



Financial Statements
June 30, 2016 and 2015

Statewide Internet Portal Authority



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By Justin L. Smith at 10:24 am, Nov 08, 2016

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Independent Auditor's Report

Board of Directors
Statewide Internet Portal Authority
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Statewide Internet Portal Authority, a component unit of the of state of Colorado, as of June 30, 2016 and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Statewide Internet Portal Authority as of June 30, 2016, and its respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Statewide Internet Portal Authority and do not purport to, and do not, present fairly the financial position of the state of Colorado, as of June 30, 2016 and 2015, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and the Statewide Internet Portal Authority's proportionate share of the net pension liability and schedule of contributions on pages 26 – 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

June 30, 2015 audited financial statements

The financial statements of the Statewide Internet Portal Authority as of June 30, 2015, were audited by other auditors, whose report dated December 3, 2015 expressed an unmodified opinion on those financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Statewide Internet Portal Authority's basic financial statements. The budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Greenwood Village, Colorado
October 13, 2016

The Management's Discussion and Analysis for Statewide Internet Portal Authority (Authority) offers readers an overview of the Authority's financial activities for the fiscal years ended June 30, 2016 and 2015. Readers are encouraged to consider this information in conjunction with the Authority's financial statements, and notes to the basic financial statements.

Financial Highlights

- Net position increased from \$2,574,017 in 2015 to \$3,227,475 in 2016 or 25.4%, primarily due to increases in the number of customers and the services customers receive from the Authority, net of the adjustment (\$139,955) to record the 2016 amounts required under pronouncement GASB 68. The Authority had 360 and 324 active customers at June 30, 2016 and 2015, respectively.
- The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by a positive \$3,227,475 after the implementation of accounting pronouncement GASB 68 (see Note 11 of the Financial Statements).
- Accounts receivable increased by \$2,594,387 (136.8%) from the prior fiscal year primarily due the timing of one contract renewal (\$2,694,375) on June 30, 2016 partially offset by improved timing of collections of outstanding invoices. All net receivables are expected to be collectable within the next 90 days. Prepaid expenses increased by \$3,146,218 which is a 119.1% increase from the prior fiscal year due primarily to the timing of payments for SaaS license renewals.
- Unearned revenue increased by \$2,479,175 which is a 44.4% increase from the prior fiscal year due primarily to the timing of invoicing for new SaaS licenses as well as SaaS license renewals.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Required statements for proprietary funds are: 1) Statements of Net Position, 2) Statements of Revenues, Expenses and Changes in Net Position, and 3) Statements of Cash Flows. These financial statements are prepared similar to a business activity using the accrual basis of accounting and economic resource measurement focus.

Statements of Net Position: The Statements of Net Position present information on all of the Authority's assets and liabilities with the difference between the two reported as net position. Over time, increases and decreases in net position serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

Statements of Revenues, Expenses and Changes in Net Position: The Statements of Revenues, Expenses, and Changes in Net Position report the changes that have occurred during the year to the Authority's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported for some items that will only have cash flows in subsequent years.

Statements of Cash Flows: The Statements of Cash Flows are concerned solely with flows of cash and cash equivalents. Only transactions that affect the Authority's cash position are reflected in this statement. Transactions are segregated into four sections on the statement: 1) cash flows from operating activities, 2) cash flows from noncapital financing activities, 3) cash flows from capital and related financing activities, and 4) cash flows from investing activities.

Notes to the Basic Financial Statements: The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 11 – 25.

Summary and Financial Analysis of Net Position

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,929,313	\$ 2,810,916
Board designated cash reserve	2,000,000	1,500,000
Accounts receivable, net of allowance for doubtful accounts of \$7,811 in 2016 and \$40,988 in 2015	4,490,501	1,896,114
Prepaid expenses	5,788,468	2,642,250
Total current assets	16,208,282	8,849,280
Capital assets		
Furniture and equipment	47,258	47,258
Software	178,000	178,000
Hardware	39,718	39,718
Accumulated depreciation	(242,218)	(236,269)
Total capital assets	22,758	28,707
Total assets	16,231,040	8,877,987
Deferred outflows		
PERA pension-related	260,676	184,208
	16,491,716	9,062,195
Liabilities		
Current Liabilities		
Accounts payable	4,044,680	61,302
Accrued expenses and other liabilities	211,616	110,403
Straight line rent	28,881	33,007
Unearned revenue	8,065,567	5,586,392
Total current liabilities	12,350,744	5,791,104
Noncurrent liabilities		
Net pension liability	897,036	697,074
Total liabilities	13,247,780	6,488,178
Deferred inflows		
PERA pension-related	16,461	-
Net position		
Net investment in capital assets	22,758	28,707
Unrestricted	3,204,717	2,545,310
Total net position	\$ 3,227,475	\$ 2,574,017

The Authority increased its net position from operations by \$682,165 during 2016. Accounts receivable increased by \$2,594,387 during 2016 as a result of the timing of invoicing for contract renewal and collections against those invoices. Prepaid expenses and other assets increased by \$3,146,218 during 2016 as a result of the timing of the contract renewals with vendors. Unearned revenue increased by \$2,479,175 during 2016 as a result of the timing of license renewals, new SaaS licenses to existing customers, as well as increasing its customer base for Software as a Service (SaaS) licenses.

Total net position at June 30, 2016 calculates to an amount of \$3,204,717 of which \$3,204,717 is available for payment of future outlays funded by operations as well as sustaining current operations. In May 2015 the Board increased the amount of Cash Reserve identified as necessary to maintain as the Authority's net position from \$850,000 to \$1,500,000 and in June 2016 the Board increased the Cash Reserve amount to \$2,000,000 due to increased cash demands of the business, which is established as part of its Financial Policies, and included in unrestricted net position in the Statements of Net Position as of June 30, 2016.

The Authority increased its net position by \$422,055 during 2015. Accounts receivable decreased by \$1,660,133 during 2015 as a result of timing of collections and invoicing for license renewal. Prepaid expenses and other assets and unearned revenue increased by \$353,359 and \$1,051,980, respectively, during 2015 as a result of the Authority increasing its customer base for annual SaaS licenses as well as the timing of license renewals.

Changes in Net Position

	2016	2015
Operating revenues		
Charges for services	\$ 1,785,001	\$ 1,634,314
Cost reimbursement revenue	3,546,665	3,467,797
License revenue	9,208,442	7,434,729
Other revenue	9,347	505
	14,549,455	12,537,345
Total operating revenues		
Operating Expenses		
General and administrative expenses	13,895,997	12,115,290
	653,458	422,055
Operating Income and changes in net position		
Total net position - Beginning of year	2,574,017	2,151,962
Total net position - End of year	\$ 3,227,475	\$ 2,574,017

2016 Revenue

Total operating revenues for fiscal year 2016 totaled \$14,549,455 an increase of \$2,012,110 or 16.0% compared to fiscal year 2015. Charges for services increased by 9.2%, cost reimbursement revenue increased by 2.3%, and license revenue increased by 23.8% compared to the preceding year (2015). In addition to increased license revenue from existing customers when compared to the previous year, new customers, services and products also contributed to the increase in revenue.

2016 Expenses

Total operating expenses for 2016, which include direct (cost of licenses and services), general and administrative expenses, were \$13,895,997, an increase of \$1,780,707 or 14.7% over 2015. The increases in operating expense are primarily attributable to expenses associated with purchasing licenses for resale and implementation work tied to those licenses. General and administrative expenses were up in 2016 compared to 2015 primarily due to an increase in staff and an expansion in the Authority's Grant Program.

2015 Revenue

Total operating revenues for fiscal year 2015 totaled \$12,537,345 an increase of \$3,196,659 or 34.2% compared to fiscal year 2014. Charges for services increased by 6.0%, cost reimbursement revenue decreased by 8.2%, and license revenue increased by 85.0% compared to the preceding year (2014). These increases are primarily a result of new services and products being offered through the Authority and the professional services associated with these services.

2015 Expenses

Total operating expenses for 2015, which include direct (cost of licenses and services), general and administrative expenses, were \$12,115,290, an increase of \$3,536,314 or 41.2% more than 2014. The increases in operating expense are primarily attributable to expenses associated with purchasing licenses for resale and implementation work tied to those licenses. General and administrative expenses were down in 2015 compared to 2014 primarily due to a reduction in the Authority's Grant Program and lower costs for commercial insurance.

Capital Assets

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Capital assets, being depreciated:				
Office equipment	\$ 1,668	\$ -	\$ -	\$ 1,668
Office furniture	45,590	-	-	45,590
Software	178,000	-	-	178,000
Hardware	39,718	-	-	39,718
Total capital assets, being depreciated	<u>264,976</u>	<u>-</u>	<u>-</u>	<u>264,976</u>
Less accumulated depreciation for:				
Office equipment	1,668	-	-	1,668
Office furniture	10,935	158	-	11,093
Software	178,000	-	-	178,000
Hardware	39,559	5,949	-	45,508
Total capital assets, being depreciated	<u>230,162</u>	<u>6,107</u>	<u>-</u>	<u>236,269</u>
Capital assets, net	<u>\$ 34,814</u>	<u>\$ (6,107)</u>	<u>\$ -</u>	<u>\$ 28,707</u>

Net capital assets decreased by \$5,949 during 2016. There were no capital asset purchases during the fiscal year.

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets, being depreciated:				
Office equipment	\$ 1,668	\$ -	\$ -	\$ 1,668
Office furniture	45,590	-	-	45,590
Software	178,000	-	-	178,000
Hardware	39,718	-	-	39,718
Total capital assets, being depreciated	<u>264,976</u>	<u>-</u>	<u>-</u>	<u>264,976</u>
Less accumulated depreciation for:				
Office equipment	1,668	-	-	1,668
Office furniture	11,093	5,949	-	17,042
Software	178,000	-	-	178,000
Hardware	45,508	-	-	45,508
Total capital assets, being depreciated	<u>236,269</u>	<u>5,949</u>	<u>-</u>	<u>242,218</u>
		-		
Capital assets, net	<u>\$ 28,707</u>	<u>\$ (5,949)</u>	<u>\$ -</u>	<u>\$ 22,758</u>

Economic environment

The current economic environment for the Authority is most notably characterized by the increase of governments leveraging and purchasing cloud computing licenses and associated professional services for implementation of those licenses. Improvements to the state and local economy will continue to allow governments to modernize their business processes and will increase purchases of information technology services and licenses.

Governments of all sizes will continue to move services online which will result in more demand for the Authority's services. The Authority will need to continue to market its services as well as add additional services to stay competitive and meet the demand of its innovative customers. The Authority is well along in developing plans to add additional services including access to services optimized to support mobile devices, information security, and other services.

Changes regarding the secure use of credit cards continue to play a vital role in the Authority's economic environment. Citizens and governments trust the Authority with their credit card and/or bank account information each time they use an Authority service requiring payment. EMV compliance, equipment to encrypt credit card information along each step of the transaction, equipment to read chip cards, and the emphasis on cyber and data security will continue to influence the Authority's business processes.

Requests for information

This financial report is designed to provide its readers a general overview of the Authority's finances. Questions regarding any information contained in this report or requests for additional information should be addressed to the Executive Director, 1300 Broadway, Suite 440, Denver, CO 80203.

Statewide Internet Portal Authority
 Statements of Net Position
 June 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,929,313	\$ 2,810,916
Board designated cash reserve	2,000,000	1,500,000
Accounts receivable, net of allowance for doubtful accounts of \$7,811 in 2016 and \$40,988 in 2015	4,490,501	1,896,114
Prepaid expenses	5,788,468	2,642,250
Total current assets	16,208,282	8,849,280
Capital assets		
Furniture and equipment	47,258	47,258
Software	178,000	178,000
Hardware	39,718	39,718
Accumulated depreciation	(242,218)	(236,269)
Total capital assets	22,758	28,707
Total assets	16,231,040	8,877,987
Deferred outflows		
PERA pension-related	260,676	184,208
	16,491,716	9,062,195
Liabilities		
Current Liabilities		
Accounts payable	4,044,680	61,302
Accrued expenses and other liabilities	211,616	110,403
Straight line rent	28,881	33,007
Unearned revenue	8,065,567	5,586,392
Total current liabilities	12,350,744	5,791,104
Noncurrent liabilities		
Net pension liability	897,036	697,074
Total liabilities	13,247,780	6,488,178
Deferred inflows		
PERA pension-related	16,461	-
Net position		
Net investment in capital assets	22,758	28,707
Unrestricted	3,204,717	2,545,310
Total net position	\$ 3,227,475	\$ 2,574,017

Statewide Internet Portal Authority
 Statements of Revenues, Expenses and Changes in Net Position
 June 30, 2016 and 2015

	2016	2015
Operating revenues		
Charges for services	\$ 1,785,001	\$ 1,634,314
Cost reimbursement revenue	3,546,665	3,467,797
License revenue	9,208,442	7,434,729
Other revenue	9,347	505
	14,549,455	12,537,345
Operating Expenses		
General and administrative expenses	13,895,997	12,115,290
	653,458	422,055
Operating Income and changes in net position		
	653,458	422,055
Total net position - Beginning of year	2,574,017	2,151,962
Total net position - End of year	\$ 3,227,475	\$ 2,574,017

Statewide Internet Portal Authority
 Statements of Cash Flows
 June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Cash received from services provided	\$ 11,955,068	\$ 15,249,458
Cash payments to suppliers for goods and services	(9,732,359)	(11,189,325)
Cash payments to employees for services	(604,312)	(596,384)
Net cash provided (used) by operating activities	1,618,397	3,463,749
Net increase (decrease) in cash	1,618,397	3,463,749
Cash - Beginning of Year	4,310,916	847,167
Cash - End of Year	\$ 5,929,313	\$ 4,310,916
Reconciliation of operating income to net cash provided (used) by operating activities		
Income from operations	\$ 653,458	\$ 422,055
Adjstments to reconcile income from operations to net cash flows provided (used) by operating activities		
Depreciation expenses	5,949	6,107
PERA contribution expense	139,955	103,154
(Increase) decrease in assets:		
Accounts receivable	(2,594,387)	1,660,133
Prepaid expenses and other assets	(3,146,218)	353,359
Increase (decrease) in liabilities:		
Accounts payable	3,983,378	(173,834)
Accrued salaries and benefits	21,155	
Other accrued expenses	80,058	44,921
Straight line rent	(4,126)	(4,126)
Unearned revenue	2,479,175	1,051,980
Net cash provided (used) by operating activities	\$ 1,618,397	\$ 3,463,749

Note 1 - Definition of Reporting Entity

Statewide Internet Portal Authority (Authority) is a quasi-governmental corporation and political sub-division of the state of Colorado. Formed in 2004, the Authority was created by Colorado Senate Bill 04-244 to provide a single point of access to electronic government information, giving citizens an alternate way to transact business with state and local governments, to allow for the integration of specific applications that have been developed or may be developed by state and local agencies, to solicit the input, leadership, and technical expertise of the various state and local agencies across the state of Colorado (state) and to provide appropriate administration and oversight for a successful statewide Internet Portal. The portal is administered and managed by the Statewide Internet Portal Authority Board of Directors (the Board) and the Board has appointed an Executive Director.

Pursuant to 24-37.7-102, there are fifteen appointed members serving on the Board of Directors. The appointees consist of:

- (a) The Secretary of State;
- (b) The head of one of the offices in the Office of the Governor appointed by the Governor;
- (c) The Executive Directors of three principal departments of the state appointed by the Governor or the appointed Executive Director's designee. An appointed Executive Director of a principal department shall give written notice to the Executive Director of the authority of his or her designee.
- (d) (I) Three members from the private sector who exhibit a background in information management and technology and who are users of electronic information, products, and services or information technology services that are offered through the private sector appointed by the Governor with the consent of the Senate.
 - (II) The members from the private sector shall serve for terms of four years each; except that, of those members first appointed to the Board, the terms of office shall be as follows:
 - (A) One shall be appointed for two years; and
 - (B) One shall be appointed for three years.
- (e) One member representing the judicial department of the state appointed by the Chief Justice of the Supreme Court. If the appointee of the Chief Justice is not able to attend a meeting of the Board, a designee of the person appointed by the Chief Justice may serve on the Board if designated in writing by the Chief Justice's appointee. The appointee of the Chief Justice shall give written notice to the Executive Director of his or her designee.
- (f) Two members of the Senate, one of whom is appointed by the President of the Senate and one of whom is appointed by the Minority Leader of the Senate, and two members of the House of Representatives, one of whom is appointed by the Speaker of the House of Representatives and one of whom is appointed by the Minority Leader of the House of Representatives. Each of these four members shall exhibit a background in information management and technology or have experience as members of an oversight committee for information management and technology. The appointment of the members to the Board by the Minority Leaders of the Senate and House of Representatives shall be made as soon as practicable after May 28, 2013.
- (g) One member representing local government appointed by the Governor with the consent of the Senate; and
- (h) The Chief Information Officer of the Office of Information Technology created in section 24-37.5-103, or the Chief Information Officer's designee. The Chief Information Officer shall give written notice to the Executive Director of his or her designee.

The Authority has partnered with Colorado Interactive, a subsidiary of NIC, Inc. Colorado Interactive designs, implements, and maintains the statewide portal.

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The Authority is not financially accountable for any other organization. The state of Colorado has determined that the Authority is a component unit of the state.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Authority conform to U.S. generally accepted accounting principles as applicable to governmental units accounted for as a proprietary enterprise fund. The enterprise fund is used since the Authority's power is related to those operated in a manner similar to a private corporation where net income and capital maintenance are appropriate determinations of accountability.

The more significant accounting policies of the Authority are described as follows:

Basis of Accounting

The Authority's records are maintained on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the liability is incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets.

Operating Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses and Changes in Net Position. Operating revenues and expenses generally result from providing services in connection with the Authority's purpose of providing one-stop access to electronic information, products, and services. Operating revenues are derived from fees charged to customers for services provided through the portal. These fees include a fixed monthly payment from Colorado Interactive, plus a portion of the total revenues received from portal customers. Operating expenses include the cost of service, administrative expenses, and depreciation of assets.

Budgets

Budgets are prepared in accordance with the requirements of Colorado Revised Statutes and accordingly include “anticipated income and other means of financing proposed expenditures”, and expenditures include, in addition to those shown in the operating statements, capital expenditures. Accordingly, budget comparisons are of the legally adopted budget. The level of budget control is determined by the resolution appropriating sums of monies. The resolution appropriates the level of budget control by total expenditures. Appropriations lapse at year-end.

Cash Equivalents

For purposes of the statements of cash flows, the Authority considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of amounts owed from state and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expense and Other Assets

Certain payments to vendors reflect expenses applicable to future accounting periods and are recorded as prepaid expense. Costs to purchase software licenses for sale are recorded as a prepaid expense upon purchase of the license and are recognized monthly on a straight-line basis during the term of the license and are included in operating expenses.

Capital Assets

Capital assets, which include furniture and equipment, hardware and software, are reported by the Authority. The Authority’s policy is to generally capitalize individual capital asset purchases over \$5,000. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Furniture and equipment	3 - 7 years
Hardware	5 years
Software	5 years

Unearned Revenue

Unearned revenue includes license agreements greater than \$1,200 with a term of 2 or more months, which are recorded as unearned revenue upon customer purchase and revenue is recognized monthly on a straight-line basis during the term of the license and is included in license revenue on the Statement of Revenues, Expenses, and Changes in Net Position.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities include compensated absences. The Authority’s policy for compensated absences is as follows:

“Paid Time Off” (PTO) starts to accrue immediately upon hire and employees may use their PTO time as it accrues. Employees may accrue and carry over 150% of their annual PTO hours earned. When an employee’s accrual reaches the maximum hours allowed, PTO stops accruing until the accrued balance is reduced. Once reduced, PTO will start to accrue again up to the maximum allowable hours. It is the employee’s responsibility to report PTO as it is used. The maximum accrual for any employee is 228 hours.

Deferred Outflows/Inflows of Resources

Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The deferred outflows and inflows are for pension-related amounts that include items related to SIPA’s portion of the LGDTF-PERA benefit plan. This includes the difference between expected and actual experience, any changes of assumptions or other inputs, the net difference between projected and actual investment earnings on pension plan investments, and the related contributions subsequent to the measurement date, but before the end of the fiscal year and changes in proportion since the prior measurement date (see Note 6).

Net Pension Liability

The Authority has reported a net pension liability as of June 30, 2016. Due to the implementation of GASB No. 68 in fiscal year 2015, the Authority is required to report their proportionate share of PERA’s unfunded pension liability. See Note 6 for additional information.

Use of Estimates in Preparation of Financial Statements

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

Note 3 - Cash and Investments

Cash is classified in the accompanying financial statements as of **June 30, 2016 and 2015** as follows:

	2016	2015
Statements of net position		
Cash and cash equivalents	\$ 3,929,313	\$ 2,810,916
Board designated cash reserve	2,000,000	1,500,000
	\$ 5,929,313	\$ 4,310,916

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2016, the Authority held shares totaling \$3,263,793 of the Colorado Local Government Liquid Asset Trust (ColoTrust). This is a local government investment pool that is established by State statute for local government entities in Colorado to pool and invest surplus funds.

Custodial Credit Risk - The State Securities Commissioner administers and enforces the requirements of creating and operating the local government investment pools. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. The ColoTrust pool is rated AAA and has a weighted average maturity of 53 days. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments.

Investments

The Authority had no investments as of June 30, 2016 and 2015.

Note 4 - Capital Assets

An analysis of the changes in capital assets for the years ended June 30, 2016 and 2015 is as follows:

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Capital assets, being depreciated:				
Office equipment	\$ 1,668	\$ -	\$ -	\$ 1,668
Office furniture	45,590	-	-	45,590
Software	178,000	-	-	178,000
Hardware	39,718	-	-	39,718
Total capital assets, being depreciated	<u>264,976</u>	<u>-</u>	<u>-</u>	<u>264,976</u>
Less accumulated depreciation for:				
Office equipment	1,668	-	-	1,668
Office furniture	11,093	5,949	-	17,042
Software	178,000	-	-	178,000
Hardware	45,508	-	-	45,508
Total capital assets, being depreciated	<u>236,269</u>	<u>5,949</u>	<u>-</u>	<u>242,218</u>
Capital assets, net	<u>\$ 28,707</u>	<u>\$ (5,949)</u>	<u>\$ -</u>	<u>\$ 22,758</u>

	Balance at June 30, 2014	Increases	Decreases	Balance at June 30, 2015
Capital assets, being depreciated:				
Office equipment	\$ 1,668	\$ -	\$ -	\$ 1,668
Office furniture	45,590	-	-	45,590
Software	178,000	-	-	178,000
Hardware	39,718	-	-	39,718
Total capital assets, being depreciated	<u>264,976</u>	<u>-</u>	<u>-</u>	<u>264,976</u>
Less accumulated depreciation for:				
Office equipment	1,668	-	-	1,668
Office furniture	10,935	158	-	11,093
Software	178,000	-	-	178,000
Hardware	39,559	5,949	-	45,508
Total capital assets, being depreciated	<u>230,162</u>	<u>6,107</u>	<u>-</u>	<u>236,269</u>
Capital assets, net	<u>\$ 34,814</u>	<u>\$ (6,107)</u>	<u>\$ -</u>	<u>\$ 28,707</u>

Note 5 - Operating Leases

The Authority has entered into leases for office space and equipment necessary for Authority operation. Beginning July 1, 2013, the Authority entered into a long-term lease agreement for office space through June 30, 2023. The future minimum payments of the operating lease are as follows for the fiscal years ending June 30:

2017	\$ 86,644
2018	86,644
2019	86,644
2020	86,644
2021	86,644
Thereafter	<u>173,288</u>
Total	<u>\$ 606,508</u>

For the years ended June 30, 2016 and 2015, rent expense (including monthly staff parking fees) totaled \$95,208 and \$94,938, respectively.

Note 6 - Public Employees' Retirement Association of Colorado

Summary of Significant Accounting Policies

SIPA participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deduction from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Eligible employees of SIPA are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set form at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Eligible employees and SIPA are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24- 51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and SIPA is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from SIPA was \$72,760 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016 the SIPA reported a liability of \$897,036 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The SIPA proportion of the net pension liability was based on SIPA’s contributions to the LGDTF for the calendar year 2015 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2015, SIPA’s proportion was 0.0814 percent, which was an increase of .0037 from its proportion measured as of December 31, 2014.

For the year ended June 30, 2016, SIPA recognized pension expense of \$213,955. At June 30, 2016 SIPA reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,730	\$ 31
Changes of assumptions or other inputs	-	16,430
Net difference between projected and actual earnings on pension plan investments	172,686	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	42,480	-
Contributions subsequent to the measurement date	38,780	-
	\$ 260,676	\$ 16,461

\$38,780 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount
2017	\$ 76,807
2018	47,232
2019	45,645
2020	35,751
	\$ 205,435

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

Changes to assumptions or other inputs since the December 31, 2013 actuarial valuation are as follows:

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18 month annual increase timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 15, 2013, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	26.76%	5.00%
U.S. Equity – Small Cap	4.40%	5.19%
Non U.S. Equity – Developed	22.06%	5.29%
Non U.S. Equity – Emerging	6.24%	6.76%
Core Fixed Income	24.05%	0.98%
High Yield	1.53%	2.64%
Long Duration Gov't/Credit	0.53%	1.57%
Emerging Market Bonds	0.43%	3.04%
Real Estate	7.00%	5.09%
Private Equity	7.00%	7.15%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.90%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan’s fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan’s fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above actuarial cost method and assumptions, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Sensitivity of SIPA’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 1,375,248	\$ 897,036	\$ 500,407

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Post-Employment Benefits

Health Care Trust Fund

SIPA contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

SIPA is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for SIPA are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending June 30, 2016, 2015 and 2014, the SIPA contributions to the HCTF were \$5,853, \$5,833 and \$4,374, respectively, equal to their required contributions for each year.

Note 7 - Tax, Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue, and debt limitations which apply to the state of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority's management believes a significant portion of its operations qualify for this exclusion.

The Authority's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal year spending limits and qualification as an enterprise will require judicial interpretation.

Note 8 - Contracts

The Authority has contracted with Colorado Interactive, a subsidiary of NIC, Inc. (a private corporation) to design, build, operate, and maintain a statewide Internet Web Portal. The agreement provides for portal services (see Note 9), fees and charges to be assessed to the users of the portal, and also provides a mechanism by which these fees are passed through to the participating governmental agencies, as well as establishing a base fee and percentage of revenue to be provided to the Authority for administering the web portal. The contract was to expire May 18, 2014 and was renewed on May 1, 2014 for a five year term. The revenue from this contract is included in charges for services on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The Authority has contracted with Tempus Nova, Inc. to provide one year Google Application and Google Message Discovery licenses to Eligible Government Entities (EGEs). Typically, an EGE will require consulting services to support the initial implementation and/or project management which is a service Tempus Nova provides. The contract was to expire May 21, 2015, and the contract was extended through July 1, 2015 at which time a new three year non- exclusive contract was signed. The new contract includes three one year renewal period options. Revenue from services under this contract is recognized as Cost Reimbursement Revenue and revenue from licenses is recognized as License Revenue on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The Authority earns revenue under agreements associated with licensing Software as a Service (“SaaS”). This revenue model includes revenue from the purchasing and reselling of licenses for Google Applications, Content Management Systems and Salesforce.com Applications. The Authority has used its scale and position to negotiate license agreements with various vendors and acts essentially as a reseller of those licenses and services under these purchased license agreements. The licenses are sold at a fixed per license price and the services are managed by the vendor. This licensing revenue and other SaaS revenues earned by the Authority are directly tied to the licenses sold to EGEs. The revenue from these agreements and related services are included in License Revenue on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The Authority has multiple contracts with the Governor’s Office of Information Technology to implement and provide various technologies, services and application licenses. These Agreements are generally for 12 month terms, with options to renew, each with its own expiration date.

As of June 30, 2015, the Authority had recorded unearned revenue related to these contracts in the amount of \$5,586,392, of which the majority was recognized during the year ended June 30, 2016. As of June 30, 2016, the Authority has recorded unearned revenue related to these contracts in the amount of \$8,065,567, for which revenue will be recognized in future years over the term of the licenses or as services are provided in order to meet the revenue recognition criteria.

Note 9 - Joint Account with Colorado Interactive

Until April 2, 2015 the Authority held a joint bank account (Portal Account) with Colorado Interactive (Contractor) for the purpose of collecting and distributing revenues received through the portal to the participating governmental agencies. Colorado Interactive was responsible for managing the Portal Account and all transactions into and out of the account. Prior to April 2, 2015 the Authority’s legal claim to the cash in this account was limited to any outstanding accounts receivable from Colorado Interactive. The remainder of the cash in this account belonged to Colorado Interactive and the participating governmental agencies.

As of April 2, 2015; the Authority transferred ownership of the Portal Account to Colorado Interactive and as a result the Authority no longer has any claim against or obligation for funds held in, or transferred into or out of the Portal Account. Colorado Interactive continues to administer the Portal Account and the Portal Account continues to comply with the Colorado Public Deposit Protection Act. All accounts receivable balances from Colorado Interactive are considered to be ordinary trade receivables.

Note 10 - Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Authority maintains commercial insurance for all risks of loss. There have been no claims in the past three fiscal years, and accordingly, there were no settled claims that would have exceeded this commercial coverage in any of the past three fiscal years.



Required Supplementary Information
June 30, 2016 and 2015

Statewide Internet Portal Authority

Statewide Internet Portal Authority
Schedules of Authority's Proportionate Share of the Net Pension Liability
Last 10 Years *

	<u>2016</u>	<u>2015</u>
Authority's proportion (percentage) of the collective net pension liability (asset)	0.0814316800%	0.0777715793%
Authority's proportionate share of the collective pension liability (asset)	\$897,036	\$697,074
Covered-employee payroll	531,146	516,992
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	168.887%	134.833%
Plan fiduciary net pension as a percentage of the total pension liability	76.90%	62.80%

* The amounts presented for each fiscal year were determined as of December 31.

Statewide Internet Portal Authority
Schedule of Contributions and Related Ratios
Last 10 Fiscal Years *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Statutorily required contributions	\$ 72,760	\$ 62,791	\$ 48,286	\$ 12,958	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>72,760</u>	<u>62,791</u>	<u>48,286</u>	<u>12,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	531,146	516,992	458,572	309,178	-	-	-	-	-	-
Contribution as a percentage of covered-employee payroll	13.70%	12.15%	10.53%	4.19%	-	-	-	-	-	-

* The amounts presented for each fiscal year were determined as of June 30
The Authority began participation in PERA beginning in January 2013.



Supplementary Information
June 30, 2016

Statewide Internet Portal Authority

Statewide Internet Portal Authority
Schedule of Revenues, Expenditures and Changes in Funds Available Budget and Actual (Budgetary Basis)
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues				
Charges for services	\$ 1,560,000	\$ 1,750,000	\$ 1,785,001	\$ 35,001
Cost reimbursement revenue	1,500,000	2,600,000	3,546,665	946,665
License revenue	6,500,000	8,750,000	9,208,442	458,442
Other revenue	1,000	7,750	9,347	1,597
Total operating revenues	<u>9,561,000</u>	<u>13,107,750</u>	<u>14,549,455</u>	<u>1,441,705</u>
Operating Expenditures				
Employee costs	883,000	758,540	765,422	(6,882)
Office functions	205,000	166,500	213,912	(47,412)
Occupancy	276,307	179,075	174,606	4,469
Licenses	7,922,693	11,169,750	12,361,882	(1,192,132)
Legal	96,000	55,000	51,390	3,610
Professional fees	178,000	118,875	113,669	5,206
Total operating expenditures	<u>9,561,000</u>	<u>12,447,740</u>	<u>13,680,881</u>	<u>(1,233,141)</u>
Excess of revenue over expenditures	-	660,010	868,574	208,564
Funds available - beginning of year	<u>3,104,921</u>	<u>3,101,921</u>	<u>3,104,921</u>	<u>3,000</u>
Funds available - end of year	<u>\$ 3,104,921</u>	<u>\$ 3,761,931</u>	<u>\$ 3,973,495</u>	<u>\$ 211,564</u>

Statewide Internet Portal Authority

Reconciliation of Budgetary Basis (Actual) to Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2016

Reconciliation of budgetary basis (actual) to Statement of Revenues,
Expenses and Changes in Net Position:

Revenue (budgetary basis)	<u>\$ 14,549,455</u>
Total revenue per Statement of Revenues, Expenses and Changes in Net Position	<u>14,549,455</u>
Expenditures (budgetary basis)	13,680,881
Depreciation	5,949
PERA Contribution Expense	<u>209,167</u>
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	<u>13,895,997</u>
Change in net assets per Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$ 653,458</u></u>