

**COLORADO  
COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 1998

**ROY ROMER  
GOVERNOR**

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

## **REPORT LAYOUT**

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the controller's transmittal letter, including a financial overview of the state, and the state's organization chart. The Financial Section includes the general purpose financial statements and the combining statements and schedules, as well as the auditor's opinion on the financial statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

## **INTERNET ACCESS**

The Comprehensive Annual Financial Report and other financial reports are available on the state controller's home page at:

[http://www.state.co.us/gov\\_dir/gss/acc/](http://www.state.co.us/gov_dir/gss/acc/)

**STATE OF COLORADO**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 1998**

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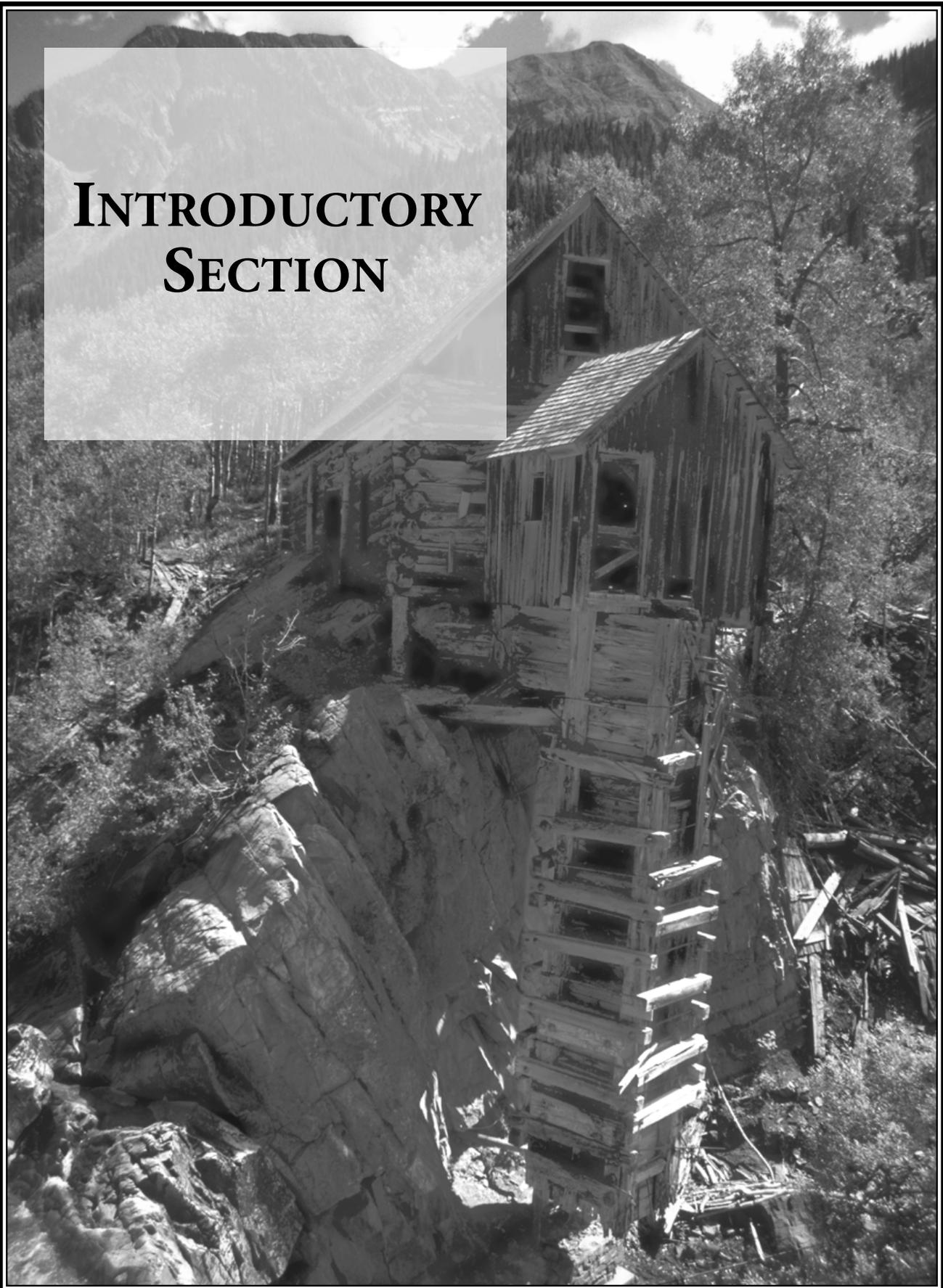
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# INTRODUCTORY SECTION





OLD STOREFRONT—LUDLOW, COLORADO

# STATE OF COLORADO

**GENERAL SUPPORT SERVICES  
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Clifford W. Hall  
State Controller

October 30, 1998

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

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Colorado for the fiscal year ended June 30, 1998. This report is prepared by the Office of the State Controller and is submitted pursuant to Colorado Revised Statutes 24-30-204. The state controller is responsible for managing the finances and financial affairs of the state and is committed to sound financial management and accountability of state government to its citizens.

We believe the financial statements are fairly presented in all material aspects. They are presented in a manner designed to set forth the financial position, results of operations, and changes in fund balances of the various fund types. All required disclosures have been included to assist the members of the General Assembly, the financial community, and the public to understand the state's financial affairs.

The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles applicable to government as prescribed by the Governmental Accounting Standards Board (GASB), and are audited by the state auditor of Colorado. In addition to the general purpose financial statements, the CAFR includes: combining financial statements, presenting information by fund; supporting schedules; certain narrative information describing individual funds; and statistical tables presenting financial, economic, and demographic data about the state.

The funds and entities included in the CAFR are those for which the state is financially accountable based on criteria for defining the financial reporting entity prescribed by GASB. The primary government is the legal entity that comprises the funds and account groups of the state, its departments, agencies, and state funded institutions of higher education. It also includes certain university foundations that have been included with the institution that is financially accountable for the foundation.

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

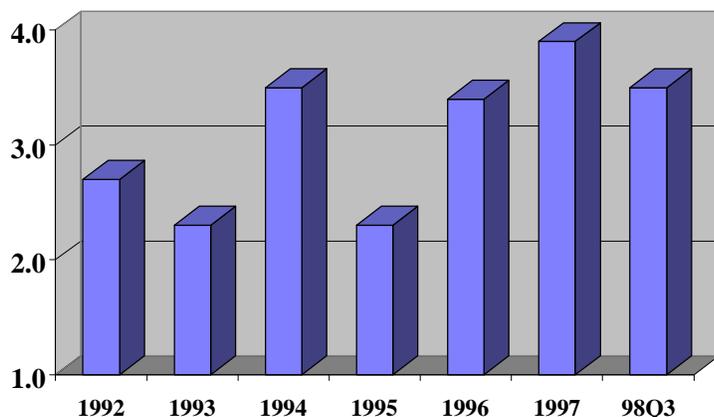
- Colorado Uninsurable Health Insurance Plan
- Colorado Water Resources and Power Development Authority
- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Travel and Tourism Authority

Additional information about these component units and other related entities is presented in this report in Note I-A of the footnotes to the general purpose financial statements. Audited financial reports are available from each of these entities.

## ECONOMIC CONDITION AND OUTLOOK

The U.S. Commerce Department reported that real Gross Domestic Product (GDP), the output of goods and services produced in the United States, increased at an annual rate of 3.3 percent in the third quarter of 1998. This followed a first quarter increase in real GDP at an annual rate of 5.5

**PERCENT CHANGE IN REAL GROSS  
DOMESTIC PRODUCT**



percent, and a second quarter annual rate of a modest 1.8 percent. Both the second and third quarters' growth were influenced by the General Motors strike. GDP figures adjusted for inventory changes were 4.6 percent and 2.3 percent for the second and third quarter, respectively.

gain in seven years. Spending on new buildings and structures fell at a 6.5 percent annual rate, the third straight quarterly drop.

Overall, businesses turned cautious in the third quarter though investments in new computers remained strong. Overall, spending on new equipment increased at a low 1.1 percent annual rate, the smallest

An increase of inventories added a full percentage point to the third quarter increase in GDP. This was probably unintentional but occurred because final sales dropped to a 2.3 percent annual rate of growth from the second quarter's 4.6 percent pace. The National Association of Purchasing Management reported that its monthly index of business activity fell to 48.3 in October, from 49.4 percent in September 1998. A reading under 50 percent is a sign of contraction in the industrial sector. Inflation remains low. The GDP's implicit price deflator rose at a 0.8 percent annual rate in the third quarter. That is the lowest rate since the mid-1960s.

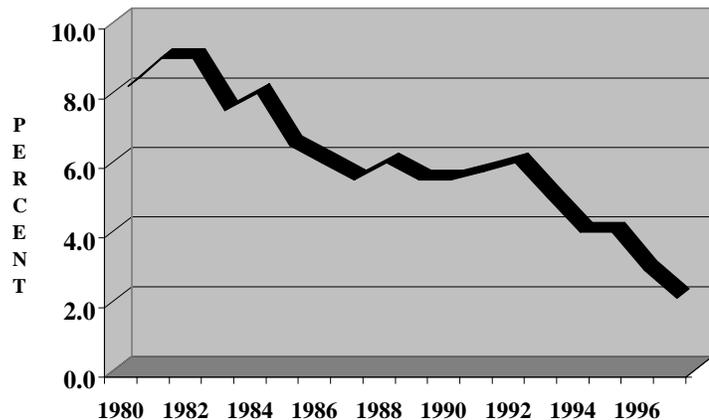
According to the U.S. Commerce Department, the U.S. trade deficit with the rest of the world surged in August to a record high as the global financial crisis depressed exports for the fifth straight month. Exports fell by 0.3 percent in August while imports rose by 2.2 percent. U.S. manufacturing is now operating at just a little over 80 percent of capacity, the lowest in five years.

The U.S. Department of Labor reported that wages and salaries paid to U.S. workers rose by 3.7 percent in the twelve months ending September 30, 1998. Strong wage growth in the last year was the result of a very low unemployment rate. Last April and May the unemployment rate had sunk to a 28 year low of 4.3 percent, and has risen only slightly since then to 4.6 percent in September.

The U.S. economy continues its unprecedented expansion because of the willingness of consumers to continue spending. Personal income rose a modest 0.2 percent in September. The smallest

increase since November 1994. Spending, however, increased a strong 0.5 percent resulting in the worst showing for savings since the U.S. Commerce Department started tracking the savings rate on a monthly basis in 1959. The savings rate, savings as a percentage of after tax income, was a minus 0.2 percent in September. So far in 1998 the savings rate has been running at 0.6 percent, down from 2.1 percent in 1997 and 2.9 percent in 1996. Over the past four years, households have been raising their spending faster than their disposable income. Rising housing prices and rising stock investments have added tremendous wealth to household balance sheets. This, along with low unemployment rates, has resulted in all time high rates of consumer confidence, and high confidence in the future suppresses the inclination to save.

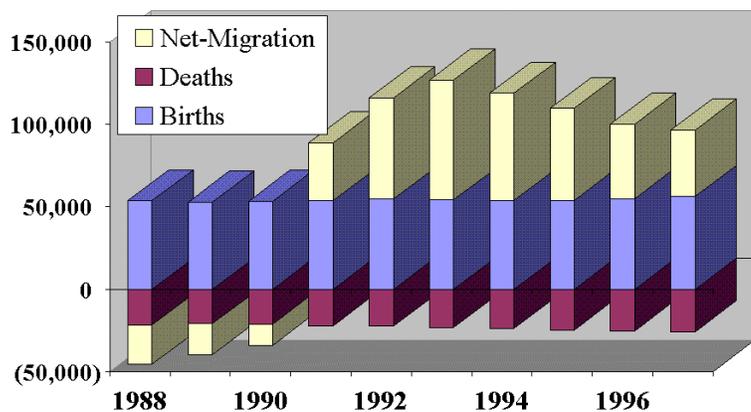
**PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE PERSONAL INCOME**



Unemployment in Colorado rose to 3.5 percent in September 1998, from a 21-year record low of 2.8 percent in January 1998. Employment though, reached a record 2.2 million jobholders even though the manufacturing sector lost 1,300 jobs in September. Colorado manufacturing is feeling the effects of the Asian crisis and employment in that sector has barely registered a gain for the year.

The Colorado residential housing market is experiencing continued strong growth. Housing starts have seen their value increase by 15 percent from last year and should be up for the rest of 1998. In-migration remains strong, along with job growth, as the main drivers of Colorado's economic expansion. Migration should remain strong in 1998 with a forecast of 38,000 increase in net migration. Colorado's population growth in 1998 should be approximately 1.8 percent, almost double the U.S. population growth rate of 1.0 percent.

**COMPONENTS OF COLORADO'S POPULATION CHANGE**



Any national recession should be milder on Colorado than the nation as a whole. The state has far less exposure in industries with substantial excess capacity such as autos, aircraft manufacturing, chemicals, semiconductors, paper products, and textiles. Colorado has diversified substantially from its historical reliance on the extractive industries and now has a substantial manufacturing presence in high-tech manufacturing, telecommunications, and a growing software industry.

If one industry in the state has been hurt by the Asian crisis it is agriculture. The majority of agricultural sales and income is from cattle, wheat, and corn. Producers of these commodities are dependent upon export markets. The U.S. Department of Agriculture projects a 5.0 percent decline in Colorado farm income for 1998.

Slower economic activity is seen for the state in 1999. Export markets will be weak because of the Asian crisis, the costs of living and doing business in Colorado have increased, business is finding it difficult to attract qualified workers, and a slowdown is anticipated for the construction industry, especially in the non-residential sector.

### **YEAR 2000 COMPLIANCE**

The state currently has initiatives underway to address the potential impact the Year 2000 Problem will have on the information technology of the state. This problem is the result of many of the state's existing information technology applications having a two-digit indicator but not a century indicator. The state is actively addressing the Year 2000 Problem. If the current progress continues the Year 2000 project should be completed as planned. However, the Year 2000 project is very large and unexpected difficulties could be encountered. Further, the state has no control over the Year 2000 remediation efforts of major service providers of the state. It is possible, therefore, that even if the state were fully Year 2000 compliant service providers of the state could adversely affect the state's business. Thus, the state is unable to provide any assurances, guarantees or warranties regarding Year 2000 matters. Progress information can be viewed on the state's web site at [www.state.co.us/Y2K](http://www.state.co.us/Y2K).

### **MAJOR GOVERNMENT INITIATIVES**

Between 1987 and 1997 the vehicle miles traveled on state highways rose 37.3 percent while the state's population increased 19.3 percent in the same period. Due to demand for improved transportation and relief from traffic congestion, for a ten year period beginning July 1, 1997, the state will allocate 10 percent of the General Fund sales tax to the Highway Users Tax Fund (HUTF). During Fiscal Year 1997-98, \$154.6 million was allocated to the HUTF.

The state completed implementing the Electronic Benefits Transfer System for social assistance benefits as mandated by the federal government.

The General Assembly submitted a referendum for the November 4, 1998 general election for continuation of a 0.1 percent sales tax in the Denver metropolitan area to build a new football stadium. The same tax was used to build Coors Stadium, the current home of the Colorado Rockies Baseball Team.

The General Assembly also submitted a referendum for the November 4, 1998 general election that if approved would allow the state to retain \$200 million of the TABOR revenue surplus for each of the next five years.

## **BUDGETARY CONTROLS AND ACCOUNTING SYSTEMS**

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

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

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

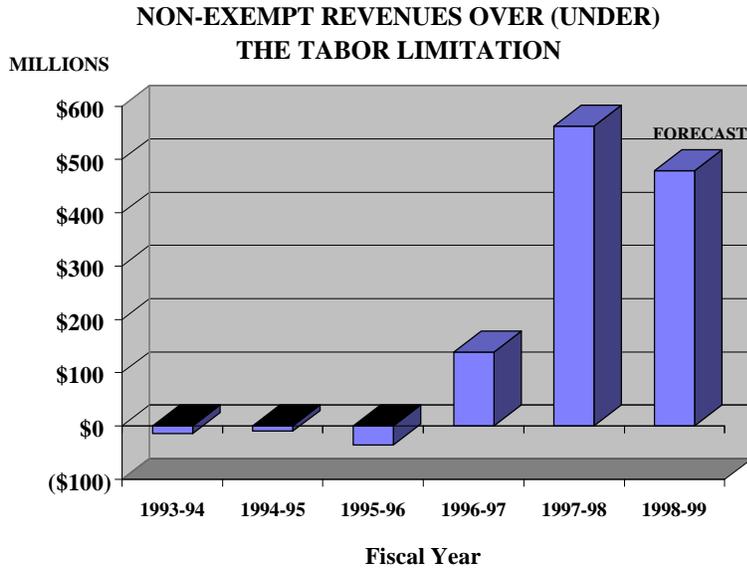
In developing the state's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets.

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

## **FINANCIAL OVERVIEW**

Fiscal year 1997-98 is the fifth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the state's constitution). With certain exceptions, the rate of growth of state revenues is limited to the combination of the percentage change in the state's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts and donations, sales of property, refunds, damage recoveries, and transfers.

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



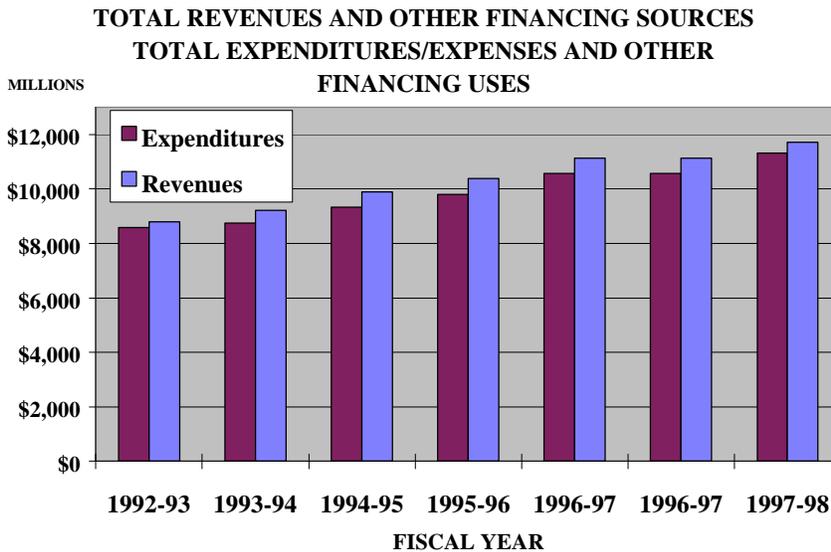
In the first three years of operation the state had not exceeded the limitation for revenues. In Fiscal Year 1997-98 and 1996-97, state revenues exceeded the TABOR limitation by \$563.2 million and \$139.0 million, respectively. The state recorded a liability in the General Fund at June 30, 1998 and 1997, for these amounts. See Note VI-D Sales Tax Refund, in the notes to the financial statements for additional details.

As the above chart indicates, the Office of State Planning and

Budgeting forecasts larger revenues than the TABOR amendment allows unless there is a reduction in taxes and/or fees collected by the state. It should be noted that the Fiscal Year 1998-99 TABOR Revenue Limitation is 2.7 percent below the pre-refund actual revenues for Fiscal Year 1997-98.

The current combined balance sheet for the state's primary government shows total assets of \$12,356 million and liabilities of \$3,744 million. Under current accounting principles this difference of \$8,612

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



Total revenues and other financing sources for the primary government, excluding operating transfers-in and excess TABOR revenues, were \$11,713 million and \$11,134 million in Fiscal Years 1997-98 and 1996-97, respectively. Total expenditures/expenses and financing uses, excluding operating transfers-out and

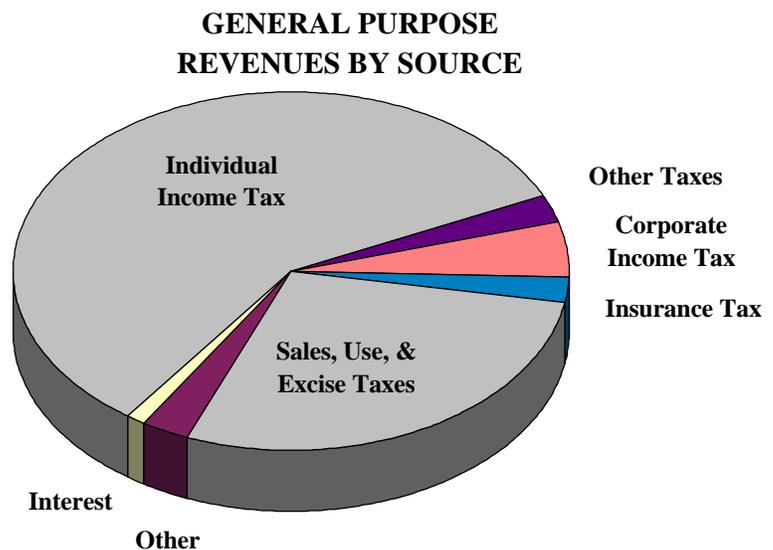
the TABOR refund liability in Fiscal Year 1996-97, were \$11,312 million and \$10,587 million for each of the same periods.

Various fund equity accounts, were larger at the end of the year than at the beginning, primarily because revenues, other financing sources, and transfers-in exceeded expenditures, other financing uses, and transfers-out for Fiscal Year 1997-98. The equities of the governmental fund types rose \$38.5 million, the combined fund equities of the colleges and universities increased by \$282.2 million, and the Trust Funds had an increase of \$121.8 million, excluding the Investment Trust Fund created by the implementation of a new accounting pronouncement.

### GENERAL FUND ACTIVITIES

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

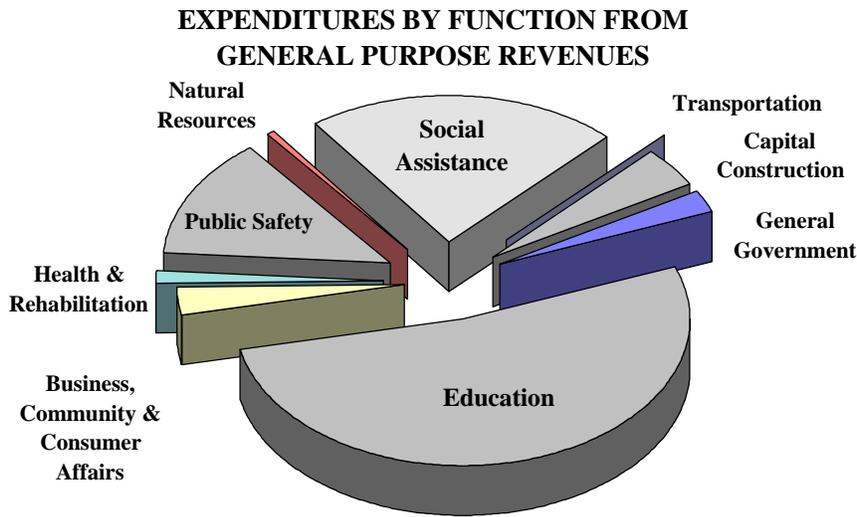
In the CAFR, all statements depicting the General Fund in the General Purpose Financial Statements Section include general purpose and augmenting revenues. The *Schedule of Revenues, Expenditures, and Changes in General Fund Surplus, Budget and Actual*, presented in the Combining Financial Statements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



Beginning in Fiscal Year 1997-98, the state began allocating 10 percent of the General Fund sales and use tax revenues to the Highway Users Tax Fund (HUTF). These revenues, which amounted to \$154.6 million in Fiscal Year 1997-98, are no longer recorded as general purpose revenues.

General purpose revenues for Fiscal Years 1997-98 and 1996-97 were \$5,244 million and \$4,679 million, respectively. Sales and use taxes decreased by \$34.2 million or 2.4 percent because of the allocation to HUTF. Individual income taxes increased by \$479.1 million or 18.6 percent. This large increase in income taxes demonstrates the continued health of the Colorado economy and continued robust job and population growth in the state during Fiscal Year 1997-98.

Total expenditures and transfers-out funded from general purpose revenues during Fiscal Years 1997-98 and 1996-97 were \$4,724 million and \$4,534 million, respectively. The Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately



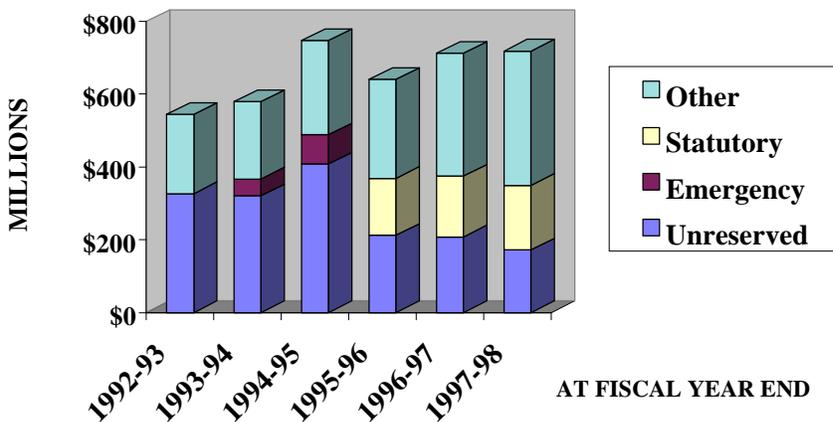
79.5 percent of all Fiscal Year 1997-98 general funded expenditures. Of the departments with substantial general funded expenditures, the Department of Revenue had the largest annual percentage increase at 33.2 percent over the previous year. This is due to the substitution of general purpose revenues for HUTF revenues in funding elements of the department such as the Motor Vehicle Division. For the last several years the Department of Corrections

has been the fastest growing general funded department. Its expenditures financed by general purpose revenues grew by 15.6 percent over Fiscal Year 1996-97.

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

the state. This limitation is controlled through the legislative budget process.

**RESERVED AND UNRESERVED  
GENERAL FUND FUND BALANCE**



The "Unreserved" title, in the fund equity section of the General Fund on the *Combined Balance Sheet* of the General Purpose Financial Statements, relates to the accumulated net general purpose revenues. The cumulative net augmenting revenues are represented as "Reserved For Other Specific Purposes." Augmenting revenues of the General Fund were \$2,128

million and \$2,089 million in Fiscal Year 1997-98 and 1996-97, respectively. Federal grants and contracts made up 87.8 percent and 88.4 percent of this amount in each respective fiscal year. The remainder is cash funds, which consist of revenues of specific programs that are statutorily restricted.

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

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

## **PROPRIETARY OPERATIONS**

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

For Fiscal Year 1997-98, proprietary fund types had an equity increase of \$134,221. The Telecommunications Internal Service Fund received \$114,074 of fixed assets and the State Nursing Homes Enterprise Fund received \$95,541 of fixed assets funded by the Capital Construction Fund. The Highway Fund, a special revenue fund, transferred \$113,813 to the Highways Internal Service Fund.

Total fund equity for the proprietary funds at June 30, 1998 and June 30, 1997, were \$109.4 million and \$109.2 million, respectively. Operating revenues for the proprietary operations were \$685.3 million for Fiscal Year 1997-98 and \$648.6 million for Fiscal Year 1996-97. Operating expenses were \$640.8 million and \$608.6 million, respectively. During Fiscal Year 1997-98, the major transfers from the Lottery Fund were \$35.5 million to the Conservation Trust Fund and \$8.9 million to the Wildlife Fund. In addition, \$53.0 million was distributed from the Lottery Fund's net proceeds to the Great Outdoors Colorado Trust Fund, a constitutionally created public authority.

## **DEBT ADMINISTRATION**

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

## **CASH MANAGEMENT**

Statutes permit the state treasurer to invest cash not needed immediately to pay obligations of the state. These investments may consist of obligations of the United States, commercial paper of prime quality, repurchase agreements, bank acceptance agreements, and other investment instruments. The state treasurer also invests the funds of the Colorado Water Resources and Power Development Authority, a

component unit, and the Great Outdoors Colorado Trust Fund. At June 30, 1998, the state treasurer held the following investments at fair value:

Investment Type	Amount in Millions
United States Treasury and Agencies	\$1,743.7
Asset Backed Securities	869.6
Mortgages	351.3
Commercial Paper	558.2
Bankers' Acceptance	76.9
Corporate Bonds	558.5
TOTAL	<u><u>\$4,158.2</u></u>

Included above is \$772.1 million belonging to the Colorado Compensation Insurance Authority that the state treasurer maintains in a separate investment trust fund. The financial statements of that fund are included in this report.

### **RISK MANAGEMENT**

The state self-insures its agencies, officials, and employees for the risks of losses for general liability, motor vehicle liability, workers' compensation, and medical claims. The state uses the General Fund and the General Long-Term Debt Account Group to account for the risk management function including operations and for all claims or judgments except for employee medical claims. (See Notes I-E, IV-D, and IV-F to the General Purpose Financial Statements). Medical claims for officials and employees are managed through the State Employees and Officials Insurance Fund, an internal service fund. Property claims are not self-insured, as the state has purchased insurance. (See Note IV-F to the General Purpose Financial Statements.)

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

### **INDEPENDENT AUDIT**

The audit of the General Purpose Financial Statements was performed by the state auditor. The opinion of the auditor is on page 25 of this report preceding the financial statements. Besides an audit of the statewide financial statements, the auditor will from time to time audit the financial statements and operations of various departments and institutions within state government.

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

programs are tested. The state prepares a Schedule of Expenditures of Federal Awards for inclusion in the state auditor's Statewide Single Audit Report. The state auditor issues reports on the schedule, the financial statements, internal controls, and compliance with the requirements of federal assistance programs.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state for the Fiscal Year 1996-97 Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award which recognizes conformance with the highest standards for preparation of state and local government financial reports. This is the first year that the state has received this award.

### **ACKNOWLEDGMENTS**

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

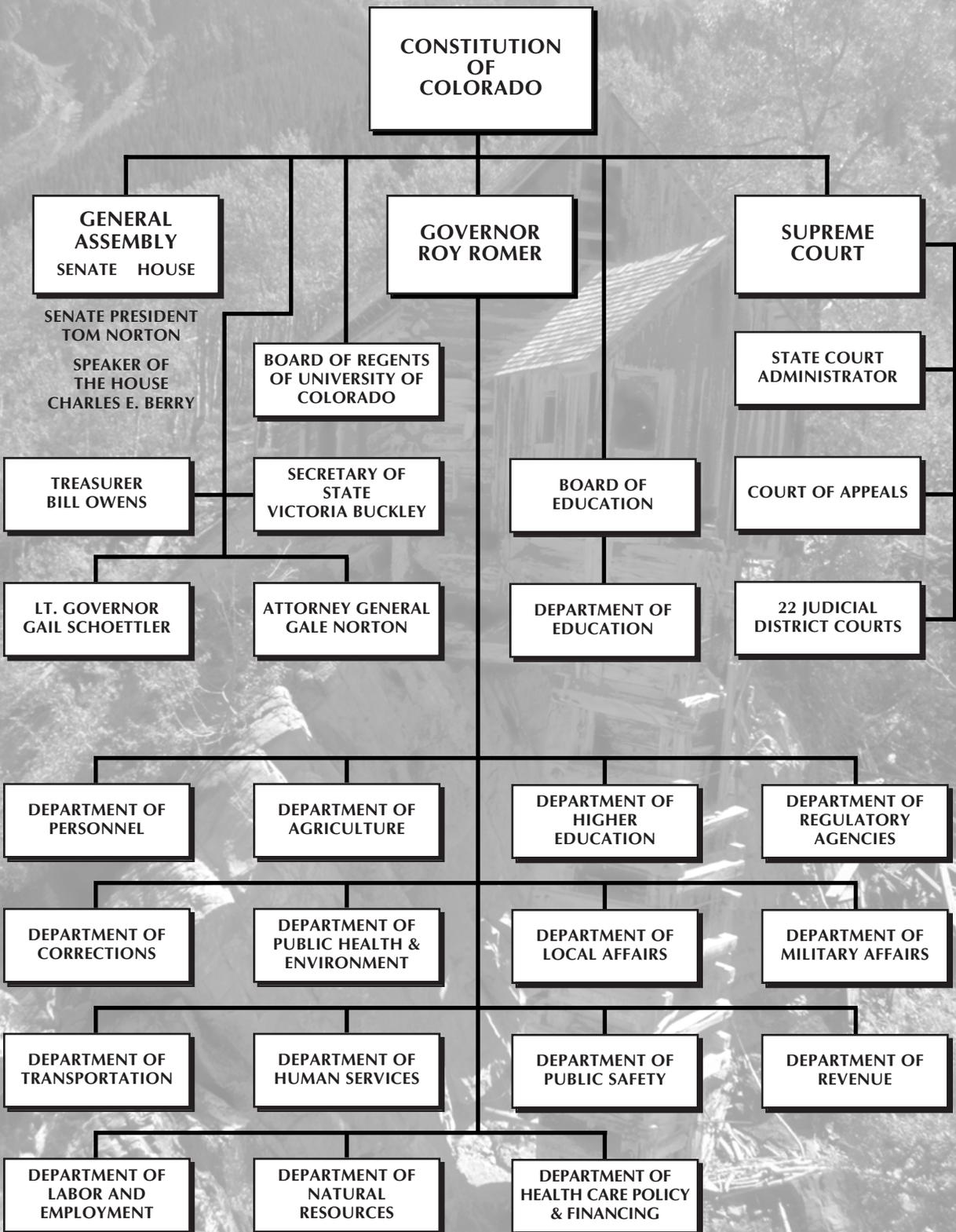
Sincerely,

A handwritten signature in black ink that reads "Clifford W. Hall". The signature is written in a cursive style with a prominent initial "C".

Clifford W. Hall  
State Controller



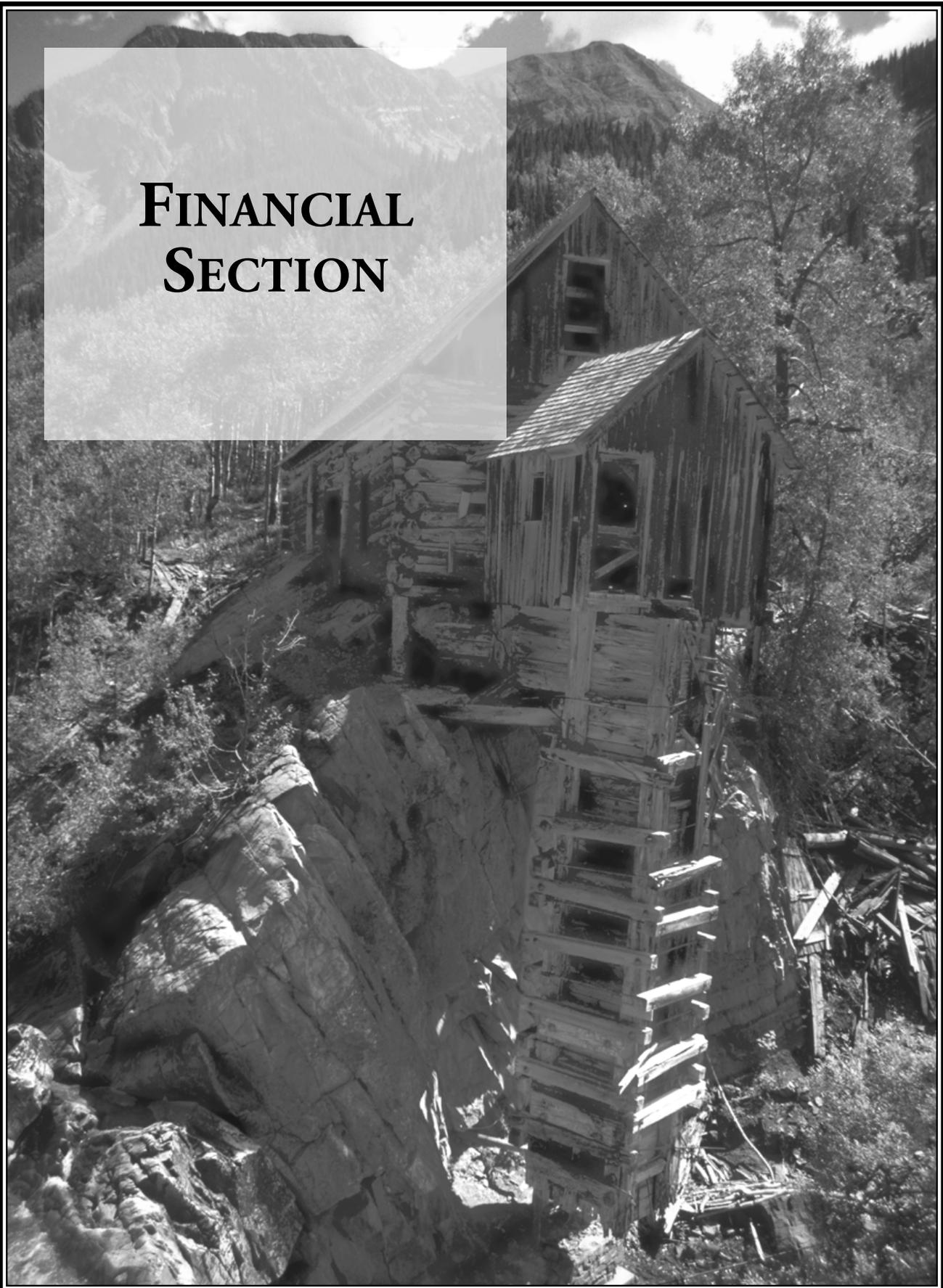
# PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





BOGGSVILLE, COLORADO

# FINANCIAL SECTION





BAGLEY MILL—CALIFORNIA GULCH



## STATE OF COLORADO

J. DAVID BARBA, CPA  
State Auditor

OFFICE OF THE STATE AUDITOR  
(303) 866-2051  
FAX (303) 866-2060

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

October 30, 1998

### Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 1998, on our consideration of the State of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

As discussed in Note III G to the financial statements, in fiscal year 1998 the State changed its method of accounting for investments to adopt new government accounting standards.

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

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

*J. David Barba*



ROMLEY, COLORADO

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS AT JUNE 30, 1998  
AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THEIR MOST RECENT FISCAL YEAR END**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>ASSETS AND OTHER DEBITS:</b>				
Cash and Pooled Cash	\$ 1,212,555	\$ 647,681	\$ 128	\$ 399,222
Taxes Receivable, net	585,598	72,535	-	-
Other Receivables, net	52,633	12,295	17	411
Due From Other Governments	161,462	79,629	341	2,891
Due From Other Funds	34,028	14,704	-	9,392
Inventories	6,608	11,431	-	-
Prepays, Advances, and Deferred Charges	25,717	417	-	2,798
Investments	3,008	72,426	3,994	21,004
Property, Plant and Equipment, net	-	-	-	-
Rights Under Deferred Compensation	-	-	-	-
Other Long-Term Assets	7,180	115,920	-	208
Amount Available in Debt Service Fund	-	-	-	-
Amount To Be Provided For Retirement Of Long-Term Obligations	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 2,088,789</b>	<b>\$ 1,027,038</b>	<b>\$ 4,480</b>	<b>\$ 435,926</b>
<b>LIABILITIES:</b>				
Warrants Payable	\$ 86,843	\$ 12,240	\$ -	\$ 3,432
Tax Refunds Payable	234,576	364	-	-
Accounts Payable and Accrued Liabilities	302,233	83,381	5	32,252
TABOR Refund Liability (See Note II-E)	572,821	-	-	-
Due To Other Governments	45,601	64,960	-	-
Due To Other Funds	24,870	29,911	-	1,723
Deferred Revenue	73,103	19,738	-	333
Other Current Liabilities	26,374	12,517	-	-
Deposits Held In Custody For Others	4,061	11	-	-
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Obligations Under Deferred Compensation	-	-	-	-
Other Long-Term Liabilities	296	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,370,778</b>	<b>223,122</b>	<b>5</b>	<b>37,740</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balances:				
Reserved For:				
Encumbrances	9,785	426,504	-	166,985
Other Specific Purposes	352,244	353,800	4,475	3,511
Long-Term Assets and Long-Term Receivables	7,180	116,129	-	208
Statutory Requirements (See Note I-M)	176,976	-	-	-
Unreserved:				
Designated	-	-	-	227,482
Undesignated	171,826	(92,517)	-	-
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>718,011</b>	<b>803,916</b>	<b>4,475</b>	<b>398,186</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 2,088,789</b>	<b>\$ 1,027,038</b>	<b>\$ 4,480</b>	<b>\$ 435,926</b>

See accompanying notes to the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			MEMORANDUM ONLY	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS			
\$ 89,212	\$ 33,750	\$ 1,019,720	\$ -	\$ -	\$ 260,293	\$ 3,662,561	\$ 116,524	
-	-	125,400	-	-	-	783,533	5,019	
18,634	700	30,363	-	-	166,798	281,851	41,566	
9,863	137	764	-	-	35,122	290,209	13,725	
675	28	23,972	-	-	19,332	102,131	8,382	
11,334	671	21	-	-	22,895	52,960	4,374	
882	193	3	-	-	16,441	46,451	2,358	
-	-	1,291,268	-	-	499,342	1,891,042	347,486	
31,242	50,960	11,990	1,575,763	-	2,686,997	4,356,952	350,448	
-	-	288,085	-	-	-	288,085	-	
826	-	15,069	-	-	6,178	145,381	284,688	
-	-	-	-	4,475	-	4,475	-	
-	-	-	-	450,308	-	450,308	-	
\$ 162,668	\$ 86,439	\$ 2,806,655	\$ 1,575,763	\$ 454,783	\$ 3,713,398	\$ 12,355,939	\$ 1,174,570	
\$ 2,169	\$ 4,114	\$ 6,039	\$ -	\$ -	\$ 12,439	\$ 127,276	\$ -	
-	-	237	-	-	-	235,177	-	
11,335	6,164	23,023	-	-	129,015	587,408	54,604	
-	-	-	-	-	-	572,821	-	
8,555	-	128,428	-	-	2	247,546	78,811	
18,114	844	8,772	-	-	17,897	102,131	8,382	
9,709	8,601	1,046	-	-	73,247	185,777	1,445	
20,186	18,571	8,972	-	-	10,524	97,144	15,797	
6	-	208,945	-	-	21,622	234,645	-	
798	23,455	84	-	44,313	111,214	179,864	-	
330	-	-	-	-	340,753	341,083	470,528	
2,841	1,131	212	-	103,720	78,366	186,270	5,163	
-	-	288,007	-	-	-	288,007	-	
2,582	244	9,997	-	306,750	38,448	358,317	2,127	
76,625	63,124	683,762	-	454,783	833,527	3,743,466	636,857	
-	-	-	1,575,763	-	2,093,156	3,668,919	-	
21,966	8,366	-	-	-	-	30,332	74,367	
64,077	14,949	-	-	-	-	79,026	172,162	
-	-	-	-	-	-	603,274	-	
-	-	1,916,732	-	-	617,477	3,248,239	102,326	
-	-	-	-	-	-	123,517	-	
-	-	206,161	-	-	-	383,137	-	
-	-	-	-	-	155,722	383,204	-	
-	-	-	-	-	13,516	92,825	188,858	
86,043	23,315	2,122,893	1,575,763	-	2,879,871	8,612,473	537,713	
\$ 162,668	\$ 86,439	\$ 2,806,655	\$ 1,575,763	\$ 454,783	\$ 3,713,398	\$ 12,355,939	\$ 1,174,570	

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998  
AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THEIR MOST RECENT FISCAL YEAR END**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>REVENUES:</b>				
Taxes (See Note II-E)	\$ 4,510,107	\$ 717,073	\$ -	\$ -
Licenses, Permits, and Fines	145,213	248,327	-	308
Charges for Goods and Services	171,884	10,792	-	-
Investment Income	81,558	47,359	324	33,119
Federal Grants and Contracts	1,942,337	263,021	-	7,176
Other	70,483	28,330	-	30,721
<b>TOTAL REVENUES</b>	<b>6,921,582</b>	<b>1,314,902</b>	<b>324</b>	<b>71,324</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	200,793	5,714	-	-
Business, Community and Consumer Affairs	187,902	11,541	-	-
Education	68,325	6,464	-	-
Health and Rehabilitation	411,527	5,992	-	-
Justice	570,712	44,764	-	-
Natural Resources	55,233	60,388	-	-
Social Assistance	1,769,870	-	-	-
Transportation	999	715,455	-	-
Capital Outlay	17,461	26,181	-	189,227
Intergovernmental:				
Cities	37,278	130,716	-	976
Counties	743,903	163,155	-	102
School Districts	2,010,189	384	-	5
Special Districts	39,763	9,266	-	163
Federal	6,856	474	-	311
Other	57,433	3,565	-	182
Debt Service	8,727	-	32,294	-
<b>TOTAL EXPENDITURES</b>	<b>6,186,971</b>	<b>1,184,059</b>	<b>32,294</b>	<b>190,966</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>734,611</b>	<b>130,843</b>	<b>(31,970)</b>	<b>(119,642)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer-In	116,399	106,385	32,294	221,756
Operating Transfer-Out	(844,660)	(70,139)	-	(238,096)
Capital Lease Proceeds	611	-	-	-
Advances from Private or Public Sources	-	-	-	542
Other	(129)	(30)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(727,779)</b>	<b>36,216</b>	<b>32,294</b>	<b>(15,798)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>6,832</b>	<b>167,059</b>	<b>324</b>	<b>(135,440)</b>
<b>FUND BALANCE, FISCAL YEAR BEGINNING</b>				
Net Residual Equity Transfers-In (Out) (See Note III-N)	181	(114)	-	-
Prior Period Adjustment (See Note III-M)	(1,204)	(670)	-	1,566
<b>FUND BALANCE, FISCAL YEAR END</b>	<b>\$ 718,011</b>	<b>\$ 803,916</b>	<b>\$ 4,475</b>	<b>\$ 398,186</b>

See accompanying notes to the financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
<b>EXPENDABLE TRUST</b>		
\$ 204,677	\$ 5,431,857	\$ -
24,731	418,579	-
1,047	183,723	-
60,524	222,884	2,746
12,667	2,225,201	-
21,314	150,848	-
324,960	8,633,092	2,746
2,010	208,517	-
161,912	361,355	-
282	75,071	-
349	417,868	-
3,561	619,037	-
204	115,825	-
2	1,769,872	-
-	716,454	-
290	233,159	-
23,798	192,768	-
12,678	919,838	-
196	2,010,774	-
4,009	53,201	-
181	7,822	-
20,034	81,214	-
24	41,045	-
229,530	7,823,820	-
95,430	809,272	2,746
35,950	512,784	-
(43,310)	(1,196,205)	(2,750)
-	611	-
-	542	-
-	(159)	-
(7,360)	(682,427)	(2,750)
88,070	126,845	(4)
660,763	2,546,817	42,639
(181)	(114)	-
191	(117)	-
\$ 748,843	\$ 2,673,431	\$ 42,635

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - ALL BUDGETED FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
<b>REVENUES AND TRANSFERS-IN:</b>				
Sales and Other Excise Taxes			\$ 2,120,964	
Income Taxes			3,314,732	
Other Taxes			618,125	
Federal Grants and Contracts			2,309,504	
Tuition and Fees			482,091	
Sales and Services			805,691	
Interest Earnings			245,235	
Medicaid Provider Revenues			72,615	
Other Revenues			657,415	
Transfers-In			3,694,113	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>14,320,485</b>	
<b>EXPENDITURES/EXPENSES AND TRANSFERS-OUT:</b>				
Operating Budgets:				
Departmental:				
Agriculture	\$ 32,612	\$ 33,236	23,528	\$ 9,708
Corrections	338,981	348,100	335,362	12,738
Education	3,789,541	3,840,372	3,764,382	75,990
Governor	28,391	75,063	40,153	34,910
Health Care Policy and Financing	1,705,026	1,701,853	1,679,125	22,728
Higher Education	2,000,651	1,998,816	1,932,599	66,217
Human Services	1,303,893	1,364,483	1,167,766	196,717
Judicial Branch	204,595	210,410	206,960	3,450
Labor and Employment	352,785	425,115	309,429	115,686
Law	27,666	29,373	25,457	3,916
Legislative Branch	25,851	26,828	22,366	4,462
Local Affairs	151,869	223,852	123,387	100,465
Military Affairs	113,557	11,927	9,193	2,734
Natural Resources	361,224	358,808	178,347	180,461
Personnel	283,410	285,339	274,603	10,736
Public Health and Environment	212,148	244,843	216,454	28,389
Public Safety	123,780	172,030	129,764	42,266
Regulatory Agencies	66,301	66,533	58,174	8,359
Revenue	604,933	685,023	660,371	24,652
State	14,490	14,490	13,690	800
Transportation	1,035,303	1,537,154	807,240	729,914
Treasury	897,742	975,706	949,516	26,190
Transfers Not Appropriated by Department	198,798	203,998	203,998	-
Fiscal Year 1997-98 TABOR Refund	55,900	139,026	139,026	-
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>13,929,447</b>	<b>14,972,378</b>	<b>13,270,890</b>	<b>1,701,488</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - ALL BUDGETED FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital Budgets:				
Departmental:				
Agriculture	1,644	320	191	129
Corrections	140,574	410,647	149,891	260,756
Education	4,149	1,327	439	888
Governor	-	33,521	6,346	27,175
Health Care Policy and Financing	2,794	940	246	694
Higher Education	204,540	260,805	114,895	145,910
Human Services	65,575	33,460	15,033	18,427
Judicial Branch	275	89	-	89
Labor and Employment	26,200	-	-	-
Military Affairs	727	14,010	6,534	7,476
Natural Resources	29,619	58,577	9,493	49,084
Personnel	21,042	42,359	35,002	7,357
Public Health and Environment	11,519	6,776	1,961	4,815
Public Safety	6,485	6,076	1,374	4,702
Regulatory Agencies	-	1,584	299	1,285
Revenue	6,189	9,477	2,657	6,820
Transportation	100,000	224,698	87,885	136,813
Budgets/Transfers Not Booked by Department	10,702	10,702	10,702	-
SUB-TOTAL CAPITAL BUDGETS	632,034	1,115,368	442,948	672,420
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$ 14,561,481	\$ 16,087,746	13,713,838	\$ 2,373,908
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER)				
EXPENDITURES/EXPENSES AND TRANSFERS-OUT			606,647	
FUND BALANCE/EQUITY, JULY 1 - BUDGETARY BASIS			7,321,299	
Add: Budgeted Non-GAAP Expenditures (See Note II-D)			13,485	
Less: GAAP Expenditures Not Budgeted (See Note II-D)			78,874	
GAAP Revenue Adjustments (See Note II-D)			(654,618)	
Increase (Decrease) in Non-Budgeted Funds			415,950	
Addition of Northeastern Junior College's Non-Budgeted Funds			14,762	
Prior Period Adjustments (See Note III-M)			816,074	
FUND BALANCE/EQUITY, JUNE 30 - GAAP BASIS			\$ 8,612,473	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
<b>REVENUES AND TRANSFERS-IN:</b>				
Sales and Other Excise Taxes			\$ 1,484,750	
Income Taxes			3,314,732	
Other Taxes			230,954	
Federal Grants and Contracts			3,513	
Sales and Services			995	
Interest Earnings			82,772	
Medicaid Provider Revenues			72,615	
Other Revenues			84,967	
Transfers-In			227,670	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>5,502,968</b>	
<b>EXPENDITURES AND TRANSFERS-OUT:</b>				
Operating Budgets:				
Departmental:				
Agriculture	\$ 7,478	\$ 7,691	7,436	\$ 255
Corrections	290,229	299,850	296,962	2,888
Education	1,818,229	1,831,453	1,830,940	513
Governor	3,067	3,067	2,996	71
Health Care Policy and Financing	809,809	785,987	787,288	(1,301)
Higher Education	651,924	652,075	651,957	118
Human Services	439,153	432,003	424,801	7,202
Judicial Branch	166,038	168,842	168,446	396
Labor and Employment	140	140	20	120
Law	9,185	9,724	8,791	933
Legislative Branch	23,545	24,522	21,832	2,690
Local Affairs	27,283	30,187	26,884	3,303
Military Affairs	3,719	3,608	3,460	148
Natural Resources	24,910	25,055	24,849	206
Personnel	16,015	16,144	15,383	761
Public Health and Environment	20,558	20,616	20,530	86
Public Safety	40,327	39,567	39,334	233
Regulatory Agencies	1,463	1,463	1,194	269
Revenue	157,548	160,609	155,105	5,504
Transportation	288	288	241	47
Treasury	30,971	31,322	31,173	149
Transfers Not Appropriated by Department	198,798	203,998	203,998	-
Fiscal Year 1997-98 TABOR Refund	55,900	139,026	139,026	-
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>4,796,577</b>	<b>4,887,237</b>	<b>4,862,646</b>	<b>24,591</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 1998 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital Budgets:				
Departmental:				
Agriculture	1,644	320	191	129
Corrections	139,373	408,619	149,611	259,008
Education	4,149	1,327	439	888
Governor	-	28,404	6,346	22,058
Health Care Policy and Financing	984	470	123	347
Higher Education	167,056	227,773	97,658	130,115
Human Services	56,289	30,990	14,228	16,762
Judicial Branch	275	89	-	89
Military Affairs	535	4,078	1,180	2,898
Personnel	18,231	38,335	32,696	5,639
Public Health and Environment	3,000	6,561	1,888	4,673
Public Safety	5,439	4,870	453	4,417
Revenue	5,028	7,051	1,884	5,167
Transportation	100,000	224,698	87,885	136,813
Budgets/Transfers Not Booked by Department	10,702	10,702	10,702	-
<b>SUB-TOTAL CAPITAL BUDGETS</b>	<b>512,705</b>	<b>994,287</b>	<b>405,284</b>	<b>589,003</b>
<b>TOTAL EXPENDITURES AND TRANSFERS-OUT</b>	<b>\$ 5,309,282</b>	<b>\$ 5,881,524</b>	<b>5,267,930</b>	<b>\$ 613,594</b>
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			<u><u>\$ 235,038</u></u>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - CASH FUNDED  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
<b>REVENUES AND TRANSFERS-IN:</b>				
Sales and Other Excise Taxes			\$ 636,214	
Other Taxes			387,171	
Tuition and Fees			482,091	
Sales and Services			804,696	
Interest Earnings			162,463	
Other Revenues			572,448	
Transfers-In			3,466,443	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>6,511,526</b>	
<b>EXPENDITURES/EXPENSES AND TRANSFERS-OUT:</b>				
Operating Budgets:				
Departmental:				
Agriculture	\$ 24,707	\$ 24,704	15,545	\$ 9,159
Corrections	42,556	41,697	32,532	9,165
Education	1,766,346	1,738,578	1,733,648	4,930
Governor	16,242	15,471	12,812	2,659
Health Care Policy and Financing	21,587	42,175	32,998	9,177
Higher Education	1,290,629	1,286,793	1,224,181	62,612
Human Services	483,017	218,720	207,851	10,869
Judicial Branch	37,675	38,249	36,193	2,056
Labor and Employment	271,931	301,410	224,918	76,492
Law	17,842	18,999	16,069	2,930
Legislative Branch	2,306	2,306	534	1,772
Local Affairs	87,366	95,302	59,594	35,708
Military Affairs	1,304	1,304	1,243	61
Natural Resources	320,947	309,611	139,271	170,340
Personnel	267,395	269,145	259,192	9,953
Public Health and Environment	52,605	62,272	52,753	9,519
Public Safety	71,864	72,023	69,809	2,214
Regulatory Agencies	64,118	63,729	55,932	7,797
Revenue	446,572	521,980	503,907	18,073
State	14,490	14,490	13,690	800
Transportation	836,318	1,025,890	552,299	473,591
Treasury	866,771	891,884	871,438	20,446
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>7,004,588</b>	<b>7,056,732</b>	<b>6,116,409</b>	<b>940,323</b>
Capital Budgets:				
Departmental:				
Corrections	1,201	2,028	280	1,748
Governor	-	5,117	-	5,117
Health Care Policy and Financing	13	-	-	-
Higher Education	34,484	29,957	14,723	15,234
Human Services	3,032	1,006	303	703
Labor and Employment	25,400	-	-	-
Military Affairs	-	863	700	163
Natural Resources	28,969	52,396	7,660	44,736
Personnel	2,811	4,024	2,306	1,718
Public Health and Environment	8,519	215	73	142
Public Safety	1,046	1,206	921	285
Regulatory Agencies	-	1,584	299	1,285
Revenue	1,161	2,426	773	1,653
<b>SUB-TOTAL CAPITAL BUDGETS</b>	<b>106,636</b>	<b>100,822</b>	<b>28,038</b>	<b>72,784</b>
<b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>	<b>\$ 7,111,224</b>	<b>\$ 7,157,554</b>	<b>6,144,447</b>	<b>\$ 1,013,107</b>
<b>EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>			<b>\$ 367,079</b>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - FEDERALLY FUNDED  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
<b>REVENUES AND TRANSFERS-IN:</b>				
Federal Grants and Contracts			\$ 2,305,991	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>2,305,991</b>	
<b>EXPENDITURES/EXPENSES AND TRANSFERS-OUT:</b>				
Operating Budgets:				
Departmental:				
Agriculture	\$ 427	\$ 841	547	\$ 294
Corrections	6,196	6,553	5,868	685
Education	204,966	270,341	199,794	70,547
Governor	9,082	56,525	24,345	32,180
Health Care Policy and Financing	873,630	873,691	858,839	14,852
Higher Education	58,098	59,948	56,461	3,487
Human Services	381,723	713,760	535,114	178,646
Judicial Branch	882	3,319	2,321	998
Labor and Employment	80,714	123,565	84,491	39,074
Law	639	650	597	53
Local Affairs	37,220	98,363	36,909	61,454
Military Affairs	108,534	7,015	4,490	2,525
Natural Resources	15,367	24,142	14,227	9,915
Personnel	-	50	28	22
Public Health and Environment	138,985	161,955	143,171	18,784
Public Safety	11,589	60,440	20,621	39,819
Regulatory Agencies	720	1,341	1,048	293
Revenue	813	2,434	1,359	1,075
Transportation	198,697	510,976	254,700	256,276
Treasury	-	52,500	46,905	5,595
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>2,128,282</b>	<b>3,028,409</b>	<b>2,291,835</b>	<b>736,574</b>
Capital Budgets:				
Departmental:				
Health Care Policy and Financing	1,797	470	123	347
Higher Education	3,000	3,075	2,514	561
Human Services	6,254	1,464	502	962
Labor and Employment	800	-	-	-
Military Affairs	192	9,069	4,654	4,415
Natural Resources	650	6,181	1,833	4,348
<b>SUB-TOTAL CAPITAL BUDGETS</b>	<b>12,693</b>	<b>20,259</b>	<b>9,626</b>	<b>10,633</b>
<b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>	<b>\$ 2,140,975</b>	<b>\$ 3,048,668</b>	<b>2,301,461</b>	<b>\$ 747,207</b>
<b>EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>			<b>\$ 4,530</b>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998  
AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
<b>OPERATING REVENUES:</b>		
Licenses and Permits	\$ 46	\$ -
Charges for Goods and Services	436,866	168,000
Investment and Rental Income	3,770	7,729
Federal Grants and Contracts	67,983	-
Other	592	289
<b>TOTAL OPERATING REVENUES</b>	<b>509,257</b>	<b>176,018</b>
<b>OPERATING EXPENSES:</b>		
Salaries & Fringe Benefits	41,068	20,021
Operating and Travel	111,788	142,058
Cost of Goods Sold	29,212	4,548
Depreciation	3,313	12,065
Intergovernmental Distributions	54,632	1,100
Prizes and Awards	221,029	2
Other	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>461,042</b>	<b>179,794</b>
<b>OPERATING INCOME (LOSS)</b>	<b>48,215</b>	<b>(3,776)</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>		
Taxes	-	-
Fines	31	395
Interest and Rents	2,656	145
Grants and Donations	581	-
Federal Grants and Contracts	454	-
State Funds	-	-
Debt Service	(105)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>3,617</b>	<b>540</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>51,832</b>	<b>(3,236)</b>
<b>OPERATING TRANSFERS:</b>		
Operating Transfer-In	257	972
Operating Transfer-Out	(46,282)	(3,490)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(46,025)</b>	<b>(2,518)</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>5,807</b>	<b>(5,754)</b>
<b>FUND EQUITY, FISCAL YEAR BEGINNING</b>	<b>79,917</b>	<b>29,312</b>
Additions (Deductions) to Contributed Capital	96	228
Prior Period/Other Adjustments (See Note III-M)	223	(471)
<b>FUND EQUITY, FISCAL YEAR END</b>	<b>\$ 86,043</b>	<b>\$ 23,315</b>

See accompanying notes to the financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
NONEXPENDABLE TRUST		
\$ -	\$ 46	\$ -
-	604,866	239,928
38,677	50,176	14,461
-	67,983	-
-	881	14,355
38,677	723,952	268,744
-	61,089	97,263
-	253,846	89,089
-	33,760	44,127
-	15,378	20,793
-	55,732	-
-	221,031	-
-	-	7,107
-	640,836	258,379
38,677	83,116	10,365
-	-	27,427
-	426	-
-	2,801	17,408
-	581	-
-	454	-
-	-	3,894
-	(105)	(6,975)
-	4,157	41,754
38,677	87,273	52,119
829	2,058	2,750
(12,268)	(62,040)	-
(11,439)	(59,982)	2,750
27,238	27,291	54,869
550,359	659,588	375,781
-	324	5,968
6,482	6,234	(1,231)
\$ 584,079	\$ 693,437	\$ 435,387

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998  
AND DISCRETELY PRESENTED COMPONENT UNITS  
FOR THEIR MOST RECENT FISCAL YEAR ENDED**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Operating Income (Loss)	\$ 48,215	\$ (3,776)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,313	12,065
Interest (Income) Expense	-	(1,522)
Provision for Bad Debts	-	-
Fines	31	395
Loss on Disposal of Fixed Assets	13	-
Other Adjustments	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	1,491	(290)
(Increase) Decrease in Inventories	(907)	52
(Increase) Decrease in Other Operating Assets	(276)	(45)
Increase (Decrease) in Accounts Payable	1,500	814
Increase (Decrease) in Accrued Compensated Absences	60	4
Increase (Decrease) in Other Operating Liabilities	(4,855)	2,503
Insurance Premiums	-	-
Claims and General Insurance Expenses Paid	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>48,585</b>	<b>10,200</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Donations	560	-
Federal Grants and Contracts	454	-
State Funds	-	-
Operating Transfer-In	257	972
Operating Transfer-Out	(46,282)	(3,490)
Other	-	-
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:		
(Increase) Decrease in Due From Other Funds	(515)	13
Increase (Decrease) in Due To Other Funds	1,201	692
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(44,325)</b>	<b>(1,813)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	2,879	1,752
Sales of Investments	-	-
Purchases of Investments	-	-
Net Changes in Assets and Liabilities Related to Investment Activities:		
(Increase) Decrease in Investments	-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>2,879</b>	<b>1,752</b>

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
NONEXPENDABLE TRUST		
\$ 38,677	\$ 83,116	\$ 15,351
-	15,378	20,949
(38,677)	(40,199)	7,056
-	-	9,045
-	426	-
-	13	-
-	-	2,373
143	1,344	(18,135)
-	(855)	114
112	(209)	(3,400)
-	2,314	7,479
-	64	248
6,441	4,089	344
-	-	3,496
-	-	(5,570)
6,696	65,481	39,350
-	560	-
-	454	-
-	-	2,416
829	2,058	2,749
(12,268)	(62,040)	-
-	-	1
26	(476)	-
(1)	1,892	-
(11,414)	(57,552)	5,166
27,250	31,881	9,872
-	-	140,795
-	-	(175,063)
1,347	1,347	5,915
28,597	33,228	(18,481)

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 1998**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**  
**FOR THEIR MOST RECENT FISCAL YEAR ENDED (CONTINUED)**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Taxes	-	-
Principal Repayments of Loans Receivable	-	-
Loans Made	-	-
Payments from Other Fund - Advance	-	-
Payments to Other Fund - Advance	-	-
Note and Bond Proceeds	-	-
Payment to Refunded Escrow Agent	-	-
Received from Lease Escrow	-	-
Additions to Contributed Capital	-	114
Purchase of Property, Plant, and Equipment	-	-
Capital Lease Obligation Payments	(332)	(6,803)
Debt Service Payments	(195)	-
Net Changes in Assets and Liabilities Related to Capital Financing Activities: (Increase) Decrease in Property, Plant and Equipment	(2,933)	(3,202)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,460)</b>	<b>(9,891)</b>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 3,679	 248
 CASH AND POOLED CASH, FISCAL YEAR BEGINNING	 85,533	 33,502
CASH AND POOLED CASH, FISCAL YEAR END	\$ 89,212	\$ 33,750
 <b>RECONCILIATION TO THE COMBINED BALANCE SHEET</b>		
Add: Governmental and Expendable Trust Funds	-	-
Investment Trust Funds	-	-
Agency Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 89,212	\$ 33,750
 <b>SUPPLEMENTARY INFORMATION ON NONCASH TRANSACTIONS (See Note III-B):</b>		
Fixed Assets Transferred from General Fixed Asset Group of Accounts	\$ 96	\$ 115
Donation of Fixed Assets	21	-
Unrealized Gains on Investments	-	-
Loss on Disposal of Fixed Assets	13	-
Assumption of Capital Lease Obligation	106	10,665
Reclassification to Accounts Receivable of Condemned Property	-	-
Reclassification to Accounts Payable of Ballpark Improvement Costs	-	-

See accompanying notes to the financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY</b>	
<b>NONEXPENDABLE TRUST</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
-	-	27,175
-	-	8,656
-	-	(72,702)
-	-	3,089
-	-	(3,089)
-	-	184,664
-	-	(121,602)
-	-	22
-	114	6,066
-	-	(25,677)
-	(7,135)	-
-	(195)	(31,955)
-	(6,135)	-
-	(13,351)	(25,353)
23,879	27,806	682
39,244	158,279	73,442
\$ 63,123	\$ 186,085	\$ 74,124
704,312	704,312	42,400
6,934	6,934	-
245,351	245,351	-
\$ 1,019,720	\$ 1,142,682	\$ 116,524

\$ -	-	\$ -
-	-	-
17,909	-	-
-	-	-
-	-	-
-	-	9
-	-	81

**STATEMENT OF CHANGES IN NET ASSETS  
INVESTMENT TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	INDIVIDUAL INVESTMENT ACCOUNTS
<b>ADDITIONS:</b>	
Additions by Participants	\$ 292,159
Investment Income	80,661
<b>TOTAL ADDITIONS</b>	<b>372,820</b>
<b>DEDUCTIONS:</b>	
Deductions by Participants	372,502
<b>TOTAL DEDUCTIONS</b>	<b>372,502</b>
<b>NET INCREASE (DECREASE) IN ASSETS</b>	<b>318</b>
<b>NET ASSETS AVAILABLE</b>	
Beginning of the Year	-
Prior Period Adjustment (See Note III-M)	789,653
<b>End of the Year</b>	<b>\$ 789,971</b>

See accompanying notes to the financial statements.

**STATEMENT OF CHANGES IN FUND BALANCE  
PENSION TRUST FUND  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
<b>ADDITIONS:</b>	
Contributions	\$ 6,266
Investment Income	7,200
<b>TOTAL ADDITIONS</b>	<b>13,466</b>
 <b>DEDUCTIONS:</b>	
Benefits	1,590
Administrative Expense	391
<b>TOTAL DEDUCTIONS</b>	<b>1,981</b>
<b>NET INCREASE (DECREASE) IN ASSETS</b>	<b>11,485</b>
 <b>NET ASSETS AVAILABLE</b>	
Beginning of the Year	48,206
End of the Year	<b>\$ 59,691</b>

**COMBINED BALANCE SHEET**  
**ALL COLLEGE AND UNIVERSITY FUNDS**  
**JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS			LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED			
<b>ASSETS:</b>					
Cash and Pooled Cash	\$ 176,156	\$ 5,825	\$ 2,965	\$ 5,944	
Accounts Receivable:					
Tuition, Fees, Charges for Services, net	56,449	24,961	121	-	
Intergovernmental	541	34,158	225	-	
Other	2,099	-	172	8	
Sub-total Accounts Receivable	59,089	59,119	518	8	
Loans and Notes Receivable, net	112	1	81,094	-	
Due From Other Funds	4,396	4,948	137	88	
Inventories	22,861	34	-	-	
Other Current Assets	15,334	402	26	-	
Investments	193,576	38,069	3,999	66,662	
Plant Facilities:					
Land and Improvements	-	-	-	4,323	
Buildings and Improvements, net	-	-	-	-	
Leasehold Improvements, net	-	-	-	-	
Construction in Progress	-	-	-	-	
Equipment, net	-	-	-	-	
Library Books	-	-	-	-	
Other Fixed Assets	-	-	-	-	
Sub-total Plant Facilities	-	-	-	4,323	
Other Long-Term Assets	4,372	12	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 475,896</b>	<b>\$ 108,410</b>	<b>\$ 88,739</b>	<b>\$ 77,025</b>	
<b>LIABILITIES:</b>					
Warrants Payable	\$ 11,388	\$ 604	\$ 1	\$ -	
Accounts Payable and Accrued Liabilities	87,887	25,124	45	-	
Due To Other Governments	2	-	-	-	
Due To Other Funds	7,458	4,135	-	1,730	
Deferred Revenue	69,301	3,579	-	-	
Other Current Liabilities	18,553	207	1,560	75	
Capital Lease Obligations	-	-	-	-	
Notes and Bonds Payable	-	38	-	-	
Accrued Compensated Absences	78,159	207	-	-	
Other Long-Term Liabilities	33,910	267	200	-	
<b>TOTAL LIABILITIES</b>	<b>306,658</b>	<b>34,161</b>	<b>1,806</b>	<b>1,805</b>	
<b>FUND BALANCE:</b>					
Investment in Fixed Assets	-	-	-	-	
Restricted	-	74,249	86,933	75,220	
Unrestricted:					
Designated	155,722	-	-	-	
Undesignated	13,516	-	-	-	
<b>TOTAL FUND BALANCE</b>	<b>169,238</b>	<b>74,249</b>	<b>86,933</b>	<b>75,220</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 475,896</b>	<b>\$ 108,410</b>	<b>\$ 88,739</b>	<b>\$ 77,025</b>	

See accompanying notes to the financial statements.

PLANT FUNDS			MEMORANDUM ONLY	
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS
\$ 59,651	\$ 3,371	\$ -	\$ 6,381	\$ 260,293
149	84	-	1,043	82,807
110	-	-	88	35,122
372	129	-	4	2,784
631	213	-	1,135	120,713
-	-	-	-	81,207
9,438	325	-	-	19,332
-	-	-	-	22,895
628	5	-	46	16,441
176,750	16,641	-	3,645	499,342
1,460	-	165,619	-	171,402
-	-	1,518,403	-	1,518,403
-	-	3,030	-	3,030
234,612	-	-	-	234,612
-	-	499,728	-	499,728
-	-	258,994	-	258,994
-	-	828	-	828
236,072	-	2,446,602	-	2,686,997
767	-	1,027	-	6,178
\$ 483,937	\$ 20,555	\$ 2,447,629	\$ 11,207	\$ 3,713,398
\$ 332	\$ -	\$ -	\$ 114	\$ 12,439
9,847	2,721	-	3,390	129,014
-	-	-	-	2
1,873	3	2,598	100	17,897
346	-	-	21	73,247
1,154	30	2,986	7,582	32,147
42,762	213	68,239	-	111,214
62,620	1,326	276,769	-	340,753
-	-	-	-	78,366
-	190	3,881	-	38,448
118,934	4,483	354,473	11,207	833,527
-	-	2,093,156	-	2,093,156
365,003	16,072	-	-	617,477
-	-	-	-	155,722
-	-	-	-	13,516
365,003	16,072	2,093,156	-	2,879,871
\$ 483,937	\$ 20,555	\$ 2,447,629	\$ 11,207	\$ 3,713,398

**COMBINED STATEMENT OF CHANGES IN FUND BALANCE  
ALL COLLEGE AND UNIVERSITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
<b>REVENUES AND OTHER ADDITIONS:</b>				
Tuition and Fees	\$ 597,718	\$ -	\$ -	\$ -
Federal Grants and Contracts	9,110	652,731	1,167	-
State and Local Grants and Contracts	550	40,678	-	-
Private Gifts, Grants, and Contracts	1,210	128,291	51	567
Indirect Cost Recoveries	88,162	-	-	-
Investment Income	18,402	6,072	515	12,761
Sales and Services of Educational Activities	107,552	60	-	-
Sales and Services of Auxiliaries and Hospitals	280,743	-	-	-
Gain (Loss) on Debt Extinguishment	-	-	-	-
Interest on Loans Receivable	-	-	1,888	-
Retirement of Indebtedness	-	-	-	-
Additions to Plant Facilities	-	-	-	-
Other Revenues and Additions	111,046	818	29,399	1,256
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<b>1,214,493</b>	<b>828,650</b>	<b>33,020</b>	<b>14,584</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>				
Educational and General:				
Instructional	684,049	96,761	-	-
Research	37,107	329,438	-	-
Public Service	48,801	41,242	-	-
Academic Support	150,727	10,307	-	-
Student Services	116,623	12,587	-	-
Institutional Support	174,551	12,006	-	-
Operation of Plant	133,876	2,000	-	-
Scholarships and Fellowships	34,102	281,342	-	-
Sub-Total Educational and General	1,379,836	785,683	-	-
Auxiliaries and Hospitals	265,682	4,559	-	-
Indirect Cost Charges	-	83,093	363	-
Loan Cancellation and Write-off	-	-	1,874	-
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Other Expenditures and Deductions	(925)	(20)	29,057	1,246
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<b>1,644,593</b>	<b>873,315</b>	<b>31,294</b>	<b>1,246</b>
<b>TRANSFERS BETWEEN FUNDS - (ADDITIONS)/DEDUCTIONS:</b>				
Mandatory Transfers (In) Out	45,054	189	(734)	-
Nonmandatory Transfers (In) Out	63,588	7,553	(144)	424
Net Operating Transfers From State Funds	(581,651)	(54,108)	-	(193)
<b>TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS</b>	<b>1,171,584</b>	<b>826,949</b>	<b>30,416</b>	<b>1,477</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>42,909</b>	<b>1,701</b>	<b>2,604</b>	<b>13,107</b>
<b>FUND BALANCE, JULY 1</b>	<b>119,653</b>	<b>68,766</b>	<b>84,212</b>	<b>56,781</b>
Addition of Northeastern Junior College	904	5	-	-
Prior Period Adjustment (See Note III-M)	5,772	3,777	117	5,332
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 169,238</b>	<b>\$ 74,249</b>	<b>\$ 86,933</b>	<b>\$ 75,220</b>

See accompanying notes to the financial statements.

PLANT FUNDS			MEMORANDUM
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ONLY TOTALS
\$ -	\$ -	\$ -	\$ 597,718
1,278	168	-	664,454
3,691	-	-	44,919
5,641	-	8,193	143,953
-	-	-	88,162
5,974	2,103	-	45,827
-	-	-	107,612
155	-	-	280,898
461	147	(2,469)	(1,861)
-	-	-	1,888
4,040	-	23,329	27,369
11	-	189,874	189,885
13,031	-	4,343	159,893
34,282	2,418	223,270	2,350,717
-	-	-	780,810
-	-	-	366,545
-	-	-	90,043
-	-	-	161,034
-	-	-	129,210
-	-	-	186,557
-	-	-	135,876
-	-	-	315,444
-	-	-	2,165,519
-	-	-	270,241
-	-	-	83,456
-	-	-	1,874
168,432	-	-	168,432
255	27,364	(155)	27,464
1,268	19,081	30	20,379
-	-	73,732	73,732
11,673	(1,371)	(3,758)	35,902
181,628	45,074	69,849	2,846,999
(22)	(44,460)	(27)	-
(74,675)	(318)	3,572	-
(107,451)	-	-	(743,403)
(520)	296	73,394	2,103,596
34,802	2,122	149,876	247,121
325,253	13,554	1,929,465	2,597,684
38	-	13,815	14,762
4,910	396	-	20,304
\$ 365,003	\$ 16,072	\$ 2,093,156	\$ 2,879,871

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

#### A. REPORTING ENTITY

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

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

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

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

With the exception of the University of Colorado Hospital Authority, each governing board member for these entities is

appointed by the Governor and confirmed by the Senate. The board of the University of Colorado Hospital Authority is appointed by the Board of Regents of the University of Colorado.

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

Detailed financial information may be obtained directly from these organizations.

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

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

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

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

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

**B. FUND STRUCTURE**

**Primary Government**

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

**GOVERNMENTAL FUNDS**

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

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

**PROPRIETARY FUNDS**

Enterprise Funds

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

Internal Service Funds

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

**FIDUCIARY FUND TYPES**

Trust and Agency Funds

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

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

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

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

Individual investment trust funds are used to account for investments which are not in the treasurer's investment pool, but managed by the state treasurer for external entities.

**ACCOUNT GROUPS**

General Fixed Assets Account Group

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

General Long-term Debt Account Group

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

## COLLEGE AND UNIVERSITY FUNDS

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

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

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

Loan Funds account for resources available for student loans.

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

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

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

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan's uses practices prescribed or permitted by the state's Division of Insurance. However, the Plan's statements have been recast to conform to Generally Accepted Accounting Principles. The financial information for both of these entities is presented as of December 31, 1997.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting for all its funds with the exception of governmental fund accounting for its expendable trust fund and its agency fund. The Authority's financial information is presented as of December 31, 1997.

The University of Colorado Hospital Authority and the Colorado Travel and Tourism Authority use proprietary fund accounting for their operations. Financial information for the Hospital Authority is presented as of June 30, 1998. Financial information for the Travel and Tourism Authority is presented as of December 31, 1997.

**C. BASIS OF ACCOUNTING****Primary Government**

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

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

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

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

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

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

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

encumbrances is established for the contracted legal obligations of the funds.

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

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

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

**Component Units**

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations, which are required for financial statements for periods beginning on or after June 15, 1996. In conjunction with such provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**D. ELIMINATIONS**

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

**E. INSURANCE**

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

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

**F. TOTAL COLUMN ON COMBINED STATEMENTS**

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

**G. CASH AND CASH EQUIVALENTS**

**Primary Government**

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

**Component Units**

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

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

The Colorado Travel and Tourism Authority considers highly liquid debt instruments with maturities generally of three months or less to be cash equivalents.

**H. INVENTORY**

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

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

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

**I. INVESTMENTS**

For the primary government, items classified as investments, including those held by the state treasurer and represented as pooled cash, are both short and long-term investments. These are stated at fair value except for certain money market investments (See Note III-G). Investments that do not have an established market are reported at their estimated fair value.

The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts.

**J. PROPERTY, PLANT, AND EQUIPMENT**

**Primary Government**

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

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

The following useful lives are used for depreciation:

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

**Component Units**

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

**K. DEFERRED REVENUE**

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

**L. ACCRUED COMPENSATED ABSENCES LIABILITY**

**Primary Government**

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

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

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

**Component Units**

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended

illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service. The hospital records PTO expense as earned. Extended illness pay earned as of June 30, 1998 and 1997 approximated \$6.8 million and \$6.2 million, respectively, of which \$271,000 and \$249,000, respectively, is expected to become payable and is accrued in the hospital's statements.

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

**M. FUNDEQUITY**

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

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

Reserves of the fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 1997-98 appropriation that was encumbered for goods and services that were, due to extenuating circumstances, not received prior to June 30, 1998. Thus, the specific appropriation related to these items is rolled-forward to Fiscal Year 1998-99.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts and long-term contracts related to construction of major capital projects. Since the resources of these funds are received, in many cases, after the long-term contracts are executed and recorded as encumbrances, the undesignated reserve

or portion reserved for other specific purposes may reflect a deficit. This deficit will be funded by future proceeds.

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

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

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

Reserved for Statutory Requirements - CRS 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year. Article X, Section 20 (TABOR) of the State Constitution requires the reservation of three percent or more of the 1997-98 Fiscal Year Spending for emergencies. Fiscal Year Spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. See Note II-E, Tax, Spending and Debt Limitations.

**N. OUTSTANDING ENCUMBRANCES**

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

Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year, committing the subsequent year's available appropriation.

**NOTE II. BUDGETS - LEGAL COMPLIANCE****A. BUDGETARY BASIS**

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

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

**B. BUDGETARY PROCESS**

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

The legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Bill segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Construction Fund, with the primary exception being budgeted capital funds used for infrastructure.

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

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

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

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

**C. OVEREXPENDITURES**

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

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

Overexpenditures existing at June 30, 1998, for which the controller has restricted a future appropriation are:

- The Medical Services Program of Medicaid in the Department of Health Care Policy and Financing overexpended their appropriation of general funds by \$7,066,035. State statute does provide for unlimited overexpenditure authority for the Medicaid Program, however, the controller will restrict the full amount of the overexpenditure.
- The Infant Immunization Program in the Department of Health Care Policy and Financing overexpended \$14,096 of their general funded appropriation. The controller will restrict the full amount of the overexpenditure.
- Mandated costs are case-specific costs incurred by the state to ensure that parties have appropriate access to legal representation in the court system. This line item in the Judicial Department's appropriation was overexpended by \$186,893 in general funds even though the department had transferred \$500,000 of budget authority from other lines in the department. The controller will restrict the full amount of the overexpenditure.
- Due to enrollments lower than expected, the unrestricted current funds of the Community College of Aurora ended the fiscal year with a deficit fund balance of \$499,594. The controller will restrict the full amount of the deficit from their Fiscal Year 1998-99 appropriation.
- The Infant Immunization Program in the Department of Public Health and Environment was overexpended by \$7,919 of cash funds. The controller will restrict the full amount of the overexpenditure.

Overexpenditures or fund deficits existing at June 30, 1998, for which the state controller will not restrict a future appropriation are:

- Pikes Peak Community College had a deficit fund balance of \$605,547 at June 30, 1998 in their auxiliary/self-funded operations caused by new program start-up costs and the loss of several large contracts. Because the college hired a new director mid-year, who has enacted various revenue generating or expense reducing measures, and since the auxiliary/self-funded operations are not appropriated, the controller will not restrict any Fiscal Year 1998-99 appropriations of the college.

- A deficit fund balance of \$88,655 occurred at June 30, 1998 in the Trade Name Registration Fund administered by the Department of Revenue. Because the department has enacted various expenditure reducing measures, and since the fund is not appropriated, the controller will not restrict any Fiscal Year 1998-99 appropriations for this deficit.
- Various line item appropriations in the Department of Personnel, specifically involving the Liability and Property Premiums' line item, Central Services-Administration, Central Services-Reprographics, the Division of Administrative Hearings, and Network Services, were overexpended \$1,995,685. Because the appropriations and revenues in total, of each of these programs, was sufficient to cover all program expenditures the controller will not restrict future appropriations.
- The Workers' Compensation Fund is a self-funded program. The actuarially determined current liabilities for this fund are recorded in the fund to the extent of available fund balance. At June 30, 1998, this resulted in an overexpenditure of \$994,461 of the legislative appropriation. However, statute provides that overexpenditures are not to be considered an overexpenditure for purposes of CRS 24-75-109. For this reason the controller will not restrict the Fiscal Year 1998-99 appropriation.

As provided by statute, CRS 24-75-109, the Department of Health Care Policy and Financing has unlimited authority for Medicaid overexpenditures. The Department of Human Services is allowed \$1 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. An additional \$1 million of transfers and overexpenditure are allowed for the Judicial Branch. Statute also allows overexpenditures up to \$1 million in total for the remainder of the executive branch.

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

**D. BUDGET TO GAAP RECONCILIATION**

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

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

Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund

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

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

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>BUDGETARY BASIS:</b>				
Revenues and Transfers-In:				
General Funded	\$ 5,244,281	\$ -	\$ -	\$ 258,687
Cash Funded	2,397,941	1,766,961	32,618	37,611
Federally Funded	1,951,526	263,021	-	9,676
Sub-Total Revenues and Transfers-In	9,593,748	2,029,982	32,618	305,974
Expenditures/Expenses and Transfers-Out				
General Funded	4,862,645	-	-	405,285
Cash Funded	2,349,889	1,601,551	32,294	28,038
Federally Funded	1,957,271	263,021	-	9,626
Expenditures/Expenses and Transfers-Out	9,169,805	1,864,572	32,294	442,949
Excess of Revenues and Transfers-In Over				
(Under) Expenditures and Transfers-Out	423,943	165,410	324	(136,975)
FUND BALANCE, JULY 1 - BUDGETARY BASIS	851,228	637,641	4,151	532,060
Add: Budgeted Non-GAAP Expenditures	605	10,838	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	108,976	(17,346)	-	13,034
Increase/(Decrease) for GAAP Revenues Adjustments	(665,531)	8,043	-	(11,499)
Increase/(Decrease) for Non-Budgeted Funds	(6)	-	-	-
Addition of Northeastern Junior College	-	-	-	-
Prior Period Adjustments	(1,204)	(670)	-	1,566
FUND BALANCE, JUNE 30 - GAAP BASIS	\$ 718,011	\$ 803,916	\$ 4,475	\$ 398,186

**E. TAX, SPENDING, AND DEBT LIMITATIONS**

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year are limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments or agencies of the state. Annual revenues that exceed the constitutional limitation must be refunded, unless voters approve otherwise.

The state exceeded the revenue growth limitation in Fiscal Year 1997-98. A liability was accrued in the General Fund as a reduction of tax revenues for the amount exceeding the limitation (\$563.2 million). The Fiscal Year 1997-98 and still remaining Fiscal Year

1996-97 liabilities are shown on the *Combined Balance Sheet - All Fund Types and Discretely Presented Component Units* as TABOR Refund Liability.

CRS 24-75-201 requires that the accrual of the TABOR Refund not be included in the General Fund budgetary fund balance (General Fund Surplus), in the year in which the excess revenues were accrued. The budgetary fund balance is restricted in the following year, except for any excess revenue amount the voters authorize the state to retain.

A separately issued audited report of TABOR computations for Fiscal Year 1997-98 will be available from the State Controller's Office in early 1999.

<u>PROPRIETARY FUND TYPES</u>		<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUPS</u>			<u>TOTAL PRIMARY GOVERNMENT</u>
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,502,968
459,663	178,256	427,157	-	-	1,211,319	6,511,526
68,436	-	12,667	-	-	665	2,305,991
528,099	178,256	439,824	-	-	1,211,984	14,320,485
-	-	-	-	-	-	5,267,930
445,272	179,659	323,891	-	-	1,183,853	6,144,447
58,237	-	12,637	-	-	669	2,301,461
503,509	179,659	336,528	-	-	1,184,522	13,713,838
24,590	(1,403)	103,296	-	-	27,462	606,647
79,917	29,312	1,211,122	1,378,184	-	2,597,684	7,321,299
1,293	706	43	-	-	-	13,485
(20,384)	(4,962)	(385)	-	-	(59)	78,874
404	133	12,173	-	-	1,659	(654,618)
-	-	318	197,579	-	218,059	415,950
-	-	-	-	-	14,762	14,762
223	(471)	796,326	-	-	20,304	816,074
\$ 86,043	\$ 23,315	\$ 2,122,893	\$ 1,575,763	\$ -	\$ 2,879,871	\$ 8,612,473

**NOTE III. OTHER ACCOUNTING DISCLOSURES**

**A. 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 Fund, unless a specific statute directs otherwise. Where a fund category has a deficit cash position, that deficit has been reclassified to an interfund payable to the General Fund. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

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

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

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

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

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its

trust department or agent, but not in the state's name.

At June 30, 1998, the state had cash balances in all funds with a carrying value of \$826.1 million. The bank balances of these funds is categorized by risk as follows:

Risk Category	Bank Balance June 30
1	\$ 687,200,704
2	154,288,493
3	<u>224,812</u>
<b>TOTAL</b>	<b><u><u>\$ 841,714,009</u></u></b>

The Cash and Pooled Cash line on the financial statements includes \$2,929.3 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 1998, the treasurer had invested \$2,867.6 million of the pool with the balance in demand deposits and certificates of deposit.

**Component Units**

At December 31, 1997 the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of \$199,571 and deposits collateralized in single institution pools of \$225,017.

At December 31, 1997 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of \$898,248. They also had \$10,629,447 in money market funds invested in obligations of the U.S. Government or its agencies.

The University of Colorado Hospital Authority's deposits of cash fall under the provisions of the Colorado Public Deposit Protection Act of 1975 and are collateralized in single institution pools with securities held by the pledging institution's trust department or agent, but not in the authority's name.

**B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES**

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

- The state nursing homes, an enterprise activity, received \$95,541 of fixed assets contributed by the Capital Construction Fund, and \$20,990 from donated fixed assets. They also had a \$12,829 loss on the disposal of fixed assets.
- Guaranteed Student Loan, an enterprise activity, assumed \$105,847 in lease obligations for the purchase of equipment.
- Telecommunications, an internal service activity, received \$114,974 of fixed assets from the Capital Construction Fund.
- Central Services, an internal service activity increased their capital lease obligations by \$10,665,251 to acquire additional vehicles for their fleet program.
- The Land Board, a nonexpendable trust fund, had unrealized gains on their long-term investments of \$9,349,462.
- The Controlled Maintenance Trust Fund, a non-expendable trust fund, had unrealized gains on their long-term investments of \$8,559,511.

**Component Units**

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

- The Denver Metropolitan Major League Baseball Stadium District reclassified the cost of property condemned by the City of Denver to a receivable account for \$8,589.
- The Denver Metropolitan Major League Baseball Stadium District also accrued ballpark improvement costs of \$80,637 as accounts payable.

**C. RECEIVABLES**

**Primary Government**

The taxes receivable of \$783.5 million results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of \$281.9 million are net of a deduction of \$119.2 million in allowance for doubtful accounts.

**Component Units**

The Colorado Water Resources and Power Development Authority had loans receivable of \$279.0 million and \$214.8 million at December 31, 1997 and 1996, respectively. During 1997 they made new loans of \$73.0 million and canceled, or received repayments for existing loans of \$8.7 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (23 percent), Medicaid (10 percent), and Blue Cross (5 percent). However, the authority's management does not believe that there are any credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables. Net patient service revenues under the Medicare and Medicaid programs in Fiscal Year 1998 and 1997 were approximately \$99.1 million and \$101.2 million, respectively.

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

**D. INVENTORY**

Inventories of \$6.6 million in the General Fund at June 30, 1998, consisted of \$6.3 million in consumable inventories, and \$355,529 in food donated to the Department of Human Services.

**E. PREPAIDS, ADVANCES, AND DEFERRED CHARGES**

In the General Fund this account consists primarily of advances made by the Department of Human Services to the counties for their welfare expenditures. Charges in the College and University Funds related to summer school are deferred to Fiscal Year 1998-99 to match the accrual of summer school tuition.

**F. INTERFUND BALANCES**

Individual fund interfund receivable and payable balances at June 30, 1998 are:

(Amounts in Thousands)

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 34,028	\$ 24,870
Special Revenue Funds		
Highway	5,702	676
Wildlife	1,819	122
Labor	389	-
Gaming	6,579	29,113
Water Projects	215	-
Capital Projects Funds	9,392	1,723
Enterprise Funds		
Guaranteed Student Loan	-	13
State Lottery	-	17,962
Prison Canteens	17	-
Correctional Industries	615	138
Other Enterprise Activities	43	1
Internal Service Funds		
Central Services	3	-
Telecommunications	-	844
Highways	3	-
Public Safety	1	-
Capitol Complex	14	-
Administrative Hearings	7	-
Expendable Trust Funds	21,942	3,507
Nonexpendable Trust Funds	206	-
Agency Funds	1,824	5,265
College and University Funds	19,332	17,897
<b>TOTALS</b>	<b>\$102,131</b>	<b>\$102,131</b>

**G. INVESTMENTS**

**Primary Government**

The state holds investments both for its own benefit and as an agent for certain entities as provided by law. The state does not invest its funds with any external investment pool, rather, funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer (See Note III-H). The state implemented GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools on July 1, 1997. The state's discretely presented components units have not yet implemented Statement No. 31 because their reporting years are earlier than the state's.

The state treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 1998 and 1997 the treasurer had \$63.5 million at fair value and \$49.7 million at carrying value, respectively, of GOCO's funds on deposit and invested. The treasurer also maintains an individual investment trust fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 1998 and 1997, the treasurer had \$779.1 million at fair value and \$772.1 million at carrying value, respectively, of CCIA's funds on deposit and invested.

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

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

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

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

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

(Amounts in Thousands)

Type of Investment*	Risk Category			Fair Value
	A	B	C	
U.S. Government Securities	\$ 1,968,415	\$ 26,952	\$ 25,872	\$ 2,021,239
Bankers' Acceptance	76,917	-	-	76,917
Commercial Paper	582,207	-	-	582,207
Corporate Bonds	584,103	-	873	584,976
Corporate Securities	45,478	-	7,823	53,301
Repurchase Agreements	43,763	-	-	43,763
Asset Backed Securities	869,567	-	666	870,233
Mortgages	355,383	-	132	355,515
Mutual Funds	156,824	-	-	156,824
Other	191	3,939	-	4,130
Subtotal	<u>\$ 4,682,848</u>	<u>\$ 30,891</u>	<u>\$ 35,366</u>	4,749,105
Uncategorized				266,499
<b>TOTALS</b>				<u><u>\$ 5,015,604</u></u>

\*Note: Amounts include the treasurer's pool and individual investment accounts.

The fair value of the state's investments are determined from quoted market prices except for money market investments which are reported at amortized cost which approximates market. The state's colleges and universities assign investment income associated with one fund to other funds as allowed by the AICPA College Guide Model.

Excluding the Individual Investment Trust Fund, the state had \$648,810 in net realized gains from the sale of investments during Fiscal Year 1997-98. 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 reported as a prior period adjustment.

The following schedule, excluding agency funds, shows the state's net unrealized gains and (losses) by fund type for Fiscal Year 1997-98 and the cumulative effect from prior years:

(Amounts in Thousands)

Fund Type	Fiscal Year 1997-98	Prior Years
General	\$ 7,592	\$ 2,386
Special Revenue	8,043	1,547
Debt Service	1	-
Capital Construction	1,533	1,566
Enterprise	403	224
Internal Service	134	85
Expendable Trust	270	191
Nonexpendable Trust	11,907	6,484
Investment Trust	22,774	17,543
College and University		
Current Funds	(843)	6,745
Loan Fund	(60)	117
Endowment Fund	3,790	1,349
Plant Funds	(3,061)	5,306
<b>TOTAL</b>	<u><u>\$ 52,483</u></u>	<u><u>\$ 43,543</u></u>

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

(Amounts in Thousands)

Footnote Amounts	<u>Carrying Amount</u>
Deposits (Note III-A)	\$ 826,084
Investments	<u>5,015,604</u>
Total	<u><u>\$ 5,841,688</u></u>
Combined Balance Sheet Amounts	
Cash and Pooled Cash	\$ 3,662,561
Investments	1,891,042
Rights Under Deferred Compensation	<u>288,085</u>
Total	<u><u>\$ 5,841,688</u></u>

**Component Units**

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

The University of Colorado Hospital Authority has adopted Statement of Governmental Accounting Standards Board No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires all debt and equity securities to be recorded at fair value. The fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Interest, dividends, realized and unrealized gains and losses, based on the specific identification method, are included in non-operating income when earned.

Following are the Hospital Authority's investments. All of these investments are considered Category 1:

(Amounts in Thousands)

	Fair
<u>Type of Investment</u>	<u>Value</u>
U.S. Government Securities	\$ 51,903
Corporate Bonds	42,082
Equity Securities	<u>43,474</u>
TOTALS	<u><u>137,459</u></u>

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

(Amounts in Thousands)

	<u>Risk Category</u>			Carrying	Market
<u>Type of Investment</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>Amount</u>	<u>Value</u>
U.S. Government Securities	\$ 33,129	\$ -	\$ 8,242	\$ 41,371	\$ 42,464
Repurchase Agreements	-	-	87,626	87,626	87,626
Subtotal	<u>\$ 33,129</u>	<u>\$ -</u>	<u>\$ 95,868</u>	128,997	130,090
Uncategorized				<u>34,764</u>	<u>34,769</u>
TOTALS				<u><u>\$ 163,761</u></u>	<u><u>\$ 164,859</u></u>

**H. TREASURER'S INVESTMENT POOL**

Participation in the treasurer's pool is mandatory for all state agencies 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 and losses and interest earnings, adjusted for amortization of premium and discounts, are distributed monthly prorated to the average of the participant's daily balance during

the month if the participant is authorizes to receive interest and investment earnings by statute.

Colorado Revised Statutes 24-36-113 authorizes the state treasurer to enter into collateralized securities lending agreements. During Fiscal Year 1997-98, the treasurer loaned U.S. government and federal agencies' securities held for the Colorado Compensation Insurance Authority to Morgan Stanley. Morgan Stanley pays the treasurer

an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

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

Morgan Stanley, acting as the principal, is directly responsible for the safeguarding of assets and carries a financial institution bond which is substantially in excess of the amount required by the New York Stock Exchange. On June 30, 1998, the market value of

securities on loan was \$261,685,784. The market value of the collateral securities pledged was \$275,724,750.

State statutes permit the state treasurer to enter into reverse repurchase agreements. It is the policy of the treasurer to match maturities of the investments made with the proceeds of the reverse repurchase agreements to the securities underlying the reverse repurchase agreements. At June 30, 1998 the treasurer had no reverse repurchase agreements outstanding.

During the year the treasurer made reverse repurchase agreement transactions totaling \$240.4 million. Interest charged or accrued on June 30, 1998, for these reverse repurchase agreements was \$386,848. Due to arbitrage the treasurer had realized or accrued interest income on June 30, 1998 of \$396,121 resulting in a net gain of \$9,273 at fiscal year end.

## I. PROPERTY, PLANT, AND EQUIPMENT

### Primary Government

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

(Amounts in Thousands)

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Fiduciary Funds	College & University Funds	Totals
Land and Improvements	\$ 202,591	\$ 6,244	\$ -	\$ 7,549	\$ 171,402	\$ 387,786
Buildings and Improvements	852,534	22,577	847	29	1,522,608	2,398,595
Equipment	343,302	29,385	91,547	581	499,860	964,675
Library Books and Holdings	2,743	-	-	3,833	258,994	265,570
Construction in Progress	163,256	330	10,885	-	234,612	409,083
Other	11,337	58	16,978	-	828	29,201
Less: Accumulated Depreciation	-	(27,352)	(69,297)	(2)	(1,307)	(97,958)
<b>Totals</b>	<b>\$ 1,575,763</b>	<b>\$ 31,242</b>	<b>\$ 50,960</b>	<b>\$ 11,990</b>	<b>\$ 2,686,997</b>	<b>\$ 4,356,952</b>

A statement of changes in general fixed assets for the year ended June 30, 1998 is shown below:

(Amounts in Thousands)

	Beginning Balance July 1	Additions	Deductions	Net Change	Ending Balance June 30
Land and Improvements	\$ 194,079			\$ 8,512	\$ 202,591
Buildings and Improvements	730,613			121,921	852,534
Equipment	335,565			7,737	343,302
Library Books and Holdings	3,003			(260)	2,743
Construction in Progress	104,514			58,742	163,256
Other	10,410			927	11,337
<b>Totals</b>	<b>\$ 1,378,184</b>	<b>\$ 232,104</b>	<b>\$ 34,525</b>	<b>\$ 197,579</b>	<b>\$ 1,575,763</b>

**Component Units**

At December 31, 1997, the Colorado Travel and Tourism Authority reported office equipment, net of accumulated depreciation of \$2,581.

The Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of \$141,423 and \$58,780 at December 31, 1997 and 1996, respectively.

At December 31, 1997, the Denver Metropolitan Baseball Stadium District reported land and improvements, buildings, and other property and equipment, net of accumulated depreciation of \$188.9 million and \$193.2 million for 1997 and 1996 respectively.

At June 30, 1998, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of \$145.4 million, equipment of \$90.1 million, and construction in progress of \$14.9 million. Accumulated depreciation related to these fixed assets was \$89.0 million.

**J. OTHER LONG-TERM ASSETS**

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

**K. FUND BALANCE DEFICITS**

The fund deficit of \$92.5 million in undesignated fund equity of the Special Revenue Funds is the result of the reserving of fund balance for purchase orders and long-term contracts made related to highway construction. This deficit will be funded from future proceeds of the Highway Fund.

The Administrative Hearings Fund, an internal service fund, had a retained earnings deficit of \$106,822 at June 30, 1998 and a deficit of \$92,369 at June 30, 1997 (see Note II-C).

**L. FUND EQUITY**

Fund equities reserved for other specific purposes at June 30, 1998 are

(Amounts in Thousands)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
CCIA Individual Investment Trust Fund					\$ 789,971
Unemployment Benefits					672,136
Public School Permanent Moneys					299,833
Benefits for Injured Workers		\$ 128,826			
Water Conservation Construction		102,635			
Wildlife, Parks and Outdoor Recreation	\$ 1,073	76,677			907
Controlled Maintenance Trust Fund					77,487
Family Issues Cash Fund	64,782				
Severance Tax	26,630				35,640
Colorado Gaming Fund		32,669			
Public School Fund	30,639				
Hazardous Substances Response	28,699				
Energy Conservation	20,856				
Uninsurable Health Insurance Plan	16,895				
Mineral Leasing	15,228				
Victims of Crime	1,594				11,376
State Rail Bank Fund	11,400				
Petroleum Storage Tank Fund	10,883				
Economic Development Moneys	9,426				
Uranium Mill Tailing Removal	8,491				
Workers Compensation Regulation	8,348				
CERCLA Recovery Fund	8,147				
Mined Land Reclamation	526				7,235
Secretary of State's Fees	6,418				
Old Age Pension Stabilization	5,000				
Aviation Fund	4,580				
Debt Retirement			\$ 4,475		
Limited Gaming Impact Fund	4,308				
Drug Offenders Surcharge Fund	4,106				
Distributed Data Processing		3,632			
Federal or Other Restrictions				\$ 3,511	
Regulatory License and Fee Adjustment	3,394				
Disaster Emergency Fund	3,307				
General Liability Fund	3,266				
Real Estate Recoveries					2,758
Brand Inspection Fund	2,424				
Emission Control		2,401			
Patient Benefit Fund					2,341
Public Employees Social Security	2,288				
Central Indexing System	2,162				
Risk Management Property Fund	2,036				

(Continued)

(Continued)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
Unemployment Revenue Fund	2,025				
Treasurer's Escheats Fund					1,934
Emergency Response Cash Fund	1,848				
Disabled Telephone Users Fund	1,782				
Housing Rehabilitation Revolving Loans					1,742
Supreme Court Grievance Committee					1,691
Emergency Medical Services		1,621			
Uniform Commercial Credit Code	1,435				
Environmental Response Fund	1,406				
Infant Immunization	1,383				
Motor Carrier Fund	1,265				
Low Income Telephone Assistance	1,167				
Art in Public Places	1,112				
LEAF		1,103			
Comprehensive Health Education	1,016				
Other Special Purpose Programs	30,899	4,236			11,681
Totals	\$ 352,244	\$ 353,800	\$ 4,475	\$ 3,511	\$ 1,916,732

**M. PRIOR PERIOD ADJUSTMENTS**

**Primary Government**

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units*, the fund balance of the General Fund decreased by \$1,204,054. This included a \$2,385,541 increase for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and a decrease of \$3,589,595 for revenue improperly accrued in prior years for tax liens under the elderly property tax credit program.

The fund balance of the Special Revenue Fund decreased by \$670,117. This included a \$1,546,859 increase for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and a decrease of \$2,216,976 for revenue recorded twice by the Division of Wildlife in Fiscal Year 1996-97.

The fund balance of the Capital Construction Fund increased by \$1,565,840, and the fund balance of the Expendable Trust Fund increased by \$191,070 for the cumulative effects of an accounting change to book unrealized investment gains and losses of prior years.

On the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented*

*Component Units* the beginning fund balance of the Enterprise Fund was increased by \$224,083 and the beginning fund balance of the Nonexpendable Trust Fund was increased by \$6,482,230 for the cumulative effects of an accounting change to book unrealized investment gains and losses of prior years.

The beginning fund balance of the Internal Service Fund was decreased by \$470,830. This included a \$84,517 increase for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and a decrease of \$555,347 for the failure of the Department of Transportation to record depreciation in prior years.

On the *Statement of Changes in Net Assets, Investment Trust Funds*, the beginning fund balance was increased by \$17,542,636 for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and increased by \$772,110,663 for an accounting change that requires individual investment trust accounts to be reclassified as investment trust funds rather than agency funds.

On the *Combined Statement of Changes in Fund Balance, All College and University Funds* the beginning fund balance of the Current Unrestricted Fund was

increased by \$5,772,194, the Loan Fund by \$116,670, the Unexpended Plant Fund by \$4,909,640, and the Retirement of Indebtedness Plant Fund by \$396,282, for the cumulative effects of an accounting change to book unrealized investment gains and losses of prior years.

The beginning fund balance of the Current Restricted Fund was increased by \$972,954 for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and increased by \$2,804,231 for adding the employees' benefit program of the community college system.

Also, the beginning fund balance of the Endowment Fund was increased by \$1,349,425 for the cumulative effect of an accounting change to book unrealized investment gains and losses of prior years, and further increased by \$3,982,521 for the failure of the University of Colorado to recognize realized investment gains in Fiscal Year 1996-97.

**N. TRANSFERS BETWEEN FUNDS**

Major operating transfers between funds for the fiscal year ended June 30, 1998, were as follows:

(Amounts in Thousands)

Transfer	Amount
General Fund to Higher Education	\$ 628,011
General Fund to Capital Construction	198,387
Capital Construction to Higher Education	107,451
Capital Construction to Highway Fund	87,885
Lottery Fund to Conservation Trust Fund	35,545
Capital Construction to Debt Service Fund	32,294
School Income Expendable Trust to General Fund	29,870
Gaming Fund to General Fund	25,912
Highway Fund to General Fund	19,010
Controlled Maintenance Trust to Capital Construction	10,600
Capital Construction to General Fund	10,400
Lottery Fund to Wildlife Fund	8,886
Wildlife Fund to Capital Construction Fund	8,839
Treasurer's Expendable Trust to General Fund	8,167
General Fund to Water Projects Construction Fund	4,238
Gaming Fund to Highway Fund	3,951
Wildlife Fund to General Fund	2,879
Higher Education to General Fund	2,877
Severance Tax Trust to General Fund	1,995
Water Projects Construction Fund to General Fund	1,966
Victims Compensation Trust Fund to General Fund	1,211
Lottery Fund to Capital Construction	643
Lottery Fund to General Fund	313
Other	26,915
Total	\$1,258,245

In addition to the above transfers, residual equity transfers were made to the proprietary funds from the

governmental funds and the General Fixed Assets Account Group. The account groups do not have a statement of operations, and thus, matching transfers are not shown in the statements. In the proprietary funds, these are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of \$323,428. This amount comprises the following transactions:

- During Fiscal Year 1997-98, \$113,813 was transferred from the Highway Fund, a special revenue fund, to the Highways Internal Service Fund.
- Upon completion of a capital construction project, the Telecommunications Internal Service Fund received \$114,074 in assets from the General Fixed Assets Account Group, which were funded by the Capital Construction Fund and shown as additions to contributed capital. The account group does not have an operating statement, thus there is not a corresponding transfer-out.
- The State Nursing Homes, an enterprise fund, received \$95,541 of fixed assets from the General Fixed Assets Account Group, which were funded by the Capital Construction Fund and shown as additions to contributed capital. The account group does not have an operating statement, thus there is not a corresponding transfer-out.

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, All Governmental Fund Types and Expendable Trust Funds* the residual equity transfer for \$181,213 was from the Food Stamp Insurance Expendable Trust Fund to the General Fund.

**O. SEGMENT INFORMATION**

**Primary Government**

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

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

The State Lottery encompasses the various lottery and lotto games run under state statute. In the past, net proceeds were used to support various state construction

projects. In Fiscal Year 1993-94, the Great Outdoors Colorado Program began the phased reduction of the amount of net lottery proceeds available for state construction projects.

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

The business enterprise program assists the visually impaired in conducting business such as cafeterias in the state office buildings.

Enterprise activities at the state's prisons include the sale of manufactured goods and farm products produced by convicted criminals who are incarcerated in the state's prison system.

Segment information for the enterprise funds of the state for the year ended June 30, 1998, is:

(Amounts in Thousands)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES	PRISON CANTEENS	CORREC- TIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
Operating Revenue	\$ 74,692	\$374,543	\$ 661	\$ 16,817	\$ 7,490	\$ 26,510	\$ 5,158	\$ 3,386	\$ 509,257
Federal Grants and Contracts	62,526	-	-	4,495	-	-	-	962	67,983
Depreciation	506	460	215	499	26	887	675	45	3,313
Operating Income	4,320	44,046	(594)	(4)	1,036	1,128	(1,852)	135	48,215
Operating Transfers-In	-	-	-	239	-	-	-	18	257
Transfers-(Out)	(168)	(45,387)	-	(96)	(52)	(385)	-	(194)	(46,282)
Net Income (Loss)	4,152	200	(115)	268	1,014	869	(788)	207	5,807
Additions to Contributed Capital	-	-	-	96	-	-	-	-	96
Working Capital	37,748	146	475	3,249	4,786	12,304	193	1,631	60,532
Increase in Net Property, Plant, and Equipment	386	254	(165)	(35)	219	(367)	(437)	(18)	(163)
Total Assets	55,383	45,805	1,155	10,830	5,883	22,845	9,926	10,841	162,668
Bonds and Other Long- Term Liabilities	778	794	37	995	51	1,317	2,511	68	6,551
Fund Equity	38,780	1,537	952	9,343	5,305	19,202	5,352	5,572	86,043

**Component Units**

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development and utilization of the water resources of the state.

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

University Hospital is a nonsectarian, general acute care regional hospital operated by the University of Colorado Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The

hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

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

The Colorado Travel and Tourism Authority was created in 1994 for the purpose of planning and promoting the State of Colorado as a quality travel and tourist destination through advertising, publications and public relations activities.

DOLLARS IN THOUSANDS	FIDUCIARY FUND TYPE	PENSION TRUST FUND	PROPRIETARY FUND TYPES					TOTALS
			COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	
<b>ASSETS:</b>								
Current Assets	\$ 43,710	\$ -	\$ 16,995	\$ 50,273	\$ 76,694	\$ 533	\$ 3,743	\$ 191,948
Investments	72,247	59,691	2,394	154,211	58,943	-	-	347,486
Property, Plant and Equip., net	-	-	188,881	161,419	141	3	4	350,448
Other Long-Term Assets	-	-	1,654	14,544	268,490	-	-	284,688
<b>Total Assets</b>	<b>\$ 115,957</b>	<b>\$ 59,691</b>	<b>\$ 209,924</b>	<b>\$ 380,447</b>	<b>\$ 404,268</b>	<b>\$ 536</b>	<b>\$ 3,747</b>	<b>\$ 1,174,570</b>
<b>LIABILITIES:</b>								
Current Liabilities	\$ 73,322	\$ -	\$ 1,503	\$ 51,924	\$ 30,062	\$ 578	\$ 1,650	\$ 159,039
Notes and Bonds Payable	-	-	94,566	132,333	243,629	-	-	470,528
Other Long-Term Liabilities	-	-	-	7,290	-	-	-	7,290
<b>Total Liabilities</b>	<b>73,322</b>	<b>-</b>	<b>96,069</b>	<b>191,547</b>	<b>273,691</b>	<b>578</b>	<b>1,650</b>	<b>636,857</b>
<b>FUND EQUITY:</b>								
Contributed Capital	-	-	386	-	73,981	-	-	74,367
Retained Earnings	-	-	113,469	-	56,596	-	2,097	172,162
<b>Fund Balances:</b>								
Reserved	42,635	59,691	-	-	-	-	-	102,326
Undesignated	-	-	-	188,900	-	(42)	-	188,858
<b>Total Fund Equity</b>	<b>42,635</b>	<b>59,691</b>	<b>113,855</b>	<b>188,900</b>	<b>130,577</b>	<b>(42)</b>	<b>2,097</b>	<b>537,713</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 115,957</b>	<b>\$ 59,691</b>	<b>\$ 209,924</b>	<b>\$ 380,447</b>	<b>\$ 404,268</b>	<b>\$ 536</b>	<b>\$ 3,747</b>	<b>\$ 1,174,570</b>

DOLLARS IN THOUSANDS	FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES				
		COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY
OPERATING REVENUES	\$ 2,746	\$ 884	\$ 246,865	\$ 15,951	\$ 1,513	\$ 3,531
<b>OPERATING EXPENSES:</b>						
Depreciation	-	5,015	15,747	30	1	-
Other Operating Expenses	-	146	215,338	14,930	1,268	5,904
<b>Total Operating Expenses</b>	<b>-</b>	<b>5,161</b>	<b>231,085</b>	<b>14,960</b>	<b>1,269</b>	<b>5,904</b>
Operating Income/Excess (Loss)	2,746	(4,277)	15,780	991	244	(2,373)
<b>Non-Operating Revenues and (Expenses)/Transfers:</b>						
Taxes	-	27,427	-	-	-	-
Other	-	(6,421)	13,623	4,986	-	2,139
Transfers, net	(2,750)	-	-	2,750	-	-
<b>Total Non-Operating Revenues and (Expenses)/Transfers</b>	<b>(2,750)</b>	<b>21,006</b>	<b>13,623</b>	<b>7,736</b>	<b>-</b>	<b>2,139</b>
Net Income/Change in Retained Earnings	(4)	16,729	29,403	8,727	244	(234)
Fund Equity/Balance, Beg. of Year	42,639	97,126	160,728	115,882	(286)	2,331
Additions (Deductions) to						
Contributed Capital	-	-	-	5,968	-	-
Change in Unrealized Gains/Losses on Available-for-Sale Securities	-	-	(1,231)	-	-	-
<b>Fund Equity/Balance, End of Year</b>	<b>\$ 42,635</b>	<b>\$ 113,855</b>	<b>\$ 188,900</b>	<b>\$ 130,577</b>	<b>\$ (42)</b>	<b>\$ 2,097</b>

## P. OTHER DISCLOSURES

### Primary Government

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 1997-98 and 1996-97 the university was reimbursed \$65.3 million and \$65.1 million, respectively, from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university \$637,482 for professional liability insurance and administrative costs in Fiscal Year 1997-98. At June 30, 1998, \$230,114 was owed by the foundation to the university.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed \$32.9 million and \$34.9 million to the university in Fiscal Year's 1997-98 and 1996-97, respectively.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 1997-98 and 1996-97, the foundation transferred \$12.0 million and \$13.0, respectively, to the university.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 1997-98 and 1996-97 the foundation transferred \$479,527 and \$2,688,638, respectively, to the college.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation for the purpose of benefiting the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 1997-98 and 1996-97 the school received \$5,819,892 and \$5,082,975 respectively from the foundation. The foundation owed the school \$24,032 at June 30, 1998.

The Colorado School of Mines Building Corporation was established in 1976 for the purpose of building a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 1998 and June 30, 1997 were \$4,007,672 and \$3,573,226 respectively.

The RRCC Foundation was established to support Red Rocks Community College. During Fiscal Year 1997-98, the college provided \$119,000 to the foundation in the form of space and an operating budget. The college received \$40,000 in scholarship funds from the foundation.

During Fiscal Years 1997-98 and 1996-97 the Department of Local Affairs distributed \$1,416,184 and \$1,361,846 respectively, to the Colorado Housing and Finance Authority (CHAFA), a related party, 100 percent of the revenues of the waste tire recycling program. At June 30, 1998 the state still owed CHAFA \$121,100.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The program's purpose is to invest money it receives from the Colorado Lottery in the wildlife and outdoor recreation resources of the state. During Fiscal Years 1997-98 and 1996-97 the board transferred 7,650,967 and \$7,495,107 respectively to the Department of Natural Resources. At June 30, 1998, \$1,575,745 was due the department from the board.

### Component Units

The University of Colorado Hospital Authority received a net state appropriation of \$7.7 million in both Fiscal Year 1997-98 and 1996-97 for indigent care. In addition, the hospital participates in the Colorado Disproportionate Share Hospital Program. The hospital received net reimbursements for this program from the state of \$16.2 million and \$14.7 million for the years ended June 30, 1998 and 1997, respectively.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and for various professional laboratory services. The hospital and UPI have also entered into other joint arrangements in furthering the missions of both organizations. Amounts of approximately \$18.2 million and \$18.8 million were paid for these programs during Fiscal Years 1997-98 and 1996-97, respectively.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and also provides overhead and ancillary services for CRC patients. Charges of approximately \$1.4 million were billed to CRC for the cost of these services during both Fiscal Years 1997-98 and 1996-97.

The hospital also leases certain employees to the Colorado Psychiatric Hospital, a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately \$6.8 million and \$5.8 million during Fiscal Years 1997-98 and 1996-97, respectively.

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

As part of the agreements the hospital purchased a minority interest in TriWest for approximately \$3.3 million. This was recorded as "Other Assets" and is accounted for under the cost method. The hospital agreed to secure a letter of credit for \$4.6 million to cover the hospital's share of any potential losses of TriWest. At June 30, 1998, no amounts had been drawn on the letter of credit.

UPI has also signed an agreement with the hospital to assume its network management obligations related to TriWest. As part of its negotiations, the hospital

received a capital contribution of \$993,750 from UPI. Under the current terms of the draft contract between the hospital and UPI, UPI will sign a \$1,380,000 letter of credit, equal to 30 percent of the hospital's letter of credit commitment to TriWest.

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

**NOTE IV. COMMITMENTS AND CONTINGENCIES****A. CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities are summarized as follows:

**Primary Government**

(Amounts in Thousands)

	Governmental Fund Types	Proprietary Fund Types	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Beginning Balance, July 1, 1997	\$ 4,243	\$ 27,859	\$ 1,213,880	\$ 495,277	\$ 552,640	\$ 2,293,899
Obligations Issued or Assumed	-	-	-	-	62,580	62,580
Obligations Retired or Reclassified	-	(90)	-	-	(52,120)	(52,210)
Increase (Decrease) in Deposits Held	115	4	(749,373)	-	(11,304)	(760,558)
Increase (Decrease) in Capital Leases	-	3,638	(14)	(24,707)	27,699	6,616
Increase (Decrease) in Comp. Absences	-	64	10	1,848	6,740	8,662
Increase (Decrease) in Deferred Comp.	-	-	42,451	-	-	42,451
Increase (Decrease) in Other Liabilities						
Claimant Benefits	-	-	(29)	-	-	(29)
Tax Refunds Payable	-	-	465	-	-	465
Treasury Escheats	-	-	(145)	-	-	(145)
Risk Management Claims	-	-	-	(192)	874	682
State Fair Authority	-	(169)	-	-	-	(169)
Unpaid Insurance Claims	-	76	-	(382)	-	(306)
Expired Warrants Liability	-	5	-	-	-	5
Labor Fund Claims	-	-	-	(3,350)	-	(3,350)
Highway Construction Advances	-	-	-	(13,711)	-	(13,711)
Other	10	-	-	-	3,294	3,304
Ending Balance June 30, 1998	\$ 4,368	\$ 31,387	\$ 507,245	\$ 454,783	\$ 590,403	\$ 1,588,186

**Component Units**

(Amounts in Thousands)

	Denver Metropolitan Major League Baseball Stadium District	University Of Colorado Hospital Authority	Colorado Water Resources and Power Development Authority	Colorado Travel and Tourism Authority	Colorado Uninsurable Health Insurance Plan	Totals
Beginning Balance	\$ 103,186	\$ 143,247	\$ 188,105	\$ -	\$ -	\$ 434,538
Obligations Issued	-	-	65,425	-	-	65,425
Obligations Retired or Reclassified	(8,620)	(3,591)	(9,901)	-	-	(22,112)
Increase (Decrease) in Comp. Absences	-	248	-	-	-	248
Increase (Decrease) in Other Liabilities	-	(281)	-	-	-	(281)
Ending Balance	\$ 94,566	\$ 139,623	\$ 243,629	\$ -	\$ -	\$ 477,818

**B. LEASE COMMITMENTS**

**Primary Government**

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

At June 30, 1998, the state had \$2.8 million of land, \$253.7 million of buildings, and \$130.5 million of equipment under capital leases. The state also had \$766,617 in minimum sublease rentals and \$3.3 million contingent rentals outstanding.

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

foundation. The total obligation is \$1,906,000 with average annual lease payments of \$376,000. Colorado State University is also sub-leasing space from the foundation. The total obligation is \$3,075,000, with average annual lease payments of \$615,000.

The university is also leasing equipment from the foundation and has a total lease obligation of \$375,000 with terms ranging from one to six years.

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

For the Fiscal Year 1997-98 the state had building and land rental expenditures of \$26.4 million and equipment and vehicle rental expenditures of \$36.2 million paid to non-state agencies.

Future minimum payments at June 30, 1998, for existing leases were as follows:

(Amounts in Thousands)

Fiscal Year	Operating Leases	Capital Leases				
		Enterprise Funds	Internal Service Funds	Trust & Agency Funds	General Long-Term Debt	College & University Funds
1999	\$ 32,778	\$ 503	\$ 9,430	\$ 37	\$ 16,944	\$ 17,950
2000	26,175	518	9,132	36	5,857	17,399
2001	21,849	381	7,203	18	5,617	18,112
2002	18,890	-	4,838	5	5,463	12,224
2003	15,910	-	3,018	-	5,477	10,745
Thereafter	63,544	-	1,490	-	13,621	85,455
Total Minimum Lease Payments	\$ 179,146	1,402	35,111	96	52,979	161,885
Less: Imputed Interest		(230)	(3,574)	(12)	(8,666)	(49,051)
Present Value of Minimum Lease Payments		1,172	31,537	84	44,313	112,834
Less: Current Portion		(374)	(8,082)	-	-	(1,620)
Total Capital Lease Obligations		\$ 798	\$ 23,455	\$ 84	\$ 44,313	\$ 111,214

**Component Units**

The University of Colorado Hospital Authority leases certain equipment under non-cancelable operating leases. Rental expense for operating leases approximated \$5.6 million and \$6.5 million for Fiscal Years 1997-98 and 1996-97, respectively, for the hospital. Future minimum lease payments for these leases at June 30, 1998 are:

Fiscal Year	Amounts in Thousands
1999	\$ 1,940
2000	1,667
2001	966
2002	624
2003	624
Thereafter	18,999
Total Minimum Obligations	<u>\$24,820</u>

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease which expires December 31, 2000. Total rental expense for the year ended December 31, was \$73,312 in 1997 and \$56,882 in 1996. The future minimum annual rental commitments under this lease are \$82,380 for 1998 and \$85,729 annually for 1999 and 2000.

**C. NOTES AND BONDS PAYABLE****Primary Government**

Many institutions of higher education and the state nursing homes have issued bonds and notes for the purchase of equipment and construction of facilities. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 1997-98, the state had \$114.3 million of available net revenue after operating expenses to meet the \$35.0 million of debt service requirement related to these bonds. The state is not aware of any violations of any note or bond covenants by itself or any of its institutions at June 30, 1998, or subsequent to that date.

The state recorded \$44.1 million of interest costs of which approximately \$7.9 million was for certificates of participation for capital financing, \$8.0 million was for short-term borrowings by the treasurer, \$9.1 million was for the Guaranteed Student Loan Program, \$13.0 million was for debt issued by various institutions of higher education, and \$6.1 million of operating interest.

Annual maturities of notes and bonds payable, including \$2.8 million classified as other current liabilities and including \$2.7 million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)						
Fiscal Year	Revenue Bonds	Anticipation Warrants	Mortgages Payable	Installment Notes	Total	
1999	\$ 34,912	\$ 123	\$ 50	\$ 25	\$ 35,110	
2000	35,041	126	50	160	35,377	
2001	33,187	128	50	18	33,383	
2002	32,257	130	50	16	32,453	
2003	32,259	-	50	8	32,317	
2004-2008	151,758	-	250	16	152,024	
2009-2013	124,022	-	50	-	124,072	
2014-2018	65,104	-	-	-	65,104	
2019-2023	25,542	-	-	-	25,542	
2024-2028	2,832	-	-	-	2,832	
Total Future Payments	536,914	507	550	243	538,214	
Less: Imputed Interest	(191,368)	(87)	(135)	(12)	(191,602)	
Total Principal Payments	<u>\$ 345,546</u>	<u>\$ 420</u>	<u>\$ 415</u>	<u>\$ 231</u>	<u>\$ 346,612</u>	

**Component Units**

The debt service requirements to maturity for the Denver Metropolitan Major League Baseball Stadium District and the Water Resources and Power Development Authority December 31, 1997 are:

(Amounts in Thousands)

Year	Denver Metropolitan Major League Baseball Stadium District	Colorado Water Resources and Power Development Authority
1998	\$ 15,397	\$ 24,488
1999	15,400	27,082
2000	15,398	26,873
2001	15,400	26,658
2002	17,864	26,738
Thereafter	45,843	292,144
Total Future Payments	125,302	423,983
Less: Imputed Interest	(22,592)	(170,453)
Unamortized Discount and Losses	(8,144)	
Total Principal Payments	<u>\$ 94,566</u>	<u>\$ 253,530</u>

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

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

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

During Fiscal Years 1997-98 and 1997-98 the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture.

Cash paid for interest by the hospital in Fiscal Years 1997-98 and 1996-97 approximated \$7.8 million and \$8.2 million, respectively. Total interest cost incurred in Fiscal Year 1997-98 amounted to \$8.0 million, of which \$899,000 was offset by investment income from the unexpended bond funds.

The aggregate maturities of long-term debt for University Hospital at June 30, 1998 are:

(Amounts in Thousands)

Year	
1999	\$ 3,270
2000	3,190
2001	3,310
2002	3,430
2003	3,660
Thereafter	130,530
Total Long-Term Debt Payments	147,390
Unamortized Discount	(2,251)
Deferred Amount on Refunding from Series 1997A Bonds	(9,536)
Total Carrying Amount of Long-Term Debt	<u>\$ 135,603</u>

**D. OTHER LONG-TERM LIABILITIES**

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 1998, which are

classified as other long-term liabilities on the balance sheet:

(Amounts in Thousands)

	General Fund	Proprietary Funds	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Tax Refunds Payable	\$ -	\$ -	\$ 8,890	\$ -	\$ -	\$ 8,890
Treasury Escheats	-	-	1,107	-	-	1,107
Risk Management Claims	-	-	-	98,071	33,579	131,650
State Fair Authority	-	2,475	-	-	-	2,475
Unpaid Insurance Claims	-	244	-	1,569	-	1,813
Expired Warrant Liability	-	107	-	-	-	107
Labor Fund Claims	-	-	-	204,110	-	204,110
Highway Construction Advances	-	-	-	3,000	-	3,000
Other	296	-	-	-	4,869	5,165
<b>TOTAL</b>	<b>\$ 296</b>	<b>\$ 2,826</b>	<b>\$ 9,997</b>	<b>\$ 306,750</b>	<b>\$ 38,448</b>	<b>\$358,317</b>

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

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

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

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

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

**E. DEFEASED DEBT**

**Primary Government**

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 1997-98, debt was defeased in the College and University Plant Funds.

During Fiscal Year 1997-98 the University of Colorado advanced refunded \$10,105,000 of debt by depositing with an escrow agent \$10,395,000 of proceeds from new debt. The retired debt consisted of Student Facilities Bonds, Series 1986, having interest rates from 7.0 to 7.6 percent and a maturity up to 8.5 years. The new debt of Enterprise System Refunding and Improvement Bonds, Series 1997, had interest rates ranging from 4.2 percent to 5.1 percent, and a maximum term of 8 years. The

university recorded an accounting loss of \$290,000, an economic gain of \$459,458, and a decrease of \$582,216 in the present value of cash flows necessary to service the debt to maturity.

During Fiscal Year 1997-98 Colorado State University advanced refunded \$10,460,000 of debt by depositing with an escrow agent \$11,600,000 of proceeds from a portion of their Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1997. The retired debt consisted of Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1992. The new debt had interest rates ranging from 3.85 percent to 5.125 percent, and a term of 19.3 years. The old debt had interest rates from 5.9 percent to 6.4 percent, and a term of 19.3 years. The university recorded an accounting loss of \$514,642, an economic gain of \$401,592, and a decrease of \$610,592 in the present value of cash flows necessary to service the debt to maturity.

During Fiscal Year 1997-98 the University of Northern Colorado advanced refunded \$9,300,000 of debt by depositing with an escrow agent \$10,630,000 of proceeds from their Auxiliary Facilities System Revenue Bonds. The new debt had interest rates ranging from 3.5 to 5.0 percent, and terms up to 26 years. The old debt had interest rates from 5.4 percent to 6.0 percent, and terms up to 30 years. The university recorded an accounting loss of \$1,039,405, an economic loss of \$3,146,135, and an increase of \$200,231 in the present value of cash flows necessary to service the debt to maturity.

During Fiscal Year 1997-98, Northeastern Junior College advanced refunded \$495,000 of old debt by placing \$540,000 of new debt with an escrow agent to reduce the total debt service period by three years on its dormitory project. This will ensure that the college's bonds do not exceed the debt service period of the other bonds of the Community College System as required by statute. The old debt had a term of 25 years with a 5.5 percent interest rate. The new debt has terms up to 22 years with interest rates ranging from 3.85 to 5.125 percent. The college recorded an accounting loss of \$18,014, an economic loss of \$20,757, and an increase in the present value of cash flows necessary to service the debt of \$145,111.

The balances of outstanding debt at June 30, 1998, which have been placed in escrow type accounts with paying agents for the General Long-Term Account Group are \$15,270,000 for the Department of Personnel.

The balances which have been placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amounts in Thousands)	
University of Colorado	\$84,610
Auraria Higher Education Center	35,550
University of Northern Colorado	19,200
Colorado State University	17,086
Western State College	12,255
Fort Lewis College	4,649
School of Mines	4,480
Mesa State College	2,265
Adams State College	1,220
Northeastern Junior College	495
Arapahoe Community College	340
University of Southern Colorado	<u>110</u>
<b>TOTAL</b>	<b>\$182,260</b>

**Component Units**

The Denver Metropolitan Major League Baseball Stadium District had total debt service, including principal and interest, remaining for its defeased debt of \$97,075,500 at December 31, 1997, assuming no early redemption.

The Colorado Water Resources and Power Development Authority had \$43,030,000 of bonds previously issued but defeased at December 31, 1997.

On November 1, 1997, the University of Colorado Hospital Authority issued \$123,900,000 in Hospital Refunding Revenue Bonds with an average interest rate of 5.4 percent to advance refund \$109,200,000 of outstanding Series 1992A bonds with an average interest rate of 6.6 percent. At June 30, 1998, the unamortized deferred gain on the refunding is \$9.5 million. Total debt service payments will be reduced by \$6.5 million and the economic gain on the transaction was \$3.7 million.

## F. RISK MANAGEMENT

### Primary Government

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

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

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

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health benefits program for physicians in training at the Health Sciences Center. The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self Insurance Risk Management Trust. Excess risk exposure is handled through the purchase of stop-loss insurance for individual medical claims in excess of \$100,000 per year and an aggregate of \$2,993,284 for the entire plan. The discounted liability for malpractice is determined annually by an actuarial study.

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

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

During Fiscal Years 1997-98, 1996-97, and 1995-96 medical claims against the State Employees and Officials Insurance Fund exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately \$3.8 million, \$6.5 million, and \$2.1 million, respectively. The fund includes several medical plan options ranging from provider of choice to managed care.

The fund also provides an employer paid short-term disability plan. This program provides an employee with 60 percent of their pay beginning after 30 days of disability or the exhaustion of the employee's sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

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

Changes in the balances of claims liabilities were as follows:

Amounts in Thousands				
Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
<b>Risk Management:</b>				
<b>Liability Fund</b>				
1997-98	\$ 21,124	\$ 7,936	\$ 5,965	\$ 23,095
1996-97	20,676	3,858	3,410	21,124
1995-96	19,764	3,699	2,787	20,676
<b>Workers' Compensation</b>				
1997-98	95,749	28,470	25,891	98,328
1996-97	83,202	37,980	25,433	95,749
1995-96	84,612	19,664	21,074	83,202
<b>Employee's and Officials Insurance Fund:</b>				
1997-98	10,285	60,571	60,123	10,733
1996-97	9,200	63,701	62,616	10,285
1995-96	9,160	56,753	56,713	9,200
<b>University of Colorado:</b>				
<b>General Liability, Property,   and Workers' Compensation</b>				
1997-98	19,329	3,666	6,077	16,918
1996-97	18,366	7,441	6,478	19,329
1995-96	16,365	9,591	7,590	18,366
<b>Medical Benefits Plan</b>				
1997-98	5,761	30,957	28,816	7,902
1996-97	13,492	26,447	34,178	5,761
1995-96	15,008	22,611	24,127	13,492
<b>Univ. of Colorado Health Sciences Center:</b>				
<b>Medical Malpractice</b>				
1997-98	7,089	1,902	824	8,167
1996-97	7,427	878	1,216	7,089
1995-96	8,478	(166)	885	7,427
<b>Housestaff Health Benefits</b>				
1997-98	526	2,500	2,434	592
1996-97	473	2,544	2,491	526
1995-96	548	2,193	2,268	473
<b>Department of Human Services:</b>				
<b>Workers' Compensation</b>				
1997-98	1,951	-	381	1,570
1996-97	2,375	-	424	1,951
1995-96	2,918	-	543	2,375

## Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. The hospital has established an additional self-insurance trust fund for uninsured losses, funding of which is determined by an independent actuarial computation. At June 30, 1998 and 1997, the hospital's trust fund had investments of \$134,000 and \$417,000, respectively. The charge to expense for actual or potential self-insurance claims related to the additional self-insurance trust fund was zero during the years ended June 30, 1998 and 1997.

The hospital purchased insurance coverage from the University of Colorado Insurance Pool (UCIP) for workers' compensation, property, crime, auto and general liability until September 30, 1996. Beginning October 1, 1996 the hospital began using commercial insurance carriers instead of UCIP. The hospital believes that it has adequately provided for the liability, if any, that may develop while it was covered by UCIP.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## G. CONTINGENCIES

### Primary Government

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

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

The state is a defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these

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

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

Many state agencies enter into various grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditures. The state is contesting the disallowances related to such audits, and the outcome is uncertain at this time.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 22 percent of the outstanding balance of loans in repayment status (\$327.4 million), however, the probability of a material loss is remote.

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

The U.S. Court of Appeals has ruled in favor of the Southern Ute Indian Tribe against numerous defendant oil and gas interest holders and production companies on ownership of coal bed methane gas production on the Southern Ute lands. If upheld on further appeal, ownership would change from taxable owners to the non-taxable Southern Utes. Decreases would occur in future severance tax collections and ultimately, the defendants may sue for refund of previous taxes paid if they are forced to relinquish proceeds to the Southern Utes for past production.

At June 30, 1998, the Lottery Division of the Department of Revenue had outstanding annuities of approximately

\$696.2 million in the name of lottery or lotto prize winners. The probability that any of the sellers of these annuity contracts will default and that the state will have to pay the annuity itself is remote.

Various notes and bonds have been issued by state school districts which may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent and shall withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over \$3.4 billion are outstanding. Of this amount, \$2.2 billion is covered by private insurance.

The state's Department of Transportation is in the process of remediating its underground fuel storage tanks. It has been estimated by the department that its future costs will be approximately \$20 million and that the process will not be completed until the year 2002. The department has also been sued by a contractor for \$5.2 million for wrongful termination from a construction project, and by various property owners over the amounts due the owners after condemnation of their property by the department.

The state's Underground Storage Tank Advisory Committee has rejected the reimbursement for the clean-up of petroleum leaks discovered prior to December 22, 1988. Diamond Shamrock has sued the state for approximately \$3.5 million of such unreimbursed costs. The state received an adverse ruling from the district court but the court of appeals reversed the district court. That ruling is currently under appeal to the state's supreme court. Whatever the outcome, the state cannot be held liable for any amount of money over what is available in the Underground Storage Tank Fund.

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

A taxpayer has sued the state for \$11 million in corporate income taxes paid to the state for which they have demanded a refund. At issue is whether the taxpayer is an instrumentality of the Federal Government. If the state loses it will have to refund the entire \$11 million.

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

A class action suit has been brought on behalf of minor children who attend public schools within the state. The complaint alleges that the statutory method of funding capital expenditures for public schools denies the student class constitutional rights guaranteed by the equal protection, due process, and educational clauses of the state constitution. Should the court find that the present school capital finance system does not meet the adequacy requirements of Article IX, Section 2 (Education Clause) of the state constitution, the state could incur substantial future costs to overhaul the school finance system.

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

**NOTE V. PENSION SYSTEM AND OBLIGATIONS****A. PLAN DESCRIPTION**

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

**Administration of the Plan**

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

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

**Service Requirement and Termination**

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

**Defined Retirement Benefits**

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

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are calculated at 2.5 percent of HAS for each year of service up to a maximum of 40 years.

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

**Money Purchase Retirement Benefit**

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

**Disability and Survivor Benefits**

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

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

**B. FUNDING POLICY**

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the CRS as amended. Members are required to contribute 8 percent of their gross salary, except for state troopers and CBI officers, who contribute 11.5 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The state contribution rate from July 1, 1997 to June 30, 1998 was 10.7 percent (12.3 percent for state troopers and CBI officers) of the employee's gross covered wages. The state paid \$175.5 million, \$169.4 million, and \$162.5 million in Fiscal Years 1997-98, 1996-97 and

1995-96, respectively. These amounts were equal to the required contributions for those years.

**B. OTHER RETIREMENT PLANS**

**Primary Government**

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

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

The state made contributions to other pension plans of \$26.2 million and \$24.0 million during Fiscal Year 1997-98, and Fiscal Year 1996-97, respectively. In addition, the state paid \$34.4 million and \$31.4 million in FICA or Medicare taxes on employees wages during Fiscal Year 1997-98, and Fiscal Year 1996-97, respectively.

PERA also offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 18 percent of their annual gross salary, to a maximum of \$9,500. Contributions and earnings are tax deferred. On December 31, 1997 the plan had net assets of \$272.1 million and 16,391 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 1997-98 and 1996-97, the state treasurer transferred \$28.4 million and \$70.7 million to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the Association provides to volunteer firefighters.

**Component Units**

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

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement.

As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees not fully vested in this plan will continue to earn credit toward vesting. As the hospital acts in a fiduciary capacity for this plan and has the ability to amend the plan at its discretion, the plan's assets and related reserves are included in the financial statements as a pension trust fund.

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

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

The hospital made contributions of \$6,300,000 and \$5,800,000 to its defined benefit plans in Fiscal Years 1997-98 and 1996-97, respectively. Annual cost is determined using the projected unit credit actuarial method. Plan assets at fair value were \$48,206,000 at June 30, 1997, and the projected benefit obligation was \$46,652,000.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2% of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 1998 and 1997 was approximately \$82,814,000 and \$77,318,000, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3% of their compensation until they are fully vested in the Basic Pension Plan. Since April 1, 1995, make-up contributions made by the hospital have approximated \$95,000.

The Matching Account is a qualified single-employer tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100% on the first 3% of gross compensation contributed. Employees are always vested 100% in their contributions; however, the hospital's matching contributions are subject to a five-year vesting schedule. The hospital's matching contributions for Fiscal Years 1997-98 and 1996-97 were approximately \$1,600,000.

The hospital has made contributions to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was \$282,000 and \$353,000 for Fiscal Years 1997-98 and 1996-97, respectively.

There were no transfers from PERA to the hospital's pension plan for previous state employees who have transferred their benefits to the hospital's pension plan for the years ended June 30, 1998 and 1997.

#### **D. EMPLOYEE DEFERRED COMPENSATION**

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan has a third party administrator, and all costs of administration and funding are borne by the plan participants. Investments and accumulated earnings of the plan at June 30, 1998, and June 30, 1997, totaled \$288.1 million and \$245.7 million respectively. The state has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

#### **E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

##### Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During 1997, the subsidy was \$115.00 for those with 20 years of service credit and reduced by \$5.75 for each year under 20.

The Health Care Fund is maintained by a contribution of 0.8 percent of covered salary. The state paid \$13.1 million, \$12.5 million, and \$12.0 million in Fiscal Years 1997-98, 1996-97 and 1995-96, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. During 1997 there were 37,388 participants, including spouses and dependents, from all contributors to the plan.

##### Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

##### Other Programs

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

**NOTE VI. SUBSEQUENT EVENTS**

**A. DEBT REFUNDING**

**Component Units**

On January 7, 1998 (after the close of their fiscal year on December 31, 1997) the Colorado Water Resources and Power Development Authority advance refunded portions of their 1991A and 1992A Small Water Resources Revenue Bonds. They defeased \$11,170,000 with the issuance of \$12,500,000 Small Water Resources Revenue Bonds 1997 Series B dated January 1, 1998. The authority reduced its aggregate debt service payments by approximately \$940,000 over the next 15 years and obtained an economic gain of approximately \$656,000.

**B. PENSION PLAN CHANGES**

Effective July 1, 1998, plan members within PERA became eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service or at age 65 with 5 years of service. In addition, the penalties for earlier retirements were reduced, and the state's contribution rate was reduced by one-tenth of one percent.

Effective July 1, 1998, statewide elected officials, legislators, most of the governor's staff, and the staff of the house and senate may choose to join a defined contribution plan in lieu of PERA. Those that join this plan will self-direct the investment of the employee and employer's contributions, and be fully vested in those contributions from the start of the plan. The contribution rates are the same as for the PERA plan, although no survivor, disability, or health care benefits will be provided to those choosing this plan.

**C. NOTE ISSUANCE**

On July 1, 1998 the state treasurer issued \$150 million of Tax Revenue Anticipation Notes. The notes are to be repaid in June 1999.

**D. SALES TAX REFUND**

On September 16, 1998, in special session, the General Assembly passed, and the Governor signed, a bill to provide a state sales tax credit of approximately \$565 million on 1998 income tax returns properly filed on or before October 15, 1999. The purpose of this credit is to liquidate the \$563.2 million TABOR Refund Liability booked by the state on June 30, 1998.

However, in the regular 1998 session the General Assembly placed a referendum on the ballot which would allow the state to keep \$200 million a year for five years to be spent on roads and school buildings. If passed by the voters at the general election on November 3, 1998 then only \$365 million will be refunded on the 1998 income tax returns.

If the refund amount is \$565 million, then beginning in January 1999, each adult full-year resident filing a single return will receive a credit of \$142 if their federal adjusted gross income (AGI) is less than or equal to \$20,000, or \$195 if their AGI is greater than \$20,000 but less than or equal to \$50,000, or \$276 if their AGI is greater than \$50,000 but less than or equal to \$95,000, and \$384 if their AGI is greater than \$95,000.

If the refund amount is \$365 million, then beginning in January 1999, each adult full-year resident filing a single return will receive a credit of \$92 if their federal adjusted gross income (AGI) is less than or equal to \$20,000, or \$126 if their AGI is greater than \$20,000 but less than or equal to \$50,000, or \$178 if their AGI is greater than \$50,000 but less than or equal to \$95,000, and \$248 if their AGI is greater than \$95,000.

All amounts are doubled for a surviving spouse or two individuals filing a joint return.



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

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## GENERAL FUND

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

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

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
GENERAL FUND SURPLUS - GENERAL FUND  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
<b>REVENUES:</b>					
Sales and Use Tax	\$ 1,345,950	\$ 1,389,400	\$ 1,391,658		
Other Excise Taxes	97,600	93,000	93,092		
Individual Income Tax, net	2,808,300	3,009,600	3,051,623		
Corporate Income Tax, net	214,300	266,200	263,109		
Estate Tax	32,900	109,000	109,563		
Insurance Tax	116,400	114,500	113,817		
Parimutuel, Courts, and Other	62,800	62,600	74,837		
Interest Earnings	32,000	48,000	52,221		
Gaming	26,500	20,100	21,544		
Medicaid Provider Revenues	72,900	72,900	72,615		
<b>TOTAL GENERAL PURPOSE REVENUES</b>	<b>4,809,650</b>	<b>5,185,300</b>	<b>5,244,079</b>		
<b>EXPENDITURES:</b>					
Agriculture	7,478	7,478	7,305	\$ 173	\$ 19
Corrections	290,229	300,458	297,179	3,279	236
Education	1,818,229	1,831,453	1,830,940	513	5
Governor	3,067	3,067	2,996	71	-
Health Care Policy and Financing	809,809	785,715	789,532	(3,817)	-
Higher Education	651,924	651,977	651,893	84	-
Human Services	439,153	431,584	424,486	7,098	2,441
Judicial Branch	166,038	166,799	166,574	225	559
Labor and Employment	140	140	20	120	-
Law	9,185	9,394	8,558	836	982
Legislative Branch	23,545	23,545	21,567	1,978	7
Local Affairs	27,283	27,318	26,672	646	1,335
Military Affairs	3,719	3,724	3,460	264	-
Natural Resources	24,909	24,899	24,845	54	223
Personnel	16,016	15,945	15,361	584	29
Public Health and Environment	20,559	20,559	20,507	52	138
Public Safety	40,326	39,557	39,433	124	494
Regulatory Agencies	1,463	1,463	1,194	269	-
Revenue	157,548	160,535	156,434	4,101	2,731
Transportation	288	288	244	44	-
Treasury	30,971	31,322	31,173	149	-
Transfer to the Capital Construction Fund	198,798	198,387	198,387	-	-
Transfer to the Family Issues Cash Fund	-	5,200	5,200	-	-
Transfer to the Vendor Offset Fund	-	400	400	-	-
Transfer to the Corrections Expansion Reserve Fund	-	11	11	-	-
Fiscal Year 1996-97 TABOR Refund	55,900	139,026	139,026	-	-
<b>TOTAL GENERAL FUNDED EXPENDITURES</b>	<b>4,796,577</b>	<b>4,880,244</b>	<b>4,863,397</b>	<b>\$ 16,847</b>	<b>\$ 9,199</b>
<b>EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES</b>	<b>13,073</b>	<b>305,056</b>	<b>380,682</b>		
<b>EXCESS AUGMENTING REVENUES</b>			<b>9,199</b>		
<b>BEGINNING GENERAL FUND SURPLUS</b>	<b>220,300</b>	<b>347,416</b>	<b>347,416</b>		
Residual Equity Transfer-In (Out)	-	-	202		
Budgeted Non-GAAP Expenditures	-	-	80		
GAAP Revenues/Expenditures Not Budgeted	-	-	(532)		
(Increase)/Decrease in Long-Term Asset Reserve	-	-	223		
Addition to Statutory 4 Percent Reserve Requirement	(10,700)	(10,292)	(10,268)		
Adjustments for Consumable Inventory Fund	-	-	(6)		
<b>ENDING GENERAL FUND SURPLUS</b>	<b>222,673</b>	<b>642,180</b>	<b>726,996</b>		
Net Increase/(Decrease) in the Fair Value of Investments	-	-	7,993		
Fiscal Year 1997-98 TABOR Liability	(17,200)	(528,800)	(563,163)		
<b>ENDING GAAP UNRESERVED FUND BALANCE</b>	<b>\$ 205,473</b>	<b>\$ 113,380</b>	<b>\$ 171,826</b>		



### **SPECIAL REVENUE FUNDS**

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

**COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
<b>ASSETS:</b>						
Cash and Pooled Cash	\$ 339,489	\$ 87,093	\$ 54,354	\$ 70,863	\$ 95,882	\$ 647,681
Taxes Receivable, net	58,531	-	14,003	1	-	72,535
Other Receivables, net	894	3,364	1,064	5	6,968	12,295
Due From Other Governments	78,003	1,626	-	-	-	79,629
Due From Other Funds	5,702	1,819	389	6,579	215	14,704
Inventories	10,818	613	-	-	-	11,431
Prepays, Advances, and Deferred Charges	112	301	-	4	-	417
Investments	-	-	72,426	-	-	72,426
Other Long-Term Assets	13,523	-	-	-	102,397	115,920
<b>TOTAL ASSETS</b>	<b>\$ 507,072</b>	<b>\$ 94,816</b>	<b>\$ 142,236</b>	<b>\$ 77,452</b>	<b>\$ 205,462</b>	<b>\$ 1,027,038</b>
<b>LIABILITIES:</b>						
Liability to Pooled Cash	-	-	-	-	-	-
Warrants Payable	\$ 6,981	\$ 4,435	\$ 433	\$ 352	\$ 39	\$ 12,240
Tax Refunds Payable	364	-	-	-	-	364
Accounts Payable and Accrued Liabilities	79,308	3,094	460	338	181	83,381
Due To Other Governments	51,418	-	-	13,542	-	64,960
Due To Other Funds	676	122	-	29,113	-	29,911
Deferred Revenue	7,822	10,488	-	1,427	1	19,738
Other Current Liabilities	-	-	12,517	-	-	12,517
Deposits Held In Custody For Others	-	-	-	11	-	11
<b>TOTAL LIABILITIES</b>	<b>146,569</b>	<b>18,139</b>	<b>13,410</b>	<b>44,783</b>	<b>221</b>	<b>223,122</b>
<b>FUND EQUITY:</b>						
Fund Balances:						
Reserved For:						
Encumbrances	426,504	-	-	-	-	426,504
Other Specific Purposes	12,993	76,677	128,826	32,669	102,635	353,800
Long-Term Assets and Long-Term Receivables	13,523	-	-	-	102,606	116,129
Unreserved:						
Undesignated	(92,517)	-	-	-	-	(92,517)
<b>TOTAL FUND EQUITY</b>	<b>360,503</b>	<b>76,677</b>	<b>128,826</b>	<b>32,669</b>	<b>205,241</b>	<b>803,916</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 507,072</b>	<b>\$ 94,816</b>	<b>\$ 142,236</b>	<b>\$ 77,452</b>	<b>\$ 205,462</b>	<b>\$ 1,027,038</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
<b>REVENUES:</b>						
Taxes	\$ 626,467	\$ -	\$ 28,866	\$ 61,740	\$ -	\$ 717,073
Licenses, Permits, and Fines	187,172	58,747	76	2,332	-	248,327
Charges for Goods and Services	8,112	2,015	-	664	1	10,792
Investment Income	17,061	5,663	11,649	2,210	10,776	47,359
Federal Grants and Contracts	254,548	8,473	-	-	-	263,021
Other	19,658	8,420	197	39	16	28,330
<b>TOTAL REVENUES</b>	<b>1,113,018</b>	<b>83,318</b>	<b>40,788</b>	<b>66,985</b>	<b>10,793</b>	<b>1,314,902</b>
<b>EXPENDITURES:</b>						
Current:						
General Government	5,714	-	-	-	-	5,714
Business, Community and Consumer Affairs	-	24	6,261	5,256	-	11,541
Education	-	-	-	6,464	-	6,464
Health and Rehabilitation	5,992	-	-	-	-	5,992
Justice	44,764	-	-	-	-	44,764
Natural Resources	-	59,236	-	-	1,152	60,388
Transportation	715,455	-	-	-	-	715,455
Capital Outlay	15,546	10,454	-	176	5	26,181
Intergovernmental:						
Cities	118,297	407	-	11,981	31	130,716
Counties	154,799	621	-	7,380	355	163,155
School Districts	-	22	-	362	-	384
Special Districts	9,229	25	-	-	12	9,266
Federal	-	474	-	-	-	474
Other	7	1,635	-	1,918	5	3,565
<b>TOTAL EXPENDITURES</b>	<b>1,069,803</b>	<b>72,898</b>	<b>6,261</b>	<b>33,537</b>	<b>1,560</b>	<b>1,184,059</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>43,215</b>	<b>10,420</b>	<b>34,527</b>	<b>33,448</b>	<b>9,233</b>	<b>130,843</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfer-In	93,261	8,886	-	-	4,238	106,385
Operating Transfer-Out	(25,144)	(12,586)	(580)	(29,863)	(1,966)	(70,139)
Other	(30)	-	-	-	-	(30)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>68,087</b>	<b>(3,700)</b>	<b>(580)</b>	<b>(29,863)</b>	<b>2,272</b>	<b>36,216</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>111,302</b>	<b>6,720</b>	<b>33,947</b>	<b>3,585</b>	<b>11,505</b>	<b>167,059</b>
<b>FUND BALANCE, JULY 1</b>	<b>248,646</b>	<b>71,941</b>	<b>94,629</b>	<b>28,945</b>	<b>193,480</b>	<b>637,641</b>
Net Residual Equity Transfers-In (Out)	(114)	-	-	-	-	(114)
Prior Period Adjustment	669	(1,984)	250	139	256	(670)
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 360,503</b>	<b>\$ 76,677</b>	<b>\$ 128,826</b>	<b>\$ 32,669</b>	<b>\$ 205,241</b>	<b>\$ 803,916</b>



## ENTERPRISE FUNDS

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

GUARANTEED STUDENT LOAN	This fund records the activities of the Colorado Student Loan Division which guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools. It also includes loan programs for Colorado residents which are not reinsured by the federal government.
STATE LOTTERY	This activity encompasses the lotto and the various lottery games the state runs under the authority of state statute. The net proceeds are used to support the Conservation Trust Fund, the Great Outdoors Colorado Trust Fund, and projects in the Department of Natural Resources.
BUSINESS ENTERPRISE PROGRAM	This activity comprises the food vending stands run by the visually impaired under supervision and guidance of the Department of Human Services.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the state facilities at Homelake, Florence, Rifle, and Trinidad.
PRISON CANTEENS	This activity accounts for the various canteen operations in the state's prison system.
CORRECTIONAL INDUSTRIES	This activity is for the production and sale of manufactured goods and farm products by convicted criminals who are incarcerated in the state prison system.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include employee parking operations, surplus property disposal, and miscellaneous canteen operations at various state institutions.

**COMBINING BALANCE SHEET  
ENTERPRISE FUNDS  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 43,370	\$ 26,888	\$ 330	\$ 2,315
Other Receivables, net	1,121	15,305	45	648
Due From Other Governments	8,977	-	8	506
Due From Other Funds	-	-	-	-
Inventories	91	1,394	26	270
Prepays, Advances, and Deferred Charges	14	33	232	2
Property, Plant and Equipment, net	1,810	2,185	514	7,089
Other Long-Term Assets	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 55,383</b>	<b>\$ 45,805</b>	<b>\$ 1,155</b>	<b>\$ 10,830</b>
<b>LIABILITIES:</b>				
Warrants Payable	\$ 638	\$ 317	\$ 58	\$ 149
Accounts Payable and Accrued Liabilities	3,080	6,267	65	248
Due To Other Governments	3,853	48	-	-
Due To Other Funds	13	17,962	-	-
Deferred Revenue	7,085	451	-	5
Other Current Liabilities	1,156	18,429	43	90
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	115	-	-	-
Notes and Bonds Payable	-	-	-	330
Accrued Compensated Absences	663	687	37	665
Other Long-Term Liabilities	-	107	-	-
<b>TOTAL LIABILITIES</b>	<b>16,603</b>	<b>44,268</b>	<b>203</b>	<b>1,487</b>
<b>FUND EQUITY:</b>				
Contributed Capital	15	-	-	7,116
Retained Earnings	38,765	1,537	952	2,227
<b>TOTAL FUND EQUITY</b>	<b>38,780</b>	<b>1,537</b>	<b>952</b>	<b>9,343</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 55,383</b>	<b>\$ 45,805</b>	<b>\$ 1,155</b>	<b>\$ 10,830</b>

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 4,631	\$ 4,341	\$ 1,382	\$ 5,955	\$ 89,212
277	903	243	92	18,634
-	357	-	15	9,863
17	615	-	43	675
373	8,390	65	725	11,334
13	24	563	1	882
572	7,470	7,592	4,010	31,242
-	745	81	-	826
<b>\$ 5,883</b>	<b>\$ 22,845</b>	<b>\$ 9,926</b>	<b>\$ 10,841</b>	<b>\$ 162,668</b>
\$ 112	\$ 824	\$ 56	\$ 15	\$ 2,169
413	1,040	133	89	11,335
-	-	-	4,654	8,555
-	138	-	1	18,114
-	-	1,729	439	9,709
-	324	142	2	20,186
2	-	3	1	6
-	681	-	2	798
-	-	-	-	330
51	636	36	66	2,841
-	-	2,475	-	2,582
578	3,643	4,574	5,269	76,625
-	6,245	6,128	2,462	21,966
5,305	12,957	(776)	3,110	64,077
5,305	19,202	5,352	5,572	86,043
<b>\$ 5,883</b>	<b>\$ 22,845</b>	<b>\$ 9,926</b>	<b>\$ 10,841</b>	<b>\$ 162,668</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
<b>OPERATING REVENUES:</b>				
Licenses and Permits	\$ -	\$ 46	\$ -	\$ -
Charges for Goods and Services	8,582	374,279	650	12,307
Investment and Rental Income	3,529	-	-	-
Federal Grants and Contracts	62,526	-	-	4,495
Other	55	218	11	15
<b>TOTAL OPERATING REVENUES</b>	<b>74,692</b>	<b>374,543</b>	<b>661</b>	<b>16,817</b>
<b>OPERATING EXPENSES:</b>				
Salaries & Fringe Benefits	10,525	6,969	487	12,366
Operating and Travel	59,340	38,292	553	2,839
Cost of Goods Sold	-	11,356	-	-
Depreciation	506	460	215	499
Intergovernmental Distributions	-	52,999	-	1,117
Prizes and Awards	1	220,421	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>70,372</b>	<b>330,497</b>	<b>1,255</b>	<b>16,821</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,320</b>	<b>44,046</b>	<b>(594)</b>	<b>(4)</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>				
Fines	-	-	1	-
Investment and Rental Income	-	1,541	24	147
Donations	-	-	-	21
Federal Grants and Contracts	-	-	454	-
Debt Service	-	-	-	(39)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>1,541</b>	<b>479</b>	<b>129</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>4,320</b>	<b>45,587</b>	<b>(115)</b>	<b>125</b>
<b>OPERATING TRANSFERS:</b>				
Operating Transfer-In	-	-	-	239
Operating Transfer-Out	(168)	(45,387)	-	(96)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(168)</b>	<b>(45,387)</b>	<b>-</b>	<b>143</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>4,152</b>	<b>200</b>	<b>(115)</b>	<b>268</b>
<b>FUND EQUITY, JULY 1</b>	<b>34,511</b>	<b>1,261</b>	<b>1,067</b>	<b>8,973</b>
Additions (Deductions) to Contributed Capital	-	-	-	96
Prior Period/Other Adjustments	117	76	-	6
<b>FUND EQUITY, JUNE 30</b>	<b>\$ 38,780</b>	<b>\$ 1,537</b>	<b>\$ 952</b>	<b>\$ 9,343</b>

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 46
7,454	26,422	5,001	2,171	436,866
-	-	-	241	3,770
-	-	-	962	67,983
36	88	157	12	592
7,490	26,510	5,158	3,386	509,257
667	6,260	2,735	1,059	41,068
1,262	5,100	2,995	1,407	111,788
4,497	13,135	-	224	29,212
26	887	675	45	3,313
-	-	-	516	54,632
2	-	605	-	221,029
6,454	25,382	7,010	3,251	461,042
1,036	1,128	(1,852)	135	48,215
-	-	30	-	31
30	126	586	202	2,656
-	-	514	46	581
-	-	-	-	454
-	-	(66)	-	(105)
30	126	1,064	248	3,617
1,066	1,254	(788)	383	51,832
-	-	-	18	257
(52)	(385)	-	(194)	(46,282)
(52)	(385)	-	(176)	(46,025)
1,014	869	(788)	207	5,807
4,291	18,321	6,128	5,365	79,917
-	-	-	-	96
-	12	12	-	223
\$ 5,305	\$ 19,202	\$ 5,352	\$ 5,572	\$ 86,043

**COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Operating Income (Loss)	\$ 4,320	\$ 44,046	\$ (594)	\$ (4)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	506	460	215	499
Fines	-	-	1	-
Loss on Disposal of Fixed Assets	-	-	-	13
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	1,111	(510)	283	(138)
(Increase) Decrease in Inventories	27	(93)	(18)	(18)
(Increase) Decrease in Other Operating Assets	(7)	(5)	(9)	6
Increase (Decrease) in Accounts Payable	(3,226)	359	(4)	14
Increase (Decrease) in Accrued Compensated Absences	12	30	(5)	(27)
Increase (Decrease) in Other Operating Liabilities	(909)	(1,107)	(146)	8
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,834</b>	<b>43,180</b>	<b>(277)</b>	<b>353</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Donations	-	-	-	-
Federal Grants and Contracts	-	-	454	-
Operating Transfer-In	-	-	-	239
Operating Transfer-Out	(168)	(45,387)	-	(96)
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:				
(Increase) Decrease in Due from Other Funds	20	-	-	-
Increase (Decrease) in Due To Other Funds	11	1,365	-	(120)
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(137)</b>	<b>(44,022)</b>	<b>454</b>	<b>23</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Capital Lease Obligation Payments	(8)	-	-	-
Debt Service Payments	-	-	-	(129)
Net Changes in Assets and Liabilities Related to Capital Financing Activities:				
(Increase) Decrease in Property, Plant and Equipment	(786)	(714)	(50)	(355)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(794)</b>	<b>(714)</b>	<b>(50)</b>	<b>(484)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	117	1,617	24	153
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>117</b>	<b>1,617</b>	<b>24</b>	<b>153</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,020</b>	<b>61</b>	<b>151</b>	<b>45</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<b>42,350</b>	<b>26,827</b>	<b>179</b>	<b>2,270</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>\$ 43,370</b>	<b>\$ 26,888</b>	<b>\$ 330</b>	<b>\$ 2,315</b>

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
\$ 1,036	\$ 1,128	\$ (1,852)	\$ 135	\$ 48,215
26	887	675	45	3,313
-	-	30	-	31
-	-	-	-	13
14	538	171	22	1,491
(56)	(717)	(14)	(18)	(907)
-	(21)	(258)	18	(276)
82	(129)	(122)	4,526	1,500
12	50	-	(12)	60
1	41	(2,722)	(21)	(4,855)
1,115	1,777	(4,092)	4,695	48,585
-	-	514	46	560
-	-	-	-	454
-	-	-	18	257
(52)	(385)	-	(194)	(46,282)
13	(599)	-	51	(515)
(2)	(53)	-	-	1,201
(41)	(1,037)	514	(79)	(44,325)
-	(324)	-	-	(332)
-	-	(66)	-	(195)
(245)	(520)	(238)	(25)	(2,933)
(245)	(844)	(304)	(25)	(3,460)
30	138	598	202	2,879
30	138	598	202	2,879
859	34	(3,284)	4,793	3,679
3,772	4,307	4,666	1,162	85,533
\$ 4,631	\$ 4,341	\$ 1,382	\$ 5,955	\$ 89,212



## INTERNAL SERVICE FUNDS

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

**COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GENERAL GOVERNMENT			STATE EMPLOYEES AND OFFICIALS	
	CENTRAL SERVICES	COMPUTER CENTER	TELECOM-MUNICIPATIONS	INSURANCE	HIGHWAYS
<b>ASSETS:</b>					
Cash and Pooled Cash	\$ 1,239	\$ 2,261	\$ -	\$ 27,228	\$ 1,077
Other Receivables, net	179	3	27	478	-
Due From Other Governments	137	-	-	-	-
Due From Other Funds	3	-	-	-	3
Inventories	270	46	3	-	290
Prepays, Advances, and Deferred Charges	18	108	-	66	-
Property, Plant and Equipment, net	35,717	2,670	12,026	-	500
<b>TOTAL ASSETS</b>	<b>\$ 37,563</b>	<b>\$ 5,088</b>	<b>\$ 12,056</b>	<b>\$ 27,772</b>	<b>\$ 1,870</b>
<b>LIABILITIES:</b>					
Warrants Payable	\$ 1,155	\$ 84	\$ 531	\$ 2,288	\$ 34
Accounts Payable and Accrued Liabilities	1,805	622	568	2,754	47
Due To Other Funds	-	-	844	-	-
Deferred Revenue	222	-	-	8,379	-
Other Current Liabilities	8,082	-	-	10,489	-
Capital Lease Obligations	23,455	-	-	-	-
Accrued Compensated Absences	266	269	87	45	-
Other Long-Term Liabilities	-	-	-	244	-
<b>TOTAL LIABILITIES</b>	<b>34,985</b>	<b>975</b>	<b>2,030</b>	<b>24,199</b>	<b>81</b>
<b>FUND EQUITY:</b>					
Contributed Capital	-	127	7,127	-	1,106
Retained Earnings	2,578	3,986	2,899	3,573	683
<b>TOTAL FUND EQUITY</b>	<b>2,578</b>	<b>4,113</b>	<b>10,026</b>	<b>3,573</b>	<b>1,789</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 37,563</b>	<b>\$ 5,088</b>	<b>\$ 12,056</b>	<b>\$ 27,772</b>	<b>\$ 1,870</b>

PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 43	\$ 1,723	\$ 179	\$ 33,750
12	1	-	700
-	-	-	137
1	14	7	28
-	62	-	671
-	-	1	193
13	26	8	50,960
\$ 69	\$ 1,826	\$ 195	\$ 86,439
\$ -	\$ 22	\$ -	\$ 4,114
25	331	12	6,164
-	-	-	844
-	-	-	8,601
-	-	-	18,571
-	-	-	23,455
-	175	289	1,131
-	-	-	244
25	528	301	63,124
6	-	-	8,366
38	1,298	(106)	14,949
44	1,298	(106)	23,315
\$ 69	\$ 1,826	\$ 195	\$ 86,439

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GENERAL GOVERNMENT			STATE
	CENTRAL SERVICES	COMPUTER CENTER	TELECOM-MUNICATIONS	EMPLOYEES AND OFFICIALS INSURANCE
<b>OPERATING REVENUES:</b>				
Charges for Goods and Services	\$ 32,692	\$ 12,304	\$ 7,220	\$ 109,584
Investment and Rental Income	-	-	-	1,522
Other	3	7	236	-
<b>TOTAL OPERATING REVENUES</b>	<b>32,695</b>	<b>12,311</b>	<b>7,456</b>	<b>111,106</b>
<b>OPERATING EXPENSES:</b>				
Salaries & Fringe Benefits	4,529	3,771	885	4,276
Operating and Travel	13,839	6,284	6,417	110,454
Cost of Goods Sold	4,548	-	-	-
Depreciation	9,596	1,502	947	-
Intergovernmental Distributions	-	600	500	-
Prizes and Awards	2	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>32,514</b>	<b>12,157</b>	<b>8,749</b>	<b>114,730</b>
<b>OPERATING INCOME (LOSS)</b>	<b>181</b>	<b>154</b>	<b>(1,293)</b>	<b>(3,624)</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>				
Fines	-	-	-	395
Interest and Rents	-	-	-	138
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>533</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>181</b>	<b>154</b>	<b>(1,293)</b>	<b>(3,091)</b>
<b>OPERATING TRANSFERS:</b>				
Operating Transfer-In	389	-	500	-
Operating Transfer-Out	(1,721)	(1,033)	(10)	(183)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(1,332)</b>	<b>(1,033)</b>	<b>490</b>	<b>(183)</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>(1,151)</b>	<b>(879)</b>	<b>(803)</b>	<b>(3,274)</b>
<b>FUND EQUITY, JULY 1</b>	<b>3,729</b>	<b>4,992</b>	<b>10,715</b>	<b>6,764</b>
Additions (Deductions) to Contributed Capital	-	-	114	-
Prior Period/Other Adjustments	-	-	-	83
<b>FUND EQUITY, JUNE 30</b>	<b>\$ 2,578</b>	<b>\$ 4,113</b>	<b>\$ 10,026</b>	<b>\$ 3,573</b>

HIGHWAYS	PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ 3,129	\$ 128	\$ -	\$ 2,943	\$ 168,000
-	-	6,207	-	7,729
-	-	43	-	289
3,129	128	6,250	2,943	176,018
999	79	3,146	2,336	20,021
1,694	120	2,767	483	142,058
-	-	-	-	4,548
-	11	6	3	12,065
-	-	-	-	1,100
-	-	-	-	2
2,693	210	5,919	2,822	179,794
436	(82)	331	121	(3,776)
-	-	-	-	395
7	-	-	-	145
7	-	-	-	540
443	(82)	331	121	(3,236)
-	83	-	-	972
-	(100)	(307)	(136)	(3,490)
-	(17)	(307)	(136)	(2,518)
443	(99)	24	(15)	(5,754)
1,786	143	1,274	(91)	29,312
114	-	-	-	228
(554)	-	-	-	(471)
\$ 1,789	\$ 44	\$ 1,298	\$ (106)	\$ 23,315

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	GENERAL GOVERNMENT		
	CENTRAL SERVICES	COMPUTER CENTER	TELECOM-MUNICATIONS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Operating Income (Loss)	\$ 181	\$ 154	\$ (1,293)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	9,596	1,502	947
Interest (Income) Expense	-	-	-
Fines	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(84)	-	(8)
(Increase) Decrease in Inventories	(14)	(2)	(2)
(Increase) Decrease in Other Operating Assets	(18)	30	-
Increase (Decrease) in Accounts Payable	(374)	295	190
Increase (Decrease) in Accrued Compensated Absences	(1)	(10)	(43)
Increase (Decrease) in Other Operating Liabilities	1,187	(1)	(6)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>10,473</b>	<b>1,968</b>	<b>(215)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Operating Transfer-In	389	-	500
Operating Transfer-Out	(1,721)	(1,033)	(10)
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:			
(Increase) Decrease in Due From Other Funds	37	-	-
Increase (Decrease) in Due To Other Funds	-	-	692
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(1,295)</b>	<b>(1,033)</b>	<b>1,182</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Additions to Contributed Capital	-	-	-
Capital Lease Obligation Payments	(6,803)	-	-
Net Changes in Assets and Liabilities Related to Capital Financing Activities:			
(Increase) Decrease in Property, Plant and Equipment	(1,742)	(452)	(967)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(8,545)</b>	<b>(452)</b>	<b>(967)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest and Dividends on Investments	-	-	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>633</b>	<b>483</b>	<b>-</b>
CASH AND CASH EQUIVALENTS, JULY 1	606	1,778	-
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 1,239	\$ 2,261	\$ -

STATE EMPLOYEES AND OFFICIALS					
INSURANCE	HIGHWAYS	PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
\$ (3,624)	\$ 436	\$ (82)	\$ 331	\$ 121	\$ (3,776)
-	-	11	6	3	12,065
(1,522)	-	-	-	-	(1,522)
395	-	-	-	-	395
(205)	-	(6)	(1)	14	(290)
-	54	-	16	-	52
(61)	-	-	4	-	(45)
758	(70)	14	(5)	6	814
9	-	-	15	34	4
1,323	-	-	-	-	2,503
(2,927)	420	(63)	366	178	10,200
-	-	83	-	-	972
(183)	-	(100)	(307)	(136)	(3,490)
-	(3)	(1)	(14)	(6)	13
-	-	-	-	-	692
(183)	(3)	(18)	(321)	(142)	(1,813)
-	114	-	-	-	114
-	-	-	-	-	(6,803)
-	(64)	-	31	(8)	(3,202)
-	50	-	31	(8)	(9,891)
1,743	9	-	-	-	1,752
1,743	9	-	-	-	1,752
(1,367)	476	(81)	76	28	248
28,595	601	124	1,647	151	33,502
\$ 27,228	\$ 1,077	\$ 43	\$ 1,723	\$ 179	\$ 33,750

## TRUST AND AGENCY FUNDS

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

### EXPENDABLE TRUST FUNDS

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

### AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor's performance escrow accounts, sales taxes collected for cities and counties, deposits held to insure land restoration by miners and oil exploration companies, assets held for a water and power authority, and deferred compensation funds deposited by state employees.

### NONEXPENDABLE TRUST FUNDS

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

### INVESTMENT TRUST FUNDS

The state provides an investment service for the Colorado Compensation Insurance Authority where specific investments are acquired for them and the income from and changes in the value of those investments affects only the authority.

**COMBINING BALANCE SHEET  
FIDUCIARY FUND TYPES  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	EXPENDABLE TRUST	AGENCY	NON- EXPENDABLE TRUST	INVESTMENT TRUST	TOTALS
<b>ASSETS:</b>					
Cash and Pooled Cash	\$ 704,312	\$ 245,351	\$ 63,123	\$ 6,934	\$ 1,019,720
Taxes Receivable, net	49,847	75,553	-	-	125,400
Other Receivables, net	15,731	148	3,577	10,907	30,363
Due From Other Governments	764	-	-	-	764
Due From Other Funds	21,942	1,824	206	-	23,972
Inventories	10	11	-	-	21
Prepays, Advances, and Deferred Charges	3	-	-	-	3
Investments	2,223	744	516,171	772,130	1,291,268
Property, Plant and Equipment, net	4,473	-	7,517	-	11,990
Rights Under Deferred Compensation	-	288,085	-	-	288,085
Other Long-Term Assets	-	14,152	917	-	15,069
<b>TOTAL ASSETS</b>	<b>\$ 799,305</b>	<b>\$ 625,868</b>	<b>\$ 591,511</b>	<b>\$ 789,971</b>	<b>\$ 2,806,655</b>
<b>LIABILITIES:</b>					
Liability to Pooled Cash	-	-	-	-	-
Warrants Payable	\$ 4,547	\$ 1,492	\$ -	\$ -	\$ 6,039
Tax Refunds Payable	-	237	-	-	237
Accounts Payable and Accrued Liabilities	22,814	209	-	-	23,023
Due To Other Governments	9,413	119,015	-	-	128,428
Due To Other Funds	3,507	5,265	-	-	8,772
Deferred Revenue	888	-	158	-	1,046
Other Current Liabilities	6,978	1,994	-	-	8,972
Deposits Held In Custody For Others	912	200,759	7,274	-	208,945
Capital Lease Obligations	84	-	-	-	84
Accrued Compensated Absences	212	-	-	-	212
Obligations Under Deferred Compensation	-	288,007	-	-	288,007
Other Long-Term Liabilities	1,107	8,890	-	-	9,997
<b>TOTAL LIABILITIES</b>	<b>50,462</b>	<b>625,868</b>	<b>7,432</b>	<b>-</b>	<b>683,762</b>
<b>FUND EQUITY:</b>					
Fund Balances:					
Reserved For:					
Other Specific Purposes	748,843	-	377,918	789,971	1,916,732
Statutory Reserve Requirements	-	-	206,161	-	206,161
<b>TOTAL FUND EQUITY</b>	<b>748,843</b>	<b>-</b>	<b>584,079</b>	<b>789,971</b>	<b>2,122,893</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 799,305</b>	<b>\$ 625,868</b>	<b>\$ 591,511</b>	<b>\$ 789,971</b>	<b>\$ 2,806,655</b>

**COMBINING BALANCE SHEET  
EXPENDABLE TRUST FUNDS  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 621,622	\$ 13,627	\$ 33,063	\$ 91
Taxes Receivable, net	49,847	-	-	-
Other Receivables, net	11,183	-	-	3,458
Due From Other Governments	759	5	-	-
Due From Other Funds	13	11,684	2,577	161
Inventories	-	-	-	-
Prepays, Advances, and Deferred Charges	-	-	-	-
Investments	-	-	-	-
Property, Plant and Equipment, net	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 683,424</b>	<b>\$ 25,316</b>	<b>\$ 35,640</b>	<b>\$ 3,710</b>
<b>LIABILITIES:</b>				
Liability to Pooled Cash	-	-	-	-
Warrants Payable	\$ 3,906	\$ 574	\$ -	\$ 2
Accounts Payable and Accrued Liabilities	311	21,664	-	8
Due To Other Governments	96	-	-	-
Due To Other Funds	-	-	-	3,458
Deferred Revenue	-	-	-	-
Other Current Liabilities	6,975	-	-	-
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	-	1,107	-	-
<b>TOTAL LIABILITIES</b>	<b>11,288</b>	<b>23,345</b>	<b>-</b>	<b>3,468</b>
<b>FUND EQUITY:</b>				
Fund Balances:				
Reserved For:				
Other Specific Purposes	672,136	1,971	35,640	242
<b>TOTAL FUND EQUITY</b>	<b>672,136</b>	<b>1,971</b>	<b>35,640</b>	<b>242</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 683,424</b>	<b>\$ 25,316</b>	<b>\$ 35,640</b>	<b>\$ 3,710</b>

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	OTHER EXPENDABLE TRUSTS	TOTALS
\$ 11,168	\$ 2,169	\$ 22,572	\$ 704,312
-	-	-	49,847
-	-	1,090	15,731
-	-	-	764
230	7,185	92	21,942
-	-	10	10
-	-	3	3
-	-	2,223	2,223
-	-	4,473	4,473
\$ 11,398	\$ 9,354	\$ 30,463	\$ 799,305

-	-	-	-
\$ 22	\$ 15	\$ 28	\$ 4,547
-	-	831	22,814
-	9,317	-	9,413
-	-	49	3,507
-	-	888	888
-	-	3	6,978
-	-	912	912
-	-	84	84
-	-	212	212
-	-	-	1,107
22	9,332	3,007	50,462

11,376	22	27,456	748,843
11,376	22	27,456	748,843
\$ 11,398	\$ 9,354	\$ 30,463	\$ 799,305

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
<b>REVENUES:</b>				
Taxes	\$ 189,658	\$ -	\$ 15,019	\$ -
Licenses, Permits, and Fines	-	-	-	-
Charges for Goods and Services	-	-	-	239
Investment Income	39,059	20	200	19,836
Federal Grants and Contracts	7,551	4,593	-	-
Other	18	10,654	-	9,772
<b>TOTAL REVENUES</b>	<b>236,286</b>	<b>15,267</b>	<b>15,219</b>	<b>29,847</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	619	-	11
Business, Community and Consumer Affairs	161,723	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Capital Outlay	-	-	-	-
Intergovernmental:				
Cities	-	-	-	-
Counties	-	4,593	-	6
School Districts	-	-	-	-
Special Districts	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Debt Service	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>161,723</b>	<b>5,212</b>	<b>-</b>	<b>17</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>74,563</b>	<b>10,055</b>	<b>15,219</b>	<b>29,830</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfer-In	220	-	-	89
Operating Transfer-Out	-	(10,295)	(1,995)	(29,747)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>220</b>	<b>(10,295)</b>	<b>(1,995)</b>	<b>(29,658)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>74,783</b>	<b>(240)</b>	<b>13,224</b>	<b>172</b>
<b>FUND BALANCE, JULY 1</b>	<b>597,353</b>	<b>2,200</b>	<b>22,358</b>	<b>70</b>
Net Residual Equity Transfers-In (Out)	-	-	-	-
Prior Period Adjustment	-	11	58	-
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 672,136</b>	<b>\$ 1,971</b>	<b>\$ 35,640</b>	<b>\$ 242</b>

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	OTHER EXPENDABLE TRUSTS	TOTALS
\$ -	\$ -	\$ -	\$ 204,677
20,623	-	4,108	24,731
-	-	808	1,047
-	152	1,257	60,524
-	-	523	12,667
-	-	870	21,314
20,623	152	7,566	324,960
-	-	1,380	2,010
-	-	189	161,912
-	-	282	282
-	-	349	349
-	-	3,561	3,561
-	-	204	204
-	-	2	2
-	-	290	290
-	23,472	326	23,798
-	8,013	66	12,678
-	196	-	196
-	4,009	-	4,009
-	-	181	181
20,034	-	-	20,034
-	-	24	24
20,034	35,690	6,854	229,530
589	(35,538)	712	95,430
-	35,545	96	35,950
(1,211)	-	(62)	(43,310)
(1,211)	35,545	34	(7,360)
(622)	7	746	88,070
11,998	4	26,780	660,763
-	-	(181)	(181)
-	11	111	191
\$ 11,376	\$ 22	\$ 27,456	\$ 748,843

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	BALANCE			BALANCE
	JULY 1	ADDITIONS	DEDUCTIONS	JUNE 30
<b>DEPARTMENT OF REVENUE AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 54,712	\$ 1,278,828	\$ 1,275,708	\$ 57,832
Taxes Receivable, net	69,844	10,963	5,254	75,553
<b>TOTAL ASSETS</b>	<b>\$ 124,556</b>	<b>\$ 1,289,791</b>	<b>\$ 1,280,962</b>	<b>\$ 133,385</b>

<b>LIABILITIES:</b>				
Warrants Payable	\$ 1,119	\$ 313,010	\$ 312,694	\$ 1,435
Tax Refunds Payable	937	-	700	237
Due To Other Governments	107,332	1,801,731	1,791,690	117,373
Due To Other Funds	4,855	95,513	95,215	5,153
Other Current Liabilities	1,888	1,662	3,410	140
Deposits Held In Custody For Others	-	157	-	157
Other Long-Term Liabilities	8,425	475	10	8,890
<b>TOTAL LIABILITIES</b>	<b>\$ 124,556</b>	<b>\$ 2,212,548</b>	<b>\$ 2,203,719</b>	<b>\$ 133,385</b>

**DEPARTMENT OF TREASURY AGENCY FUNDS:**

<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 130,163	\$ 106,382	\$ 109,298	\$ 127,247
Due From Other Funds	3,835	1,476	3,835	1,476
Investments	757,750	-	757,750	-
<b>TOTAL ASSETS</b>	<b>\$ 891,748</b>	<b>\$ 107,858</b>	<b>\$ 870,883</b>	<b>\$ 128,723</b>

<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 111	\$ 111	\$ -
Due To Other Governments	3,835	1,476	3,835	1,476
Other Current Liabilities	-	63,627	63,627	-
Deposits Held In Custody For Others	887,913	106,381	867,047	127,247
<b>TOTAL LIABILITIES</b>	<b>\$ 891,748</b>	<b>\$ 171,595</b>	<b>\$ 934,620</b>	<b>\$ 128,723</b>

**EMPLOYEE DEFERRED COMPENSATION PLAN:**

<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 46	\$ 13,535	\$ 13,548	\$ 33
Rights Under Deferred Compensation	245,653	54,530	12,098	288,085
<b>TOTAL ASSETS</b>	<b>\$ 245,699</b>	<b>\$ 68,065</b>	<b>\$ 25,646</b>	<b>\$ 288,118</b>

<b>LIABILITIES:</b>				
Accounts Payable and Accrued Liabilities	\$ 45	\$ 13,520	\$ 13,546	\$ 19
Due To Other Funds	98	401	407	92
Obligations Under Deferred Compensation	245,556	54,877	12,426	288,007
<b>TOTAL LIABILITIES</b>	<b>\$ 245,699</b>	<b>\$ 68,798</b>	<b>\$ 26,379</b>	<b>\$ 288,118</b>

	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
<b>OTHER AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 52,911	\$ 26,513	\$ 19,185	\$ 60,239
Other Receivables, net	197	148	197	148
Due From Other Funds	340	437	429	348
Inventories	19	282	290	11
Investments	4,173	-	3,429	744
Other Long-Term Assets	13,703	1,467	1,018	14,152
<b>TOTAL ASSETS</b>	<b>\$ 71,343</b>	<b>\$ 28,847</b>	<b>\$ 24,548</b>	<b>\$ 75,642</b>
<b>LIABILITIES:</b>				
Warrants Payable	\$ 136	\$ -	\$ 79	\$ 57
Accounts Payable and Accrued Liabilities	228	1,879	1,917	190
Due To Other Governments	210	144	188	166
Due To Other Funds	32	17	29	20
Other Current Liabilities	1,677	546	369	1,854
Deposits Held In Custody For Others	69,031	23,700	19,376	73,355
Other Long-Term Liabilities	29	1	30	-
<b>TOTAL LIABILITIES</b>	<b>\$ 71,343</b>	<b>\$ 26,287</b>	<b>\$ 21,988</b>	<b>\$ 75,642</b>
<b>TOTALS - ALL AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 237,832	\$ 1,425,258	\$ 1,417,739	\$ 245,351
Taxes Receivable, net	69,844	10,963	5,254	75,553
Other Receivables, net	197	148	197	148
Due From Other Funds	4,175	1,913	4,264	1,824
Inventories	19	282	290	11
Investments	761,923	-	761,179	744
Rights Under Deferred Compensation	245,653	54,530	12,098	288,085
Other Long-Term Assets	13,703	1,467	1,018	14,152
<b>TOTAL ASSETS</b>	<b>\$ 1,333,346</b>	<b>\$ 1,494,561</b>	<b>\$ 2,202,039</b>	<b>\$ 625,868</b>
<b>LIABILITIES:</b>				
Warrants Payable	\$ 1,255	\$ 313,010	\$ 312,773	\$ 1,492
Tax Refunds Payable	937	-	700	237
Accounts Payable and Accrued Liabilities	273	15,510	15,574	209
Due To Other Governments	111,377	1,803,351	1,795,713	119,015
Due To Other Funds	4,985	95,931	95,651	5,265
Other Current Liabilities	3,565	65,835	67,406	1,994
Deposits Held In Custody For Others	956,944	130,238	886,423	200,759
Obligations Under Deferred Compensation	245,556	54,877	12,426	288,007
Other Long-Term Liabilities	8,454	476	40	8,890
<b>TOTAL LIABILITIES</b>	<b>\$ 1,333,346</b>	<b>\$ 2,479,228</b>	<b>\$ 3,186,706</b>	<b>\$ 625,868</b>

**COMBINING BALANCE SHEET  
NONEXPENDABLE TRUST FUNDS  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
<b>ASSETS:</b>				
Cash and Pooled Cash	\$ 8,898	\$ 46,363	\$ 7,862	\$ 63,123
Other Receivables, net	503	3,074	-	3,577
Due From Other Funds	136	60	10	206
Investments	282,020	234,151	-	516,171
Property, Plant and Equipment, net	7,517	-	-	7,517
Other Long-Term Assets	917	-	-	917
<b>TOTAL ASSETS</b>	<b>\$ 299,991</b>	<b>\$ 283,648</b>	<b>\$ 7,872</b>	<b>\$ 591,511</b>
<b>LIABILITIES:</b>				
Deferred Revenue	\$ 158	\$ -	\$ -	\$ 158
<b>TOTAL LIABILITIES</b>	<b>158</b>	<b>-</b>	<b>7,274</b>	<b>7,432</b>
<b>FUND EQUITY:</b>				
Fund Balances:				
Reserved For:				
Other Specific Purposes	299,833	77,487	598	377,918
Statutory Reserve Requirements	-	206,161	-	206,161
<b>TOTAL FUND EQUITY</b>	<b>299,833</b>	<b>283,648</b>	<b>598</b>	<b>584,079</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 299,991</b>	<b>\$ 283,648</b>	<b>\$ 7,872</b>	<b>\$ 591,511</b>

**COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
<b>OPERATING REVENUES:</b>				
Investment and Rental Income	\$ 13,885	\$ 24,736	\$ 56	\$ 38,677
<b>TOTAL OPERATING REVENUES</b>	<b>13,885</b>	<b>24,736</b>	<b>56</b>	<b>38,677</b>
<b>OPERATING EXPENSES:</b>				
<b>TOTAL OPERATING EXPENSES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OPERATING INCOME (LOSS)</b>	<b>13,885</b>	<b>24,736</b>	<b>56</b>	<b>38,677</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>				
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>13,885</b>	<b>24,736</b>	<b>56</b>	<b>38,677</b>
<b>OPERATING TRANSFERS:</b>				
Operating Transfer-In	829	-	-	829
Operating Transfer-Out	(1,668)	(10,600)	-	(12,268)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(839)</b>	<b>(10,600)</b>	<b>-</b>	<b>(11,439)</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>13,046</b>	<b>14,136</b>	<b>56</b>	<b>27,238</b>
<b>FUND EQUITY, JULY 1</b>	<b>282,617</b>	<b>267,200</b>	<b>542</b>	<b>550,359</b>
Prior Period/Other Adjustments	4,170	2,312	-	6,482
<b>FUND EQUITY, JUNE 30</b>	<b>\$ 299,833</b>	<b>\$ 283,648</b>	<b>\$ 598</b>	<b>\$ 584,079</b>

**COMBINING STATEMENT OF CASH FLOWS  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Operating Income (Loss)	\$ 13,885	\$ 24,736	\$ 56	\$ 38,677
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Interest (Income) Expense	(13,885)	(24,736)	(56)	(38,677)
Net Changes in Assets and Liabilities Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	321	(178)	-	143
(Increase) Decrease in Other Operating Assets	112	-	-	112
Increase (Decrease) in Other Operating Liabilities	(833)	-	7,274	6,441
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(400)</b>	<b>(178)</b>	<b>7,274</b>	<b>6,696</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfer-In	829	-	-	829
Operating Transfer-Out	(1,668)	(10,600)	-	(12,268)
Net Changes in Assets and Liabilities Related to Non-Capital Financing Activities:				
(Increase) Decrease in Due From Other Funds	(10)	36	-	26
Increase (Decrease) in Due to Other Funds	(1)	-	-	(1)
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(850)</b>	<b>(10,564)</b>	<b>-</b>	<b>(11,414)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and Dividends on Investments	8,706	18,488	56	27,250
Net Changes in Assets and Liabilities Related to Investment Activities:				
(Increase) Decrease in Investments	(6,112)	7,459	-	1,347
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>2,594</b>	<b>25,947</b>	<b>56</b>	<b>28,597</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,344</b>	<b>15,205</b>	<b>7,330</b>	<b>23,879</b>
CASH AND CASH EQUIVALENTS, JULY 1	7,554	31,158	532	39,244
CASH AND CASH EQUIVALENTS, JUNE 30	<b>\$ 8,898</b>	<b>\$ 46,363</b>	<b>\$ 7,862</b>	<b>\$ 63,123</b>

**GENERAL FIXED ASSETS  
ACCOUNT GROUP**

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

**SCHEDULE OF GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)

	LAND AND IMPROVEMENTS	BUILDINGS	LEASEHOLD IMPROVEMENTS
<b>GENERAL GOVERNMENT</b>			
Legislature	\$ -	\$ -	\$ -
Military Affairs	1,352	15,187	43
Personnel	2,971	69,467	-
Revenue	5,410	15,373	412
<b>Subtotal</b>	<b>9,733</b>	<b>100,027</b>	<b>455</b>
<b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b>			
Agriculture	1,123	8,162	-
<sup>1</sup> GOV, GJTO, OEC, OED	-	-	-
Labor and Employment	617	5,335	-
Local Affairs	-	-	-
Regulatory Agencies	-	-	-
Revenue	-	-	25
State	-	175	-
<b>Subtotal</b>	<b>1,740</b>	<b>13,672</b>	<b>25</b>
<b>EDUCATION</b>			
Education	269	6,175	-
Higher Education	2,398	7,857	-
<b>Subtotal</b>	<b>2,667</b>	<b>14,032</b>	<b>-</b>
<b>HEALTH AND REHABILITATION</b>			
Public Health and Environment	156	11,053	-
Human Services	5,986	91,139	71
<b>Subtotal</b>	<b>6,142</b>	<b>102,192</b>	<b>71</b>
<b>JUSTICE</b>			
Corrections	7,111	412,773	6,582
DHS, Division of Youth Services	75	45,081	-
Judicial	1,605	11,835	-
Law	-	-	-
Public Safety	303	2,993	-
Regulatory Agencies	-	-	-
<b>Subtotal</b>	<b>9,094</b>	<b>472,682</b>	<b>6,582</b>
<b>NATURAL RESOURCES</b>			
Natural Resources	164,181	56,250	36,694
<b>SOCIAL ASSISTANCE</b>			
Human Services	-	-	1,023
Health Care Policy and Finance	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>1,023</b>
<b>TRANSPORTATION</b>			
Transportation	9,034	48,829	-
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$ 202,591</b>	<b>\$ 807,684</b>	<b>\$ 44,850</b>

<sup>1</sup> Governor's Office, Governor's Job Training Office, Office of Energy Conservation, and the Office of Economic Development

EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTALS
\$ 964	\$ -	\$ 100	\$ 1,064
180	10,768	31	27,561
2,613	5,224	-	80,275
19,777	-	-	40,972
23,534	15,992	131	149,872
3,466	6	-	12,757
424	-	361	785
5,158	-	-	11,110
788	-	-	788
3,074	-	-	3,074
625	-	-	650
2,847	-	-	3,022
16,382	6	361	32,186
1,743	-	1,954	10,141
436	75	1,522	12,288
2,179	75	3,476	22,429
13,898	-	-	25,107
13,083	7,595	61	117,935
26,981	7,595	61	143,042
24,936	89,121	-	540,523
3,030	43,527	-	91,713
13,873	-	689	28,002
205	-	-	205
29,624	-	-	32,920
107	-	-	107
71,775	132,648	689	693,470
14,935	5,069	9,362	286,491
12,055	1,871	-	14,949
142	-	-	142
12,197	1,871	-	15,091
175,319	-	-	233,182
\$ 343,302	\$ 163,256	\$ 14,080	\$ 1,575,763

**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
BY FUNCTION AND DEPARTMENT  
JUNE 30, 1998**

(DOLLARS IN THOUSANDS)	BALANCE			BALANCE
	JULY 1	ADDITIONS	DELETIONS	
<b>GENERAL GOVERNMENT</b>				
Legislature	\$ 1,206	\$ 93	\$ 235	\$ 1,064
Military Affairs	21,354	6,323	116	27,561
Personnel	79,497	1,668	890	80,275
Revenue	38,219	4,240	1,487	40,972
<b>Subtotal</b>	<b>140,276</b>	<b>12,324</b>	<b>2,728</b>	<b>149,872</b>
<b>BUSINESS, COMMUNITY &amp; CONSUMER AFFAIRS:</b>				
Agriculture	12,517	5,161	4,921	12,757
<sup>1</sup> GOV, GJTO, OEC, OED	704	118	37	785
Labor and Employment	10,970	259	119	11,110
Local Affairs	721	67	-	788
Regulatory Agencies	2,849	575	350	3,074
Revenue	620	80	50	650
State	2,936	86	-	3,022
<b>Subtotal</b>	<b>31,317</b>	<b>6,346</b>	<b>5,477</b>	<b>32,186</b>
<b>EDUCATION</b>				
Education	10,238	449	546	10,141
Higher Education	12,059	269	40	12,288
<b>Subtotal</b>	<b>22,297</b>	<b>718</b>	<b>586</b>	<b>22,429</b>
<b>HEALTH AND REHABILITATION</b>				
Public Health and Environment	24,363	1,795	1,051	25,107
Human Services	115,763	5,571	3,399	117,935
<b>Subtotal</b>	<b>140,126</b>	<b>7,366</b>	<b>4,450</b>	<b>143,042</b>
<b>JUSTICE</b>				
Corrections	394,547	147,164	1,188	540,523
DHS, Division of Youth Services	82,138	9,669	94	91,713
Judicial	26,095	3,483	1,576	28,002
Law	173	32	-	205
Public Safety	33,965	2,235	3,280	32,920
Regulatory Agencies	91	25	9	107
<b>Subtotal</b>	<b>537,009</b>	<b>162,608</b>	<b>6,147</b>	<b>693,470</b>
<b>NATURAL RESOURCES</b>				
Natural Resources	273,436	18,144	5,089	286,491
<b>SOCIAL ASSISTANCE</b>				
Human Services	12,260	4,008	1,319	14,949
Health Care Policy and Finance	1,331	64	1,253	142
<b>Subtotal</b>	<b>13,591</b>	<b>4,072</b>	<b>2,572</b>	<b>15,091</b>
<b>TRANSPORTATION</b>				
Transportation	220,132	20,526	7,476	233,182
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$ 1,378,184</b>	<b>\$ 232,104</b>	<b>\$ 34,525</b>	<b>\$ 1,575,763</b>

<sup>1</sup>Governor's Office, Governor's Job Training Office, Office of Energy Conservation, and the Office of Economic Development

## DISCRETELY PRESENTED COMPONENT UNITS

Component units are public entities for which the state is financially accountable because the state appoints a voting majority of their governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

**DENVER METROPOLITAN MAJOR  
LEAGUE BASEBALL STADIUM  
DISTRICT**

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

**UNIVERSITY OF COLORADO  
HOSPITAL AUTHORITY**

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

**COLORADO WATER RESOURCES  
AND POWER DEVELOPMENT  
AUTHORITY**

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

**COLORADO TRAVEL AND  
TOURISM AUTHORITY**

The authority was created for the purpose of planning and promoting the state as a quality travel and tourist destination through advertising, publications, and public relations activities.

**COLORADO UNINSURABLE  
HEALTH INSURANCE PLAN**

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

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

(DOLLARS IN THOUSANDS)	<u>FIDUCIARY FUND TYPE</u>	<u>PENSION TRUST FUND</u>
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 42,400	\$ -
Taxes Receivable, net	-	-
Other Receivables, net	1,310	-
Due From Other Governments	-	-
Due From Other Funds	-	-
Inventories	-	-
Prepays, Advances, and Deferred Charges	-	-
Investments	72,247	59,691
Property, Plant and Equipment, net	-	-
Other Long-Term Assets	-	-
<b>TOTAL ASSETS</b>	<b>\$ 115,957</b>	<b>\$ 59,691</b>
<b>LIABILITIES:</b>		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Due To Other Governments	72,297	-
Due To Other Funds	1,025	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
Notes and Bonds Payable	-	-
Accrued Compensated Absences	-	-
Other Long-Term Liabilities	-	-
<b>TOTAL LIABILITIES</b>	<b>73,322</b>	<b>-</b>
<b>FUND EQUITY:</b>		
Contributed Capital	-	-
Retained Earnings	-	-
Fund Balances:		
Reserved For:		
Other Specific Purposes	42,635	59,691
Unreserved:		
Undesignated	-	-
<b>TOTAL FUND EQUITY</b>	<b>42,635</b>	<b>59,691</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 115,957</b>	<b>\$ 59,691</b>

**PROPRIETARY FUND TYPES**

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 11,527	\$ 5,698	\$ 52,881	\$ 276	\$ 3,742	\$ 116,524
5,019	-	-	-	-	5,019
440	38,065	1,748	2	1	41,566
-	-	13,683	42	-	13,725
-	-	8,382	-	-	8,382
-	4,374	-	-	-	4,374
9	2,136	-	213	-	2,358
2,394	154,211	58,943	-	-	347,486
188,881	161,419	141	3	4	350,448
1,654	14,544	268,490	-	-	284,688
<b>\$ 209,924</b>	<b>\$ 380,447</b>	<b>\$ 404,268</b>	<b>\$ 536</b>	<b>\$ 3,747</b>	<b>\$ 1,174,570</b>
\$ 1,503	\$ 48,654	\$ 4,329	\$ 72	\$ 46	\$ 54,604
-	-	6,514	-	-	78,811
-	-	7,357	-	-	8,382
-	-	789	506	150	1,445
-	3,270	11,073	-	1,454	15,797
94,566	132,333	243,629	-	-	470,528
-	5,163	-	-	-	5,163
-	2,127	-	-	-	2,127
96,069	191,547	273,691	578	1,650	636,857
386	-	73,981	-	-	74,367
113,469	-	56,596	-	2,097	172,162
-	-	-	-	-	102,326
-	188,900	-	(42)	-	188,858
113,855	188,900	130,577	(42)	2,097	537,713
<b>\$ 209,924</b>	<b>\$ 380,447</b>	<b>\$ 404,268</b>	<b>\$ 536</b>	<b>\$ 3,747</b>	<b>\$ 1,174,570</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
EXPENDABLE TRUST FUNDS  
FOR THEIR MOST RECENT FISCAL YEAR END**

(DOLLARS IN THOUSANDS)	EXPENDABLE TRUST
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
<b>REVENUES:</b>	
Investment Income	\$ 2,746
Other	-
<b>TOTAL REVENUES</b>	<b>2,746</b>
<b>EXPENDITURES:</b>	
<b>TOTAL EXPENDITURES</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,746</b>
<b>OTHER FINANCING SOURCES (USES):</b>	
Operating Transfer-Out	(2,750)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,750)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(4)</b>
FUND BALANCE, JANUARY 1	42,639
FUND BALANCE, DECEMBER 31	\$ 42,635

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

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
<b>OPERATING REVENUES:</b>						
Licenses and Permits	-	-	-	-	-	-
Charges for Goods and Services	\$ -	\$ 233,449	\$ 2,375	\$ 573	\$ 3,531	\$ 239,928
Investment and Rental Income	884	-	13,576	1	-	14,461
Federal Grants and Contracts	-	-	-	-	-	-
Other	-	13,416	-	939	-	14,355
<b>TOTAL OPERATING REVENUES</b>	<b>884</b>	<b>246,865</b>	<b>15,951</b>	<b>1,513</b>	<b>3,531</b>	<b>268,744</b>
<b>OPERATING EXPENSES:</b>						
Salaries & Fringe Benefits	-	97,114	-	149	-	97,263
Operating and Travel	146	67,675	14,879	485	5,904	89,089
Cost of Goods Sold	-	43,493	-	634	-	44,127
Depreciation	5,015	15,747	30	1	-	20,793
Intergovernmental Distributions	-	-	-	-	-	-
Prizes and Awards	-	-	-	-	-	-
Other	-	7,056	51	-	-	7,107
<b>TOTAL OPERATING EXPENSES</b>	<b>5,161</b>	<b>231,085</b>	<b>14,960</b>	<b>1,269</b>	<b>5,904</b>	<b>258,379</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(4,277)</b>	<b>15,780</b>	<b>991</b>	<b>244</b>	<b>(2,373)</b>	<b>10,365</b>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>						
Taxes	27,427	-	-	-	-	27,427
Fines	-	-	-	-	-	-
Investment Income	554	13,623	3,086	-	145	17,408
Donations	-	-	-	-	-	-
Federal Grants and Contracts	-	-	-	-	-	-
Membership Dues	-	-	-	-	-	-
State Funds	-	-	1,900	-	1,994	3,894
Debt Service	(6,975)	-	-	-	-	(6,975)
Other	-	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>21,006</b>	<b>13,623</b>	<b>4,986</b>	<b>-</b>	<b>2,139</b>	<b>41,754</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>16,729</b>	<b>29,403</b>	<b>5,977</b>	<b>244</b>	<b>(234)</b>	<b>52,119</b>
<b>OPERATING TRANSFERS:</b>						
Operating Transfer-In	-	-	2,750	-	-	2,750
Operating Transfer-Out	-	-	-	-	-	-
Intrafund Transfer-In	-	-	-	-	-	-
Intrafund Transfer-Out	-	-	-	-	-	-
<b>TOTAL OPERATING TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>2,750</b>	<b>-</b>	<b>-</b>	<b>2,750</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>16,729</b>	<b>29,403</b>	<b>8,727</b>	<b>244</b>	<b>(234)</b>	<b>54,869</b>
<b>FUND EQUITY, FISCAL YEAR BEGINNING</b>						
Additions (Deductions) to Contributed Capital	-	-	5,968	-	-	5,968
Change in Unrealized Gains/Losses on Available-for-Sale Securities	-	-	-	-	-	-
Prior Period/Other Adjustments	-	(1,231)	-	-	-	(1,231)
<b>FUND EQUITY, FISCAL YEAR END</b>	<b>\$ 113,855</b>	<b>\$ 188,900</b>	<b>\$ 130,577</b>	<b>\$ (42)</b>	<b>\$ 2,097</b>	<b>\$ 435,387</b>

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

(DOLLARS IN THOUSANDS)

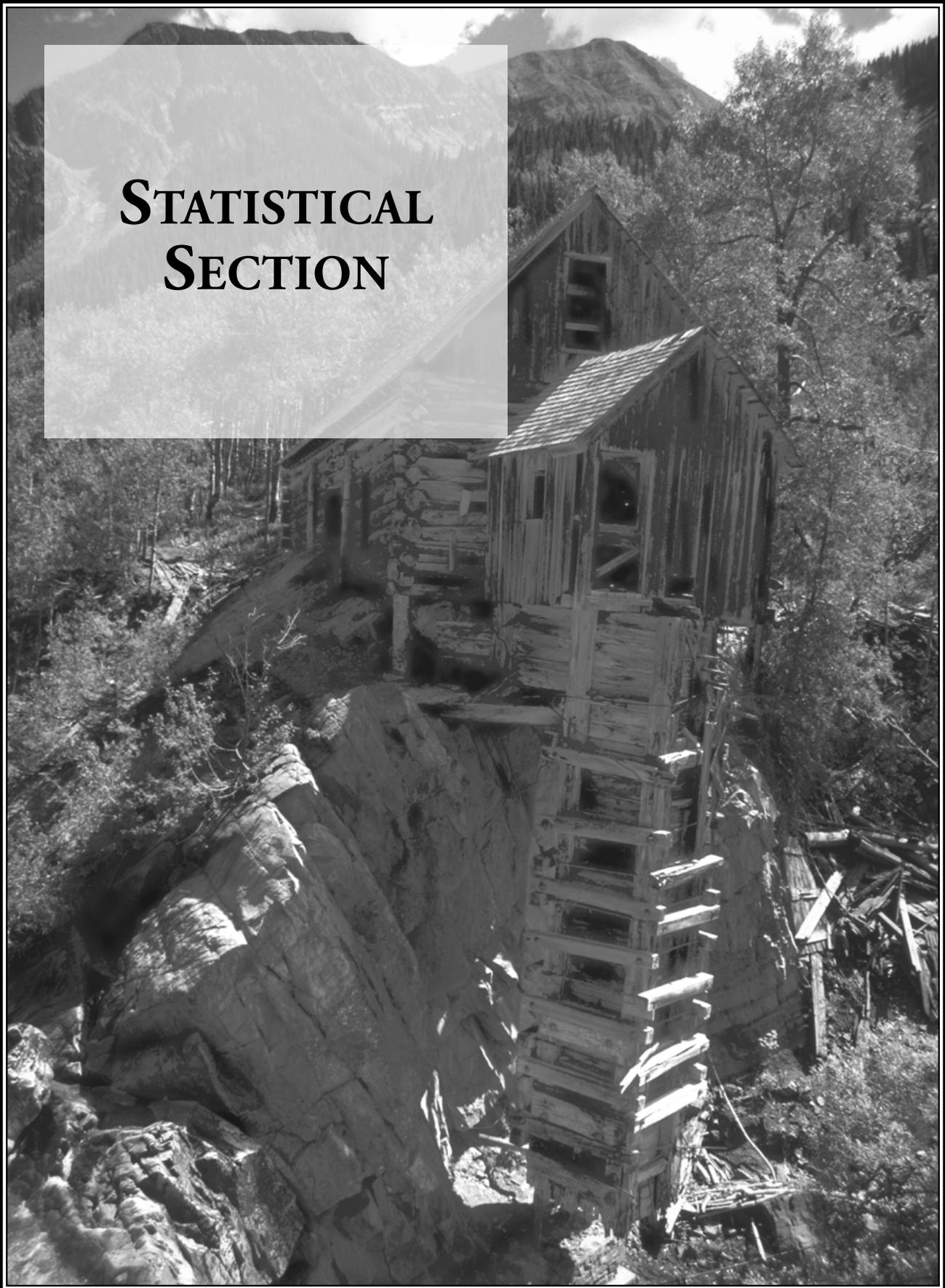
	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Operating Income (Loss)	\$ (4,277)	\$ 15,780
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,015	15,747
Interest (Income) Expense	-	7,056
Provision for Bad Debts	-	9,045
Other Adjustments	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(45)	(16,503)
(Increase) Decrease in Inventories	-	114
(Increase) Decrease in Other Operating Assets	-	(3,420)
Increase (Decrease) in Accounts Payable	(139)	6,904
Increase (Decrease) in Accrued Compensated Absences	-	248
Increase (Decrease) in Other Operating Liabilities	-	(281)
Insurance Premiums	-	-
Claims and General Insurance Expenses Paid	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>554</b>	<b>34,690</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
State Funds	-	-
Operating Transfer-In	-	-
Other	-	-
<b>NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Taxes	27,175	-
Principal Repayments of Loans Receivable	-	-
Loans Made	-	-
Payment from Other Fund - Advance	-	-
Payment to Other Fund - Advance	-	-
Note and Bond Proceeds, net	-	119,224
Payment to Refunded Escrow Agent	(2,378)	(119,224)
Received from Lease Escrow	22	-
Additions to Contributed Capital	-	-
Purchase of Property, Plant, and Equipment	(768)	(24,796)
Debt Service Payments	(15,429)	(8,496)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>8,622</b>	<b>(33,292)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest and Dividends on Investments	507	9,218
Sales of Investments	-	140,795
Purchases of Investments	-	(175,063)
Net Changes in Assets and Liabilities Related to Investment Activities:		
(Increase) Decrease in Investments	-	8,215
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>507</b>	<b>(16,835)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,683</b>	<b>(15,437)</b>
<b>CASH AND CASH EQUIVALENTS, FISCAL YEAR BEGINNING</b>	<b>1,844</b>	<b>21,135</b>
<b>CASH AND CASH EQUIVALENTS, FISCAL YEAR END</b>	<b>\$ 11,527</b>	<b>\$ 5,698</b>

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
\$ 5,977	\$ 244	\$ (2,373)	\$ 15,351
186	1	-	20,949
-	-	-	7,056
-	-	-	9,045
-	-	2,373	2,373
(1,577)	(10)	-	(18,135)
-	-	-	114
4	16	-	(3,400)
907	(193)	-	7,479
-	-	-	248
577	48	-	344
-	-	3,496	3,496
-	-	(5,570)	(5,570)
6,074	106	(2,074)	39,350
-	-	2,416	2,416
2,749	-	-	2,749
-	-	1	1
2,749	-	2,417	5,166
-	-	-	27,175
8,656	-	-	8,656
(72,702)	-	-	(72,702)
3,089	-	-	3,089
(3,089)	-	-	(3,089)
65,425	15	-	184,664
-	-	-	(121,602)
-	-	-	22
6,066	-	-	6,066
(113)	-	-	(25,677)
(8,015)	(15)	-	(31,955)
(683)	-	-	(25,353)
-	-	147	9,872
-	-	-	140,795
-	-	-	(175,063)
(2,300)	-	-	5,915
(2,300)	-	147	(18,481)
5,840	106	490	682
47,041	170	3,252	73,442
\$ 52,881	\$ 276	\$ 3,742	\$ 74,124

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES - ALL AGENCY FUNDS  
ALL DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 1997**

(DOLLARS IN THOUSANDS)	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31
<i><b>COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY:</b></i>				
ASSETS:				
Cash and Investments - Trust Accounts	\$ 22,608	\$ 70,225	\$ 20,586	\$ 72,247
Interest Receivable on Investments	446	2,563	1,934	1,075
<b>TOTAL ASSETS</b>	<b>\$ 23,054</b>	<b>\$ 72,788</b>	<b>\$ 22,520</b>	<b>\$ 73,322</b>
LIABILITIES:				
Project Funds Payable	\$ 22,243	\$ 68,841	\$ 19,734	\$ 71,350
Interest Due to Borrowers	402	601	57	946
Due To Other Funds	409	1,963	1,346	1,026
<b>TOTAL LIABILITIES</b>	<b>\$ 23,054</b>	<b>\$ 71,405</b>	<b>\$ 21,137</b>	<b>\$ 73,322</b>

# STATISTICAL SECTION



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

(DOLLARS IN MILLIONS)

	1997-98	1996-97	1995-96	1994-95
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Taxes	\$ 5,995	\$ 5,265	\$ 4,841	\$ 4,549
Less: Excess TABOR Revenues	(563)	(139)	-	-
Licenses, Permits, and Fines	418	388	358	301
Charges for Goods and Services	183	189	171	179
Interest	223	198	170	130
Federal Grants and Contracts	2,225	2,128	2,133	2,048
Other	151	127	111	126
Other Financing Sources	1	24	7	-
Transfers-In	513	582	500	450
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<b>9,146</b>	<b>8,762</b>	<b>8,291</b>	<b>7,783</b>
<b>EXPENDITURES AND OTHER USES BY FUNCTION:</b>				
<b>Current:</b>				
General Government	209	198	184	140
Business, Community and Consumer Affairs	361	388	405	378
Education	75	91	65	60
Health and Rehabilitation	418	373	359	340
Justice	619	583	534	487
Natural Resources	116	114	109	102
Social Assistance	1,770	1,817	1,703	1,630
Transportation	716	578	558	543
Capital Outlay	233	158	96	74
<b>Intergovernmental:</b>				
Cities	193	157	157	161
Counties	920	719	676	663
School Districts	2,011	1,907	1,783	1,659
Other	142	175	161	126
Debt Service	41	55	43	45
Other	-	-	6	-
<b>Transfers-Out:</b>				
Higher Education	735	692	632	557
Other	461	535	644	431
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>9,020</b>	<b>8,540</b>	<b>8,115</b>	<b>7,396</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>				
	126	222	176	387
Prior Period Adjustments	-	(2)	371	(20)
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 2,673</b>	<b>\$ 2,547</b>	<b>\$ 2,327</b>	<b>\$ 2,147</b>

1993-94	1992-93	1991-92	1990-91	1989-90	1988-89
\$ 4,177	\$ 3,837	\$ 3,519	\$ 3,205	\$ 3,225	\$ 3,050
-	-	-	-	-	-
289	263	249	229	102	74
343	450	173	144	110	83
104	137	150	162	84	107
2,121	2,022	1,778	1,505	1,216	1,119
112	57	166	110	204	129
-	108	144	29	71	65
369	243	245	288	242	236
7,515	7,117	6,424	5,672	5,254	4,863
216	149	211	196	219	195
449	472	432	326	108	104
53	53	47	51	48	37
346	342	323	308	284	266
447	423	394	367	379	303
92	89	78	73	68	63
1,562	1,701	1,328	1,023	913	823
582	499	505	525	418	414
88	92	106	93	202	131
151	130	131	108	104	91
626	594	542	493	433	402
1,581	1,492	1,134	1,216	1,166	1,076
125	100	109	91	45	36
40	23	173	26	12	7
-	115	1	-	-	-
543	532	508	504	529	488
372	180	173	217	195	202
7,273	6,986	6,195	5,617	5,123	4,638
242	131	229	55	131	225
1	-	-	-	2	-
\$ 1,780	\$ 1,537	\$ 1,406	\$ 1,177	\$ 1,122	\$ 989

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

(DOLLARS IN MILLIONS)

	<b>1997-98</b>	<b>1996-97</b>	<b>1995-96</b>	<b>1994-95</b>	<b>1993-94</b>
Income Tax:					
Individual	\$ 3,052	\$ 2,573	\$ 2,318	\$ 2,106	\$ 1,920
Corporate	263	237	206	191	147
Net Income Tax	3,315	2,810	2,524	2,297	2,067
Sales, Use, and Excise Taxes	1,485	1,521	1,415	1,316	1,208
Less: Excess TABOR Revenues	(563)	(139)	-	-	-
Net Sales, Use, and Excise Taxes	922	1,382	1,415	1,316	1,208
Estate Taxes	109	35	32	28	34
Insurance Tax	114	112	110	105	102
Other Taxes	21	20	18	17	20
Interest	52	41	37	29	18
Medicaid Provider Revenues	73	80	69	127	205
Other	75	60	64	77	71
<b>TOTAL GENERAL REVENUES</b>	<b>\$ 4,681</b>	<b>\$ 4,540</b>	<b>\$ 4,269</b>	<b>\$ 3,996</b>	<b>\$ 3,725</b>

Percent Change Over Previous Year	3.1%	6.3%	6.8%	7.3%	8.2%
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(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)

Net Income Tax	63.2%	60.1%	59.1%	57.5%	55.5%
Sales, Use, and Excise Taxes	28.3	32.5	33.2	32.9	32.4
Estate Taxes	2.1	0.7	0.7	0.7	0.9
Insurance Tax	2.2	2.4	2.6	2.6	2.7
Other Taxes	0.4	0.4	0.4	0.4	0.5
Interest	1.0	0.9	0.9	0.7	0.5
Medicaid Provider Revenues	1.4	1.7	1.6	3.2	5.5
Other	1.4	1.3	1.5	2.0	2.0
<b>TOTAL GENERAL REVENUES</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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

**EXPENDITURES BY DEPARTMENT  
FUNDED BY GENERAL PURPOSE REVENUES**

**Last Ten Fiscal Years**

**(DOLLARS IN THOUSANDS)**

	<b>1997-98</b>	<b>1996-97</b>	<b>1995-96</b>	<b>1994-95</b>	<b>1993-94</b>
Department:					
Administration				\$ 9,056	\$ 10,905
Agriculture	\$ 7,305	11,165	\$ 6,477	6,310	5,712
Corrections	297,179	257,072	234,049	204,073	179,173
Education	1,830,940	1,720,335	1,590,861	1,503,783	1,416,693
Governor	2,996	12,377	3,509	6,698	2,475
Health					21,473
Health Care Policy and Financing	789,532	756,690	692,241	666,813	
Higher Education	651,893	618,464	581,143	537,905	531,344
Human Services	481,258	441,637	407,321	366,960	
Institutions					125,750
Judicial Branch	166,574	159,226	150,447	142,681	132,944
Labor and Employment	20	-	610	272	-
Law	8,558	7,471	6,454	7,139	6,859
Legislative Branch	21,567	21,266	19,891	18,970	18,707
Local Affairs	26,672	25,940	23,986	21,718	15,803
Military Affairs	3,460	3,098	2,572	2,601	2,523
Natural Resources	24,845	24,130	22,442	20,157	17,408
Personnel	15,361	14,591	13,185	4,464	4,201
Public Health and Environment	20,507	18,200	17,277	16,080	
Public Safety	39,433	36,047	36,325	33,269	30,202
Regulatory Agencies	1,194	1,479	898	527	107
Revenue	70,224	52,711	38,654	35,095	26,750
Social Services					832,629
State	-	-	-	-	-
Transportation	244	-	-	-	-
Treasury	2,800	3,102	2,535	3,852	2,410
Transfer to the Capital Construction Fund	198,387	250,968	254,962	201,708	173,073
Transfer to the Controlled Maintenance Trust Fund	-	-	196,000	19,400	32,650
Transfers for Water Construction Projects	-	-	-	30,000	-
Transfer to the Highway Users Tax Fund	-	-	-	-	-
Other Transfers	5,611	-	-	-	-
Unclassified by Department	57,811	98,464	88,614	54,384	57,081
<b>TOTAL</b>	<b>\$4,724,371</b>	<b>\$ 4,534,433</b>	<b>\$ 4,390,453</b>	<b>\$3,913,915</b>	<b>\$3,646,872</b>

**(AS PERCENT OF TOTAL)**

Education	38.8%	37.9%	36.2%	38.4%	38.8%
Health Care Policy and Financing	16.7	16.7	15.8	17.0	
Higher Education	13.8	13.6	13.2	13.7	14.6
Human Services	10.2	9.7	9.3	9.4	
Corrections	6.3	5.7	5.3	5.2	4.9
Transfer to the Capital Construction Fund	4.2	5.5	5.8	5.2	4.7
Transfer to the Controlled Maintenance Trust Fund			4.5		
Judicial	3.5	3.5	3.4	3.6	3.6
Social Services					22.8
Institutions					3.4
Revenue	1.5	1.2	0.9	0.9	0.7
All Others	5.0	6.2	5.6	6.6	6.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

1992-93	1991-92	1990-91	1989-90	1988-89
\$ 11,535	\$ 15,375	\$ 13,349	\$ 13,543	\$ 11,626
5,568	5,543	5,636	5,833	5,760
157,012	143,072	134,566	133,037	97,039
1,217,078	1,133,740	1,083,912	1,037,844	961,463
2,632	2,450	2,782	4,629	3,081
20,755	21,128	23,774	24,263	22,634
526,337	496,344	501,669	497,761	475,069
140,987	140,349	135,113	125,210	123,571
126,116	117,623	111,103	104,950	96,797
-	141	652	406	625
7,059	7,545	6,166	6,381	5,870
17,852	17,727	16,616	16,986	16,631
14,519	12,466	13,567	7,815	7,134
2,432	2,412	1,995	1,786	1,803
16,519	15,879	16,588	16,100	15,346
4,040	3,900	4,137	3,772	3,546
28,220	26,579	28,617	22,401	17,684
620	9,677	9,003	8,693	7,684
28,863	26,216	24,921	23,038	22,116
833,566	644,451	514,359	442,149	402,300
-	-	-	-	(630)
-	-	-	-	-
2,356	3,143	2,321	2,236	1,653
32,555	(27,177)	41,554	32,450	70,481
-	-	-	-	-
-	-	1,000	400	5,000
-	-	10,000	10,000	30,000
-	-	-	-	-
53,238	60,238	60,594	59,331	52,596
\$3,249,859	\$2,878,821	\$2,763,994	\$2,601,014	\$2,456,879

37.5%	39.4%	39.2%	39.9%	39.1%
16.2	17.2	18.2	19.1	19.3
4.8	5.0	4.9	5.1	3.9
1.0	-0.9	1.5	1.2	2.9
3.9	4.1	4.0	4.0	3.9
25.6	22.4	18.6	17.0	16.4
4.3	4.9	4.9	4.8	5.0
0.9	0.9	0.9	0.9	0.9
5.8	7.0	7.8	8.0	8.6
100.0%	100.0%	100.0%	100.0%	100.0%

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

	<b>1997-98</b>	<b>1996-97</b>	<b>1995-96</b>	<b>1994-95</b>	<b>1993-94</b>
General Government	2,375	2,371	2,333	2,300	2,297
Business, Community, and Consumer Affairs	2,337	2,303	2,267	2,265	2,276
Education	28,203	27,522	26,862	26,216	26,327
Health and Rehabilitation	3,797	3,771	4,043	4,292	4,216
Justice	9,018	8,468	8,140	7,785	7,534
Natural Resources	1,351	1,339	1,337	1,337	1,307
Social Assistance	1,479	1,432	1,138	1,056	1,269
Transportation	3,053	3,068	3,103	3,092	3,095
<b>TOTAL FTE</b>	<b>51,613</b>	<b>50,274</b>	<b>49,223</b>	<b>48,343</b>	<b>48,321</b>
<b>AVERAGE MONTHLY SALARY</b>					
<b>TOTAL CLASSIFIED FTE</b>	<b>29,470</b>	<b>28,839</b>	<b>28,483</b>	<b>28,131</b>	<b>28,172</b>
<b>AVERAGE MONTHLY SALARY</b>	<b>\$ 3,091</b>	<b>\$ 3,027</b>	<b>\$ 2,954</b>	<b>\$ 2,877</b>	<b>\$ 2,686</b>
<b>TOTAL NON-CLASSIFIED FTE</b>	<b>22,143</b>	<b>21,435</b>	<b>20,740</b>	<b>20,212</b>	<b>20,149</b>
<b>AVERAGE MONTHLY SALARY</b>	<b>\$ 4,100</b>	<b>\$ 4,000</b>	<b>\$ 3,935</b>	<b>\$ 3,825</b>	<b>\$ 3,586</b>

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor’s cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty positions in the Department of Higher Education.

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

1992-93	1991-92	1990-91	1989-90	1988-89
2,420	2,647	2,441	2,425	2,705
2,238	2,148	2,165	2,287	2,399
25,864	24,945	24,459	24,360	24,306
4,179	4,242	4,344	4,270	4,205
7,123	6,807	6,637	6,194	5,691
1,281	1,236	1,206	1,233	1,201
1,259	1,332	1,387	1,380	1,362
3,061	2,996	2,911	2,901	2,929
47,425	46,353	45,550	45,050	44,798
				2,557
27,763	27,373	27,113	27,392	N/A
\$ 2,666	\$ 2,597	\$ 2,482	\$ 2,377	N/A
19,662	18,980	18,437	17,658	N/A
\$ 3,539	\$ 3,445	\$ 3,262	\$ 3,090	N/A

**REVENUE BOND COVERAGE  
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<i>Higher Education Facilities</i>							
1997-98	\$ 367,883	\$ 253,538	\$ 114,344	\$ 16,060	\$ 18,926	\$ 34,986	3.27
1996-97	346,355	237,948	108,407	13,745	17,434	31,179	3.48
1995-96	320,347	219,994	100,353	11,460	15,790	27,250	3.68
1994-95	248,013	155,592	92,421	10,645	17,728	28,373	3.26
1993-94	221,535	134,380	87,155	7,241	16,210	23,451	3.72
1992-93	211,715	129,403	82,312	6,111	13,286	19,397	4.24
1991-92	172,056	116,961	55,095	7,180	11,458	18,638	2.96
1990-91	143,462	115,852	27,610	4,626	10,880	15,506	1.78
1989-90	139,528	113,817	25,711	4,322	10,202	14,524	1.77
1988-89	131,217	106,078	25,139	4,156	8,950	13,106	1.92

**COLORADO SALES AND  
CASH RECEIPTS FROM FARMING AND RANCHING  
1989 to 1998**

(Amounts in Billions)

Year	Retail Sales	Wholesale Sales	Farm and Ranch Cash Receipts
1998 est	\$ 84.8	\$ 33.6	\$ 4.6
1997 est	79.7	31.4	4.5
1996	74.8	29.5	4.4
1995	69.7	28.7	4.3
1994	64.2	25.3	4.2
1993	57.4	21.2	4.5
1992	51.3	19.5	4.0
1991	46.3	19.3	3.9
1990	43.1	17.8	4.5
1989	40.6	16.0	4.1

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

Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and the Colorado Business/Economic Outlook Committee.

**VALUE OF TOTAL CONSTRUCTION  
IN COLORADO BY TYPE  
1989 TO 1998**

(Amounts in Millions)

Year	Residential	Non-Residential	Non-Building	Total
1998 est	\$ 4,845	\$ 3,100	\$ 1,200	\$ 9,145
1997 est	4,798	2,850	1,050	8,698
1996	4,523	2,533	830	7,886
1995	3,633	1,957	878	6,468
1994	3,896	1,585	974	6,455
1993	3,325	1,682	1,073	6,080
1992	2,393	1,642	1,668	5,703
1991	1,713	1,539	1,231	4,483
1990	1,426	947	879	3,252
1989	1,191	946	661	2,798

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

**COLORADO BANK DEPOSITS AND  
LIFE INSURANCE SALES  
1989 TO 1998**

(Amounts in Millions)

Year	Life Insurance Sales	Bank Deposits	Savings & Loan Deposits	Credit Union Deposits	Total Deposits
1998 est	\$ 19,726	\$ 31,281	\$ 1,976	\$ 6,135	\$ 39,392
1997 est	18,968	30,453	1,976	5,899	38,328
1996	17,970	29,656	1,976	5,519	37,151
1995	17,500	28,004	2,034	5,128	35,166
1994	16,862	27,775	1,821	4,704	34,300
1993	16,385	25,934	2,297	4,515	32,746
1992	15,770	22,890	5,815	4,245	32,950
1991	15,327	21,410	7,563	4,190	33,163
1990	15,741	21,102	9,336	3,409	33,847
1989	15,630	21,102	10,039	3,392	34,533

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

**COLORADO DEMOGRAPHIC DATA  
1989 TO 1998**

Year	Population (000)	% of U.S. Population	Per Capita Personal Income	% of U.S. Per Capita Income	Employment (000)	Unemployment %
1998 est	3,962	1.47%	\$ 28,234	105.1%	2,148	3.5%
1997 est	3,893	1.45	26,978	105.2	2,087	3.4
1996	3,823	1.44	25,704	105.2	2,013	4.2
1995	3,748	1.43	24,487	104.9	2,004	4.2
1994	3,663	1.41	23,109	104.2	1,917	4.2
1993	3,568	1.38	22,243	104.1	1,801	5.2
1992	3,464	1.36	21,070	102.1	1,712	5.9
1991	3,371	1.34	20,060	102.2	1,694	5.0
1990	3,304	1.32	18,814	100.8	1,678	4.9
1989	3,285	1.33	17,767	100.4	1,597	5.8

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

**COLORADO EMPLOYMENT  
BY INDUSTRY  
1989-1997**

(Amounts in Thousands)

Industry	1997 est	1996	1995	1994	1993	1992	1991	1990	1989
Agriculture	26.3	26.0	27.1	23.9	21.3	21.9	22.6	25.6	36.3
Mining	13.4	13.6	14.8	15.6	16.1	16.6	18.6	19.9	19.6
Construction	117.0	111.1	102.1	97.1	86.0	74.8	66.5	63.6	60.2
Manufacturing	200.4	196.5	192.4	190.9	188.1	186.0	185.6	193.2	193.4
Transportation, Communication, and Public Utilities	123.5	121.3	117.5	108.3	104.3	99.8	97.8	96.1	93.7
Trade	481.0	466.4	453.3	429.5	404.0	385.6	375.5	371.8	363.9
Finance, Insurance, and Real Estate	121.4	118.8	113.4	111.1	106.2	99.9	96.7	96.9	96.8
Services	593.7	564.0	537.2	504.1	469.4	443.4	421.1	402.6	383.6
Government	317.0	311.3	303.7	299.3	296.7	291.1	283.3	276.8	271.4
<b>Total</b>	<b>1,993.7</b>	<b>1,929.0</b>	<b>1,861.5</b>	<b>1,779.8</b>	<b>1,692.1</b>	<b>1,619.1</b>	<b>1,567.7</b>	<b>1,546.5</b>	<b>1,518.9</b>

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

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

## OTHER COLORADO FACTS

### Important Dates

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

### Geography

Area: 104,247 square miles.

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

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

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

**State Motto** - Nil Sine Numine - Nothing Without the Deity

**State Animal** - Rocky Mountain Bighorn Sheep

**State Bird** - Lark Bunting

**State Fish** - Greenback Cutthroat Trout

**State Tree** - Colorado Blue Spruce

**State Flower** - White and Lavender Columbine