



# Colorado

Department of Personnel  
& Administration  
Office of the State Controller

John W. Hickenlooper  
Governor

Kathy Nesbitt  
Executive Director

Robert Jaros  
State Controller

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January 29, 2014

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

Dear Governor Hickenlooper:

I am submitting a Quarterly Financial Report for the six-month period ended December 31, 2013. This Quarterly Financial Report provides the status of the State's financial condition and summarizes activity in the General Purpose Revenue Fund and the Capital Construction Fund.

The attached Exhibit A provides a *Balance Sheet* for the General Purpose Revenue Fund and Capital Construction Fund at December 31, 2013. Factors that contribute to the General Purpose Revenue Fund \$1,335.5 million deficit include income taxes that are disproportionately recorded in the final quarter of the fiscal year and the legal requirement for the Department of Education to transfer nine months of public school moneys by the end of the second quarter.

The state's current General Purpose Revenue Fund cash position (defined here as the Liability to Pooled Cash plus any State Treasurer short-term borrowing, reduced by investments available for liquidation) is \$1,705.6 million in a deficit while in the prior year, the cash position of the fund was in a deficit of \$570.5 million. The higher deficit is primarily due to the transfer of excess General Fund surplus to the State Education Fund in December 2013 for \$1,073.5 million. The General Purpose Revenue Fund has access to the cash balance of various cash funds, and therefore, the State's overall cash position should also be assessed using the definition of borrowable resources, which currently shows available cash resources in excess of \$3,476.6 million (\$3,865.4 million at December 31, 2012).

The Total Fund Balance of the Capital Construction Fund (\$166.1 million) increased from the December 31, 2012, balance (\$65.8 million). The balance increased due to higher transfers-in from the General Purpose Revenue Fund as compared to the prior year.

Exhibit B provides a *Schedule of Revenues, Expenditures and Changes in Unassigned Fund Balance - General Fund - Budget and Actual* for the six-month period ended December 31, 2013. The Current Annual Estimate Budget column reflects the most recently published OSPB estimate of revenues.

At the end of the second quarter, actual general-purpose revenues were \$4,101.1 million, which is 46.9 percent of the annual estimated revenue. The current rate of spending is 68.3 percent of appropriations. Due to the deferral of payroll expenditures and Medicaid costs from Fiscal Year 2012-13 into Fiscal Year 2013-14 and

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the accelerated transfers to the Public School Fund, departmental spending rates do not reflect one half of annual appropriations.

The line item titled Difference Between Recorded and Estimated Appropriations (\$62.2 million) is primarily attributed to legislatively authorized transfers per SB 13-234 of \$45.3 million not yet reflected in the estimated budget, and timing differences related to emergency supplementals of \$10.8 million.

Exhibit C is a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Funded By General Purpose Revenue – Budget and Actual – Capital Construction Fund for the six-month period ended December 31, 2013. Actual expenditures of the Capital Construction Fund in each year are expected to be significantly less than outstanding appropriations because of the multi-year nature of the appropriations as compared to current fiscal year expenditures.

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

Sincerely yours,



Robert Jaros, CPA, MBA, JD  
Colorado State Controller

Attachments

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

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**BALANCE SHEET**  
**GENERAL PURPOSE REVENUE AND CAPITAL CONSTRUCTION FUNDS**  
**DECEMBER 31, 2013**

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE FUND	CAPITAL CONSTRUCTION
<b>ASSETS:</b>		
Cash and Pooled Cash	\$ -	\$ 169,324
Taxes Receivable, net	1,356,694	-
Other Receivables, net	36,665	26
Intrafund Receivables	14,138	-
Due From Other Governments	113,159	110
Due From Other Funds	2,622	1,757
Inventories	5,547	-
Prepays, Advances, and Deferred Charges	24,335	4
Investments	6,603	-
Property, Plant and Equipment, net	12	-
Other Long-Term Assets	8,911	81
<b>TOTAL ASSETS</b>	<b>\$ 1,568,686</b>	<b>\$ 171,302</b>
<b>LIABILITIES:</b>		
Liability to Pooled Cash	\$ 1,206,726	\$ -
Tax Refunds Payable	707,855	-
Accounts Payable and Accrued Liabilities	229,326	4,983
TABOR Refund Fiscal Year 2004-05	706	-
Due To Other Governments	33,782	-
Due To Other Funds	4,399	92
Intrafund Payables	143	-
Deferred Revenue	337,276	-
Other Current Liabilities	382,943	-
Deposits Held in Custody for Others	1,007	155
Other Long-Term Liabilities	10	-
<b>TOTAL LIABILITIES</b>	<b>2,904,173</b>	<b>5,230</b>
<b>FUND BALANCES:</b>		
Fund Balances:		
Restricted	542	-
Committed	398,400	166,072
Unassigned	(1,734,429)	-
<b>TOTAL FUND BALANCE</b>	<b>(1,335,487)</b>	<b>166,072</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,568,686</b>	<b>\$ 171,302</b>

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
UNASSIGNED FUND BALANCE - GENERAL PURPOSE REVENUE FUND  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**

(DOLLARS IN THOUSANDS)	CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET	ACTUAL	PERCENT OF ESTIMATE
<b>REVENUES:</b>			
Sales and Use Tax	\$2,578,300	\$1,285,148	
Other Excise Taxes	95,700	48,605	
Individual Income Tax, net	5,159,900	2,366,052	
Corporate Income Tax, net	639,000	282,848	
Estate Tax	-	42	
Insurance Tax	221,900	96,413	
Parimutuel, Courts, and Other	22,700	12,018	
Investment Earnings	21,800	9,941	
Gaming	8,500	-	
<b>TOTAL GENERAL PURPOSE REVENUES</b>	<b>8,747,800</b>	<b>4,101,067</b>	<b>46.9%</b>
<b>EXPENDITURES:</b>			
Agriculture	7,724	4,412	
Corrections	666,523	375,796	
Education	3,100,516	2,771,242	
Governor	22,106	16,611	
Health Care Policy and Financing	2,065,334	1,086,881	
Higher Education	659,392	514,737	
Human Services	737,679	344,164	
Judicial Branch	383,079	241,406	
Labor and Employment	99	693	
Law	12,169	6,765	
Legislative Branch	38,593	18,416	
Local Affairs	17,699	9,689	
Military Affairs	7,379	3,894	
Natural Resources	24,979	14,421	
Personnel and Administration	9,132	7,060	
Public Health and Environment	55,042	17,069	
Public Safety	97,585	46,038	
Regulatory Agencies	1,703	929	
Revenue	166,234	96,879	
Treasury	153,871	45,711	
<b>SUBTOTAL DEPARTMENTAL EXPENDITURES</b>	<b>8,226,838</b>	<b>5,622,813</b>	<b>68.3%</b>
Difference Between Recorded and Estimated Appropriations	62,247		
<b>TOTAL GENERAL FUNDED EXPENDITURES</b>	<b>8,289,085</b>	<b>5,622,813</b>	
<b>EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES</b>	<b>458,715</b>	<b>\$(1,521,746)</b>	
<b>EXCESS AUGMENTING REVENUES</b>		<b>(1,039)</b>	
<b>TRANSFERS:</b>			
Net Transfers from the General Fund for the Older Coloradans Act	(8,000)	(8,000)	
Transfers To General Fund from Cash Funds	2,400	155	
Transfers from General Fund to Capital Construction	(186,715)	(186,715)	
<b>TOTAL TRANSFERS</b>	<b>(192,315)</b>	<b>(194,560)</b>	
<b>NET CHANGE IN GENERAL PURPOSE REVENUE FUND BALANCE RELATED TO BUDGETED OPERATIONS</b>	<b>266,400</b>	<b>(1,717,345)</b>	
<b>BEGINNING GENERAL PURPOSE REVENUE FUND BALANCE - BUDGET BASIS</b>			
Add Budgeted Non-GAAP Expenditures		1	
Deduct the GAAP Expenditures Not Budgeted		(530)	
(Increase)/Decrease - Restricted		12	
(Increase)/Decrease - Committed - Statutory 5% Reserve	(25,400)	(25,435)	
(Increase)/Decrease - Committed - Other Purposes		8,861	
(Increase)/Decrease - Assigned		7	
<b>ENDING UNASSIGNED GENERAL PURPOSE REVENUE FUND BALANCE - GAAP BASIS</b>	<b>\$ 241,000</b>	<b>\$ (1,734,429)</b>	

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - FUNDED BY GENERAL PURPOSE REVENUE  
BUDGET AND ACTUAL - CAPITAL CONSTRUCTION FUND  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013**

(DOLLARS IN THOUSANDS)	CURRENT ANNUAL ESTIMATE/ UNRESTRICTED BUDGET		ACTUAL	PERCENT OF ESTIMATE
<b>REVENUES:</b>				
General Fund Transfer-In	\$	186,700	\$ 186,715	
Interest Earnings		700	738	
<b>TOTAL CAPITAL CONSTRUCTION REVENUES</b>		<b>187,400</b>	<b>187,453</b>	100.0%
<b>EXPENDITURES:</b>				
Agriculture		1,470	397	
Corrections		30,510	17,994	
Education		1,722	19	
Governor		7,067	2,581	
Higher Education		123,034	16,362	
Human Services		7,324	1,493	
Judicial Branch		-	1	
Labor and Employment		-	69	
Military Affairs		1,066	239	
Personnel		20,458	6,650	
Public Safety		1,118	314	
Revenue		4,946	89	
Transportation		500	-	
Treasury		18,588	12,395	
<b>NET EXPENDITURES AND AUGMENTING REVENUES</b>		<b>217,803</b>	<b>58,603</b>	26.9%
<b>EXCESS GENERAL REVENUES OVER (UNDER) NET CAPITAL CONSTRUCTION EXPENDITURES</b>		<b>(30,403)</b>	<b>128,850</b>	
<b>EXCESS AUGMENTING REVENUES</b>			<b>1,363</b>	
<b>BEGINNING FUND BALANCE - GAAP BASIS</b>			<b>35,911</b>	
Add GAAP Revenue Adjustments			(52)	
<b>ENDING FUND BALANCE - GAAP BASIS</b>			<b>\$ 166,072</b>	