses and Transfers-Out				
General Funded	8,943,449	-	-	104,253
Cash Funded	5,159,329	325,381	2,043,487	142,138
Federally Funded	6,092,895	182,691	750,438	10,198
Expenditures/Expenses and Transfers-Out	20,195,673	508,072	2,793,925	256,589
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	139,930	184,827	(183,369)	226,269
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	2,357	2,468	2,788	482
Increase for Budgeted Non-GAAP Expenditures	-	25,316	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	119,159	1,406	113,410	(4,766)
Increase/(Decrease) for GAAP Revenue Adjustments	(125,528)	(1,327)	-	(2,180)
Increase/(Decrease) for Non-Budgeted Funds	4	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	135,922	212,690	(67,171)	219,805
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	799,105	989,751	1,197,543	54,181
Prior Period Adjustments (See Note 29A)	-	-	-	-
Accounting Changes (See Note 29B)	-	851	-	-
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 935,027	$ 1,203,292	$ 1,130,372	$ 273,986

The notes to the required supplementary information are an integral part of this schedule.

		PROPRIETARY FUND TYPES						
STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**FIDUCIARY FUND TYPES**	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,322,583
570,498	2,917,935	613,715	757,987	546,684	487,924	323,809	1,574,507	15,551,690
-	182,749	15,018	195,367	-	432,336	816	-	7,866,988
570,498	3,100,684	628,733	953,354	546,684	920,260	324,625	1,574,507	32,741,261
-	-	-	-	-	-	-	-	9,047,702
739,784	2,459,062	604,515	552,740	546,722	368,915	342,420	1,154,417	14,438,910
-	179,978	30,036	195,367	-	416,254	816	-	7,858,673
739,784	2,639,040	634,551	748,107	546,722	785,169	343,236	1,154,417	31,345,285
(169,286)	461,644	(5,818)	205,247	(38)	135,091	(18,611)	420,090	1,395,976
4,117	446	36	-	104	(1,709)	147	525,473	536,709
-	7,002	-	-	18	24,096	4,913	-	61,345
-	72,754	20,410	(11,817)	(802)	(26,795)	28,036	(18)	310,977
-	(245,203)	-	-	-	(480)	1,009	-	(373,709)
-	-	300,942	-	-	-	-	-	300,946
(165,169)	296,643	315,570	193,430	(718)	130,203	15,494	945,545	2,232,244
1,257,167	1,802,472	5,296,037	218,076	3,792	1,170,801	17,548	5,169,990	17,976,463
-	285	(285)	(6,637)	-	-	1,433	-	(5,204)
-	-	(26,677)	(1,863)	-	(1,931)	(64)	-	(29,684)
$ 1,091,998	$ 2,099,400	$ 5,584,645	$ 403,006	$ 3,074	$ 1,299,073	$ 34,411	$ 6,115,535	$ 20,173,819

GENERAL FUND SURPLUS SCHEDULE

The General Fund for GAAP purposes is not equivalent to the General Fund for budgetary purposes. The General Fund for GAAP purposes contains activities that are considered cash funds for budget purposes, and includes, State Public School, Risk Management Fund, and Other Special Purpose Funds that do not have a sufficient original-source revenue stream to qualify as special revenue funds. The General Purpose Revenue Fund balance represents $307.3 million of the GAAP General Fund balance of $935.0 million on the *Balance Sheet – Governmental Funds.*

The General Purpose Revenue Fund is the principal operating fund of the State. It is used to account for all governmental financial resources and transactions not legally required to be accounted for in another fund. The general fund surplus is a statutorily defined amount that varies from the fund balance reported in the General Purpose Revenue Fund by revenues and expenditures that have been deferred into the following year for the budgetary basis (see Note RSI-1A).

The schedule on the following page is presented to document compliance with the constitutional requirement for a positive general fund surplus on the budgetary basis. The schedule differs from the General Fund presentation in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget-to-Actual – General Funded* by the specific purpose revenue funds discussed above and in several other ways as discussed in the following paragraphs.

The total fund balance in the General Purpose Revenue Fund column on the *Combining Balance Sheet – General Funds* represents cumulative general-purpose and augmenting revenues in excess of expenditures. The ending general fund surplus is reconciled to the General Purpose Revenue Fund fund balance on the *Combining Balance Sheet – General Fund Components*.

General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the current fiscal year general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent earned revenues that were greater than the related appropriation for specific cash-funded expenditures in the General Purpose Revenue Fund. These revenues in excess of the related expenditures become part of total fund balance. *(See Note 8A beginning on page 84 for information regarding the negative reversion at the Department of Revenue.)*

In order to measure the general fund surplus, encumbrances of the prior year related to approved rollforwards are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year related to approved rollforwards are considered expenditures and are added to the actual expenditures column.

In order to properly state the amounts reverted, restrictions on the revised budget are not reflected in the amounts shown. Unspent unrestricted appropriations are reported as reversions on the schedule.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 2,527,200	$ 2,614,600	$ 2,666,643		
Other Excise Taxes	92,400	94,000	93,799		
Individual Income Tax, net	5,099,800	5,217,600	5,272,649		
Corporate Income Tax, net	677,700	711,300	665,363		
Estate Tax	-	-	434		
Insurance Tax	209,100	235,300	239,059		
Parimutuel, Courts, and Other	26,200	23,300	24,530		
Investment Income	16,100	22,100	15,209		
Gaming	14,100	10,800	11,820		
TOTAL GENERAL PURPOSE REVENUES	8,662,600	8,929,000	8,989,506		
ACTUAL BUDGET RECORDED AND EXPENDITURES:					
Agriculture	7,724	7,724	7,695	$ 29	$ -
Corrections	664,149	683,084	673,377	9,708	1
Education	3,153,908	3,153,842	3,153,548	294	528
Governor	22,073	23,067	22,782	285	486
Health Care Policy and Financing	2,068,865	2,069,422	2,089,919	(20,497)	52
Higher Education	659,108	659,108	658,901	207	53
Human Services	714,794	717,348	704,975	12,373	3,282
Judicial Branch	383,079	387,198	384,532	2,666	41
Labor and Employment	99	99	50	49	11
Law	12,169	12,169	11,951	218	49
Legislative Branch	38,593	38,593	38,593	-	255
Local Affairs	17,699	17,710	17,532	178	15
Military and Veterans Affairs	7,379	7,379	7,084	295	-
Natural Resources	24,979	25,127	25,099	28	-
Personnel & Administration	16,233	31,440	31,407	33	606
Public Health and Environment	53,444	54,169	53,510	659	157
Public Safety	97,434	168,465	165,236	3,229	4,244
Regulatory Agencies	1,703	1,703	1,698	5	3
Revenue	184,948	179,909	197,117	(17,208)	73
State	-	-	-	-	50
Treasury	164,148	218,699	218,667	32	38
TOTAL ACTUAL BUDGET AND EXPENDITURES	8,292,528	8,456,255	8,463,673	$ (7,418)	$ 9,944
Variance Between Actual and Estimated Budgets	204,783	19,945	-		
TOTAL ESTIMATED BUDGET	8,497,311	8,476,200	8,463,673		
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	165,289	452,800	525,833		
EXCESS AUGMENTING REVENUES			9,944		
TRANSFERS (Not Appropriated By Department):					
Transfers-In From Various Cash Funds	2,400	2,400	2,296		
Transfers-Out To Various Cash Funds	(23,100)	(39,700)	(30,903)		
Transfer-Out to Capital Projects - General Fund	(186,200)	(186,200)	(186,215)		
Transfer-Out to Capital Projects - General Fund-Exempt Account	(500)	(500)	(500)		
Transfers-Out to the State Education Fund Per C.R.S. 24-75-220	(45,300)	(45,300)	(45,321)		
General Fund Surplus Transfers-Out Per C.R.S. 24-75-220	(143,600)	(120,600)	(214,951)		
TOTAL TRANSFERS	(396,300)	(389,900)	(475,594)		
EXCESS REVENUES AND TRANSFERS OVER(UNDER) BUDGET BASIS EXPENDITURES	(231,011)	62,900	60,183		
BEGINNING GENERAL FUND SURPLUS	-	-	-		
Release of Prior Year Statutory Reserve (5.0%)	373,000	373,000	372,965		
Establish Current Year Statutory Reserve (5.0%)	(398,400)	(410,900)	(410,935)		
Release of Contractually Restricted Energy Performance Leases			553		
GAAP Revenues/(Expenditures) Not Budgeted			10,330		
Contractually Restricted Energy Performance Leases			(8,096)		
ENDING GENERAL FUND SURPLUS	$ (256,411)	$ 25,000	25,000		
ADJUSTMENTS TO BUDGETED REVENUE AND EXPENDITURES FOR GAAP FUND BALANCE:					
GAAP Medicaid Expenditures Deferred to Fiscal Year 2014-15 for Budget			(144,142)		
GAAP Payroll Expenditures Deferred to Fiscal Year 2014-15 for Budget			(93,986)		
GAAP Information Technology Expenditures Deferred to Fiscal Year 2014-15 for Budget			(976)		
GAAP Revenues Related to Deferred Medicaid Payroll and Medicaid Program Expenditures			90,736		
GAAP FUND BALANCE NOT AVAILABLE FOR GENERAL FUND SURPLUS:					
Fair Value of Investments in Excess of Cost			4,011		
Restricted			8,096		
Committed			249,248		
Assigned			7,651		
Shortfall in GAAP Basis Statutory Reserve			161,688		
ENDING GAAP GENERAL PURPOSE REVENUE FUND BALANCE			$ 307,326		

The notes to the required supplementary information are an integral part of this schedule.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

The three budget-to-actual schedules show revenues and expenditures that are legislatively appropriated or otherwise legally authorized (see pages 156 to 158). These schedules are presented in the budgetary fund structure discussed below. Higher Education Institution activities subject to limitations on the earning of cash revenue are included in these schedules. Starting in Fiscal Year 2011-12, legislation allowed governing boards of Higher Education Institutions to establish tuition amounts up to a 9 percent increase per student or per credit hour as compared to the prior year. Amounts above 9 percent require approval by the Colorado Commission on Higher Education. As a result, tuition and certain fees in the Long Appropriations Act became information-only appropriations. Therefore the Cash Funded Schedule excludes $1.9 billion of tuition and fee appropriations designated as information-only and the related expenditures.

The budgetary fund types used by the State differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all financial resources received by the State that have been designated to support specific expenditures. Federal funds are revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated by the General Assembly.

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

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.
- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.
- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to nonadministrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.
- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.
- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

The total legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Act segregates the budget of the State into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 41. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission. In Fiscal Year 2013-14, the Department of Transportation capitalized project expenditures of $480.6 million from all funding sources.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and estimates of statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded if no General Fund matching funds are required, supplemental appropriations of the Legislature, statutorily authorized appropriations, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as explained in Note RSI-1A. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 8A.

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* (see page 160) shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure (see pages 156 to 158) relate to the change in fund balances/net position for the funds presented in the fund-level statements (see pages 48 to 65).

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the budget and from budget basis expenditures. These expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted”. Some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary statements. These events and transactions are shown in the reconciliation as "Unrealized Gains/Losses" and/or "GAAP Revenue Adjustments".

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – OTHER POSTEMPLOYMENT BENEFIT INFORMATION

As required by GASB Statements No 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, the following is the State's Schedule of Funding Progress for its other post-employment benefit plans.

In Fiscal Year 2013-14, Colorado State University transferred assets into a qualified trust for its RMPR, RMPS, URX and LTD plans.

Under the standards, the State must disclose the funding progress of the other postemployment benefit plans for the most recent and two preceding actuarial valuations. See Note 19 on page 108 for additional information regarding the plans listed in the schedule.

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll[1] ((b-a)/c)
University of Colorado:							
2013-14	7/1/2012	$ -	$ 406,782,000	$ 406,782,000	0.0%	$ 1,141,100,000	35.6%
2012-13	7/1/2012	$ -	$ 406,782,000	$ 406,782,000	0.0%	$ 1,141,100,000	35.6%
2011-12	7/1/2010	$ -	$ 343,144,000	$ 343,144,000	0.0%	$ 1,089,502,474	31.5%
2010-11	7/1/2010	$ -	$ 343,144,000	$ 343,144,000	0.0%	$ 1,023,525,000	33.5%
2009-10	7/1/2008	$ -	$ 196,714,735	$ 196,714,735	0.0%	$ 944,167,317	20.8%
2008-09	7/1/2008	$ -	$ 196,714,735	$ 196,714,735	0.0%	$ 898,898,961	21.9%
Colorado State University:							
RMPR							
2013-14	1/1/2014	$ 36,329,003	$ 34,013,693	$ (2,315,310)	106.8%	$ 285,017,218	-0.8%
2012-13	7/1/2012	$ -	$ 31,062,884	$ 31,062,884	0.0%	$ 259,316,500	12.0%
2011-12	1/1/2011	$ -	$ 28,917,402	$ 28,917,405	0.0%	$ 246,619,145	11.7%
2010-11	1/1/2011	$ -	$ 28,917,402	$ 28,917,402	0.0%	$ 248,227,800	11.6%
2009-10	1/1/2009	$ -	$ 25,187,719	$ 25,187,719	0.0%	$ 235,974,968	10.7%
RMPS							
2013-14	1/1/2014	$ 19,696,918	$ 50,077,254	$ 30,380,336	39.3%	N/A	N/A
2012-13	7/1/2012	$ -	$ 45,849,293	$ 45,849,293	0.0%	N/A	N/A
2011-12	1/1/2011	$ -	$ 54,685,666	$ 54,695,666	0.0%	N/A	N/A
2010-11	1/1/2011	$ -	$ 53,177,425	$ 53,177,425	0.0%	N/A	N/A
URX							
2013-14	1/1/2014	$ 497,968	$ 2,840,945	$ 2,342,977	17.5%	N/A	N/A
2012-13	7/1/2012	$ -	$ 2,556,178	$ 2,556,178	0.0%	N/A	N/A
2011-12	1/1/2011	$ -	$ 2,751,623	$ 2,751,623	0.0%	N/A	N/A
2010-11	1/1/2011	$ -	$ 2,832,107	$ 2,832,107	0.0%	N/A	N/A
2009-10	1/1/2011	$ -	$ 2,822,691	$ 2,822,691	0.0%	N/A	N/A
LTD							
2013-14	1/1/2014	$ 5,350,150	$ 11,569,893	$ 6,219,743	46.2%	N/A	N/A
2012-13	7/1/2012	$ -	$ 15,465,978	$ 15,465,978	0.0%	N/A	N/A
2011-12	1/1/2011	$ -	$ 13,058,876	$ 13,058,876	0.0%	N/A	N/A
2010-11	1/1/2011	$ -	$ 13,017,464	$ 13,017,464	0.0%	N/A	N/A
2009-10	1/1/2011	$ -	$ 12,300,594	$ 12,300,594	0.0%	N/A	N/A

[1] –The CSU-RMPS, CSU-URX, and CSU-LTD plans' benefits are not based on salaries or covered payroll.

In Fiscal Year 2013-14, Colorado State University transferred assets into a qualified trust for its RMPR, RMPS, URX and LTD plans. The Statements of Net Position, Statements of Changes in Plan Net Position, and Schedules of Employer Contributions follow.

	RMPR	RMPS	URX	LTD
STATEMENT OF PLAN NET POSITION				
Assets:				
Cash and Pooled Cash	$ 36,329,003	$ 19,696,918	$497,968	$ 5,350,150
Liabilities:	-	-	-	-
Plan Net Assets Held in Trust	$ 36,329,003	$ 19,696,918	$497,968	$ 5,350,150
STATEMENT OF CHANGES IN PLAN NET POSITION				
Additions:				
Contributions from Employers	36,329,003	19,696,918	497,968	5,350,150
Deductions:	-	-	-	-
Plan Net Assets Held in Trust	$ 36,329,003	$ 19,696,918	$497,968	$ 5,350,150
SCHEDULE OF EMPLOYER CONTRIBUTIONS				
Annual Required Contriubtion	$ 35,809,410	$ 4,188,504	$ 207,001	$ 1,337,965
Percent Contributed	103.3%	500.5%	273.1%	470.3%

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE	This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.
SPECIAL PURPOSE REVENUE	The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year, most of the funds' resources are transfers into the fund from the General Purpose Revenue Fund. The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies. The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks and Wildlife for parks and outdoor recreation projects, the Charter School Institute, as well as over thirty smaller funds.

BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 264,572	$ 1,153	$ 14,155	$ 143,393	$ 423,273
Taxes Receivable, net	1,380,690	-	-	-	1,380,690
Other Receivables, net	94,432	-	34	989	95,455
Due From Other Governments	530,015	3,367	-	50	533,432
Due From Other Funds	35,648	-	-	39,956	75,604
Due From Component Units	54	-	-	-	54
Inventories	3,859	-	-	4,862	8,721
Prepaids and Advances	38,466	-	59	4	38,529
Restricted Cash and Pooled Cash	4	16,883	-	208,420	225,307
Restricted Receivables	-	-	-	512	512
Investments	7,322	-	-	257,091	264,413
TOTAL ASSETS	$ 2,355,062	$ 21,403	$ 14,248	$ 655,277	$ 3,045,990
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-	-
LIABILITIES:					
Tax Refunds Payable	$ 705,806	$ -	$ -	$ -	$ 705,806
Accounts Payable and Accrued Liabilities	625,622	-	597	40,157	666,376
TABOR Refund Liability (Note 8B)	706	-	-	-	706
Due To Other Governments	78,383	-	-	13,336	91,719
Due To Other Funds	373,783	-	132	6,913	380,828
Due To Component Units	15	-	-	-	15
Unearned Revenue	18,617	-	5	19	18,641
Compensated Absences Payable	31	-	-	-	31
Claims and Judgments Payable	18,472	-	-	-	18,472
Other Current Liabilities	12,702	-	-	-	12,702
Deposits Held In Custody For Others	4	-	-	-	4
TOTAL LIABILITIES	1,834,141	-	734	60,425	1,895,300
DEFERRED INFLOW OF RESOURCES:	213,595	2,068	-	-	215,663
FUND BALANCES:					
Nonspendable:					
Inventories	3,859	-	-	4,862	8,721
Prepaids	38,472	-	59	4	38,535
Restricted	8,096	18,182	-	442,480	468,758
Committed	249,248	1,153	13,455	147,506	411,362
Assigned	7,651	-	-	-	7,651
TOTAL FUND BALANCES	307,326	19,335	13,514	594,852	935,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,355,062	$ 21,403	$ 14,248	$ 655,277	$ 3,045,990

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 5,272,649	$ -	$ -	$ -	$ 5,272,649
Corporate Income	665,363	-	-	-	665,363
Sales and Use	2,666,643	-	-	-	2,666,643
Excise	93,799	-	-	-	93,799
Other Taxes	240,161	-	-	-	240,161
Licenses, Permits, and Fines	17,902	-	-	2,049	19,951
Charges for Goods and Services	14,930	-	56,959	259	72,148
Rents	218	-	-	17	235
Investment Income (Loss)	20,306	6	240	6,926	27,478
Federal Grants and Contracts	6,038,755	-	-	19,408	6,058,163
Other	125,579	2,728	790	15,008	144,105
TOTAL REVENUES	15,156,305	2,734	57,989	43,667	15,260,695
EXPENDITURES:					
Current:					
General Government	218,865	-	53,137	3,298	275,300
Business, Community, and Consumer Affairs	170,360	-	-	16,917	187,277
Education	641,975	241	-	3,258	645,474
Health and Rehabilitation	560,558	-	-	1,775	562,333
Justice	1,293,555	-	-	(4)	1,293,551
Natural Resources	44,835	-	-	-	44,835
Social Assistance	7,175,794	-	-	4,598	7,180,392
Capital Outlay	21,985	-	-	173,693	195,678
Intergovernmental:					
Cities	77,970	-	-	35,061	113,031
Counties	1,222,127	-	-	11,487	1,233,614
School Districts	680,564	3,007,309	-	95,918	3,783,791
Special Districts	38,776	-	-	15,812	54,588
Federal	676	-	-	-	676
Other	25,457	-	-	-	25,457
Debt Service	6,811	-	-	36,600	43,411
TOTAL EXPENDITURES	12,180,308	3,007,550	53,137	398,413	15,639,408
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,975,997	(3,004,816)	4,852	(354,746)	(378,713)
OTHER FINANCING SOURCES (USES):					
Transfers-In	976,407	3,076,328	-	392,701	4,445,436
Transfers-Out	(3,909,822)	(61,646)	(1,270)	(65,139)	(4,037,877)
Face Amount of Bond/COP Issuance	-	-	-	89,510	89,510
Bond/COP Premium/Discount	-	-	-	6,358	6,358
Capital Lease Proceeds	11,127	-	-	-	11,127
Sale of Capital Assets	21	-	-	-	21
Insurance Recoveries	60	-	-	-	60
TOTAL OTHER FINANCING SOURCES (USES)	(2,922,207)	3,014,682	(1,270)	423,430	514,635
NET CHANGE IN FUND BALANCES	53,790	9,866	3,582	68,684	135,922
FUND BALANCE, FISCAL YEAR BEGINNING	253,536	9,469	9,932	526,168	799,105
FUND BALANCE, FISCAL YEAR END	$ 307,326	$ 19,335	$ 13,514	$ 594,852	$ 935,027

CAPITAL PROJECTS FUND COMPONENTS

REGULAR CAPITAL PROJECTS	This fund accounts for projects that are either fully or partially funded with general-purpose revenue that is transferred from the General Purpose Revenue Fund. It also includes cash-funded or mixed funded projects.
SPECIAL CAPITAL PROJECTS	This fund accounts for certain projects that are not funded with any general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Center, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects.

BALANCE SHEET
CAPITAL PROJECTS FUND COMPONENTS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 136,833	$ 6,792	$ 143,625
Other Receivables, net	32	623	655
Due From Other Governments	71	254	325
Due From Other Funds	135,336	222	135,558
Prepaids and Advances	-	4	4
Restricted Investments	-	3,847	3,847
Investments	-	990	990
Other Long-Term Assets	71	-	71
TOTAL ASSETS	$ 272,343	$ 12,732	$ 285,075
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 9,710	$ 1,297	$ 11,007
Due To Other Funds	82	-	82
TOTAL LIABILITIES	9,792	1,297	11,089
DEFERRED INFLOW OF RESOURCES:	-	-	-
Prepaids	-	4	4
Restricted	-	3,298	3,298
Committed	262,551	8,133	270,684
TOTAL FUND BALANCES	262,551	11,435	273,986
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 272,343	$ 12,732	$ 285,075

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECT FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Licenses, Permits, and Fines	7	-	7
Investment Income (Loss)	1,933	86	2,019
Federal Grants and Contracts	1,915	8,124	10,039
Other	521	1,729	2,250
TOTAL REVENUES	4,376	9,939	14,315
EXPENDITURES:			
Current:			
General Government	4,439	776	5,215
Business, Community, and Consumer Affairs	3	-	3
Education	11,277	3,168	14,445
Health and Rehabilitation	-	110	110
Justice	2,940	112,027	114,967
Social Assistance	54	-	54
Capital Outlay	52,496	4,810	57,306
Debt Service	2,728	-	2,728
TOTAL EXPENDITURES	73,937	120,891	194,828
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,561)	(110,952)	(180,513)
OTHER FINANCING SOURCES (USES):			
Transfers-In	336,461	3,500	339,961
Transfers-Out	(54,276)	(12,253)	(66,529)
Capital Lease Proceeds	13,905	-	13,905
Insurance Recoveries	111	1,090	1,201
Bond/COP Refunding Issuance	-	111,780	111,780
TOTAL OTHER FINANCING SOURCES (USES)	296,201	104,117	400,318
NET CHANGE IN FUND BALANCES	226,640	(6,835)	219,805
FUND BALANCE, FISCAL YEAR BEGINNING	35,911	18,270	54,181
FUND BALANCE, FISCAL YEAR END	$ 262,551	$ 11,435	$ 273,986

OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, and Permanent funds.

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 915,334	$ -	$ -	$ 915,334
Taxes Receivable, net	38,915	-	-	38,915
Other Receivables, net	76,001	-	10,459	86,460
Due From Other Governments	35,129	341	44	35,514
Due From Other Funds	95,045	-	21,691	116,736
Inventories	140	-	-	140
Prepaids and Advances	7,870	-	10	7,880
Restricted Cash and Pooled Cash	50,917	218	156,910	208,045
Restricted Investments	38,555	-	615,370	653,925
Investments	127,185	44,193	-	171,378
Other Long-Term Assets	26,070	-	41,582	67,652
Depreciable Capital Assets and Infrastructure, net	-	-	20,883	20,883
Land and Nondepreciable Capital Assets	81	-	47,368	47,449
TOTAL ASSETS	$ 1,411,242	$ 44,752	$ 914,317	$ 2,370,311
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-
LIABILITIES:				
Tax Refunds Payable	$ 772	$ -	$ -	$ 772
Accounts Payable and Accrued Liabilities	100,743	-	2,119	102,862
Due To Other Governments	38,745	-	24	38,769
Due To Other Funds	34,416	-	29,944	64,360
Unearned Revenue	50,787	-	-	50,787
Claims and Judgments Payable	88	-	-	88
Notes, Bonds, and COPs Payable	130	-	-	130
Other Current Liabilities	3,906	-	-	3,906
Deposits Held In Custody For Others	135	-	-	135
TOTAL LIABILITIES	229,722	-	32,087	261,809
DEFERRED INFLOW OF RESOURCES:	8,615	-	487	9,102
FUND BALANCES:				
Nonspendable:				
Inventories	140	-	-	140
Permanent Fund Principal	-	-	868,383	868,383
Prepaids	7,870	-	9	7,879
Restricted	241,827	44,752	7,271	293,850
Committed	923,068	-	6,080	929,148
TOTAL FUND BALANCES	1,172,905	44,752	881,743	2,099,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,411,242	$ 44,752	$ 914,317	$ 2,370,311

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 48,420	$ -	$ -	$ 48,420
Excise	144,566	-	-	144,566
Other Taxes	153,359	-	-	153,359
Licenses, Permits, and Fines	388,813	-	-	388,813
Charges for Goods and Services	697,801	-	93	697,894
Rents	1,959	-	178,373	180,332
Investment Income (Loss)	15,264	347	21,728	37,339
Federal Grants and Contracts	181,017	-	339	181,356
Additions to Permanent Funds	-	-	397	397
Unclaimed Property Receipts	52,540	-	-	52,540
Other	75,980	-	93	76,073
TOTAL REVENUES	1,759,719	347	201,023	1,961,089
EXPENDITURES:				
Current:				
General Government	39,674	-	153	39,827
Business, Community, and Consumer Affairs	200,109	-	-	200,109
Education	22,881	-	-	22,881
Health and Rehabilitation	85,028	-	-	85,028
Justice	87,623	-	-	87,623
Natural Resources	1,938	-	10,999	12,937
Social Assistance	233,552	-	-	233,552
Transportation	2,878	-	-	2,878
Capital Outlay	9,914	-	1,188	11,102
Intergovernmental:				
Cities	60,891	-	-	60,891
Counties	79,466	-	51	79,517
School Districts	22,699	-	-	22,699
Special Districts	10,227	-	19	10,246
Federal	1,856	-	-	1,856
Other	40,542	-	-	40,542
Debt Service	1,240	213,732	-	214,972
TOTAL EXPENDITURES	900,518	213,732	12,410	1,126,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	859,201	(213,385)	188,613	834,429
OTHER FINANCING SOURCES (USES):				
Transfers-In	267,888	225,024	300	493,212
Transfers-Out	(958,579)	-	(106,316)	(1,064,895)
Face Amount of Bond/COP Issuance	7,100	-	-	7,100
Sale of Capital Assets	12	-	26,483	26,495
Insurance Recoveries	302	-	-	302
TOTAL OTHER FINANCING SOURCES (USES)	(683,277)	225,024	(79,533)	(537,786)
NET CHANGE IN FUND BALANCES	175,924	11,639	109,080	296,643
FUND BALANCE, FISCAL YEAR BEGINNING	996,696	33,113	772,663	1,802,472
Prior Period Adjustment (See Note 29A)	285	-	-	285
FUND BALANCE, FISCAL YEAR END	$ 1,172,905	$ 44,752	$ 881,743	$ 2,099,400

SPECIAL REVENUE FUNDS

LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the State. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues.
RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of 231 individual active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types. (See page 230 for a detail listing of these funds that have net position/fund balance in excess of $200,000.)

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT
ASSETS:				
Cash and Pooled Cash	$ 116,241	$ 125,686	$ 102,078	$ 18,315
Taxes Receivable, net	14,627	11,147	9,930	-
Other Receivables, net	2,304	146	45,254	300
Due From Other Governments	17,309	-	14,424	-
Due From Other Funds	70,132	100	2,225	-
Inventories	-	-	-	-
Prepaids and Advances	4,151	67	7	-
Restricted Cash and Pooled Cash	44,445	6,472	-	-
Restricted Investments	38,555	-	-	-
Investments	11,350	-	-	-
Other Long-Term Assets	-	12,111	-	-
Land and Nondepreciable Capital Assets	-	-	-	-
TOTAL ASSETS	$ 319,114	$ 155,729	$ 173,918	$ 18,615
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	20,916	6,389	41,722	88
Due To Other Governments	-	19,669	17,909	268
Due To Other Funds	323	14,064	3,890	13
Unearned Revenue	-	792	-	-
Claims and Judgments Payable	77	-	-	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	1,307	-	-	-
Deposits Held In Custody For Others	-	6	-	-
TOTAL LIABILITIES	22,623	40,920	63,521	369
DEFERRED INFLOW OF RESOURCES:	-	-	99	-
FUND BALANCES:				
Nonspendable:				
Inventories	-	-	-	-
Prepaids	4,151	67	7	-
Restricted	83,000	28,870	11,878	7,161
Committed	209,340	85,872	98,413	11,085
TOTAL FUND BALANCES	296,491	114,809	110,298	18,246
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 319,114	$ 155,729	$ 173,918	$ 18,615

ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 145,253	$ 69,505	$ 338,256	$ 915,334
-	-	3,211	38,915
12,099	1,099	14,799	76,001
1,344	-	2,052	35,129
20,474	3	2,111	95,045
140	-	-	140
13	26	3,606	7,870
-	-	-	50,917
-	-	-	38,555
-	115,835	-	127,185
-	-	13,959	26,070
-	-	81	81
$ 179,323	$ 186,468	$ 378,075	$ 1,411,242
-	-	-	-
$ -	$ -	$ 772	$ 772
8,143	234	23,251	100,743
-	-	899	38,745
11,864	801	3,461	34,416
4,040	-	45,955	50,787
-	-	11	88
-	-	130	130
5	-	2,594	3,906
-	-	129	135
24,052	1,035	77,202	229,722
-	-	8,516	8,615
140	-	-	140
13	26	3,606	7,870
8,030	-	102,888	241,827
147,088	185,407	185,863	923,068
155,271	185,433	292,357	1,172,905
$ 179,323	$ 186,468	$ 378,075	$ 1,411,242

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT
REVENUES:				
Taxes:				
Sales and Use	$ -	$ -	$ -	$ -
Excise	-	-	138,937	-
Other Taxes	46,067	104,878	-	-
Licenses, Permits, and Fines	328	1,033	100,507	69
Charges for Goods and Services	217	1,325	904	1,276
Rents	-	517	-	-
Investment Income (Loss)	1,889	1,764	702	259
Federal Grants and Contracts	8,243	-	105,517	-
Unclaimed Property Receipts	-	-	-	-
Other	3,577	1,016	32,873	543
TOTAL REVENUES	60,321	110,533	379,440	2,147
EXPENDITURES:				
Current:				
General Government	5,885	-	107	-
Business, Community, and Consumer Affairs	21,707	37,726	-	105
Education	-	15,160	1,218	-
Health and Rehabilitation	-	66	32,566	-
Justice	23,401	-	-	-
Natural Resources	-	-	-	1,938
Social Assistance	-	-	226,217	-
Transportation	-	-	-	-
Capital Outlay	109	-	-	-
Intergovernmental:				
Cities	11,049	15,711	1,272	1,440
Counties	1,526	16,027	26,674	405
School Districts	25	279	19,783	-
Special Districts	1,035	3,056	-	202
Federal	-	-	-	-
Other	571	743	8,354	587
Debt Service	-	-	-	-
TOTAL EXPENDITURES	65,308	88,768	316,191	4,677
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,987)	21,765	63,249	(2,530)
OTHER FINANCING SOURCES (USES):				
Transfers-In	123,350	1,621	52,987	10,181
Transfers-Out	(30,058)	(26,693)	(97,087)	(600)
Face Amount of Bond/COP Issuance	-	-	-	-
Sale of Capital Assets	-	-	-	-
Insurance Recoveries	-	-	-	302
TOTAL OTHER FINANCING SOURCES (USES)	93,292	(25,072)	(44,100)	9,883
NET CHANGE IN FUND BALANCES	88,305	(3,307)	19,149	7,353
FUND BALANCE, FISCAL YEAR BEGINNING	208,186	118,116	91,149	10,893
Prior Period Adjustment (See Note 29A)	-	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 296,491	$ 114,809	$ 110,298	$ 18,246

ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ 48,420	$ 48,420
-	-	5,629	144,566
-	-	2,414	153,359
41,299	-	245,577	388,813
643,777	-	50,302	697,801
-	-	1,442	1,959
2,119	5,276	3,255	15,264
970	-	66,287	181,017
-	52,540	-	52,540
2,301	15,029	20,641	75,980
690,466	72,845	443,967	1,759,719
14	15,029	18,639	39,674
1	1,506	139,064	200,109
-	-	6,503	22,881
46,020	-	6,376	85,028
17,044	-	47,178	87,623
-	-	-	1,938
395	-	6,940	233,552
207	-	2,671	2,878
369	7,482	1,954	9,914
2,552	24	28,843	60,891
1,287	116	33,431	79,466
301	-	2,311	22,699
1,057	35	4,842	10,227
24	-	1,832	1,856
1,867	-	28,420	40,542
-	72	1,168	1,240
71,138	24,264	330,172	900,518
619,328	48,581	113,795	859,201
39,026	-	40,723	267,888
(659,496)	(4,876)	(139,769)	(958,579)
-	7,100	-	7,100
-	-	12	12
-	-	-	302
(620,470)	2,224	(99,034)	(683,277)
(1,142)	50,805	14,761	175,924
156,128	134,628	277,596	996,696
285	-	-	285
$ 155,271	$ 185,433	$ 292,357	$ 1,172,905

PERMANENT FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and operations related to lands granted to the State by the federal government for educational purposes. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years.
OTHER PERMANENT TRUST	This fund category represents several minor permanent funds including Wildlife for Future Generations Fund and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 10,459	$ -	$ 10,459
Due From Other Governments	-	44	44
Due From Other Funds	21,691	-	21,691
Prepaids and Advances	10	-	10
Restricted Cash and Pooled Cash	148,899	8,011	156,910
Restricted Investments	615,370	-	615,370
Other Long-Term Assets	41,582	-	41,582
Land and Nondepreciable Capital Assets	47,368	-	47,368
Capital Assets Held as Investments	20,883	-	20,883
TOTAL ASSETS	$ 906,262	$ 8,055	$ 914,317
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 2,099	$ 20	$ 2,119
Due To Other Governments	24	-	24
Due To Other Funds	29,944	-	29,944
TOTAL LIABILITIES	32,067	20	32,087
DEFERRED INFLOW OF RESOURCES:	487	-	487
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	861,510	6,873	868,383
Prepaids	9	-	9
Restricted	7,270	1	7,271
Committed	4,919	1,161	6,080
TOTAL FUND BALANCES	873,708	8,035	881,743
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 906,262	$ 8,055	$ 914,317

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Charges for Goods and Services	$ 93	$ -	$ 93
Rents	$ 178,373	$ -	$ 178,373
Investment Income (Loss)	21,618	110	21,728
Federal Grants and Contracts	-	339	339
Additions to Permanent Funds	397	-	397
Other	89	4	93
TOTAL REVENUES	200,570	453	201,023
EXPENDITURES:			
Current:			
General Government	151	2	153
Natural Resources	10,547	452	10,999
Capital Outlay	1,188	-	1,188
Counties	51	-	51
Special Districts	19	-	19
TOTAL EXPENDITURES	11,956	454	12,410
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	188,614	(1)	188,613
OTHER FINANCING SOURCES (USES):			
Transfers-In	300	-	300
Transfers-Out	(106,309)	(7)	(106,316)
Sale of Capital Assets	26,483	-	26,483
TOTAL OTHER FINANCING SOURCES (USES)	(79,526)	(7)	(79,533)
NET CHANGE IN FUND BALANCES	109,088	(8)	109,080
FUND BALANCE, FISCAL YEAR BEGINNING	764,620	8,043	772,663
FUND BALANCE, FISCAL YEAR END	$ 873,708	$ 8,035	$ 881,743

OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

COLLEGEINVEST	CollegeInvest's Prepaid Tuition Fund, which was established in 1997, provides an opportunity for saving for future college expenses at private and public colleges, universities, and vocational schools throughout the United States. In 2014 the Board discontinued the Prepaid Tuition Fund.
PARKS AND WILDLIFE	Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
TRANSPORTATION ENTERPRISE	This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the State include the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 63,224	$ 68,471	$ 63,638	$ -
Investments	36	-	-	-
Student and Other Receivables, net	55	8,922	320	37
Due From Other Governments	-	3,936	1,437	-
Due From Other Funds	-	3,496	-	-
Inventories	-	1,138	-	18
Prepaids and Advances	66	4,287	17	84
Total Current Assets	63,381	90,250	65,412	139
Noncurrent Assets:				
Restricted Cash and Pooled Cash	3,213	34,000	7,942	-
Restricted Receivables	592	-	44,885	-
Investments	15,518	-	-	-
Other Long-Term Assets	-	-	-	-
Depreciable Capital Assets and Infrastructure, net	215	171,699	396	12,579
Land and Nondepreciable Capital Assets	-	341,900	-	638
Total Noncurrent Assets	19,538	547,599	53,223	13,217
TOTAL ASSETS	82,919	637,849	118,635	13,356
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	187	15,887	860	325
Due To Other Governments	-	-	29,389	-
Due To Other Funds	5,700	634	-	585
Unearned Revenue	-	33,728	-	528
Compensated Absences Payable	-	413	-	-
Leases Payable	-	-	-	71
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	-	26	8,453	3
Total Current Liabilities	5,887	50,688	38,702	1,512
Noncurrent Liabilities:				
Due to Other Funds	-	4,879	-	-
Accrued Compensated Absences	142	5,873	159	137
Capital Lease Payable	-	-	-	1,226
Notes, Bonds, and COPs Payable	-	-	-	-
Other Long-Term Liabilities	-	-	-	-
Total Noncurrent Liabilities	142	10,752	159	1,363
TOTAL LIABILITIES	6,029	61,440	38,861	2,875
DEFERRED INFLOW OF RESOURCES:	-	-	-	-
NET POSITION:				
Net investment in Capital Assets:	215	513,599	396	11,920
Restricted for:				
Emergencies	-	34,000	-	-
Other Purposes	-	32,883	23,413	-
Unrestricted	76,675	(4,073)	55,965	(1,439)
TOTAL NET POSITION	$ 76,890	$ 576,409	$ 79,774	$ 10,481

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 6,147	$ 13,091	$ 3,414	$ 5,998	$ 296,704	$ 10,583	$ 531,270
-	563	-	-	-	-	599
1,642	754	239	3,689	9,002	593	25,253
402	5,450	-	-	1,679	161	13,065
1,348	1,185	-	-	-	-	6,029
14,015	207	624	-	-	218	16,220
66	64	-	-	15	190	4,789
23,620	21,314	4,277	9,687	307,400	11,745	597,225
-	-	-	-	-	-	45,155
-	-	-	-	-	-	45,477
-	-	-	-	51,798	-	67,316
1,849	-	-	-	-	-	1,849
3,457	31,457	1,811	186	317,332	12,279	551,411
1,519	11,355	-	-	220,001	4,143	579,556
6,825	42,812	1,811	186	589,131	16,422	1,290,764
30,445	64,126	6,088	9,873	896,531	28,167	1,887,989
-	-	-	-	-	-	-
5,479	2,298	865	4,090	27,468	987	58,446
-	1,025	-	7	-	-	30,421
30	-	-	-	-	-	6,949
146	23	-	-	90,163	4,351	128,939
88	209	-	-	-	382	1,092
-	311	-	-	-	-	382
-	465	-	-	-	420	885
14	-	-	-	-	125	8,621
5,757	4,331	865	4,097	117,631	6,265	235,735
-	-	-	-	3,000	-	7,879
1,191	1,599	230	643	24	366	10,364
-	3,457	-	-	-	-	4,683
-	1,519	-	-	300,000	5,287	306,806
-	-	-	-	23,449	-	23,449
1,191	6,575	230	643	326,473	5,653	353,181
6,948	10,906	1,095	4,740	444,104	11,918	588,916
-	-	-	-	-	-	-
4,976	37,044	1,811	186	240,032	10,715	820,894
-	-	-	-	-	-	34,000
-	-	-	-	-	-	56,296
18,521	16,176	3,182	4,947	212,395	5,534	387,883
$ 23,497	$ 53,220	$ 4,993	$ 5,133	$ 452,427	$ 16,249	$ 1,299,073

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
OPERATING REVENUES:				
License and Permits	$ -	$ 98,767	$ -	$ -
Tuition and Fees	-	-	-	-
Sales of Goods and Services	1	4,056	-	5,795
Investment Income (Loss)	1,257	-	9,021	-
Rental Income	-	-	-	645
Federal Grants and Contracts	-	27,262	341,315	-
Intergovernmental Revenue	-	19,300	-	-
Other	383	2,285	7,511	-
TOTAL OPERATING REVENUES	1,641	151,670	357,847	6,440
OPERATING EXPENSES:				
Salaries and Fringe Benefits	130	88,430	71,654	4,020
Operating and Travel	1,878	70,090	258,171	4,017
Cost of Goods Sold	-	193	-	-
Depreciation and Amortization	1	10,679	77	741
Intergovernmental Distributions	-	6,138	-	-
Debt Service	-	-	11,691	-
Prizes and Awards	-	13	-	854
TOTAL OPERATING EXPENSES	2,009	175,543	341,593	9,632
OPERATING INCOME (LOSS)	(368)	(23,873)	16,254	(3,192)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	-	508	-	-
Investment Income (Loss)	-	1,277	-	1,068
Rental Income	-	8,849	-	-
Gifts and Donations	-	750	-	408
Gain/(Loss) on Sale or Impairment of Capital Assets	-	3,575	-	-
Insurance Recoveries from Prior Year Impairments	-	175	-	-
Debt Service	-	(105)	-	(57)
Other Expenses	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	15,029	-	1,419
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(368)	(8,844)	16,254	(1,773)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	-	1,552	-	433
Transfers-In	-	20,189	-	520
Transfers-Out	(21)	(13,324)	(60)	(108)
TOTAL CONTRIBUTIONS AND TRANSFERS	(21)	8,417	(60)	845
CHANGE IN NET POSITION	(389)	(427)	16,194	(928)
NET POSITION - FISCAL YEAR BEGINNING	77,279	576,836	63,580	11,409
Accounting Changes (See Note 29B)		-	-	-
NET POSITION - FISCAL YEAR ENDING	$ 76,890	$ 576,409	$ 79,774	$ 10,481

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 502	$ -	$ 7,467	$ 106,736
-	-	-	-	-	469	469
44,562	30,233	17,838	2	99,736	4,942	207,165
-	-	-	-	-	-	10,278
-	-	-	-	-	1,050	1,695
1,879	25,103	-	982	33,321	949	430,811
-	246	-	-	4,472	-	24,018
229	130	20	19	1,131	69	11,777
46,670	55,712	17,858	1,505	138,660	14,946	792,949
12,823	34,694	3,507	14,178	22,878	6,175	258,489
9,383	9,543	2,376	19,988	1,079	8,243	384,768
23,835	-	11,041	-	-	141	35,210
388	2,000	122	47	3,131	831	18,017
-	4,586	-	-	34	-	10,758
-	-	-	-	-	-	11,691
-	-	1	-	-	-	868
46,429	50,823	17,047	34,213	27,122	15,390	719,801
241	4,889	811	(32,708)	111,538	(444)	73,148
-	-	-	34,921	-	-	34,921
-	-	-	-	25	31	564
45	146	50	63	4,287	94	7,030
349	27	-	-	-	-	9,225
3	41	-	-	-	179	1,381
-	(1)	-	-	-	51	3,625
-	-	-	-	-	-	175
-	(220)	-	-	(6,411)	(185)	(6,978)
-	(44)	-	-	-	(11)	(55)
397	(51)	50	34,984	(2,099)	159	49,888
638	4,838	861	2,276	109,439	(285)	123,036
-	1,280	-	-	-	-	3,265
-	1,085	-	-	-	27	21,821
(641)	(1,815)	(80)	(1,553)	-	(317)	(17,919)
(641)	550	(80)	(1,553)	-	(290)	7,167
(3)	5,388	781	723	109,439	(575)	130,203
23,500	47,975	4,212	4,410	344,661	16,939	1,170,801
-	(143)	-	-	(1,673)	(115)	(1,931)
$ 23,497	$ 53,220	$ 4,993	$ 5,133	$ 452,427	$ 16,249	$ 1,299,073

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	291	75,100	-	4,167
Sales of Products	-	3,225	-	121
Gifts, Grants, and Contracts	985	30,034	335,776	-
Loan and Note Repayments	392	-	-	-
Income from Property	-	8,849	-	645
Other Sources	-	51,786	7,511	1,946
Cash Payments to or for:				
Employees	(23)	(81,300)	(1,981)	(2,601)
Suppliers	(25,048)	(50,868)	(76,364)	(4,590)
Sales Commissions and Lottery Prizes	-	(6,416)	-	-
Others for Student Loans and Loan Losses	-	-	(267,463)	-
Other Governments	-	(6,138)	-	-
Other	(989)	(7,204)	-	(979)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(24,392)	17,068	(2,521)	(1,291)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	-	20,189	-	520
Transfers-Out	(21)	(13,324)	(60)	(108)
Receipt of Deposits Held in Custody	-	1	-	-
Release of Deposits Held in Custody	-	-	-	-
Gifts and Grants for Other Than Capital Purposes	-	750	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(21)	7,616	(60)	412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(151)	(19,863)	(126)	(660)
Capital Gifts, Grants, and Contracts	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	598
Capital Debt Service Payments	-	(41)	-	(7)
Capital Lease Payments	-	-	-	(120)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(151)	(19,904)	(126)	(189)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 469	$ 469
11,117	29,602	-	1	120,523	4,220	245,021
34,720	20	18,026	-	-	866	56,978
2,469	24,387	-	1,071	39,066	912	434,700
-	-	-	-	-	-	392
349	27	-	-	-	1,049	10,919
229	33	20	33,752	53,688	6,058	155,023
(11,660)	(33,683)	(3,485)	(3,006)	(4,956)	(5,773)	(148,468)
(34,582)	(10,132)	(13,286)	(29,409)	(23,119)	(8,432)	(275,830)
-	-	-	-	-	-	(6,416)
-	-	-	-	-	-	(267,463)
-	(4,028)	-	(95)	(34)	-	(10,295)
(55)	(29)	(3)	(5)	(334)	(155)	(9,753)
2,587	6,197	1,272	2,309	184,834	(786)	185,277
-	1,085	-	-	48	27	21,869
(641)	(1,815)	(80)	(1,553)	(48)	(317)	(17,967)
2	-	-	-	-	97	100
(2)	-	-	-	-	(129)	(131)
3	41	-	-	-	179	973
-	(549)	-	-	-	-	(549)
(638)	(1,238)	(80)	(1,553)	-	(143)	4,295
(653)	(2,161)	-	-	(201,560)	(599)	(225,773)
-	1,280	-	-	-	-	1,280
-	34	-	-	-	-	632
-	-	-	-	(6,305)	(583)	(6,936)
-	(425)	-	-	-	-	(545)
(653)	(1,272)	-	-	(207,865)	(1,182)	(231,342)

(Continued)

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (Continued)

(DOLLARS IN THOUSANDS)	COLLEGEINVEST	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	1,331	946	8,762	1,068
Proceeds from Sale/Maturity of Investments	21,701	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	176	331	259	
NET CASH FROM INVESTING ACTIVITIES	23,208	1,277	9,021	1,068
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(1,356)	6,057	6,314	-
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	67,793	96,414	65,266	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 66,437	$ 102,471	$ 71,580	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (368)	$ (23,873)	$ 16,254	$ (3,192)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	1	10,679	77	741
Investment/Rental Income and Other Revenue in Operating Income	(1,257)	-	(9,021)	-
Net Periodic Pension Cost				
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	12,739	-	408
(Gain)/Loss on Disposal of Capital and Other Assets	-	7,891	-	-
Compensated Absences	26	(626)	(15)	1
Interest and Other Expense in Operating Income	-	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	1,403	3,222	(1,327)	5
(Increase) Decrease in Inventories	-	(103)	-	5
(Increase) Decrease in Other Operating Assets	(6)	686	73	60
Increase (Decrease) in Accounts Payable	579	1,552	(10,204)	657
Increase (Decrease) in Other Operating Liabilities	(24,770)	4,901	1,642	24
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (24,392)	$ 17,068	$ (2,521)	$ (1,291)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	3,556	15	-	398
Capital Assets Acquired by Grants or Donations and Payable Increases	-	1,536	-	35
Loss on Disposal of Capital and Other Assets		7,891	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
30	98	37	44	3,414	78	15,808
-	-	-	-	117,660	-	139,361
15	48	11	20	972	16	1,848
45	146	48	64	122,046	94	157,017
1,341	3,833	1,240	820	99,015	(2,017)	115,247
4,806	9,258	2,174	5,178	197,689	12,600	461,178
$ 6,147	$ 13,091	$ 3,414	$ 5,998	$ 296,704	$ 10,583	$ 576,425
$ 241	$ 4,889	$ 811	$ (32,708)	$ 111,538	$ (444)	$ 73,148
388	2,000	122	47	3,131	831	18,017
-	-	-	-	-	-	(10,278)
						0
349	24	-	34,921	25	31	48,497
60	-	-	-	-	21	7,972
91	91	8	5	(5)	164	(260)
-	-	-	-	(17,963)	(40)	(18,003)
1,772	(102)	186	(1,601)	20,930	106	24,594
(1,342)	(29)	(94)	-	-	11	(1,552)
(4)	1	-	-	(11)	(14)	785
931	717	239	1,645	12,576	57	8,749
101	(1,394)	-	-	54,613	(1,509)	33,608
$ 2,587	$ 6,197	$ 1,272	$ 2,309	$ 184,834	$ (786)	$ 185,277
-		-	-	-	-	3,969
-		-	-	-	-	1,571
60	19	-	-	-	21	7,991

INTERNAL SERVICE FUNDS

These funds account for operations of State agencies that provide a majority of their services to other State agencies on a user charge basis. The major activities in these funds are:

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other State agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming, fleet, and motor pool.
INFORMATION TECHNOLOGY	This fund accounts for computer and telecommunications services sold to other State agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining State office space in the complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to State agencies by the Department of Public Safety.
OFFICE OF ADMINISTRATIVE COURTS	This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration.
LEGAL SERVICES	This fund accounts for the Attorney General's services to State agencies in the Department of Law.
OTHER INTERNAL SERVICE ACTIVITIES	This fund primarily accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to State agencies on a straight commission basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	CAPITOL COMPLEX	HIGHWAYS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 5,873	$ 43,825	$ 2,606	$ -
Other Receivables, net	312	81	49	6
Due From Other Governments	285	203	-	-
Due From Other Funds	4	1,056	-	-
Inventories	357	-	250	116
Prepaids and Advances	25	5,087	-	-
Total Current Assets	6,856	50,252	2,905	122
Noncurrent Assets:				
Depreciable Capital Assets and Infrastructure, net	58,183	5,973	20,590	224
Land and Nondepreciable Capital Assets	-	33,498	-	-
Total Noncurrent Assets	58,183	39,471	20,590	224
TOTAL ASSETS	65,039	89,723	23,495	346
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,785	26,473	1,178	76
Due To Other Funds	6	856	-	217
Unearned Revenue	-	4,929	-	-
Compensated Absences Payable	6	93	-	-
Leases Payable	14,011	3,474	958	-
Notes, Bonds, and COPs Payable	870	-	-	-
Other Current Liabilities	37	-	-	-
Total Current Liabilities	17,715	35,825	2,136	293
Noncurrent Liabilities:				
Accrued Compensated Absences	504	5,586	246	-
Capital Lease Payable	41,770	25,896	15,897	-
Total Noncurrent Liabilities	42,274	31,482	16,143	-
TOTAL LIABILITIES	59,989	67,307	18,279	293
DEFERRED INFLOW OF RESOURCES:	-	-	-	-
NET POSITION:				
Net investment in Capital Assets:	1,531	17,556	3,735	224
Unrestricted	3,519	4,860	1,481	(171)
TOTAL NET POSITION	$ 5,050	$ 22,416	$ 5,216	$ 53

PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 629	$ 1,132	$ 2,915	$ 843	$ 57,823
2	4	29	26	509
-	-	-	-	488
4	-	2	-	1,066
-	-	-	-	723
-	-	18	-	5,130
635	1,136	2,964	869	65,739
671	1	403	-	86,045
-	-	-	-	33,498
671	1	403	-	119,543
1,306	1,137	3,367	869	185,282
-	-	-	-	-
59	306	2,269	197	33,343
-	-	-	-	1,079
-	-	-	45	4,974
-	10	190	-	299
-	-	-	-	18,443
-	-	-	-	870
-	-	-	-	37
59	316	2,459	242	59,045
-	276	1,610	41	8,263
-	-	-	-	83,563
-	276	1,610	41	91,826
59	592	4,069	283	150,871
-	-	-	-	-
671	1	403	-	24,121
576	544	(1,105)	586	10,290
$ 1,247	$ 545	$ (702)	$ 586	$ 34,411

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	CAPITOL COMPLEX	HIGHWAYS
OPERATING REVENUES:				
Sales of Goods and Services	$ 62,797	$ 193,258	$ 15	$ 2,048
Rental Income	-	-	14,450	-
Other	109	14	1	-
TOTAL OPERATING REVENUES	62,906	193,272	14,466	2,048
OPERATING EXPENSES:				
Salaries and Fringe Benefits	7,883	122,250	3,451	1,005
Operating and Travel	29,832	62,734	6,239	1,026
Cost of Goods Sold	8,347	-	-	-
Depreciation and Amortization	14,880	531	1,405	38
Intergovernmental Distributions	-	-	3	-
TOTAL OPERATING EXPENSES	60,942	185,515	11,098	2,069
OPERATING INCOME (LOSS)	1,964	7,757	3,368	(21)
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	5	144	-	-
Federal Grants and Contracts	-	231	585	-
Gain/(Loss) on Sale or Impairment of Capital Assets	1,143	621	3	-
Debt Service	(1,465)	(392)	(823)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(317)	604	(235)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,647	8,361	3,133	(21)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	1,159	-	-	-
Transfers-In	512	4,804	29	-
Transfers-Out	(877)	(627)	(2,586)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	794	4,177	(2,557)	-
CHANGE IN NET POSITION	2,441	12,538	576	(21)
NET POSITION - FISCAL YEAR BEGINNING	1,176	9,942	4,640	74
Prior Period Adjustments (See Note 29A)	1,433	-	-	-
Accounting Changes (See Note 29B)	-	(64)	-	-
NET POSITION - FISCAL YEAR ENDING	$ 5,050	$ 22,416	$ 5,216	$ 53

PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 182	$ 4,455	$ 33,150	$ 5,059	$ 300,964
-	-	-	-	14,450
1	-	11	-	136
183	4,455	33,161	5,059	315,550
136	3,781	26,243	1,587	166,336
389	698	976	1,504	103,398
-	-	-	-	8,347
630	3	29	-	17,516
-	-	-	-	3
1,155	4,482	27,248	3,091	295,600
(972)	(27)	5,913	1,968	19,950
-	10	13	-	172
-	-	-	-	816
-	-	-	(4)	1,763
-	-	(6)	-	(2,686)
-	10	7	(4)	65
(972)	(17)	5,920	1,964	20,015
-	-	-	-	1,159
396	-	-	-	5,741
(11)	(171)	(5,001)	(2,148)	(11,421)
385	(171)	(5,001)	(2,148)	(4,521)
(587)	(188)	919	(184)	15,494
1,834	733	(1,621)	770	17,548
-	-	-	-	1,433
-	-	-		(64)
$ 1,247	$ 545	$ (702)	$ 586	$ 34,411

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ -	$ -	$ -
Fees for Service	62,756	199,594	15
Sales of Products	56	-	-
Gifts, Grants, and Contracts	-	227	585
Income from Property	-	-	14,377
Other Sources	109	14	5
Cash Payments to or for:			
Employees	(6,948)	(82,721)	(3,272)
Suppliers	(37,983)	(93,691)	(6,969)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	(3)
Other	(37)	(283)	-
Component Unit Cash Flows from Operating Activities			
NET CASH PROVIDED BY OPERATING ACTIVITIES	17,953	23,140	4,738
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	512	4,804	29
Transfers-Out	(877)	(627)	(2,586)
Receipt of Deposits Held in Custody	136	-	-
Release of Deposits Held in Custody	(214)	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(443)	4,177	(2,557)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(7,668)	(17,343)	(1,344)
Proceeds from Sale of Capital Assets	9,870	-	-
Capital Debt Service Payments	(1,782)	(3,625)	-
Capital Lease Payments	(15,783)	(14,733)	(1,973)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(15,363)	(35,701)	(3,317)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 3	$ -	$ -	$ -	$ 3
967	182	4,495	33,121	5,037	306,167
1,079	-	-	-	6	1,141
-	-	-	10	-	822
-	-	-	-	-	14,377
-	1	-	1	26	156
(985)	(134)	(3,658)	(23,454)	(1,291)	(122,463)
(891)	(369)	(861)	(1,337)	(1,026)	(143,127)
-	-	-	-	(829)	(829)
-	-	-	-	-	(3)
-	-	-	-	(81)	(401)
170	(317)	(24)	8,341	1,842	55,843
-	396	-	-	-	5,741
-	(11)	(171)	(5,001)	(2,148)	(11,421)
-	-	-	-	-	136
-	-	-	-	-	(214)
-	385	(171)	(5,001)	(2,148)	(5,758)
(398)	(2)	-	(432)	-	(27,187)
228	-	-	-	-	10,098
-	-	-	(6)	-	(5,413)
-	-	-	-	-	(32,489)
(170)	(2)	-	(438)	-	(54,991)

(Continued)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014 (Continued)

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	5	12	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	131	-
NET CASH FROM INVESTING ACTIVITIES	5	143	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	2,152	(8,241)	(1,136)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	3,721	52,066	3,742
CASH AND POOLED CASH, FISCAL YEAR END	$ 5,873	$ 43,825	$ 2,606
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 1,964	$ 7,757	$ 3,368
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	14,880	531	1,405
Rents, Fines, Donations, and Grants and Contracts in NonOperating	-	231	588
Compensated Absences	12	(349)	(2)
Insurance Premiums and State Subsidy			
Claims and General Insurance Expenses Paid			
Interest and Other Expense in Operating Income	49	-	182
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	16	3,007	(32)
(Increase) Decrease in Inventories	276	-	30
(Increase) Decrease in Other Operating Assets	(5)	(2,994)	-
Increase (Decrease) in Accounts Payable	761	11,633	(761)
Increase (Decrease) in Other Operating Liabilities	-	3,324	(40)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 17,953	$ 23,140	$ 4,738
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	1,159	-	-
Loss on Disposal of Capital and Other Assets	-	-	-
Assumption of Capital Lease Obligation or Mortgage	22,303	-	-
Application of Prepaid Lease Expense			

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	7	-	-	24
	-	3	13		147
-	-	10	13	-	171
-	66	(185)	2,915	(306)	(4,735)
-	563	1,317	-	1,149	62,558
$ -	$ 629	$ 1,132	$ 2,915	$ 843	$ 57,823
$ (21)	$ (972)	$ (27)	$ 5,913	$ 1,968	$ 19,950
38	630	3	29	-	17,516
-	-	-	-	-	819
-	-	(6)	179	4	(162)
2	2	-	-	-	235
(2)	1	40	(31)	(17)	2,982
96	-	-	-	-	402
-	-	-	(18)	1	(3,016)
57	22	(34)	2,269	(140)	13,807
-	-	-	-	26	3,310
$ 170	$ (317)	$ (24)	$ 8,341	$ 1,842	$ 55,843
-	-	-	-	-	1,159
-	-	-	-	4	4
-	-	-	-	-	22,303

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the State in its governmental capacity on behalf of local governments, citizens, and other external parties. Pension and Other Employee Benefits Trust Funds are included in this category, but are shown in the Basic Financial Statements. The major components of the remaining fiduciary funds are:

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund primarily includes moneys managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the moneys in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.
UNCLAIMED PROPERTY	This fund comprises a portion of the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity. The fund reports Net Position Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.
COLLEGE SAVINGS PLAN	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the State.
COLLEGE OPPORTUNITY FUND	The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the State. The appropriated amounts are held in trust in the COF until the institutions apply for the stipend on behalf of the students. Any unused stipends remain in the COF and do not revert to the State.

MULTI-STATE LOTTERY WINNERS	The Multistate Lottery Winners Fund was created in Fiscal Year 2007-08 to account for the Colorado Lottery's investments held by the Multi-State Lottery Association (MUSL) for the benefit of Colorado's Powerball annuity prize winners. The winnings are invested by MUSL in bond funds with staggered maturities that correspond with the annual payments required under the terms of the annuity. Under an agreement with MUSL, the Colorado Lottery is responsible for making payments to the Colorado winners.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts; contractor's performance escrow accounts; sales taxes collected for cities and counties; deposits held to ensure land restoration by mining and oil exploration companies; amounts held for the trustee related to Certificates of Participation or revenue Bonds for Higher Education Institutions, Building Excellent Schools Today (BEST), the Bridge Enterprise program; and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 4,835	$ 120,937	$ 34,553
Investments	-	-	-
Other Receivables, net	20	-	5,864
Due From Other Funds	-	801	5,700
Noncurrent Assets:			
Investments:			
Government Securities	-	3,054	-
Corporate Bonds	-	5,522	-
Repurchase Agreements	-	-	1,081
Asset Backed Securities	-	762	-
Mortgages	-	1,300	-
Mutual Funds	-	-	5,789,152
Other Investments	-	-	78,299
TOTAL ASSETS	4,855	132,376	5,914,649
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	1,195	6,496
Unearned Revenue	-	-	3,044
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	-	2,961
TOTAL LIABILITIES	-	1,195	12,501
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	4,855	131,181	5,902,148
TOTAL NET POSITION	$ 4,855	$ 131,181	$ 5,902,148

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ -	$ -	$ 4,790	$ 165,115
-	-	646	646
-	-	678	6,562
12	-	-	6,513
-	10,630	-	13,684
-	-	-	5,522
-	-	-	1,081
-	-	-	762
-	-	-	1,300
-	-	-	5,789,152
-	-	-	78,299
12	10,630	6,114	6,068,636
-	-	1,126	8,817
-	-	3,434	6,478
-	-	-	2,961
-	-	4,560	18,256
12	10,630	1,554	6,050,380
$ 12	$ 10,630	$ 1,554	$ 6,050,380

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 740,958
Investment Income/(Loss)	43	833	711,192
Unclaimed Property Receipts	-	35,759	-
Other Additions	780	-	746
TOTAL ADDITIONS	823	36,592	1,452,896
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	269	26,958	524,973
Transfers-Out	-	-	-
TOTAL DEDUCTIONS	269	26,958	524,973
CHANGE IN NET POSITION	554	9,634	927,923
NET POSITION - FISCAL YEAR BEGINNING	4,301	121,547	4,974,225
NET POSITION - FISCAL YEAR ENDING	$ 4,855	$ 131,181	$ 5,902,148

COLLEGE OPPORTUNITY FUND	MULTISTATE LOTTERY WINNERS	OTHER	TOTALS
$ 257,065	$ -	$ 9,270	$ 1,007,293
-	(487)	60	711,641
-	-	-	35,759
-	-	1,549	3,075
257,065	(487)	10,879	1,757,768
257,053	451	-	257,504
-	-	10,401	562,601
-	-	153	153
257,053	451	10,554	820,258
12	(938)	325	937,510
-	11,568	1,229	5,112,870
$ 12	$ 10,630	$ 1,554	$ 6,050,380

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 115,944	$ 2,498,308	$ 2,499,622	$ 114,630
Taxes Receivable, net	140,864	111,857	107,472	145,249
TOTAL ASSETS	$ 256,808	$ 2,610,165	$ 2,607,094	$ 259,879
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	$ 3,226	$ 12,677	$ 15,903	$ -
Due To Other Governments	252,922	2,494,340	2,491,849	255,413
Claims and Judgments Payable	36	1,438	1,418	56
Other Long-Term Liabilities	624	11,365	7,579	4,410
TOTAL LIABILITIES	$ 256,808	$ 2,519,820	$ 2,516,749	$ 259,879

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 125,088	$ 292,602	$ 260,155	$ 157,535
Taxes Receivable, net	5,946	6,025	5,851	6,120
Other Receivables, net	380	3,950	3,979	351
Inventories	7	32	33	6
Other Long-Term Assets	14,325	519	1,155	13,689
TOTAL ASSETS	$ 145,746	$ 303,128	$ 271,173	$ 177,701
LIABILITIES:				
Tax Refunds Payable	$ 131	$ 952	$ 1,083	$ -
Accounts Payable and Accrued Liabilities	1,142	26,165	26,033	1,274
Due To Other Governments	10,347	104,001	103,725	10,623
Due To Other Funds	978	46,898	46,790	1,086
Unearned Revenue	-	453	453	-
Claims and Judgments Payable	394	120	424	90
Other Current Liabilities	131,838	134,582	102,604	163,816
Deposits Held In Custody For Others	895	1,034	1,415	514
Other Long-Term Liabilities	21	830	553	298
TOTAL LIABILITIES	$ 145,746	$ 315,035	$ 283,080	$ 177,701

	DEPARTMENT OF TREASURY AGENCY FUNDS			
(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 609,841	$ 311,252	$ 493,456	$ 427,637
Due From Other Funds	10,005	31,557	31,042	10,520
TOTAL ASSETS	$ 619,846	$ 342,809	$ 524,498	$ 438,157
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	$ 104	$ 102	$ 2
Other Current Liabilities	599,269	387,557	551,162	435,664
Deposits Held In Custody For Others	20,577	497	18,583	2,491
TOTAL LIABILITIES	$ 619,846	$ 388,158	$ 569,847	$ 438,157

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	TOTALS - ALL AGENCY FUNDS			
(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 850,873	$ 3,102,162	$ 3,253,233	$ 699,802
Taxes Receivable, net	146,810	117,882	113,323	151,369
Contributions Receivable, net				
Other Receivables, net	380	3,950	3,979	351
Due From Other Funds	10,005	31,558	31,043	10,520
Inventories	7	32	33	6
Other Long-Term Assets	14,325	519	1,155	13,689
TOTAL ASSETS	$ 1,022,400	$ 3,256,103	$ 3,402,766	$ 875,737
LIABILITIES:				
Tax Refunds Payable	$ 3,357	$ 13,629	$ 16,986	$ -
Accounts Payable and Accrued Liabilities	1,142	26,269	26,135	1,276
Due To Other Governments	263,269	2,598,341	2,595,574	266,036
Due To Other Funds	978	46,898	46,790	1,086
Unearned Revenue	-	453	453	-
Claims and Judgments Payable	430	1,558	1,842	146
Other Current Liabilities	731,107	522,139	653,766	599,480
Deposits Held In Custody For Others	21,472	1,531	19,998	3,005
Other Long-Term Liabilities	645	12,195	8,132	4,708
TOTAL LIABILITIES	$ 1,022,400	$ 3,223,013	$ 3,369,676	$ 875,737

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements beginning on page 66. Descriptions of each of the component units presented can be found in Note 38 on page 147.

COMBINING STATEMENT OF NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	HLC @ METRO	TOTAL
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 1,871	$ 11,309	$ 6,167	$ 531	$ 19,878
Investments	-	67,411	-	-	67,411
Contributions Receivable, net	-	-	4,150	-	4,150
Other Receivables, net	205	283	18	132	638
Due From Other Governments	-	-	-	344	344
Total Current Assets	2,076	79,003	10,335	1,007	92,421
Noncurrent Assets:					
Restricted Cash and Pooled Cash	17,590	-	-	6,663	24,253
Investments	-	-	42,126	-	42,126
Other Long-Term Assets	297	-	-	1,393	1,690
Depreciable Capital Assets and Infrastructure, net	121,106	-	-	42,156	163,262
Land and Nondepreciable Capital Assets	19,743	-	-	5,112	24,855
Total Noncurrent Assets	158,736	-	42,126	55,324	256,186
TOTAL ASSETS	160,812	79,003	52,461	56,331	348,607
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	-	-
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	-	97	-	1,261	1,358
Unearned Revenue	-	3,506	4,150	-	7,656
Claims and Judgments Payable	-	22,251	-	-	22,251
Other Current Liabilities	-	-	-	208	208
Total Current Liabilities	-	25,854	4,150	1,469	31,473
Noncurrent Liabilities:					
Notes, Bonds, and COPs Payable	-	-	-	54,590	54,590
Other Long-Term Liabilities	12	-	-	-	12
Total Noncurrent Liabilities	12	-	-	54,590	54,602
TOTAL LIABILITIES	12	25,854	4,150	56,059	86,075
DEFERRED INFLOW OF RESOURCES:	-	-	-	-	-
NET POSITION:					
Net investment in Capital Assets:	140,849	-	-	47,267	188,116
Restricted for:					
Emergencies	63	-	-	-	63
Other Purposes	17,590	-	-	-	17,590
Unrestricted	2,298	53,149	48,311	(46,995)	56,763
TOTAL NET POSITION	$ 160,800	$ 53,149	$ 48,311	$ 272	$ 262,532

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2014

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COVER COLORADO	VENTURE CAPITAL AUTHORITY	HLC @ METRO	TOTAL
OPERATING REVENUES:					
Fees	$ -	$ 73,018	$ -	$ -	$ 73,018
Sales of Goods and Services	-	-	-	8,273	8,273
Investment Income (Loss)	-	-	(4,577)	-	(4,577)
Rental Income	1,335	-	-	-	1,335
Federal Grants and Contracts	-	2,455	-	-	2,455
TOTAL OPERATING REVENUES	1,335	75,473	(4,577)	8,273	80,504
OPERATING EXPENSES:					
Operating and Travel	327	130,406	58	5,013	135,804
Depreciation and Amortization	4,139	2	-	1,506	5,647
TOTAL OPERATING EXPENSES	4,466	130,408	58	6,519	141,451
OPERATING INCOME (LOSS)	(3,131)	(54,935)	(4,635)	1,754	(60,947)
NONOPERATING REVENUES AND (EXPENSES):					
Investment Income (Loss)	763	148	67	18	996
Gifts and Donations	-	-	4,150	391	4,541
Federal Grants and Contracts	-	-	-	955	955
Gain/(Loss) on Sale or Impairment of Capital Assets	22,335	-	-		22,335
Debt Service	-	-	-	(3,382)	(3,382)
Other Expenses	-	(15,000)	-	(30)	(15,030)
Other Revenues	736	12,171	18	-	12,925
TOTAL NONOPERATING REVENUES (EXPENSES)	23,834	(2,681)	4,235	(2,048)	23,340
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	20,703	(57,616)	(400)	(294)	(37,607)
CHANGE IN NET POSITION	20,703	(57,616)	(400)	(294)	(37,607)
NET POSITION - FISCAL YEAR BEGINNING	140,097	110,765	48,711	(4,655)	294,918
Prior Period Adjustments (See Note 29A)	-	-	-	5,221	5,221
NET POSITION - FISCAL YEAR ENDING	$ 160,800	$ 53,149	$ 48,311	$ 272	$ 262,532

CAPITAL ASSETS

The following schedule presents the capital assets, net of accumulated depreciation, used in governmental activities by function and by department. The schedule includes the capital assets of the Internal Service Funds because those funds primarily sell to governmental activities. This treatment matches the presentation of the capital assets on the government-wide *Statement of Net Position.* Except for the Internal Service Fund capital assets, the assets on this schedule are generally not reported on the fund-level financial statements.

SCHEDULE OF CAPITAL ASSETS
USED IN GOVERNMENTAL ACTIVITIES
INCLUDING INTERNAL SERVICE FUNDS
BY FUNCTION AND DEPARTMENT
JUNE 30, 2014

(DOLLARS IN THOUSANDS)	LAND	LAND AND LEASEHOLD IMPROVEMENTS	BUILDINGS	LIBRARY BOOKS AND COLLECTIONS
GENERAL GOVERNMENT				
Governor's Office	$ -	$ 3	$ -	$ -
Legislature	-	-	-	-
Military Affairs	3,556	10,351	71,252	-
Personnel & Administration	5,739	2,381	53,358	-
Revenue	-	-	-	-
Subtotal	9,295	12,735	124,610	-
BUSINESS, COMMUNITY & CONSUMER AFFAIRS				
Agriculture	103	-	8,127	-
[1]GOV, CEO, OEDIT	-	-	-	51
Labor and Employment	543	267	6,020	-
Local Affairs	-	182	-	-
Regulatory Agencies	-	43	-	-
Revenue	536	-	934	-
State	-	-	-	-
Subtotal	1,182	492	15,081	51
EDUCATION				
Education	152	40	419,363	1,463
Higher Education	1,842	869	105,609	9,059
Subtotal	1,994	909	524,972	10,522
HEALTH AND REHABILITATION				
Public Health and Environment	188	1	4,736	-
Human Services	3,068	3,038	98,134	-
Subtotal	3,256	3,039	102,870	-
JUSTICE				
Corrections	3,987	3,309	597,252	-
DHS, Division of Youth Services	1,675	486	80,000	-
Judicial	1,605	8	236,352	2,479
Law	-	-	-	9
Public Safety	1,399	1,673	21,916	-
Regulatory Agencies	-	-	-	-
Subtotal	8,666	5,476	935,520	2,488
NATURAL RESOURCES				
Natural Resources	49,472	96	17,059	-
SOCIAL ASSISTANCE				
Human Services	-	1,002	2,347	-
Military Affairs	36	1,421	2,008	-
Health Care Policy and Financing	-	-	-	-
Subtotal	36	2,423	4,355	-
TRANSPORTATION				
Transportation	15,707	136	117,713	-
TOTAL CAPITAL ASSETS	$ 89,608	$ 25,306	$ 1,842,180	$ 13,061

[1]Governor's Office, Colorado Energy Office, and the Office of Economic Development and International Trade

VEHICLES AND EQUIPMENT	SOFTWARE	OTHER CAPITAL ASSETS	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTALS
$ 19,576	$ 358	$ 6,969	$ 33,869	$ -	$ 60,775
464	28	-	46	-	538
316	2	-	1,455	-	86,932
75,891	125	15	16,047	-	153,556
1,202	10,517	-	2,602	-	14,321
97,449	11,030	6,984	54,019	-	316,122
2,125	157	-	109	-	10,621
64	-	-	-	-	115
246	1,216	(282)	13,042	-	21,052
26	5	-	-	-	213
162	101	-	-	-	306
86	15	-	-	-	1,571
896	(63)	-	-	-	833
3,605	1,431	(282)	13,151	-	34,711
1,289	882	-	215,635	-	638,824
1,255	89	-	2,028	56	120,807
2,544	971	-	217,663	56	759,631
5,040	1,431	5,517	-	-	16,913
1,571	-	61	6,468	-	112,340
6,611	1,431	5,578	6,468	-	129,253
8,800	298	907	3,822	-	618,375
253	-	-	3,488	-	85,902
16,392	4,502	-	9,918	-	271,256
1,676	223	-	-	-	1,908
14,864	5,143	175	3,424	-	48,594
26	-	-	-	-	26
42,011	10,166	1,082	20,652	-	1,026,061
832	9	1,152	1,728	-	70,348
2,501	47,254	-	7,269	-	60,373
83	-	-	-	-	3,548
137	345	-	55	-	537
2,721	47,599	-	7,324	-	64,458
141,809	6,723	-	560,591	8,288,992	9,131,671
$ 297,582	$ 79,360	$ 14,514	$ 881,596	$ 8,289,048	$ 11,532,255

OTHER FUNDS DETAIL

In the combined and combining statements several fund categories show a column titled "Other". The schedule on the following pages provide a summary of assets, liabilities, and net position/fund balance of the individually significant funds that comprise the columns titled "Other". Most of the funds shown in the schedule are Special Revenue Funds that are statutorily authorized.

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2014

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Position/ Fund Balance
OTHER PERMANENT FUNDS				
Wildlife for Future Generations (Nonexpendable)	33-1-112(7)	6,043	-	6,043
Wildlife for Future Generations (Expendable)	33-1-112	1,180	20	1,160
Other Permanent-Nonexpendable	VARIOUS	747	-	747
Veterans Monument Preservation	24-80-1401	77	-	77
Hall Historical Marker-Nonexpendable	24-80-209	$ 8	$ -	$ 8
Total Other Permanent Funds		$ 8,055	$ 20	$ 8,035
OTHER PRIVATE PURPOSE TRUST FUNDS				
Veteran's Private Contribution	28-5-706	-	-	-
Supplemental Purse & Breeders Awards	12-60-704	647	-	647
Early Intervention Services Trust	27-10.5-706	5,176	4,545	631
Brand Estray Fund	35-41-102	291	15	276
Total Other Private Purpose Funds		$ 6,114	$ 4,560	$ 1,554
Capitol Parking Fund	NONE	14,438	5,799	8,639
Grounds Cash Fund	26-1-133.5(2	4,749	101	4,648
Brand Inspection Fund	35-41-102	6,256	5,359	897
Business Enterprise Program	26-8.5-107	1,135	284	851
Enterprise Services	24-80-209	897	357	540
Clean Screen Authority	42-4-307.5	528	-	528
Work Therapy	26-8-107	112	18	94
Other Enterprise Funds	VARIOUS	52	-	52
Total Other Enterprise Funds		$ 28,167	$ 11,918	$ 16,249
OTHER INTERNAL SERVICE FUNDS				
Debt Collection Fund	24-30-202.4	$ 763	$ 186	$ 577
Prof Development Cash Fund	24-50-122(2)	106	97	9
		$ 869	$ 283	$ 586
OTHER SPECIAL PURPOSE GENERAL FUNDS				
School Capital Construction Assistance-COPs	22-43.7-104	410,757	31,328	379,429
Controlled Maintenance Trust -Nonexpendable	24-75-302.5	78,965	-	78,965
School Capital Construction Assistance	22-43.7-104	57,171	1,924	55,247
Economic Development Fund	24-46-105	32,807	7,040	25,767
State Employee Reserve Fund	24-50-104	16,217	-	16,217
Legislative Department Cash	2-2-1601(1)	8,210	192	8,018
Intellectual and Development tal Disabilities Services	25.5-10-207	9,622	1,982	7,640
Old Age Pension Stabilization	26-2-116	5,000	-	5,000
Indirect Cost Excess Recovery Fund	24-75-1401	4,856	5	4,851
Ballot Information Publication & District Fund	1-40-124.5	3,068	-	3,068
Housing Development Grant Fund	24-32-721	2,922	240	2,682
Persistent Drunk Driver	42-3-130.5	1,890	178	1,712
Tax Amnesty Cash Fund	39-21-202	1,054	-	1,054
Colorado Healthcare Services	25.5-3-112	964	-	964
Charter School Assistance Fund	22-30.5-515	1,437	682	755
State Supplemental Security Income Stabilization	26-2-210(1)	548	-	548
Diseased Livestock Fund	35-50-140.5	434	-	434
Colorado Family Support Loan	27-10.5-502	412	2	410
Charter School Institute Fund	22-30.5-506	2,801	2,401	400
Colorado National Guard Tuition Fund	23-5-111.4	472	76	396
Legislative Expenses Fund	2-3-1002(1)	327	-	327
Conservation Trust Fund	24-35-210(10	12,442	12,192	250
Real Estate Proceeds	28-3-106	215	-	215
Advanced Technology Fund	25-16.5-105(	145	-	145
Colorado Heritage Communites Fund	24-32-3207	127	-	127

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2014

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Position/ Fund Balance
Older Coloradans Cash Fund	26-11-205.5	1,541	1,462	79
Advanced Industries Export Account	24-47-103(8)	115	39	76
Start Smart Nutrition Program Fund	22-82.7-105	101	37	64
COFRS Warehouse Inventory	NONE	585	578	7
Youth Advisory Council Cash	2-2-1306	17	14	3
Child Protection Ombudsman Program	19-3.3-107(1	55	53	2
		$ 655,277	$ 60,425	$ 594,852
OTHER SPECIAL REVENUE FUNDS				
Mortgage Fraud Settlement Fund	NONE	36,622	1,255	35,367
Medical Marijuana License Fund	12-43.3-501	26,320	742	25,578
Gear Up Scholarship Trust Fund	RESTRICTED	24,923	2	24,921
Aviation Fund	43-10-109	16,407	2,772	13,635
Consumer Protection Custodial Funds	6-1-103	12,817	121	12,696
Supreme Court Committee	CRT RULE 227	17,595	5,157	12,438
Victims Assistance	24-4.2-104	10,820	49	10,771
Judicial Performance Cash Fund	13-32-101	10,752	-	10,752
Victims Compensation	24-4.1-117	9,796	28	9,768
Offender Services	16-11-214	7,856	-	7,856
Judicial Information Technology Cash Fund	Restricted	6,055	1	6,054
Advance Industries Acceleration	24-48.5-117(	5,912	606	5,306
Energy Efficiency Project Fund	24-38.5-106(	5,136	-	5,136
Justice Center Cash Fund	None	5,865	888	4,977
Community Development Block Grant	24-76-101	4,855	33	4,822
Disabled Telephone Users Fund	40-17-104	4,794	143	4,651
Division of Professions and Occupations	24-34-105	20,757	16,195	4,562
Judicial Collection Enhancement Fund	16-11-101.6(	3,990	-	3,990
Conveyance Safety Fund	9-5.5-111(2)	3,942	2	3,940
Secretary of State Fees Fund	24-21-104	5,105	1,245	3,860
HUD Section 8 Housing Choice Vouchers- Administration	29-4-708(K)	3,553	87	3,466
Supplier Database Cash Fund	24-102-202.5	3,407	43	3,364
CBI Identification Unit	24-33.5-426	4,008	664	3,344
Creative Industries Cash Fund	24-48.5-301(	3,099	76	3,023
Auto Theft Prevention Cash Fund	42-5-112(4A)	6,361	3,359	3,002
Donations	VARIOUS	4,603	1,742	2,861
Correctional Treatment Cash Fund	18-19-103(4)	2,762	-	2,762
Other Expendable Trusts	VARIOUS	13,371	10,692	2,679
Help America Vote Fund	HAVA 2002	2,717	159	2,558
Federal Tax Relief Act - 2003	RESTRICTED	2,523	40	2,483
Public School Construction and Inspection Fund	24-33.5-1207	2,484	81	2,403
Housing Rehabilitation Revolving Loans	None	2,350	-	2,350
Travel and Tourism Additional Fund	24-49.7-106	2,512	189	2,323
Inspection & Consumer Service Cash Fund	35-1-106.5	2,323	168	2,155
Victims Asst	24-33.5-506	2,073	186	1,887

(Continued)

COMBINING SCHEDULE OF INDIVIDUAL FUND ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE FOR OTHER PERMANENT, PRIVATE PURPOSE, ENTERPRISE, INTERNAL SERVICE FUNDS, AND SPECIAL REVENUE FUNDS JUNE 30, 2014

(Dollars in Thousands)

FUND NAME	Statutory Cite	Assets	Liabilities	Net Position/ Fund Balance
Patient Benefit Fund	NONE	1,841	2	1,839
Instant Criminal Background Check	24-33.5-424	1,986	227	1,759
Plant Health, Pest Control, Environmental Protection	35-1-106.3(1	3,753	2,018	1,735
Uniform Consumer Credit Code Custodial Funds	Restricted	1,654	120	1,534
Public School Transportation	22-51-103(1)	2,081	581	1,500
Section 8 Pre Federal FY04	NONE	1,459	-	1,459
Commercial Vehicle Enterprise	42-1-225(1)	1,347	-	1,347
Liquor Law Enforcement	24-35-401	1,318	181	1,137
Colorado Dealer License Board	12-6-123	1,290	166	1,124
Attorney's Fees and Costs	24-31-108(2)	1,105	-	1,105
Fixed Utilities Fund	40-2-114	1,856	821	1,035
P.O.S.T Board Cash Fund	24-31-303(2)	1,723	709	1,014
Criminal Alien Assistance Cash	17-1-107.5	1,002	-	1,002
State Patrol Contraband	24-33.5-225	892	8	884
Division of Security Cash Fund	11-51-707	2,722	1,848	874
Public Deposit Administration Fund	11-10.5-112	1,153	302	851
Housing Urban Development Section 8 HC Vouchers HAP/UR	29-4-708(K)	1,877	1,039	838
Court Security Cash Fund	13-1-204(1)	1,314	486	828
Innovative Energy Fund	24-38.5-102.	908	87	821
CBI Contraband	24-33.5-415	810	23	787
Library Trust Fund	24-90-105	723	6	717
Traumatic Brain Injury Fund	None	1,226	541	685
Howard Fund	26-8-104(1)C	654	-	654
Law Enforcement Grant Fund	25-17-207(4)	549	2	547
Texaco Oil Overage Fund	NONE	544	-	544
Real Estate Cash Fund	12-61-111.5	3,366	2,865	501
Educator Licensure Cash Fund	22-60.5-112	638	144	494
Collection Agency Board Custodial	24-31-108	522	32	490
Home Grant Revolving Loan Fund	NONE	8,371	7,925	446
Exxon Oild Overcharge Funds	NONE	430	-	430
Historical Society Restricted Gift	24-80-209	433	31	402
Property Tax Exemption Fund	39-2-117(3)	508	110	398
Restorative Justince Surcharge	18-25-101(3)	404	7	397
State Public Financing Fund	24-36-121(7)	345	-	345
Wine Development Fund	35-29.5-105	407	68	339
Domestic Abuse Program	39-22-802	497	164	333
Historical Society Restricted Gift	24-80-209	1,511	1,181	330
Food Distribution Prog Service	26-1-121(4B)	392	69	323
Waste Tire Fire Prevention Fund	25-17-202.8	311	-	311
Agricultural Products Inspection	35-23-114(3)	519	209	310
Violent Offender Identification Fund	24-33.5-415.	511	207	304
Identity Theft Financial Fund	24-33.5-1707	302	26	276
Mortgate Company and Loan Originator Fund	12-61-908(2)	563	304	259
Diamond Shamrock Settlement	NONE	251	-	251
Vickers Oil Overcharge Funds	EX ORD 56-87	228	-	228
Interstate Probation Transfer Fund	18-1.3-204(4	232	6	226
Patient Benefit Fund	26-12-108(2)	226	-	226
Family-Friendly Court Program	13-3-113(6)	266	43	223
Family Support Registry Fund	26-13-115.5	201	-	201
Cervidae Disease Fund	35-50-115	200	-	200
146 Funds with Net Assets Below $200,000		22,189	16,435	5,754
Total Other Special Revenue Funds		$ 378,075	$ 85,718	$ 292,357